

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

TRAVIS E. CORRELL, individually and doing  
business as Horizon Establishment; et al.

Defendants,

and

BANNER SHIELD, LLC; et al.

Defendants Solely for Purposes of  
Equitable Relief.

**Lead Case**

Case No.: 4:05-CV-472 RAS

**RECEIVER'S MOTION FOR  
APPROVAL OF SETTLEMENT  
WITH G2, LLC**

**Consolidated Case**

Case No.:4:07-cv-346 RAS

**RECEIVER'S MOTION FOR APPROVAL OF SETTLEMENT WITH G2, LLC**

S. Gregory Hays, the court-appointed Receiver in the above-styled action, submits this Motion for Approval of Settlement with G2, LLC ("Motion for Approval"). In support of this Motion, the Receiver submits the following:

**INTRODUCTION**

As this Court is aware, the Receiver filed an Objection to the Claim of G2, LLC and, Alternatively, Motion for Resolution as to Disputed Claim to Distribution in *Sentinel Funds* Bankruptcy, ECF No. 503 (the "Receiver's Objection") on June 7, 2012. As discussed more fully below, G2, LLC ("G2") asserts that it is entitled to a success fee related to the Receiver's recovery of \$1,000,000, plus interest, in connection with the claim filed by the Receiver in a Chapter 7 proceeding commenced against Sentinel Funds, Inc., Sentinel Holdings Corporation, and/or Sentinel Partners, LTD (which the Receiver has previously referred to as "Sentinel Funds" or the "Sentinel Ponzi Scheme") in the Bankruptcy Court for the Southern District of

Florida, Fort Lauderdale Division, Case No. 06-11822-JKO. Since the filing of the Receiver's Objection, the Receiver and G2 have reached an agreement as to G2's asserted claim to a success fee. Accordingly, the Receiver submits the instant Motion seeking approval from this Court of the settlement agreement executed by the Receiver and G2 whereby, among other things, the Receiver shall pay G2 \$100,000 to resolve and settle G2's asserted claim. The factual background relevant to this Motion and the Receiver's agreement with G2 is set forth below.<sup>1</sup>

### **RELEVANT FACTUAL BACKGROUND**

1. In 2001 Correll began operating an investment program known as the "Bank Deposit Program," which Correll promoted as an investment opportunity that would purportedly yield high returns of up to 20% to 30% per month. Correll wrongly believed that the Bank Deposit Program was a legitimate investment program; however, he never received an actual return on the initial \$100,000 investment he made in the program. Ultimately, Correll and others raised more than \$80 million from investors and used funds from new investors to pay promised monthly returns to other investors, thus beginning Correll's unwitting Ponzi scheme.

2. In an effort to generate enough capital to pay off investors and end his Ponzi scheme, Correll began to make risky investments. One of the high-risk investments Correll made was a \$1,000,000 investment on August 7, 2003 to obtain Limited Partnership Interests in a High Yield Investment Program ("HYIP") operated by Kenneth Winters as Sentinel Funds, Inc., Sentinel Holdings Corporation, and/or Sentinel Partners, LTD (collectively, "Sentinel Funds" or the "Sentinel Ponzi Scheme").

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<sup>1</sup> Additional background on the Receiver's dispute with G2 is contained in the Receiver's Objection (ECF No. 503) and the Appendix (ECF No. 503-1) and Exhibits (ECF Nos. 503-2 through 503-30) attached thereto.

3. Sentinel Funds was purportedly sponsored by Fleet Bank, which was later acquired by Bank of America, N.A. Unknown to Correll at the time, Sentinel Funds was a fraudulent investment scheme operated by Winters.

4. G2 is an investigative firm owned and operated by principals George Goldsmith, who is also known as Henry George (“Mr. Goldsmith”), and Capital Options, LLC (“Capital Options”). Capital Options is owned and operated by Rich Douglas. G2 had been engaged by a number of the investors in Sentinel Funds to investigate and assist in obtaining a recovery from Sentinel Funds and Winters.

5. On June 16, 2005, Correll executed a Retainer and Asset Recovery Agreement with G2 (the “Asset Recovery Agreement”) whereby Correll paid G2 a \$10,000 retainer and, *inter alia*, agreed to pay to G2 a “commission of twenty percent (20%) . . . of any and all of the Claim Amount *recovered and/or returned or obtained by any other method through [G2’s sources and methods]* to the Claimant after the execution date of this Agreement” (the “Success Fee”).

6. On December 7, 2005, the Court appointed Mr. Hays as Receiver for Correll and other defendants. (ECF No. 7.)

7. On May 8, 2006, an involuntary bankruptcy proceeding under Chapter 7 was commenced against Sentinel Funds, Inc. in the Bankruptcy Court for the Southern District of Florida, Fort Lauderdale Division (the “Sentinel Bankruptcy Court”), Case No. 06-11822-JKO (the “Sentinel Bankruptcy”).

8. On August 10, 2006, G2 engaged the law firm of Josephs Jack to pursue claims against Winters d/b/a Sentinel Funds and Bank of America as the successor to Fleet Bank.

9. On January 26, 2007, the Receiver's professionals filed a proof of claim in the Sentinel Bankruptcy seeking recovery of Correll's \$1,000,000 investment in the Sentinel Ponzi Scheme.

10. On February 16, 2007, Josephs Jack, the firm hired by G2, filed a state court action in Broward County Circuit Court in Florida styled *Novotny Family Trust, et al. v. Fleet Bank, et al.*, Case No. 07-003636 CACE 13 (the "BOA Litigation"), and included Correll's claim in the claims asserted in the BOA Litigation.

11. In or about May or June 2007, in connection with the Asset Recovery Agreement, the Receiver paid G2 \$31,700 for "legal fees" related to Sentinel Funds.

12. In or about October 2008, Josephs Jack informed the Receiver of a dispute between Josephs Jack and G2, which resulted in the termination of the relationship between G2 and Josephs Jack. The Receiver decided to engage Josephs Jack directly to pursue the Receiver's claims in the BOA Litigation and the Sentinel Bankruptcy.

13. On October 27, 2009, the Sentinel Bankruptcy Court determined that the Receiver had a valid, allowed claim in the amount of \$1,000,000.

14. In November 2009, the Receiver voluntarily dismissed Correll's claims against BOA after BOA moved for summary judgment on Correll's claims in the BOA Litigation and the Receiver learned, for the first time, that Correll had not had any direct contact with BOA or Fleet.

15. In January 2010, Mr. Goldsmith, under the alias of Henry George, submitted an application for professional expenses incurred in assisting the Sentinel Bankruptcy Trustee and the Trustee's Special Counsel in prosecuting fraudulent transfer claims and other avoidance claims.

16. On March 4, 2010, the Sentinel Bankruptcy Court approved Mr. Goldsmith's application for professional expenses and the Bankruptcy Trustee paid Mr. Goldsmith \$65,153.14 for investigative fees and costs.

17. On March 25, 2010, Josephs Jack settled the claims asserted in the BOA Litigation by the investors in the Sentinel Funds; however, the Receiver did not participate in this settlement because the Receiver had dismissed Correll's claims in the BOA Litigation.

18. Following the BOA Litigation settlement, two investor claimants in the Sentinel Bankruptcy, who had not been involved in the BOA Litigation, filed an omnibus objection in the Sentinel Bankruptcy Court to the claims of Josephs Jack's clients who had received payment in connection with the BOA Litigation settlement. These two investors argued that Josephs Jack's clients' claims in the Sentinel Bankruptcy should be offset by any amounts they had received in the BOA Litigation.

19. Josephs Jack took positions in response to the omnibus objection that were adverse to the Receiver's interests, and, as a result, the Receiver believed that a conflict of interest had developed regarding Josephs Jack's response to the omnibus objection and other related matters in the Sentinel Bankruptcy case.<sup>2</sup>

20. On or about June 3, 2010, the Receiver terminated Josephs Jack and retained new counsel to represent the Receiver in the Sentinel Bankruptcy.

21. The Receiver and Josephs Jack engaged in a protracted dispute, which, among other things, included the Receiver filing a motion to disqualify Josephs Jack as counsel for

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<sup>2</sup> Additional details regarding the Receiver's dispute with Josephs Jack are set forth in the Receiver's Objection (ECF No. 503) and the Appendix (ECF No. 503-1) and Exhibits (ECF Nos. 503-2 through 503-30) attached thereto.

claimants in the Sentinel Bankruptcy and, subsequently, extensive mediation between the Receiver and Josephs Jack.

22. On June 16, 2010, the Receiver and Josephs Jack executed a Mutual Release in resolution of the Receiver's conflict of interest claims whereby, *inter alia*, Josephs Jack released any claim that it might have to a fee related to the Receiver's recovery in the Sentinel Bankruptcy.

23. By an order dated June 29, 2011, the Sentinel Bankruptcy Court ruled in favor of the Receiver (and the other two claimants referenced above in Paragraph 18). The Sentinel Bankruptcy Court found that the distributions to Josephs Jack's clients from the Sentinel Bankruptcy estate should be reduced by the amount they received in the settlement of the BOA Litigation and that the Receiver would be paid the entirety of Correll's \$1,000,000 claim in the Sentinel Bankruptcy, plus a small amount of interest.

24. In letters to the Receiver dated November 4, 2011 and February 6, 2012, G2 demanded payment of a Success Fee based on the Asset Recovery Agreement executed by and between Correll and G2.

25. On February 7, 2012, counsel for Capital Options contacted the Receiver regarding the Success Fee. Capital Options' counsel notified the Receiver of a dispute between Mr. Goldsmith and Capital Options, stated that there was a legal proceeding pending in California regarding the dissolution of G2, and requested that the Receiver confer with Capital Options prior to making any payment to Mr. Goldsmith or G2.

26. By a letter dated February 10, 2012, the Receiver's counsel informed counsel for G2 that, under the circumstances, the Receiver did not believe that G2 was entitled to the claimed Success Fee.

27. On March 22, 2012, the Receiver received \$1,005,728.68 from the Sentinel Bankruptcy Trustee, which the Receiver has withheld from distribution to investors pending either the Court's determination as to G2's asserted right to a Success Fee or a negotiated resolution of G2's claim.

28. G2, proceeding *pro se* through Mr. Goldsmith, filed a civil action against the Receiver on April 13, 2012 in the Eastern District of Texas, seeking recovery of the Success Fee pursuant to the Asset Recovery Agreement (the "G2 Action"). The Receiver was served with the Complaint in the G2 Action on May 11, 2012 and timely filed a Motion to Dismiss on May 31, 2012.

29. On June 7, 2012, the Receiver filed the Receiver's Objection, seeking an Order holding that G2 is not entitled to a Success Fee under the terms of the Asset Recovery Agreement, or, alternatively, in the event the Court were to determine that a Success Fee is payable pursuant to the Asset Recovery Agreement, that the Court treat the Success Fee as an unsecured claim entitled only to pro rata payment under the terms of the Plan of Distribution previously approved by the Court.

30. On June 13, 2012, G2 voluntarily dismissed the G2 Action.

31. In July 2012, counsel for the Receiver and counsel for G2 engaged in discussions regarding G2's claims, the Receiver's defenses and position regarding payment to G2, and, ultimately, whether G2's claims could be resolved without incurring the time and expense of litigation. During the course of these discussions, G2 provided the Receiver with documents and other information that it contended supported its claim for fees. As a result of this information exchange and further negotiations between counsel, the parties determined to settle and compromise G2's claim.

32. Accordingly, the parties negotiated the terms of a written Release and Settlement Agreement (“Settlement Agreement”), which is attached hereto as Exhibit A, whereby, among other things, the Receiver agrees to pay G2 \$100,000 in exchange for various releases by G2. The Receiver’s payment to G2 is expressly conditioned upon the Court’s entry of a final, non-appealable order approving the terms of the Settlement Agreement.

33. Based on his investigation, discussions with G2’s counsel, and analysis of the documents and information provided by G2, the Receiver believes that resolving G2’s claim according to the terms set forth in the Settlement Agreement is in the best interest of the Correll Receivership Estate and, ultimately, the investors who invested in the Correll’s Bank Deposit Program. Thus, the Receiver respectfully requests that the Court grant this Motion for Approval and hold that the Receiver is authorized to pay G2 \$100,000. For the Court’s convenience, a Proposed Order is attached hereto as Exhibit B.

Respectfully submitted, this 14<sup>th</sup> day of August, 2012.

/s/ J. David Dantzler, Jr.  
J. DAVID DANTZLER, JR.  
Georgia Bar No. 205125  
TROUTMAN SANDERS LLP  
600 Peachtree Street, N.E., Suite 5200  
Atlanta, GA 30308-2216  
(404) 885-3000  
(404) 962-6799 (facsimile)

/s/ Clark B. Will  
CLARK B. WILL, P.C.  
Texas State Bar No. 21502500  
QUILLING, SELANDER, CUMMISKY &  
LOWNDS, P.C.  
Bryan Tower  
2001 Bryan Street, Suite 1800  
Dallas, Texas 75201  
(214) 871-2100  
(214) 871-2111 (facsimile)

*Attorneys for S. Gregory Hays, Receiver*



**CERTIFICATE OF SERVICE**

I do hereby certify that on August 14, 2012, I electronically filed the foregoing document with the Clerk of this Court using the CM/ECF system, which will automatically send notification of such filing to the following:

Timothy S. McCole  
Scott R. Baker

I further certify that on August 14, 2012, the foregoing has been served to the following non-CM/ECF participants by depositing a copy in the United States Mail with adequate postage thereon and addressed as follows:

William Clark  
JTA Enterprises  
16 Beech Place  
Denville, NJ 07834

*Attorney for G2*  
James T. Pitts  
Bailey Law PC  
1155 Connecticut Ave., NW, Suite 500  
Washington, DC 20036

*Attorney for Capital Options, LLC*  
Lyndon B. Steimel  
Law Office of Lyndon B. Steimel  
14614 N. Kierland Blvd., Suite N-135  
Scottsdale, AZ 85254-2743

*Attorney for Capital Options, LLC*  
Alan A. Greenberg  
Greenberg Traurig, LLP  
3161 Michelson Drive, Suite 1000  
Irvine, CA 92612

*Trustee for Capital Options, LLC*  
Brian J. Mullen  
P.O. Box 32247  
Phoenix, AZ 85064

*Counsel to Trustee for Capital Options, LLC*  
Terry A. Dake  
Terry A. Dake, Ltd.  
11811 N. Tatum Blvd., #3031  
Phoenix, AZ 85028-1621

/s/ J. David Dantzler, Jr.

J. DAVID DANTZLER, JR.  
Georgia Bar No. 205125

**CERTIFICATE OF CONFERENCE**

In accordance with Paragraph 17 of the Order Appointing Receiver, the Receiver consulted with counsel for the Securities and Exchange Commission prior to filing this Motion. The Securities and Exchange Commission does not oppose this Motion.

/s/ J. David Dantzler, Jr.

J. DAVID DANTZLER, JR.

Ga. State Bar No. 205125

# EXHIBIT A

## SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("**Agreement**") is dated as of August 10, 2012 by and between S. Gregory Hays, as "**Receiver**" of Travis E. Correll ("**Correll**") and G2, LLC ("**G2**") (the Receiver and G2 will be referenced collectively as the "**Parties**").

### RECITALS

WHEREAS, the Receiver was appointed by the United States District Court for the Eastern District of Texas (the "**Court**" in a civil enforcement action styled *Securities and Exchange Commission v. Travis E. Correll, et. al.*, Civil Action No. 4:05-cv-472-RAS (the "**Enforcement Action**") related to a fraudulent investment scheme operated by Correll known as the "**Bank Deposit Program**");

WHEREAS, G2 is an investigative firm owned and operated by principals Henry George, who is also known as George Goldsmith ("**Mr. Goldsmith**") and Capital Options, LLC ("**Capital Options**");

WHEREAS, on June 16, 2005, Correll executed a Retainer and Asset Recovery Agreement with G2 (the "**Asset Recovery Agreement**") regarding a \$1,000,000 investment made by Correll in Limited Partnership Interests in a High Yield Investment Program ("**HYIP**") operated by Kenneth Winters as Sentinel Funds, Inc., Sentinel Holdings Corporation, and/or Sentinel Partners, LTD (collectively, "**Sentinel Funds**");

WHEREAS, G2, through Mr. Goldsmith, asserted a claim against the Receiver and the Receiver Estate contending that G2 is entitled to be paid a \$200,000.00 "success fee" pursuant to the terms of the Asset Recovery Agreement, based on recoveries obtained by the Receiver in a bankruptcy case related to the Sentinel Funds;

WHEREAS, on June 7, 2012, the Receiver filed Receiver's Objection to Claim of G2, and, Alternatively, Motion for Resolution as to Disputed Claim to Distribution to Receiver in Sentinel Funds Bankruptcy (the "**Receiver's Objection**"), seeking an Order holding that G2 is not entitled to a success fee under the terms of the Asset Recovery Agreement, or, alternatively, in the event the Court determined that the success fee is payable pursuant to the Asset Recovery Agreement, that the Court treat the success fee as an unsecured claim entitled only to pro rata payment under the terms of the Plan of Distribution approved by the Court;

WHEREAS, the Receiver and G2 now desire to resolve all matters related to the success fee asserted by G2 in connection with the Asset Recovery Agreement without incurring further expense and other risks of litigation; and

WHEREAS, the Receiver has determined through his investigation and negotiations with G2 that the terms of the settlement and compromise set forth in this Agreement are in the best interest of the Correll Receivership Estate and, ultimately, the investors who invested in Correll's Bank Deposit Program;

NOW, THEREFORE, in consideration of the promises, covenants, and agreements herein described, and for other good and valuable consideration acknowledged by each of them to be satisfactory and adequate, and intending to be legally bound, the parties do hereby mutually agree as follows:

**ARTICLE 1**  
**SETTLEMENT TERMS**

1.1. **Payment.** Subject to the terms of this Agreement, the Receiver shall pay G2 one hundred thousand dollars (\$100,000) (the "**Settlement Amount**"). The Receiver's obligation to make such payment is expressly conditioned upon the entry of a final order by the Court approving the terms of this settlement and authorizing the Receiver to make the payment provided for herein. Payment shall be to G2 and delivered to its undersigned counsel within ten (10) days of the entry of a final, non-appealable order approving the terms of this Agreement.

1.2. **Court Approval.** The Receiver agrees to file a motion seeking the Court's approval of this Agreement ("**Motion for Approval**") within seven (7) calendar days of the execution of this Agreement by both Parties.

**ARTICLE 2**  
**RELEASES**

2.1. **Release; Waiver of Claim to Bonus by the Receiver.** The Receiver, on behalf of himself and his successors and assigns, as well as on behalf of the Correll Receivership Estate, hereby forever releases, discharges, and acquits G2, its members, successors, and assigns from any and all claims, demands, or causes of action that the Receiver may now have or which may hereafter accrue on account of, in connection with, or which in any way relate to the relationship between G2 and Correll. Notwithstanding the foregoing, nothing herein is intended to nor should be construed to release any other person or entity who was in any way affiliated with Correll, or who worked on or provided services in connection with the Bank Deposit Program at issue in the Enforcement Action. The Receiver hereby expressly reserves and does not release any and all claims against G2 seeking to enforce this Agreement.

2.2. **Release; Waiver of Claim by G2.** Subject of Court approval of this Agreement and upon receipt by G2 of the full Settlement Amount, G2, on behalf of itself and its members, successors and assigns, hereby releases, discharges, and acquits the Receiver, his employees, agents, attorneys, and assigns, as well as the Correll Receivership Estate, from any and all claims, demands, or causes of action that G2 ever had, may have, or now has arising from or related to the relationship between G2 and Correll or any other matter or issue related to the subject receivership. G2 hereby expressly reserves and does not release any and all claims against the Receiver seeking to enforce this Agreement.

**ARTICLE 3**  
**MISCELLANEOUS PROVISIONS**

3.1. **Authority to Act For and Bind G2.** Mr. Goldsmith, as a member of G2, represents and warrants that he has the right, power, legal capacity, and authority to enter into

this Agreement on behalf of G2 and that no other party, including Capital Options or its principal(s), is authorized to act on behalf of G2 in connection with the matters that are the subject of this Agreement. In the event Capital Options and/or its principal(s) assert any claim, demand, or cause of action against the Receiver or the Correll Receivership related to or arising from the relationship between G2 and Correll or the relationship between G2 and the Receiver (including the Correll Receivership Estate), G2 and Mr. Goldsmith shall indemnify the Receiver for any and all amounts recovered by Capital Options and/or its principal(s) up to \$100,000, plus any and all legal and/or professional fees or other expenses the Receiver may incur in connection with such claim, demand, or cause of action.

3.2. **No Admissions.** This Agreement is a result of a compromise of disputed claims and shall not at any time, or for any purpose, be considered as an admission by the Receiver, the Correll Receivership Estate, and/or G2.

3.3. **Severability.** The provisions of this Agreement are severable and the invalidity of any part or portion of this Agreement shall not affect the validity of any other provision.

3.4. **Warranty of Capacity to Execute Agreement.** The Parties represent and warrant that they have the right, power, legal capacity, and authority to enter into and perform their obligations under this Agreement.

3.5. **Merger and Integration Clause.** This Agreement constitutes the entire, complete, integrated agreement between the parties pertaining to the subject matter contained herein and, except as otherwise set forth herein, supersedes all prior and contemporaneous agreements, representations, and understandings between the parties. No supplement, modification, waiver, or amendment of this Agreement, in whole or in part, shall be valid or binding unless executed in writing by all parties hereto.

3.6. **Choice of Law.** This Agreement in all respects shall be interpreted, enforced, and governed by and under the laws of the State of Texas, without giving effect to conflict of laws. The Receiver and G2 agree that the United States District Court for the Eastern District of Texas, Sherman Division, shall have exclusive jurisdiction over all issues related to this Agreement.

3.7. **Additional Provisions.**

(a) The titles of the sections in this Agreement are for reference only, and shall not be considered to be part of this Agreement for purposes of its construction or interpretation.

(b) In the interpretation and construction of this Agreement, no account shall be taken of which among the parties was the originator or drafter of this Agreement, or of any of its specific provisions.

(c) It is intended by the parties that this Agreement shall not be subject to any claim of mistake of fact or law and that the settlement contemplated in this Agreement is intended to be final and complete.

(d) The Receiver and G2 warrant and represent that in executing this Agreement, they have relied upon legal advice from their attorneys of choice, that the terms of this Agreement, and its consequences, have been completely read and explained by their attorneys, and that they fully understand the terms of this Agreement.

(e) This Agreement may be executed in counterparts.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the date set forth above.

**S. Gregory Hays, Receiver for Travis E.  
Correll, et al.**

**G2, LLC**

By: \_\_\_\_\_

S. Gregory Hays, Receiver

By: \_\_\_\_\_

George Goldsmith

## SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("Agreement") is dated as of August 10, 2012 by and between S. Gregory Hays, as "Receiver" of Travis E. Correll ("Correll") and G2, LLC ("G2") (the Receiver and G2 will be referenced collectively as the "Parties").

### RECITALS

WHEREAS, the Receiver was appointed by the United States District Court for the Eastern District of Texas (the "Court" in a civil enforcement action styled *Securities and Exchange Commission v. Travis E. Correll, et. al.*, Civil Action No. 4:05-cv-472-RAS (the "Enforcement Action") related to a fraudulent investment scheme operated by Correll known as the "Bank Deposit Program,"

WHEREAS, G2 is an investigative firm owned and operated by principals Henry George, who is also known as George Goldsmith, ("Mr. Goldsmith") and Capital Options, LLC ("Capital Options");

WHEREAS, on June 16, 2005, Correll executed a Retainer and Asset Recovery Agreement with G2 (the "Asset Recovery Agreement") regarding a \$1,000,000 investment made by Correll in Limited Partnership Interests in a High Yield Investment Program ("HYIP") operated by Kenneth Winters as Sentinel Funds, Inc., Sentinel Holdings Corporation, and/or Sentinel Partners, LTD (collectively, "Sentinel Funds");

WHEREAS, G2, through Mr. Goldsmith, asserted claim against the Receiver and the Receiver Estate contending that G2 is entitled to be paid a \$200,000.00 "success fee" pursuant to the terms of the Asset Recovery Agreement, based on recoveries obtained by the Receiver in a bankruptcy case related to the Sentinel Funds;

WHEREAS, on June 7, 2012, the Receiver filed Receiver's Objection to Claim of G2, and, Alternatively, Motion for Resolution as to Disputed Claim to Distribution to Receiver in Sentinel Funds Bankruptcy (the "Receiver's Objection"), seeking an Order holding that G2 is not entitled to a success fee under the terms of the Asset Recovery Agreement, or, alternatively, in the event the Court determined that the success fee is payable pursuant to the Asset Recovery Agreement, that the Court treat the success fee as an unsecured claim entitled only to pro rata payment under the terms of the Plan of Distribution approved by the Court;

WHEREAS, the Receiver and G2 now desire to resolve all matters related to the success fee asserted by G2 in connection with the Asset Recovery Agreement without incurring further expense and other risks of litigation; and

WHEREAS, the Receiver has determined through his investigation and negotiations with G2 that the terms of the settlement and compromise set forth in this Agreement are in the best interest of the Correll Receivership Estate and, ultimately, the investors who invested in Correll's Bank Deposit Program;



NOW, THEREFORE, in consideration of the promises, covenants, and agreements herein described, and for other good and valuable consideration acknowledged by each of them to be satisfactory and adequate, and intending to be legally bound, the parties do hereby mutually agree as follows:

**ARTICLE 1**

**SETTLEMENT TERMS**

ARTICLE 1.1. **Payment.** Subject to the terms of this Agreement, the Receiver shall pay G2 one hundred thousand dollars (\$100,000) (the "Settlement Amount"). The Receiver's obligation to make such payment is expressly conditioned upon the entry of a final order by the Court approving the terms of this settlement and authorizing the Receiver to make the payment provided for herein. Payment shall be to G2 and delivered to its undersigned counsel within ten (10) days of the entry of a final, non-appealable order approving the terms of this Agreement.

ARTICLE 1.2. **Court Approval.** The Receiver agrees to file a motion seeking the Court's approval of this Agreement ("**Motion for Approval**") within in seven (7) calendar days of the execution of this Agreement by both Parties.

**ARTICLE 2**

**RELEASES**

ARTICLE 2.1. **Release; Waiver of Claim to Bonus by the Receiver.** The Receiver, on behalf of himself and his successors and assigns, as well as on behalf of the Correll Receivership Estate, hereby forever releases, discharges, and acquits G2, its members, successors, and assigns from any and all claims, demands, or causes of action that the Receiver may now have or which may hereafter accrue on account of, in connection with, or which in any way relate to the relationship between G2 and Correll. Notwithstanding the foregoing, nothing herein is intended to nor should be construed to release any other person or entity who was in any way affiliated with Correll, or who worked on or provided services in connection with the Bank Deposit Program at issue in the Enforcement Action. The Receiver hereby expressly reserves and does not release any and all claims against G2 seeking to enforce this Agreement.

ARTICLE 2.2. **Release; Waiver of Claim by G2.** Subject of Court approval of this Agreement and upon receipt by G2 of the full Settlement Amount, G2, on behalf of itself and its members, successors and assigns, hereby releases, discharges, and acquits the Receiver, his employees, agents, attorneys, and assigns, as well as the Correll Receivership Estate, from any and all claims, demands, or causes of action that G2 ever had, may have, or now has arising from or related to the relationship between G2 and Correll or any other matter or issue related to the subject receivership. G2 hereby expressly reserves and does not release any and all claims against the Receiver seeking to enforce this Agreement.

### ARTICLE 3

#### MISCELLANEOUS PROVISIONS

ARTICLE 3.1. **Authority to Act For and Bind G2.** Mr. Goldsmith, as a member of G2, represents and warrants that he has the right, power, legal capacity, and authority to enter into this Agreement on behalf of G2 and that no other party, including Capital Options or its principal(s), is authorized to act on behalf of G2 in connection with the matters that are the subject of this Agreement. In the event Capital Options and/or its principal(s) assert any claim, demand, or cause of action against the Receiver or the Correll Receivership related to or arising from the relationship between G2 and Correll or the relationship between G2 and the Receiver (including the Correll Receivership Estate), G2 and Mr. Goldsmith shall indemnify the Receiver for any and all amounts recovered by Capital Options and/or its principal(s) up to \$100,000, plus any and all legal and/or professional fees or other expenses the Receiver may incur in connection with such claim, demand, or cause of action.

ARTICLE 3.2. **No Admissions.** This Agreement is a result of a compromise of disputed claims and shall not at any time, or for any purpose, be considered as an admission by the Receiver, the Correll Receivership Estate, and/or G2.

ARTICLE 3.3. **Severability.** The provisions of this Agreement are severable and the invalidity of any part or portion of this Agreement shall not affect the validity of any other provision.

ARTICLE 3.4. **Warranty of Capacity to Execute Agreement.** The Parties represent and warrant that they have the right, power, legal capacity, and authority to enter into and perform their obligations under this Agreement.

ARTICLE 3.5. **Merger and Integration Clause.** This Agreement constitutes the entire, complete, integrated agreement between the parties pertaining to the subject matter contained herein and, except as otherwise set forth herein, supersedes all prior and contemporaneous agreements, representations, and understandings between the parties. No supplement, modification, waiver, or amendment of this Agreement, in whole or in part, shall be valid or binding unless executed in writing by all parties hereto.

ARTICLE 3.6. **Choice of Law.** This Agreement in all respects shall be interpreted, enforced, and governed by and under the laws of the State of Texas, without giving effect to conflict of laws. The Receiver and G2 agree that the United States District Court for the Eastern District of Texas, Sherman Division, shall have exclusive jurisdiction over all issues related to this Agreement.

ARTICLE 3.7. **Additional Provisions.**

- (a) The titles of the sections in this Agreement are for reference only, and shall not be considered to be part of this Agreement for purposes of its construction or interpretation.

- (b) In the interpretation and construction of this Agreement, no account shall be taken of which among the parties was the originator or drafter of this Agreement, or of any of its specific provisions.
- (c) It is intended by the parties that this Agreement shall not be subject to any claim of mistake of fact or law and that the settlement contemplated in this Agreement is intended to be final and complete.
- (d) The Receiver and G2 warrant and represent that in executing this Agreement, they have relied upon legal advice from their attorneys of choice, that the terms of this Agreement, and its consequences, have been completely read and explained by their attorneys, and that they fully understand the terms of this Agreement.
- (e) This Agreement may be executed in counterparts.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the date set forth above.

**S. Gregory Hays, Receiver for Travis E.  
Correll, et al.**

**G2, LLC**

By: \_\_\_\_\_  
S. Gregory Hays, Receiver

By:  \_\_\_\_\_  
George Goldsmith

# EXHIBIT B

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

vs.

TRAVIS E. CORRELL, individually and doing  
business as Horizon Establishment; et al.

Defendants,

and

BANNER SHIELD, LLC; et al.

Defendants Solely for Purposes of  
Equitable Relief.

**Lead Case**

Case No.: 4:05-CV-472 RAS

**RECEIVER'S MOTION FOR  
APPROVAL OF SETTLEMENT  
WITH G2, LLC**

**Consolidated Case**

Case No.:4:07-cv-346 RAS

**[PROPOSED] ORDER GRANTING RECEIVER'S MOTION FOR  
APPROVAL OF SETTLEMENT WITH G2, LLC**

The Court, having read and considered the Receiver's Motion for Approval of Settlement with G2, LLC ("Motion for Approval") and the Release and Settlement Agreement ("Settlement Agreement") attached thereto, finds that:

1. The settlement of G2, LLC's ("G2") asserted claim to a success fee pursuant to the terms of the Retainer and Asset Recovery Agreement entered into by Correll and G2 is in the best interests of the Correll Receivership Estate; and
2. The Court approves of the Release and Settlement Agreement executed by the Receiver and G2 and authorizes the Receiver to pay G2 \$100,000 to resolve and settle G2's claim to the success commission.

Accordingly, IT IS HEREBY ORDERED that the Motion for Approval is GRANTED.

SUBMITTED BY:

TROUTMAN SANDERS LLP  
J. DAVID DANTZLER, JR.  
Georgia Bar No. 205125  
600 Peachtree Street, N.E., Suite 5200  
Atlanta, GA 30308-2216  
Tel: (404) 885-3000

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FOR THE EASTERN DISTRICT OF TEXAS  
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SECURITIES AND EXCHANGE  
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