

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI

CASE NO.

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.)
_____)

**ASSET FREEZE ORDER
AND OTHER EMERGENCY RELIEF**

This cause comes before the Court upon motion by Plaintiff Securities and Exchange Commission for the following orders with respect to Defendants Acartha Group, LLC; MIC VII, LLC; Acartha Technology Partners, LP (“ATP”); and Gryphon Investments III, LLC (collectively, the “Investment Entities”) and Relief Defendant Morriss Holdings, LLC:

- 1) an Order Freezing Defendants Acartha Group’s, MIC VII’s, ATP’s, and Gryphon Investments’s and Relief Defendant Morriss Holdings’s Assets;
- 2) an Order Requiring Sworn Accountings;
- 3) an Order Prohibiting Destruction of Documents;
- 4) an Order Expediting Discovery;

- 5) an Order to Show Cause Why the Court Should Not Issue A Continuing Asset Freeze.

The Court has considered the Commission's Complaint, its *Ex Parte* Emergency Motion for Asset Freeze and Other Emergency Relief, its Supporting Memorandum of Law, and the declarations and exhibits filed in support of its motion. The Court finds the Commission has made a sufficient and proper showing in support of the relief granted herein by demonstrating a *prima facie* case of securities laws violations by the Defendants. The Court also finds good cause to believe that unless immediately restrained and enjoined by Order of this Court, the Defendants will continue to dissipate, conceal or transfer from the jurisdiction of this Court assets which could be subject to an Order of Disgorgement. Accordingly:

IT IS ORDERED AND ADJUDGED that the motion is **GRANTED**, and the Court also orders as follows:

I.

ASSET FREEZE

IT IS FURTHER ORDERED AND ADJUDGED that:

A. Defendants Acartha Group, MIC VII, ATP, and Gryphon Investments, and Relief Defendant Morriss Holdings, their directors, officers, agents, servants, employees, attorneys, depositories, banks, and those persons in active concert or participation with any one or more of them, and each of them, who receive notice of this order by personal service, mail, facsimile transmission or otherwise, except any Receiver this Court appoints, be and hereby are, restrained from, directly or indirectly, transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of, or withdrawing any assets or property, including but not limited to cash, free credit balances, fully paid for securities, and, and/or property

pledged or hypothecated as collateral for loans, or charging upon or drawing from any lines of credit, owned by, controlled by, or in the possession of:

1. Acartha Group, LLC;
2. MIC VII, LLC;
3. Acartha Technology Partners, LP;
4. Gryphon Investments III, LLC; and
5. Morriss Holdings, LLC.

B. Any financial or brokerage institution or other person or entity located within the jurisdiction of the United States Courts and holding any such funds or other assets, in the name, for the benefit or under the control of the Acartha Group, MIC VII, ATP, Gryphon Investments, or Morriss Holdings, directly or indirectly, held jointly or singly, and which receives actual notice of this order by personal service, facsimile, or otherwise, shall hold and retain within its control and prohibit the withdrawal, removal, transfer, disposition, pledge, encumbrance, assignment, set off, sale, liquidation, dissipation, concealment, or other disposal of any such funds or other assets.

IT IS FURTHER ORDERED AND ADJUDGED that the Court has jurisdiction to determine the effect of any bankruptcy proceeding may have on this matter.

IT IS FURTHER ORDERED AND ADJUDGED that the automatic stay provisions of 11 U.S.C. § 362(a) do not apply to this matter and the asset freeze requested by the Commission.

II.

ACCOUNTINGS

IT IS FURTHER ORDERED AND ADJUDGED that within seven calendar days of the issuance of this Order, Defendants Morriss, Acartha Group, MIC VII, ATP, Gryphon Investments, and Relief Defendant Morriss Holdings shall:

(a) make a sworn accounting to this Court and the Commission of all funds, whether in the form of compensation, commissions, loans, income (including payments for assets, shares, or property of any kind), and other benefits (including the provision of services of a personal or mixed business and personal nature) Morris received from investors, Acartha Group, MIC VII, ATP, Gryphon Investments, and Morriss Holdings;

(b) make a sworn accounting to this Court and the Commission of all assets, funds, or other properties held by the Morriss, Acartha Group, MIC VII, ATP, Gryphon Investments, and Morriss Holdings, jointly or individually, or for its direct or indirect beneficial interest, or over which it maintains control, wherever situated, stating the location, value, and disposition of each such asset, fund, and other property; and

(c) provide to the Court and the Commission a sworn identification of all accounts (including, but not limited to, bank accounts, savings accounts, securities accounts and deposits of any kind) in which Morriss, Acartha Group, MIC VII, ATP, Gryphon Investments, and Morriss Holdings (whether solely or jointly), directly or indirectly (including through a corporation, partnership, relative, friend or nominee), either have an interest or over which they have the power or right to exercise control.

IT IS FURTHER ORDERED AND ADJUDGED that Defendants Morriss, Acartha Group, MIC VII, ATP, Gryphon Investments, and Relief Defendant Morriss Holdings shall each

make a sworn accounting within seven calendar days of the issuance of this Order to the Commission and this Court of:

(a) all funds received from any source, including, but not limited to, funds received from investors;

(b) all compensation, income (including payment for assets, shares or property of any kind), other benefits (including the provision of services of a personal or mixed business and personal nature) these entities have paid to Morriss; and

(c) all assets, funds, or other properties held in their names, or for their direct or indirect beneficial interest, or over which they maintain control, wherever situated, stating the location, value, and disposition of each such asset, fund, and other property.

The requirement of the sworn accounting shall not apply to the Court-appointed Receiver over Morriss, Acartha Group, MIC VII, ATP, and Gryphon Investments.

III.

RECORDS PRESERVATION

IT IS FURTHER ORDERED AND ADJUDGED that, pending determination of the Commission's request for an Asset Freeze, the Defendants and Relief Defendant, their directors, officers, agents, servants, employees, attorneys, depositories, banks, and those persons in active concert or participation with any one or more of them, and each of them, be and they hereby are restrained and enjoined from, directly or indirectly, destroying, mutilating, concealing, altering, disposing of, or otherwise rendering illegible in any manner, any of the books, records, documents, correspondence, brochures, manuals, papers, ledgers, accounts, statements, obligations, files and other property of or pertaining to the Defendants wherever located, until further Order of this Court.

IV.

EXPEDITED DISCOVERY

IT IS FURTHER ORDERED AND ADJUDGED that:

(a) Immediately upon entry of this Order, and while the Commission's request for an Asset Freeze is pending, the parties may take depositions upon oral examination of parties and non-parties subject to two days notice. Should any Defendant fail to appear for a properly noticed deposition, that party may be prohibited from introducing evidence at the hearing on the Commission's request for a preliminary injunction;

(b) Immediately upon entry of this Order, and while the Commission's request for a an Asset Freeze is pending, the parties shall be entitled to serve interrogatories, requests for the production of documents, and requests for admissions. The parties shall respond to such discovery requests within two days of service;

(c) All responses to the Commission's discovery requests shall be delivered to Adam L. Schwartz at 801 Brickell Avenue, Suite 1800, Miami, Florida 33131 by the most expeditious means available; and

(d) Service of discovery requests shall be sufficient if made upon the parties by facsimile or overnight courier, and depositions may be taken by telephone or other remote electronic means.

V.

SHOW CAUSE HEARING


IT IS ORDERED AND ADJUDGED that the Defendants and Relief Defendant show cause, if any, before the Honorable Carol E Jackson of this Court, at 9:30 o'clock A.m., on the 27th day of January, 2012, in Courtroom 14-North of the United States Courthouse, St. Louis, Missouri, or as soon thereafter as the matter can be heard, why the Court Should Not Enter a Continuing Asset Freeze Order as to Defendants Acartha Group, MIC VII, ATP, Gryphon Investments, and Relief Defendant Morriss Holdings as requested by the Commission.

VI.

RETENTION OF JURISDICTION

IT IS FURTHER ORDERED AND ADJUDGED that this Court shall retain jurisdiction over this matter and the Defendants and Relief Defendant in order to implement and carry out the terms of all Orders and Decrees that may be entered and/or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court, and will order other relief that this Court deems appropriate under the circumstances.

DONE AND ORDERED this 17th day of January, 2012, at St. Louis, Missouri.


UNITED STATES DISTRICT JUDGE

Copies to:

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