

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS**

SECURITIES EXCHANGE COMMISSION)

Plaintiff,)

vs.)

DAVID TANNER, et al.,)

Civil Action No.: 05-4057-RDR

Defendants,)

and)

MARGARET F. SPENCER, et al.,)

Relief Defendants.)

PLAN FOR GENERAL DISTRIBUTION TO INVESTORS

**TO ALL CAPITAL ENHANCEMENT CLUB INVESTORS, PROMOTERS, BROKERS,
AND HOLDERS OF INVESTOR FUNDS:**

Judgment has been entered against defendants David Tanner, individually and d/b/a Capital Enhancement Club, Rocky D. Spencer, Marroc Corp., and Richard P. Kringen. The Court has therefore confirmed this Distribution Plan to provide the Receiver with additional authority and direction in order to do what the Defendants, Relief Defendants, and their associates, and the involved entities, brokers and promoters should have done from the start: everything possible to restore funds that were obtained on false pretenses.

This plan provides procedures for the distribution of recovered funds to allowed investor claims, and for the recovery of additional investor funds.

It is essential to the efficient operation of this Plan that the Receiver be given the cooperation of all parties who served either as a promoter of Capital Enhancement Club, or

as an intermediary for Capital Enhancement Club. Persons failing to follow the direction of the Receiver made in furtherance of the provisions of this Plan may be cited for contempt of this Court's authority.

APPROVED this 22nd day of May, 2007.

s/Richard D. Rogers
United States District Judge

PREAMBLE

The Capital Enhancement Club Receivership is an ancillary proceeding commenced at the request of the Securities and Exchange Commission on May 4, 2005. Immediately upon his appointment, the Receiver moved to recover and to secure such assets as could be recovered following the securities fraud that is the subject of the main action. Further information concerning this matter, including copies of the Receiverships Status Reports and the Court's Orders establishing this Receivership, are posted at www.ceclubreceiver.com.

The Receiver has determined that the Receivership Assets were derived from the securities fraud in question. Accordingly, the Receiver has concluded that the recovered Receivership Assets constitute the corpus of a constructive trust, whose assets should be either utilized for the benefit of the trust beneficiaries and/or returned to them.

The Receiver prepared this Plan in order to formalize the procedures that he and his team intend to employ to distribute recovered funds to the defrauded investors and for the recovery of additional investor funds. The receiver concluded that a formal plan should be presented to the Court for its consideration because of the large number of beneficial interest holders. Formal adoption of this Plan permits the Receiver to obtain the essential cooperation of all involved parties, and particularly those who served either as a promoter of CEC, or as an intermediary for CEC investments. Although this Plan is principally designed to provide direction to the Receiver, it also allows the Receiver to accurately provide explanation and direction to involved parties as to the wishes of the Court relative to disposition of the Receivership Assets. Accordingly, persons failing to follow the direction of the Receiver made in furtherance of the provisions of this Plan will be acting in contempt of the Court's own direction, and may be subject to appropriate sanction.

This Plan seeks to make a prompt distribution of the constructive trust assets obtained in the course of the CEC securities fraud back to the victims based upon the net cash losses of these victims as previously identified by the Court and the Receiver. The Plan treats all holders of Allowed Claims equally with each receiving a *pro rata*, or equivalent percentage distribution, of their Allowed Claim. The Plan also provides direction relative to potential additional efforts to recover Receivership Assets.

ARTICLE I –DEFINITIONS

All capitalized terms shall have the meanings as stated below:

Section 1.01: “ALLOWED CLAIM” means any investor claim allowed pursuant to the Court’s December 4, 2006 Memorandum and Order Allowing and Disallowing Investor Claims.

Section 1.02: “BAR DATE FOR CLAIMS” means April 28, 2006.

Section 1.03: “CLAIMANT” refers to a Person who is the holder of an Allowed Claim.

Section 1.04: "COURT" refers to the United States District Court for the District of Kansas.

Section 1.05: “INVESTOR FUNDS” means all funds held at any time by any Defendant or Relief Defendant and the proceeds thereof and any funds commingled with such funds or proceeds thereof.

Section 1.06: “ORDER APPOINTING RECEIVER” refers to the Order Appointing Receiver dated May 4, 2005.

Section 1.07: “PLAN” refers to this Plan for General Distribution to Investors.

Section 1.08: “PERSON” means any natural person, corporation, partnership, association, trustee, agent, or other entity of any kind.

Section 1.09: “RECEIVER” refers to Larry E. Cook, CFE CPP, Receiver, appointed pursuant to this Court’s Order Appointing Receiver.

Section 1.10: “RECEIVERSHIP ASSETS” refers to the assets defined as Receivership Assets in this Court’s Order Appointing Receiver.

Section 1.11: “RECEIVERSHIP ESTATE” refers to the Receivership Assets that have been or may be collected by the Receiver.

Section 1.12: “SEC” refers to the United States Securities and Exchange Commission.

ARTICLE II—CLAIMS REVIEW AND DETERMINATION

Section 2.01: CLAIMS APPROVAL. On December 4, 2006, the Court entered its Memorandum and Order Allowing and Disallowing Investor Claims (Doc. # 358). Distribution to holders of Allowed Claims shall be made based on the Allowed Claims as set forth in the Court’s December 4, 2006 Order.

ARTICLE III – PAYMENT OF CLAIMS

Section 3.01: PRIORITY OF DISTRIBUTIONS. Allowed Claims shall be

paid on a pro rata basis from any Receivership Assets.

Section 3.02: DISTRIBUTIONS TO BE MADE FROM RECEIVERSHIP ASSETS. In making distributions of Receivership Assets as authorized by this Article or any other order of this Court, the Receiver may utilize any Receivership Asset. If assets are transferred by agreement of the holder, trustee, bailee, bank or record owner thereof, they shall be deemed Receivership Assets. Likewise, whenever assets are transferred to the Receiver pursuant to an order of any court or legal authority in any jurisdiction, such assets shall be deemed Receivership Assets.

Section 3.03: METHOD OF DISTRIBUTIONS. The Receiver is hereby further authorized to distribute Receivership Assets (in the form of a check made payable to the Claimant and sent via first-class mail to the Claimant at the address set forth in the December 4, 2006 Memorandum and Order Allowing and Disallowing Investor Claims, or any other address a Claimant has provided or does provide to the Receiver after December 4, 2006). In the absence of a written notice of change of address, the Receiver may rely upon the addresses of Claimants on file with the Receiver. Payment shall be deemed to have been made to a Claimant when a check is deposited in the United States mail, postage prepaid, properly addressed, as set forth above, to the Claimant. If any issued check is not negotiated within 90 days of mailing, such check shall be deemed undeliverable and the funds there from shall become part of the Receivership Assets and included in subsequent distributions to Claimants. The Receiver shall make one or more distributions pursuant to this Article as sufficient Receivership Assets become available for distribution to Claimants. The Receiver shall file a Notice of Distribution with the Court when a distribution is made and post a copy of the Notice on the Receiver's website.

Section 3.04: IMMEDIATE DISTRIBUTION; ACCRUAL PERMITTED BUT NOT REQUIRED. The Receiver has made his best efforts to notify all potential Claimants. Accordingly, the Court expressly authorizes the Receiver to pay Allowed Claims according to the terms of this Article without regard for the possibility that Claims may, with good cause, be presented or supported after the Claims Bar Date. The Court will not expect the Receiver to have reserved Receivership Assets to pay such claims.

Section 3.05: PAYMENT OF DISALLOWED CLAIMS. If the Receiver recovers Receivership Assets sufficient to pay all Allowed Claims in full, the Receiver shall so advise the Court and make one or more recommendations to the Court as to the disbursement of any Receivership Assets in excess of the amount necessary to pay all Allowed Claims in full.

Section 3.06: PAYMENT EFFECTS RELEASE. If an Allowed Claim is paid by the Receiver (in whole or in part) and no objection thereto is received as provided in the preceding section, then any and all claims, demands, rights, and causes of action of any nature whatsoever, whether arising at law or in equity, known or unknown, asserted or unasserted, for all damages (whether actual or punitive, known or unknown, latent or patent, foreseen or unforeseen, direct or indirect or consequential, matured or unmatured, and accrued or not accrued), and debts, and liabilities of whatever nature that are or could be asserted by the Claimant or any other person against the Receiver or his agents, the SEC or any Defendant or Relief Defendant, or any

Receivership Asset are hereby discharged, released, extinguished, and satisfied. By effecting notice of approved Determined Claims according to the terms of this Plan, the Receiver shall be deemed to have provided reasonable and sufficient notice to all Persons, and neither the Receiver nor any Person accepting Receivership Assets from the Receiver shall have any liability to any person to return any assets used for payment or satisfaction of a Determined Claim, nor to compensate any person in any respect for having paid or otherwise satisfied a Determined Claim, nor for any other action taken in good faith under or relating to this Plan or arising out of the processing of any Claim, including, but not limited to, any act or omission in connection with or arising out of the administration of Claims or this Plan or the Receivership Assets to be distributed hereby; except that, the Receiver shall be liable for willful misconduct found by the Court. In the event of any claim being made against the Receiver for such matters, whether or not willful misconduct is alleged, the Receiver shall be entitled to full and complete indemnity and a defense by counsel of his choice, payable as any other professional expenses herein.

ARTICLE IV – PARALLEL AND RELATED PROCEEDINGS

Section 4.01: EFFORTS TO RECOVER INVESTOR FUNDS. The Receiver may exercise his discretion as to whether to expend Receivership Assets to recover any Investor Funds from wherever they may presently be. The Receiver may initiate any proceeding in any United States or foreign jurisdiction as may be necessary, and further may sue any person before the United States District Court for the District of Kansas, or any other United States or foreign court, to enforce the constructive trust that the Court finds exists as to all Investor Funds.

ARTICLE V – CONFLICT WITH OTHER ORDERS

Section 5.01: OTHER ORDERS NOT ABROGATED. Nothing in this Plan shall abrogate any other Order of the Court relative to distributions made by the Receiver. Rather, this Plan is designed to supplement the powers granted to the Receiver. Accordingly, the fees and expenses of the Receiver and his professionals shall continue to be addressed separately and paid from any Receivership Assets pursuant to the Order Appointing Permanent Receiver, but such distributions shall now be entitled to the releases provided in this Plan.

ARTICLE VI – RETENTION OF JURISDICTION

Section 6.01: EXCLUSIVE JURISDICTION. This Court has had since May 4, 2005, and shall continue to retain exclusive jurisdiction over the Receiver, the Receivership and all Receivership Assets. Accordingly, in determining whether a Claim or any portion thereof is an Approved Claim, the Receiver may, but shall not be required to, consider (nor shall the Receiver be subject to) any judicial determination by any court, tribunal, agency or authority whatsoever (other than this Court) rendered as to any Receivership Asset from and after approval of this Distribution Plan, unless this Court directs otherwise. No action taken by or against the Receiver with regard to any pending matter in any other court shall be deemed to have terminated, limited, reduced, waived, or relinquished this Court's exclusive jurisdiction.

Section 6.02: CONTINUING JURISDICTION. This Plan and the Order approving this Plan is not, and is not intended to be, and therefore shall not be deemed to be either a final adjudication of this matter or a termination, limitation, reduction, waiver or relinquishment of this Court's exclusive jurisdiction with regard to all Receivership Assets and all matters in controversy in this case. This Court shall continue to have and retain exclusive jurisdiction over all matters existing or arising in this Receivership or related in any way thereto, including, but not limited to, all matters relating to approving or disapproving Claims, making Distributions on Determined Claims, and locating, recovering, settling claims to, and liquidating Receivership Assets.