

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
v.)
)
BURTON DOUGLAS MORRISS,)
ACARTHA GROUP, LLC,)
MIC VII, LLC,)
ACARTHA TECHNOLOGY PARTNERS, LP, and)
GRYPHON INVESTMENTS III, LLC,)
)
Defendants, and)
)
MORRISS HOLDINGS, LLC,)
)
Relief Defendant.)
_____)

Case No. 4:12-CV-00080-CEJ

**RECEIVER’S MOTION FOR ENTRY OF AN ORDER
APPROVING AND CONFIRMING THE RECEIVER’S
SIXTEENTH INTERIM STATUS REPORT**

By Order entered January 17, 2012, the Court appointed Claire M. Schenk as receiver (the “Receiver”) over Acartha Group, LLC, MIC VII, LLC, Acartha Technology Partners, LP, and Gryphon Investments III, LLC (collectively, the “Receivership Entities”).

The Receiver herein moves this Court to approve and confirm the Sixteenth Interim Status Report of Receiver—filed as Exhibit A to this Motion—and every act and transaction reported in the Sixteenth Interim Status Report.

This motion is administrative and not adversarial in nature.

EXHIBIT A

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

SECURITIES AND EXCHANGE COMMISSION,)
)
 Plaintiff,)
 v.)
)
 BURTON DOUGLAS MORRISS,)
 ACARTHA GROUP, LLC,)
 MIC VII, LLC,)
 ACARTHA TECHNOLOGY PARTNERS, LP, and)
 GRYPHON INVESTMENTS III, LLC,)
)
 Defendants, and)
)
 MORRISS HOLDINGS, LLC,)
)
 Relief Defendant.)
 _____)

Case No. 4:12-CV-00080-CEJ

SIXTEENTH INTERIM STATUS REPORT OF RECEIVER

Claire M. Schenk (the “Receiver”), the receiver for defendants Acartha Group, LLC (“Acartha Group”), Acartha Technology Partners, LP (“ATP”), MIC VII, LLC (“MIC VII”), and Gryphon Investments III, LLC (“Gryphon Investments”) (collectively, the “Receivership Entities”), submits this **Sixteenth Interim Status Report** to update the Court on the activities of the Receiver occurring since July 24, 2015:

A. Analysis of Affirmative Legal Claims and Related Proceedings

Pursuant to paragraph 2 of the Order Appointing Receiver (ECF No. 16; “Receivership Order”), the Receiver is directed to investigate the manner in which the affairs of the Receivership Entities were conducted and institute such actions and legal proceedings for the benefit and on behalf of the Receivership Entities, as the Receiver deems necessary against those individuals and entities that the Receiver may claim have directly or indirectly misappropriated or transferred monies. As authorized by paragraph 6 of the Receivership Order, the Receiver

may defend, compromise, or settle legal actions in which the Receivership Entities are parties, with authorization of the Court. In keeping with the directives of the Court, the Receiver has developed the following matters during this reporting period.

1. The UHY Parties

On July 27, 2015, shortly after the filing of the Fifteenth Interim Status Report of the Receiver, the Court approved the Receiver's June 26, 2015 motion requesting the settlement of claims involving UHY Advisors MO, Inc., Patrick Stark, and Brian Peterson (collectively, the "UHY Parties") (ECF Nos. 398, 399, 403). No objections to the motion or settlement were filed with the Court or presented to the Receiver. As previously reported, the settlement resolves the assertion of certain civil claims against the UHY Parties on behalf of the Receivership Entities, arising out of alleged acts and omissions of the UHY Parties in the provision of professional services to the Receivership Entities during the period March 3, 2009 until shortly before the commencement of the Receivership (the "Receiver's Claims"). These claims were asserted on behalf of the Receiver by the Receiver's retained counsel, Gerald P. Greiman and Richard Lageson of Spencer Fane Britt & Brown LLP ("Retained Counsel").¹ In the settlement agreement, the UHY Parties agreed to a payment of \$2.3 million and the Receiver agreed to withdraw the Notice of Determination recommending that the Court disallow Claim No. 16. The settlement agreement also included a mutual release between the Receiver and the UHY Parties.

Following the approval of the Court, the sum of \$1,725,000 was paid to the accounts of the Receivership Entities and pursuant to the engagement letter with Retained Counsel, twenty-five percent of that sum, *i.e.*, \$575,000, was paid directly to Retained Counsel. In keeping with the settlement agreement, the Receiver withdrew the Notice of Determination recommending the

¹ The Receiver retained Gerald P. Greiman and Richard Lageson of Spencer Fane Britt & Brown LLP pursuant to an engagement letter executed on September 13, 2013, which was approved by the Court on December 13, 2013 (ECF No. 304).

disallowance of Claim No. 16, involving UHY. However, there is no agreement between the UHY Parties and the Receiver as to whether or not UHY will receive any portion of the funds that ultimately may be distributed in this proceeding.

2. *John Wehrle, Gryphon Investments, II, LLC and Cirqit.Com, Inc.*

As previously reported, on March 13, 2015, the Receiver, on behalf of Gryphon III, LLC, filed a complaint against John Wehrle, Gryphon Investments II, LLC (“Gryphon II”), and Cirqit.Com, Inc. (“Cirqit”) alleging that the \$3.425 million of funds raised from eleven Gryphon III investors were fraudulently and improperly comingled with the funds of Gryphon II and transferred to John Wehrle, Gryphon II, Cirqit, and others (Case No. 4:15-cv-464, ECF No. 1). The complaint asserted a breach of contract claim (Count I) and a breach of fiduciary claim (Count II) solely against Mr. Wehrle, in his individual capacity, for his role in diverting investor funds as manager of Gryphon III. Additionally, the complaint asserted the following claims against all Defendants: Fraudulent Transfers (Count III), Unjust Enrichment/Quantum Meruit (Count IV), Money Had and Received (Count V), Conversion (Count VI), Replevin (Count VII), and an Action for Accounting (Count VIII), for their role in fraudulently transferring and/or receiving Gryphon III funds. As relief, the Receiver sought compensatory and punitive damages, immediate payment of fraudulent transfers to or for the benefit of Defendants, an accounting of the receipts and disbursements of the transactions at issue, the imposition of a constructive trust and/or equitable lien against the Defendants over and against monies they have that belong to and were diverted from Gryphon III, as well as attorneys’ fees and costs.

In his motion to dismiss, Mr. Wehrle argued that Count I, the breach of contract claim, should be dismissed because he, in his individual capacity, was not a party to the operating agreement; rather, the operating agreement was entered into by Mr. Wehrle in his capacity as

trustee of the John S. Wehrle Revocable Living Trust (“Trust”) (Case No. 4:15-cv-464, ECF Nos. 21, 22). All Defendants argued that Count III did not meet the heightened pleading requirements of FRCP 9(b), and that Missouri law does not allow claims for conversion (Count VI) or replevin for money (Count VII) (*id.*, ECF Nos. 21, 22, 26, 27, 30, 31). The Court granted the Defendants’ motions to dismiss Counts I, VI, and VII of the complaint and denied Defendants’ motions to dismiss Count III (*id.*, ECF Nos. 63, 64). As a result, the Receiver recently filed her first amended complaint to add the Trust as a party and reassert the breach of contract claim against Mr. Wehrle in his capacity as trustee of the Trust (*id.*, ECF No. 72).

On July 17, 2015, in anticipation of the scheduling conference with the Court, the parties jointly submitted their joint scheduling plan (*id.*, ECF No. 62). Also, during this reporting period, the Receiver’s counsel worked diligently to review documents and other information in order to comply with mandatory disclosure obligations prior to the August 6, 2015 scheduling conference held with the Court. The parties have exchanged their initial disclosures and discovery is set to be completed by April 11, 2016 with dispositive motions due by April 22, 2016 (*id.*, Dkt. No. 65). A jury trial of this matter is currently set for September 12, 2016 with the Honorable Rodney W. Sippel presiding. Judge Sippel referred this matter for alternative dispute resolution on September 2, 2015 with a completion deadline of October 30, 2015 (*id.*, Dkt. No. 66).

Both prior to and since the filing of the claims against the Defendants, in an attempt to avoid the time, expense, and risk associated with the litigation, the Receiver and the Defendants engaged in settlement negotiations, including an agreed-upon mediation with Richard Sher of Sher Corwin Winters LLC.² *See* Exhibit A-1. Mr. Sher agreed to mediate the dispute of the parties at the rate of \$500 per hour.

² Mr. Sher regularly serves as a neutral, having served as mediator in more than 2,000 cases, and represents clients
6260167.5

Following Judge Sippel's referral, mediation was conducted during two full days, on September 16 and October 2, 2015. Prior to the mediation, the parties submitted statements describing their respective positions along with relevant documentation. During and following the mediation, the parties explored the strengths and weaknesses of their claims and damages theories with the mediator. At the conclusion of the second day of mediation, the Receiver and the Defendants reached an agreement, subject to the execution of mutually agreeable settlement documentation and the approval of the Receivership Court. At this time, the parties are working to develop the requisite written documentation so that the matter may be presented for the approval of the Court. Mr. Sher's invoice in this matter is attached hereto as Exhibit A-2. He has requested a payment by the Receiver in the amount of \$5,225.00 and the Receiver is planning to make this payment.

The indictment returned against John Wehrle on January 7, 2015, remains pending. The defendant has entered a plea of not guilty (Case No. 4:15-cr-5, ECF No. 6). On September 15, 2015, the presiding judge, the Honorable Ronnie L. White, reset the trial date of Monday, October 19, 2015 to Monday, January 4, 2016 (*id.*, ECF No. 28).

3. *Personal Bankruptcy of Burton Douglas Morriss*

During this reporting period, an adversary complaint was filed by Holly Morriss, Mr. Morriss's former wife, seeking a confirmation that the debts held by her against Mr. Morriss (family support/maintenance and property settlement) are non-dischargeable (Case No. 12-40164, ECF No. 318). Through this filing, she is seeking to confirm that Mr. Morriss is obligated to her for non-dischargeable obligations exceeding \$2,000,000 and that she is entitled

in mediation and other alternative dispute resolution processes. He is currently president of the St. Louis Chapter of the Association of Attorney-Mediators and is a former member of its national board of directors. He is an active member of the mediation and arbitration panels of the American Arbitration Association, the Financial Industry Regulatory Authority and other national ADR organizations. In 2011, he was inducted as a Distinguished Fellow of the International Academy of Mediators.

to be awarded amounts due post-discharge. Additionally, on or about September 9, 2015, the U.S. Internal Revenue Service (“IRS”) amended its proof of claim in the Morriss bankruptcy from \$0 to more than \$6,000,000 for a priority claim against the bankruptcy estate (*id.*, Claim 3-3). The Receiver believes it likely that the IRS will take the position that it is the holder of a non-dischargeable claim. The U.S. Securities and Exchange Commission previously amended its proof of claim to identify its judgment in the total amount of \$9,516,090.71 (*id.*, Claim 9-2, Parts 1, 2). Thus, priority and potentially nondischargeable claims appear to total approximately \$17,500,000 while Mr. Morriss remains incarcerated and without a source of income or available assets to satisfy these claims. The Receiver has had discussions with Mr. Morriss’s counsel regarding possible settlement of non-dischargeable claims and continues to investigate the merits of settlement offers made by Mr. Morriss and settlement efforts at this time while considering the likelihood of collection in view of the foregoing.

B. Claims and Distribution Process

1. Claims

Objections to two claims determinations are pending before the Court.³ The first fully briefed objection pertains to a vendor, Blink Marketing (“Blink”), Claimant No. 227. Blink filed its objection with the Court on May 20, 2015, objecting to the Receiver’s Notice of Determination, which denied the Blink claim in part. The Blink claim was based upon an alleged contract for website redesign work. This matter is ripe for determination by the Court.

The second fully briefed objection pertains to Hany Teylouni (former management), Claim No. 20 (*see* ECF No. 337). Based upon information received following the briefing of the objection to the Receiver’s disallowance of Teylouni’s claim, the Receiver filed a supplemental

³ The Receiver has described the Claims Process in detail in preceding reports and will not repeat those details herein (*see* Receiver’s Ninth, Tenth, Eleventh, and Twelfth Interim Status Reports, ECF Nos. 315-1, 328-1, 338-1, and 358-1).

filing with the Court on March 19, 2015 (*see* ECF No. 378). Teylouni's objection has now been fully briefed and awaits decision by the Court.⁴

Following the Court's determination on these objections, the Receiver will prepare and propose a plan of distribution to the Court. The Receiver intends to seek approval of her recommendations for allowance and disallowance of all filed claims through the proposed distribution plan.

2. *Distributions*

On October 14, 2015, the Receiver filed a motion with the Court seeking authority for the distribution of the Librato funds reported in the Fourteenth Interim Status Report (ECF No. 414). The Receiver's motion pertains to three of the special purposes vehicles ("SPVs"), which are not part of the Receivership estate but are managed by the Receivership entity, Acartha Group. As a result of the sale described in the Receiver's motion, funds (gross proceeds) were received as follows:

Evergrid Acquisition, LLC	\$16,270.84
Evergrid/MIC VII, LLC	\$87,404.75
Librato Acquisition II, LLC	\$752,306.99
ATP ⁵	\$164,662.33
MIC VII	\$438,998.08

As part of her submission to the Court, the Receiver included a detailed schedule of distribution prepared by the Receiver's accountant, listing the known members of each entity, the proposed amount of distribution to each member, and the actual and estimated expenses for legal, accounting, and other potential fees. Adjustments to the proposed distribution may be made to

⁴ There had been a third objection, pertaining to UHY, but that objection was resolved pursuant to the Court-approved settlement described *infra*.

⁵ The funds received by ATP and MIC VII as a result of the sale described in the Receiver's October 14th Motion are not the subject of the relief requested in that motion. The Receiver's motion pertains only to the funds received by the Librato SPVs. The Receiver anticipates that the funds received by ATP and MIC VII (both gross proceeds and escrowed proceeds) will be disbursed in connection with a plan of distribution approved by the Court.

the extent that estimates exceed or do not cover expenses. In addition to the normal service process, the Receiver served this motion upon either the members or their named representatives. To date, no objections have been filed with the Court.

Subject to the approval of the Court, the Receiver believes it likely that there will be an additional disbursement to the SPVs of escrowed funds because she has not been advised of any claims made against those funds. As of July 31, 2015, the escrowed amounts potentially available for distribution to the three SPVs totaled \$111,985. The Receiver understands that escrow release will likely occur on or around July 28, 2016.

C. Business Operations and Administrative Matters

As directed by the Court, the Receiver continues to oversee the holdings of the Receivership Entities in the remaining portfolio company investments. During this reporting period, the Receiver participated in board calls with management involving the portfolio concerns, reviewed periodic updates by management as to financials and operations involving the portfolio entities, analyzed information and handled compliance matters pertaining to potential tax claims and liability. The Receiver discussed liquidation and sale opportunities of the remaining portfolio concerns during this reporting period.

Also, during this reporting period, the Receiver worked closely with her agents to coordinate the flow of information to investors impacted by a capital call by one of the Receivership Entities' portfolio concerns. The Receiver and Segue Capital have participated in several board calls during this reporting period and arranged for a call with the interested investors. Segue Capital calculated the investor allocations that cumulatively exceeded the amount sought by the company in order to meet its cash flow needs and continue the development of its operations.

Additionally, the Receiver has engaged in discussions regarding the potential sale of several interests. As part of this process, the Receiver has gathered detailed information, including a five-year operating plan that was shared with a valuation expert who was retained to review the fairness of the offer. This process is ongoing.⁶

D. Tax Matters

During this reporting period, during the first several weeks of August, the Receiver worked closely with her accountants in order to finalize the tax filings for sixteen entities. They are: Acartha Group, LLC; Acartha Merchant Partners, LLC; ATP; Clearbrook Acquisition; Evergrid Acquisition; Evergrid MIC VII; Gryphon Investments III; Integrien Acquisition Capital II; Integrien Acquisition II; Integrien Acquisition; Librato Acquisition II; MIC VII; Morriss Administration; Tervela Acquisition II; Tervela Acquisition III; and Tervela Acquisition. Along with the tax filings, K-1s were provided to investors. Those investors who previously abandoned their interests in the Receivership Entities by not filing a claim prior to the claims bar date did not receive K-1s for the Receivership Entities. As part of the process of preparing the K-1s, the Receiver identified additional investors who subsequently abandoned their claims in the Receivership Entities, for example, through notice to the Receiver or by failing to file an objection after receiving an adverse Notice of Determination. In addition to these filings and preparation of the K-1s, the Receiver and her accountants have overseen a number of small matters involving state tax issues. For example, a small overpayment was received during this reporting period from the state of New Jersey.

⁶ As explained *infra*, additional information is available to the investors on a secure site and subject to execution of an NDA. The specifics pertaining to the information discussed herein is considered confidential by the Receivership portfolio concerns.

E. Administrative Matters

An updated copy of the Standardized Fund Accounting Report (“SFAR”) is being submitted along with the Receiver’s Fifteenth Interim Fee Application (for the third quarter of this year, covering July through September). This report reflects known and current bank balances for the Receivership Entities and the accounts of the SPVs, which are managed by the Receiver. It also reflects expenses and payments during this quarter. A final and fully detailed report will be submitted to the Court at the conclusion of the Receivership.

The Receiver has continuously updated the general website hosted by Thompson Coburn LLP (which is linked to the website for the District Court for the Eastern District of Missouri). Additionally, she has continued to post documents on the extranet sites created for the investors. Access to the extranet sites is allowed subject to receipt of a nondisclosure agreement by the investors. Each site is periodically updated with information pertinent to business operations, *e.g.*, slide decks or presentations and transactional documents involving additional financings or other significant events. Claimants, investors, and other interested parties are encouraged by the Receiver to visit the sites that are available to them so that they will have a current understanding of Receivership operations and to avoid unnecessary expense through repeated individualized communications with the Receiver and her counsel.

Conclusion

The Receiver will continue to update this report on a periodic basis to summarize relevant Receivership activities.

Dated: October 28, 2015

Respectfully submitted,

/s/ Claire M. Schenk
Claire M. Schenk, Receiver

EXHIBIT A-1

MEDIATION AGREEMENT

This Mediation Agreement, dated this 18th day of August, 2015 witnesseth that the undersigned parties, counsel, and the Mediator designated herein do hereby stipulate and agree as follows:

1. The dispute between the parties captioned *Gryphon Investments III, LLC v. John S. Wehrle, et al.*, pending in the United States District Court for the Eastern District of Missouri as Case No. 4:15-cv-00464 RWS, shall be submitted to mediation as herein provided.
2. The mediator shall be Richard P. Sher, herein referred to as "the Mediator."
3. The Mediation shall commence on September 16, 2015 at 9:00 a.m. at the offices of Sher Corwin Winters LLC, 190 Carondelet Plaza, Suite 1100, St. Louis, MO 63105. The date, time and location may be changed by agreement of counsel and the Mediator.
4. Although mediation is a wholly voluntary process, the parties recognize that an early and amicable settlement would be in the best interests of all parties; they might each thereby reduce both expenses and risks, and consequently they should explore all possibilities of settlement. *Therefore the parties and their counsel agree as follows:*
 - (1) *To make an earnest and sincere attempt to reach a mutually agreeable settlement through mediation,*
 - (2) *To attend the mediation session(s) ready and willing to negotiate in good faith, and with adequate authority and discretion to effect a reasonable settlement, and*
 - (3) *To commit enough time to the mediation process to give it a fair chance to succeed.*
5. Nevertheless, and because the success of mediation depends upon it being wholly voluntary, the parties also recognize and agree that:
 - a. Any settlement reached will be the product of a voluntary decision by the parties to settle upon the agreed terms. In the mediation no party can be compelled to accept a resolution of the dispute(s) to which that party does not voluntarily agree.
 - b. Any party may withdraw from the mediation at any time for any reason.
 - c. All statements made, materials generated and conduct occurring during the mediation process, including any conversations with or submittals of information to the Mediator at, prior to or after the mediation session, are part of settlement negotiations and shall not be discoverable or admissible as evidence or as an admission in any litigation, arbitration or other proceeding.

6. There will be no transcript, minutes, or recording of any part of the mediation session, nor may anyone be served with process, summons or subpoena in the course of or as a result of attending the mediation session. The parties understand and agree that all communications of a party (including its counsel) with or in the presence of the Mediator that are outside the presence of other parties shall be confidential and should not be disclosed by the Mediator to the other parties without permission. The Mediator shall, of course, be free to discuss with one party the Mediator's thought, opinions and impressions of the other parties' positions on settlement or issues relating to the dispute.
7. The Mediator agrees only to try to help the parties resolve their dispute by voluntary agreement. The parties understand that the Mediator is a facilitator of settlement discussions between the parties and an advocate for resolution of the dispute; the Mediator is not representing any party or acting as any party's attorney or agent for any purpose. During the course of the Mediation, the Mediator may express his questions, thoughts, and opinions about the dispute and the parties' respective positions and contentions. The Mediator is not a judge, does not give legal advice or counsel to any party, and cannot force a settlement on the parties. The parties are encouraged to consult with their attorneys for legal advice and counsel during the mediation process.
8. The Mediator shall disclose to the parties any prior or current representation by the Mediator or his law firm of any the parties and, upon any such disclosure, shall not continue to serve as Mediator without the consent of all parties. The Mediator further agrees that neither he nor his law firm shall, during the course of the mediation or thereafter, represent any of the parties in the dispute described in paragraph 1 above, or in any matter substantially related to such dispute, without the consent of the parties. After the Mediator is no longer acting as mediator hereunder, neither the Mediator nor his law firm shall be disqualified or precluded from representing any person or organization with respect to any claim or any matter that is or may be adverse to any party if such claim or matter is not substantially related to the dispute described in paragraph 1 above.
9. In addition to facilitating settlement discussions at the mediation session, the Mediator's services include reasonable preparation in advance of the mediation, including familiarization with the claims and defenses of the parties and review and analysis of information submitted by the parties. The parties may, at the conclusion of the mediation session, request the Mediator's participation in further settlement discussions or assistance in other ways in attempting to bring about or complete a settlement. The parties agree that the Mediator shall be compensated for his services in connection with the mediation at the rate of \$500.00 per hour. The parties shall be liable, jointly and severally, to the Mediator for payment of his fees and expenses in full and, upon the Mediator's request, shall provide a retainer to the Mediator in advance of the mediation session. The Mediator may withdraw and cease to act as mediator at any time if he in his sole discretion decides for any reason (1) that he can no longer make a meaningful or material contribution to the settlement process, or (2) that he can no longer act impartially.

10. For and in consideration of the Mediator's agreement to try to help them settle their dispute, the parties agree:
- a. They shall not call or seek to call the Mediator to testify, by subpoena or otherwise, at deposition, hearing, trial or any other proceeding for any purpose.
 - b. Any documents of the Mediator, including the Mediator's file and notes and all materials submitted by the parties to the Mediator, shall be confidential and not subject to production by subpoena or otherwise.
 - c. If any party seeks to call the Mediator to testify or to obtain any documents of the Mediator, by subpoena or otherwise, that party shall pay the Mediator all costs and expenses, including attorneys' fees, incurred by the Mediator in opposing such effort, including the prosecution of any motion to quash, or in otherwise enforcing this agreement.
 - d. The parties will not sue or assert or prosecute any claim of any kind or character against the Mediator in any way related to or arising out of the mediation, or any part thereof, and any party that sues on or asserts or prosecutes any such claim shall pay, and indemnify the Mediator against, any loss or expense, including all attorneys' fees, incurred or paid by the Mediator in connection with such suit or claim.

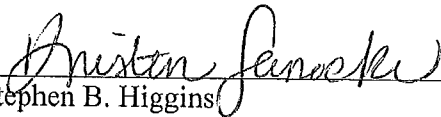
The undersigned have read and agreed to the foregoing terms.

GRYPHON INVESTMENTS III, LLC

By 

Title Receiver

THOMPSON COBURN LLP


Stephen B. Higgins

Brian A. Lamping

Kristen E. Sanocki

One US Bank Plaza

St. Louis, MO 63101

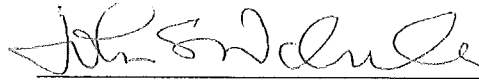
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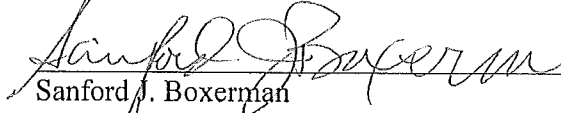
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Attorneys for Plaintiff



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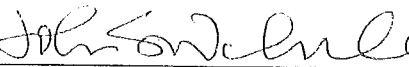
Attorneys for Defendant John S. Wehrle

CIRQIT.COM, INC.

BY 

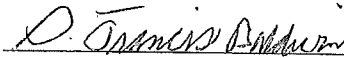
TITLE DIRECTOR

GRYPHON INVESTMENTS II, LLC

By 

Title MANAGER

LAW OFFICE OF S. FRANCIS BALDWIN



S. Francis Baldwin
9909 Clayton Rd., Suite 226
St. Louis, MO 63124
314-569-5857
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*Attorneys for Defendants Cirqit.com, Inc. and
Gryphon Investments II, LLC*



Richard P. Sher, Mediator

EXHIBIT A-2

SHER | CORWIN
WINTERS

Richard P. Sher
rsher@scwstl.com

October 5, 2015

Stephen B. Higgins
Thompson Coburn LLP
One US Bank Plaza
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S. Francis Baldwin
Law Office of S. Francis Baldwin
9909 Clayton Rd., Suite 226
St. Louis, MO 63124

Sanford J. Boxerman
Capes, Sokol, Goodman & Sarachan, P.C.
7701 Forsyth Blvd., 12th Floor
St. Louis, MO 63105

Re: *Gryphon Investments III, LLC v. John S. Wehrle, et al.*

Dear Counsel:

Enclosed is my statement for services rendered for the period August 1, 2015 through October 2, 2015 in the above mediation. Assuming the sides divide the statement equally, each side should pay \$5,225.00.

If you have any questions, please let me know.

Sincerely,



Richard P. Sher

\leb

SHER | CORWIN
WINTERS

Richard P. Sher
rsher@scwstl.com

October 5, 2015

Gryphon Investments III, LLC
c/o Stephen B. Higgins
Thompson Coburn LLP
One US Bank Plaza
St. Louis, MO 63101

Gryphon Investments II, LLC, et al.
c/o S. Francis Baldwin
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9909 Clayton Rd., Suite 226
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John S. Wehrle, et al.
c/o Sanford J. Boxerman
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7701 Forsyth Blvd., 12th Floor
St. Louis, MO 63105

Re: *Gryphon Investments III, LLC v. John S. Wehrle, et al.*

S T A T E M E N T

For services rendered as mediator in the above case for the period August 1, 2015 through October 2, 2015 including telephone conferences and voice mails with counsel; review pre-mediation memoranda and materials; prepare for and conduct mediation sessions on September 16, 2015 and October 2, 2015; correspondence with the parties; administration; and generally all services as mediator during the period.

20.9 hours @ \$500.00 per hour

\$10,450.00

TAX IDENTIFICATION NUMBER 27-1957280

190 CARONDELET PLAZA
SUITE 1100 | ST. LOUIS, MO 63105
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scwstl.com

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
v.)
)
BURTON DOUGLAS MORRISS,)
ACARTHA GROUP, LLC,)
MIC VII, LLC,)
ACARTHA TECHNOLOGY PARTNERS, LP, and)
GRYPHON INVESTMENTS III, LLC,)
)
Defendants, and)
)
MORRISS HOLDINGS, LLC,)
)
Relief Defendant.)
_____)

Case No. 4:12-CV-00080-CEJ

ORDER

Upon the Receiver’s Motion for Entry of an Order Approving and Confirming the Sixteenth Interim Status Report of Receiver, filed by Claire M. Schenk, the court-appointed receiver (the “Receiver”) for Acartha Group, LLC, MIC VII, LLC, Acartha Technology Partners, LP and Gryphon Investments III, LLC in this action; and

Having fully considered the Motion and the Sixteenth Interim Status Report and being duly advised as to the merits,

THE COURT DOES HEREBY ORDER THAT

1. The Receiver's Motion is granted in its entirety; and

2. The Sixteenth Interim Status Report of Receiver for the period July 25, 2015 through October 28, 2015, and every act and transaction reported therein, are hereby approved and confirmed.

SO ORDERED this _____ day of _____ 2015

THE HONORABLE CAROL E. JACKSON
UNITED STATES DISTRICT COURT JUDGE