

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

UNITED STATES COMMODITY)	
FUTURES TRADING COMMISSION,)	
Plaintiff,)	
)	
v.)	07 C 3598
)	
LAKE SHORE ASSET MANAGEMENT)	
LIMITED, et al.,)	
Defendants.)	

ORDER APPOINTING RECEIVER

On August 28, 2007, after conducting an evidentiary hearing, the Court issued an Order (“Preliminary Injunction Order”) granting in part and denying in part the CFTC’s motion for a preliminary injunction and asset freeze. On October 4, 2007, the Court issued an Order addressing the rationale for its appointment of a receiver. Based on those orders, the Court, having considered the submissions of the parties and being advised in the premises, hereby orders as follows:

I.
Appointment of Receiver

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED that Robb Evans & Associates LLC is appointed as temporary equity Receiver (“Receiver”), with the full powers of an equity receiver, for the Lake Shore Common Enterprise (“LS Common Enterprise”), including Lake Shore Asset Management Limited (“LSAM”), Lake Shore Group of Companies Inc. Ltd. (“Lake Shore Group”), Lake Shore Asset Management Inc. (“Lake Shore Inc.”), Lake Shore Alternative Financial Asset Limited, Lake Shore Alternative Financial Asset Limited Account I Limited, Lake Shore Alternative Financial Asset Limited Account II Limited,

Lake Shore Alternative Financial Asset Fund III Limited, and Geneva Corp. Funds World Limited (formerly known as Lake Shore Alternative Financial Asset Fund IV Limited), and their affiliates and subsidiaries, all funds, properties, premises, accounts and other assets directly or indirectly owned, beneficially or otherwise, by the Lake Shore Alternative Financial Asset Funds (“LSAFA Funds”), individually or collectively, including, but not limited to, investors’ funds, for the purpose of marshaling, preserving, accounting for, and liquidating the assets that are subject to this Order for the sole purpose of making a distribution of such funds to the Lake Shore clients and directing, monitoring and supervising the LS Common Enterprises’ activities in accordance with the provisions of this Order set forth below. The Receiver shall be the agent of this Court and solely the agent of this Court in acting as Receiver under this Order. The Receiver shall be accountable directly to this Court. The Receiver shall comply with all Local Rules of this Court governing receivers, except as expressly modified herein or by further order of this Court. The Receiver shall not marshal funds and assets for the express purpose of paying fines or penalties.

II.
Duties and Powers of Receiver

IT IS FURTHER ORDERED that the Receiver is directed and authorized to accomplish the following:

- A. Take exclusive custody, control, and possession of all the funds, property, mail and other assets of Lake Shore, in the possession of, or under the control of the LS Common Enterprise wherever situated. The Receiver shall have full power to sue for, collect, receive and take possession of all goods, chattels, rights, credits, moneys, effects, land, leases, books, records, work papers, and records of accounts, including computer-maintained information and digital or meta data and other papers and documents of the LSAFA Funds, including documents related to customers or clients whose interest are now held by or under the direction, possession, custody or control of the LSAFA Funds;

- B. Conserve, hold and manage all receivership assets, and perform all acts necessary or advisable to preserve the value of those assets, in order to prevent any irreparable loss, damage, or injury to investors, customers or to creditors of the LSAFA Funds, including, but not limited to, obtaining an accounting of the assets and preventing transfer, withdrawal, or misapplication of assets, and including the authority to liquidate or close out any open securities or commodity futures positions of the LSAFA Funds;
- C. Perform all acts necessary or advisable to assure the distribution of LSAFA Funds in an equitable fashion to the investors in a prompt and efficient manner;
- D. Prevent the withdrawal or misapplication of LSAFA Funds, and otherwise protect the interests of customers or clients;
- E. Collect all money owed to the LSAFA Funds;
- F. Initiate, defend, compromise, adjust, intervene in, dispose of, or become a party to any actions or proceedings in state, federal or foreign jurisdictions necessary to preserve or increase the assets of the LSAFA Funds or to carry out his or her duties pursuant to this Order;
- G. Choose, engage and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists, as the Receiver deems advisable or necessary in the performance of duties and responsibilities under the authority granted by this Order;
- H. Issue subpoenas to obtain documents and records pertaining to the receivership and conduct discovery in this action on behalf of the receivership estate in a manner consistent with applicable law;
- I. Open one or more bank accounts as designated depositories for the LSAFA Funds. The Receiver shall deposit all monies of the LSAFA Funds in such designated accounts and shall make all payments and disbursements from the receivership estate from such accounts;
- J. Make payments and disbursements from the receivership estate that are necessary or advisable for carrying out the directions of, or exercising the authority granted by, this Order. The Receiver shall apply to the Court for prior approval of any payment of any debt or obligation incurred by the LSAFA Funds prior to the date of entry of the Preliminary Injunction Order, except for payments that the Receiver deems necessary or advisable to secure assets of the LSAFA Funds. The Receiver shall also apply to the Court for prior approval of any payments to Lake Shore customers;

- K. Liquidate all assets of the LSAFA Funds and hold such assets pending further Order of the Court;
- L. Consolidate all records and other assets by moving assets and records, if any, currently located outside of this District to a secure facility maintained within this District; and
- M. Prevent the inequitable distribution of assets and determine, adjust, and protect the interests of customers or investors who have transacted business with the LSAFA Funds;

The Receiver is further authorized to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order. It also may apply to this court as necessary for directions in discharging its powers and duties under this Order.

III.
Delivery to Receiver

IT IS FURTHER ORDERED that, immediately upon service of this Order upon them, the LS Common Enterprise and any other person or entity served with a copy of this order shall, immediately or within such time as permitted by the Receiver in writing, deliver over to the Receiver:

- A. Possession and custody of all funds, assets, property, and all other assets, owned beneficially or otherwise, wherever situated, of the LSAFA Funds, including but not limited to the funds on deposit at the financial institutions listed on Schedule A attached hereto;
- B. Possession and custody of documents of the LSAFA Funds, including but not limited to, all books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), client lists, title documents and other papers;
- C. Possession and custody of all precious metals, other commodities, funds and other assets belonging to members of the public now held by the LSAFA Funds;

- D. All keys, computer passwords, entry codes, PIN numbers and combinations to locks necessary to gain or to secure access to any of the assets or documents of the LSAFA Funds, including but not limited to, access to the LS Common Enterprise's business premises, means of communication, accounts, computer systems, or other property; and
- E. Information identifying the accounts, employees, properties or other assets or obligations of the LSAFA Funds.

IV.
Cooperation with Receiver

IT IS FURTHER ORDERED that the LS Common Enterprise and its agents, employees, independent contractors, attorneys and all other persons or entities served with a copy of this Order shall cooperate fully with and assist the Receiver in the performance of his duties. This cooperation and assistance shall include, but not be limited to, providing any information to the Receiver that the Receiver deems necessary to exercising the authority and discharging the responsibilities of the Receiver under this order; providing any password required to access any computer or electronic files in any medium; and advising all persons who owe money to the LSAFA Funds that all debts should be paid directly to the Receiver.

However, the requirement of cooperation does not impinge on the right to assert any applicable privilege. It also does not impinge on the right of any person or entity to access any court exercising jurisdiction over a territory in which any assets affected by this Order are situated for the purpose of raising with that court any questions regarding the recognition or enforcement of this Order in respect of such assets.

V.
Stay

IT IS FURTHER ORDERED that except by leave of the Court, and except as provided

with regard to the Canadian Receiver, during the pendency of the receivership ordered herein, the LS Common Enterprise, and all other persons and entities be and hereby are stayed from taking any action to establish or enforce any claim, right or interest for, against, on behalf of, or in the name of the LSFA Funds, the Receiver, receivership assets, or the Receiver's duly authorized agents acting in their capacities as such, including but not limited to, the following actions:

- A. Commencing, prosecuting, litigating or enforcing any suit, except that actions may be filed to toll any applicable statute of limitations;
- B. Accelerating the due date of any obligation or claimed obligation, enforcing any lien upon, or taking or attempting to take possession of, or retaining possession of, property of the LSFA Funds or any property claimed by the LSFA Funds, or attempting to foreclose, forfeit, alter or terminate any of the LSFA Funds' interests in property, whether such acts are part of a judicial proceeding or otherwise;
- C. Using self-help or executing or issuing, or causing the execution or issuance of any court attachment, subpoena, replevin, execution or other process for the purpose of impounding or taking possession of or interfering with, or creating or enforcing a lien upon any property, wherever located, owned by or in the possession of the LSFA Funds, or the Receiver or any agent of the Receiver; and
- D. Doing any act or thing to interfere with the Receiver taking control, possession or management of the property subject to the receivership, or to in any way interfere with the Receiver or the duties of the Receiver, or to interfere with the exclusive jurisdiction of this Court over the property and assets of the LSFA Funds. This Paragraph does not stay the commencement or continuation of an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power.

VI.

Receiver's Report to the Court and Compensation

IT IS FURTHER ORDERED that the Receiver maintain written accounts, itemizing receipts and expenditures, describing properties held or managed, and naming the depositories of receivership funds; make such written accounts and supporting documentation available to the

Commission for inspection, and, within sixty (60) days of being appointed and periodically thereafter, as directed by the Court, file with the Court and serve on the parties a report summarizing efforts to marshal and collect assets, administer the receivership estate, and otherwise perform the duties mandated by this Order.

IT IS FURTHER ORDERED that the Receiver and all personnel hired by the Receiver as herein authorized, including counsel to the Receiver, are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out-of-pocket expenses incurred by them for those services authorized by this Order that when rendered were (1) reasonably likely to benefit the receivership estate or (2) necessary to the administration of the estate. The receiver and all personnel hired by the receiver shall be compensated solely out of funds now held by or in the possession or control of or which may in the future be received by the receivership and shall not be entitled to any compensation from the Commission. All requests for compensation are subject to the approval of the Court. The Receiver shall file with the Court and serve on the parties requests for the payment of such reasonable compensation, with the first such request filed no more than thirty (30) days after the date of this Order and subsequent requests filed monthly thereafter. The requests for compensation shall itemize the time and nature of services rendered by the receiver and all personnel hired by the receiver. The Receiver shall not increase the hourly rates used as the bases for such fee applications without prior approval of the Court.

VII.
Bond

IT IS FURTHER ORDERED that the Receiver is appointed without bond at this time. No

bond is needed until the receiver obtains customer funds. Once this is imminent, the Court, with input from the parties, will set the bond at an appropriate amount.

VIII.
Service of Order

IT IS FURTHER ORDERED that, copies of this Order may be served by any means, including facsimile transmission, electronic mail or data transfer; upon any financial institution or other entity or person that may have possession, custody or control of any documents or assets of the LSFAFA Funds or that may be subject to any provision of this Order.

IX.
Service on the Commission

IT IS FURTHER ORDERED that the LS Common Enterprise shall serve all pleadings, correspondence, notices required by this Order, and other materials relating to this case or Order on the Commission by delivering a copy to Diane M. Romaniuk or Ava M. Gould, Senior Trial Attorneys, Division of Enforcement, Commodity Futures Trading Commission, 525 W. Monroe, Suite 1100, Chicago, Illinois 60661.

X.
Canadian Receiver

Notwithstanding anything to the contrary contained herein, Ernst & Young Inc. (the “Canadian Receiver”), the Receiver appointed by the Ontario Superior Court of Justice-Commercial List (“Canadian Court”) as Receiver for Lake Shore Alternative Financial Asset Corporation Limited and Lake Shore Alternative Financial Asset Corporation 2006 Limited shall not be required to comply with the terms of this order to the extent that doing so violates the orders of the Canadian Court or is inconsistent with its obligations as a Receiver for

Lake Shore Alternative Financial Asset Corporation Limited and Lake Shore Alternative Financial Asset Corporation 2006 Limited.

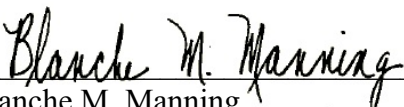
The Receiver appointed by this Court shall not be deemed to be a receiver over Lake Shore Alternative Financial Asset Corporation Limited and Lake Shore Alternative Financial Asset Corporation 2006 Limited, but with the written consent of the Canadian Receiver can act on its behalf.

The funds currently on deposit in the account in the name of the Canadian Receiver at the Royal Bank of Canada are excluded from the coverage of this Order as are amounts that have been or will be paid by investors/donors pursuant to programs as referred to in the materials presented to the Canadian Court.

XI.
Court Maintains Jurisdiction

IT IS FURTHER ORDERED that this Order shall remain in full force and effect until further order of this Court, and that this Court retains jurisdiction of this matter for all purposes.

DATE: October 4, 2007



Blanche M. Manning
United States District Judge

Schedule A to CFTC v. Lake Shore Limited, 07 3598 (N.D. Ill. Oct. 4, 2007)

FCM	ACCOUNT #	Account Name
FIMAT International Banque SA (UK)	L GFSXX 2000L521	Lake Shore Alternative Financial Asset Fund IV LTD
Lehman Bros. (London)	27921996	Lake Shore Alt Financial Asset Acct II LTD, RE Lake Shore Asset Mgmt. Inc.
Lehman Bros. (London)	27922134	Lake Shore Alt Financial Asset Fund IV LTD, RE Lake Shore AM Ltd.
MFGlobal (UK) (Man)	O120	Lake Shore Alternative Financial Asset Ltd.
MFGlobal (UK) (Man)	O120T	Lake Shore Alternative Financial Asset Ltd.
MFGlobal (UK) (Man)	ZP293	Lake Shore Alternative Financial Asset Ltd.
MFGlobal (UK) (Man)	ZP495	Lake Shore Alternative Financial Asset Ltd.
MFGlobal (UK) (Man)	O132	Lake Shore Alternative Financial Asset Account I Ltd.
MFGlobal (UK) (Man)	ZP295	Lake Shore Alternative Financial Asset Account I Ltd.
MFGlobal (UK) (Man)	O133	Lake Shore Alternative Financial Asset Account II Ltd.
MFGlobal (UK) (Man)	ZP296	Lake Shore Alternative Financial Asset Account II Ltd.
MFGlobal (UK) (Man)	O125	Lake Shore Alternative Financial Asset Fund IV Ltd.
MFGlobal (UK) (Man)	ZO125	Lake Shore Alternative Financial Asset Fund IV Ltd.