

**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
SIXTH 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 for entry of the proposed Order Approving and Confirming her Sixth Interim Status Report of Receiver, filed simultaneously herewith as Exhibit A to this Motion.

This motion is administrative and not adversarial in nature.

Respectfully Submitted,

THOMPSON COBURN LLP

June 21, 2013

By /s / Kathleen E. Kraft

Stephen B. Higgins, #25728MO
Brian A. Lamping, #61054MO
One US Bank Plaza
St. Louis, Missouri 63101
Phone: (314) 552-6000
Fax: (314) 552-7000
shiggins@thompsoncoburn.com
blamping@thompsoncoburn.com

Kathleen E. Kraft, #58601MO
1909 K Street, NW, Suite 600
Washington, DC 20006
Phone: (202) 585-6922
Fax: (202) 508-1035
kkraft@thompsoncoburn.com

CERTIFICATE OF SERVICE

I hereby certify that on June 21, 2013, I electronically filed the foregoing with the Clerk of the Court through the Court's CM/ECF system which will send a notice of electronic filing to the following:

Catherine L. Hanaway, Esq.
Ashcroft Hanaway LLC
222 South Central Ave., Suite 110
St. Louis, Missouri 63105
Counsel for Defendant Burton Douglas Morriss

Robert K. Levenson
Brian T. James
Securities and Exchange Commission
801 Bricknell Avenue, Suite 1800
Miami, Florida 33131
Attorneys for Plaintiff

I further certify that I served the foregoing document on the following via U.S. mail, postage prepaid:

Morriss Holdings, LLC

P.O. Box 50416
St. Louis, MO 63105

Morriss Holdings, LLC
c/o CSC-Lawyers Incorporating Service Company
221 Bolivar Street
Jefferson City, MO 65101

/s/ Kathleen E. Kraft

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
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SECURITIES AND EXCHANGE COMMISSION,)
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Plaintiff,)
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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

SIXTH INTERIM STATUS REPORT OF RECEIVER

Claire M. Schenk (the “Receiver”), the Receiver for Defendants Acartha Group, LLC (“Acartha Group”), Acartha Technology Partners, LP (“ATP”), MCI VII, LLC (“MCI VII”), and Gryphon Investments III, LLC (“Gryphon Investments”) (collectively, the “Receivership Entities”), submits this **Sixth Interim Status Report** to update the Court and interested parties on the two matters identified below:

A. Interpleader Litigation

On November 13, 2012, Federal Insurance Company (“Federal”) filed an interpleader action in the Eastern District of Missouri (Cause 4:12-cv-02117-HEA) against the Receiver¹ and a number of individuals and law firms making claims against a three million dollar D&O liability

¹ The Court granted the Receiver’s motion seeking a lifting of the stay imposed in the Receivership Order to permit the Receiver’s full participation in the Interpleader Action by Order dated March 1, 2013.



policy purchased by the Receivership Entities (the “Interpleader Action”). The funds subject to the Interpleader Action total \$1,887,902.56 (the “Interpleader Funds”).²

On June 19, 2013, the parties submitted their dispute to nonbinding mediation. Thomas Blumenthal served as the mediator. The parties reached an agreement on the application of the remaining D&O liability policy funds and memorialized the terms in a signed settlement agreement dated June 20, 2013 (the “Agreement”). A copy of the partially executed Agreement is attached hereto as Exhibit A-1.³ Pursuant to the Agreement, Federal will request the Court in the Interpleader Action to direct the Registry of the Court to pay the Interpleader Funds in the following manner:

- a. \$1,093,200.00 to “the Ashcroft Law Firm, LLC”;
- b. \$487,300.00 to “Claire M. Schenk as Receiver over Acartha Group, LLC”;
- c. \$84,500.00 to “Jacobs Partners LLC”;
- d. \$59,987.50 to “Pryor Cashman LLP”;
- e. \$43,163.00 to “Dixon Brown and Menees, Whitney, Burnet & Trog”;
- f. \$41,566.00 to “John Wehrle”;
- g. \$21,436.00 to “Christopher Aliprandi”;
- h. \$33,848.00 to “Ameet Patel”;
- i. \$15,987.00 to “Wynne Morriss”; and
- j. \$6,915.06 plus any residual interest accrued on the interpled funds to the extent available to “Paule, Camazine & Blumenthal, P.C.” for the services provided in mediating the Interpleader Action.

² A portion of the policy proceeds were paid out to claimants prior to the filing of the interpleader action: Federal paid \$277,361.76 to Pryor Cashman for services rendered on behalf of Burton Douglas Morriss; \$92,212.50 to Jacobs Partners for services rendered on behalf of Dixon Brown and Burton Douglas Morriss; and \$742,473.18 to the firm of Ashcroft Hanaway for services rendered on behalf of Burton Douglas Morriss.

³ The parties are in the process of securing the remaining signatures to the Agreement.

The portion of the Interpleader Funds payable to the Receiver will be deposited into Receivership accounts. The funds will replenish those Receivership accounts to the extent that the Receiver has paid out funds from those accounts for defense costs pursuant to Court order(s). The remaining funds deposited in Receivership accounts will be available for the payment of unpaid billed and unbilled defense costs, subject to the approval of the Court.

As further consideration for settlement of the Interpleader Action, the parties, including the Receiver as receiver of Acartha Group, LLC, released the other parties from all claims and causes of action, whether known or unknown, arising out of or related to: the D&O policy; the use or distribution of the proceeds of the policy; all disputes that were or could have been brought based on any fact, act or circumstance alleged in the Interpleader Action relating to the policy or the use of the proceeds of the policy; other claims to the policy proceeds; Federal's claims, if any, concerning undertakings with respect to the policy; and claims or potential claims against the Receiver by the policy claimants for indemnification of defense costs incurred in connection with the SEC investigation, the Receivership action, the state court lawsuit or any other claims involving related acts to those alleged in the Receivership action and the state court lawsuit.

Federal will file a motion with the Court in the Interpleader Action for approval of the settlement agreement, an order directing the clerk of the Court to distribute the Interpleader Funds, and for entry of final judgment. Federal agreed to file this motion by the later of July 11, 2013 or the full execution of the Agreement.

B. Potential Distribution to Integrien Acquisition and Integrien Acquisition II Investors

On May 3, 2013, the Receiver filed a motion seeking authorization from the Court to distribute certain funds held by Integrien Acquisition, LLC (“IA”) and Integrien Acquisition II, LLC (“IAII” and together with IA, the “Integrien SPVs”) to investors in the Integrien SPVs (Dkt. Nos. 241, 242). The funds subject to the Receiver’s motion were paid to the Integrien SPVs as a result of the sale of Integrien Corporation to VMware, Inc., which sale occurred in August 2010. As part of the merger agreement between Integrien Corporation and VMware, Inc., the Integrien SPVs surrendered their shares of stock in Integrien Corporation in exchange for a cash payout. A portion of the cash payout was escrowed as security for the surrendering stockholders’ indemnification obligations under the merger agreement. The Integrien SPVs received the bulk of the cash payout in September 2010, prior to the Receiver’s appointment as receiver. The Integrien SPVs received the escrowed funds in September 2011 (the “First Escrow Funds”),⁴ also prior to the Receiver’s appointment as receiver, and in February 2012 (the “Final Escrow Funds”), after the Receiver’s appointment as receiver.

The Receiver’s motion seeks authorization to: (1) distribute the remaining First Escrow Funds to investors in the Integrien SPVs; (2) pay, or reserve for, fees and expenses of the Integrien SPVs, Acartha Merchant Partners, LLC (“AMP”) (the managing member of IA) and Integrien Capital II, LLC (the managing member of IAII) (“IA Capital II”); and (3) distribute the Final Escrow Funds, minus fees and expenses, to (a) the Integrien SPVs’ investors, (b) AMP and IA Capital II (for carried interest), and (c) the investors in and managing member of AMP and IA Capital II, all in accordance with the Schedule of Proposed Distribution prepared by

⁴ Former management did not fully distribute the First Escrow Funds.

CliftonLarsenAllen LLP, the Receiver's accountant. A copy of the Receiver's motion, which includes the Schedule of Proposed Distribution, is available through the Receiver's website, http://www.thomsoncoburn.com/news-and-information/acartha-receivership-information/select_motions_and_pleadings_filed_with_the_cour.aspx.

None of the investors in the Integrien SPVs opposed the Receiver's motion. On May 16, 2013, Ameet Patel, former management for Acartha Group, filed his opposition to the Receiver's motion (Dkt. Nos. 246, 247). Mr. Patel did not take issue with the initial proposed distributions to the investors in the Integrien SPVs. Mr. Patel, however, opposed the Receiver's proposed distribution of the carried interest from AMP. Mr. Patel contends that the Schedule of Proposed Distribution does not take into account Mr. Patel's alleged entitlement to a 37.5% carried interest in the distribution made to AMP. A copy of Mr. Patel's objection is available through the Receiver's website, at the link cited above.

On May 28, 2013, the Receiver filed her reply to Mr. Patel's objection. The Receiver opposes any revision to the allocation of the carried interest payable out of AMP that is inconsistent with the AMP Operating Agreement or otherwise would cause the Receiver to distribute funds in a manner against the best interests of the Receivership estate. A copy of the Receiver's reply is available through the Receiver's website, at the link cited above.

If the Court approves the Receiver's motion, the Receiver's distribution of the First Escrow Funds and the Final Escrow Funds will be the Receiver's second distribution of funds to certain investors in special purpose vehicles over which the Receiver has control because of her position as managing member and/or partner of the Receivership Entities. The Receiver's first distribution occurred in May 2012 to investors in Acartha Special Situations Funding, LLC ("ASSF"). Details concerning the Receiver's request to the Court for authorization to return

funds to investors in ASSF can be found in: the Receiver's Second Interim Status Reports (Dkt. No. 134); the Receiver's motion requesting authorization to return the funds to the ASSF investors (Dkt. Nos. 120, 121); and the Court's order authorizing the Receiver to return the funds to the ASSF investors (Dkt. No. 139).

Distribution(s) of Receivership funds will be resolved as part of the claims process, subject to approval of the Court. Details concerning the Receiver's ongoing claims process can be found on the Receiver's website and in the Receiver's Fifth Interim Status Report (Dkt. No. 255).

Conclusion

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

Dated: June 21, 2013

Respectfully submitted,

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

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SETTLEMENT AND POLICY RELEASE AGREEMENT

This is a Settlement and Policy Release Agreement (“Agreement”) between Federal Insurance Company (“Federal”), Claire M. Schenk as Receiver over Acartha Group LLC, MIC VII, LLC, Acartha Technology Partners, LP and Gryphon Investments III, LLC (the “Receiver”), the Ashcroft Law Firm LLC d/b/a Ashcroft Hanaway (“Ashcroft Hanaway”), Pryor Cashman LLP (“Pryor Cashman”), Jacobs Partners LLC (“Jacobs Partners”), Christopher Aliprandi (“Aliprandi”), Ameet Patel (“Patel”), John Wehrle (“Wehrle”), Dixon Brown (“Brown”), and T. Wynne Morriss (“W. Morriss”). The signatories to this Agreement will be referred to singularly or collectively as, respectively, a “Party” or the “Parties” and all Parties other than Federal as the “Policy Claimants”;

WHEREAS, Federal is an insurance company that issued Venture Capital Asset Protection Policy No. 8207-6676 to Acartha Group LLC for the period from December 1, 2010 to December 1, 2012 (the “Policy”);

WHEREAS, subject to all of its terms and conditions, the Policy has an aggregate limit of liability of \$3,000,000;

WHEREAS, the Receiver was appointed by order of the Court in *SEC v. Morriss, et al.*, No. 4:12-cv-80 (the “SEC Action”), United States District Court, Eastern District of Missouri, as Receiver over Acartha Group LLC, MIC VII, LLC, Acartha Technology Partners, LP and Gryphon Investments III, LLC (the “Acartha Entities”) with authority to defend, compromise or settle legal actions in which the Acartha Entities or the Receiver are a party, with authorization of the Court in the SEC Action;

WHEREAS, Ashcroft Hanaway is counsel to Burton Douglas Morriss (“D. Morriss”), who is a former officer or director of some or all of the Acartha Entities and a named Defendant in the SEC Action;

WHEREAS, Pryor Cashman is former counsel to D. Morriss;

WHEREAS, Jacobs Partners is former counsel to certain Acartha Entities and former officers or directors of the Acartha Entities;

WHEREAS, Aliprandi, Patel, Wehrle, Brown, and W. Morriss are former officers and/or directors of some of the Acartha Entities;

WHEREAS, the U.S. Securities and Exchange Commission (“SEC”) issued an Order Directing Private Investigation and Directing Officers to Take Testimony with respect to Acartha and certain related entities on or about September 15, 2011 (the “SEC Investigation”) and Acartha tendered the SEC’s Order to Federal;

WHEREAS, Federal accepted coverage for purposes of the SEC Investigation under a reservation of rights;

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WHEREAS, Ron Nixon and certain other plaintiffs filed a suit captioned *Nixon, et al. v. Morriss, et al.*, No. 11SL-CC0-4718 (the “Nixon Action”) and Acartha tendered the Nixon Action to Federal;

WHEREAS, Federal accepted coverage of the Nixon Action under a reservation of rights;

WHEREAS, the SEC filed the SEC Action on or about January 17, 2012 and Acartha tendered the SEC Action to Federal;

WHEREAS, Federal accepted coverage of the SEC Action under a reservation of rights;

WHEREAS, the Policy Claimants each made claims to Federal for coverage under the Policy or otherwise requested reimbursement or advancement of defense costs for purposes of the SEC Investigation, Nixon Action, SEC Action, and/or other claims involving related acts to those alleged in the Nixon and SEC Actions, including, but not limited to, the Receiver’s claims;

WHEREAS, Federal declined coverage for certain of the claims submitted under the Policy by the insureds;

WHEREAS, pursuant to a May 8, 2012 Order entered in the SEC Action where the Court found that the Policy proceeds are not property of the Receivership in the SEC Action, Federal paid \$277,361.76 to Pryor Cashman for services rendered on behalf of D. Morriss, \$92,212.50 to Jacobs Partners for services rendered on behalf of Brown and D. Morriss, and \$742,473.18 to the firm of Ashcroft Hanaway for services rendered on behalf of D. Morriss upon the execution of an undertaking requested by Federal concerning certain reservation of rights asserted;

WHEREAS, D. Morriss filed personal bankruptcy on January 9, 2012 (Case No. 12-40164, E.D. Mo.) and has not made payment to Pryor Cashman, Jacobs Partners or Ashcroft Hanaway for his defense in the SEC Investigation, the Nixon Action and/or the SEC Action, Federal’s payments for D. Morriss’s defense have been and will be paid directly to those firms in accordance with the Policy.

WHEREAS, the Policy Claimants identified disputes among each other and/or with Federal concerning Federal’s coverage determinations with respect to the application of the proceeds of the Policy for the claims;

WHEREAS, the Policy Claimants collectively claim to have already incurred in excess of the unpaid limits of the proceeds of the Policy relating to such claims;

WHEREAS, on November 13, 2012, Federal filed the litigation captioned *Federal Insurance Company v. Schenk*, 4:12-cv-2117 (E.D. Mo. Nov. 13, 2012) (the “Interpleader Action”), naming the Policy Claimants as defendants, among others, to resolve all claims to the remaining proceeds of the Policy, and Federal deposited the remainder of the Policy proceeds with the Clerk of the Court in the Interpleader Action in the amount of \$1,887,902.56;

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WHEREAS, on March 1, 2013, the court in the SEC Action entered an Order lifting the stay to allow the Receiver to fully participate in the Interpleader Action;

WHEREAS, the Interpleader Action initially named David Truetzel and Robert Wetzel as defendants, but Truetzel and Wetzel previously executed releases with Federal with respect to the proceeds of the Policy and were ordered dismissed by the Court in the Interpleader Action;

WHEREAS, the Policy Claimants each waived service of process in the Interpleader Action, Federal agreed to extend the time for each of the defendants for responsive pleading and the Court approved same, and all Parties agreed to utilize mediation as a form of alternative dispute resolution to attempt to resolve their disputes and differences with respect to the interpled sum, selecting Thomas M. Blumenthal of Paule, Camazine & Blumenthal, P.C. to act as mediator;

WHEREAS, the Parties proceeded with mediation on June 19, 2013 in an effort to resolve all disputes between them related to the Policy and reached the agreement set forth herein on the application of the interpled funds, subject to approval of the Court in the Interpleader Action and approval on behalf of the Receiver in the SEC Action should any such approvals be required;

THEREFORE, in consideration of and in reliance upon the respective representations, covenants, terms and conditions herein contained, as well as other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

1. Payments. The Parties agree that the following payments shall be made as the settled allocation of the funds interpled by Federal in the Interpleader Action, to be paid by the Registry of the Court upon approval of the Court for the Interpleader Action or by means that the Court may otherwise order, effectively exhausting the remaining aggregate limit of the Policy with no limits remaining in the Policy:

- a. \$1,093,200.00 to the “the Ashcroft Law Firm, LLC”;
- b. \$487,300.00 to “Claire M. Schenk as Receiver over Acartha Group, LLC”;
- c. \$84,500.00 to “Jacobs Partners LLC”;
- d. \$59,987.50 to “Pryor Cashman LLP”;
- e. \$43,163.00 to “Dixon Brown and Menees, Whitney, Burnet & Trog”;
- f. \$41,566.00 to “John Wehrle”;
- g. \$21,436.00 to “Christopher Aliprandi”;
- h. \$33,848.00 to “Ameet Patel”;

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- i. \$15,987.00 to “Wynne Morriss”;
- j. \$6,915.06 plus any residual interest accrued on the interpled funds to the extent available to “Paule, Camazine & Blumenthal, P.C.” for the services provided in mediating the Interpleader Action;

2. Release By Parties. In exchange for the consideration reflected in this Agreement and other good and valuable consideration, the Parties hereby discharge each other and their respective past, present and future affiliates, parents, subsidiaries, predecessors, successors, divisions, managing agents, agents, officers, directors, employees, servants, attorneys, shareholders, insurers, reinsurers, representatives, agents, heirs, beneficiaries, assigns, and any person acting on his, her, or its behalf, and the predecessors, successors and assigns of same (their respective “Related Parties”), from any and all claims, actions, causes of action, rights or obligations, whether known or unknown, whether contingent or liquidated, of every kind, nature and description that the Parties now have or may have against each other (collectively, the “Released Matters”) arising out of, related to, based upon, by reason of, or in any way involving:

- (a) the Policy and/or the use or distribution of the proceeds or limits of the Policy;
- (b) any and all disputes that have or could have been brought arising out of, related to, based upon, by reason of, or in any way involving any fact, act, or circumstance alleged in the Interpleader Action relating to the Policy and/or the use or distribution of the proceeds or limit of the Policy prior to the Interpleader Action, including, but not limited to, claims concerning Federal’s claims handling or coverage decisions concerning the Policy whether contractual, extra-contractual, or statutory and including, but not limited to, claims, if any, against Federal for bad faith and/or vexatious refusal;
- (c) any other claims or potential claims to the Policy proceeds that have been or might be notified to Federal by Policy Claimants under the Policy as it is agreed that this Agreement involves a distribution of the remaining limit of the Policy;
- (d) claims, if any, by Federal concerning undertakings with respect to the Policy or payment of Policy proceeds, rescission of the Policy based on material misrepresentation or any other matter, chargebacks, deductibles, retentions, adjusted premiums against the Policy Claimants; and
- (e) claims, to the extent asserted or that could have been asserted, against the Receiver by or on behalf of the other Policy Claimants for indemnification of their defense costs incurred in connection with the SEC Investigation, SEC Action, Nixon Action and/or other claims involving related acts to those alleged in the Nixon and SEC Actions;

except claims to enforce the terms of this Agreement.

3. **Motion for Distribution and Discharge.** By the later of July 11, 2013 or the full execution of this Agreement, Federal shall file a motion with the Court in the Interpleader Action for approval of this Agreement, an order directing the clerk of the Court to distribute the interpled Policy proceeds in accordance with this Agreement and entry of final judgment discharging Federal and enjoining any other person from instituting or prosecuting any action against Federal in any court with respect to the Policy proceeds.

4. **Express Waiver of Rights By the Parties.** In exchange for this Agreement, it is the intention of the Parties in executing this Agreement, that this instrument shall be effective as a full and final accord and satisfaction and a general release of each and every Released Matter. The Parties shall be deemed knowingly and voluntarily to have waived, to the fullest extent permitted by law, the provisions, rights, and benefits of any federal law or the law of any state or territory or common law, including but not limited to Section 1542 of the California Civil Code, that would in any way limit the application of the releases to known or suspected claims. The Parties acknowledge and agree that this waiver is an essential and material term of this Agreement and without such waiver the Agreement would not have been entered into.

5. **Warranties.**

(a) Each of the Parties represents and warrants that it has not assigned, nor will it assign, to any other person or entity any claims released pursuant to this Agreement. If, contrary to this representation and warranty, a Party assigns or has assigned such rights to any other person or entity, that Party shall defend, indemnify, and hold harmless the other Party with respect to any claim or action brought by any assignee of any interest assigned contrary to this representation and warranty.

(b) Each Party to this Agreement acknowledges that this Agreement is made and executed by such Party's own free will and in accordance with such Party's own judgment and upon advice of counsel. No Party has been influenced, coerced, or induced to make this compromise and settlement by improper actions by any other Party.

(c) Except as otherwise stated herein, each of the Parties represents and warrants that it, he or she is authorized to enter into this Agreement; that the execution and delivery of this Agreement and the consummation of this transaction will not conflict with or result in any violation or default under any provision of its articles of incorporation, charter, by-laws or partnership agreement or of any decree, statute, law, ordinance, rule or regulation applicable to him, her or it; and except as otherwise stated herein, that no further consent, approval, order, authorization or filing with any governmental authority is required in connection with the execution and delivery of this Agreement or the consummation of the transactions described in this Agreement.

(d) Except as otherwise stated herein, each signatory of this Agreement declares, warrants, and represents that he or she has the general and specific authority to enter into and to execute this Agreement.

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(e) Each Party understands, acknowledges and agrees that if any fact now believed to be true is found hereafter to be other than, or different from, that which is now believed, each expressly assumes the risk of such difference in fact and agrees that this Agreement shall and will remain effective notwithstanding any such difference in fact.

6. **Denial of Liability.** Nothing in this Agreement shall be an admission of any liability on the part of any Party to this Agreement or of coverage under the Policy for any matter.

7. **Complete Agreement.** All agreements and understandings between and among the Parties regarding the matters described herein are embodied in and expressed in this Agreement, and any prior agreements or understandings are fully superseded by this Agreement. The Parties acknowledge that, except as expressly set forth herein, no representations of any kind or character have been made to it, her or him by any of the other Parties to induce the execution of this Agreement.

8. **Drafting.** No provision of this Agreement shall be construed against any Party by reason of authorship.

9. **Modifications.** This Agreement shall not be modified, altered or discharged except by a writing signed by each of the Parties hereto.

10. **Severability.** In the event that any provision or any part of any provision of this Agreement are deemed to be invalid and/or unenforceable for any reason whatsoever, those provisions will be severed from the remainder of this Agreement only if and to the extent agreed upon by the Parties in writing.

11. **Further Assurances.** The Parties shall execute, deliver and perform or cause to be executed, delivered, and performed any and all such further acts, deeds and assurances as may be reasonably required in order to fully carry out the terms of this Agreement.

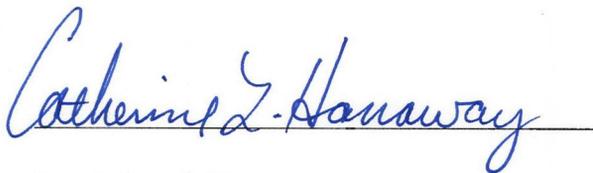
12. **Binding Effect.** Immediately upon full execution of this Agreement by and on behalf of all Parties, its terms, covenants, conditions, and provisions, obligations, undertakings, rights and benefits, shall be binding upon and shall inure to the benefit of the undersigned parties and their respective heirs, executors, liquidators, administrators, representatives, subrogees, successors and assigns.

13. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement shall be effective and finally executed when identical counterparts, when taken together bear the signature of all Parties, have been delivered to counsel or representatives for all the Parties, either by e-mail, facsimile, or overnight delivery service. Copies of all or part of this Agreement, including signatures thereto, which are transmitted by facsimile or by e-mail in .pdf, shall be presumed valid.

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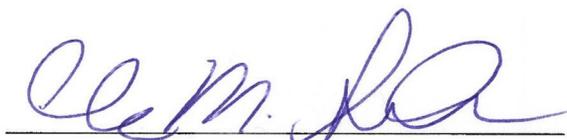
Executed by:



By: Ashcroft Hanaway

DATE: 6/20/13

Executed by: Catherine Hanaway



By: Claire M. Schenk as Receiver

DATE: 6/20/13

Executed by: Claire M. Schenk



By: Pryor Cashman LLP

DATE: 6/20/2013

Executed by: Robert M. Fleischer

DATE: _____

By: Jacobs Partners LLP

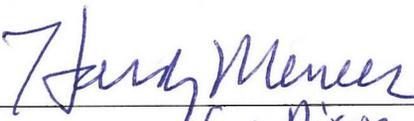
Executed by: Mark Jacobs

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DATE: _____

By: John Wehrle

Executed by: John Wehrle


_____ *for Dixon Brown*

DATE: 6-20-13

By: Dixon Brown

Executed by: Hardy Menees

DATE: _____

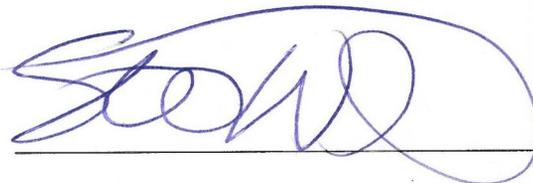
By: Christopher Aliprandi

Executed by: Christopher Aliprandi

DATE: _____

By: Ameet Patel

Executed by: Ameet Patel



DATE: 6-20-13

By: T. Wynne Morriss

Executed by: Stephen Welby

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FEDERAL INSURANCE COMPANY
By Chubb & Son, a division of Federal Insurance Company, Manager

DATE: _____

By:

Title:

**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 Sixth 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 Sixth 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 Sixth Interim Status Report of Receiver and every act and transaction reported therein are hereby approved and confirmed.

SO ORDERED this _____ day of _____ 2013

THE HONORABLE CAROL E. JACKSON
UNITED STATES DISTRICT COURT JUDGE