

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, et al.,	)	
	)	
Defendants, and	)	
	)	
MORRISS HOLDINGS, LLC,	)	
	)	
Relief Defendant.	)	

**MEMORANDUM OF LAW IN SUPPORT OF RECEIVER’S  
MOTION TO APPROVE SETTLEMENT OF CLAIMS**

In keeping with the principal objectives of the Receivership, *i.e.*, to administer and manage the business affairs, funds, assets, choses in action, and other property of the Receivership Entities, to marshal and safeguard the Receivership assets, and to take such actions as are necessary for the protection of the investors, the Receiver respectfully requests that the Court enter an Order approving the Receiver’s Agreement to Compromise, Settle and Release Claims (“the Agreement”) involving UHY Advisors MO, Inc. (“UHY”), Patrick Stark (“Stark”), and Brian Peterson (“Peterson”) (collectively, the “UHY Parties”).

**I. Background**

A. The Receivership

On January 17, 2012, the United States Securities and Exchange Commission (the “SEC”) filed its *Complaint for Injunctive and Other Relief* (the “Complaint”) against Burton Douglas Morriss (“Morriss”), Acartha Group, LLC (“Acartha”), Acartha Technology Partners,

L.P. (“ATP”), MIC VII, LLC (“MIC”), Gryphon Investments III, LLC (“Gryphon” and together with Acartha, ATP and MIC, the “Receivership Entities”) and Morriss Holdings, LLC (“Morriss Holdings”)<sup>1</sup> in this Court as Case No. 4:12-cv-00080-CEJ (the “SEC Case”). *See* Complaint (ECF No. 1). In the Complaint and other papers filed by the SEC on January 17, 2012, the SEC alleged various securities laws violations by the SEC Defendants.

Also, on January 17, 2012, the SEC moved for the immediate appointment of a receiver over the Receivership Entities to (i) administer and manage the business affairs, funds, assets, choses in action and other property of the Receivership Entities, (ii) act as sole and exclusive managing member or partner of the Receivership Entities, (iii) maintain sole authority to administer any and all bankruptcy cases in the manner determined to be in the best interests of the Receivership Entities’ estates, (iv) marshal and safeguard all of the assets of the Receivership Entities, and (v) take whatever actions are necessary for the protection of investors. The Court entered the requested relief by order dated January 17, 2012 (the “Receivership Order”). *See* Receivership Order (ECF No. 16).

As established in the Receivership Order, the Receiver is charged with

tak[ing] immediate possession of all property, assets and estate of every kind of the [Receivership] Entities whatsoever and wheresoever located, including but not limited to all offices maintained by the [Receivership] Entities’[,] **rights of action**, books, papers, data processing records, evidence of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, and all real property of the [Receivership] Entities, wherever situated, and to administer such assets as is required in order to comply with the directions contained in this Order, and to hold all other assets pending further Order of this Court...”

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<sup>1</sup> Morriss, Acartha, ATP, MIC, Gryphon, and Morriss Holdings are collectively referred to as the “SEC Defendants.”

Receivership Order, p. 2 (emphasis added). The Receiver also is “authorized, solely and exclusively, to operate and manage the businesses and financial affairs of [the Receivership Entities] and the Receiver Estates.” Receivership Order, p. 8.

Pursuant to paragraph 2 of the Receivership Order, the Receiver is directed to investigate the manner in which the affairs of the investment 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 and the authorities granted to the Receiver, the Receiver now seeks to compromise and settle the claims of the Receivership entities against the UHY Parties.

B. Analysis of Affirmative Legal Claims and Claims Process

Upon appointment, the Receiver learned that UHY had performed services for the Receivership Entities in its capacity as a business providing accounting and tax services. Those services were rendered by UHY employees, including Peterson and Stark. Peterson is a Missouri Certified Public Accountant (“CPA”), licensed to practice in the state of Missouri and served at UHY as a Senior Manager at UHY’s offices in St. Louis County, Missouri. Stark was also a CPA working in UHY’s offices in St. Louis County, Missouri where he served as a Managing Director and a board member of UHY. By 2007, UHY was preparing tax returns for various Receivership Entities. On or before March of 2009, UHY assumed accounting responsibilities for the Receivership Entities pursuant to engagement letters dated March 3, 2009 and March 5, 2011. Stark and UHY designated Peterson to principally perform the work. UHY continued to

perform accounting work for the Receivership Entities until shortly before the Receivership commenced.

The Receivership began following the filing of the SEC complaint against the SEC Defendants. In this proceeding, the SEC alleged that Morriss misappropriated substantial sums from the Receivership Entities without the knowledge of the investors. Although the Receivership proceeding is ongoing, the SEC allegations against Morriss were resolved with the entry of a permanent injunction and consent judgment on August 13, 2013. Final judgment was entered against Morriss on February 26, 2014, in the amount of \$9,516,090.71.

The Receiver, consistent with her appointment, has asserted certain civil claims that she believes she has against UHY, Stark, and Peterson on behalf of the Receivership Entities, arising out of alleged acts and omissions of UHY, Stark, and Peterson 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”) pursuant to an engagement letter executed on September 13, 2013 (the “engagement letter”). Under the terms of the engagement letter, retained counsel agreed to provide services subject to the SEC billing guidelines and under the terms of the contingent fee arrangement set forth in the engagement letter.<sup>2</sup> As required under the engagement letter, the arrangement was submitted for Court approval on October 31, 2013 as part of the Receiver’s Eighth Interim Status Report (ECF No. 286). The engagement letter was approved by the Court on December 13, 2013 (ECF No. 304).

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<sup>2</sup> After consulting with SEC Counsel, the Receiver determined that litigation and the proposed arrangement as set forth in the engagement letter was reasonably likely to produce a net economic benefit to the estate and that the contingent fee arrangement was in the best interests of the Receivership Entities.

In response to the claims asserted by retained counsel on behalf of the Receiver, the UHY Parties denied any wrongdoing, misconduct, or liability to the Receivership Entities related to their provision of professional services to the Receivership Entities. On or about May 3, 2013, UHY filed a proof of claim form in the Receivership Proceedings, asserting a claim against the Receivership Entities in the amount of \$220,060 for professional accounting services provided by UHY to the Receivership Entities (“Claim No. 16”). On January 13, 2014, the Receiver issued her final notice of determination on Claim No. 16, recommending that the Receivership Court disallow Claim No. 16 (the “Notice of Determination”). Following receipt of the Notice of Determination, UHY filed its objection (ECF No. 332).

Following the assertion of the Receiver’s Claims and the filing of UHY’s objection to the Receiver’s Notice of Determination, the Receiver and the UHY Parties engaged in settlement negotiations, including an agreed-upon mediation with the Hon. Wayne Andersen, a retired U.S. District Court Judge, through the services of JAMS, Inc. 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. Following these extensive settlement negotiations, the Receiver and the UHY Parties ultimately agreed to accept the settlement figure recommended to the parties by the mediator. Subsequent to that preliminary agreement, the Receiver and the UHY Parties worked diligently to negotiate settlement documentation culminating in the Agreement attached hereto as Exhibit A.

In the Agreement, the UHY Parties agree to a payment of \$2.3 million and the Receiver agrees to withdraw the Notice of Determination recommending that the Court disallow Claim No. 16. Pursuant to the engagement letter, 25 percent of that sum, *i.e.*, \$575,000, will be paid

directly to retained counsel. The remaining sum, \$1,725,000, will be paid to the accounts of the Receivership Entities. There is no agreement between the UHY Parties and the Receiver as to whether or not UHY will receive any portion of the funds which ultimately may be distributed in this proceeding. The Agreement includes a mutual release. The parties acknowledge that the Agreement is subject to Court approval.

The Receiver now seeks the approval of the Court based upon her belief that effectuation of the Agreement under the terms and conditions stated therein is in the best interests of the Receivership estate. The Agreement avoids the potential for long and protracted litigation, along with the risk that is inherent for both the Receiver and the UHY Parties. Resolution of this potential litigation and the Receiver's Claims against the UHY Parties is another step in the direction of closure of the Receivership proceeding, which will ultimately allow the disposition of accumulated funds to investors and other claimants. Approval of the Agreement will avoid the time and expense incurred as a necessary part of related oversight of the litigation by the Receiver as well as the expense associate with the litigation. Expenses associated with the litigation would necessarily include deposition costs, transcripts, travel expense, copying costs, and expert witness fees.

## **II. Argument**

Pursuant to the Receivership Order, the Court authorized the Receiver to, among other things, administer and manage the business affairs, funds, assets, choses in action, and other property of the Receivership Entities, marshal and safeguard the assets of the Receivership Entities, and take such actions as are necessary for the protection of investors. *See* Receivership Order, p. 1; *see also Scholes v. Lehmann*, 56 F.3d 750, 755 (7th Cir. 1995) (receiver's "object is to maximize the value of the [Receivership assets] for the benefit of their investors and any

creditors”). The Court also authorized the Receiver to take immediate possession of all property, assets, and estates of every kind of the Receivership Entities whatsoever and wheresoever located, and hold such assets pending further order of the Court. *See* Receivership Order, p. 2.

Now, in the execution of her sole and exclusive duty to manage the assets of the Receivership Entities and maximize the value of those assets for the benefits of the investors and any creditors, the Receiver seeks Court approval of the Agreement. The funds recovered under the terms of the Agreement will increase the liquid assets of the Receivership estate, maximize the possibility of a distribution to investors, and help fund the Receivership’s pursuit of recoveries against third-parties. It also will reduce the cost to the Receivership estate of managing and monitoring ongoing litigation.

A court’s “power to supervise an equity receivership and to determine the appropriate action to be taken in the administration of the receivership is extremely broad.” *SEC v. Hardy*, 803 F.2d 1034, 1037 (9th Cir. 1986); *Sec. & Exch. Comm'n v. Goldfarb*, No. C 11-00938 WHA, 2013 WL 4504271, at \*2 (N.D. Cal. Aug. 21, 2013). Consequently, “[i]t is a recognized principle of law that a district court has broad powers and wide discretion to determine the appropriate relief in an equity receivership.” *Id.* In similar situations, courts have deferred to a Receiver’s business and legal judgment, allowing a compromise that is fair and falls within the “range of reasonableness.” *S.E.C. v. Ruderman*, No. 2:09-CV-02974-ODW, 2013 WL 153266, at \*2 (C.D. Cal. Jan. 15, 2013). This range “recognizes the uncertainties of law and fact in any particular case and the concomitant risks and costs necessarily inherent in taking any litigation to completion.” *Id.* While the court may not simply “rubber-stamp” the parties’ decision to enter into a settlement agreement, it also need not “conduct an exhaustive investigation, hold a mini-trial on the merits of the claims sought to be compromised, or require that the settlement be the

best that could possibly be achieved.” *Id.* The trial court “need only find that the settlement was negotiated in good faith and is reasonable, fair and equitable.” *Id.*; *see also S.E.C. v. Arkansas Loan & Thrift Corp.*, 427 F.2d 1171 (8th Cir. 1970) (affirming district court’s approval of the Receiver’s settlement agreement); *S.E.C. v. Parish*, No. 2:07-CV-00919-DCN, 2010 WL 8347143, at \*1 (D.S.C. Apr. 8, 2010) (granting Receiver’s motion to approve the settlement agreement); *accord S.E.C. v. Temme*, No. 4:11-CV-655, 2014 WL 1493399, at \*1 (E.D. Tex. Apr. 16, 2014).

Under the circumstances and based upon the recommendation of the mediator, the Receiver believes that the terms and conditions of the Agreement are reasonable, in the best interests of the Receivership, and will be beneficial to the investors and creditors of the Receivership Entities. In preparation for, during, and following the mediation, the Receiver and the UHY Parties submitted voluminous amounts of documentation for consideration of the mediator and offered their respective views of the Receiver’s Claims and UHY’s defenses and its Claim No. 16. As a result, the mediator issued a considered recommendation and the parties chose to rely upon this recommendation. Moreover, effectuation of the Agreement will increase the amount of funds available for a potential distribution to investors and provide a source of cash to fund the operations of the Receivership.

### **III. Service of the Motion**

The Receiver is serving a copy of this motion on all counsel of record. Out of an abundance of caution, the Receiver also is serving interested parties (the “Interested Parties”) via electronic mail. The Receiver considers the Interested Parties to be those persons or entities who filed claims with the Receiver that have been recommended for allowance or are the subject of



pending determination objections before the Court. Furthermore, as she has done with previous motions, the Receiver will post a copy of the motion on the Receivership's website.

**IV. Conclusion**

For all the foregoing reasons, the Receiver respectfully requests that the Court enter an Order approving the Agreement (Exhibit A). A proposed Order is attached hereto as Exhibit B.

Dated: June 26, 2015

Respectfully Submitted,

THOMPSON COBURN LLP

By     /s/ Kathleen E. Kraft    

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**CERTIFICATE OF SERVICE**

I hereby certify that on June 26, 2015, 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 all parties receiving electronic service.

I further certify that I caused service of the foregoing document via electronic mail on all Interested Parties (as defined in the foregoing document).

/s/ Kathleen E. Kraft

# **EXHIBIT A**

**SETTLEMENT AGREEMENT SUBJECT TO FRE 408**

**AGREEMENT TO COMPROMISE, SETTLE AND RELEASE CLAIMS**

This Agreement To Compromise, Settle and Release Claims (the "Agreement") is made and entered into by and among Acartha Group, LLC, MIC VII, LLC, Acartha Technology Partners, LP, Gryphon Investments III, LLC, and each of their subsidiaries, successors and assigns (collectively the "Receivership Entities), by and through Claire M. Schenk as Receiver over the Receivership Entities ("Receiver"); UHY Advisors MO, Inc. ("UHY"); Patrick Stark ("Stark"); and Brian Peterson ("Peterson").

WHEREAS, on January 17, 2012, in the case captioned *Securities and Exchange Commission v. Burton Douglas Morriss*, et al., Case No. 4:12-cv-00080-CEJ (E.D. Mo. 2012) (the "Receivership Proceedings"), the United States District Court for the Eastern District of Missouri (the "Receivership Court") entered an Order appointing Claire M. Schenk as Receiver over the Receivership Entities (the "Order Appointing Receiver");

WHEREAS, the Receiver, consistent with her appointment, has asserted certain civil claims that she believes she has against UHY, Stark and Peterson on behalf of the Receivership Entities, arising out of alleged acts and omissions of UHY, Stark and Peterson in the provision of professional services to the Receivership Entities, during the period March 3, 2009 through January 12, 2012, including claims arising out of services performed for the Receivership Entities pursuant to engagement letters dated March 3, 2009 and March 5, 2011 (the "Receiver's Claims");

WHEREAS, UHY, Stark and Peterson deny any wrongdoing, misconduct, or liability to the Receivership Entities related to the provision of professional services to the Receivership Entities and maintain that any such claims brought by the Receiver would lack merit, and that they have, or may have, counterclaims against the Receivership Entities;

WHEREAS, on or about May 3, 2013, UHY filed a proof of claim form in the Receivership Proceedings, asserting a claim against the Receivership Entities in the amount of \$220,060 for professional accounting services provided by UHY to the Receivership Entities, and on or about September 3, 2013, supplemented its proof of claim with additional documents and information;

WHEREAS, the Receiver designated UHY's proof of claim, as supplemented, as Claim Number 16 in the Receivership Proceedings ("Claim No. 16");

WHEREAS, on January 13, 2014, the Receiver issued her final notice of determination on Claim No. 16, recommending that the Receivership Court disallow Claim No. 16 (the "Notice of Determination");

WHEREAS, the Receiver, UHY, Stark and Peterson executed a "Tolling Agreement" as of February 5, 2014, to toll the running of any applicable statutes of limitation or repose so as to afford the parties to the Tolling Agreement an opportunity,

**SETTLEMENT AGREEMENT SUBJECT TO FRE 408**

through negotiation, to attempt to resolve the Receiver's Claims and Claim No. 16, and the Tolling Agreement has been amended and extended;

WHEREAS, the Receiver, UHY, Stark and Peterson executed an "Agreement Regarding Confidentiality and Use of Information Disclosed and Exchanged During Settlement Negotiations" effective as of March 14, 2014 (the "Confidentiality Agreement"), whereby the parties to the Confidentiality Agreement agreed to certain terms for the confidentiality, use and disclosure of information exchanged by the parties during settlement negotiations;

WHEREAS, the Receiver, UHY, Stark and Peterson have engaged in settlement negotiations, including agreed-upon mediation with the Hon. Wayne Andersen, a retired U.S. District Court Judge, through the services of JAMS, Inc.; and

WHEREAS, the Receiver, UHY, Stark and Peterson have reached agreement on terms and conditions for compromising, settling and releasing the Receiver's Claims, as well as Claim No. 16, as set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual promises and undertakings, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party, and intending to be legally bound, it is agreed as follows:

1. Agreement Submitted to Receivership Court for Approval. The Receiver, UHY, Stark and Peterson each acknowledge and agree that this Agreement is subject to approval by the Receivership Court. Accordingly, the Agreement will be submitted to the Court as part of the Receiver's motion for approval and will be filed within the Receivership proceeding.

2. Cash Payment by UHY to Receiver Upon Receivership Court Approval. Within ten (10) calendar days of notice of approval of this Agreement by the Receivership Court in the Receivership Proceedings, UHY shall pay to the Receiver for the benefit of the Receivership Entities, by wire transfer, the sum of Two Million Three Hundred Thousand Dollars and No Cents (\$2,300,000.00) (the "Cash Payment"). The wire transfer shall be accomplished in the manner directed by the Receiver.

3. Withdrawal of Receiver's Recommendation That Court Disallow UHY Proof of Claim Upon Receipt of Cash Payment.

(a) Promptly upon receipt of the Cash Payment, the Receiver shall re-issue the Notice of Determination on Claim No. 16, which notice will (i) withdraw the recommendation made in the Notice of Determination and (ii) recommend that the Receivership Court allow Claim No. 16. UHY acknowledges and agrees that in the event the Court allows Claim No. 16, any consideration UHY may receive in the future as a result of any allowance of Claim No. 16, in whole or

**SETTLEMENT AGREEMENT SUBJECT TO FRE 408**

in part, is uncertain and dependent upon future circumstances, including presentation and approval of a final plan of distribution of any assets that may remain with the Receivership Entities after payment or distribution of assets to various classes of claimants that have not yet been finally determined or approved. The Receiver makes no representations, warranties, or promises, express or implied, regarding the likelihood that UHY will receive any payment or other consideration as a result of the Receiver's re-issuance of the notice of determination for Claim No. 16. The Receiver shall have no duty or obligation with respect to Claim No. 16 except as expressly set forth in this Paragraph 3(a).

(b) Promptly upon receipt of the Receiver's re-issuance of a notice of determination for Claim No. 16 in accordance with Paragraph 3(a) above, UHY shall prepare, and coordinate with the Receiver the filing of, a stipulation or other appropriate document withdrawing *UHY's Objection to Receiver's Notice of Determination on Claim No. 16* in the Receivership Proceedings (ECF No. 332) (the "UHY Objection"). The document described in this paragraph shall be subject to review and approval by the Receiver. UHY shall file the document described in this paragraph with the Receivership Court on or before the later of (i) July 17, 2015 or (ii) five (5) business days after Receivership Court approval of this Agreement. If Receivership Court approval of this Agreement has not been secured on or before July 17, 2015, UHY will cooperate with the Receiver in obtaining the necessary extension(s) of the Receiver's deadline to respond to the UHY Objection.

4. Release of UHY, Stark, and Peterson by Receiver and Receivership Entities. Effective upon receipt of the Cash Payment, the Receiver, on behalf of herself as Receiver of the Receivership Entities and her successor receiver(s), and also on behalf of the Receivership Entities, and the Receivership estate, their successors and assigns and all those claiming under or through them, releases, remises and discharges UHY, its affiliates, subsidiaries and related companies (including for these purposes UHY LLP), and all of their respective owners, directors, officers, partners, members, managers, employees, agents, representatives, insurers, attorneys and successors, and Stark and Peterson, and all of their respective heirs, successors, assigns and personal representatives, and each of them (collectively, the "UHY Releasees"), from any and all known and unknown claims, actions, causes of action, lawsuits, demands, damages, liabilities, losses, or expenses, of any kind or nature whatsoever, whether legal or equitable, that the Receiver has or might have against any of the UHY Releasees, including the Receiver's Claims, excepting any claim for breach of any obligation arising under this Agreement. For purposes of clarifying the identity of the UHY Releasees, and without in any manner limiting the scope of the aforesaid release in favor of the UHY Releasees, the Parties acknowledge and agree that the release provided for in this paragraph extends only to the UHY Releasees defined in this paragraph, and not to any other person or entity, and also agree that the following persons and entities are not UHY Releasees: Burton Douglas Morriss, Dixon R. Brown, John S. Wehrle, Wynne Dixon, Ameet Patel, Hany Teylouni, Chris Aliprandi, Morriss Holdings and Morriss Enterprises.

**SETTLEMENT AGREEMENT SUBJECT TO FRE 408**

5. Release of Receiver, Receivership Entities, and Receivership Estate by UHY, Stark, and Peterson. Effective upon receipt of the Cash Payment, UHY, Stark and Peterson, on behalf of themselves, their heirs, successors and assigns and all those claiming under or through them, release, remise and discharge the Receiver, the Receivership Entities and the Receivership estate, and each of them, their affiliates, subsidiaries and related companies, and all of their respective owners, directors, officers, partners, members, managers, employees, agents, representatives, insurers, attorneys and successors, and all of their respective heirs, successors, assigns and personal representatives, and each of them (“the Receivership Releasees”), from any and all known and unknown claims, actions, causes of action, lawsuits, demands, damages, liabilities, losses, or expenses, of any kind or nature whatsoever, whether legal or equitable, that they have or might have against any of the Receivership Releasees, excepting any claim for breach of any obligation arising under this Agreement.

6. The Parties Retain Right to Make Claims or Litigate to Enforce the Terms of this Agreement. The Parties do not release or waive herein their rights to make claims or litigate specifically to enforce the terms of this Agreement, if breached, after ten (10) days prior written notice to each other, and opportunity to cure the breach during those ten (10) days.

7. No Admission of Liability or Wrongdoing. Each party to this Agreement acknowledges and agrees that the terms and conditions set forth in this Agreement constitute a compromise and settlement of disputed claims and positions. By entering into this Agreement, no party admits to any liability or wrongdoing by that party, and no party makes any concession that the claims and positions asserted by it are not well founded. Instead, this Agreement has been made and entered into as a result of the uncertainties, costs and expenses of litigation. The parties anticipate that, in the absence of this Agreement at this point, the litigation that was likely to ensue would have involved a highly significant investment of time, resources and money for the fees and expenses of attorneys, expert witnesses, discovery, travel, copying expense, motion practice, trial and possible appeals.

8. Entire Agreement. This Agreement constitutes the entire agreement between the parties regarding the subject matter of this Agreement. There are no other agreements, understandings, promises or undertakings between the parties regarding that subject matter that are not fully set forth in this Agreement.

9. Governing Law; Venue for Dispute Resolution. This Agreement shall be governed by federal law insofar as it is applicable and otherwise by the laws of the State of Missouri without regard to the application of its conflict of law principles. Any dispute arising under or in connection with this Agreement shall be subject to the exclusive jurisdiction of the Receivership Court.

10. Execution in Counterparts; Exchange of Signed Originals. This Agreement may be executed simultaneously in counterparts and exchanged via facsimile or electronic transmission, each of which shall be deemed an original, and all of which shall constitute



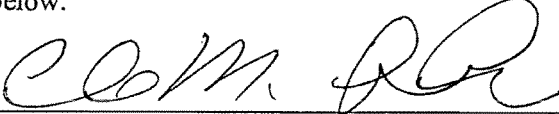
**SETTLEMENT AGREEMENT SUBJECT TO FRE 408**


one instrument. This Agreement shall become effective when it has been executed by an authorized representative of each party.

11. No Assignment. This Agreement may not be assigned in whole or in part by any party to this Agreement.

12. Authority. Each of the parties represents and warrants that the person executing this Agreement on its behalf has full and proper authority to do so.

IN WITNESS WHEREOF, each party has executed this Agreement as of the date set forth below.

  
\_\_\_\_\_  
Claire M. Schenk, as Receiver over the Receivership Entities

  
\_\_\_\_\_  
Date

UHY Advisors MO, Inc.

By: \_\_\_\_\_

\_\_\_\_\_  
Date

Name printed: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Patrick Stark

\_\_\_\_\_  
Date

\_\_\_\_\_  
Brian Peterson

\_\_\_\_\_  
Date



SETTLEMENT AGREEMENT SUBJECT TO FRE 408

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\_\_\_\_\_  
Claire M. Schenk, as Receiver over the Receivership Entities

\_\_\_\_\_  
Date

UHY Advisors MO, Inc.

By: \_\_\_\_\_

Name printed: GARRY J. PORCHEN

Title: President

6-25-15  
\_\_\_\_\_  
Date

Patrick Stark  
\_\_\_\_\_  
Patrick Stark

6-25-15  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Brian Peterson

\_\_\_\_\_  
Date

SETTLEMENT AGREEMENT SUBJECT TO FRE 408

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\_\_\_\_\_  
Claire M. Schenk, as Receiver over the Receivership Entities

\_\_\_\_\_  
Date

UHY Advisors MO, Inc.

By: \_\_\_\_\_

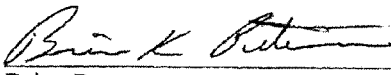
\_\_\_\_\_  
Date

Name printed: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Patrick Stark

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Brian Peterson

6/24/15

\_\_\_\_\_  
Date

**EXHIBIT B**

**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, et al.,	)	
	)	
Defendants, and	)	
	)	
MORRISS HOLDINGS, LLC,	)	
	)	
Relief Defendant.	)	

**ORDER APPROVING RECEIVER’S SETTLEMENT OF CLAIMS INVOLVING  
UHY ADVISORS MO, INC., PATRICK STARK, AND BRIAN PETERSON**

This matter is before the Court on the *Motion to Approve Settlement of Claims* and memorandum in support thereof (ECF Nos. \_\_; the “Motion”) filed by Claire M. Schenk, the court-appointed receiver (“Receiver”) for Acartha Group, LLC, Acartha Technology Partners, L.P., MIC VII, LLC, and Gryphon Investments III, LLC (collectively, the “Receivership Entities”).

In the Motion, the Receiver seeks this Court’s entry of an Order approving the Receiver’s Agreement to Compromise, Settle and Release Claims involving UHY Advisors MO, Inc. (“UHY”), Patrick Stark (“Stark”), and Brian Peterson (“Peterson”) (collectively, the “UHY Parties”).

Having fully considered the Motion, any oppositions thereto, and being duly advised as to the merits, the Court hereby finds that good grounds exist to enter an Order approving the Receiver’s settlement with the UHY Parties on the terms and conditions set forth in the

Agreement (attached to the Motion as Exhibit A). See *S.E.C. v. Ruderman*, No. 2:09-CV-02974-ODW, 2013 WL 153266, at \*2 (C.D. Cal. Jan. 15, 2013); see also *S.E.C. v. Arkansas Loan & Thrift Corp.*, 427 F.2d 1171 (8th Cir. 1970); *S.E.C. v. Parish*, No. 2:07-CV-00919-DCN, 2010 WL 8347143, at \*1 (D.S.C. Apr. 8, 2010); accord *S.E.C. v. Temme*, No. 4:11-CV-655, 2014 WL 1493399, at \*1 (E.D. Tex. Apr. 16, 2014). Therefore,

**IT IS HEREBY ORDERED THAT**

1. The Motion is **GRANTED** in its entirety.
2. The Court hereby approves and confirms the Receiver's Agreement to Compromise, Settle and Release Claims involving the UHY Parties on the terms and conditions set forth in the Motion and in Exhibit A to the Motion.

**SO ORDERED** this the \_\_\_ day of \_\_\_\_\_, 2015.

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**THE HONORABLE CAROL E. JACKSON**  
**UNITED STATES DISTRICT COURT JUDGE**