

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

SECURITIES EXCHANGE COMMISSION)

Plaintiff,)

vs.)

DAVID TANNER, et al.,)

Defendants,)

and)

MARGARET F. SPENCER, et al.,)

Relief Defendants.)

Case 5:05-cv-04057-SAC-KCS Civil Action No. 05-4057-SAC Document 1-1 Filed 11/22/2005

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MOTION FOR SHOW CAUSE ORDER

COMES NOW the Receiver *Pendente Lite* Larry E. Cook (the "Receiver"), by and through his undersigned counsel, and for this Motion for Show Cause Order, respectfully states as follows:

1. The United States Securities and Exchange Commission (the "Commission") initiated this securities fraud enforcement action on May 4, 2005. At the request of the Commission and, based upon a preliminary showing of securities fraud, the Court established an asset freeze and appointed Larry E. Cook as Receiver.

2. On that same date, the Court entered its Order Appointing Receiver (Docket # 10) which, *inter alia*, authorized the Receiver to take and have possession of the Receivership Assets.

3. On July 21, 2005, the Receiver moved for Turnover of Property and Records of the Receivership Estate Transferred to Mark D. Zarubi, Diversified Partners Limited f/k/a Cedax Limited, Seaforth Meridian Limited, and Law Offices of J.B. "Benton" Moore (the "Turnover Motion") (Docket Entry # 69).

4. On August 11, 2005, the Receiver, Mark Zarubi, Seaforth Meridian, Ltd., and J.B.

Moore entered into a stipulated order (“the Order”), which states in pertinent part:

IT IS FURTHER ORDERED, that Mark D. Zarubi, Diversified Partners Limited f/k/a Cedax Limited authorize, and that Seaforth Meridian Limited return to the Receiver investor funds at Seaforth Meridian Limited in an amount not less than US\$8,998,513 pursuant to a payment schedule agreed to by Seaforth and the Receiver wherein the initial installment payment will be made on or before August 15, 2005 and the final installment payment will be made on or before October 15, 2005.

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5. The principals of Seaforth Meridian Limited (hereafter “Seaforth”) are John C. Friedrich, Managing Director; Alain A. Assemi, Managing Director; and Timothy J. Clyman, Managing Member.

6. The Order was approved and signed by the Honorable Sam A. Crow, United States District Senior Judge.

7. The parties subject to the Order agreed that Seaforth would make a payment of \$2,000,000.00 on August 15, 2005; \$3,000,000.00 on September 15, 2005; and the remaining balance by October 15, 2005.

8. As fully set forth in the Affidavit of the Receiver, attached hereto as Exhibit B, Seaforth turned over to the Receiver \$2,110,118.95 on August 12, 2005.

9. Seaforth turned over to the Receiver \$1,500,000.00 on September 12, 2005.

10. Seaforth turned over to the Receiver \$500,000.00 on September 29, 2005.

11. Since September 29, 2005, Seaforth has failed and refused to turn over the remaining balance due and owing to the Receiver as set forth in the Order.

12. Said refusal to turn over the remaining balance is a clear violation of this Court’s Order.

13. The remaining balance, \$4,888,394.10, was due by October 15, 2005. Since that date, Seaforth has been in violation of this Court’s Order.

Seaforth has failed to comply with this Court's Order and, as such, should be held in civil contempt.

WHEREFORE, the Receiver respectfully requests the Court to order Seaforth and its managing members/directors to show cause as to why they should not be held in civil contempt.

The Receiver further requests that Court shorten the response time provided in D. Kan. Local Rules and require Seaforth to respond to this Motion with three (3) business days of service, and that the Court set a hearing as soon thereafter as possible. In the event this Court finds Seaforth and/or its managing members/directors in contempt, the Receiver requests compensation for the fees and expenses incurred as a result of said failure to comply, together with such other directives and sanctions as this Court deems appropriate.

Dated: November 22, 2005

Respectfully submitted,

Lathrop & Gage L.C.

By: /s/ Kenneth L. Weltz

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CERTIFICATE OF SERVICE

I hereby certify that on this 22 day of November, 2005, I electronically filed the foregoing, with the Clerk of the Court for the District of Kansas, Topeka Division, by using the CM/ECF system which will send a notice of electronic filing to the following CM/ECF participants:

Timothy P. Davis, SEC;

Christopher M. Joseph and Stephen M. Joseph, Counsel for Spencer Defendants;

Roger N. Walter, Co-Counsel for Relief Defendant Vectra Resources, LLC;

Christopher Bebel, Co-Counsel for Relief Defendant Vectra Resources, LLC;

Randall J. Forbes and Kevin M. Fowler; Counsel for Relief Defendant Dynamic Environmental Solutions;

Robert L. Herskovits, Counsel for Defendant Tanner; and

Thomas D. Haney, Counsel for Defendant Tanner.

I also hereby certify that on this 22 day of November, 2005, I served the above via facsimile to: Case 5:05-cv-04057-SAC-KGS Document 141 Filed 11/22/2005 Page 4 of

Ronald Paltrowitz
(203) 730-2022

/s/ Kenneth L. Weltz
An attorney for Larry E, Cook, Receiver