

No. S034144
Vancouver Registry



IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

MICHAEL J. QUILLING, RECEIVER FOR
THE ESTATE OF FREDERICK J. GILLILAND



FREDERICK J. GILLILAND, 834133 ALBERTA INC.,
832790 ALBERTA INC., ROYAL GRAND EXCHANGE INTERNATIONAL LTD.

Defendants

ORDER

BEFORE THE HONOURABLE *MR.*
JUSTICE BLAIR

)
)
)

WEDNESDAY, THE 30TH
DAY OF JULY, 2003

THE *EX PARTE* APPLICATION of the Plaintiff, coming on for hearing at Vancouver, British Columbia, on July 30, 2003; AND UPON hearing Jim Patterson and Lincoln Caylor, counsel for the Plaintiff, no one appearing for the Defendants, no notice having been given to the Defendants of this motion; AND UPON READING the Affidavits of Michael J. Quilling sworn July 28, 2003 and July 30, 2003, and the Statement of Claim herein and upon being advised of the undertaking of the Plaintiff to abide by any order in respect of damages which may pertain to the granting of this Order:

THIS COURT ORDERS THAT:

1. The Plaintiff is appointed Receiver for the Estate of Frederick J. Gilliland pursuant to the terms of the Order Appointing Receiver dated May 21, 2003, in *Securities and Exchange*

Commission v. Frederick J. Gilliland, U.S.D.C., Western District of North Carolina, Charlotte Division, Case No. 3:02CV128-Mu as amended and attached hereto as Schedule "A".

2. The Plaintiff is granted leave to bring the within proceeding in his capacity as Receiver on behalf of victims in British Columbia, Ontario, and the United States of America.

3. The Defendants are hereby enjoined from selling, mortgaging, pledging, transferring, assigning, diminishing or otherwise disposing of or dealing in any manner with any of their assets.

4. This Order be registered on title to the property located at 2373 Constantine Place, West Vancouver, with the legal description of: Parcel Identifier: 023-737-778, Lot 16 District Lot 793 Group 1 New Westminster District Plan LMP32819.

5. The Defendant is hereby enjoined from removing any of their assets from British Columbia.

6. Any branch(es) of any financial institutions served with a copy of this Order is enjoined from disbursing or dealing with any funds or assets deposited in all accounts, including without limiting the generality of the foregoing, safety deposit box(es), investments, or other customer accounts held by the Defendants, jointly or otherwise, or such accounts where the Defendants are authorized to conduct transactions.

7. Any branch(es) of any financial institutions served with a copy of this Order provide the Plaintiff or its legal representative with the following information with respect to the accounts referred to in paragraph 4 above:

- (a) such bank account numbers;
- (b) the current account balances of any such accounts; and
- (c) all documentation in relation to any such accounts in the possession, control or power of any branch(es) of any financial institutions served with a copy of this Order.

8. Insofar as this Order purports to have any effect outside the territorial jurisdiction of this Court, no person shall be affected by it or concerned by the terms of it until this Order is declared enforceable or registered or enforced by a foreign court of competent jurisdiction for that purpose, unless that person is:

- (a) a party to this action or an agent of a party to this action; or
- (b) a person who is subject to the judicial jurisdiction of this Court who has received written notice of this Order within the territorial jurisdiction of this Court.

9. The Defendant Gilliland deliver a sworn affidavit making full disclosure of all of his assets including all assets held by him, his corporations and in trust or otherwise within ten (10) days of service of this Order upon him.

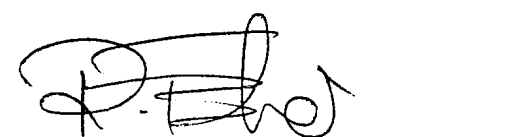
10. This Order expires at midnight on August 11, 2003 and that this matter be adjourned to August 11, 2003.

11. This Order and motion materials shall be served upon the Defendants forthwith.

12. The Defendants be granted leave to bring on an application to set aside this Order with 48 hours notice to the Plaintiff.



Approved as to form:



Solicitor for the Plaintiff

BY THE COURT


 DEPUTY DISTRICT REGISTRAR

ENTERED

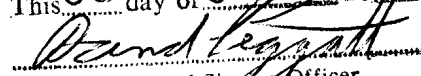
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Certified a true copy according to the records of the Supreme Court at Vancouver, B.C.

This 30 day of July 20 03


 Authorized Signing Officer

RECEIVED
CHARLOTTE, N.C.

SCHEDULE "A"

MAR 10 2007

Clerk, U. S. Dist. Court
W. Dist of N. C.

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

FILED
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U.S. DISTRICT COURT
W. DIST. OF N.C.

SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
)
v.)
)
FREDERICK J. GILLILAND,)
)
Defendant)
and)
)
MM ACMC BANQUE DE COMMERCE, INC.,)
)
Relief Defendant.)
)

CIVIL ACTION FILE
NO. 3:02CV128-Mu

ORDER APPOINTING RECEIVER

Upon the motion of the Securities and Exchange Commission ("Commission") and it appearing that adequate grounds exist for the issuance of this Order, it is hereby:

I.

ORDERED that Michael J. Quilling, Esq. ("Quilling") be and hereby is appointed as Receiver, without bond, for the estate of Frederick J. Gilliland ("Gilliland") unless and until the Court orders otherwise. The estate for which Quilling is hereby appointed Receiver is hereinafter referred to as the "Receivership Estate." The Receivership Estate shall include the assets of Sterling Assets Services, Ltd. ("Sterling Asset") and Sterling Management Services, Inc. ("Sterling Management") and the assets any other entity owned or controlled by Gilliland, Sterling Asset or Sterling Management, but shall not include those assets belonging to the Receivership Estate in Rollar v. United States of America,

Civil Action No. 3-02CV205-McK (W.D.N.C.) except for such distributions as may be made from such estate to the Receivership Estate in this matter.

II.

IT IS FURTHER ORDERED that the Receiver shall have and possess all powers and rights to efficiently administer and manage the Receivership Estate, including but not limited to the power:

- (a) to take custody, control and possession of all the funds, property, premises, leases, and other assets of or in the possession or under the direct or indirect control of the Receivership Estate, to manage, control, operate and maintain the Receivership Estate, to use income, earnings, rents and profits of the Receivership Estate, with full power to sue for and collect, recover, receive and take into possession all goods, chattels, rights, credits, monies, effects, lands, books and records of accounts and other papers;
- (b) to sell, rent, lease or otherwise hypothecate or dispose of the assets of the Receivership Estate;
- (c) to pursue, resist and defend all suits, actions, claims and demands which may now be pending or which may be brought by or asserted against the Receivership Estate;
- (d) to make such payments and disbursements from the funds so taken into his custody, control and possession or thereafter received, and to incur such expenses as may be necessary or advisable in the ordinary course of business in discharging his duties as Receiver;
- (e) to open bank accounts in the name of the Receiver on behalf of the Receiver Estate;
- (f) to engage and employ others (without Court approval), including but not limited to consultants, attorneys, accountants, experts and employees of a

firm owned by the Receiver, to assist him in his duties, except that any payment to others for their services shall be subject to Court approval;

- (g) to take any action which could be taken by the officers, directors, partners and trustees of the Receivership Estate;
- (h) to suspend, terminate or grant a leave of absence to any employees of the Receivership Estate;
- (i) to make appropriate notification to the United States Postal Service to forward delivery of any mail addressed to the Gilliland, Sterling Asset or Sterling Management or any other company or entity under the direction or control of Gilliland, Sterling Asset or Sterling Management, to any post office box or other mail depository or to himself; and to open and inspect all such mail to determine the location or identity of assets or the existence and amount of claims or otherwise perform his duties; and
- (j) to take such other action as may be approved by this Court.

III.

IT IS FURTHER ORDERED that no person holding or claiming any position of any sort with the Receivership Estate shall possess any authority to act by or on behalf of any of the Receivership Estate.

IV.

IT IS FURTHER ORDERED that no shareholders, partners or trustees of the corporations or other entities that make up the Receivership Estate shall exercise any of their rights or powers with respect to the Receivership Estate until further order of the Court.

V.

IT IS FURTHER ORDERED that all persons receiving notice of this order by personal service or otherwise, are hereby restrained and enjoined from disposing, transferring, exchanging, assigning or in any way conveying any property or assets of the

Receivership Estate and from the transaction of any business of the Receivership Estate except with the approval of the Receiver.

VI.

IT IS FURTHER ORDERED that, all persons acting for or on behalf of the Receivership Estate, and all persons receiving notice of this order by personal service or otherwise, having possession of the property, business, books, records, accounts or assets of the Receivership Estate are hereby directed to deliver the same to the Receiver, his agents and/or employees.

VII.

IT IS FURTHER ORDERED that the defendant and relief defendant, their agents, servants, employees, nominees, attorneys and entities under their direct or indirect control shall cooperate with and assist the Receiver and shall take no action, directly or indirectly, to hinder, obstruct, or otherwise interfere with the Receiver, in the performance of his duties.

VIII.

IT IS FURTHER ORDERED that any brokerage institution, financial institution, bank, savings and loan, mutual fund, or any other person, partnership, or corporation maintaining or having custody or control of any brokerage or deposit account or other assets of any of the Receivership Estate or under their control, and that receives actual notice of this order by personal service, facsimile transmission or otherwise shall, within ten (10) business days of receipt of that notice, file with the Court and serve on the Receiver and counsel for the Commission a certified statement setting forth, with respect to each such account or other asset, the balance in the account or description of the assets as of the close of business on the date of receipt of the notice.

IX.

IT IS FURTHER ORDERED that the Receiver shall perform an accounting of the defendant's offering of securities offerings as outlined in the Commission's complaint

including but not limited to the defendant's solicitation, receipt, disposition and use of the proceeds from such offerings.

X.

IT IS FURTHER ORDERED that the Receiver shall have the power to compel, including by subpoena, the appearance and testimony of all persons and the production of the originals of any records, of any sort whatsoever, within the possession, custody or control of any person, in performing his duties hereunder. The Receiver's authority under this paragraph shall not be construed to require the waiver by any person of any validly asserted privilege.

XI.

IT IS FURTHER ORDERED that the Receiver may investigate the current and former employees of any entity that is part of the Receivership Estate, and related parties in connection with discovering additional information as it relates to activities of that entity. The Receiver shall have the authority to investigate regarding such related parties and employees prior to filing any litigation, and shall have the express authority to order consumer reports in the course of any such investigation.

XII.

IT IS FURTHER ORDERED that the Receiver and any person engaged or employed by the Receiver, are entitled to reasonable compensation from the assets of the Receivership Estate, subject to the prior approval of the Court.

XIII.

IT IS FURTHER ORDERED that except by leave of this Court all creditors and other persons seeking money damages or other relief from the Receivership Estate and all others acting on behalf of any such creditors and other persons, including sheriffs, marshals, and all officers and deputies, and their respective attorneys, servants, agents and employees, are, until further order of this Court, hereby stayed and restrained from doing anything to interfere with the possession, recovery or management by the Receiver of the

property and assets owned, controlled, belonging to, or in the possession of the Receivership Estate, or to interfere with the Receiver in any manner during the pendency of this proceeding.

XIV.

IT IS FURTHER ORDERED that the Receiver is authorized to communicate with all such persons as he deems appropriate to inform them of the status of this matter and the financial condition of the Receivership Estate.

XV.

IT IS FURTHER ORDERED that the Receiver is authorized to record this Order with government offices and to serve this Order on any person as he deems appropriate in furtherance of his responsibilities in this matter.

XVI.

IT IS FURTHER ORDERED that, except for an act of gross negligence, the Receiver and all persons engaged or employed by him shall not be liable for any loss or damage incurred by the defendant, or any other person, by reason of any act performed or omitted to be performed by them in connection with the discharge of their duties and responsibilities in this matter.

XVII.

IT IS FURTHER ORDERED that this Court will retain jurisdiction over this matter and the defendant and relief defendant for all purposes and will order other and further relief that this Court deems appropriate under the circumstances.

Service of this Order shall be served upon the defendant and the relief defendant or their attorneys on or before the ___ day of _____, 2003 at or before ___ p.m.

Done and ordered at ___ o'clock ___ m. this 21st day of May, 2003 at Charlotte, North Carolina,

J. B. Brantley
UNITED STATES DISTRICT JUDGE