

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

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

**AMENDED 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 as well as a separate order appointing a receiver. On February 19, 2008, after the issuance of a decision by the Seventh Circuit Court of Appeals addressing LSAM’s appeal of the Preliminary Injunction Order, the CFTC filed a second amended complaint naming as additional defendants, corporations, entities and commodity pools controlled by Philip Baker (“Baker”), Lake Shore Asset Management Limited (“LSAM”) and the Lake Shore Group of Companies, Inc., Ltd. (“Lake Shore Group”), including those found in various foreign jurisdictions.

On April 24, 2008, the court found that the following defendants had been properly served, had failed to answer or otherwise plead, and acted as part of a common enterprise along with LSAM, Lake Shore Group, and Lake Shore Lake Shore Asset Management Inc.: (1) Lake Shore Group of Companies Inc., Ltd.; (2) Lake Shore Alternative Financial Asset Account Limited a/k/a Lake Shore Alternative Financial Asset Ltd.; (3) Lake Shore Alternative Financial

Asset Fund Limited; (4) Lake Shore Alternative Financial Asset Account I Limited; (5) Lake Shore Alternative Financial Asset Account II Limited; (6) Lake Shore Alternative Financial Asset Fund II Limited; (7) Lake Shore Alternative Financial Asset Account III Limited; (8) Lake Shore Alternative Financial Asset Fund III Limited; (9) Lake Shore Alternative Financial Asset Fund IV Limited, currently known as Geneva Corporation Funds World Limited and/or Genevacorp Funds World Ltd.; (10) Lake Shore Alternative Financial Asset Fund IV US, LLC; (11) Lake Shore Alternative Financial Asset Yen Fund I; (12) Lake Shore Alternative Financial Asset Yen Fund Limited Class II; (13) Lake Shore Alternative Financial Asset Yen Fund Limited Class III; and (14) Hanford Investments Ltd. It thus entered an order of default judgment and a permanent injunction against these defendants.

Based on the foregoing, 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 LSAM, Lake Shore Group, Lake Shore Asset Management Inc. (“Lake Shore Inc.”), Lake Shore Alternative Financial Asset Account Limited a/k/a Lake Shore Alternative Financial Asset Ltd., Lake Shore Alternative Financial Asset Account I Limited, Lake Shore Alternative Financial Asset Account II Limited, Lake Shore Alternative Financial Asset Account III Limited, Lake Shore Alternative Financial Asset Fund Limited, Lake Shore

Alternative Financial Asset Fund II Limited, Lake Shore Alternative Financial Asset Fund III Limited, Geneva Corporation Funds World Limited and/or Genevacorp Funds World Ltd. (formerly known as Lake Shore Alternative Financial Asset Fund IV Limited), Lake Shore Alternative Financial Asset Fund IV US, LLC, Lake Shore Alternative Financial Asset Yen Fund I, Lake Shore Alternative Financial Asset Yen Fund Limited Class II, Lake Shore Alternative Financial Asset Yen Fund Limited Class III, Hanford Investments Ltd., all funds, properties, premises, accounts and other assets directly or indirectly owned, beneficially or otherwise, by the LS Common Enterprise, individually or collectively, including, but not limited to, funds on deposit at Sentinel Management Group Inc., MF Global UK Limited, Newedge Group SA (formerly Fimat International Banque SA), and Lehman Brothers International Europe that are held for the benefit of Lake Shore clients, 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 LS Common Enterprise, including documents related to customers or clients whose interest are now held by or under the direction, possession, custody or control of the LS Common Enterprise;

- 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 LS Common Enterprise, 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 LS Common Enterprise;
- C. Perform all acts necessary or advisable to assure the distribution of pool funds in an equitable fashion to the investors in a prompt and efficient manner;
- D. Prevent the withdrawal or misapplication of LS Common Enterprise assets, and otherwise protect the interests of customers or clients;
- E. Collect all money owed to the LS Common Enterprise;
- 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 LS Common Enterprise, including filing claims in any bankruptcy proceedings, 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 LS Common Enterprise. The Receiver shall deposit all monies of the LS Common Enterprise 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 LS Common Enterprise 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 LS Common Enterprise. The Receiver shall also apply to the court for prior approval of any payments to Lake Shore customers;

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

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 LS Common Enterprise, including but not limited to, the funds on deposit at Sentinel Management Group Inc., MF Global UK Limited, Newedge Group SA (formerly Fimat International Banque SA), and Lehman Brothers International Europe;
- B. Possession and custody of documents of the LS Common Enterprise, 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 LS Common Enterprise;
- 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 LS Common Enterprise, 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 LS Common Enterprise.

**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 its 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 LS Common Enterprise 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 LS Common Enterprise, 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 LS Common Enterprise or any property claimed by the LS Common Enterprise, or attempting to foreclose, forfeit, alter or terminate any of the LS Common Enterprises' 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 LS Common Enterprise, 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 LS Common Enterprise. 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 continue to file with the Court and serve on the parties periodic requests for the payment of such reasonable compensation on a quarterly basis. 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 LS Common Enterprise 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: April 24, 2008

  
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Blanche M. Manning  
United States District Judge