

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

JAMES L. GEORGE, PAUL E.
BRODHAGEN and MICHAEL J.
WRIGHT,

Defendants.

CIVIL ACTION FILE NO.
1:02-CV-3310-HTW

**ORDER APPOINTING S. GREGORY HAYS AS "FUNDS
ADMINISTRATOR" TO CONDUCT CLAIMS PROCEDURE,
DEVELOP DISTRIBUTION PLAN, AND UPON FINAL COURT
APPROVAL OF THE PROPOSED DISTRIBUTION PLAN, TO
EFFECTUATE PAYMENT OF FUNDS HELD IN COURT'S
REGISTRY TO DEFRAUDED INVESTORS**

Upon the motion of the Securities and Exchange Commission ("SEC" or "Commission") for the appointment of S. Gregory Hays as "Funds Administrator" in this matter:

I.

IT IS ORDERED that, pending further order of the Court, S. Gregory Hays is hereby appointed as Funds Administrator in this matter, without bond. The Funds Administrator shall have responsibility for, among other things:

Case 1:02-cv-03310-HTW Document 41 Filed 07/07/2009 Page 2 of 7

- 1) verifying location of the investors by advertising or otherwise;
- 2) developing a claims process by mass mailing to the investors, or otherwise, as necessary;
- 3) preparing appropriate state and federal tax returns, and paying any past due taxes on the funds held in the Registry of the Court, as is legally appropriate, or in the alternative, hiring a Tax Administrator to conduct those functions;
- 4) developing a distribution plan;
- 5) submitting the distribution plan to the Court for its approval; and
- 6) effectuating payment to the defrauded investors.

II.

IT IS FURTHER ORDERED that the Funds Administrator shall have and possess all powers and rights to efficiently administer, manage and, upon final court approval, to distribute the funds held in the Registry of the Court incident to this case (hereafter, "the Funds") to the defrauded investors who submit claims, or otherwise establish a right to the Funds at issue in this matter, including but not limited to the power:

- A. to take custody, control and possession of the Funds incident to this case, that are held in the Court's Registry;

Case 1:02-cv-03310-HTW Document 41 Filed 07/07/2009 Page 3 of 7

B. 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 Funds Administrator;

C. to make such payments and disbursements from the funds so taken into his custody, control and possession or thereafter received, and to incur such expenses as may be necessary or advisable in the ordinary course of business in discharging the Funds Administrator's duties;

D. to engage and employ others (without Court approval), including but not limited to attorneys, accountants, a tax administrator, and employees of a firm owned by the Funds Administrator, to assist in the Funds Administrator's duties, except that any payment to others for their services shall be subject to Court approval; and

E. to take such other action as may be approved by this Court.

III.

IT IS FURTHER ORDERED that the Funds Administrator shall have the power to compel, including by subpoena, the appearance and testimony of all persons and the production of the originals of any records, of any sort whatsoever, within the possession, custody or control of any person, as is necessary to present a comprehensive distribution plan, for the Court's approval. The Funds Administrator's authority under this paragraph shall not

Case 1:02-cv-03310-HTW Document 41 Filed 07/07/2009 Page 4 of 7

be construed to require the waiver by any person of any validly asserted privilege.

IV.

IT IS FURTHER ORDERED that the Funds Administrator and any person engaged or employed by the Funds Administrator, are entitled to reasonable compensation from the assets of the Funds, subject to the prior approval of the Court.

V.

IT IS FURTHER ORDERED that the Funds Administrator is authorized to communicate with all such persons as the Funds Administrator deems appropriate to inform him of the status of this matter and the Funds.

VI.

IT IS FURTHER ORDERED that, except for an act of gross negligence or intentional misconduct, the Funds Administrator and all persons engaged or employed by him shall not be liable for any loss or damage incurred by any persons, by reason of any act performed or omitted to be performed by them in connection with the discharge of their duties and responsibilities in this matter.

Case 1:02-cv-03310-HTW Document 41 Filed 07/07/2009 Page 5 of 7

VII.

IT IS FURTHER ORDERED that at the conclusion of each month, the Funds Administrator may apply for reimbursement and compensation for the fees and expenses incurred by the Funds Administrator during the month. The Funds Administrator shall provide the Court and the SEC with a copy of its reimbursement and compensation request, which shall include supporting documentation to justify the expenses or services rendered, and the detail of the charges. Charges for services shall include: (a) the date of service; (b) the name or initials of the individual rendering the service; (c) a description of the service; (d) the hourly rate; (e) the time charged; and (f) the amount due for that service. The description of the service should be brief and informative. Expenses shall be supported by invoices.

VIII.

IT IS FURTHER ORDERED that the Funds Administrator is entitled to rely on all outstanding rules of law and Court Orders, and shall not be liable to anyone for any action taken or omitted by it in connection with the final Distribution Plan except upon a finding by this Court that it, in bad faith or in reckless disregard of their duties under the final Distribution Plan, acted or failed to act.

Case 1:02-cv-03310-HTW Document 41 Filed 07/07/2009 Page 6 of 7

IX.

IT IS FURTHER ORDERED that the Funds Administrator is authorized to enter into agreements with financial institutions as may be appropriate or necessary in the administration of the distribution fund.

X.

IT IS FURTHER ORDERED that following the distribution of the funds in this matter in accordance with the final Distribution Plan, the Court may, upon the filing of a request on behalf of the Funds Administrator, enter an Order discharging the Funds Administrator from any claims or liability in connection with the Distribution Plan and the administration of the funds, and enjoining all other parties from prosecuting or asserting any such discharged claim or liability against the Funds Administrator.

XI.

IT IS FURTHER ORDERED that in the event that the Funds Administrator hires a third party to operate as a Tax Administrator for this fund, upon final distribution of the funds, the Funds Administrator shall coordinate with the Tax Administrator to make the final payment of taxes and Tax Administrator fees and shall submit a final accounting with the Court, with copies served upon the SEC. The distribution shall be eligible for termination, and the Funds Administrator eligible for discharge, after all

Case 1:02-cv-03310-HTW Document 41 Filed 07/07/2009 Page 7 of 7

of the following have occurred: (a) the Final Accounting by the Funds Administrator has been submitted and approved by the Court; (b) all taxes and fees have been paid; and (c) all remaining funds or any residual amounts have been disbursed pursuant to a motion by the SEC and a determination by the Court.

XII.

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for all purposes.

SO ORDERED, this 7th day of July, 2009.

s/HORACE T. WARD
Horace T. Ward, Judge
United States District Court