

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

_____)	
UNITED STATES SECURITIES)	
AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Case No. 15-cv-659-JMS-MJD
)	
VEROS PARTNERS, INC,)	
MATTHEW D. HAAB,)	
JEFFERY B. RISINGER,)	
VEROS FARM LOAN HOLDING LLC,)	
TOBIN J. SENEFELD,)	
FARMGROWCAP LLC,)	
PINCAP LLC, and)	
)	
Defendants,)	
)	
PIN FINANCIAL LLC,)	
)	
Relief Defendant.)	
_____)	

**PLAINTIFF’S MOTION TO APPOINT
WILLIAM E. WENDLING, JR. AS RECEIVER**

Plaintiff United States Securities and Exchange Commission (the “SEC” or “Commission”) states as follows:

1. On April 22, 2015, the SEC filed its Complaint in this matter. [Filing No. 1.]
2. Also, on April 22, 2015, the SEC filed Plaintiff’s *Ex Parte* Motion for a

Temporary Restraining Order, Asset Freeze and Other Relief (“TRO Motion”). [Filing No. 3.]

Among other things, the TRO Motion sought the appointment of a receiver over the following:

- a. Defendant Veros Farm Loan Holding LLC (“VFLH”);
- b. Defendant FarmGrowCap LLC (“FarmGrowCap”);

- c. Defendant PinCap LLC (“PinCap”); and
- d. All private offerings in which Defendant Veros Partners, Inc. (“Veros”) controls investor funds.

3. This Court’s Temporary Restraining Order provided that a Receiver would be appointed in this matter. [Filing No. 12 at p. 8, Section VI] The SEC was granted five business days to nominate a candidate to serve as Receiver. (*Id.*)

4. Pursuant to the Order, the SEC nominates William E. Wendling, Jr. to serve as the Receiver in this matter.

5. Mr. Wendling is of counsel at Campbell Kyle Proffitt LLP, a law firm located in Carmel, Indiana. (See Exhibit 1, Letter from Mr. Wendling, and Exhibit 2, Resume of Mr. Wendling.) Mr. Wendling has been a member of the Indiana bar since 1983. (*Id.*)

6. Mr. Wendling and his firm have the necessary experience to serve as the Receiver in this matter. Mr. Wendling and his firm have served successfully as the receiver over Samex Capital Partners, LLC, Samex Capital Advisors, LLC, and Keenan R. Hauke, for the Indiana Secretary of State Securities Commission, in a state court lawsuit which has been pending since 2011. (*Id.*) Mr. Wendling’s firm has experience representing farming operations and estates and in litigation involving farming operations.

7. Mr. Wendling and Campbell Kyle Proffitt LLP have determined that they have no legal conflicts which would impair their ability to accept this appointment. (Ex. 1.)

8. Mr. Wendling has submitted a focused proposal for the initial steps he would take as receiver, including reviewing the status of the existing private offerings and their bank accounts, determining any sources from which to recover funds in order to pay investors, and assuming control over VFLH, FarmGrowCap, and PinCap. (Ex. 1.) Mr. Wendling will also

investigate other potential sources of recovery for the investors and develop and oversee any claims procedure authorized by the Court. In pursuing any litigation as Receiver, Mr. Wendling will work for a flat rate and has proposed a contingent fee arrangement for any recoveries he obtains on behalf of the investors. Mr. Wendling is prepared to take other steps as needed, including retaining the services of a forensic accountant.

9. Mr. Wendling has proposed an experienced, appropriately-sized team consisting of himself, a firm partner, a firm associate, and two paralegals, if necessary, to work on this matter. (Ex. 1.)

10. Mr. Wendling and the members of his team have agreed to discount their hourly rates for this matter as follows:

- a. Mr. Wendling's hourly rate related to this matter would be \$325, which reflects a \$50 discount;
- b. Anne Hensley Poindexter's, a partner at Campbell Kyle Proffitt LLP, hourly rate related to this matter would be \$275, which reflects a \$50 discount;
- c. Matthew T. Lees', an associate at Campbell Kyle Proffitt LLP, hourly rate related to this matter would be \$175, which reflects a \$25 discount; and
- d. The hourly rates for paralegals would be \$125 per hour, which reflects a \$15 discount.

11. The SEC's proposed Order Appointing Receiver, which describes the scope and authority of the Receiver in this matter, is attached hereto as Exhibit 3.

12. Counsel for the SEC has disclosed its intent to nominate Mr. Wendling to counsel for Matthew Haab, Veros Partners, Inc., and Veros Farm Loan Holding LLC. Counsel stated that they have no objection to his appointment.

WHEREFORE, Plaintiff U.S. Securities and Exchange Commission respectfully requests that this Court grant this motion, grant the relief requested in the proposed order attached to this motion, and grant such other and further relief as this Court deems just and proper.

Dated: April 28, 2015

Respectfully submitted,

/s/Doressia L. Hutton

Robert M. Moyer (MoyerR@sec.gov)

Nicholas J. Eichenseer (EichenseerN@sec.gov)

Doressia L. Hutton (HuttonD@sec.gov)

Kathryn A. Pyszka (PyszkaK@sec.gov)

SECURITIES AND EXCHANGE COMMISSION

175 West Jackson Blvd., Suite 900

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(312) 353-7390

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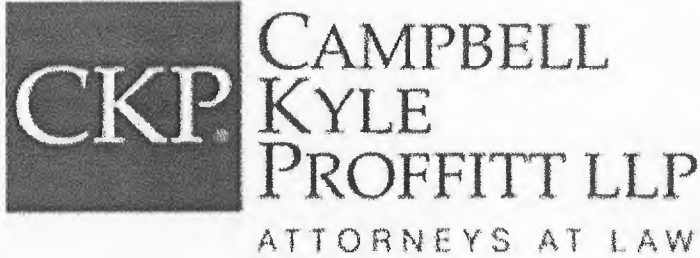
Attorneys for Plaintiff

CERTIFICATE OF SERVICE

I hereby certify that on April 28, 2015, I filed the foregoing Plaintiff's Motion to Appoint William E. Wendling, Jr. as Receiver via CM/ECF, which will notify all counsel of record.

/s/Doressia L. Hutton

Doressia L. Hutton



FRANK S. CAMPBELL
(1880-1964)
FRANK W. CAMPBELL
(1916-1991)
ROBERT F. CAMPBELL
(1946-2004)
JOHN M. KYLE
(1927-2006)

JOHN D. PROFFITT
DEBORAH FARMER SMITH
WILLIAM E. WENDLING, JR.
ANNE HENSLEY POINDEXTER
ANDREW M. BARKER
JOHN S. TERRY
RODNEY T. SARKOVICS
SCOTT P. WYATT
STEPHENIE K. GOOKINS
N. SCOTT SMITH
KEVIN G. KLAUSING
RUSSELL B. CATE
MATTHEW T. LEES
ALICIA A. WANKER
CASANDRA J. NELSON

April 20, 2015

wwendling@ckplaw.com
www.ckplaw.com

Via Email to:

Robert M. Moye
Senior Trial Counsel
U.S. Securities & Exchange Commission
Chicago Regional Office
175 W. Jackson Blvd., Suite 900
Chicago, IL 60604

RE: Potential Receivership

Dear Mr. Moye:

Thank you for contacting me regarding this potential receivership. Pursuant to our discussion, I am enclosing my resume and will address the further information requested below.

1. Proposed rates for each professional who would work on this matter and whether that reflects a discount:
 - a. William E. Wendling, Jr., of Counsel, Lead Attorney - \$325.00 per hour (discount \$50);
 - b. Anne Hensley Poindexter, Partner, Attorney - \$275 per hour (discount \$50);
 - c. Matthew T. Lees, Associate Attorney - \$175.00 per hour (discount \$25);
 - d. Anita G. Haworth, RP, CEDS, Senior Litigation Paralegal - \$125 per hour (discount \$15);
 - e. Cari W. Bonty, RP, Litigation and Accounting Paralegal - \$125 per hour (discount \$15/ hr litigation and \$50/hr accounting, (if necessary));
 - f. Staff – no applicable rate.

2. Receivership Steps:
 - a. The following steps are based on limited information available to the United States Securities and Exchange Commission ("Commission"), William E. Wendling, Jr. and Campbell Kyle Proffitt LLP. The steps necessary may increase or decrease as the Commission's investigation develops.
 - b. Assume control over farm partnerships:
 - i. Farmgrowcap, LLC (active);

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Fax: 317-843-8097
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198 South 9th Street – P.O. Box 2020
Noblesville, Indiana 46061
Phone: 317-773-2090
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www.ckplaw.com

- ii. Pincap LLC (subsumed by Farmgrowcap LLC);
 - iii. Veros Partners, Inc.'s Private Loan Fund
 - c. Monitor Veros Farm Loan Holding LLC (Articles of Dissolution filed 2/17/2015):
 - i. Review investments/accounts, both closed and active;
 - ii. Monitor 20+ active accounts;
 - iii. Prohibit new offerings to existing or prospective accounts;
 - iv. Review litigation status of one (1) farm account.
 - d. Determine/litigate any sources of fund recovery, such as clawbacks (if necessary) (fees to be charged as set forth in Paragraph 7 below);
 - e. Develop and oversee claims procedures (if necessary)
 - f. Determine necessity of/employ the services of an accountant, including but not limited to a forensic accountant, to assist with the businesses and tax preparation issues, litigation, etc.
3. Conflicts:
 - a. No conflicts exist between Campbell Kyle Proffitt LLP and the following individuals and entities:
 - i. Veros Partners, Inc. (formerly known as Strategic Financial Advisors, Inc., Veros Partners, assumed, 2002 and Veros Dental, assumed 2009);
 - ii. Matthew D. Haab;
 - iii. Jeffery B. Risinger;
 - iv. Tobin J. Senefeld;
 - v. Veros Farm Loan Holding LLC;
 - vi. Pincap LLC (formerly known as Sun Hill Road LLC)
 - vii. Farmgrowcap LLC; and
 - viii. Millenium Trust Company (nonparty)
 - b. William E. Wendling, Jr. and Campbell Kyle Proffitt LLP would perform conflicts checks as the Commission's investigation continues and as necessary. Upon discovering any conflicts, Mr. Wendling and Campbell Kyle Proffitt LLP would disclose such conflicts to the Commission.
4. William E. Wendling, Jr. and Campbell Kyle Proffitt LLP have not previously served as a receiver for the Commission. However, Mr. Wendling and Campbell Kyle Proffitt LLP have served as receiver over Samex Capital Partners, LLC, Samex Capital Advisors, LLC and Keenan R. Hauke for the Indiana Secretary of state Securities Commission from July 2011 through the present. Information regarding this Indiana receivership can be found at www.ckplaw.com.
5. William E. Wendling, Jr. has never been employed by the Commission. However Matthew T. Lees previously interned with the Commission from January 2008 through April 2008 in the trial unit of the Commission's Division of Enforcement in Washington, DC.
6. Campbell Kyle Proffitt LLP is celebrating its 100 year anniversary in August of 2015. Campbell Kyle Proffitt LLP has a history of representing farming operations and farm implement entities, estates of farm owners and litigation in farming operations. Mr. Wendling's partners at Campbell Kyle Proffitt LLP have represented Beck's Superior Hybrids, Inc. for many years and have experience assisting farm entities with estate planning. William E. Wendling, Jr. has experience practicing before the United States District Court and has experience in will/trust contest litigations. Before becoming a lawyer, Mr. Wendling, managed several major real estate entities with incomes and expenses of several million dollars. Campbell Kyle Proffitt LLP paralegals have experience in federal and state court litigation, with various technology, and in handling small and large estates and accountings.

7. Explanation of contingent fee or hybrid fee arrangement for potential litigation to be undertaken to recover funds: The Receiver would consult with the Judge and the Commission regarding the need to pursue any clawback or other litigation and would keep the Judge and the Commission informed as to the investigation and progress of the same. The Receiver would provide his opinion as to whether any such litigation would be advantageous as a source of income/funds or whether the same would likely be cost-prohibitive. In the event any clawback or other litigation is believed to be significant and collectible, and is approved by the Court, the Receiver proposes a hybrid fee arrangement as follows:
 - a. A minimum flat rate fee of \$10,000 per litigation, plus expenses. In the event such litigation results in the collection of funds then the Receiver would receive a fee as set forth below:
 - i. Thirty percent (30%) of the funds received after the filing of a lawsuit and prior to the trial of such lawsuit, plus expenses;
 - ii. Thirty-three and one-third percent (33 1/3%) of the funds received if receipt occurs on or after the opening day of any trial with respect to such lawsuit, plus expenses; or
 - iii. Forty percent (40%) of the funds received if receipt occurs after the initiation of any appeal with respect to such lawsuit, plus expenses.
8. Enclosed with this letter is the signed Conflicts of Interest and Background Information form.

Please contact me should you have any questions or need any additional information.

Sincerely,



William E. Wendling, Jr.

agh
Enclosures

William E. Wendling Jr.

Campbell Kyle Proffitt LLP
11595 N. Meridian St., Suite 701
Carmel, IN 46032
Phone: (317) 846-6514
Toll Free: 800-631-9383
Fax: 317-843-8097
E-mail: wwendling@ckplaw.com

Education

- **Indiana University School of Law, Indianapolis, Indiana, J.D. – 1983**
 - South Texas College of Law, 1980-81 (transferred to IU School of law in 1981)
- **Texas A&I University, Kingsville, Texas, B.S. - 1973**

Bar Admissions

- Indiana, 1983
- U.S. District Court Southern District of Indiana, 1983
- U.S. District Court Northern District of Indiana, 1983
- U.S. Court of Appeals 7th Circuit, 1983

Employment:

- **Campbell Kyle Proffit LLP, 1986 to the present: Attorney, Senior Status.** Mr. Wendling joined Campbell Kyle Proffitt in 1986. Mr. Wendling's practice is concentrated in litigation, including both civil and criminal matters, and he is a registered mediator in domestic and civil matters. Mr. Wendling has worked with the State of Indiana Securities Commissioner and other State agencies on a receivership and other matters. In addition, he practices land use law and served as the attorney for the Carmel/Clay Plan Commission and Board of Zoning Appeals. Over his 29 years with the firm Mr. Wendling has been selected to serve as local counsel in numerous high profile complex litigation cases. In 1992, he was appointed by the Governor of the State of Indiana to the Indiana Education Employment Relations Board, was reappointed in 1994, and continues to serve in that capacity to date. He is one of four attorneys in the firm recognized by Martindale-Hubbell Law Directory with its highest rating¹.
- **Kightlinger & Gray, LLP, Indianapolis, IN: Attorney, 1984-1986**

¹ AV® Peer Review Rating in Martindale-Hubbell

- **United States District Court, Southern District of Indiana, Indianapolis Division: Law Clerk to Judge Noland, 1983-1984**
- **Hokinson & Company:** 1978-1980, Management of commercial and medical office buildings. Managed, sold and leased buildings with income and expenses of several million dollars.
- **Thomas & Associates:** 1975-1978, Management of commercial and medical office buildings. Managed, sold and leased buildings with income and expenses of several million dollars.
- **Insurance Company of North America and Colorado:** 1973-1975

Honors and Awards

- AV® Peer Review Rating in Martindale-Hubbell
- Listed in Best Lawyers

Professional Associations and Memberships

- Indiana State Bar Association
- Indiana Bar Foundation, Fellow 1994 to date (Past-President and Member of Board of Directors 2000-2009)
- American Association for Justice, Member 1993 to date
- Indiana Supreme Court Committee on Character and Fitness, 1993 to date

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,

Plaintiff,

v.

Case No. 15-cv-659-JMS-MJD

VEROS PARTNERS, INC,
MATTHEW D. HAAB,
JEFFERY B. RISINGER,
VEROS FARM LOAN HOLDING LLC,
TOBIN J. SENEFELD,
FARMGROWCAP LLC,
PINCAP LLC, and

Defendants,

PIN FINANCIAL LLC,

Relief Defendant.

ORDER APPOINTING RECEIVER

WHEREAS this matter has come before this Court upon motion of the Plaintiff U.S. Securities and Exchange Commission (“SEC”, “Commission” or “Plaintiff”) to appoint a receiver in the above-captioned action; and,

WHEREAS the Court has found that, based on the record in these proceedings, the appointment of a receiver in this action is necessary and appropriate for the purposes of marshaling and preserving all of the assets of Defendants **Veros Farm Loan Holding LLC, FarmGrowCap LLC, PinCap LLC**, and all of the private offerings in which Defendant **Veros Partners, Inc.**, controls investor funds (“Receivership Assets”), as well as those assets of Relief Defendant **Pin Financial LLC** that: (a) are attributable to funds derived from investors or clients

of the Defendants; (b) are held in constructive trust for the Defendants; (c) were fraudulently transferred by the Defendants; and/or (d) may otherwise be includable as assets of the estates of the Defendants (collectively, the “Recoverable Assets”); and,

WHEREAS this Court has subject matter jurisdiction over this action and personal jurisdiction over the Defendants, and venue properly lies in this district.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. This Court hereby takes exclusive jurisdiction and possession of the assets, of whatever kind and wherever situated, of the following:

- a. Defendant Veros Farm Loan Holding LLC (“VFLH”);
- b. Defendant FarmGrowCap LLC (“FarmGrowCap”);
- c. Defendant PinCap LLC (“PinCap”); and
- d. All private offerings in which Defendant Veros Partners, Inc. (“Veros”) controls investor funds.

(collectively, the “Receivership Defendants”).

2. Until further Order of this Court, William E. Wendling, Jr. of Campbell Kyle Proffitt LLP is hereby appointed to serve without bond as receiver (the “Receiver”) for the estates of the Receivership Defendants.

I. Asset Freeze

3. Except as otherwise specified herein, all Receivership Assets and Recoverable Assets are frozen until further order of this Court. Accordingly, all persons and entities with direct or indirect control over any Receivership Assets and/or any Recoverable Assets, other than the Receiver, are hereby restrained and enjoined from directly or indirectly transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of or

withdrawing such assets. This freeze shall include, but not be limited to, Receivership Assets and/or Recoverable Assets that are on deposit with financial institutions such as banks, brokerage firms and mutual funds.

II. General Powers and Duties of Receiver

4. The Receiver shall have all powers, authorities, rights and privileges heretofore possessed by the officers, directors, managers and general and limited partners of the entity Receivership Defendants under applicable state and federal law, by the governing charters, by-laws, articles and/or agreements in addition to all powers and authority of a receiver at equity, and all powers conferred upon a receiver by the provisions of 28 U.S.C. §§ 754, 959 and 1692, and Fed.R.Civ.P. 66.

5. The trustees, directors, officers, managers, employees, investment advisors, accountants, attorneys and other agents of the Receivership Defendants are hereby dismissed and the powers of any general partners, directors and/or managers are hereby suspended. Such persons and entities shall have no authority with respect to the Receivership Defendants' operations or assets, except to the extent as may hereafter be expressly granted by the Receiver. The Receiver shall assume and control the operation of the Receivership Defendants and shall pursue and preserve all of their claims.

6. No person holding or claiming any position of any sort with any of the Receivership Defendants shall possess any authority to act by or on behalf of any of the Receivership Defendants.

7. Subject to the specific provisions in Sections III through XIV, below, the Receiver shall have the following general powers and duties:

- A. To use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Defendants, including, but not limited to, monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents,

profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Defendants own, possess, have a beneficial interest in, or control directly or indirectly (“Receivership Property” or, collectively, the “Receivership Estates”);

- B. To take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Defendants; to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto;
- C. To manage, control, operate and maintain the Receivership Estates and hold in his possession, custody and control all Receivership Property, pending further Order of this Court;
- D. To use Receivership Property for the benefit of the Receivership Estates, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging his duties as Receiver;
- E. To take any action which, prior to the entry of this Order, could have been taken by the officers, directors, partners, managers, trustees and agents of the Receivership Defendants;
- F. To engage and employ persons in his discretion to assist him in carrying out his duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, securities traders, registered representatives, financial or business advisers, liquidating agents, real estate agents, forensic experts, brokers, traders or auctioneers;
- G. To take such action as necessary and appropriate for the preservation of Receivership Property or to prevent the dissipation or concealment of Receivership Property;
- H. The Receiver is authorized to issue subpoenas for documents and testimony consistent with the Federal Rules of Civil Procedure;
- I. To bring such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging his duties as Receiver;
- J. To pursue, resist and defend all suits, actions, claims and demands which may now be pending or which may be brought by or asserted against the Receivership Estates; and,
- K. To take such other action as may be approved by this Court.

III. Access to Information

8. The individual Receivership Defendants and the past and/or present officers, directors, agents, managers, general and limited partners, trustees, attorneys, accountants and employees of the entity Receivership Defendants, as well as those acting in their place, are hereby ordered and directed to preserve and turn over to the Receiver forthwith all paper and electronic information of, and/or relating to, the Receivership Defendants and/or all Receivership Property; such information shall include but not be limited to books, records, documents, accounts and all other instruments and papers.

9. Within ten (10) days of the entry of this Order, the Receivership Defendants shall file with the Court and serve upon the Receiver and the Commission a sworn statement, listing: (a) the identity, location and estimated value of all Receivership Property; (b) all employees (and job titles thereof), other personnel, attorneys, accountants and any other agents or contractors of the Receivership Defendants; and, (c) the names, addresses and amounts of claims of all known creditors of the Receivership Defendants.

10. Within thirty (30) days of the entry of this Order, the Receivership Defendants shall file with the Court and serve upon the Receiver and the Commission a sworn statement and accounting, with complete documentation, covering the period from January 1, 2012 to the present:

- A. Of all Receivership Property, wherever located, held by or in the name of the Receivership Defendants, or in which any of them, directly or indirectly, has or had any beneficial interest, or over which any of them maintained or maintains and/or exercised or exercises control, including, but not limited to: (a) all securities, investments, funds, real estate, automobiles, jewelry and other assets, stating the location of each; and (b) any and all accounts, including all funds held in such accounts, with any bank, brokerage or other financial institution held by, in the name of, or for the benefit of any of them, directly or indirectly, or over which any of them maintained or maintains and/or exercised or exercises any direct or indirect control, or in which any of them had or has a direct or indirect beneficial interest, including the account statements from each bank,

brokerage or other financial institution;

- B. Identifying every account at every bank, brokerage or other financial institution: (a) over which Receivership Defendants have signatory authority; and (b) opened by, in the name of, or for the benefit of, or used by, the Receivership Defendants;
- C. Identifying all credit, bank, charge, debit or other deferred payment card issued to or used by each Receivership Defendant, including but not limited to the issuing institution, the card or account number(s), all persons or entities to which a card was issued and/or with authority to use a card, the balance of each account and/or card as of the most recent billing statement, and all statements for the last twelve months;
- D. Of all assets received by any of them from any person or entity, including the value, location, and disposition of any assets so received;
- E. Of all funds received by the Receivership Defendants, and each of them, in any way related, directly or indirectly, to the conduct alleged in the Commission's Complaint. The submission must clearly identify, among other things, all investors, the securities they purchased, the date and amount of their investments, and the current location of such funds;
- G. Of all expenditures exceeding \$1,000 made by any of them, including those made on their behalf by any person or entity; and
- H. Of all transfers of assets made by any of them.

11. Within thirty (30) days of the entry of this Order, the Receivership Defendants shall provide to the Receiver and the Commission copies of the Receivership Defendants' federal income tax returns for 2012, 2013, and 2014 with all relevant and necessary underlying documentation.

12. The entity Receivership Defendants' past and/or present officers, directors, agents, attorneys, managers, shareholders, employees, accountants, debtors, creditors, managers and general and limited partners, and other appropriate persons or entities shall answer under oath to the Receiver all questions which the Receiver may put to them and produce all documents as required by the Receiver regarding the business of the Receivership Defendants, or any other matter relevant to the operation or administration of the receivership or the collection

of funds due to the Receivership Defendants. In the event that the Receiver deems it necessary to require the appearance of the aforementioned persons or entities, the Receiver shall make its discovery requests in accordance with the Federal Rules of Civil Procedure.

13. To issue subpoenas to compel testimony of persons or production of records, consistent with the Federal Rules of Civil Procedure and applicable Local Rules, except for the provisions of Fed.R.Civ.P. 26(d)(1), concerning any subject matter within the powers and duties granted by this Order.

14. The Receivership Defendants are required to assist the Receiver in fulfilling his duties and obligations. As such, they must respond promptly and truthfully to all requests for information and documents from the Receiver.

IV. Access to Books, Records and Accounts

15. The Receiver is authorized to take immediate possession of all assets, bank accounts or other financial accounts, books and records and all other documents or instruments relating to the Receivership Defendants. All persons and entities having control, custody or possession of any Receivership Property are hereby directed to turn such property over to the Receiver.

16. The Receivership Defendants, as well as their agents, servants, employees, attorneys, any persons acting for or on behalf of the Receivership Defendants, and any persons receiving notice of this Order by personal service, facsimile transmission or otherwise, having possession of the property, business, books, records, accounts or assets of the Receivership Defendants are hereby directed to deliver the same to the Receiver, his agents and/or employees.

17. All banks, brokerage firms, financial institutions, and other persons or entities which have possession, custody or control of any assets or funds held by, in the name of, or for the benefit of, directly or indirectly, and of the Receivership Defendants that receive actual

notice of this Order by personal service, facsimile transmission or otherwise shall:

- A. Not liquidate, transfer, sell, convey or otherwise transfer any assets, securities, funds, or accounts in the name of or for the benefit of the Receivership Defendants except upon instructions from the Receiver;
- B. Not exercise any form of set-off, alleged set-off, lien, or any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court;
- C. Within five (5) business days of receipt of that notice, file with the Court and serve on the Receiver and counsel for the Commission a certified statement setting forth, with respect to each such account or other asset, the balance in the account or description of the assets as of the close of business on the date of receipt of the notice; and,
- D. Cooperate expeditiously in providing information and transferring funds, assets and accounts to the Receiver or at the direction of the Receiver.

V. Access to Real and Personal Property

18. The Receiver is authorized to take immediate possession of all personal property of the Receivership Defendants, wherever located, including but not limited to electronically stored information, computers, laptops, hard drives, external storage drives, and any other such memory, media or electronic storage devices, books, papers, data processing records, evidence of indebtedness, bank records and accounts, savings records and accounts, brokerage records and accounts, certificates of deposit, stocks, bonds, debentures, and other securities and investments, contracts, mortgages, furniture, office supplies and equipment.

19. The Receiver is authorized to take immediate possession of all real property of the Receivership Defendants, wherever located, including but not limited to all ownership and leasehold interests and fixtures. Upon receiving actual notice of this Order by personal service, facsimile transmission or otherwise, all persons other than law enforcement officials acting within the course and scope of their official duties, are (without the express written permission of the Receiver) prohibited from: (a) entering such premises; (b) removing anything from such premises; or, (c) destroying, concealing or erasing anything on such premises.

20. In order to execute the express and implied terms of this Order, the Receiver is authorized to change door locks to the premises described above. The Receiver shall have exclusive control of the keys. The Receivership Defendants, or any other person acting or purporting to act on their behalf, are ordered not to change the locks in any manner, nor to have duplicate keys made, nor shall they have keys in their possession during the term of the receivership.

21. The Receiver is authorized to open all mail directed to or received by or at the offices or post office boxes of the Receivership Defendants, and to inspect all mail opened prior to the entry of this Order, to determine whether items or information therein fall within the mandates of this Order.

22. Upon the request of the Receiver, the United States Marshal Service, in any judicial district, is hereby ordered to assist the Receiver in carrying out his duties to take possession, custody and control of, or identify the location of, any assets, records or other materials belonging to the Receivership Estate.

VI. Notice to Third Parties

23. The Receiver shall promptly give notice of his appointment to all known officers, directors, agents, employees, shareholders, creditors, debtors, managers and general and limited partners of the Receivership Defendants, as the Receiver deems necessary or advisable to effectuate the operation of the receivership.

24. All persons and entities owing any obligation, debt, or distribution with respect to an ownership interest to any Receivership Defendant shall, until further ordered by this Court, pay all such obligations in accordance with the terms thereof to the Receiver and its receipt for such payments shall have the same force and effect as if the Receivership Defendant had received such payment.

25. In furtherance of his responsibilities in this matter, the Receiver is authorized to communicate with, and/or serve this Order upon, any person, entity or government office that he deems appropriate to inform them of the status of this matter and/or the financial condition of the Receivership Estates. All government offices which maintain public files of security interests in real and personal property shall, consistent with such office's applicable procedures, record this Order upon the request of the Receiver or the SEC.

26. The Receiver is authorized to instruct the United States Postmaster to hold and/or reroute mail which is related, directly or indirectly, to the business, operations or activities of any of the Receivership Defendants (the "Receiver's Mail"), including all mail addressed to, or for the benefit of, the Receivership Defendants. The Postmaster shall not comply with, and shall immediately report to the Receiver, any change of address or other instruction given by anyone other than the Receiver concerning the Receiver's Mail. The Receivership Defendants shall not open any of the Receiver's Mail and shall immediately turn over such mail, regardless of when received, to the Receiver. All personal mail of any individual Receivership Defendants, and/or any mail appearing to contain privileged information, and/or any mail not falling within the mandate of the Receiver, shall be released to the named addressee by the Receiver. The foregoing instructions shall apply to any proprietor, whether individual or entity, of any private mail box, depository, business or service, or mail courier or delivery service, hired, rented or used by the Receivership Defendants. The Receivership Defendants shall not open a new mailbox, or take any steps or make any arrangements to receive mail in contravention of this Order, whether through the U.S. mail, a private mail depository or courier service.

27. Subject to payment for services provided, any entity furnishing water, electric, telephone, sewage, garbage or trash removal services to the Receivership Defendants shall maintain such service and transfer any such accounts to the Receiver unless instructed to the

contrary by the Receiver.

28. The Receiver is authorized to assert, prosecute and/or negotiate any claim under any insurance policy held by or issued on behalf of the Receivership Defendants, or their officers, directors, agents, employees or trustees, and to take any and all appropriate steps in connection with such policies.

VII. Injunction Against Interference with Receiver

29. The Receivership Defendants and all persons receiving notice of this Order by personal service, facsimile or otherwise, are hereby restrained and enjoined from directly or indirectly taking any action or causing any action to be taken, without the express written agreement of the Receiver, which would:

- A. Interfere with the Receiver's efforts to take control, possession, or management of any Receivership Property; such prohibited actions include but are not limited to, using self-help or executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution, or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any Receivership Property;
- B. Hinder, obstruct or otherwise interfere with the Receiver in the performance of his duties; such prohibited actions include but are not limited to, concealing, destroying or altering records or information;
- C. Dissipate or otherwise diminish the value of any Receivership Property; such prohibited actions include but are not limited to, releasing claims or disposing, transferring, exchanging, assigning or in any way conveying any Receivership Property, enforcing judgments, assessments or claims against any Receivership Property or any Receivership Defendant, attempting to modify, cancel, terminate, call, extinguish, revoke or accelerate (the due date), of any lease, loan, mortgage, indebtedness, security agreement or other agreement executed by any Receivership Defendant or which otherwise affects any Receivership Property; or,
- D. Interfere with or harass the Receiver, or interfere in any manner with the exclusive jurisdiction of this Court over the Receivership Estates.

30. The Receivership Defendants shall cooperate with and assist the Receiver in the performance of his duties.

31. The Receiver shall promptly notify the Court and SEC counsel of any failure or apparent failure of any person or entity to comply in any way with the terms of this Order.

VIII. Stay of Litigation

32. As set forth in detail below, the following proceedings, excluding the instant proceeding and all police or regulatory actions and actions of the Commission related to the above-captioned enforcement action, are stayed until further Order of this Court:

All civil legal proceedings of any nature, including, but not limited to, bankruptcy proceedings, arbitration proceedings, foreclosure actions, default proceedings, or other actions of any nature involving: (a) the Receiver, in his capacity as Receiver; (b) any Receivership Property, wherever located; (c) any of the Receivership Defendants, including subsidiaries and partnerships; or, (d) any of the Receivership Defendants' past or present officers, directors, managers, agents, or general or limited partners sued for, or in connection with, any action taken by them while acting in such capacity of any nature, whether as plaintiff, defendant, third-party plaintiff, third-party defendant, or otherwise (such proceedings are hereinafter referred to as "Ancillary Proceedings").

33. The parties to any and all Ancillary Proceedings are enjoined from commencing or continuing any such legal proceeding, or from taking any action, in connection with any such proceeding, including, but not limited to, the issuance or employment of process.

34. All Ancillary Proceedings are stayed in their entirety, and all Courts having any jurisdiction thereof are enjoined from taking or permitting any action until further Order of this Court. Further, as to a cause of action accrued or accruing in favor of one or more of the Receivership Defendants against a third person or party, any applicable statute of limitation is tolled during the period in which this injunction against commencement of legal proceedings is in effect as to that cause of action.

IX. Managing Assets

35. For each of the Receivership Estates, the Receiver shall establish one or more custodial accounts at a federally insured bank to receive and hold all cash equivalent Receivership Property (the "Receivership Funds").

36. The Receiver's deposit accounts shall be entitled "Receiver's Account, Estate of **[Name of Receivership Defendant]**" together with the name of the action.

37. The Receiver may, without further Order of this Court, transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.

38. Subject to Paragraph 39, immediately below, the Receiver is authorized to locate, list for sale or lease, engage a broker for sale or lease, cause the sale or lease, and take all necessary and reasonable actions to cause the sale or lease of all real property in the Receivership Estates, either at public or private sale, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such real property.

39. Upon further Order of this Court, pursuant to such procedures as may be required by this Court and additional authority such as 28 U.S.C. §§ 2001 and 2004, the Receiver will be authorized to sell, and transfer clear title to, all real property in the Receivership Estates.

40. The Receiver is authorized to take all actions to manage, maintain, and/or wind-down business operations of the Receivership Estates, including making legally required payments to creditors, employees, and agents of the Receivership Estates and communicating with vendors, investors, governmental and regulatory authorities, and others, as appropriate.

41. The Receiver shall take all necessary steps to enable the Receivership Funds to obtain and maintain the status of a taxable "Settlement Fund," within the meaning of Section 468B of the Internal Revenue Code and of the regulations, when applicable, whether proposed, temporary or final, or pronouncements thereunder, including the filing of the elections and

statements contemplated by those provisions. The Receiver shall be designated the administrator of the Settlement Fund, pursuant to Treas. Reg. § 1.468B-2(k)(3)(i), and shall satisfy the administrative requirements imposed by Treas. Reg. § 1.468B-2, including but not limited to (a) obtaining a taxpayer identification number, (b) timely filing applicable federal, state, and local tax returns and paying taxes reported thereon, and (c) satisfying any information, reporting or withholding requirements imposed on distributions from the Settlement Fund. The Receiver shall cause the Settlement Fund to pay taxes in a manner consistent with treatment of the Settlement Fund as a “Qualified Settlement Fund.” The Receivership Defendants shall cooperate with the Receiver in fulfilling the Settlement Funds’ obligations under Treas. Reg. § 1.468B-2.

X. Investigate and Prosecute Claims

42. Subject to the requirement, in Section VII above, that leave of this Court is required to resume or commence certain litigation, the Receiver is authorized, empowered and directed to investigate, prosecute, defend, intervene in or otherwise participate in, compromise, and/or adjust actions in any state, federal or foreign court or proceeding of any kind as may in his discretion, and in consultation with SEC counsel, be advisable or proper to recover and/or conserve Receivership Property.

43. Subject to his obligation to expend receivership funds in a reasonable and cost-effective manner, the Receiver is authorized, empowered and directed to investigate the manner in which the financial and business affairs of the Receivership Defendants were conducted and (after obtaining leave of this Court) to institute such actions and legal proceedings, for the benefit and on behalf of the Receivership Estate, as the Receiver deems necessary and appropriate; the Receiver may seek, among other legal and equitable relief, the imposition of constructive trusts, disgorgement of profits, asset turnover, avoidance of fraudulent transfers, rescission and restitution, collection of debts, and such other relief from this Court as may be necessary to

enforce this Order. Where appropriate, the Receiver should provide prior notice to Counsel for the Commission before commencing investigations and/or actions.

44. The Receiver hereby holds, and is therefore empowered to waive, all privileges, including the attorney-client privilege, held by all entity Receivership Defendants.

45. The receiver has a continuing duty to ensure that there are no conflicts of interest between the Receiver, his Retained Personnel (as that term is defined below), and the Receivership Estate.

XI. Bankruptcy Filing

46. The Receiver may seek authorization of this Court to file voluntary petitions for relief under Title 11 of the United States Code (the “Bankruptcy Code”) for the Receivership Defendants. If a Receivership Defendant is placed in bankruptcy proceedings, the Receiver may become, and may be empowered to operate each of the Receivership Estates as, a debtor in possession. In such a situation, the Receiver shall have all of the powers and duties as provided a debtor in possession under the Bankruptcy Code to the exclusion of any other person or entity. Pursuant to Paragraph 4 above, the Receiver is vested with management authority for all entity Receivership Defendants and may therefore file and manage a Chapter 11 petition. *See, In re Bayou Group, LLC*, 564 F.3d 541, 548-49 (2d Cir. 2009).

47. The provisions of Section VIII above bar any person or entity, other than the Receiver, from placing any of the Receivership Defendants in bankruptcy proceedings.

XII. Liability of Receiver

48. Until further Order of this Court, the Receiver shall not be required to post bond or give an undertaking of any type in connection with his fiduciary obligations in this matter.

49. The Receiver and his agents, acting within scope of such agency (“Retained Personnel”) are entitled to rely on all outstanding rules of law and Orders of this Court and shall

not be liable to anyone for their own good faith compliance with any order, rule, law, judgment, or decree. In no event shall the Receiver or Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or Retained Personnel.

50. This Court shall retain jurisdiction over any action filed against the Receiver or Retained Personnel based upon acts or omissions committed in their representative capacities.

51. In the event the Receiver decides to resign, the Receiver shall first give written notice to the Commission's counsel of record and the Court of its intention, and the resignation shall not be effective until the Court appoints a successor. The Receiver shall then follow such instructions as the Court may provide.

XIII. Recommendations and Reports

52. The Receiver is authorized, empowered and directed to develop a plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered, and recoverable Receivership Property (the "Liquidation Plan").

53. Within ninety (90) days of the entry date of this Order, the Receiver shall file the Liquidation Plan in the above-captioned action, with service copies to counsel of record.

54. Within thirty (30) days after the end of each calendar quarter, the Receiver shall file and serve a full report and accounting of each Receivership Estate (the "Quarterly Status Report"), reflecting (to the best of the Receiver's knowledge as of the period covered by the report) the existence, value, and location of all Receivership Property, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of the Receivership Estates.

55. The Quarterly Status Report shall contain the following:

- A. A summary of the operations of the Receiver;
- B. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the

estate;

- C. A schedule of all the Receiver's receipts and disbursements (attached as Exhibit A to the Quarterly Status Report), with one column for the quarterly period covered and a second column for the entire duration of the receivership;
- D. A description of all known Receivership Property, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended;
- E. A description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in: (i) reducing the claims to judgment; and, (ii) collecting such judgments);
- F. A list of all known creditors with their addresses and the amounts of their claims;
- G. The status of Creditor Claims Proceedings, after such proceedings have been commenced; and,
- H. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.

56. On the request of the Commission, the Receiver shall provide the Commission with any documentation that the Commission deems necessary to meet its reporting requirements, that is mandated by statute or Congress, or that is otherwise necessary to further the Commission's mission.

XIV. Fees, Expenses and Accountings

57. Subject to Paragraphs 58 – 64 immediately below, the Receiver need not obtain Court approval prior to the disbursement of Receivership Funds for expenses in the ordinary course of the administration and operation of the receivership. Further, prior Court approval is not required for payments of applicable federal, state or local taxes.

58. Subject to Paragraph 59 immediately below, the Receiver is authorized to solicit persons and entities ("Retained Personnel") to assist him in carrying out the duties and

responsibilities described in this Order. The Receiver shall not engage any Retained Personnel without first obtaining an Order of the Court authorizing such engagement.

59. The Receiver and Retained Personnel are entitled to reasonable compensation and expense reimbursement from the Receivership Estates as described in the “Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission” (the “Billing Instructions”) agreed to by the Receiver. Such compensation shall require the prior approval of the Court.

60. Within forty-five (45) days after the end of each calendar quarter, the Receiver and Retained Personnel shall apply to the Court for compensation and expense reimbursement from the Receivership Estates (the “Quarterly Fee Applications”). At least thirty (30) days prior to filing each Quarterly Fee Application with the Court, the Receiver will serve upon counsel for the SEC a complete copy of the proposed Application, together with all exhibits and relevant billing information in a format to be provided by SEC staff.

61. All Quarterly Fee Applications will be interim and will be subject to cost benefit and final reviews at the close of the receivership. At the close of the receivership, the Receiver will file a final fee application, describing in detail the costs and benefits associated with all litigation and other actions pursued by the Receiver during the course of the receivership.

62. Quarterly Fee Applications may be subject to a holdback in the amount of 20% of the amount of fees and expenses for each application filed with the Court. The total amounts held back during the course of the receivership will be paid out at the discretion of the Court as part of the final fee application submitted at the close of the receivership.

63. Each Quarterly Fee Application shall:

- A. Comply with the terms of the Billing Instructions agreed to by the Receiver; and,
- B. Contain representations (in addition to the Certification required by the

Billing Instructions) that: (i) the fees and expenses included therein were incurred in the best interests of the Receivership Estate; and, (ii) with the exception of the Billing Instructions, the Receiver has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof.

64. At the close of the Receivership, the Receiver shall submit a Final Accounting, in a format to be provided by SEC staff, as well as the Receiver's final application for compensation and expense reimbursement.

**IT IS SO ORDERED, this _____ day of _____, 2015, at Indianapolis,
Indiana.**

Honorable Jane Magnus-Stinson, Judge
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA

Service will be made electronically on all ECF-registered counsel of record via email generated by the Court's ECF system.