

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

VS.

FUNDING RESOURCE GROUP
a/k/a FRG TRUST, ET AL.

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CIVIL ACTION NUMBER:
3:98-CV-2689-M

**JOINT STATUS REPORT AND
PROPOSED SCHEDULING ORDER**

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW, the Securities and Exchange Commission ("SEC"), the Plaintiff in the above-entitled cause and the Defendants and nominal Defendants in the above-entitled cause and files this, their Joint Status Report and Proposed Scheduling Order pursuant to the Court's Order of June 26th, 2000.

A. JOINT STATUS REPORT:

1. Statement and Contention of the Parties:

a. SEC's Contentions

The SEC contends that the Defendants have committed and are liable for securities fraud. The Defendants should be made to disgorge any monies received as a result of the securities fraud, plus interest. The SEC further contends that the Defendants should be ordered to pay civil penalties.

b. Defendants' Contentions

1. Don Hicks and Carl LaDane Weaver

Hicks and Weaver deny engaging in any transaction not exempt from registration pursuant to Section 4 of the Securities Act of 1933. Hicks and Weaver further deny having engaged in any acts, practices or courses of business which would constitute violations of the anti-fraud provisions of federal securities law, as alleged in the Plaintiff's Original Complaint and all amendments thereto.

Specifically, Hicks and Weaver deny violations of Section 10(b) of the Securities Exchange Act of 1934 and Securities and Exchange Commission rule 10b-5 promulgated thereunder, violations of Section 17(a)(1) of the Securities Act of 1933, violations of Section 17(a)(2)-(3) of the Securities Act of 1933 and violations of Sections 5(a) and 5(c) of the Securities Act of 1933 as alleged in the Original Complaint and all amendments thereto.

2. Mary Ann Bauce and Willard Vearl Smith

Bauce and Smith deny knowing or participating in a fraud and contend they were the victims of other individuals who made false representations to them. Bauce and Smith deny the allegations contained in the SEC's Original Complaint and any amendments made thereto.

3. David Gilliland and Jerrold Gunn

Gilliland and Gunn contend that they are nominal defendants at best. They deny the factual allegations contained in the SEC's Original Complaint. They contend that the SEC/Receiver has no viable cause of action for disgorgement against them under existing law.

2. Any challenge to jurisdiction or venue.

No Parties challenge jurisdiction or venue.

3. Any pending or contemplated motions and proposed time limits for filing motions.

There are no pending motions. The Plaintiff and Defendant contemplates that they will file a Motion for Summary Judgment after discovery has been taken.

The Parties would suggest a time limit for filing any dispositive motions 60 days before any pre-trial conference date set by this Court.

4. Any matters which require a conference with the Court.

No Parties require a conference with the Court at this time.

5. Likelihood that other parties will be joined.

No Parties believe any other parties will be joined at this time.

6. (a) Estimated time needed for discovery, with reasons,

Because of the complexity of this case, the Parties have suggested a discovery plan, pursuant to the Court's Order of June 26th, 2000.

(b) Contemplated discovery.

All parties believe that Interrogatories, Request for Production and Request for Admissions will be sent. In addition, depositions will be taken of the individuals involved in the transactions which formed the basis of this lawsuit.

7. Consent to U.S. Magistrate Judge.

The Parties do not consent to a U.S. Magistrate Judge.

8. Prospects for Settlement.

Settlement negotiations have been initiated and the parties agree to engage in good-faith settlement discussions throughout the litigation of this case.

9. Mediation prospects.

All parties agree to participate in a mediation of this case after discovery has been completed, however the parties will discuss settlement during the discovery phase of this litigation.

10. Any other relevant matters.

None of the parties believe there are any other matters relevant to the status and disposition of this case.

B. JOINT PROPOSED DISCOVERY PLAN:

A. Pursuant to the Court's Order of June 26th, 2000, all Parties submit the following to the Court:

1. Pursuant to the Court's Order of June 26th, 2000, a meeting was held on July 12th, 2000 at 2001 Bryan Street, Suite 1800, Dallas, Texas 75201. The following attorneys/individuals attended:

- a. Andrew Trusevich
State Bar No. 00785119
Quilling Selander Cumiskey & Lownds
2001 Bryan Street, Suite 1800
Dallas, Texas 75201
(214) 871-2100
(214) 871-2111 (fax)
Attorneys for the Receiver
- b. Steve Roberts (pro se)
19 Hornsilver Place
The Woodlands, Texas 77381
(281) 367-9224

- c. Kimberly W. Shauck
Secore & Waller, L.L.P.
13355 Noel Road, Suite 2200
Dallas, Texas 75240

Attorneys for Hicks and Weaver

- d. Ernest Leonard
8117 Preston Road, Suite 570
Dallas, Texas 75225
(972) 788-1400
(972) 788-2667 (fax)

Attorneys for David Gilliland and Jerrold Gunn (SEC case only).

- e. Wendell A. Odom
440 Louisiana 800
Houston, Texas 77002
(713) 223-5525
(713) 224-2815 (fax)

Attorneys for Mary Ann Bauce and Willard Smith

- f. Robert A. Brunig
Securities and Exchange Commission
801 Cherry Street, 19th, Floor
Fort Worth, Texas 76102
(817) 978-2700
(817) 978-6448

Attorney for the SEC

- g. Deborah Goodall
Goodall & Sooter
12830 Hillcrest Road
Dallas, Texas 75230
(972) 364-9090
(214) 739-1207 fax

Ms. Goodall had planned to attend but was called to trial on the morning of the meeting. She subsequently agreed to the contents of the Report and scheduled discovery.

Attorney for Quentin Hix and Gene Coulter

- h. S. Cass Weiland
Capshaw, Weiland, Goss & Bowers, L.L.P.
901 Main Street, Suite 2600
Dallas, Texas 75202
(214) 761-6610
(214) 953-1189 fax

The meeting was scheduled on the date and time at the request of Mr. Weiland. However, Mr. Weiland did not attend at the scheduled time and did not otherwise participate at a place and at times proposed by the SEC.

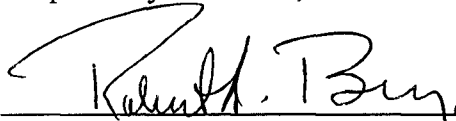
Attorney for FMCI Trust and Raymond G. Parr

2. Initial disclosures pursuant to Fed. R. Civ. P. 26(a) will not be made pursuant to the Court's Order of June 26th, 2000.
3. The Parties jointly proposed to the Court the following agreed discovery plan:
 - a. Discovery will be needed on the following subjects:
 1. The SEC's allegations against the Defendants.
 2. The Defendants' affirmative defenses.
 3. The SEC's investigation of the financial records and status of the defendants and the tracing of investors' funds.
 - b. All discovery will be commenced in time to be completed by February 15th, 2001.
 - c. All Parties will limit interrogatories pursuant to Fed. R. Civ. P. 33.
 - d. All Parties will limit request for admissions to a maximum number of 30.
 - e. Depositions will not be limited, but will be under the Fed. R. Civ. P.
 - f. Deposition Time Limits:
 1. No deposition time limits are deemed necessary at this time.
 - g. Experts will be designated by, and Reports from experts due:

1. From the SEC — March 5th, 2001.
Reports due by — March 15th, 2001.
2. From Defendants — April 5th, 2001.
Reports due by — April 15th, 2001.
3. Rebuttal experts and reports due — May 5th, 30th, 2001.
- h. Supplementation of all discovery will be made by June 15th, 2001.
4. Other Items
 - a. Parties do not request a conference with the Court before entry of the scheduling order.
 - b. Parties request a Pre-Trial Conference in August, 2001.
 - c. The SEC should be allowed until October 15th, 2000 to join additional parties and until November 15, 2000 to amend the pleadings.
 - d. Defendants should be allowed until October 22nd, 2000 to join additional parties and until November 22nd, 2000 to amend pleadings.
 - e. All potentially dispositive motions should be filed by June 30th, 2001.
 - f. Settlement is likely and the parties will discuss settlement throughout the litigation process.
 - g. Final lists of witnesses and exhibits under Rule 26(a)(3) should be due from:
 1. SEC — June 30th, 2001.
 2. Defendants — July 15th, 2001.
 - h. Parties should have until July 30th, 2001 to list objections under Rule 26(a)(3) to the other parties' witness and exhibit lists, including Daubert challenges.
 - i. The case should be ready for trial in September, 2001 and is expected to last three (3) weeks.

DATE: July 25 2000.

Respectfully submitted,



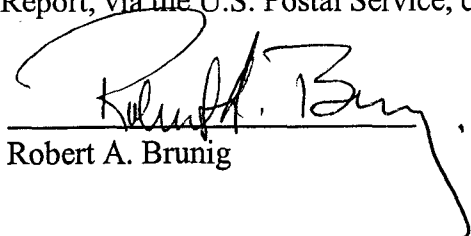
Robert A. Brunig State Bar No. 24003831

Securities and Exchange Commission
801 Cherry Street, 19th, Floor
Fort Worth, Texas 76102
(817) 978-6448
(817) 978-2700 (fax)

ATTORNEY FOR THE SEC

CERTIFICATE OF SERVICE

A true and correct copy of this document was mailed to the individuals listed on pages 4-6 of this Report, via the U.S. Postal Service, certified mail, R.R.R., on this 26th, day of July, 2000.


Robert A. Brunig