

CAUSE NO. D-1-GV-11-000006

STATE OF TEXAS, §
Plaintiff, §

IN THE 353RD

v. §

WARR INVESTMENT GROUP, LLC §
WARR INTERNATIONAL GROUP, LLC, §
JAMES ELTON "JIM" WARR, §
Defendants, §

Filed in The District Court
of Travis County, Texas

TJ OCT 13 2011
At 9:13 A. M.
Amalia Rodriguez-Mendoza, Clerk

AND §

ELTON JAMES, LLC 1501 AND 1505 MAIN §
STREET, ORANGE, TEXAS 77630 TRUST, §
1205 LINK AVENUE ORANGE, TEXAS §
77630 TRUST, 4218 5TH STREET, ABILENE, §
TEXAS 79605 TRUST, 1006 E. TIMBERVIW §
LANE, ARLINGTON, TEXAS 76014 TRUST, §
980 VIVIAN STREET, BRIDGE CITY, §
TEXAS 77611 TRUST, 592 N. LYDIA §
STREET, STEPHENVILLE, TEXAS 76401 §
TRUST, 3725 YELLOWSTONE STREET, §
IRVING, TEXAS 75265 TRUST, 608 W. 8TH §
STREET, DALLAS, TEXAS 75208 TRUST, §
4854 LOMA LOOP, SIERRA VISTA, §
ARIZONA 8635 TRUST, 16 JAY CIRCLE, §
CABOT, ARKANSAS 72023 TRUST, AND §
TFSBJW, LLC, d/b/a TEXAS FINANCIAL §
SOLUTIONS, §
Relief Defendants. §

DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

**ORDER GRANTING MOTION OF RECEIVER FOR APPROVAL
OF PROCEDURES FOR MAKING INTERIM DISTRIBUTIONS TO INVESTORS**

On October 13, 2011, came to be considered the Motion of Receiver for Approval of Procedures for Making Interim Distributions to Investors (the "Motion"), filed by Gregory S. Milligan ("Receiver"), the duly appointed receiver in the above-captioned and numbered cause. The Court has previously approved a claims register (the "Claims Register") by the Court's Order Approving Investor Claims, signed and docketed August 3, 2011, which sets forth the

claim amounts which are owed to investors (the “Investors”) in Warr Investment Group, LLC and Warr International Group, LLC (collectively the “Defendants”). Through the instant Motion, Receiver now seeks approval of procedures by which Receiver will make interim distributions to Investors.

The Court finds that the Court has jurisdiction over the parties and the subject matter herein. The Court further finds that no objections to the Motion were filed or served on Receiver. The Court further finds that the relief requested in the Motion is proper, necessary and in the best interest of justice.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED by this Court that the following procedures for making interim distributions by Receiver are hereby approved:

- a) Receiver shall establish an “Administrative Expense Reserve” for such funds as Receiver, in his sole business judgment, deems reasonably necessary to maintain the estate, to pay the ongoing administrative expenses of the estate (including, without limitation, reserves for the payment of fees and costs of the Receiver and his professionals) and to otherwise carry out the administration of the estate.
- b) After establishing the Administrative Expense Reserve, Receiver may from time to time and in his sole business judgment, determine that an interim distribution of surplus funds to Investors is appropriate. In such event, Receiver may make such interim distribution by disbursing such surplus funds to Investors, to be credited against the Approved Investor Claims.
- c) Each Investor’s interim distribution amount shall be determined by multiplying such Investor’s percentage of the total outstanding claims as set out in the then current Claims Register times the total amount of funds being distributed by the

interim distribution, provided however, any interim distribution to an investor who previously received funds back from Defendants prior to the filing of this case on January 7, 2011, shall be withheld by Receiver until such time as the estate has recouped the amount of such prior payments, such that each Investor will receive the same total percentage distribution of funds regardless of whether such Investor received funds before or after this case was filed. Any funds withheld in this manner will be distributed on account of the remaining Investor claims, as set out in the Claims Register, and as part of that same interim distribution. Once all pre-petition distributions to an Investor have been fully recouped, such Investor will then be eligible to fully and equally participate in future distributions, whether interim or final.

- d) Attached as Exhibit "A" is a list of all known payments to Investors, whether made as return of principal, the payment of interest or any other payment from Defendants related to such Investor's investment of funds, but specifically excluding payments for services actually rendered, such as for payroll.
- e) After the filing of the Motion, no investor notified Receiver or provided Receiver with documentation regarding the date and amount pre-petition payments received, whether listed on Exhibit "A" or not.
- f) Receiver shall have the right to bring a motion before this Court to recover any estate distributions from any Investor who fails to timely, accurately and fully disclose any such pre-petition payments.
- g) Receiver is not obligated to send distribution checks to any Investor whose prior mail from Receiver was previously returned undelivered, until such time as such

Investor has provided Receiver with a current and valid address. Any such distribution shall be held in escrow by the Receiver until Receiver has been provided with a current and valid address.

- h) Receiver shall also establish a "Distribution Reserve" into which he shall deposit distributions which Receiver shall withhold from any investor who, in Receiver's sole discretion and business judgment, may be subject to further scrutiny by Receiver, the State Securities Board and/or the Office of the Attorney General regarding such Investor's pre-petition actions as an employee, or agent or regarding such Investor's other involvement in the pre-petition business activities of the Defendants and/or Relief Defendants. Receiver shall at a minimum reserve the distributions to Mark Cuba, Julie Murray and Robert Young pursuant to the Court's Order Approving Investor Claims. Each time a distribution is withheld from an Investor, such Investor's distribution will be placed in the Distribution Reserve pending further disposition or order of the Court. If Receiver has cause to seize these funds and a consensual agreement cannot be reached with the affected Investor, Receiver will file a motion with the Court seeking such remedy. Any funds seized in this manner, whether by agreement or by order of this Court, shall then be available for distribution to all other Investors pursuant to the Claims Register.
- i) Pursuant to Receiver's settlement with Keith Frank regarding amounts due from him to the estate, the future distributions of Ardith Frank shall be withheld and made available for distribution to all other Investors pursuant to the Claims Register until such time as the Keith Frank debt is paid in full.

- j) Receiver is authorized, but not obligated, to deliver Investor distributions to third parties (i.e., an IRA Custodian) upon the written request of an Investor; however, such delivery is without any representation or warranty as to the taxable nature or any other character of the funds being distributed.

Signed at Austin, Travis County, Texas on October 13th, 2011.



Judge Presiding

EXHIBIT "A"

- (1) Sandy Kurtzman
\$10,000.00
12/01/10

- (2) Sandy Kurtzman
\$25,000.00
12/30/10

- (3) Sandy Kurtzman
\$2,758.61
01/03/11