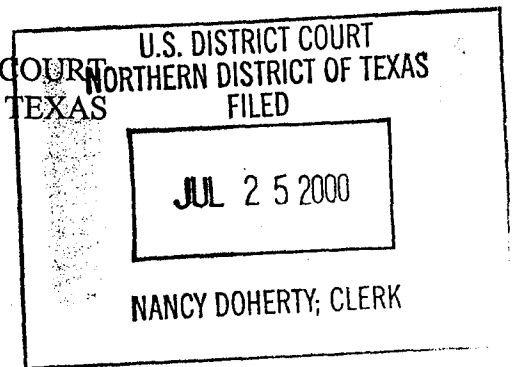


IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION



MICHAEL J. QUILLING, Receiver for
ROBERT CORD, *et. al.*

Plaintiff,

v.

RICHARD A. PARKER, d/b/a MORGAN,
WEINSTEIN & CO., a/k/a MORGAN,
WEINSTEIN & CO., INC. a Delaware
Corporation and a/k/a, MORGAN
WEINSTEIN & CO., LTD.

Defendant.

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CIVIL ACTION NO. 3-99-CV1929-M

**JOINT STATUS REPORT AND
PROPOSED SCHEDULING ORDER**

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW, Michael J. Quilling, the Receiver ("Receiver") appointed in the above-entitled cause and Morgan, Weinstein & Co., Inc., a/k/a Morgan, Weinstein & Co., LTD., ("Morgan") the Defendant 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. Receiver's Contentions

The Receiver contends that the Defendant was an active participant in an illegal ponzi scheme which was designed to defraud investors. The Receiver contends that

the Defendant did not operate a legitimate business, as no legitimate business could create the level of “funding” represented by the Defendant. Robert Cord, who was a federal fugitive when he began operating a ponzi scheme transferred \$200,000.00 to Defendant as a “retainer” for Defendant to find funding for Cord in the total amount of \$200,000,000.00, which was to be “raised” as described in the contract between Cord and the Defendant. The Receiver contends that the Defendant is liable for breach of contract, unjust enrichment, and fraud.

b. Defendants’ Contentions

The Defendant Morgan, Weinstein, & Co., Ltd. contends that, pursuant to an agreement, Robert Cord, acting on behalf of Saber Industries, paid a \$200,000 retainer to the Defendant. The retainer was paid to engage the Defendant to commence efforts to obtain project funding for Saber Industries. The funding was to be obtained from legal, but non-traditional sources in foreign countries. The written agreement made the retainer refundable in the event that the funding was not obtained under the approximate terms and conditions set forth in the retainer agreement. The terms and conditions set forth on page two of the retainer agreement concern the amount of funding, the number of disbursements, the interest rate, repayment and collateral. In the section concerning the terms and conditions of the loan to be sought, there is no promise by when the funding will be obtained.

The agreement did not address the issue of whether the Defendant could retain money necessarily expended on behalf of Saber Industries in the course of seeking the funding, particularly if funding efforts were stopped because of fault or actions of Saber or Cord. The Defendant contends that, in equity, it should be reimbursed

for those expenses because they were made in good faith and in furtherance of Saber Industries's objectives, prior to the Plaintiff's demand for return of the money, through no fault of the Defendant. Because of the nature of the risk, and the funding sources being other than traditional banks and institutional investors, the Defendant's effort in seeking the funding was protracted. The discovery of Robert Cord's fraudulent and criminal schemes and his subsequent arrest and conviction were factors that precluded the Defendant from obtaining the funding.

The Defendant has denied in its pleadings that it breached the contract, that it was unjustly enriched, or that it committed any fraudulent act, or that it committed fraud. It emphatically denies that it committed fraud of any sort.

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 45 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 13th, 2000 at 6060 North Central Expressway, Suite 790, Dallas, Texas 75206. The following attorneys/individuals attended:

a. Clark Will
State Bar No. 21502500
Andrew Trusevich
State Bar No. 00785119
Quilling Selander Cummiskey & Lownds
2001 Bryan Street, Suite 1800
Dallas, Texas 75201
(214) 871-2100
(214) 871-2111 (fax)

Attorneys for the Receiver

b. Robert J. Reagan
State Bar No. 16630980
Reagan & McLain
6060 N. Central Expressway, Suite 790
Dallas, Texas 75206
(214) 691-6622
(214) 691-2984 (fax)

John H. Baker *(available by telephone)* 
California Bar No. 90710
23046 Avenida de la Carlota, Suite 600
Laguna Hills, CA 92653
(949) 588-5767


Attorneys for Defendant

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 Receiver's allegations against the Defendant.
 2. The Defendant's affirmative defenses.
 3. The Receiver's investigation of the financial records and status of the defendant 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 Receiver — December 5th, 2000.
Reports due by — December 15th, 2000.
 2. From Defendants — January 5th, 2001.
Reports due by — January 15th, 2001.
 3. Rebuttal experts and reports due — January 31st, 2001.
 - h. Supplementation of all discovery will be made by February 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 March, 2001.
- c. The Receiver 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 February 21st, 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. Receiver — February 20th, 2001.
 2. Defendants — March 10th, 2001.
- h. Parties should have until March 20th, 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 April, 2001 and is expected to last less than one (1) week.

DATE: July 25th 2000.

Respectfully submitted,

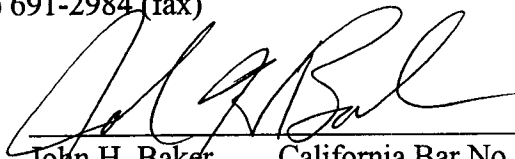
By: 
Andrew M. Trusevich S.B. #00785119

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ATTORNEYS FOR DEFENDANT