

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,

Plaintiff,

v.

GOLDEN STATE EQUITY
INVESTORS, INC.,

Defendant.

Case No. 4:09cv1307 (MH)

**ORDER TO ESTABLISH FAIR FUND
AND APPOINT DISTRIBUTION AGENT**

The Court having reviewed Plaintiff Securities and Exchange Commission's Motion to Establish Fair Fund and Appoint Distribution Agent, and for good cause shown,

IT IS HEREBY ORDERED:

1. The Motion is granted and a Fair Fund is created pursuant to Section 308(a) of the Sarbanes Oxley Act of 2002 from the funds deposited in an interest-bearing account, account number 4:09-cv-1307, under the case name designation "SEC v. Golden State Equity Investors, Inc.," plus interest earned on these funds, minus any fees that are permitted to be deducted by the Clerk of the Court pursuant to the Final Judgment entered in this case;

2. RG/2 Claims Administration, LLC ("RG/2") is appointed to serve as the Distribution Agent for the Fair Fund and shall execute the distribution of the Fair Fund to approved claimants in coordination with Commission staff, pursuant to a distribution plan to be approved by this Court.

3. The Distribution Agent shall submit a progress report, in a format to be provided by the Commission, to Commission staff within ninety (90) days of its appointment; additional reports every quarter thereafter; and a final report when its duties are completed. Commission staff shall file the progress report with the Court once it has been reviewed, and Commission staff has determined it has no objections.

4. The Distribution Agent shall coordinate with the Court-appointed Tax Administrator, Damasco & Associates LLP, to ensure that the Fair Fund, a Qualified Settlement Fund ("QSF") under Section 468B(g) of the Internal Revenue Code, and related regulations, 26 C.F.R. §§1.468B-1 through 5, complies with all related legal and regulatory requirements, including, but not limited to, any reporting or withholding requirements imposed on distributions from the QSF.

5. The Distribution Agent shall be paid reasonable fees and expenses for its services and such fees and expenses shall be paid from the Fair Fund upon further orders of the Court. The Distribution Agent shall, at such times as the Distribution Agent deems appropriate, submit a declaration of fees and expenses, and an invoice to the Commission's counsel for submission to the Court for approval and for payment from the Fair Fund. No fees or expenses may be paid absent the Court's prior approval.

6. The Distribution Agent may be removed *sua sponte* at any time by the Court or upon motion of the Commission and replaced with a successor. In the event the Distribution Agent decides to resign, it will first give written notice to the Court and to the Commission's counsel of such intention, and the resignation, if permitted, will not be effective until the Court appoints a successor.

Dated: November 2, 2012

Melinda Han
UNITED STATES DISTRICT JUDGE

