

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

SECURITIES AND EXCHANGE COMMISSION, )  
)  
Plaintiff, )  
)  
v. )  
)  
BURTON DOUGLAS MORRISS, *et al.*, )  
)  
Defendants, and )  
)  
MORRISS HOLDINGS, LLC, )  
)  
Relief Defendant. )

Case No. 4:12-CV-00080-SNLJ

**RECEIVER’S MOTION TO APPROVE PLAN OF ALLOCATION FOR  
DISTRIBUTION OF UNLIQUIDATED ASSETS AND REQUEST FOR AUTHORITIES  
REGARDING WIND-UP ACTIVITIES FOR ENTITIES MANAGED BY THE  
RECEIVER**

Receiver Claire M. Schenk (“Receiver”) hereby respectfully moves the Court for an Order approving the Receiver’s proposed Asset Allocation Plan with respect to certain unliquidated assets held by MIC VII, LLC, Acartha Technology Partners, L.P., Gryphon Investments III, LLC, Tervela Acquisition, LLC, Tervela Acquisition II, LLC, and Tervela Acquisition III, LLC. In the Order dated June 16, 2016 (ECF No. 537), the Court authorized the Receiver to assign unliquidated assets to Allowed Claimants in the Receivership Entities in proportion to the respective interests held by each Allowed Claimant at such time(s) deemed reasonable or necessary by the Receiver. The Receiver now seeks to extend this authority to certain special purpose vehicles (“SPVs”) managed by the Receivership Entities: Tervela Acquisition, LLC, Tervela Acquisition II, LLC, and Tervela Acquisition, III, LLC (the “Tervela SPVs”).

The Receiver also seeks to extend the Receiver’s authorities regarding resolution of

intercompany entries through debt cancellation and reporting of “theft losses”, if necessary, to the SPVs managed by the Receiver and otherwise take all necessary steps to achieve a wind up of the SPVs. The Receiver submits that such authorities will enable the Receiver to move closer toward a final windup of the Receivership estate.

The Receiver relies on the *Memorandum of Law in Support of Receiver’s Motion to Approve Plan of Allocation for Distribution of Unliquidated Assets and Request for Authorities Regarding Wind-Up Activities for Entities Managed by the Receiver* and accompanying exhibits to support her request, which Memorandum is being contemporaneously filed herewith.

Dated: November 17, 2017

Respectfully Submitted,

THOMPSON COBURN LLP

By           /s/ Kathleen E. Kraft          

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**CERTIFICATE OF SERVICE**

I hereby certify that on November 17, 2017, I electronically filed the foregoing document and its attachment with the Clerk of the Court through the Court's CM/ECF system which will send a notice of electronic filing to all counsel of record receiving electronic service.

I further certify that I served the foregoing document and its attachment via electronic mail on all Interested Parties (as defined in the accompanying Memorandum).

/s/ Kathleen E. Kraft

Proposed Order

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

SECURITIES AND EXCHANGE	)	
COMMISSION,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Case No. 4:12-cv-00080-SNLJ
	)	
BURTON DOUGLAS MORRISS, et al.,	)	
	)	
Defendants, and	)	
	)	
MORRISS HOLDINGS, LLC,	)	
	)	
Relief Defendant.	)	

**[PROPOSED] ORDER**

This matter is before the Court on the *Motion to Approve Plan of Allocation for Distribution of Unliquidated Assets and Request for Authorities Regarding Wind-Up Activities for Entities Managed by the Receiver*, the memorandum in support thereof, and all exhibits attached thereto (ECF Nos. \_\_\_, \_\_\_; collectively, the “Motion”), 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 (collectively, the “Receivership Entities”).

On November 17, 2017, the Receiver filed the Motion. In summary, the Motion seeks to utilize the Receiver’s previously-granted authority to assign unliquidated assets of certain Receivership Entities to Allowed Claimants in Classes 1-B, 1-C, and 1-D and obtain Court authorization to assign unliquidated assets held by certain entities managed by the Receivership Entities (Tervela Acquisition, LLC, Tervela Acquisition II, LLC, and Tervela Acquisition III, LLC (“the Tervela SPVs”)) to investors in those entities in proportion to the respective interests

held by each such investor.<sup>1</sup> The Receiver proposes to make the contemplated assignments of unliquidated assets to Participating Investors in accordance with the proposed Asset Allocation Plan, which is set forth in detail in the *Declaration of Michelle Murray in Support of Receiver's Plan of Allocation for Distribution of Unliquidated Assets* and schedules attached thereto.

The Receiver also seeks to extend the Receiver's authorities regarding resolution of intercompany entries through debt cancellation and reporting of "theft losses", if necessary, to the special purpose vehicles ("SPVs") managed by the Receiver and otherwise take all necessary steps to achieve a wind up of the SPVs. The Receiver submits that such authorities will enable the Receiver to move closer toward a final windup of the Receivership estate.

Having fully considered the Motion, finding that no objections to the Motion have been filed, and being duly advised as to the merits, the Court finds that there is good cause to grant the Motion. The actions to be taken by the Receiver in connection with the proposed Asset Allocation Plan are reasonable and within the Receiver's sound business discretion, are fair and equitable under the particular circumstances of this case, and are in the best interests of the Receivership estate, and all Participating Investors in the Receivership Entities and the Tervela SPVs.

The Court also finds that interested parties were afforded adequate notice and an opportunity to be heard in a meaningful manner on the relief requested in the Motion. The Receiver electronically served all Participating Investors and persons and/or counsel representing Tervela, Inc. ("Tervela"); Logos, LLC ("Logos"), formerly known as Cirqit.com, Inc. ("Cirqit"); Exegy, Ltd. ("Exegy"); and Velocidata, Inc. ("Velocidata"), included in the service

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<sup>1</sup> Allowed Claimants in Classes 1-B, 1-C, and 1-D, and investors in the Tervela SPVs who have not abandoned their interests in the Tervela SPVs are referred to by the Receiver, and herein, as "Participating Investors."

communication to the persons and entities the time limits for filing objections to motions under the Court's local rules, and posted a copy of the filed Motion on the Receivership website. The procedure for objections to motions under this Court's local rules were available to interested parties as a means to object and be heard.

**NOW THEREFORE, THE COURT DOES HEREBY ORDER THAT**

1. The Receiver's Motion is granted in its entirety and objections, if any, are overruled.

2. The Receiver is authorized to assign the unliquidated assets of the Tervela SPVs in proportion to the respective interests held by each Participating Investor as applicable at such time(s) deemed reasonable or necessary by the Receiver.

3. The Receiver's Asset Allocation Plan, as set forth in the memorandum in support of the Motion, the *Declaration of Michelle Murray in Support of Receiver's Plan of Allocation for Distribution of Unliquidated Assets*, and the schedules attached thereto (which schedules are attached hereto as **Attachment 1, Attachment 2, Attachment 3, and Attachment 4** [*currently Attachments 1-4 of Exhibit B to Receiver's Motion*]), is approved. The Receiver is authorized to implement the Asset Allocation Plan at such time(s) deemed reasonable or necessary by the Receiver.

4. The Receiver is authorized to take all necessary steps to achieve a winding up of the SPVs managed by the Receiver, including, but not limited to, resolving intercompany entries between Receivership Entities and SPVs through debt cancellation and reporting a "theft loss."

**SO ORDERED** this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

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THE HONORABLE STEPHEN N. LIMBAUGH, JR.  
UNITED STATES DISTRICT COURT JUDGE