

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

SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
v.)	CASE NO. 4:12-CV-00080-CEJ
)	
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.)	
)	

MOTION TO WITHDRAW

COMES NOW the Ashcroft Law Firm, LLC d/b/a Ashcroft, Hanaway, LLC (the “Firm”) and for its Motion to Withdraw as Counsel for Defendant Burton Douglas Morriss states as follows:

1. The Firm has provided Mr. Morriss with substantial legal representation protecting his interests in the above litigation and the parallel criminal investigation. In addition, the Firm has expended funds on Mr. Morriss’ behalf to reproduce documents and mirror image computer hard drives in order to preserve physical documents and electronically stored data. The Firm provided Mr. Morriss with reasonable notice of his financial obligations to the Firm. However, Mr. Morriss has failed to pay any of the attorneys’ fees or costs incurred for his defense in this matter, making it impossible for the undersigned counsel to continue to effectively represent him

in this action. Because of the significance of the expenditures already incurred, the continued representation of Mr. Morriss will present an unreasonable financial burden upon the Firm.

2. Mr. Morriss filed for bankruptcy on January 9, 2012. Therefore, he has no funds to pay attorneys' fees in this matter.

3. Mr. Morriss engaged the Firm on January 20, 2012 with the understanding that the fees and expenses would be paid from the proceeds of a directors' and officers' insurance policy (number 8207-6676) written by the Federal Insurance Company ("Federal Policy"). As is set forth in *Mr. Morriss' Motion for Entry Of An Order Confirming That Insureds Are Entitled To Advancement Of Defense Expenses Under Insurance Policy Notwithstanding Asset Freeze Order* (Doc. ## 72, 73), Federal Insurance Company has confirmed that Mr. Morriss is a covered insured under the Federal Policy. However, both the SEC and the Receiver have attempted to block Federal Insurance Company from providing the coverage to Mr. Morriss outlined in the Federal Policy. The issue of whether the proceeds of the Federal Policy are either beyond the scope of the Order Appointing Receiver (Doc. #16) ("Receivership Order") or whether this Court will grant relief from its Receivership Order to allow Federal to advance defense costs on behalf of Mr. Morriss is fully briefed and before this Court.

4. The Firm notified Mr. Morriss of its intention to withdraw from the case for the non-payment of fees on March 20, 2012, April 2, 2012 and April 11, 2012. Multiple notifications were given to Mr. Morriss to provide him with ample time to find other sources for payment for the costs of his defense or to retain other counsel.

5. Given Mr. Morriss' personal bankruptcy and the unresolved issue of whether Federal

will be allowed to advance defense costs, as it is bound to do under the contractual terms of the Federal Policy, it seems very unlikely that Mr. Morriss will be able to retain replacement counsel.

6. Although a substantial amount of work has been undertaken to defend Mr. Morriss in this matter, the case is still at its beginning stages. Motions to Dismiss are under submission. Motions to Compel production of documents have been filed and the time for response has not yet expired. No depositions have been noticed or taken.¹ No trial date has been set. Mr. Morriss would not be unduly prejudiced by retaining new counsel at this stage of the case.

7. If the Firm is allowed to withdraw, the Firm will cease to represent Mr. Morriss in any capacity including the criminal investigation known to be pending. In the event that the Court grants Mr. Morriss motion regarding fees prior to granting this Motion to Withdraw, the Firm will rescind this motion and continue to represent Mr. Morriss. If this Court grants Mr. Morriss' motion regarding fees, the Firm will seek to collect the fees owed to it from Federal even if the Firm is allowed to withdraw and has withdrawn.

For these reasons, Ashcroft, Hanaway, LLC respectfully requests this Court to enter an Order: a) Allowing the Firm to withdraw as counsel for Mr. Morriss; b) Relieving the Firm of any further obligations on behalf of Mr. Morriss; c) Providing Mr. Morriss with at least thirty (30) days to retain successor counsel before any additional deadlines are imposed upon him; d) Directing that all future pleadings, motions, discovery, and any and all other communications concerning this matter be sent to Burton Douglas Morriss, #3 St. Andrews Dr., St. Louis, Missouri, 63124 until such time as successor counsel enters an appearance; and e) For such other relief as the Court deems just and proper.

¹A deposition of Morriss Holdings, LLC was noticed and taken during the pendency of the expedited discovery ordered by the Asset Freeze Order And Other Emergency Relief (Doc. #17).

Respectfully submitted this 19th day of April, 2012.

ASHCROFT HANAWAY, LLC
By: /s/ Catherine L. Hanaway
Catherine L. Hanaway, # 41208MO
222 S. Central Avenue, Suite 110
St. Louis, MO 63105
Phone: (314) 863-7001
Fax: (314) 863-7008
chanaway@ashcroftlawfirm.com

CERTIFICATE OF SERVICE

I hereby certify that on April 19, 2012, the foregoing was filed electronically with the Clerk of the Court to be served by operation of the Court's electronic filing system upon the following:

Stephen B. Higgins
Brian A. Lamping
Thompson Coburn, LLP
One US Bank Plaza
St. Louis, MO 63101
314-552-6000
314-552-7000 (fax)
Counsel for the Receiver

Brian T. James
Robert K. Levenson
Adam L. Schwartz
Securities and Exchange Commission
801 Brickell Avenue, Suite 1800
Miami, FL 33131
305-982-6300
305-536-4146 (fax)
Counsel for the Plaintiff

David S. Corwin
Vicki L. Little
Sher Corwin LLC
190 Carondelet Plaza, Suite 1100
St. Louis, Missouri 63105
314-721-5200
314-721-5201 (fax)
Counsel for Defendant Morriss Holdings, LLC

/s/ Catherine L. Hanaway
Catherine L. Hanaway, # 41208MO
Attorney for Defendant Burton Douglas Morriss