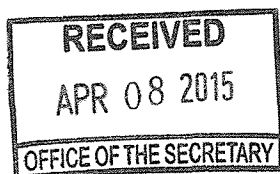


Received



ATTORNEYS AT LAW
90 PARK AVENUE
NEW YORK, NY 10016-1314
212-682-7474 TEL
212-682-7474 FAX
WWW.FOLEY.COM
Office of Administrative
Law Judges
WRITER'S DIRECT LINE
212-338-3564
smaass@foley.com EMAIL
CLIENT/MATTER NUMBER
ClientNumber-414222-0101

April 7, 2015

Via FedEx

Honorable Brenda P. Murphy
Chief Administrative Law Judge
Securities and Exchange Commission
100 F. Street, NE
Washington, D.C. 20549

Re: In the Matter of Bama Biotech, Inc. et al
Administrative Proceeding File No. 3-16456

Dear Judge Murphy,

We are counsel for Robert W. Seiden, Receiver for Sino Clean Energy, Inc. ("SCEI"), a Respondent in the above captioned matter.

By orders of the Second Judicial District Court of the State of Nevada in and for the County of Washoe dated May 12, 2014 and June 17, 2014, Robert W. Seiden was duly appointed as the Receiver for SCEI. Copies of the Orders are attached hereto as Exhibits A and B respectively.

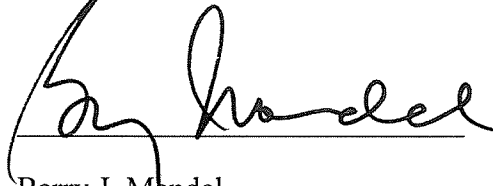
Pursuant to those Orders, Mr. Seiden shall have the power to, among other things, "continue, join in, and/or control any action, suit or proceeding, of any kind or nature, in the name of SCEI or otherwise..."

Presently, Mr. Seiden is traveling in Europe. In addition, Mr. Seiden has been engaged in negotiations with the principals of the only operating subsidiary of SCEI to resolve on behalf of SCEI and its shareholders a dispute over control of the companies. Those negotiations are at a stage that gives cause to believe that the dispute may be resolved.

Honorable Brenda P. Murphy
April 7, 2015
Page -2-

We respectfully request an extension of time for 21 days, or such longer time as is deemed appropriate at the pre-hearing conference scheduled for April 13, 2015, to file an Answer or otherwise respond to the Order in the above-captioned matter. The matter has only just been commenced and no previous requests for extension have been made. We are prepared to discuss the negotiations and status in more detail at the pre-hearing conference.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Barry J. Mandel", written over a horizontal line.

Barry J. Mandel
Foley & Lardner
90 Park Avenue
New York, New York 10016
(212) 338-3564
Bmandel@foley.com

cc: Neil J. Welch, Jr.

Exh A

1750
1 Airene Williamson, Esq.
Nevada State Bar # 11594
2 California State Bar # 277101
Rock K. Jung
3 Nevada State Bar # 10906
WILLIAMSON LAW OFFICE, PLLC
4 1645 Village Center Circle, Suite 200
Las Vegas, Nevada 89134
5 Tel: (702) 851-1191
Fax: (702) 851-1191
6 awilliamson@wlawoffice.com
Attorneys for Plaintiffs
7

8 **IN THE SECOND JUDICIAL DISTRICT COURT**
9 **OF THE STATE OF NEVADA IN AND FOR THE**
10 **COUNTY OF WASHOE**

11 KENNETH RECKER, an Individual; GEORGE C.
12 VLAHOS, an Individual; CEFERINO N. NANG,
an Individual; RICHARD COHEN, an Individual;
13 BRETT DUBIN, an Individual; LISMORE
PARTNERS, LLC, a limited liability corporation;
14 JOHN KUHN, an Individual; THOMAS M.
STEWART, an Individual; REX MANUEL, an
15 Individual; XINCAI LUO, an Individual;
VERNON T. DORIA, an Individual; ROBERT
16 GORDON, an Individual; BENJAMIN ENG, an
Individual; ALAIN PERACCA, an Individual;
17 GARY O. EPLING, an Individual; JAMES
WAISANEN, an Individual; MARCUS ARNIO, an
18 Individual; JANICE NGUYEN, an Individual;
DAVID QUANG PHAM, an Individual; PETER
19 DE MEYER, an Individual; STEFAN DE MEYER,
an Individual; RICHARD FASNACHT, an
20 Individual; JOEL QUIEIXT, an Individual;
GIBRALT CAPITAL CORPORATION, a foreign
21 Corporation; MICHAEL A NOORY, an Individual;
PETER H. ELLIOTT, an Individual; ZHAOFANG
22 WEN, an Individual; JAMES ARONSON, an
Individual; VICTOR GIARDINI, an Individual;
23 PENN FOOTWEAR, a Pennsylvania Corporation;
ANTHONY J. ROMANO, an Individual; YONGLI
24 LI, an Individual; JOHN J. KASSAY, JR., an
Individual; CHARLES JEFF CHRISTENSEN, an
25 Individual; JAMES SUTTER, an Individual;
CHRISTOPHER ROY RITTER, an Individual;
26 YANQING WEN, an Individual; SILVER ROCK
II, LTD, a Foreign Corporation; ZONGZHU
27
28

CASE NO.: CV14-00484

DEPT. NO.: B13

FINDINGS OF FACTS AND ;
CONCLUSIONS OF LAW ~~IN~~ ORDER
GRANTING PLAINTIFFS' MOTION FOR
APPOINTMENT OF RECEIVER

Hearing Date: April 16, 2014

Hearing Time: 11:30 a.m.

WILLIAMSON LAW OFFICE, PLLC

1 SONG, an Individual; FARHAN-UL-HAQ
2 SIDDIQUI, an Individual; DONG CHEN, an
3 Individual; ELIEZER YEHOASHUA, an Individual;
4 and DR. MARTIN KOCK, an Individual;

5 Plaintiffs,

6 vs.

7 Sino Clean Energy Inc. ("SCEI"), a Defaulted
8 Nevada Domestic Corporation; DOES I through X;
9 and ROES I through X;

10 Defendants

11 The Court, having considered Plaintiffs' Motion for Appointment of Receiver, together with
12 all exhibits attached thereto in support thereof, oral argument at the time of hearing, good cause
13 appearing therefore, and no oppositions thereto or appearances from Defendants thereto,

14 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Plaintiffs' Motion for
15 Appointment of Receiver is **GRANTED IN ITS ENTIRETY**, based on the following findings of
16 facts and conclusions of law:

17 **FINDINGS OF FACTS**

- 18 1. Plaintiffs are holders of at least fifteen percent of SCEI's outstanding stock, and are entitled
- 19 to exercise at least 15 percent of the voting power.
- 20 2. Thus, Plaintiffs satisfy the requirement of NRS 78.650(1) that an application for a receiver
- 21 must be made by holders of one-tenth of SCEI's outstanding stock.
- 22 3. Further, Plaintiffs' application to appoint a receiver was brought in Washoe County, the
- 23 county in which SCEI's registered office is located. Thus, Plaintiffs satisfy the requirement
- 24 that an application for the appointment of a receiver be brought in the county in which the
- 25 corporation's registered office is located.
- 26 4. Plaintiffs are entitled to an appointment of a receiver to assume the powers, functions, tenure,
- 27 and duties to be exercised under the direction of the court, in accordance with NRS
- 28

1 78.650(2), (5).

2 A. SCEI is liable for nonfeasance.

3 5. SCEI is liable of nonfeasance. Nonfeasance is a circumstance specifically enumerated by
4 NRS 78.650 as an appropriate circumstance under which a court can appoint a receiver.

5 6. SCEI's board of directors is liable of nonfeasance. As established *infra*, SCEI has not hosted
6 a shareholder meeting in well more than two years. SCEI must hold shareholder meetings
7 and allow for the election of directors under the SCEI bylaws, NRS 78.345, and NRS 78.330.

8 Thus, SCEI has failed to act where a duty to act ~~existed~~ ^{exists.} ~~ABC~~ Therefore, SCEI is liable of
9 nonfeasance. Based on this fact alone, the appointment of a receiver is proper.

10 7. Moreover, SCEI has discontinued all filings with the SEC.

11 8. Further, SCEI has failed to complete the transfer of the land use right certificate from
12 Yongchang, SCEI has had assets seized valued at up to \$10,000,000.00. This dereliction of
13 duty by SCEI further represents sufficient nonfeasance to justify the appointment of a
14 receiver.

15 9. Therefore, pursuant to NRS 78.650 and NRS 32.010, Plaintiffs are entitled to appoint a
16 receiver.

17 B. SCEI is liable of gross mismanagement.

18 10. SCEI is liable for gross mismanagement.

19 11. SCEI has not hosted a shareholder meeting in well more than two years.

20 12. SCEI has discontinued all filings with the SEC.

21 13. Further, because of SCEI's failure to complete the transfer of the land use right certificate
22 from Yongchang, SCEI has had its Dongguan facility sealed by court order. Until production
23 resumes, SCEI is likely to incur substantial losses on outstanding purchase orders and may
24 lose business opportunities with current and future customers.

25 14. Furthermore, the sealing of the Dongguan production facility by Chinese authorities resulted
26
27
28

1 in a seizure of assets valued at up to \$10,000,000.00. The failure by SCEI's board to
2 properly manage SCEI's affairs has resulted in substantial prejudice to Plaintiffs.

3 15. Pursuant to NRS 78.650 and NRS 32.010, Plaintiffs are entitled to appoint a receiver.

4 **C. Appointment of Receiver**

5 16. Plaintiffs have reached an agreement with Robert W. Seiden, Esq. (hereinafter "Seiden") to
6 employ Seiden of Confidential Security & Investigations (hereinafter "CSI") as the receiver
7 for SCEI.

8 17. The terms, responsibilities, compensation, and scope of work of CSI are set forth in detail in
9 the agreement between Plaintiffs and CSI, and attached herein as **Exhibit 1**.

10 18. Seiden is the founder and President of CSI. Seiden is a highly qualified individual who has
11 been chosen as a court-appointed receiver in multiple courts in the United States, at both the
12 state and federal levels.

13 19. Plaintiffs have reached agreement with Seiden to act as the receiver for SCEI.

14 20. Seiden has agreed to take all appropriate steps, subject to this Court's Orders to obtain
15 SCEI's best value on behalf of all SCEI shareholders.

16 21. The approved actions Seiden and CSI may undertake in furtherance of his duty as receiver
17 include, but are not limited to, (1) seizing the financial and physical assets of the Company
18 worldwide (including in the People's Republic of China) for immediate distributions to
19 shareholders via special dividends and/or returns of capital; (2) reconstituting the Company's
20 Board of Directors; (3) negotiating alongside a reconstituted Board of Directors with the
21 current CEO Mr. Baowen Ren and/or new Management to pursue strategic actions to
22 maximize value for all shareholders of the U.S.-listed shares of SCEI. *Id.* Additional
23 actions to be taken by Seiden as instructed by this Court and duties that this Court identifies
24 that are owed to Plaintiffs after Seiden is appointed as receiver for Seiden are outlined in the
25 engagement letter and is approved by this Court.
26
27
28

1 22. The Court approves and appoints Seiden of CSI as the receiver to manage SCEI's affairs.
2

3 **CONCLUSIONS OF LAW**

4 23. Nevada law provides for the appointment of a receiver in a number of instances. Pursuant to
5 NRS 78.650

6 Any holder or holders of one-tenth of the issued and outstanding stock may
7 apply to the district court in the county in which...the corporation's
8 registered office is located, for an order dissolving the corporation and
9 appointing a receiver to wind up its affairs, and by injunction restrain the
corporation from exercising any of its powers or doing business whatsoever,
except by and through a receiver appointed by the court...

10 Nev. Rev. Stat. 78.650(1); *see also Medical Device Alliance, Inc. v. Ahr*, 8 P.3d 135, 142 (Nev.,
11 2000). An application may be made for the appointment of a receiver without an accompanying
12 application for dissolution of the corporation. Nev. Rev. Stat. 78.650(2); *see also Bedore v.*
13 *Familian*, 125 P.3d 1168, 1171 (NV, 2006) (emphasis added).
14

15 24. Furthermore, NRS 32.010 details additional situations in which a receiver may be appointed.

16 NRS 32.010 states, "[a] receiver may be appointed by the court in which an action is
17 pending, or by the judge thereof...(6) [i]n all other cases where receivers have heretofore
18 been appointed by the usages of the courts of equity." Nev. Rev. Stat. 32.010(6).

19 25. Nevada Courts have used NRS 32.010 in conjunction with NRS 78.650 to appoint receivers
20 where officers or directors have violated a corporate charter or statutes governing
21 corporations. *Medical Device Alliance, Inc. v. Ahr*, 116 Nev. 851 8 P.3d 135 (2000); *Bowler*
22 *v. Leonard*, 70 Nev. 370 269, P.2d 833 (1954); *Underwriters v. Second Judicial Dist. Court*
23 *in and for Washoe County*, 61 Nev. 42 115 P.2d 932, (1941); *Maynard v. Railey*, 2 Nev. 313,
24 (1866).
25

26 26. Circumstances that justify the appointment of a receiver include those where the trustees or
27 directors have been guilty of fraud or collusion or gross mismanagement in the conduct or
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

control of its affairs and whenever the trustees or directors have been guilty of misfeasance, malfeasance or nonfeasance; the corporation has abandoned its business. Nev. Rev. Stat. 78.650; *see also Medical Device Alliance*, 8 P.3d at 142; *see also Bedore*, 125 P.3d at 1171 (NV, 2006); *Peri-Gil Corp. v. Sutton*, 442 P.2d 35, 84 Nev. 406 (Nev., 1968).

27. The appointment of a receiver is a discretionary measure, and a court's appointment of a receiver will not be disturbed on appeal unless the court has clearly abused that discretion. *Bowler v. Leonard*, 70 Nev. 370, 269 P.2d 833 (1954).

28. Based on the foregoing, the court GRANTS the Plaintiffs' Motion to Appoint Confidential Security & Investigations (hereinafter "CSI") as the receiver for SCEI.

29. Specifically, the Court approves and appoints CSI as the receiver for SCEI.

30. CSI's duties and scope of responsibilities are to be governed by its agreement with Plaintiffs, and is subject to the approval of this Court. *CSI's billings must be approved by the Court prior to payment. CSI shall report on its activities at least every 90 days and file and submit that report to the court for approval.* In consideration of the foregoing Findings of Fact and Conclusions of Law, it is **ORDERED**

that Plaintiff's Motion to Appoint Confidential Security & Investigations (hereinafter "CSI") as the receiver for SCEI is **GRANTED**.

IT IS SO ORDERED.

Bredet E. Roub
DISTRICT COURT JUDGE
5.12.14

Respectfully Submitted by,

DATED: April 23, 2014

WILLIAMSON LAW OFFICE, PLLC

By: *[Signature]*
Airene Williamson, Esq.
Nevada State Bar # 11594
Rock K. Jung, Esq.
Nevada State Bar # 10906
WILLIAMSON LAW OFFICE, PLLC

EXH B

1 **CODE 3980**
Airene Williamson, Esq., NSBN 11594
2 Rock K. Jung, Esq., NSBN 10908
WILLIAMSON LAW OFFICE, PLLC
3 1645 Village Center Circle, Suite 200
Las Vegas, NV 89134
4 (702) 851-1191
Attorneys for Plaintiffs

5
6 Matthew J. Riopelle, Esq.
FOLEY & LARDNER LLP
3579 Valley Centre Drive, Suite 300
7 San Diego, CA 92130
(858) 847-6700
8 *(Pro Hac Vice Application Forthcoming)*

9 Douglas E. Spelfogel, Esq.
FOLEY & LARDNER LLP
10 90 Park Avenue
New York, New York 10016
11 (212) 682-7474
(Pro Hac Vice Application Forthcoming)

12 Ryan J. Works, Esq., NSBN 9224
13 Adam Hosmer-Henner, Esq., NSBN 12779
McDONALD CARANO WILSON LLP
14 100 W. Liberty Street, Tenth Floor
Reno, NV 89501
15 (775) 788-2000
16 *Attorneys for Receiver*

17 **IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**
18 **IN AND FOR THE COUNTY OF WASHOE**

19 *****

20 KENNETH RECKER, an Individual;
GEORGE C. VLAHOS, an Individual,
21 CEFERINO N. NANG, an Individual;
RICHARD COHEN, an Individual; BRETT
22 DUBIN, an Individual; LISMORE
PARTNERS, LLC, a limited liability
23 corporation; JOHN KUHN, an Individual;
THOMAS M. STEWART, an individual;
24 XINCAI LUO, an Individual; VERNON T.
DORIA, an Individual; ROBERT
25 GORDON, an Individual, BENJAMIN
ENG, an Individual; ALAIN PERACCA, an
26 Individual; GARY O. EPLING, an
Individual; JAMES WAISANEN, an
27 Individual; MARCUS ARNIO, an
Individual; JANICE NGUYEN, an
28 Individual; DAVID QUANG PHAM, an

CASE NO.: CV14-00484

DEPT NO.: B13

**STIPULATION AND ORDER TO
SUPPLEMENT COURT'S MAY 12,
2014, ORDER**

1 Individual; PETER DE MEYER, an
Individual; STEFAN DE MEYER, an
2 Individual; RICHARD FASNACHT, an
Individual; JOEL QUIEIXT, an Individual;
3 GIBRALT CAPITAL CORPORATION, a
foreign Corporation; MICHAEL A.
4 NOORY, an Individual; PETER H.
ELLIOTT, an Individual; ZHAOFANG
5 WEN, an Individual; JAMES ARONSON
an Individual; VICTOR GIARDINI, an
6 Individual; PENN FOOTWEAR, a
Pennsylvania Corporation; ANTHONY J.
7 ROMANO, an Individual; YONGLI LI, an
Individual; JOHN J. KASSAY, JR., an
8 Individual; CHARLES JEFF
CHRISTENSEN, an Individual; JAMES
9 SUTTER, an Individual; CHRISTOPHER
ROY RITTER, an Individual; YANQING
10 WEN, an Individual; SILVER ROCK II,
LTD., a Foreign Corporation; ZONGZHU
11 SONG, an Individual; FARHAN-UL-HAQ
SIDDQUI, an Individual; DONG CHEN,
12 an Individual; ELIEZER YEHOASHUA, an
Individual; and DR. MARTIN KOCK, an
13 Individual;

Plaintiffs,

v.

14 SINO CLEAN ENERGY INC. ("SCEI"), a
15 Defaulted Domestic Corporation; DOES I
through X, and ROES I through X;

Defendants.

18 IT IS HEREBY STIPULATED, by and among Plaintiffs KENNETH RECKER, an
19 Individual; GEORGE C. VLAHOS, an Individual, CEFERINO N. NANG, an Individual;
20 RICHARD COHEN, an Individual; BRETT DUBIN, an Individual; LISMORE
21 PARTNERS, LLC, a limited liability corporation; JOHN KUHN, an Individual; THOMAS
22 M. STEWART, an individual; XINCAI LUO, an Individual; VERNON T. DORIA, an
23 Individual; ROBERT GORDON, an Individual, BENJAMIN ENG, an Individual; ALAIN
24 PERACCA, an Individual; GARY O. EPLING, an Individual; JAMES WAISANEN, an
25 Individual; MARCUS ARNIO, an Individual; JANICE NGUYEN, an Individual; DAVID
26 QUANG PHAM, an Individual; PETER DE MEYER, an Individual; STEFAN DE MEYER,
27 an Individual; RICHARD FASNACHT, an Individual; JOEL QUIEIXT, an Individual;
28 GIBRALT CAPITAL CORPORATION, a foreign Corporation; MICHAEL A. NOORY, an

1 Individual; PETER H. ELLIOTT, an Individual; ZHAOFANG WEN, an Individual; JAMES
2 ARONSON an Individual; VICTOR GIARDINI, an Individual; PENN FOOTWEAR, a
3 Pennsylvania Corporation; ANTHONY J. ROMANO, an Individual; YONGLI LI, an
4 Individual; JOHN J. KASSAY, JR., an Individual; CHARLES JEFF CHRISTENSEN, an
5 Individual; JAMES SUTTER, an Individual; CHRISTOPHER ROY RITTER, an
6 Individual; YANQING WEN, an Individual; SILVER ROCK II, LTD., a Foreign
7 Corporation; ZONGZHU SONG, an Individual; FARHAN-UL-HAQ SIDDIQUI, an
8 Individual; DONG CHEN, an Individual; ELIEZER YEHOSHUA, an Individual; and DR.
9 MARTIN KOCK, an Individual; (collectively hereinafter referred to as "Plaintiffs") and the
10 Court-Appointed Receiver, ROBERT W. SEIDEN, Esq. ("Receiver"), duly appointed by
11 the Court's May 12, 2014 Order (the "Initial Order," together with this Order, the
12 "Orders"), by and through their undersigned counsel, as follows:

13 1. On May 12, 2014, the Receiver was appointed pursuant to the Initial
14 Order. The Initial Order remains in full force and effect, except as modified herein. This
15 Order shall supplement (and not replace or supersede) the Initial Order; provided,
16 however, in the event of a conflict between this Order and the Initial Order, this Order
17 shall control.

18 2. As soon as practicable after entry of this Order, the Receiver shall submit
19 to the Court a written acceptance of this appointment. The Receiver shall serve at the
20 pleasure of the Court, and the provisions of the Orders shall remain in effect pending
21 further Order of the Court. Unless otherwise ordered by this Court, the Receiver is not
22 required to post a bond for his acceptance to become effective.

23 3. Upon the Stipulation being so ordered by this Court, the Receiver shall
24 have all powers generally available to a receiver appointed pursuant to section 78.650
25 of the Nevada Revised Statutes, including, without limitation, those powers enumerated
26 in sections 78.635, 78.640 and 78.645 of the Nevada Revised Statutes, unless any
27 such power would be inconsistent with a specific provision of the Orders, in which case
28 the Orders shall govern. In particular, though without limitation, the Receiver, upon

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

acceptance of this appointment, shall have the following powers and responsibilities:

A. The Receiver shall have full authority and control over the property and/or assets of SCEI , of whatever kind and wherever located, in the United States of America, the People's Republic of China or elsewhere. This includes, without limitation, authority to seize, deal in or dispose of any property of SCEI; provided, however, any disposition of property of SCEI shall be subject to prior approval of this Court.

B. The Receiver shall have full and unrestricted access to all books and records of SCEI, in whatever mode maintained and wherever located, in the United States of America, the People's Republic of China or elsewhere.

C. The Receiver may assert sole control over any present bank or other accounts of SCEI wherever located, receive possession of any money on deposit in said bank accounts and/or establish signature authority over such accounts as the Receiver deems appropriate.

D. The Receiver may establish bank accounts at any bank the Receiver deems appropriate for the deposit of monies and funds collected and received in connection with the Receiver's administration of the receivership estate. The Receiver is authorized to use the Defendant's taxpayer identification number to establish such accounts.

E. The Receiver shall have the power to: (a) commence, continue, join in, and/or control any action, suit or proceeding, of any kind or nature, in the name of SCEI or otherwise, including without limitation proceedings to prevent or avoid transactions of any kind or nature that may hinder SCEI's compliance with this Court's orders; and (b) institute ancillary proceeding in this state or any other states and countries as is necessary to preserve and protect SCEI.

F. The Receiver shall have the power to institute ancillary proceedings in this state or other states and countries as is necessary to preserve and protect the receivership

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

G. The Receiver is authorized, in his sole discretion, to enlist the help of the employees or agents of SCEI.

H. The Receiver is authorized, in his sole discretion, to enlist the help of agents, employees or representatives of the governments of the United States of America, the People's Republic of China, or any other nation, or of any regional or local governments therein, or of any other regulatory body.

I. The Receiver is authorized to conduct formal and informal discovery, including, without limitation, issuing subpoenas for production of documents and examinations under oath, to any third parties that the Receiver determines, in his reasonable judgment, may have information relevant to the Receiver's duties under the Orders and/or any other order of this Court. The Receiver shall be permitted to file a motion to compel in the event of any non-compliance with any subpoena or other discovery conducted by the Receiver.

J. The Receiver is authorized to exercise all power and authority that SCEI possesses over its indirect wholly owned subsidiaries by virtue of its ownership of intervening entities, including but not limited to (i) causing any wholly owned subsidiary or indirect wholly owned subsidiary to exercise voting rights associated with shares or equity interests in a lower-tier subsidiary and (ii) utilizing such voting power to replace members of the board of directors or similar governing body of the lower-tier subsidiary.

K. The Receiver is authorized to exercise all power and authority that SCEI would have to seek judicial relief with respect to its wholly owned subsidiaries or indirect wholly owned subsidiaries, including but not limited to petitioning for a Court-appointed receiver or similar official for such entities.

L. With respect to any non-wholly owned subsidiary, the Receiver is authorized to exercise any rights that SCEI may have by virtue of its ownership of shares or other equity interest in such non-wholly owned subsidiary.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

M. The Receiver may notify all necessary local, state and federal governmental agencies (including any taxing authorities), vendors, suppliers, customers and other interested parties of the appointment of the Receiver and direct them to send correspondence and monies to the Receiver rather than SCEI.

N. The Receiver shall collect any and all dividends, receivables, royalties, rents, incomes, issues, and profits of SCEI. The Receiver shall have discretion to compromise, settle, make allowances respecting and otherwise manage the collection of accounts and obligations without further order of this Court.

O. All dividends, receivables, royalties, rents, incomes, issues, and profits collected by the Receiver may be applied, in the Receiver's discretion, to the care, management, preservation and maintenance of SCEI and to pay expenses and debts incurred by the Receiver, except with respect to those certain expenses which require Court approval which shall be paid only after obtaining Court approval. The Receiver shall hold any excess monies not expended for such purposes subject to further order of this Court. The Receiver or any party to this action may, from time to time and on due notice to all parties entitled thereto, apply to this Court for orders instructing Receiver as to the dispositions of the monies collected by the Receiver.

P. The Receiver may cancel, extend, modify or enter into any agreements, contracts or leases necessary or appropriate for the operation of SCEI.

Q. The Receiver is authorized to act through and in the name of SCEI to carry out his duties. The Receiver is authorized to execute and deliver (or cause to be executed and delivered) any document in the name of SCEI, including but not limited to contracts, deeds, other documents of title, and regulatory, administrative and governmental filings.

1 R. The Receiver shall have the authority, but shall not be required, to
2 petition this Court for instructions at any time or from time to time.

3 4. The Receiver is authorized to retain one or more experts or advisors,
4 including financial advisors, professional sales agencies, accountants, attorneys,
5 brokers, and other professionals as the Receiver deems necessary in carrying out his
6 duties. Without limiting the foregoing, the Receiver is specifically authorized to retain
7 Foley & Lardner LLP as counsel and McDonald Carano Wilson LLP as his local counsel
8 and his company Confidential Security & Investigations to assist him in performing his
9 duties enumerated in the Orders. The current rates of Foley & Lardner LLP
10 professionals expected to work on this matter range from \$335 to \$870 per hour.
11 McDonald Carano Wilson LLP professionals expected to work on this matter range from
12 \$200 to \$450 per hour.

13 5. The compensation and expenses of the Receiver and his professionals
14 shall be paid from the assets of SCEI, acknowledging the separate compensation
15 provisions related to Robert Seiden as agreed-upon in the agreement letter between the
16 Shareholder Group and Robert Seiden/Confidential Security & Investigations. All
17 professionals retained by the Receiver shall submit invoices to the Receiver. The
18 Receiver shall petition the Court no less frequently as every ninety (90) days and as
19 frequently as every month, or at such other interval as the Court may direct, for approval
20 of the fees and expenses incurred by the Receiver and his advisors. All fees and
21 expenses approved by the Court shall be paid promptly by the Receiver from the assets
22 of SCEI. Payment of the fees and expenses of the Receiver and any experts or
23 advisors retained by the Receiver as well as reimbursement of the Participating
24 Shareholders Group for the \$25,000 retainer they advanced to CSI under the terms of
25 the executed Engagement Agreement dated February 27, 2014 shall have priority over
26 all other obligations, payments or distributions of SCEI.

27 6. Pursuant to the Initial Order, the Receiver shall file and submit for
28 approval interim reports to the Court at least every ninety (90) days from the date of this

1 Order. Such periodic reports shall include a statement of (i) the Receiver's activities
2 during the period; (ii) a statement of the fees and expenses for which the Receiver
3 seeks payment that were incurred during the period; and (iii) such other information as
4 the Receiver deems appropriate or as the Court may direct.

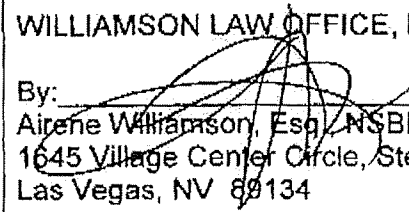
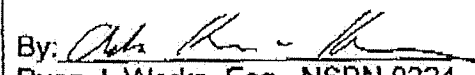
5 7. The appointment of the Receiver is binding upon the directors, officers,
6 employees, agents and stockholders of SCEI, who shall cooperate with the Receiver in
7 the performance of his duties. Neither SCEI, nor person acting or purporting to act on
8 behalf of SCEI, nor any director, officer, employee, agent, stockholder or creditor of
9 SCEI shall institute any proceeding in any forum other than this Court challenging any
10 action, recommendation or decision by the Receiver.

11 8. The Receiver, and anyone acting on his behalf, shall have no liability to
12 SCEI, its shareholders or any other person for actions taken in good faith pursuant to
13 the Orders. The Receiver shall be entitled to all protection, limitation from liability, and
14 immunity available at law or in equity to a court-appointed Receiver including, without
15 limitation, all protection, limitation from liability, and immunity to the fullest extent
16 permitted by applicable law. Expenses, including attorneys' fees, incurred by the
17 Receiver in defending any civil, criminal, administrative or investigative action, suit, or
18 proceeding arising by reason of or in connection with the Receiver's designation as
19 Receiver for SCEI, or in the performance of his duties hereunder, shall be paid by SCEI
20 in advance of the final disposition of such action, suit, or proceeding subject to the
21 repayment of such amount if it shall ultimately be determined by this Court that the
22 Receiver is not permitted to be indemnified by SCEI under applicable Nevada law.

23
24
25
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28


We hereby affirm that this document does not contain the social security number of any person.

<p>DATED this <u>6th</u> day of June, 2014.</p> <p>WILLIAMSON LAW OFFICE, PLLC</p> <p>By:  Airene Williamson, Esq., NSBN 11594 1645 Village Center Circle, Ste. 200 Las Vegas, NV 89134</p> <p><i>Attorneys for Plaintiffs</i></p>	<p>DATED this <u>9th</u> day of June, 2014.</p> <p>McDONALD CARANO WILSON LLP</p> <p>By:  Ryan J. Works, Esq., NSBN 9224 Adam Hosmer-Henner, Esq., NSBN 12779 100 W. Liberty Street, Tenth Floor Reno, NV 89501 (775) 788-2000</p>
	<p>FOLEY & LARDNER LLP</p> <p>Matthew J. Riopelle, Esq. 3579 Valley Centre Drive, Suite 300 San Diego, CA 92130 (858) 847-6700 <i>(Pro Hac Vice Pending)</i></p> <p>Douglas E. Spelfogel, Esq. 90 Park Avenue New York, New York 10016 (212) 682-7474 <i>(Pro Hac Vice Pending)</i></p> <p><i>Attorneys for Receiver</i></p>

ORDER

IT IS SO ORDERED.

DATED this 17 day of June, 2014.



DISTRICT JUDGE