

1 Lawrence E. Wilk, # 006510
2 **JABURG & WILK, P.C.**
3 3200 North Central Avenue, Suite 2000
4 Phoenix, Arizona 85012
5 (602) 248-1000
6
7 Attorneys for James C. Sell, Conservator
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9
10 **SUPERIOR COURT OF ARIZONA**
11 **MARICOPA COUNTY**

12 ARIZONA CORPORATION
13 COMMISSION
14
15 Plaintiff,

16 v.

17 MATHON MANAGEMENT COMPANY,
18 L.L.C., fka an Arizona limited liability
19 company now dba a Delaware limited
20 liability company, SLADE WILLIAMS AND
21 ASSOCIATES, L.L.C., an Arizona limited
22 liability company, MATHON FUND I,
23 L.L.C., an Arizona limited liability company,
24 MATHON FUND, L.L.C., fka an Arizona
25 limited liability company now dba a
26 Delaware limited liability company,
27 INTEGRITY101, L.L.C., an Arizona limited
28 liability company, INTEGRITY 201, L.L.C.,
an Arizona limited liability company,
INTEGRITY 301, L.L.C., and Arizona
limited liability company, INTEGRITY401,
L.L.C., an Arizona limited liability company,
INTEGRITY 501, L.L.C., an Arizona limited
liability company, INTEGRITY 601, L.L.C.,
an Arizona limited liability company,
INTEGRITY 701, L.L.C., an Arizona limited
liability company, INTEGRITY 801, L.L.C.,
an Arizona limited liability company,
INTEGRITY 901, L.L.C., an Arizona limited
liability company, ROUND VALLEY
CAPITAL, L.L.C., an Arizona limited
liability company, W.S.F. – WORLD
SPORTS FANS, L.L.C., an Arizona limited
liability company, MILL CREEK, L.L.C., an
Arizona limited liability company,
BELLEVUE HOLDINGS, L.L.C., an

Case No. CV 2005-005484

**MOTION TO AUTHORIZE
CONSERVATOR TO APPOINT
BOARD MEMBERS FOR LAS
VEGAS RESORT DEVELOPMENT**

(Assigned to the Honorable
Barry C. Schneider)

JABURG & WILK, P.C.
ATTORNEYS AT LAW
3200 NORTH CENTRAL AVENUE
SUITE 2000
PHOENIX, ARIZONA 85012

1 Arizona limited liability company, OAK
2 HARBOR FINANCIAL, L.L.C., an Arizona
3 limited liability company, SW STRATEGIC,
4 WEALTH ADVISORS, L.L.C., an Arizona
5 limited liability company, EVERETT
6 CAPTIAL, L.L.C., an Arizona limited
7 liability company, CRE CAPITAL, L.L.C.,
8 an Arizona limited liability company,
9 MEZZANINE MANAGEMENT, L.L.C., an
10 Arizona limited liability company,
11 MEZZANINE FUND I, L.L.C., an Arizona
12 limited liability company, JONAS FUND I,
13 L.L.C., an Arizona limited liability company,
14 TEMPLAR FUND L.L.C., fka an Arizona
15 limited liability company now dba a
16 Delaware limited liability company,
17 MERCER ISLAND, L.L.C., an Arizona
18 limited liability company, CONNECTICUT
19 PROPERTIES, L.L.C., an Arizona limited
20 liability company, FIRST ATLANTA
21 INVESTMENTS, L.L.C., a Georgia limited
22 liability company, MM COLONIAL FUND,
23 L.L.C., a Delaware limited liability company,
24 SLADE CONSTRUCTION, L.L.C., an
25 Arizona limited liability company,

26 DUANE SLADE and JENNIFER SLADE,
27 husband and wife, GUY ANDREW
28 WILLIAMS and LISA WILLIAMS, husband
and wife,

Defendants.

19 James C. Sell, the court appointed Conservator in the above referenced matter,
20 through counsel of record undersigned, hereby requests authorization of this court to
21 remove Duane Slade ("Slade") and Doug Towler ("Towler") from any positions they may
22 currently hold in Las Vegas Resort Development ("LVRD"). In place of Slade and
23 Towler, the Conservator requests authorization to appoint Ed Standage as their
24 replacement. The Conservator further requests that he be authorized to approve the
25 appointment by Winnick Holdings, LLC, ("Winnick") of Dean Allan to replace the
26 Doerge representative on the Advisory Board and the approval of Shaun Ritchie as
27 treasurer and secretary. (See attached Exhibit "A").
28

1 By facilitating the change of membership, the Board will be capable of making
2 immediate decisions regarding the exercise of the "Ida" property option on the adjacent
3 acreage to the LVRD property, as more fully set forth hereinafter.

4 DATED this 26 day of May, 2005.

JABURG & WILK, P.C.



Lawrence E. Wilk
Attorneys for James C. Sell

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9
10 **MEMORANDUM OF POINTS AND AUTHORITIES**

11 I. Procedural Background

12 1. On or about April 1, 2005, the Arizona Corporation Commission caused to
13 be filed, in the Superior Court in and for the State of Arizona, a Verified Complaint in the
14 above-captioned matter against numerous individual defendants and entities, seeking the
15 appointment of a Receiver over the named Defendants.

16 2. On April 1, 2005, this Court issued its Order appointing James C. Sell
17 Receiver for the approximately 30 entities named in the Receivership complaint.

18 3. Subsequently, after notice and hearing, the Court on April 14, 2005 issued
19 its Order approving the Stipulation Regarding Order Appointing Conservator, in which
20 the title of James C. Sell was changed from Receiver to Conservator (hereinafter, the
21 "Conservatorship Order"). The rights and obligations of the Conservator remained
22 identical to those of the Receiver.

23 4. Paragraph 3 of the Stipulation regarding Order Appointing Conservator
24 provides as follows:

25 . . . the Conservator is hereby authorized to take and have
26 possession and control of the Conservatorship assets until
27 further order of this Court, the conservator shall have
28 complete and exclusive control, possession, and custody of all
Conservatorship assets. The Conservator shall be the agent of
the Court and shall be accountable directly to the Court.

1 5. Paragraph 18 of the Stipulation regarding Order Appointing Conservator provides
2 as follows:

3 18. The Conservator shall be authorized to compromise or
4 adjust obligations which may be owed to the Conservatorship
5 estate. The Conservator shall seek and obtain the approval of
6 the Court for the proposed compromise or settlement. Court
7 approval may be sought on an expedited basis.

8 1. The Conservatorship estate retains an interest in LVRD, the owner of certain real
9 property comprised of approximately 12 acres, located on the "Las Vegas strip" in Las
10 Vegas, Nevada. It has been determined that the interest of the Conservatorship Estate is a
11 minority interest to the interest of Winnick.

12 2. An impasse had been reached between Winnick and prior management of Mathon
13 as to the management and control of LVRD.

14 3. Upon being appointed Conservator, the Conservator authorized Slade to continue
15 to act, for and on behalf, of the interests of the Conservatorship Estate in LVRD.

16 4. The Conservator has now determined that the continued activity and involvement
17 of Slade is no longer necessary, and in fact, may be detrimental to the investors recovery
18 of funds from LVRD.

19 5. In order to maximize the return to the investors of LVRD, an option exists for the
20 purchase of certain acreage adjacent to the LVRD property. The option is below market,
21 and must be exercised on or before June 3, 2005.

22 6. Due to the current disputes which exist between the existing representatives of
23 Mathon on the various Boards of LVRD, and Winnick, the parties have not been able to
24 reach agreement as the exercise of the option agreement.

25 7. The Conservator has met with representatives of Winnick and has agreed to allow
26 Winnick to fund the exercise of the option, by providing LVRD with a no interest loan to
27 purchase the option, on terms acceptable to the Conservator.

28 8. In order to facilitate the loan, management of LVRD has to approve the same. In
order to help facilitate approval, the change of membership is necessary. The

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ATTORNEYS AT LAW
3200 NORTH CENTRAL AVENUE
SUITE 2000
PHOENIX, ARIZONA 85012

1 Conservatorship Estate requests authority to appoint Ed Standage, as the representative of
2 Mathon for all Board purposes.

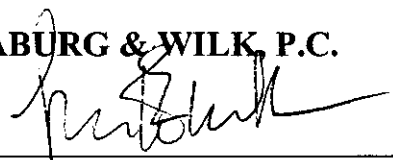
3 9. In addition to the no interest loan, the Conservator is also negotiating with Winnick
4 for the payoff and/or purchase of the Mathon debt instruments owing by LVRD. Winnick
5 has tentatively agreed to payoff and/or purchase the debt instruments by funding payment
6 in full of the amounts owed pursuant to those instruments.

7 10. The Conservator believes that the change of management requested herein is
8 necessary in order to maximize the return to investors. Failure to remove existing
9 management and replace them with Ed Standage would be detrimental, and severely
10 impact recovery, to the investors.

11 11. Based upon the foregoing, the Conservator requests that this Court authorize the
12 replacement of Duane Slade and Doug Towler on the Boards of LVRD, and in their place
13 allow for Ed Standage to serve as the requisite board member under the corporate
14 documents.

15 DATED this 26 day of May, 2005.

JABURG & WILK, P.C.



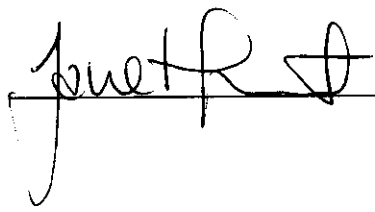
Lawrence E. Wilk
Attorneys for James C. Sell, Conservator

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22
23 **ORIGINAL** filed and **COPY**
24 of the foregoing hand-delivered this
26 day of May, 2005 to:

25 The Honorable Barry C. Schneider
26 MARICOPA COUNTY SUPERIOR COURT
27 101 West Jefferson, CCB 13A
28 Phoenix, Arizona 85003-2243
COPIES of the foregoing mailed
this 26 day of May, 2005 to:

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Wendy L. Coy, Esq. ARIZONA CORPORATION COMMISSION SECURITIES DIVISION 1300 West Washington, 3 rd Floor Phoenix, Arizona 85007 <i>Attorney for Plaintiff</i>	Keith Beauchamp, Esq. LEWIS & ROCA, LLP 40 N. Central Avenue Phoenix, Arizona 85004-4429 <i>Attorney for Duane Slade and Guy Williams</i>
J. Grant Woods GRANT WOODS P.C. 1726 N. Seventh Street Phoenix, Arizona 85006-2200 <i>Attorney for Duane and Jennifer Slade And Guy and Lisa Williams</i>	Gerald L. Shelley, Esq. QUARLES & BRADY STREICH LANE Two N. Central Avenue Phoenix, Arizona 85004-2391
John E. DeWulf, Esq. ROSHKA HEYMAN & DEWULF PLC 400 E. Van Buren, Suite 800 Phoenix, Arizona 85004-2262	Daryl J. Bethea, Esq. SHELLEY BETHEA GILLETTE & CLARK, PLC 3850 E. Baseline Road, Suite 125 Mesa, Arizona 85206-4404
Steven C. Mahaffy, Esq. BEUS GILBERT PLLC 4800 N. Scottsdale Road, Suite 6000 Scottsdale, Arizona 85251-7630	James C. Sell 2222 E. Camelback Road, Suite 110 Phoenix, Arizona 85016 <i>Court Appointed Conservator</i>



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EXHIBIT "A"

Kevin J. Smith
213 896 2557
kevin.smith@hklaw.com

May 19, 2005

Mr. James Sell
2222 E. Camelback Road, Suite 110
Phoenix, AZ 85016-3246

Mr. Duane Slade
Mathon Fund LLC
6816 East Brown Road
Mesa, AZ 85207

Mr. Ross Mangano
Troon & Co.
Olliver Illinois Trust
112 W. Jefferson Blvd., Suite 613
South Bend, IN 46601

Re: Las Vegas Resort Development (the "Company")

Gentlemen,

As you know from previous correspondence, this firm represents Winnick Holdings, LLC ("Winnick").

Winnick recently purchased all of the rights, title and interest in the Company held by the following (collectively, the "Sellers"):

1. Anvil Investment Associates, L.P., a Delaware limited partnership;
2. Ashford Capital Partners, L.P., a Delaware limited partnership;
3. Charles Stewart, an individual;
4. Doerge Capital LLC;
5. David J. Doerge Trust;
6. Doerge Collateralized Bridge Fund;
7. Artist & Entertainment International, Inc.
8. Strategic Leadership Services, Inc.;
9. Puma Strategies, LLC;
10. Robert Benjamin Dillon;
11. Syonja Gustafson; and
12. Richard P. Froome Living Trust.

Mr. James Sell
Mr. Duane Slade
Mr. Ross Mangano
May 19, 2005
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Previously, Winnick converted the Company's Series A and B Notes that it acquired from the Sellers. Winnick is now the shareholder of record of a majority of the Company's outstanding common shares of stock.

Among the rights in the Company that Winnick purchased from the Sellers were all of the Sellers' right, title and interest in and to the Company's December 10, 2003, Stock Purchase Agreement (the "Agreement"). Terms used in this letter that are defined in the Agreement shall have the same meaning and definition when used herein.

Section 8.1 of the Agreement creates the Advisory Committee, consisting of one representative from each of the following groups: MFI (the "MFI Advisory Committee Representative"), Troon (the "Troon Advisory Committee Representative") and the Doerge Group (the "Doerge Group Advisory Committee Representative"). Based solely on the provisions of the Agreement, Winnick understands that Mr. Doug Towler acts as the MFI Advisory Committee Representative. We request that MFI confirm the identity of the MFI Advisory Committee Representative. Winnick understands that Mr. Mangano acts as the Troon Advisory Committee Representative. The Doerge Group Advisory Committee Representative is currently Mr. Theodore Ashford.

Section 8.2 of the Agreement provides that the Doerge Group, Summer Bay and MFI-Troon are each permitted to designate one member of the Board. The Board position designated to Summer Bay is vacant. The Board position for the Doerge Group (the "Doerge Group Board Position") is currently occupied by Mr. David Doerge.

I have been advised by Randy Bridgeman that the respective counsels for Mr. Sell, MFI and Troon have acknowledged that Winnick does have the right under the Agreement to replace the individuals who currently occupy the Doerge Group Advisory Committee Representative position and the Doerge Group Board Position. Winnick hereby advises the Advisory Committee that it hereby appoints Mr. Dean Allen to serve as the Doerge Group Advisory Committee Representative and to serve in the Doerge Group Board Position. It hereby requests Advisory Committee and Board approval of Mr. Allen. Mr. Ashford and Mr. Doerge will continue to occupy their respective positions until such time as Winnick's selection of Mr. Allen for these positions has obtained all necessary Company approvals.

Section 8.3 of the Agreement, requires the Advisory Committee to approve Nominees for officers of the Company. Currently, the officers of the Company are as follows:

President: David Doerge
Treasurer: Richard Froome
Secretary: Vacant

Winnick hereby advises the Advisory Committee that it has selected Mr. Allen to be its Nominee for President of the Company and Mr. Shawn Ritchie to be its Nominee for Treasurer and

Mr. James Sell
Mr. Duane Slade
Mr. Ross Mangano
May 19, 2005
Page 3

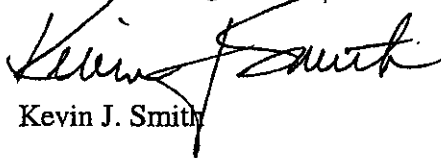
Secretary of the Company. It requests Advisory Committee and Board approval of its Nominees. Mr. Doerge and Mr. Froome will continue to occupy their respective positions until such time as foregoing Nominees of Winnick have obtained all necessary Company approvals.

In light of the appointment of Mr. Sell as the conservator of the assets of Mr. Duane Slade and MFI, there are questions as to who occupies the MFI-Troon designated position on Board. I have been informed by Randy Bridgeman that he has received a letter advising him that Mr. Slade, Mathon and Mr. Sell have agreed that Mr. Slade will continue fill the MFI-Troon position on the Board, but has no authority to undertake any action that would bind MFI, Slade or the Company without the prior approval of Mr. Sell. Please confirm that the foregoing is accurate.

Finally, Winnick understands that MFI and Troon desire to have a Company meeting. Winnick believes that a meeting is appropriate, however, as outlined in this letter, there are unresolved preliminary matters. As a result, Winnick feels that a meeting would not be productive until such time as the actions of Winnick set forth in this letter are approved and the parties consent to Winnick's Nominees for President, Secretary and Treasurer; the Doerge Advisory Committee Representative; and the Doerge Board Position. One topic that should be discussed at any meeting is the 158 Ida Option that expires on June 3, 2005 (the "Option Deadline"). Given the Option Deadline, Winnick will consider its Nominees and actions proposed in this letter to be approved by the Advisory Committee and Board in the event that Winnick has not received, by 5 PM Pacific daylight time on May 25, 2005, written notice specifying reasonable grounds for disapproving the actions and individuals proposed by Winnick.

Sincerely yours,

Holland & Knight LLP



Kevin J. Smith

cc: Lawrence Wilk, Esq.
Randy Bridgeman, Esq.
Joseph Voss, Esq.
Gary Levenstein, Esq.