

have continued to serve in that capacity ever since and continue to so serve today. A true and correct copy of the Special Master Order is attached as Exhibit "3".

3. "I have reviewed the Memorandum in Support of Special Master and Security and Exchange Commission's Emergency Motion to Show Cause and for Sanctions and Other Equitable Relief (the "Memorandum") and testify that all averments made therein are true and correct. I submit this Declaration in support of the Memorandum.

4. "Attached as Exhibit "1" is a true and correct copy of the March 11, 2008 letter agreement between the Defendants and the SEC, agreeing to the terms of the Special Master Order, and setting forth a partial listing of the W Financial Assets in Exhibit 2 to that exhibit.

5. "Attached as Exhibit "2" is a true and correct copy of the Joint Motion Requesting Entry of Agreed Order Appointing Special Master to Monitor the Sale of Assets Held by Defendants and Memorandum in Support Thereof, docket no. 3, filed on March 21, 2008.

6. "Attached as Exhibit "4" is a true and correct copy of an email I received from Mike Wallens, Sr., dated April 9, 2008, and setting forth, in an attachment entitled "Liquidation Analysis Report 04/09/08," a more comprehensive listing of the W Financial Assets. Exhibit 2 to Exhibit 1, together with the Liquidation Analysis Report 04/09/08 attached to Exhibit 4, collectively comprise the W Financial Assets for which I have been charged with the monitoring of the liquidation and securing the proceeds of sale for the benefit of the investors.

7. "Attached as Exhibit "5" is a true and correct copy of email correspondence from me to Mike Wallens, Sr. on May 6, 2008, wherein I ask for of all final transaction documents that were executed in connection with the National Power Company sale.

8. "Attached as Exhibit "6" is a true and correct copy of email correspondence from me to the Defendants on May 16, 2008, wherein I again request all of the National Power

Company transactional documents because of third party inquiries which have caused the SEC to direct me to evaluate all aspects of the transaction and provide a report.

9. "Attached as Exhibit "7" is a true and correct copy of the June 3, 2008 Declaration of Vernon T. Jones, Jr. in Support of Motions for Appointment of a Receiver, Order Freezing Assets, Order Requiring Accountings and Other Equitable Relief. All of the statements made therein are true and correct. The omissions, misrepresentations, mismanagement, and violations of the Special Master Order, described in Exhibit "7" have continued through the date of this Declaration, notwithstanding my repeated efforts to secure Defendants and Defendants' Counsel's compliance with the Special Master Order. As a result, the interests of the investors are not being protected, I am unable to fulfill my responsibilities under the Special Master Order, and Defendants and Defendants' Counsel continue to disregard their obligations under the Special Master Order. As a result, pursuant to paragraph 14 of the Special Master Order, I strongly recommend that the Court take exclusive jurisdiction over the W Financial Assets and appoint a receiver to administer the assets of the estate. I also seek the other relief set out in the Memorandum.

10. "Attached as Exhibit "8" is a true and correct copy of email correspondence from me to Defendants' Counsel on July 9, 2008, wherein I set forth numerous requests for information and documentation which were never provided by Defendants or Defendants' Counsel.

11. "Attached as Exhibit "9" is a true and correct copy of email correspondence from Jeffrey Norris of the SEC to Defendants' Counsel, wherein he notes the failure of Defendants and Defendants' Counsel to comply with the terms of the Special Master Order, and further notes that such failure has cost the estate to incur costs that it would not otherwise have incurred.

12. “Attached as Exhibit “10” is a true and correct copy of the Report of Vernon T. Jones, Jr., dated July 23, 2008, which was submitted to the Court pursuant to the Special Master Order. The Special Master’s Report sets forth several of the violations of the Special Master Order which Defendants had committed as of that date, and many of which continue to this day.

13. “Attached as Exhibit “11” is a true and correct copy of the Agreed Interlocutory Order, docket no. 75, entered on July 31, 2008 (the “Freeze Order”).

14. “Attached as Exhibit “12” is a true and correct copy of the August 19, 2008 email correspondence from my counsel to Defendants’ Counsel, demanding immediate compliance with the Special Master Order.

15. “Attached as Exhibit “13” is a true and correct copy of the August 25, 2008 email correspondence from Defendants’ Counsel to my counsel, responding to the August 19, 2008 demand, wherein he denies any violations of the Special Master Order. He goes on to falsely state that Defendants are cooperating fully with the accounting ordered by the Court. Gary Maberry of Max Wayman and Associates (the “Wayman Firm”) has confirmed to me that Defendants and Defendants’ Counsel have not cooperated with the Wayman Firm and have, to date, only produced quickbooks to the Wayman Firm which are not usable. He further falsely accuses me of exceeding my powers under the Special Master Order and of incurring unnecessary and excessive costs for the estate. First, contrary to what Defendants’ Counsel asserts, I have consistently stayed within the parameters of the Special Master Order since my March 31, 2008 appointment, focusing on the numerous duties I have under that order. Unfortunately, I have constantly been faced with misrepresentations, omissions, and continuous violations by Defendants and Defendants’ Counsel of the Special Master Order (as more fully set forth in the Memorandum). It is the actions and omissions of Defendants and Defendants’

Counsel that have caused the estate to incur unnecessary costs of enforcing the Special Master Order.

16. "It is also false for Defendants and Defendants' Counsel to assert that my services are no longer needed, or are duplicative, because of the Waymen Firm's accounting engagement. The Special Master Order requires me to, among other things, monitor the sale of all W Financial Assets and to collect and preserve the proceeds of such sales. The Freeze Order does not delegate such responsibilities to the Wayman Firm. Rather, the Freeze Order charges the Wayman Firm with the duty to prepare an accounting no later than August 21, 2008, detailing by amount, date, method, and location of transfer, payee and payor, and purpose of payment or transfer: (1) all monies and other benefits Defendants received, directly and indirectly, as a result of the activities alleged in the Complaint or thereafter transferred; (2) Defendants' current assets wherever they may be located and by whomever they are being held, and their current liabilities; and (3) Defendants' account identifying information, including name of bank, trust company, brokerage firm, or other depository institution holding proceeds of activities alleged in the Complaint; Such accounting must be sufficient to permit a full understanding of the flow of funds relating to the activities alleged in the Complaint. The obligations of the Special Master and the Wayman Firm are separate and distinct from each other. I am focusing on the monitoring of the liquidation of the W Financial Assets and the securing of the proceeds for the investors; while the Wayman Firm is focusing on the accounting referenced above. I am not seeking any of the matters set forth in (1), (2), or (3) above. Likewise, the Wayman Firm is not seeking to monitor the liquidation of known W Financial Assets or in securing the proceeds of same.

17. “Attached as Exhibit “14” is a true and correct copy of email correspondence from Defendants’ Counsel to Jeffrey Norris of the SEC, dated August 26, 2008, wherein Defendants’ Counsel acknowledges that [t]he Special Master’s function is separate and apart from that of the accounting for the investments” and asserts that “[t]he Special Master should be phasing out as most of the property has now been sold and the funds transferred to the Special Master.” While I agree that the Special Master’s function is separate and apart from that of the accounting for the investments, it is just false for Defendants’ Counsel to assert that the Special Master should be phasing out as most of the property has now been sold and the funds transferred to the Special Master. An estimated \$1.6 million to \$2 million, or 34% (using Defendants’ own initial estimates) of the W Financial Assets remain unsold and/or unaccounted for as of this date, including (i) the 2506 Wheeler St. property; (ii) seven (7) unimproved lots in Benders Landing in Spring, Texas; (iii) the Hartford Life Settlement Policy; (iv) the potential interest in residual receivables after the sham transaction involving National Power Company; and (v) potential additional assets of Texas Auto Pros. Therefore, there remains a strong need (to protect investors’ interests) for the Special Master’s continued efforts, or, alternatively, the appointment of a receiver, to take control of the W Financial Assets from Defendants and Defendants’ Counsel.

18. “Attached as Exhibit “15” is a true and correct email correspondence from me to Jeffrey Norris of the SEC, wherein I provide a W Financial Liquidation Analysis Report as of September 2, 2008, evidencing the unsold and/or the unaccounted for W Financial Assets, as well as those which have been sold to date. As is evident from the analysis, as of September 2, 2008, the Special Master had collected \$3,853,400, while an additional \$1.6 million to \$2 million of assets remained unsold and/or unaccounted for.

19. "Attached as Exhibit "16" is a true and correct copy of a "Collections to Special Master Account" which I prepared as of August 31, 2008, and which reflects a Special Master account balance of \$3,853,399.08, along with the deposits comprising that sum. I have noted on Exhibit "16" the numerous "unexplained" deposits.

20. "On March 21, 2008, and in order to provide protection to investors during the ongoing process of Defendants' liquidation of the W Financial Assets, the SEC and Defendants filed a joint motion to appoint a special master to, among other things, monitor the sale of the W Financial Assets. I was appointed Special Master on March 28, 2008 by this Court's Agreed Order Appointing Special Master to Monitor the Sale of Assets Held by Defendants, docket no. 6, entered on March 28, 2008 (the "Special Master Order").

21. "Under this Court's Special Master Order, I was delegated the following duties: (i) to monitor the sale of the W Financial Assets; (ii) to secure the funds from the sale of the W Financial Assets; (iii) to timely report on the progress of the sale of the W Financial Assets; (iv) to evaluate and assess the nature, terms, value, and liquidity of the W Financial Assets; (v) to review the terms of any sale of any of the W Financial Assets proposed by Defendants; (vi) to seek relief from the Court in the event he determines that a transaction is not in the best interests of investors; (v) to take immediate custody of the proceeds from the sale of any of the W Financial Assets and deposit these proceeds into a trust account opened in the name of the Special Master for the purpose of segregating and preserving these proceeds; (vi) to review monthly the Defendants' accounting of the Routine Business Expenses for the foregoing month; (vii) to review requests for approval from the Defendants if the Routine Business Expenses for the month are exceeding \$5,000; (viii) to review proof from the Defendants that the Routine

Business Expenses fund has fallen below \$10,000; (ix) to review the payments to investors who chose to receive such payments rather than choosing to compound their returns, and to halt such payments if he determines that continuing to pay one group of W Financial investors will be detrimental to an equitable division of funds to all investors following liquidation of the W Financial Assets; (x) to file with the Court, and serve on all parties, requests for approval of reasonable fees to be paid to the Special Master and any person or entity retained by him; (xi) to provide the Court with reports at such intervals as the Court directs and include all information required by the Court; (xii) within 90 days following entry of the Special Master Order, to report to the Court concerning the disposition of the W Financial Assets and what W Financial Assets, if any, have been successfully liquidated; (xiii) if all W Financial Assets in transactions reviewed by the Special Master have not been sold, to make a recommendation to the Court concerning whether the Court, in the interests of investors, should assume exclusive jurisdiction and take possession of the W Financial Assets, and additional assets, if reasonable and just, by placing these assets in Receivership; and (xiv) to serve the Special Master Order on any person.

22. “Upon the Defendants’ and Defendants’ Counsel’s¹ receipt of actual notice of the Special Master Order, the Special Master Order ordered the Defendants and Defendants’ Counsel to do the following: (i) to provide the Special Master, upon reasonable notice, access to any and all business records of the Defendants, including books and records, client lists and account statements, financial and accounting documents, computers, computer hard drives, computer disks, and other information resources of the Defendants; and (ii) to cooperate with the

¹ “Defendants’ Counsel” as used herein shall mean John R. Teakell and Stephen M. Komie, who replaced David Fielder, the initial counsel for Defendants, in June 2008.

Special Master and his duly authorized agents by promptly and honestly responding to all requests for information regarding W Financial's books and records or assets.

23. "In addition, the Special Master Order required the Defendants (i) to provide the Special Master with all information relating to the negotiation of the sale of any of the W Financial Assets and all documents related thereto, including agreements in principal, correspondence, and emails; (ii) to notify the Special Master of any sale, or agreement to sell, any of the W Financial Assets no less than ten calendar days prior to the closing of such sale; (iii) to provide the Special Master within seven days after the conclusion of each month with an accounting of the Routine Business Expenses or with all records necessary to determine the amount of the Routine Business Expenses for the foregoing month; (iv) to provide the Special Master with such information and documents to enable the Special Master to fully provide the Court with complete reports concerning the disposition of all of the W Financial Assets, and what W Financial Assets, if any, have been successfully liquidated; (v) to timely proceed with the liquidation of all W Financial Assets in transactions reviewed by the Special Master; (vi) to provide information and documents to enable the Special Master to determine whether the Defendants have engaged in any transactions involving the sale, gift, assignment, transfer, conveyance, encumbrance, or dissipation of the W Financial assets without the express and written consent of the Special Master; (vii) to provide information and documents to enable the Special Master to evaluate and assess the nature, terms, value, and liquidity of all of the W Financial Assets; (viii) to provide information and documents to enable the Special Master to review the terms of all sales of all the W Financial Assets; (ix) to provide information and documents to enable the Special Master to seek relief from the Court in the event that he determines that a transaction is not in the best interests of the investors; and (x) to provide

information and documents to enable the Special Master to take immediate custody of all the proceeds from the sale of all the W Financial Assets and deposit these proceeds in a trust account for the purpose of segregating and preserving these proceeds for the investors.

24. “For the past several months, the Defendants and Defendants’ Counsel have engaged in a deliberate, systematic, and continuous effort to delay, obfuscate, and avoid compliance with this Court’s Special Master Order. During this period, the Defendants and Defendants’ Counsel, in violation of the Special Master Order, have repeatedly (i) failed to provide the Special Master access to any and all business records of the Defendants, including books and records, client lists and account statements, financial and accounting documents, computers, computer hard drives, computer disks, and other information resources of the Defendants; and (ii) failed to cooperate with the Special Master and his duly authorized agents by promptly and honestly responding to all requests for information regarding W Financial’s books and records and the W Financial Assets.

25. “In addition, the Defendants have repeatedly failed (i) to provide the Special Master with all information relating to the negotiation of the sale of any of the W Financial Assets and all documents related thereto, including agreements in principal, correspondence, and emails; (ii) to notify the Special Master of any sale, or agreement to sell, any of the W Financial Assets no less than ten calendar days prior to the closing of such sale; (iii) to provide the Special Master within seven days after the conclusion of each month with an accounting of the Routine Business Expenses or with all records necessary to determine the amount of the Routine Business Expenses for the foregoing month; (iv) to provide the Special Master with such information and documents to enable the Special Master to fully provide the Court with complete reports concerning the disposition of all of the W Financial Assets, and what W Financial Assets,

if any, have been successfully liquidated; (v) to timely proceed with the liquidation of all W Financial Assets in transactions reviewed by the Special Master; (vi) to provide information and documents to enable the Special Master to determine whether the Defendants have engaged in any transactions involving the sale, gift, assignment, transfer, conveyance, encumbrance, or dissipation of the W Financial assets without the express and written consent of the Special Master; (vii) to provide information and documents to enable the Special Master to evaluate and assess the nature, terms, value, and liquidity of all of the W Financial Assets; (viii) to provide information and documents to enable the Special Master to review the terms of all sales of all the W Financial Assets; (ix) to provide information and documents to enable the Special Master to seek relief from the Court in the event that he determines that a transaction is not in the best interests of the investors; and (x) to provide information and documents to enable the Special Master to take immediate custody of all the proceeds from the sale of all the W Financial Assets and deposit these proceeds in a trust account for the purpose of segregating and preserving these proceeds for the investors.

26. “On April 4, 2008, after my appointment as Special Master, the amount of \$474,040.93 associated with a home sale (a W Financial Asset) completed on April 3, 2008, was deposited in the Special Master account. I was not given the opportunity to review the transaction and has never received a closing settlement statement or any other information regarding this transaction.

27. “Shortly before the completion of the National Power Company (“NPC”) (a W Financial Asset) purchase transaction, I made inquiry to Mike Wallens, Sr. regarding the status of both W Financial’s and NPC’s books and records and expressed concern regarding their maintenance and security, particularly after the completion of the transaction. Mr. Wallens

assured me that copies and/or hard drive images would be made and would be stored in his garage. Again, given his concern for the security of these records, I asked that they be placed in a secure location and suggested that Grant Thornton's Houston office could accommodate such need. Mr. Wallens agreed to promptly schedule a time to make the records (or copies) available for secure storage. I have never received the records (or copies) as agreed.

28. "All of the purchase transaction documents for the NPC purchase were requested in writing by me on May 6, 2008, and again on May 16, 2008, but none were ever received, except the executed purchase agreement, dated May 1, 2008, between David Barrett and W Financial Group, which was received on May 7, 2008. Further, in a meeting with the W Financial principals on May 21, 2008, in which it was first disclosed that W Financial and its principals had provided financial support to NPC, both prior to and after the closing of the transaction, a number of additional requests were made. These included (i) all supporting documentation relative to the financing of the transaction, including that of W Financial or its principals; (ii) all supporting documentation relative to the closing of the transaction; (iii) all supporting documentation relative to the financial support provided to NPC prior to the closing to the transaction; (iv) all supporting documentation or description of any written or oral agreements that were entered into with David Barrett relative to the transaction; and (v) all supporting documentation reflecting the trail of cash transfers that were executed in order to fund the transaction.

29. "Although all of the above information was described by the W Financial principals in that meeting as available and to be provided, I have yet to receive any other information regarding the NPC purchase transaction since the purchase agreement received on May 7, 2008.

30. “At the time of my agreement of April 13, 2008 to transfer only \$650,000 of the approximate \$1 million of W Financial cash (a W Financial Asset) to the Special Master account, the Defendants agreed to promptly provide me with budgets that would outline the ongoing requirements for working capital at the NPC and Texas Auto Pros operations. Those budgets were to allow me to gauge the ability to make additional cash transfers to the Special Master account. No budgets of working capital requirements were ever provided to me.

31. “In a series of emails on July 9, 2008, between Jeff Norris (of the SEC), the Defendants, Defendants’ Counsel, and me, I reiterated several of the Defendants’ deficiencies in cooperation and in providing information, as well as requested for a specific update on the status of the W Financial bank account. No reply was ever issued to my comments and questions.

32. “In an email, dated August 19, 2008, sent by my counsel to Defendants’ Counsel, the Defendants and Defendants’ Counsel were advised of numerous continuing violations of the Special Master Order and demanded compliance with this Court’s Order. None of the requested information has been provided to me. Indeed, Defendants’ Counsel responded by email, dated August 25, 2008, denying any violations and suggesting that I was exceeding my powers under the Special Master Order by demanding compliance with that Order. By email, dated August 26, 2008, Defendants’ Counsel, in response to a notice from the SEC of violations of the Freeze Order, again failed to acknowledge violations of that Order, as well as the Special Master Order. Just as the Defendants have ignored their obligations under the Special Master Order, they are blatantly and pervasively flaunting the mandates of this Court under the Interlocutory Order.

33. “Despite repeated requests, I have not received any statement covering any W Financial, W Custom Builders, or Texas Auto Pros bank account (all W Financial Assets) since June 5, 2008.

34. “The Defendants failed to promptly inform me that the sources of funds for David Barrett’s purchase of NPC (a W Financial Asset) were the Defendants, using funds believed to have been investor funds.

35. “The Defendants have yet to explain the specifics relating to (i) a \$70,000 deposit, on May 16, 2008, from Texas Auto Pros; (ii) a \$168,445.64 deposit on July 3, 2008 from Texas Auto Pros; (iii) a May 1, 2008 transfer of \$63,550.00 by W Financial to NPC, the day of the closing of the NPC transaction; (iv) the \$50,000.00 transfer by W Financial to NPC on April 30, 2008, the day before the pending NPC transaction; (v) the April 24, 2008 W Financial transfer of \$200,000.00 to NPC; (vi) the May 1, 2008 transfer of \$63,550.00 by Texas Auto Pros to W Financial, the day of the NPC closing (given that the transfer was on the same day and in the same amount, it appears that W Financial subsequently transferred the \$63,550.00 to NPC); (vii) the May 5, 2008 transfer of \$15,000.00 by Texas Auto Pros to W Custom Builders; (viii) the May 1, 2008 transfer of \$301,007.66 from United Acceptance to Texas Auto Pros, of which only \$280,000.00 was deposited into the Special Master account and, even then, not until May 5, 2008 (and the amount that was otherwise able to be deposited into the Special Master account was reduced by the transfers of \$63,550.00 and \$15,000.00 referred to above); (ix) the \$2,600.00 deposit into the Special Master account on June 12, 2008; (x) the \$44,893.25 deposit into the Special Master account on July 3, 2008; (xi) the \$7,935.52 deposit on July 11, 2008; and (xii) the \$12,650.78 deposit on August 5, 2008.

36. “I noted apparent changes to the final proceeds of the Starling Stream and Balsam Fir home sales (both W Financial Assets) when compared to the original contract amounts. I was not provided with a closing settlement statement on either of these transactions or any

explanation of what, and the nature of any, additional deductions from the contracted prices that were made.

37. “I have never received an accounting of the Routine Business Expenses for any month from Defendants; nor have I ever received records necessary to determine the amount of the Routine Business Expenses for any month.

38. “As of the filing of this Motion, it appears that the Texas Auto Pros operation (a W Financial Asset) is still in some state of operation, that there remain seven (7) unsold lots in the Benders Landing subdivision (W Financial Assets); that the Wheeler Street property is unsold (a W Financial Asset); and that the status of the potential liquidation of the death benefit life insurance policy is unknown.

39. “While the closing of the NPC purchase transaction was represented to be May 1, 2008, the proceeds were not deposited into the Special Master account until May 5, 2008. This transaction was so poorly transmitted by Defendants that immediately after the money was deposited (and prior to disclosure that the transaction was a sham) Defendant Wahab called me and wanted me to return \$150,000 that Wahab said was intended for the 15% minority owner of NPC (whose representative was calling me at the same time claiming a larger ownership and price).

40. “As a direct result of the aforementioned violations of this Court’s Special Master Order by Defendants and Defendants’ Counsel, the investors have been deprived of vital protections which I was appointed by this Court to provide. In addition, such recalcitrance deprives the Court of a full and complete report from the Special Master as to the status of the sale efforts and preservation of sale proceeds. The following is a sampling of the harm done by Defendants and Defendants’ Counsel’s disregard of the Special Master Order.

41. “Several W Financial Assets remain either unsold or unaccounted for by Defendants and Defendants’ Counsel. The Special Master’s Liquidation Analysis Report of September 2, 2008 sets forth in detail those W Financial Assets with an estimated value of between \$1.6 million and \$2 million, or 36%, which remain either unsold or unaccounted for to date; which assets include (i) unknown value of potential interest in residual receivables from sham transaction with National Power Company; (ii) unknown value of undisclosed assets at Texas Auto Pros, which appears to have ongoing business; (iii) the four (4) unit rental property at 2506 Wheeler St. in Houston, Texas with an estimated value of \$167,125; (iv) the \$250,000 Hartford Life Settlement Policy; and (v) seven (7) unimproved lots in Benders Landing (in Spring, Texas) with a collective value estimated at \$1 million.

42. “The failure of Defendants and Defendants’ Counsel to honestly and promptly cooperate with me and comply with this Court’s Special Master Order has also impeded my ability to fully and adequately inform the investors and the Court as to the disposition of the W Financial Assets and what W Financial Assets have been successfully liquidated.

43. “Because of Defendants and Defendants’ Counsel’s failure to comply with the Special Master Order, there is a substantial risk that W Financial Assets have already been diverted by Defendants and sequestered beyond the reach of the investors. Because Defendants remain in control of the W Financial Assets and fail to cooperate with either me or the Wayman Firm brought in to examine the flow of funds between the Defendants and from W Financial to the Defendants, such risk of diversion remains alarmingly high. It is for this and the other reasons set forth herein that I, pursuant to my authority under paragraph 14 of the Special Master Order, recommend to the Court that, in the interests of the investors, the Court should assume

exclusive jurisdiction and take possession of the W Financial Assets by placing the W Financial Assets in Receivership.

44. “By Agreed Interlocutory Order, entered on July 30, 2008, docket no. 75 (the “Freeze Order”), the Court ordered that the Wayman Firm prepare an accounting no later than August 20, 2008. The accounting was to detail by amount, date, method, and location of transfer, payee and payor, purpose of payment or transfer: (i) all monies and other benefits Defendants received, directly and indirectly, as a result of the activities alleged in the Complaint or thereafter transferred; (ii) their current assets wherever they may be located and by whomever they are being held, and their current liabilities; and (iii) account identifying information sufficient to permit a full understanding of the flow of funds relating to the activities alleged in the Complaint.

45. “By email, dated August 19, 2008, my counsel made demand Defendants and Defendants’ Counsel for the immediate compliance with the Special Master Order. The August 19 demand set forth specific violations of the Special Master Order that Defendants and Defendants’ Counsel had and continued to commit, including the failure to honestly and promptly provide sufficient information and documents to enable me to effectively monitor the sale of the W Financial Assets. The August 19 demand sought, among other things, information and documents regarding the \$1.6 million to \$2 million of estimated unliquidated and unaccounted for W Financial Assets, information Defendants and Defendants’ Counsel were required to provide to me, pursuant to paragraphs 3 and 4 of the Special Master Order, and Defendants were further required to provide pursuant to paragraphs 6, 7, 8, 9, 14, and 15 of the Special Master Order. Defendants’ Counsel, forwarded a reply on August 25, 2008, wherein they vigorously disagree with the contention that they have violated the terms of the Special

Master Order and have failed to provide timely information or cooperation with the Special Master. That contention is baseless and false. They go on to claim that Defendants are “cooperating fully” with the accounting ordered by the Court in the Freeze Order. This is likewise false.

46. “Defendants and Defendants’ counsel go on to voice concerns that I was exceeding the powers provided to me under the Special Master Order by making the demands set forth in the August 19 email, demands for information and documentation specifically ordered by the Court for Defendants and Defendants’ Counsel to produce to the Special Master. Defendants and Defendants’ Counsel implied that the Special Master Order had been superseded by the Freeze Order. Indeed, in their August 26, 2008 email to the SEC, Defendants, through Defendants’ Counsel, argued that the “Special Master should be phasing out as most of the property has now been sold and the funds transferred to the Special Master. The Special Master does not have to incinerate the investors’ money by chasing after an accounting which will be prepared and filed with the court.”

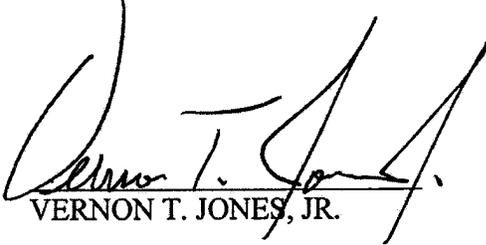
47. “Contrary to Defendants and Defendants’ Counsel’s insinuations, the Freeze Order did not supplant the Special Master Order. Indeed, the Freeze Order makes this fact clear in paragraph 16, where it provides that “the assets of W Financial Order are to be sold in accordance with the terms of the March 28, 2008 order appointing the Special Master.” Thus, Defendants and Defendants’ Counsel’s insinuation that the Freeze Order somehow supplants the Special Master Order is false. In addition, Defendants and Defendants’ Counsel nowhere address the non-accounting demands set forth in the August 19, 2008 demand letter. Instead, they try to characterize all demands as “accounting” issues that are somehow exclusively within

the jurisdiction of the Wayman Firm. Such mischaracterization is typical of what I and the SEC have had to deal with for months with these Defendants and Defendants' Counsel.

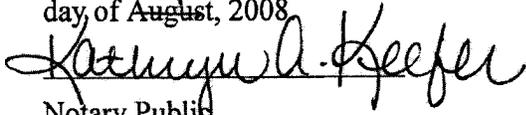
48. "The accounting requirement of the Freeze Order does not in any way relieve the Defendants and Defendants' Counsel of the obligation to give full and honest cooperation to me as Special Master, and to otherwise fully comply with the mandates of the Special Master Order. One set of obligations does not supplant the other; they exist concurrently. Indeed, nowhere in the Freeze Order is the Wayman Firm delegated any of the duties which I have been delegated under the Special Master Order. It is the Special Master, and the Special Master alone, who is responsible to monitor the sale of the W Financial Assets and to seek and obtain all necessary information and documentation to enable the Special Master to fully and adequately report on the status of such liquidation to the Court, and receive and preserve the proceeds from such sales for the benefit of the investors. The accounting firm (Wayman and Associates) has no function in this regard.

49. "And further affiant sayeth not."

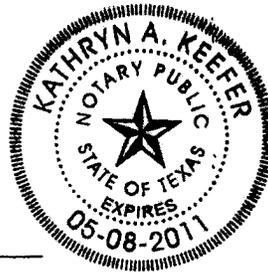
Executed on the 16th day of September, 2008.


VERNON T. JONES, JR.

Sworn to before me this 16th
Sept.
day of ~~August~~, 2008.


Notary Public

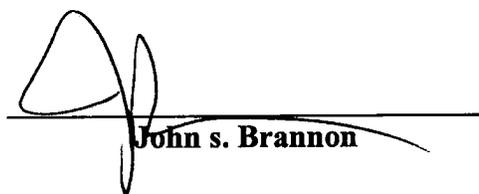
My Commission Expires: 5-8-2011



CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of September, 2008, I electronically filed the foregoing **Declaration of Vernon T. Jones, Jr. in Support of Memorandum in Support of Special Master and Securities and Exchange Commission's Emergency Motion to Show Cause and For Sanctions and Other Equitable Relief** with the Clerk of the Court for the Northern District of Texas, Dallas Division, by using the CM/ECF system which will send a notice of electronic filing to the following CM/ECF participants.

John Teakell, Counsel for Defendants
Stephen Komie, Counsel for Defendants


John s. Brannon