

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

FILED

MAR 30 2004

CLERK'S OFFICE
U.S. DISTRICT COURT
EASTERN MICHIGAN

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

BASIC ENERGY & AFFILIATED RESOURCES, INC.,
MID AMERICA RESOURCES CORP., MICHAEL
SCHOUMAN, SARAH DELANEY, ROBERT VECCHIONI,
CHARLES E. MICHAEL, JR., GUS ZOPPI, JR.
and SCOTT SOWLES,

Defendants.

: CIVIL ACTION
: FILE NO. 94 CV 74434

: Hon. John Corbett O'Meara
: Hon. Virginia M. Morgan

**ORDER FOR HEARING ON CONSERVATOR'S REPORT AND MOTION AND BRIEF
FOR ORDERS AUTHORIZING DISTRIBUTION OF DISGORGEMENT PROCEEDS,
CLOSING OF ESTATE AND RELATED IMPLEMENTING STEPS**

At a session of said Court, held in the Federal
Building, City of Detroit, County of Wayne, State of
Michigan, on _____, 2004.

Present: Honorable Virginia M. Morgan
United States Magistrate Judge

The Conservator has filed with this Court his "*Conservator's Report and Motion and
Brief for Orders Authorizing Distribution of Disgorgement Proceeds, Closing of Estate and
Related Implementing Steps*" (the "MOTION AND REPORT"),¹ in which the Conservator requests
that this Court issue a DISTRIBUTION ORDER:

¹ All terms used in this HEARING ORDER which are also used and defined in the MOTION AND REPORT shall have the
same meaning when used herein as when used in the MOTION AND REPORT.

1. Finding that the Conservator has complied with all requirements of the 2000 DISTRIBUTION ORDER;
2. Directing that as to those Investors to whom disgorgement proceeds were credited under the FINAL BEAR INVESTOR LIST but who could not be located by the Conservator, or whose distribution checks have been returned or which have not been cashed, more than one-hundred-twenty (120) days having expired since the mailing of such checks, such checks are void and the right to receive such payments has terminate and the amounts otherwise distributable to such Investors shall be added to the amounts available for distribution herein or otherwise be disposed of as the Court directs;
3. Directing the Conservator to delete from the FINAL BEAR INVESTOR LIST the interests of such Investors and to make appropriate modifications in the interests of the remaining BEAR Investors;
4. Finding that such deletions and modifications are properly reflected on the FIRST REVISED FINAL BEAR INVESTOR LIST, a copy of which is attached as Exhibit A to the MOTION AND REPORT and is incorporated herein by reference, and approving and adopting such FIRST REVISED FINAL BEAR INVESTOR List as a final and binding determination of the BEAR investors and the amount of their claims for the purposes of this proceeding, which shall be binding upon all BEAR Investors;
5. Finding that any BEAR Investor, or person claiming to be a BEAR Investor, who is not now included on the FIRST REVISED FINAL BEAR INVESTOR LIST shall be excluded from the BEAR Investor List for all purposes and shall be conclusively barred from participation in the distribution of disgorgement proceeds despite the

fact that the failure of the alleged Investor to timely file a claim may be due to an error of the United States mail or errors of the Conservator's Retained Personnel; and holding that no person shall have the right hereafter to object to the FIRST REVISED FINAL BEAR INVESTOR LIST or to any distribution of disgorgement proceeds on the basis that such person did not receive notice of any hearings or administrative determinations affecting his or her rights, or of the need for returning a Marketing Activity Affidavit, or of any hearings or orders concerning the determination of rights hereunder, or of the need to cash his or her distribution check within any period specified herein, even if such person in fact received no written or other actual notice of such matters;

6. Directing the Conservator to distribute \$1,800,000.00 to BEAR Investors as reflected on the FIRST REVISED FINAL BEAR INVESTOR LIST as adopted and approved by such Order, in the manner provided in the Plan of Distribution previously adopted by this Court; and providing that, in making such distribution, the Conservator shall be under no obligation to inquire or otherwise investigate to determine the address of an Investor for whom the address listed in the Conservator's records proves inaccurate or incomplete, or for whom no address or current or complete address is known, but shall have complied with any obligations thereunder by mailing any checks, notices, orders or other materials to the address, if any, shown for such Investor in the Conservator's records, and further providing that it shall be the obligation of each Investor to advise the Conservator of any change of address of such Investor and to ensure that such Investor's current address is properly reflected on the Conservator's records;

7. Directing that as to those Investors to whom disgorgement proceeds were credited under the FIRST REVISED FINAL BEAR INVESTOR LIST but who cannot be located by the Conservator, or whose distribution checks are returned or which have not been cashed within one-hundred-twenty (120) days from the mailing of such checks, such checks shall be void and the right to receive such payments shall terminate and the amounts otherwise distributable to such Investors shall be disposed of as the Court directs; and
8. Authorizing the Conservator to abandon any remaining assets of the BEAR Estate (other than cash and cash equivalents); to destroy all documents and other records assembled in connection therewith; and to file all tax returns and other papers necessary for corporate dissolution.

The MOTION AND REPORT further requests, that, following the completion of such distribution, destruction of records, abandonment of property, and filings, the Court hold a final hearing at which time the Conservator shall present his final accounting and request that this Court approve such accounting, discharge the Conservator, exonerate the Conservator and his Retained Personnel, and their affiliates, from any liability in connection with the Conservatorship, and close the BEAR Estate (the "CLOSING ORDER").

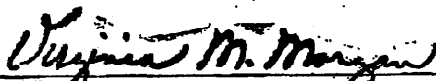
As a part of the process outlined above, the Conservator has requested that the Court enter an order (the "HEARING ORDER") setting this matter for hearing and giving notice to BEAR Investors in the manner set forth in the MOTION AND REPORT.

The Court, having heard the arguments of counsel, finds that issuance of the requested HEARING ORDER is in the best interests of the BEAR Estate and the BEAR Investors, and accordingly orders as follows:

- A. It is hereby ordered that a hearing shall be held on April 28, 2004, at 9:45 A. M., Eastern Standard Time, in the Courtroom of the Honorable Virginia M. Morgan, Room 642, at the Federal Building, 231 West Lafayette Street, Detroit, Michigan, subject to adjournment by the Court, to consider whether or not, or on what terms, the requested DISTRIBUTION ORDER should be granted.
- B. The Conservator is hereby directed to give notice to all BEAR Investors by mailing by first class mail to each person listed on the FINAL BEAR INVESTOR LIST a copy of the Notice attached as Exhibit A to this HEARING ORDER (the "APPROVED NOTICE"), by posting a copy of the APPROVED NOTICE on the website of Stenger & Stenger, attorneys for the Conservator, www.stengerlaw.com, and by publishing such APPROVED NOTICE one time in the national edition of either, at the Conservator's discretion, *The Wall Street Journal* or *USA Today*, such mailing, posting and publication to occur not less than ten (10) days before the date set for such hearing.
- C. The Clerk of this Court (the "COURT CLERK") is directed to make available for inspection and/or copying during normal business hours to anyone so requesting at the requesting party's cost and expense a copy of the MOTION AND REPORT, this HEARING ORDER, and the proposed FIRST REVISED FINAL BEAR INVESTOR LIST attached to the MOTION AND REPORT, subject to the COURT CLERK's normal practices, procedures and requirements concerning the same.

Dated: _____

MAR 30 2004



HONORABLE VIRGINIA M. MORGAN
UNITED STATES MAGISTRATE JUDGE