

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI

SECURITIES AND EXCHANGE)	
COMMISSION,)	
)	
Plaintiff,)	
)	
vs.)	Case No.: 4:12-cv-00080-CEJ
)	
BURTON DOUGLAS MORRISS, <i>et al.</i> ,)	
)	
Defendants,)	
)	
And)	
)	
MORRISS HOLDINGS, LLC,)	
)	
Relief Defendant.)	

**RESPONSE OF RELIEF DEFENDANT MORRISS HOLDINGS, LLC, TO
PLAINTIFF SECURITY AND EXCHANGE COMMISSION'S
MOTION TO COMPEL PRODUCTION OF DOCUMENTS**

Relief Defendant Morriss Holdings, LLC (“Morriss Holdings”) and Plaintiff Securities and Exchange Commission (“the Commission”) have conferred by telephone on March 26, 2012 and on May 3, 2012 in a good-faith attempt to resolve Morriss Holdings’ objections to the Commission’s requests, in accordance E.D.Mo. L.R. 37-3.04(A). As a result of these telephone conversations, the Commission has agreed to limit certain requests, and Morriss Holdings has agreed to provide non-privileged documents or information pursuant to the Commission’s modified requests, as described below.

With regard to Request No. 1, the Commission seeks “[a]ll documents reflecting or relating to your [Morriss Holdings’] communications with the Investment Entities, including, but not limited to letters, emails, contracts, promissory notes, and voicemails.” Morriss Holdings has objected to the overly broad, undefined use of the term “communications.” In the Commission and Morriss Holdings’ telephone conference of May 3, 2012, the Commission agreed to the limitation of the term “communications” to mean letters, emails, contracts, promissory notes, and voicemails, as more specifically identified in the request. In accordance with this limitation, Morriss Holdings will produce in response to this request such non-privileged letters, emails, contracts, promissory notes, and voicemails in its possession.

In Request No. 2, the Commission seeks documents reflecting or relating to communications Morriss Holdings had with the Investment Entities’ existing and potential investors. In the Commission and Morriss Holdings’ telephone conference of May 3, 2012, the Commission agreed to the limitation of this request to letters, emails, contracts, promissory notes, and voicemails. In accordance with this limitation, Morriss Holdings will produce in response to this request such non-privileged letters, emails, contracts, promissory notes, and voicemails in its possession.

In Request No. 3, the Commission seeks documents reflecting or relating to any email accounts Morriss Holdings has used. In the Commission and Morriss Holdings’ telephone conference of May 3, 2012, the Commission agreed to the

limitation of this request to a list of Morriss Holdings' email accounts. In accordance with this limitation, Morriss Holdings will provide the Commission with a list of email accounts used by Morriss Holdings.

In Request No. 6, the Commission seeks all documents reflecting or relating to "your funds used for the benefit of Burton Douglas Morriss." Morriss Holdings objected to this Request because it is overly broad, vague and ambiguous in that the description of the term "for the benefit of" is vague and unclear, ill-defined and subject to interpretation. In the Commission and Morriss Holdings' telephone conference of May 3, 2012, the Commission agreed to the limitation of this request to pay stubs, invoices, account ledgers, checks or documents detailing any services Doug Morriss provided to Morriss Holdings. In accordance with this limitation, Morriss Holdings will provide pay stubs, invoices, account ledgers or other documents detailing services from Doug Morriss to Morriss Holdings that are non-privileged documents in its possession.

In Request No. 8, the Commission seeks monthly statements from all bank accounts Morriss Holdings controls, are in its name, and/or that it has any beneficial interest in, including, without limitation, offshore accounts. Morriss Holdings objected to this request because it is overly broad and burdensome in that the term "beneficial interest in" is undefined, ambiguous and subject to interpretation. Morriss Holdings further contends that the Commission already has these documents. In the Commission and Morriss Holdings' telephone conference of May 3, 2012, the Commission agreed to the limitation of this request to include only

monthly statements from domestic bank accounts it controls, has in its name or has a beneficial interest in. In accordance with this limitation, Morriss Holdings will produce monthly statements that it has in its possession for any domestic bank accounts it controls, has in its name or has a beneficial interest in since January 1, 2005 to date.

In Request No. 10, the Commission requests all documents reflecting or relating to Morriss Holdings' alleged use of the Investment Entities' investor funds. Morriss Holdings objected to this Request because it is vague, overbroad, ambiguous, irrelevant and improperly assumes that Morriss Holdings used Investment Entities' funds, which is not alleged in this action. In the Commission and Morriss Holdings' telephone conference of May 3, 2012, the Commission agreed to the limitation of this request to include documents that relate to the receipt, use, and/or transfer of funds Morriss Holdings received from the Investment Entities. In accordance with this limitation, Morriss Holdings will produce non-privileged documents in its possession that relate to the receipt, use, and/or transfer of funds Morriss Holdings received from the Investment Entities.

In Request No. 12, the Commission requests all documents reflecting or relating to the enrollment in and the monthly statements for all securities brokerage accounts that Morriss Holdings controls, are in its name, and/or which Morriss Holdings has a beneficial interest. Morriss Holdings objected to this request because it is overly broad, burdensome and harassing. In the Commission and Morriss Holdings' telephone conference of May 3, 2012, the Commission agreed

to the limitation of this request to application and monthly statements for brokerage accounts that Morriss Holdings controls, is in its name, or for which it has any beneficial interest. In accordance with this limitation, Morriss Holdings will produce any applications and any monthly statement in its possession for such brokerage accounts.

In Request No. 13, the Commission seeks all documents “reflecting or relating to any payments and/or disbursements you made and/or authorized from any of your bank or securities brokerage accounts.” In the Commission and Morriss Holdings’ telephone conference of May 3, 2012, the Commission agreed to the limitation of this request to application and monthly statements for any bank or securities brokerage accounts Morriss Holdings controls, has in its name and/or has a beneficial interest in. In accordance with this limitation, Morriss Holdings will produce any applications and any monthly statements in its possession for any such accounts.

In Request No. 14, the Commission seeks all documents reflecting or relating to any of Morriss Holdings’ real estate ownership interests and/or investments. In the Commission and Morriss Holdings’ telephone conference of May 3, 2012, the Commission agreed to the limitation of this request to a listing of real estate that Morriss Holdings owns. In accordance with this limitation, Morriss Holdings has agreed to list any real estate it owns.

In Request No. 15, the Commission requests all documents reflecting or relating to any real estate leases Morriss Holdings has in its name. In the

Commission and Morriss Holdings' telephone conference of May 3, 2012, the Commission agreed to the limitation of this request to a listing of any real estate leases Morriss Holdings has entered. In accordance with this limitation, Morriss Holdings has agreed to identify any leases it has entered.

In Request No. 16, the Commission seeks all documents reflecting or relating to any services that Morriss Holdings provided to the Investment Entities. In the Commission and Morriss Holdings' telephone conference of May 3, 2012, the Commission agreed to the limitation of this request to include documents reflecting payroll support, shared technology and back office support that it may have provided to any of the Investment Entities. In accordance with this limitation, Morriss Holdings will provide non-privileged documents in its possession regarding any payroll support, shared technology and back office support that it may have provided to any of the Investment Entities.

In Request No. 17, the Commission requests all documents reflecting or relating to Morriss Holdings' assets and liabilities as well as monthly income and expenses. Morriss Holdings objected to this request because it is overly broad and undefined in the information it seeks. In the Commission and Morriss Holdings' telephone conference of May 3, 2012, the Commission agreed to the limitation of this request to accounting records relating to Morriss Holdings' assets and liabilities and monthly income and expenses. In accordance with this limitation, Morriss Holdings will provide any non-privileged accounting records in its possession that relate to Morriss Holdings' assets and liabilities and monthly income and expenses.

In its earlier Response of Relief Defendant Morriss Holdings, LLC to Plaintiff's First Request for Production of Documents, Morriss Holdings had objected to several of the Commission's "Definitions and Instructions." Morriss Holdings objected to any documents that are protected by the attorney-client privilege and the work-product doctrine but has agreed to respond to these requests subject to its objections based on its attorney client and work product privileges.

Also, Morriss Holdings agreed to the Commission's limitation of "you" and "your" to all employees, agents, representatives, contractors or anyone working on Morriss Holdings' behalf as noted in the Commission's Motion to Compel (Doc. #147, p. 7) and further agrees to the Commission's limitation of the definition of the "Investment Entities" to mean the corporate defendants Acartha Group, LLC; MIC VII, LLC; Acartha Technology Partners, LP and Gryphon Investments III, LLC, but not any of their subsidiaries, affiliates, predecessors, successors, officers, directors, principals, consultants, representatives, agents, employees, attorneys or other persons acting on their behalf – an expanded group that is difficult to identify with certainty.

Morriss Holdings has objected to the Commission's definition of "documents" found in Paragraph 5 of its Request, the definition of "relating to," "regarding," "reflecting," "underlying," or "supporting" in Paragraph 7, and Paragraph No. 8, which requests all documents "in your possession, custody or control, regardless of where such documents are located." To produce such documents that Morriss Holdings does not have in its physical possession, which may require expensive

outside consultants and technical expertise, and which may be impossible to obtain given the asset freeze order is overly burdensome. Nonetheless, Morriss Holdings has agreed to produce the non-privileged documents in its possession that are responsive to the requests specifically described above.

Morriss Holdings currently does not have any employees and has all its assets frozen pursuant to the Court's asset freeze order, which limits its ability to retain outside financial or technical consultants. Its only agent, Doug Morriss, is a defendant in this action and is the subject of a pending criminal investigation. As such, Morriss Holdings is at a great disadvantage to produce many of the documents the Commission has requested. Morriss Holdings requests this Court to provide it thirty additional days up to and including June 5, 2012 to produce the documents requested by the Commission.

For the foregoing reasons, Morriss Holdings respectfully requests that this Court deny the Commission's Motion to Compel and to grant it such further relief that this Court deems just and proper.

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