

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
FORT WORTH DIVISION

FILED  
U.S. DISTRICT COURT  
NORTHERN DIST. OF TX  
FT. WORTH DIVISION

2000 AUG 14 P 2:54

NANCY DORRITY, CLERK

BY: \_\_\_\_\_  
DEPUTY

SECURITIES AND EXCHANGE §  
COMMISSION, §

Plaintiff, §

v. §

CORNERSTONE PRODIGY GROUP, §  
INC., GARY D. REEDER and §  
SANDRA M. REEDER, §

Defendants. §

and §

EXECUTIVE NETPROFITS, INC. §

Defendant Solely for the §  
Purpose of Equitable Relief §

CIVIL ACTION NO. 499-CV-0978-Y

**RECEIVER'S MOTION TO ABANDON RECEIVERSHIP ASSETS**

TO THE HONORABLE TERRY MEANS, UNITED STATES DISTRICT JUDGE:

COMES NOW, Michael J. Quilling ("Receiver") and files this his Motion to Abandon Receivership Assets and in support of such would respectfully show unto the Court as follows:

1. On November 24, 1999, the Securities and Exchange Commission ("SEC") initiated these proceedings and, in connection therewith, sought the appointment of a Receiver. On November 24, 1999, the Court appointed Michael J. Quilling as Receiver and he has continued to function in that capacity since that time.

2. At the time of a hearing scheduled in these proceedings on June 2, 2000, the Receiver informed the Court that he anticipated being able to propose a final distribution by the end of July, 2000 and, in connection therewith, believed it may become necessary for the Receiver to abandon

certain assets so is to not delay a final distribution. Accordingly, on June 2, 2000, the Court issued its Order setting Hearing on Receiver's Petitions for Relief. One of the matters addressed in the Order was that the Receiver was to file any anticipated motion to abandon by July 10, 2000 and that the matter would be set for hearing on Friday, July 14, 2000 at 10:00 a.m. On July 19, 2000, the Court entered its Order Resetting Hearings and Setting Additional Hearings and Deadlines pursuant to which the anticipated Motion to Abandon had to be filed by August 14, 2000 and would be set for hearing on Friday, August 18, 2000 at 10:00 a.m. This motion is submitted in accordance with that Order.

4. As of this date, the Receiver has taken possession of all physical tangible assets known to exist which constitute Receivership Assets. The only assets which the Receiver has not yet been able to sell, despite diligent efforts to do so, is certain art work which was purchased by Gary and Sandra Reeder using the proceeds of investor funds. The unsold artwork is described as follows:

- A. "Manuscript" by George Zeorlin.
- B. "Theme & Variation" by William Boynton.
- C. "It's a Boy" by Abby Levine.

In that the Receiver has not been able to obtain any offer in any amount with respect to the art work, the Receiver proposes abandoning the assets including attempting to give them to a charity, church or school.

5. The Receiver, through his accountants hired in this case, has a network server and several PCs which were used pre-receivership to conduct Cornerstone's accounting functions. Those computers constitute evidence which the FBI has told the Receiver is important in their ongoing

criminal investigation of Gary and Sandra Reeder. The FBI has requested that once the receivership case is closed that the computers be turned over to the FBI. By virtue of this Motion, the Receiver requests permission to do so and to thereby abandon any interest of the receivership estate in the computers.

6. In addition to taking possession of all tangible assets, the Receiver has also investigated possible claims and causes of actions against third parties. The only known possible causes of actions against third parties which have not already been resolved by the Receiver are potential claims against Susan Patterson.

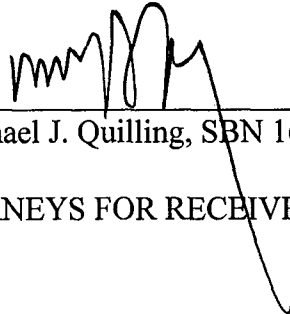
7. The potential claims against Susan Patterson relate to her receipt, in her capacity as an attorney, of \$25,000.00 which was to be held in an escrow account pending a business transaction between Cornerstone Prodigy Group, Inc. and David McCree, her client. The Receiver has asserted that she improperly released the funds from escrow and gave them to her client who then dissipated them. At the time the Receiver asserted his claims against Ms. Patterson, she returned \$950.00 which she still had in her escrow account but has refused to return the balance of the \$25,000.00. Given the relatively insignificant amount of the claim and the delay in distribution which will be encountered by the Receiver in closing the Receivership Estate, the Receiver proposes that he abandon these claims.

WHEREFORE, PREMISES CONSIDERED, the Receiver prays that upon final hearing and consideration of this Motion that the Court authorize abandonment of all of the foregoing, and for such other and further relief, general or special, at law or in equity, to which the Receiver may show himself justly entitled.

Respectfully submitted,

QUILLING, SELANDER, CUMMISKEY & LOWNDS, P.C.  
2001 Bryan St., Suite 1800  
Dallas, Texas 75201-4240  
(214) 871-2100 (Telephone)  
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By: \_\_\_\_\_

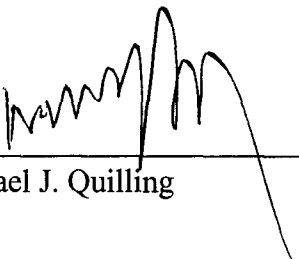
  
Michael J. Quilling, SBN 16432300

ATTORNEYS FOR RECEIVER

**CERTIFICATE OF CONFERENCE**

The undersigned has conferred with Steve Korotash of the SEC and the SEC does not oppose the relief requested in this Motion. There are no other parties to these proceedings and, thus, the Motion is presented as unopposed.

Steve Korotash  
Securities & Exchange Commission  
801 Cherry Street, 19<sup>th</sup> Floor  
Fort Worth, Texas 76102



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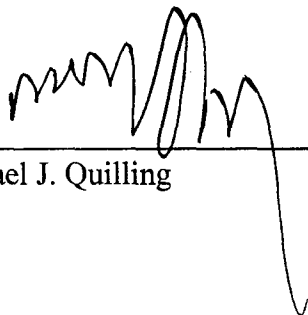
Michael J. Quilling

**CERTIFICATE OF SERVICE**

I certify that on the 14th day of August, 2000, a true and correct copy of the foregoing was served via United States mail, first class, postage prepaid, on:

Steve Korotash  
Securities & Exchange Commission  
801 Cherry Street, 19<sup>th</sup> Floor  
Fort Worth, Texas 76102

Gary Reeder  
1350 E. Flamingo, Unit 555  
Las Vegas, NV 89119



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Michael J. Quilling