STATE OF SOUTH CAROLINA COUNTY OF RICHLAND	)	IN THE COURT OF COMMON PLEAS FOR THE FIFTH JUDICIAL CIRCUIT
	)	C.A. No. 07-CP-40-3116
HENRY D. MCMASTER, in his official capacity as the SECURITIES COMMISSIONER FOR THE STATE OF SOUTH CAROLINA, Plaintiff, -vs- CAPITAL CONSORTIUM GROUP, LLC; 3 HEBREW BOYS, LLC; TONY POUGH a/k/a TONY BERNARD POUGH; TIM MCQUEEN a/k/a TIMOTHY MCQUEEN; JOSEPH BRUNSON a/k/a JOSEPH B. BRUNSON;DANIEL DEVELOPMENT GROUP, LLC; FIRST CITIZENS BANK AND TRUST CO., INC. Defendants.	)	ORDER EXPANDING THE TEMPORARY INJUNCTION & APPOINTMENT OF A RECEIVER

RICHLAND COUNTY
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BARBARA A. SCOTT
C.C.C. & G.S.

This matter came before the Court on a Motion for Temporary Injunction, Motion for Appointment of Receiver & Motion for Expedited Hearing (collectively, "Motions") filed on June 22, 2007 by Henry D. McMaster, in his official capacity as the Securities Commissioner for the State of South Carolina ("Plaintiff").

A hearing on the Motions took place on June 28, 2007. The Court found that the parties, except Daniel Development Group, LLC ("Daniel Development"), had adequate notice of the Motions and, given the urgent need to preserve assets, good cause for an expedited hearing was shown.

Hemphill P. Pride, II, Esquire appeared on behalf of Capital Consortium Group, LLC ("CCG"), 3 Hebrew Boys, LLC ("3HB"), Tony Pough a/k/a Tony Bernard Pough ("Pough"), Tim McQueen a/k/a Timothy McQueen ("McQueen"), and Joseph Brunson a/k/a Joseph B. Brunson ("Brunson").

William H. Short, Esquire appeared on behalf of First Citizens Bank and Trust Company, Inc. ("First Citizens").

Daniel Development was served with the Motions, the Amended Summons, and the First Amended Complaint immediately before the hearing on Thursday, June 28, 2007, by service upon its registered agent, Pough, who was present at the hearing. Daniel Development was not represented by counsel at the hearing and is not subject to the injunction ordered herein. However, Daniel Development is subject to a Temporary Restraining Order issued by the Court at the hearing.

Assistant Attorneys General Warren V. Ganjehsani and T. Parkin Hunter appeared on behalf of the Plaintiff.

FACTUAL AND PROCEDURAL BACKGROUND

This Court issued a Temporary Restraining Order ("TRO") on May 22, 2007, against Defendants CCG, 3HB, Pough, McQueen, and Brunson based in part on Plaintiff's showing that "there is a danger of irreparable harm to the public interest and the investing markets of the State of South Carolina if the Defendants' access to the funds [deposited with First Citizens] is not restrained." (TRO at p.1.)

In accordance with Rule 65, SCRCP, a hearing was held within ten days of the issuance of the TRO on May 31, 2007 (the "May Hearing"), before the Honorable J. Michelle Childs. Judge Childs issued an Order Granting Plaintiff's Motion for Temporary Injunction (the "Temporary Injunction") on June 25, 2007.

First Citizens is a party to this action solely by virtue of its status as the holder of the funds (the "Funds") described in the Temporary Injunction. The Temporary Injunction ordered the following (numbered in accordance with the Temporary Injunction):

> (2) Defendants are hereby enjoined from withdrawing, liquidating, transferring or otherwise having access to the Funds during the pendency of this case, irrespective of the Funds being moved by First Citizens to a general ledger account as set forth in paragraph (3) below;
>
> (3) First Citizens is hereby ordered to maintain the Funds in a manner to safeguard against any efforts by Defendants to move, liquidate, or dissipate the Funds during the pendency of this case. In furtherance of this goal, First Citizens is authorized and directed to transfer the Funds from the Accounts to a single general ledger account and assign it a general ledger number. Further, First Citizens is authorized and directed to invest

the Funds in a market rate six-month certificate of deposit (or its equivalent), subject to renewal upon maturity and pending further order by this Court. First Citizens shall maintain records to adequately account for the balances in the Accounts as of the date of any transfer to a general ledger account and any interest hereafter earned on the Funds. The Court notes that prior to entry of a Temporary Restraining Order on this case on May 21, 2007, Defendants had directed that only a portion of the Funds be invested by First Citizens in interest-bearing instruments. Consequently, the court finds that maintenance of the Funds in the matter prescribed herein to be in the best interest of the parties to this action and the public at large;

(4) First Citizens is prohibited from allowing anyone, including but not limited to Defendants, to move, liquidate or dissipate the Funds during the pendency of this case except as authorized by Item #3 above or further order of the Court;

(5) The injunction granted is binding upon the Defendants, their officers, agents, servants, employees, and attorneys, and upon those persons in active concert or participation with them who receive actual notice of the order for temporary injunction by personal service or otherwise; and

(6) This temporary injunction is to remain in effect until such time as there has been a final adjudication on the merits of this case.

FINDINGS AND CONCLUSIONS

Plaintiff has asked for expansion of the remedies set forth in the Temporary Injunction. Subject to the authority given to the receiver as set forth hereafter, the Temporary Injunction continues in full force and effect and is supplemented and expanded as set forth herein.

Plaintiff has asked for an injunction pursuant to the South Carolina Securities Act, more particularly S.C. CODE ANN. § 35-1-603, which provides, in pertinent part:

> (a) If the Securities Commissioner believes that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter or that a person has, is, or is about to engage in an act, practice, or course of business that materially aids a violation of this chapter or a rule adopted or order issued under this chapter, the Securities Commissioner may maintain an action in the Richland County Court of Common Pleas to enjoin the act, practice, or course of business and to enforce compliance with this chapter or a rule adopted or order issued under this chapter.

Ad #3

> (b) In an action under this section and on a proper showing, the court may:

(1) issue a permanent or temporary injunction, restraining order, or declaratory judgment;

(2) order other appropriate or ancillary relief, which may include:

(A) an asset freeze, an accounting, writ of attachment, writ of general or specific execution, and appointment of a receiver or conservator, that may be the Securities Commissioner, for the defendant's assets; . . .

The Official Comments to Section 603 note that "[t]he term 'upon a proper showing' has a settled meaning in federal securities laws." Official Comment No. 3, S.C. CODE ANN. § 35-1-603. Federal case law uniformly interprets "upon a proper showing" to mean that the plaintiff must demonstrate only a "prima facie case of past violations and a reasonable likelihood or propensity to engage in future violations." Securities and Exchange Commission v. Prater, 289 F.Supp.2d 39, 49 (D. Conn. 2003) (internal citations omitted). Although courts are to consider the totality of the circumstances in making such a determination, "the commission of past illegal conduct is highly suggestive of the likelihood of future violations." Securities and Exchange Commission v. Management Dynamics, Inc., 515 F.2d 801, 807 (2nd Cir. 1975). "The burden is on the defendants to show that there is no reasonable expectation that their illegal activities will be repeated." Securities and Exchange Commission v. Globus International, Ltd., 320 F.Supp. 158, 160 (D.C.N.Y. 1970). "This burden is a heavy one." Id.

The Plaintiff has established the required prima facie case. The Temporary Injunction previously established that:

(a) the State has put forth evidence that the investments being sold are securities under South Carolina law (Temporary Injunction, Finding of Fact No. 2);

(b) a State witness testified that Defendants are not licensed or registered to sell securities in South Carolina (Temporary Injunction, Finding of Fact No. 3);

(c) the Investments offered by Defendants are not and have never been registered for sale in or from the State of South Carolina (Temporary Injunction, Finding of Fact No. 3);

(d) irreparable harm will result if an injunction is not granted (Temporary Injunction, Finding of Fact No. 7); and

(e) Plaintiff has shown a likelihood of success on the merits (Temporary Injunction, Finding of Fact No. 11).

I find that the totality of the circumstances demonstrates a prima facie showing of Defendants' past illegal conduct and a reasonable likelihood that Defendants will engage in

future violations of securities laws. Accordingly, Plaintiff has made a proper showing for issuance of an injunction under S.C. CODE ANN. § 35-1-603.

The Plaintiff has also asked for the appointment of a receiver pursuant to Section 35-1-603(b)(2)(a). The "proper showing" that must be made for the appointment of a receiver is the same as the above-stated showing required for injunctive relief. I find that, for the reasons set forth herein, the Plaintiff has made the proper showing for the appointment of a receiver and that a receiver is necessary for the protection of assets obtained or derived from the investment scheme perpetuated by the Defendants CCG, 3HB, McQueen, Pough, and Brunson.

SCOPE OF INJUNCTION

Plaintiff has requested that Defendants be enjoined from using or transferring title to several assets which were acquired with investor funds. The following assets and funds transfers were identified in the May Hearing (the "Assets"):

a. Gulfstream multi-engine jet owned by CCG (May Hearing Transcript page 42, line 7 through page 43, line 2) paid for with transfers of $4,400,000.00 to $5,000,000.00 (May Hearing Transcript page 42, lines 5-24);

b. Luxury coaches manufactured by Coach, L.L.C. doing business as Amadas Coach (May Hearing Transcript page 43, lines 3-14);

c. Richland County real estate purchased with transfers of funds from the First Citizens Accounts (May Hearing Transcript page 45, lines 1-13);

d. Real estate located in the Bahamas (May Hearing Transcript page 43, lines 15-25) (the "Bahamian Real Estate");

e. Funds transferred to a Hubert Bow(ie) (the "Bowie Funds") in the Bahamas (May Hearing Transcript, page 43, lines 17-21) who is associated with Alexander Development Group (the "Alexander Development Group");

f. Funds transferred to a company called Holmes Real Estate located in Panama (May Hearing Transcript page 44, lines 5-7) ("Holmes Real Estate");

g. Accounts held in Bank of America (the "Bank of America Accounts"); and

h. An account in Credit Corp Bank in Panama (May Hearing Transcript, page 44, lines 5-6) (the "Credit Corp Bank").

In addition to the foregoing Assets, Plaintiff has identified that particular parcel of real estate known as 44 Ravenglass Way, described more fully by deed recorded in Book R1107 at page 684 in the Office of the Register of Deeds for Richland County and apparently owned by Defendant McQueen (the "McQueen Real Estate"). Plaintiff has filed a lis pendens on this property.

I find that sufficient grounds exist to issue a temporary injunction that restrains Defendants with regard to the all the aforementioned property ("Property"), which Property includes the aforementioned defined Assets, the McQueen Real Estate, the Funds, any assets purchased, directly or indirectly, by Defendants or their agents, with the Funds or with the assets now or formerly in the Bank of America Accounts, and any assets purchased, directly of indirectly, with funds provided by the Defendants or their agents, to (a) Holmes Real Estate, (b) Credit Corp Bank, (c) Hubert Hubert Bow(ie), and (d) Alexander Development Group.

Accordingly, pursuant to the Findings and Conclusions set forth herein,

IT IS HEREBY ORDERED THAT:

(1) The Temporary Injunction continues in full force and effect, subject only to such powers granted to the receiver set forth hereafter;

(2) All of the terms in the Temporary Injunction applicable to the accounts in First Citizens apply to accounts in Bank of America titled in the names of Brunson Outreach;

(3) All of the terms in the Temporary Injunction applicable to the accounts in First Citizens apply to accounts in Credit Corp Bank in Panama;

(3) All of the prohibitions directed against First Citizens in the Temporary Injunction apply to Bank of America and to Credit Corp Bank upon service of this Order;

(4) CCG, 3HB, Pough, McQueen, and Brunson, directly or through any officers, employees, or agents, are prohibited from transferring title to any of the Assets;

(5) The injunction granted is binding upon the Defendants, their officers, agents, servants, employees, and attorneys, and upon those persons in active concert or participation with them who receive actual notice of the order for temporary injunction by personal service or otherwise;

(6) This temporary injunction is to remain in effect until such time as there has been a final adjudication on the merits of this case; and

(7) Plaintiff is not required to post a bond or other security as a result of the granting of a temporary injunction in this case.

AND IT IS FURTHER ORDERED that a receiver shall be appointed and the scope of such receiver's authority shall be set forth as follows:

1. Receiver. The Property is hereby placed in receivership and shall be turned over to a receiver to be named later by this Court (the "Receiver").

2. Bahamian or Panamanian Accounts. If any additional financial accounts are located in the Bahamas and Panama that are titled in the name of CCG, or 3HB, or McQueen, or Brunson, or Pough (or any of their agents, representatives, employees, and those persons is active concert with them) (collectively, the "Restrained Parties"), then those accounts shall be included in the definition of Property.

3. Receivership. Within fifteen (15) business days from the date of the order naming the Receiver, the Receiver shall file with the Court verification of bond, with surety, in the amount of Twenty-Five Thousand and No/100 ($25,000.00) Dollars, conditioned upon the faithful performance by the Receiver of the duties set forth in this Order and such supplemental orders as may hereafter be issued. In addition to reimbursement of any and all expenses incurred in connection with the administration of the Property, including the expense of the bond, compensation to the Receiver will be as approved by the Court.

4. Restraint. The Restrained Parties (and any of their agents, representatives, employees, and those persons in active concert with them who receive actual notice of this Order) are restrained from disposing of, transferring, conveying, or otherwise encumbering the Property or books, files, records and accounts relating to the Property, and they and all other parties having Property in their possession or under their control are hereby directed to deliver the same to the Receiver.

5. Cooperation. Restrained Parties are ordered to cooperate with the Receiver and appear at such location as identified by the Receiver, at such times as may be required to sign such legal documents as may be necessary and to furnish such records as the Receiver may require. Failure of Restrained Parties to cooperate with the Receiver or otherwise comply with terms of this order shall make Restrained Parties liable for contempt of court upon application by the Receiver or his attorneys. The parties are hereby ordered to cooperate with the Receiver at all times during the pendency of this receivership.

6. Rents. Restrained Parties, their respective agents and employees, and any other person receiving actual notice of the terms of this Order are hereby ordered and directed to immediately collect and pay to the below named Receiver all of the rents, issues and profits (both current and prepaid) from the Property in any such person's possession as of the date of this Order, regardless of when collected, pending adjudication of the parties' rights thereto and subject to such other orders of this Court as may be subsequently entered. In addition, Restrained Parties shall execute any and all documents necessary to substitute the Receiver for the current signatories on all of the bank accounts relating to the Property of any Restrained Party. The Receiver shall provide immediate notice to each tenant having a lease for any portion of the Property to direct all future rental payments to the Receiver. The Restrained Parties are directed to execute these letters of direction to each of any underlying tenants upon request of the Receiver.

7. Inventory and Reports. The Receiver shall prepare and deliver to Plaintiff's counsel within thirty (30) days from the date of Receiver's appointment a full and detailed inventory, under oath, of all the Property, assets and effects of every kind which come into his possession and thereafter he shall prepare and deliver to Plaintiff's counsel on or before the 10th day of each month a full and complete report, under oath, reporting all activities and changes in the Receivership estate and all claims against the estate that have arisen or have occurred during the period covered by the report. The Receiver shall deliver the original of each of his reports to Plaintiff's counsel, who, upon receipt, shall immediately file a summary of such report with the clerk of this Court and serve copies on all parties/attorneys of record. Plaintiff will provide, upon the request of any party to this action, a copy of the Receiver's monthly report.

8. Possession of Property. The Receiver shall take and have exclusive control, possession and custody of all the property, monies, contracts, leases, insurance policies, assets, files, papers, keys, accounts receivable, records, documents, licenses, permits, monies, securities, choses in action, books of account, bank accounts and all other property, real, personal, or mixed, which relate to the Property, and shall retain custody of the same until further order of this Court. All Defendants and other persons or corporations now or hereafter in possession of the Property, or any part thereof, or any other of the items entrusted to the Receiver as set forth herein, shall forthwith surrender such possession to the Receiver.

9. Financial Institutions: Any financial or brokerage institution, business entity, or person served with this Order that holds, controls, or maintains custody of any account or asset related to the Property, or has held, controlled or maintained custody of any such account or asset at any time since the date of entry of this Order shall provide the Receiver with information and records concerning any such account and deny the Restrained Parties access to any account or safe deposit box to which the Restrained Party would otherwise have access.

10. Operating Account. The Receiver shall establish and/or maintain, at a banking or savings and loan institution located in South Carolina whose deposits are insured by the FDIC or the FSLIC, a separate operating account ("the Operating Account") into which the Receiver shall deposit all receipts from the Property and from which the Receiver shall disburse regularly and punctually (to the extent available), all amounts due and payable as are reasonable, necessary and proper operating expenses of the Property, subject to the terms of this Order. No other disbursements shall be made without prior order of the Court.

11. Costs. The Receiver is hereby authorized, empowered and directed to pay from the Operating Account all reasonable expenses necessary for the preservation of the Property, including, but not limited to, the costs of all labor, insurance, equipment, supplies, inventory, water, sewer, trash and garbage disposal, electricity, security and telephone expenses which are necessary to the operation and preservation of the Property, together with any expenditure authorized by Plaintiff.

12. Operation. The Receiver is hereby authorized, empowered and directed to contract with such individuals and entities as may be necessary to preserve, protect, supervise, operate and manage the Property. The Receiver shall use his best efforts to operate the Property profitably, and to maintain the Property in accordance with customary standards for a business of its type. The Receiver may review the terms of all outstanding contracts and agreements for suppliers of goods and services to, and insurers of, the Property, and renew, modify or cancel any such agreements as it deems advisable, or enter into new or replacement contracts for the provision of goods, services and insurance.

13. Leasing. The Receiver shall have the authority to lease, modify leases, cancel leases, rent or otherwise seek compensation for space at any of the Property in the ordinary course of business, at such rates and on such terms as are customary in the business, provided that Plaintiff approves each such rental or lease agreement.

14. Collection of Rents and Profits. The Receiver is hereby authorized, empowered and directed to enforce and collect all debts, accounts receivable, rents or other obligations due and owing to or from the operation of or relating to the Property.

15. Foreign Asset Repatriation. Each Restrained Party will:

A. As to the Property, provide the Receiver with a full accounting of all funds, documents, and assets outside the United States that are: (1) titled in the name, individually or jointly, of any Restrained Party or the spouse of any Restrained Party; or (2) held by any person or entity for the benefit of any Restrained Party; or (3) under the direct or indirect control, whether jointly or singly, of any Restrained Party;

B. As to the Property, transfer to the territory of the United States and deliver to the Receiver all funds, documents, and assets located in foreign countries that are: (1) titled in the name, individually or jointly, of any Restrained Party or the spouse of any Restrained Party; or (2) held by any person or entity for the benefit of any Restrained Party; or (3) under the direct or indirect control, whether jointly or singly, of any Restrained Party; and

C. As to the Property, including but not limited to any of the Panamanian (including but not limited to any accounts in Credit Corp Bank) or Bahamian Accounts provide the Receiver with access to all records or accounts or assets of the Restrained Parties held by financial institutions located outside the territorial United States by signing an appropriate consent to release financial records as may be provided by the Receiver.

The Restrained Parties, and those persons in active concert or participation with them who receive actual notice of this Order, are hereby restrained from taking any action, directly or indirectly, which may result in the encumbrance or dissipation of the Property, or in the hindrance of the repatriation required under this Order, including without limitation: (A) sending any statement, letter, e-mail, fax, wire transmission, or engaging in any other act, directly or indirectly, that results in a determination by a foreign trustee or other entity that a "duress" event has occurred under the terms of a foreign trust agreement until such time as all the assets have been fully repatriated; and (B) notifying any trustee, protector, or other agent of any foreign trust or other related entities of either the existence of this Order, or of the fact that repatriation is required pursuant to Court Order, until such time that all assets have been fully repatriated.

16. Insurance. The Receiver is hereby authorized, empowered and directed to maintain all policies of insurance or similar contracts affecting the Property in full force and

effect, and if none exists, to insure the Property for its current fair market value against personal injury, property damage and liability claims. The Receiver shall maintain or purchase appropriate property insurance for the Property, public liability insurance, workmen's compensation insurance, fire and extended coverage insurance, and burglary and theft insurance. The Plaintiff shall be listed as an insured and a loss payee on all such insurance policies. The Receiver shall promptly investigate and provide Plaintiff a full, prompt written report as to all serious and material accidents, claims for damage relating to the ownership, operation and maintenance of the Property, and any damage or destruction to the Property and the estimated cost of repair thereof, and shall prepare any and all reports required by any insurance company in connection therewith. All existing insurance coverage purchased by any Restrained Party or by any other person, which is now in force for the protection of the Property, is hereby assigned to the Receiver.

17. Actions Against Receiver. All persons, funds, corporations, associations and all other parties are hereby enjoined and restrained from commencing, maintaining, or otherwise prosecuting any action at law or in equity against the Receiver without prior leave of this Court.

18. Default. Entry of this Order shall not constitute a breach or default of any contract relating to the Property unless the Receiver expressly cancels such contract.

19. Employment of Professionals. The Receiver may, with the consent of the Court, employ attorneys, accountants, or other professionals reasonably required to discharge its duties herein and shall apply to this Court for instructions and advice if in doubt concerning rights and responsibilities as Receiver.

20. Listing of Property. The Receiver is authorized to market and list the Property for sale and pursue the marketing of the Property; however, the Receiver may not convey, transfer, sell, pledge or encumber the Property, or any portion thereof, without prior leave of this Court after notice to all parties and a hearing.

21. Other Tasks. The Receiver is hereby authorized, empowered, and directed to perform all other tasks reasonably necessary for the proper administration, conservation, maintenance, security and protection of the Property.

22. Fees. At the end of each quarterly period, the Receiver shall present, to the Court, an invoice for services rendered to the Receivership. The Receiver shall seek an order approving

and directing any payment of fees to the Receiver. The compensation of the Receiver shall be at the discretion of the Court and shall be set by the Court upon further order.

23. Legal Actions. The Receiver is hereby authorized, empowered and directed to sue or defend any legal action or otherwise compromise or settle same upon application to and approval by the Court. The Court shall designate the powers of the Receiver relating to any legal action. The Receiver is authorized to issue subpoenas and conduct discovery pertaining to the receivership on behalf of the receivership estate.

24. Use and Maintenance of Property. The Receiver shall not permit the use of the Property for any purpose which will or might void any required policy of insurance, which might render any loss thereunder uncollectible, or which would be in violation of any law or government restriction.

25. Records. The Receiver shall maintain a comprehensive system of office records, books, and accounts concerning the operation of the Property. At all reasonable times, Plaintiff, Defendants, and their respective agents and other representatives shall have reasonable access to such records, accounts and books and to all vouchers, files, and all other material pertaining to the operation of the Property, all of which the Receiver agrees to keep safe, available and separate from any records not having to do with the operation of the Property.

26. Legal Requirements. The Receiver shall ensure that all aspects of the Property, and its operation and management, comply with any and all laws, regulations, orders or requirements affecting the Property issued by any federal, state, county or municipal authority having jurisdiction over the Property.

27. Employment of Agents. The Receiver is hereby authorized to employ agents, servants and employees and to contract as necessary for the purpose of renting, operating, managing, preserving, protecting, and taking possession of the Property, and carrying out the terms of this Order after notice to the Court.

28. Licenses. All existing licenses relating to the operation of the Property issued in the name of any of the Restrained Parties are hereby assigned to the Receiver.

29. Liquidation. Any party may request from the Court authority to liquidate any Property and any requirements, processes, or procedures applicable to such liquidation will be provided in a separate or supplemental order of the Court.

30. Termination of Receivership. Any party may apply to the Court for entry of an order terminating the Receivership, discharging the Receiver, and for such other order as may be appropriate to carry out the terms of the Receivership.

31. Retention of Jurisdiction. The Circuit Court retains jurisdiction of this matter to enter such further orders as may be just and proper.

32. Sheriff's Assistance. The Receiver is authorized and empowered to obtain the assistance of the Sheriff's Department (or other law enforcement entities) of the counties and municipalities of this State in performing those duties and responsibilities enumerated herein.

IT IS FURTHER ORDERED that any person interested and qualified to be appointed receiver shall file a notarized statement indication that he/she had read the duties set forth in this Order; that he/she has no conflicts of interest and he/she is ready, willing and able to execute the duties of the receiver set forth in this Order. This notarized statement shall be filed with the Court prior to the appointment of any person as receiver.

AND IT IS SO ORDERED.

ALISON RENEE LEE
Presiding Circuit Judge

July 20, 2007
Columbia, South Carolina

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