

HONORABLE JAMES L. ROBERT

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
SEATTLE DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

PATH AMERICA, LLC; PATH AMERICA SNOCO
LLC; PATH AMERICA FARMER'S MARKET, LP;
PATH AMERICA KINGCO LLC; PATH
AMERICA TOWER, LP; PATH TOWER
SEATTLE, LP; POTALA TOWER SEATTLE, LLC;
and LOBSANG DARGEY,

Defendants, and

POTALA SHORELINE, LLC; and POTALA
VILLAGE KIRKLAND, LLC,

Relief Defendants.

Civil Action No. C-15-1350-JLR

~~PROPOSED~~ ORDER
APPOINTING RECEIVER

1 This matter came before the Court on the motion of plaintiff Securities and Exchange
2 Commission (the "Commission" or "SEC") for an order appointing a temporary receiver over
3 the entities Path America, LLC; Path America SnoCo LLC; Path America Farmer's Market,
4 LP; Path America KingCo LLC; Path America Tower, LP; Path Tower Seattle, LP; and Potala
5 Tower Seattle, LLC (collectively "Entity Defendants"), and over Potala Shoreline, LLC and
6 Potala Village Kirkland, LLC (collectively "Relief Defendants"). The Court has considered
7 the Commission's Motion for Appointment of Receiver and the Declarations of Michael D.
8 Foley, Bernard B. Smyth, Susan F. LaMarca filed therewith; as well as the previously filed
9 papers in this case (including the Commission's Motion for Temporary Restraining Order and
10 the supporting Declarations); any responses thereto; and the record in these proceedings
11 before the Court.

12 On the basis of this record, the Court finds that the appointment of a receiver in this
13 action is necessary and appropriate for the purposes of marshaling and preserving all assets of
14 the Defendants, and of the Relief Defendants that: (a) are attributable to funds derived from
15 investors or clients of the Defendants; (b) are held in constructive trust for the Defendants; (c)
16 were fraudulently transferred by the Defendants; and/or (d) may otherwise be includable as
17 assets of the estates of the Defendants (collectively, the "Recoverable Assets");
18

19 THEREFORE IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

- 20 1. The Commission's Motion for Appointment of a Receiver is GRANTED
- 21 2. The Court hereby takes exclusive jurisdiction and possession of the assets, of
22 whatever kind and wherever situated, of Defendants Path America, LLC; Path America
23 SnoCo LLC; Path America Farmer's Market, LP; Path America KingCo LLC; Path America
24 Tower, LP; Path Tower Seattle, LP; and Potala Tower Seattle, LLC (collectively
25 "Receivership Defendants"); and of Relief Defendants Potala Shoreline, LLC and Potala
26 Village Kirkland, LLC (collectively "Receivership Relief Defendants").
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1 3. Until further Order of this Court, Michael A. Grassmueck of the Grassmueck
2 Group is hereby appointed to serve without bond as receiver (the "Receiver") for the estates
3 of the Receivership Defendants and Receivership Relief Defendants.

4 **I. General Powers and Duties of Receiver**

5 4. The Receiver shall have all powers, authorities, rights and privileges heretofore
6 possessed by the officers, directors, managers and general and limited partners of the
7 Receivership Defendants and the Receivership Relief Defendants under applicable state and
8 federal law, by the governing charters, by-laws, articles and/or agreements in addition to all
9 powers and authority of a receiver at equity, and all powers conferred upon a receiver by the
10 provisions of 28 U.S.C. §§ 754, 959 and 1692, and Fed. R. Civ. Proc. 66.

11 5. The trustees, directors, officers, managers, employees, investment advisors,
12 accountants, attorneys and other agents of the Receivership Defendants and Receivership
13 Relief Defendants are hereby dismissed and the powers of any general partners, directors
14 and/or managers are hereby suspended. Such persons and entities shall have no authority with
15 respect to the Receivership Defendants' or the Receivership Relief Defendants operations or
16 assets, except to the extent as may hereafter be expressly granted by the Receiver. The
17 Receiver shall assume and control the operation of the Receivership Defendants and the
18 Receivership Relief Defendants and shall pursue and preserve all of their claims.

19 6. No person holding or claiming any position of any sort with any of the
20 Receivership Defendants or the Receivership Relief Defendants shall possess any authority to
21 act by or on behalf of any of the Receivership Defendants or the Receivership Relief
22 Defendants.

23 7. Subject to the specific provisions in Sections III through XIII, below, the
24 Receiver shall have the following general powers and duties:

25 A. To use reasonable efforts to determine the nature, location and value of
26 all property interests of the Receivership Defendants and of the Receivership
27 Relief Defendants, including, but not limited to, monies, funds, securities,
28 credits, effects, goods, chattels, lands, premises, leases, claims, rights and other
assets, together with all rents, profits, dividends, interest or other income
attributable thereto, of whatever kind, which the Receivership Defendants or
the Receivership Relief Defendants own, possess, have a beneficial interest in,

1 or control directly or indirectly (“Receivership Property” or, collectively, the
2 “Receivership Estates”);

3 B. To take custody, control and possession of all Receivership Property
4 and records relevant thereto from the Receivership Defendants and from the
5 Receivership Relief Defendants; to sue for and collect, recover, receive and
6 take into possession from third parties all Receivership Property and records
7 relevant thereto; and pursuant to Local Rules W.D. Wash. LCR 66(a), to
8 prepare and file an inventory with the Court within 20 days or as soon as
9 practicable after appointment;

10 C. To manage, control, operate and maintain the Receivership Estates and
11 hold in his possession, custody and control all Receivership Property, pending
12 further Order of this Court;

13 D. To use Receivership Property for the benefit of the Receivership
14 Estates, making payments and disbursements and incurring expenses as may be
15 necessary or advisable in the ordinary course of business in discharging his
16 duties as Receiver;

17 E. To take any action which, prior to the entry of this Order, could have
18 been taken by the officers, directors, partners, managers, trustees and agents of
19 the Receivership Defendants or of the Receivership Relief Defendants;

20 F. To engage and employ persons in his discretion to assist him in
21 carrying out his duties and responsibilities hereunder, including, but not
22 limited to, accountants, attorneys, securities traders, registered representatives,
23 financial or business advisers, liquidating agents, real estate agents, forensic
24 experts, brokers, traders or auctioneers;

25 G. To take such action as necessary and appropriate for the preservation of
26 Receivership Property or to prevent the dissipation or concealment of
27 Receivership Property;

28 H. The Receiver is authorized to issue subpoenas for documents and
testimony consistent with the Federal Rules of Civil Procedure;

I. To bring such legal actions based on law or equity in any state, federal,
or foreign court as the Receiver deems necessary or appropriate in discharging
his duties as Receiver;

J. To pursue, resist and defend all suits, actions, claims and demands
which may now be pending or which may be brought by or asserted against the
Receivership Estates; and,

K. To take such other action as may be approved by this Court.

24 **II. Access to Information**

25 8. The individual Receivership Defendants and Receivership Relief Defendants
26 and the past and/or present officers, directors, agents, managers, general and limited partners,
27 trustees, attorneys, accountants and employees of the Receivership Defendants and
28 Receivership Relief Defendants, as well as those acting in their place, are hereby ordered and

1 | directed to preserve and turn over to the Receiver forthwith all paper and electronic
2 | information of, and/or relating to, the Receivership Defendants, the Receivership Relief
3 | Defendants, and/or all Receivership Property; such information shall include but not be
4 | limited to books, records, documents, accounts and all other instruments and papers. (See Addendum.)

5 | 9. Within fourteen (14) days of the entry of this Order, the Receivership
6 | Defendants and Receivership Relief Defendants shall file with the Court and serve upon the
7 | Receiver and the Commission a sworn statement, listing: (a) the identity, location and
8 | estimated value of all Receivership Property; (b) all employees (and job titles thereof), other
9 | personnel, attorneys, accountants and any other agents or contractors of the Receivership
10 | Defendants; and, (c) the names, addresses and amounts of claims of all known creditors of the
11 | Receivership Defendants.

12 | 10. Within thirty (30) days of the entry of this Order, the Receivership Defendants
13 | and Receivership Relief Defendants shall provide to the Receiver and the Commission copies
14 | of their respective federal income tax returns for the tax years 2011, 2012, 2013, and 2014
15 | with all relevant and necessary underlying documentation.

16 | 11. The Receivership Defendants and Receivership Relief Defendants shall
17 | respond to all questions which the Receiver may put to them, and shall produce all documents
18 | as required by the Receiver regarding the business of the Receivership Defendants or
19 | Receivership Relief Defendants, or any other matter relevant to the operation or
20 | administration of the receivership or the collection of funds due to the Receivership
21 | Defendants or Receivership Relief Defendants. In the event that the Receiver deems it
22 | necessary to require the appearance of the entities or persons on their behalf, the Receiver
23 | shall make its discovery requests in accordance with the Federal Rules of Civil Procedure.

24 | 12. The Receivership Defendants and Receivership Relief Defendants are required
25 | to assist the Receiver in fulfilling his duties and obligations. As such, they must respond
26 | promptly and truthfully to all requests for information and documents from the Receiver.

27 | **III. Access to Books, Records and Accounts**

28 | 13. The Receiver is authorized to take immediate possession of all assets, bank

1 accounts or other financial accounts, attorney trust accounts, books and records and all other
2 documents or instruments relating to the Receivership Defendants and Receivership Relief
3 Defendants. All persons and entities, including attorneys and other fiduciaries, having
4 control, custody or possession of any Receivership Property are hereby directed to turn such
5 property over to the Receiver. (See Addendum.)

6 14. The Receivership Defendants and Receivership Relief Defendants, as well as
7 their respective agents, servants, employees, attorneys, any persons acting for or on behalf of
8 the Receivership Defendants or Receivership Relief Defendants, and any persons receiving
9 notice of this Order by personal service, facsimile transmission or otherwise, having
10 possession of the property, business, books, records, accounts or assets of the Receivership
11 Defendants or Receivership Relief Defendants are hereby directed to deliver the same to the
12 Receiver, his agents and/or employees. (See Addendum.)

13 15. All banks, brokerage firms, financial institutions, and other persons or entities
14 which have possession, custody or control of any assets or funds held by, in the name of, or
15 for the benefit of, directly or indirectly, the Receivership Defendants or the Receivership
16 Relief Defendants that receive actual notice of this Order by personal service, facsimile
17 transmission or otherwise shall:

- 18 A. Not liquidate, transfer, sell, convey or otherwise transfer any assets,
19 securities, funds, or accounts in the name of or for the benefit of the
20 Receivership Defendants or of the Receivership Relief Defendants
except upon instructions from the Receiver;
- 21 B. Not exercise any form of set-off, alleged set-off, lien, or any form of
22 self-help whatsoever, or refuse to transfer any funds or assets to the
Receiver's control without the permission of this Court;
- 23 C. Within five (5) business days of receipt of that notice, file with the
24 Court and serve on the Receiver a certified statement setting forth, with
25 respect to each such account or other asset, the balance in the account
or description of the assets as of the close of business on the date of
receipt of the notice; and,
- 26 D. Cooperate expeditiously in providing information and transferring
27 funds, assets and accounts to the Receiver or at the direction of the
Receiver.
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1 **IV. Access to Real and Personal Property**

2 16. The Receiver is authorized to take immediate possession of all personal
3 property of the Receivership Defendants and of the Receivership Relief Defendants, wherever
4 located, including but not limited to electronically stored information, computers, laptops,
5 hard drives, external storage drives, personal digital assistants, smartphones, and any other
6 such memory, media or electronic storage devices, and their respective, attendant passwords,
7 as well as books, papers, data processing records, evidence of indebtedness, bank records and
8 accounts, savings records and accounts, brokerage records and accounts, certificates of
9 deposit, stocks, bonds, debentures, and other securities and investments, contracts, mortgages,
10 furniture, office supplies and equipment. All persons and entities, including attorneys and
11 other fiduciaries, having control, custody or possession of any of the personal property
12 identified in this Order are hereby directed to turn such property over to the Receiver. *(See Addendum.)*

13 17. The Receiver is authorized to take immediate possession of all real property of
14 the Receivership Defendants and Receivership Relief Defendants, wherever located, including
15 but not limited to all ownership and leasehold interests and fixtures. Upon receiving actual
16 notice of this Order by personal service, facsimile transmission or otherwise, all persons other
17 than law enforcement officials acting within the course and scope of their official duties, are
18 (without the express written permission of the Receiver) prohibited from: (a) entering such
19 premises; (b) removing anything from such premises; or, (c) destroying, concealing or erasing
20 anything on such premises.

21 18. In order to execute the express and implied terms of this Order, the Receiver is
22 authorized to change door locks to the premises described above. The Receiver shall have
23 exclusive control of the keys. The Receivership Defendants and Receivership Relief
24 Defendants, or any other person acting or purporting to act on their behalf, are ordered not to
25 change the locks in any manner, nor to have duplicate keys made, nor shall they have keys in
26 their possession during the term of the receivership.

27 19. The Receiver is authorized to open all mail directed to or received by or at the
28 offices or post office boxes of the Receivership Defendants and Receivership Relief

1 Defendants, and to inspect all mail opened prior to the entry of this Order, to determine
2 whether items or information therein fall within the mandates of this Order.

3 **V. Notice to Third Parties**

4 20. The Receiver shall promptly give notice of his appointment to all known
5 officers, directors, agents, employees, shareholders, creditors, debtors, managers and general
6 and limited partners of the Receivership Defendants and Receivership Relief Defendants, as
7 the Receiver deems necessary or advisable to effectuate the operation of the receivership.

8 21. All persons and entities owing any obligation, debt, or distribution with respect
9 to an ownership interest to any Receivership Defendant or to any Receivership Relief
10 Defendant shall, until further ordered by this Court, pay all such obligations in accordance
11 with the terms thereof to the Receiver and its receipt for such payments shall have the same
12 force and effect as if the Receivership Defendant or and Receivership Relief Defendant had
13 received such payment.

14 22. In furtherance of his responsibilities in this matter, the Receiver is authorized
15 to communicate with, and/or serve this Order upon, any person, entity or government office
16 that he deems appropriate to inform them of the status of this matter and/or the financial
17 condition of the Receivership Estates. All government offices which maintain public files of
18 security interests in real and personal property shall, consistent with such office's applicable
19 procedures, record this Order upon the request of the Receiver or the SEC.

20 23. The Receiver is authorized to instruct the United States Postmaster to hold
21 and/or reroute mail which is related, directly or indirectly, to the business, operations or
22 activities of any of the Receivership Defendants or Receivership Relief Defendants (the
23 "Receiver's Mail"), including all mail addressed to, or for the benefit of, the Receivership
24 Defendants and Receivership Relief Defendants. The Postmaster shall not comply with, and
25 shall immediately report to the Receiver, any change of address or other instruction given by
26 anyone other than the Receiver concerning the Receiver's Mail. The Receivership
27 Defendants and Receivership Relief Defendants shall not open any of the Receiver's Mail and
28 shall immediately turn over such mail, regardless of when received, to the Receiver. The

1 foregoing instructions shall apply to any proprietor, whether individual or entity, of any
2 private mail box, depository, business or service, or mail courier or delivery service, hired,
3 rented or used by the Receivership Defendants and Receivership Relief Defendants. The
4 Receivership Defendants and Receivership Relief Defendants shall not open a new mailbox,
5 or take any steps or make any arrangements to receive mail in contravention of this Order,
6 whether through the U.S. mail, a private mail depository or courier service.

7 24. Subject to payment for services provided, any entity furnishing water, electric,
8 telephone, sewage, garbage or trash removal services to the Receivership Defendants or to the
9 Receivership Relief Defendants shall maintain such service and transfer any such accounts to
10 the Receiver unless instructed to the contrary by the Receiver.

11 **VI. Injunction Against Interference with Receiver**

12 25. The Receivership Defendants and Receivership Relief Defendants and all
13 persons receiving notice of this Order by personal service, facsimile or otherwise, are hereby
14 restrained and enjoined from directly or indirectly taking any action or causing any action to
15 be taken, without the express written agreement of the Receiver, which would:

16 A. Interfere with the Receiver's efforts to take control, possession, or
17 management of any Receivership Property; such prohibited actions
18 include but are not limited to, using self-help or executing or issuing or
19 causing the execution or issuance of any court attachment, subpoena,
replevin, execution, or other process for the purpose of impounding or
taking possession of or interfering with or creating or enforcing a lien
upon any Receivership Property;

20 B. Hinder, obstruct or otherwise interfere with the Receiver in the
21 performance of his duties; such prohibited actions include but are not
limited to, concealing, destroying or altering records or information;

22 C. Dissipate or otherwise diminish the value of any Receivership Property;
23 such prohibited actions include but are not limited to, releasing claims
24 or disposing, transferring, exchanging, assigning or in any way
conveying any Receivership Property, enforcing judgments,
25 assessments or claims against any Receivership Property or any
26 Receivership Defendant or Receivership Relief Defendant, attempting
to modify, cancel, terminate, call, extinguish, revoke or accelerate (the
due date), of any lease, loan, mortgage, indebtedness, security
27 agreement or other agreement executed by any Receivership Defendant
or Receivership Relief Defendant or which otherwise affects any
Receivership Property; or,

28 D. Interfere with or harass the Receiver, or interfere in any manner with

1 employment of process.

2 31. All Ancillary Proceedings are stayed in their entirety, and all Courts having
3 any jurisdiction thereof are enjoined from taking or permitting any action until further Order
4 of this Court. Further, as to a cause of action accrued or accruing in favor of one or more of
5 the Receivership Defendants or Receivership Relief Defendants against a third person or
6 party, any applicable statute of limitation is tolled during the period in which this injunction
7 against commencement of legal proceedings is in effect as to that cause of action.

8 **VIII. Managing Assets**

9 32. For each of the Receivership Estates, the Receiver shall establish one or more
10 custodial accounts at a federally insured bank to receive and hold all cash equivalent
11 Receivership Property (the "Receivership Funds").

12 33. The Receiver may, without further Order of this Court, transfer, compromise,
13 or otherwise dispose of any Receivership Property, other than real estate, in the ordinary
14 course of business, on terms and in the manner the Receiver deems most beneficial to the
15 Receivership Estate, and with due regard to the realization of the true and proper value of
16 such Receivership Property.

17 34. Subject to Paragraph 35, immediately below, the Receiver is authorized to
18 locate, list for sale or lease, engage a broker for sale or lease, cause the sale or lease, and take
19 all necessary and reasonable actions to cause the sale or lease of all real property in the
20 Receivership Estates, either at public or private sale, on terms and in the manner the Receiver
21 deems most beneficial to the Receivership Estate, and with due regard to the realization of the
22 true and proper value of such real property.

23 35. Upon further Order of this Court, pursuant to such procedures as may be
24 required by this Court and additional authority such as 28 U.S.C. §§ 2001 and 2004, the
25 Receiver will be authorized to sell, and transfer clear title to, all real property in the
26 Receivership Estates.

27 36. The Receiver is authorized to take all actions to manage, maintain, and/or
28 wind-down business operations of the Receivership Estates, including making legally required

1 | payments to creditors, employees, and agents of the Receivership Estates and communicating
2 | with vendors, investors, governmental and regulatory authorities, and others, as appropriate.

3 | 37. The Receiver shall take all necessary steps to enable the Receivership Funds to
4 | obtain and maintain the status of a taxable "Settlement Fund," within the meaning of Section
5 | 468B of the Internal Revenue Code and of the regulations, when applicable.

6 | **IX. Investigate and Prosecute Claims**

7 | 38. Subject to the requirement, in Section VII above, that leave of this Court is
8 | required to resume or commence certain litigation, the Receiver is authorized, empowered and
9 | directed to investigate, prosecute, defend, intervene in or otherwise participate in,
10 | compromise, and/or adjust actions in any state, federal or foreign court or proceeding of any
11 | kind as may in his discretion, and in consultation with SEC counsel, be advisable or proper to
12 | recover and/or conserve Receivership Property.

13 | 39. Subject to his obligation to expend receivership funds in a reasonable and cost-
14 | effective manner, the Receiver is authorized, empowered and directed to investigate the
15 | manner in which the financial and business affairs of the Receivership Defendants and
16 | Receivership Relief Defendants were conducted and (after obtaining leave of this Court) to
17 | institute such actions and legal proceedings, for the benefit and on behalf of the Receivership
18 | Estate, as the Receiver deems necessary and appropriate; the Receiver may seek, among other
19 | legal and equitable relief, the imposition of constructive trusts, disgorgement of profits, asset
20 | turnover, avoidance of fraudulent transfers, rescission and restitution, collection of debts, and
21 | such other relief from this Court as may be necessary to enforce this Order.

22 | 40. The Receiver hereby holds, and is therefore empowered to waive, all
23 | privileges, including the attorney-client privilege, held by all entity Receivership Defendants
24 | and Receivership Relief Defendants over communications, or advice sought or obtained, prior
25 | to August 24, 2015 and after the date of this Order. *(See Addendum.)*

26 | 41. The receiver has a continuing duty to ensure that there are no conflicts of
27 | interest between the Receiver, his Retained Personnel (as that term is defined below), and the
28 | Receivership Estate.

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X. Bankruptcy Filing

42. The Receiver may seek authorization of this Court to file voluntary petitions for relief under Title 11 of the United States Code (the "Bankruptcy Code") for the Entity Receivership Defendants and Receivership Relief Defendants. If a Receivership Defendant or Receivership Relief Defendants is placed in bankruptcy proceedings, the Receiver may become, and may be empowered to operate each of the Receivership Estates as, a debtor in possession. In such a situation, the Receiver shall have all of the powers and duties as provided a debtor in possession under the Bankruptcy Code to the exclusion of any other person or entity. Pursuant to Paragraph 4 above, the Receiver is vested with management authority for all Entity Receivership Defendants and Receivership Relief Defendants and may therefore file and manage a Chapter 11 petition.

43. The provisions of Section VIII above bar any person or entity, other than the Receiver, from placing any of the Receivership Defendants or Receivership Relief Defendants in bankruptcy proceedings.

XI. Liability of Receiver

44. Until further Order of this Court, the Receiver shall not be required to post bond or give an undertaking of any type in connection with his fiduciary obligations in this matter.

45. The Receiver and his agents, acting within scope of such agency ("Retained Personnel") are entitled to rely on all outstanding rules of law and Orders of this Court and shall not be liable to anyone for their own good faith compliance with any order, rule, law, judgment, or decree. In no event shall the Receiver or Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or Retained Personnel, nor shall the Receiver or Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that they acted or failed to act as a result of malfeasance, bad faith, gross negligence, or in reckless disregard of their duties.

46. This Court shall retain jurisdiction over any action filed against the Receiver or

1 Retained Personnel based upon acts or omissions committed in their representative capacities.

2 47. In the event the Receiver decides to resign, the Receiver shall first give written
3 notice to the Commission's counsel of record and to the Court of its intention, and the
4 resignation shall not be effective until the Court appoints a successor. The Receiver shall then
5 follow such instructions as the Court may provide.

6 **XII. Recommendations and Reports**

7 48. The Receiver is authorized, empowered and directed to develop a plan for the
8 fair, reasonable, and efficient recovery and, to the extent deemed reasonable, liquidation, of
9 all remaining, recovered, and recoverable Receivership Property (the "Recovery Plan").

10 49. Within ninety (90) days of the entry date of this Order, or at an alternate date
11 set by the Court upon application of the Receiver, the Receiver shall file the Recovery Plan in
12 the above-captioned action, with service copies to counsel of record.

13 50. Within thirty (30) days after the end of each calendar quarter, the Receiver
14 shall file and serve a full report and accounting of each Receivership Estate (the "Quarterly
15 Status Report"), reflecting (to the best of the Receiver's knowledge as of the period covered
16 by the report) the existence, value, and location of all Receivership Property, and of the extent
17 of liabilities, both those claimed to exist by others and those the Receiver believes to be legal
18 obligations of the Receivership Estates.

19 51. The Quarterly Status Report shall contain the following:

- 20 A. A summary of the operations of the Receiver;
- 21 B. The amount of cash on hand, the amount and nature of accrued
22 administrative expenses, and the amount of unencumbered funds in the
23 estate;
- 24 C. A schedule of all the Receiver's receipts and disbursements (attached
25 as Exhibit A to the Quarterly Status Report), with one column for the
26 quarterly period covered and a second column for the entire duration of
27 the receivership;
- 28 D. A description of all known Receivership Property, including
approximate or actual valuations, anticipated or proposed dispositions,
and reasons for retaining assets where no disposition is intended;
- E. A description of liquidated and unliquidated claims held by the
Receivership Estate, including the need for forensic and/or

1 investigatory resources; approximate valuations of claims; and
2 anticipated or proposed methods of enforcing such claims (including
likelihood of success in: (i) reducing the claims to judgment; and, (ii)
collecting such judgments);

3 F. The status of Creditor Claims Proceedings, after such proceedings
4 have been commenced; and,

5 G. The Receiver's recommendations for a continuation or discontinuation
6 of the receivership and the reasons for the recommendations.

7 52. On the request of the Commission, the Receiver shall provide the Commission
8 with any documentation that the Commission deems necessary to meet its reporting
9 requirements, that is mandated by statute or Congress, or that is otherwise necessary to further
10 the Commission's mission.

11 **XIII. Fees, Expenses and Accountings**

12 53. Subject to Paragraphs 54 -- 60 immediately below, the Receiver need not
13 obtain Court approval prior to the disbursement of Receivership Funds for expenses in the
14 ordinary course of the administration and operation of the receivership. Further, prior Court
15 approval is not required for payments of applicable federal, state or local taxes.

16 54. Subject to Paragraph 55 immediately below, the Receiver is authorized to
17 solicit persons and entities ("Retained Personnel") to assist him in carrying out the duties and
18 responsibilities described in this Order. The Receiver shall not engage any Retained
19 Personnel without first obtaining an Order of the Court authorizing such engagement.

20 55. The Receiver and Retained Personnel are entitled to reasonable compensation
21 and expense reimbursement from the Receivership Estates as described in the "Billing
22 Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange
23 Commission" (the "Billing Instructions") agreed to by the Receiver. Such compensation shall
24 require the prior approval of the Court.

25 56. Within forty-five (45) days after the end of each calendar quarter, the Receiver
26 and Retained Personnel shall apply to the Court for compensation and expense reimbursement
27 from the Receivership Estates (the "Quarterly Fee Applications"). At least thirty (30) days
28 prior to filing each Quarterly Fee Application with the Court, the Receiver will serve upon counsel

1 for the SEC a complete copy of the proposed Application, together with all exhibits and relevant
2 billing information in a format to be provided by SEC staff.

3 57. All Quarterly Fee Applications will be interim and will be subject to cost
4 benefit and final reviews at the close of the receivership. At the close of the receivership, the
5 Receiver will file a final fee application, describing in detail the costs and benefits associated
6 with all litigation and other actions pursued by the Receiver during the course of the
7 receivership.

8 58. Quarterly Fee Applications may be subject to a holdback in the amount of 20%
9 of the amount of fees and expenses for each application filed with the Court. The total
10 amounts held back during the course of the receivership will be paid out at the discretion of
11 the Court as part of the final fee application submitted at the close of the receivership.

12 59. Each Quarterly Fee Application shall:

- 13 A. Comply with the terms of the Billing Instructions agreed to by the
14 Receiver; and,
15 B. Contain representations (in addition to the Certification required by the
16 Billing Instructions) that: (i) the fees and expenses included therein
17 were incurred in the best interests of the Receivership Estate; and, (ii)
18 with the exception of the Billing Instructions, the Receiver has not
entered into any agreement, written or oral, express or implied, with
any person or entity concerning the amount of compensation paid or to
be paid from the Receivership Estate, or any sharing thereof.

19 60. At the close of the Receivership, the Receiver shall submit a Final Accounting,
20 in a format to be provided by SEC staff, as well as the Receiver's final application for
21 compensation and expense reimbursement.

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23 IT IS SO ORDERED:

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27 Dated: 22 Oct., 2015

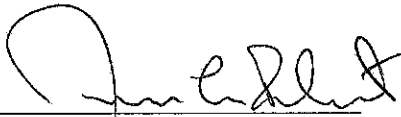


JAMES L. ROBART
United States District Judge

ADDENDUM TO ¶¶ 8, 13, 14, 16, and 40

In response to the SEC's motion and during the October 22, 2015, oral argument of counsel to the court, counsel for Defendants and Relief Defendants argued that the authority of the Receiver to waive privileges held by Receivership Defendants and Receivership Relief Defendants threatened to invade attorney-client and/or Fifth Amendment privileges held by Defendant Lobsang Dargey. Counsel asserted that Mr. Dargey is or has been jointly represented by counsel with Receivership Defendants and/or Receivership Relief Defendants and thus holds a "common interest" or "joint defense" privilege with these entities, which he has not waived. Counsel, however, has submitted no evidence in support of his assertion that Mr. Dargey holds any such "common interest" or "joint defense" privilege. Accordingly, the court declines to modify paragraphs 8, 13, 14, or 40 of this order as requested by Defendants and Relief Defendants; nor will the court require the Receiver to seek prior approval from the court to access privileged materials held by Receivership Defendants or Receivership Relief Defendants. The court, however, will permit Mr. Dargey to move the court for a protective order if he has a basis for asserting a "common interest," "joint defense," or Fifth Amendment privilege with respect to specific documents or information the Receiver seeks to access via this order.

Dated this 22nd day of October, 2015.



JAMES L. ROBART
United States District Judge