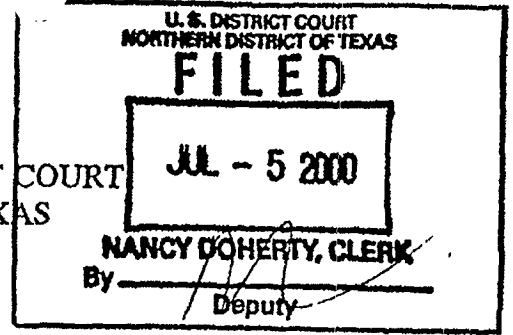


ORIGINAL

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



SECURITIES AND EXCHANGE
COMMISSION

Plaintiff,

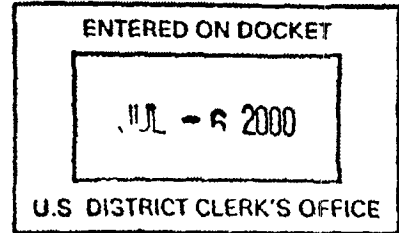
VS.

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

Defendants.

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NO. 3-98-CV-2689-M



ORDER

Jerrold L. Gunn has filed a motion to dissolve the November 29, 1999 order freezing his account with Merrill Lynch. Gunn contends that the Receiver has failed to prove that the funds contained in that account represent profits derived from illegal activities. Therefore, he argues that there is no legal or equitable basis to freeze his assets.

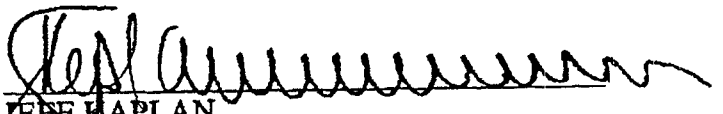
The Court notes that Michael J. Quilling, as Receiver of the Hammersmith Trust and related entities, recently sued Gunn for his participation in the alleged scheme to defraud investors through the sale of "prime bank" securities. *Quilling v. Gunn, et al.*, No. 3-00-CV-1318-M. Among the relief sought in that case is a constructive trust on all funds paid to Gunn, including his account with Merrill Lynch. The Court is unwilling to dissolve the freeze order currently in place as long as Gunn is a named defendant in a related civil action. Accordingly, his motion to dissolve the November 29, 1999 order freezing his account is denied.¹

¹ The Court further notes that the Merrill Lynch account is the subject of a Temporary Restraining Order entered by a federal district judge in Florida. *United States v. Gilliland, et al.*, No. 3-00-CR-48-LAC (N.D. Fla. July 5, 2000). Pursuant to this order, Gunn is prohibited from taking any action that "substantially dissipate[s] or diminish[es] the value" of this asset. *Id.* at 7.

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SO ORDERED.

DATED: July 5, 2000.



JEFF KAPLAN
UNITED STATES MAGISTRATE JUDGE

