

regarding extension of the receivership as to those individuals and entities was entered on July 22, 1999.

3. Among others, the receivership extends to Hammersmith Trust LLC, Microfund LLC and B. David Gilliland. At a hearing held by the Court on July 22, 1999, B. David Gilliland testified under oath that Covent Garden LLC is, in essence, his alter ego.

4. Since his appointment, the Receiver has been diligently tracing assets in an attempt to recover funds for defrauded investors. Based upon the records obtained by the Receiver to date, the Receiver has been able to trace at least \$225,500.00 to Jerold Gunn. Attached hereto as Exhibit 1 and incorporated herein by reference for all purposes, is a schedule which identifies the transfers.

5. In each instance, money was transferred from either Hammersmith Trust LLC, Microfund LLC or Covent Garden LLC to Mr. Gunn's account number 75023822 at Merrill Lynch. Based upon the Receiver's investigation, a substantial portion of the monies transferred remain on deposit at Merrill Lynch.

6. Jerold Gunn is allegedly a lawyer licensed to practice in Canada, who now claims to be retired, but who devotes a substantial amount of his energies to actually practicing law in the United States where he is not authorized to do so. Mr. Gunn is the person who drafted many of the contracts, promissory notes and related documentation with respect to Hammersmith Trust LLC and Microfund LLC. The Receiver's investigation has further revealed that Mr. Gunn was in attendance at the meetings where Hammersmith Trust LLC and the related entities were established, was instrumental in the original formation of the entities and has had substantial involvement with each of them. It is the Receiver's belief that he clearly understood the programs and business activities of each entity and knew that he was being paid with investor funds.

7. Because money can be easily transferred and because, upon information and belief, Mr. Gunn is closely associated with David Gilliland, the Receiver requests the Court freeze the Merrill Lynch account, and schedule a hearing as to whether the freeze should remain in force and effect at the same time other matters are scheduled to be heard in this case at 2:00 p.m. on December 13, 1999.

8. The Receiver does not believe that the freeze of the account will cause any harm to Mr. Gunn in that it is not his personal checking account and it does not appear necessary for him to utilize daily in order to meet his living expenses. In addition, subsequent to a freeze of the account, the Receiver will immediately correspond with Mr. Gunn regarding any emergency requirements that he may have with respect to the account and will consider those needs and act accordingly. In short, the Receiver requests that the Court freeze the account with the understanding that if there are any real needs of Mr. Gunn with respect to the account, the Receiver will address those on a case by case basis between now and the time of any further scheduled hearing on the matter.

9. The Receiver requests that the Court consider this on an *ex parte* basis. If Mr. Gunn is advised in advance of the Receiver's intentions to freeze the account, the money could quickly be transferred beyond the Receiver's reach to any number of the offshore havens where Gilliland has previously transferred money or to Canada. Any movement of the money from the Merrill Lynch account will make it that much more difficult for the Receiver to track the money, and by the time he is able to do so it may well be completely dissipated. On the other hand, the risk of any harm to Mr. Gunn, under these circumstances, is minimal.

WHEREFORE, PREMISES CONSIDERED, the Receiver requests that upon consideration of this matter the Court issue an order freezing the account and scheduling a hearing on the matter

as requested, and for such other and further relief, general or special, to which the Receiver may show himself justly entitled.

Respectfully submitted,

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By: 

Michael J. Quilling
State Bar No. 16432300

ATTORNEYS FOR RECEIVER

DECLARATION OF MICHAEL J. QUILLING

I, Michael J. Quilling, make this Declaration under penalty of perjury under the laws of the United States.

1. "My name is Michael J. Quilling. I am the Receiver appointed in the above-referenced case as to each Defendant and Equity Relief Defendant.


2. "In my capacity as Receiver, I have been conducting an exhaustive investigation of the business and financial affairs of Hammersmith Trust LLC, Microfund Trust, LLC and other related entities. My efforts have included the review of voluminous business records of the entities, the bank account records of the entities and interviews of numerous individuals. Based upon my investigation, I have learned the facts stated in paragraphs 4-6 stated in the Application above.

3. "It is my belief that unless the funds in Mr. Gunn's account are frozen on an *ex parte* basis, they will be dissipated before a hearing can be scheduled.

4. "As stated in the Application, if the account is frozen I will promptly consider any real need for access to the funds in the account by Mr. Gunn between now and the time of any scheduled hearing."

Further affiant saith naught.

Dated this 29th day of November, 1999.



Michael J. Quilling

CERTIFICATE OF SERVICE

I hereby certify that on the 11th day of November, 1999, a true and correct copy of the foregoing document was served via first class mail on:

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