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IN THE SUPERIOR COURT FOR THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

In The Matter of:
Proceeds from Bank of America Account
#4672000476 in the name of Unite 1
Investment Assistance, et al., as more
particularly described in the Attached
Appendix One

Cause No. CV 2001-011252

ORDER RE: PETITION NO. 11
ORDER ESTABLISHING PROCEDURES
FOR THE ADJUDICATION OF
REQUESTS FOR COMPENSATION

(Assigned to Judge Robert Miles)

The Receiver having filed *Petition No. 11, Petition for an Order Establishing Procedures to Adjudicate Requests for Compensation ("Petition No. 11")* and having served it upon the persons appearing on the Master Service List, and the Court having considered same, and it appearing to the Court that the matters requested by *Petition No. 11* are reasonable, just and appropriate:

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

1. DEFINITIONS

Unless the contexts otherwise requires, the following terms shall have the meanings specified below:

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1 **1.1 Approved Request for Compensation.** A Request for Compensation that has
2 been filed with the Receiver and has been approved by the Court.

3 **1.2 Unite 1 Investment Assistance.** Unite 1 Investment Assistance, which was an
4 investment program operated by Vernon L. Smith, Jr..

5 **1.3 Court.** The Arizona Superior Court for Maricopa County, in Cause No. CV
6 2001-011252.

7 **1.4 Injured Person.** A person who has sustained economic loss, including medical
8 loss, as a result of injury to his person, business or property by the Racketeering Conduct, and
9 who is not an Owner of, or an Interest Holder in the property. An Injured Person does not
10 include a person who is responsible for the conduct giving rise to the forfeiture underlying
11 this Receivership or a person whose interest would not be exempt from forfeiture if the
12 person were an Owner of or Interest Holder in the property. The definition of "Injured
13 Person" as used herein is intended to conform to A.R.S. §§13-4301(3) and 13-105(14).

14 **1.5 Interest Holder.** An "Interest Holder" is a person defined in A.R.S. §13-
15 4301(4).

16 **1.6 Owner.** An "Owner" is a person defined in A.R.S. §13-4301(5).

17 **1.7 Racketeering Conduct.** The fraudulent conduct of Vernon L. Smith, Jr. and
18 others in connection with the marketing and sale of the investment program known as Unite 1
19 Investment Assistance.

20 **1.8 Receiver.** Lawrence J. Warfield.

21 **1.9 Receiver's Request for Compensation Report.** The Receiver's Report filed

1 with the Court describing the Requests for Compensation filed with the Receiver and setting
2 forth his recommendations concerning each of those requests. This Report shall be referred
3 to herein as the Receiver's Report or as the Receiver's Request for Compensation Report.

4 **1.10 Receivership Assets.** Receivership Assets shall include the following:

5 a. All property forfeited to the State of Arizona pursuant to the *Order of*
6 *Forfeiture* dated August 9, 2002 in the above cause number, the *Judgment And Order*
7 *of Forfeiture In Rem Re Proceeds From Chase Bank Account #312-9599199 In the*
8 *Name of Unite 1 Investment Receivership* entered in the above cause number on May
9 31, 2006, and all property that may hereafter be placed in the custody of the Receiver
10 for distribution to Injured Persons.

11 b. Proceeds, product, offspring, rents, interest or profits of or from
12 Receivership Assets.

13 c. All interest earned on Receivership Assets.

14 **1.11 Request for Compensation.** A request to the Receiver made by a person for
15 economic loss sustained by the Requestor as a result of injury to his person, business or
16 property by the Racketeering Conduct, which request is made in a form approved by the
17 Court.

18 **1.12 Request for Compensation Bar Date.** December 15, 2006.

19 **1.13 Requestor.** A person filing a Request for Compensation with the Receiver.
20
21

1 **2. NOTICE OF RIGHT TO FILE A REQUEST FOR COMPENSATION**
2 **AND NOTICE OF THE REQUEST FOR COMPENSATION BAR DATE**

3 **2.1 Notice to Known or Reasonably Ascertainable Injured Persons.** The
4 Receiver shall notify each Known or Reasonably Ascertainable Injured Person, as defined in
5 *Petition No. 11*, of the Request for Compensation Bar Date and of his or her right to file, and
6 the procedures for filing, a Request for Compensation. Such notice shall be made, not later
7 than October 2, 2006, by depositing in the United States mail with first class postage prepaid,
8 to the most recent billing address contained in the records of the Receiver, a notice in a form
9 substantially similar to Exhibit "B" to *Petition No. 11*, together with a copy of the Request for
10 Compensation form and any other information the Receiver may deem appropriate.

11 **2.2 Notice by Publication.** For all Injured Persons who do not receive actual
12 notice, the Receiver shall provide constructive notice by publishing, not later than October
13 16, 2006, notice in a form substantially similar to Exhibit "C" attached to *Petition No. 11*:

- 14 (1) Once in a weekday edition of a newspaper of general circulation within
15 the United States, such as *U.S.A. Today*;
- 16 (2) In a newspaper of general circulation within the State of Arizona at least
17 once for four successive weeks.

18 **3. FILING OF REQUESTS FOR COMPENSATION**

19 **3.1 Filing a Request for Compensation.** An Injured Person seeking to recover
20 from the Receivership Assets shall file with the Receiver a Request for Compensation on or
21 before the Request for Compensation Bar Date. An Injured Person who fails to timely file a
Request for Compensation as provided in this order shall be forever barred from recovering

1 from the Receivership Assets. A Request for Compensation may be filed in one of the
2 following two manners:

3 a. A Request for Compensation may be filed by mail by completing the
4 Request for Compensation form provided by the Receiver, which shall be substantially
5 similar to the form attached as Exhibit "A" to *Petition No. 11*, and depositing it in the
6 United States mail, first class postage prepaid, addressed to the Receiver at:

7 Lawrence J. Warfield, Receiver,
8 Unite 1 Receivership
9 P.O. Box 14050
10 Scottsdale, Arizona 85267

11 b. An Injured Person who previously filed an interim Request for
12 Compensation with the Receiver shall not be required to file another such Request as
13 to the amounts sought in the previously filed Request.

14 **3.2 Date of Filing.** A written Request for Compensation shall be deemed filed with
15 the Receiver on the date the Request for Compensation is deposited in the United States mail,
16 postage prepaid and properly addressed to the Receiver.

17 **3.3 Prohibition against filing Request for Compensation with the Court.** No
18 Request for Compensation shall be filed with the Court and any Request for Compensation so
19 filed shall not be considered properly filed as required under this Order.

20 **3.4 Supporting Documentation.** Each Request for Compensation shall include as
21 an attachment all documentation supporting the Request. Original documents should not be
filed with the Request for Compensation. If a supporting document (such as a copy of a
personal check or cashiers check) is not available, the person filing the Request must attach

1 an explanation of why the document is not available.

2 **3.5 Investigation.** The Receiver may request any additional documentation or
3 information from a person filing a Request for Compensation which the Receiver deems
4 necessary in order to properly consider the Request.

5 **4. REDUCTION OF CLAIMS BY AMOUNTS RECEIVED**

6 **4.1** The Receiver shall reduce and offset against any Request for Compensation the
7 amount of any funds or credit received by the person filing the Request for Compensation, or
8 for his or her benefit, from Unite 1 Investment Assistance or Vernon L. Smith, Jr..

9 **5. RECEIVER'S REQUEST FOR COMPENSATION REPORT AND THE
10 COURT'S FINAL ADJUDICATION OF REQUESTS FOR
11 COMPENSATION**

12 **5.1 Receiver's Request for Compensation Report.** On or before January 15,
13 2007, the Receiver shall file with the Court the Receiver's Request for Compensation Report
14 setting forth all Requests for Compensation filed with the Receiver together with the
15 Receiver's recommendations concerning all such Requests. The Request for Compensation
16 Report will also include a recommendation concerning the classification of Requests and the
17 allocation of Receivership Assets to be distributed in payment of Requests for Compensation.

18 **5.2 Notice to Persons filing Requests for Compensation.** The Receiver shall
19 provide notice of his recommendations to each Requestor whose Request for Compensation
20 the Receiver has recommended be denied or recommended be approved in amount less than
21 that amount requested. The Receiver shall provide this notification in writing by depositing
same in the United States mail, first class postage pre-paid, addressed to the person filing the

1 Request for Compensation at the person's most recent address contained in the records of the
2 Receiver. This notification shall also set forth the applicable procedures and deadline for
3 filing objections to the Receiver's recommendations.

4 **5.3 Copy of the Requests for Compensation Report.** Every person who properly
5 files a Request for Compensation shall have the right to obtain a copy of the Request for
6 Compensation Report upon payment of a reasonable fee set by the Receiver for providing a
7 copy of the Request for Compensation Report not to exceed \$10.00 plus the cost of copying
8 and postage. All requests for a copy of the Report shall be made in writing to the Receiver,
9 and shall be deposited in the U.S. mail, postage-prepaid, first class, addressed to the Receiver.
10 The Receiver may to the extent feasible, make the information in his report available on his
11 website.

12 **5.4 Service of copy of the Requests for Compensation Report.** The Requests for
13 Compensation Report shall be served on all persons appearing on the Master Service List,
14 and on those others who properly request and pay for a copy of the Report, together with a
15 Notice of Hearing which shall notify the person of the Court's scheduled hearing date on the
16 Report. Service of the Report shall be made by depositing same in the United States mail,
17 first class postage pre-paid, addressed to the recipient at the address set forth in the Master
18 Service List or as set forth in the request for the Report.

19 **5.5 Objections.** All objections to any part of the Request for Compensation Report
20 by any interested party or any person filing a Request for Compensation shall be filed with
21 the Receiver and not with the Court. The objections shall be set forth in writing and

1 deposited in the United States mail on or before March 16, 2007, postage pre-paid, first class,
2 addressed to the Receiver at:

3 Lawrence J. Warfield, Receiver,
4 Unite 1 Receivership
5 P.O. Box 14050
6 Scottsdale, Arizona 85267

7 **5.6 Filing of Objections by the Receiver.** The Receiver shall file with the Court
8 on or before April 16, 2007, a copy or summary of timely objections received by the Receiver
9 together with the Receiver's response to those objections and shall serve a copy of same on
10 all persons appearing on the Master Service list and on all persons who served the Receiver
11 with objections as provided above. The Receiver's response shall be served by deposit in the
12 U.S mail, first class postage pre-paid, addressed to the recipient at his last known address
13 according to the Receiver's records.

14 **5.7 Hearing Date.** A hearing will be held by the Court on the Receiver's Requests
15 for Compensation Report and any objections thereto, on April 23, 2007 at 11:00 a.m.

16 **5.8 Final Adjudication of Requests for Compensation.** Following the Court's
17 hearing, the Court shall enter an order approving or disapproving the Requests for
18 Compensation filed with the Receiver.

19 **5.9 Distributions.** Distributions on Approved Requests for Compensation shall be
20 made only upon further order of this Court.

21 **6. MISCELLANEOUS**

6.1 All Requests for Compensation shall be filed on or before the Request for
Compensation Bar Date. Notwithstanding the above:

1 a. Claims, invoices and other requests for payment or reimbursement of
2 administrative expenses shall be filed with the Receiver within sixty days from the
3 date incurred;

4 b. Claims invoices and other requests for payment or reimbursement of
5 administrative expenses by the Receiver or the Receiver's agents, regardless of the
6 date incurred, shall not be subject to a Request for Compensation Bar Date and are not
7 governed by this order.

8 **6.2** Any Requests for Compensation not filed by the Request for Compensation Bar
9 Date will automatically be denied by the Receiver unless the Court specifically exempts the
10 Request from the Request for Compensation Bar Date.

11 **6.3** The Receiver or any person filing a Request for Compensation, or any party in
12 this proceeding, may file an objection to any Request for Compensation.

13 **6.4** The Receiver is not responsible for providing the notice required by A.R.S. §13-
14 4307.

15 Dated this 27th day of July, 2006.

17 **Robert E. Miles**

18 _____
Judge of the Superior Court