

7/21/03

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

v. :

ENTERPRISES SOLUTIONS, INC. :

HERBERT S. CANNON :

DR. JOHN A. SOLOMON, :

Defendants, :

00 Civ. 2685 (MGC)

and :

ROWEN HOUSE, LTD, :

MONTVILLE, LTD., :

Relief Defendants. :

ORDER FOR APPOINTMENT OF RECEIVER
AND ADMINISTRATION OF FUND

On application of Plaintiff Securities and Exchange Commission ("SEC"), it is hereby:

ORDERED that Phillip S. Stager, Esq. is appointed as Receiver ("the Receiver") in this matter to effectuate the distribution of certain funds currently held in the Court's Registry, with the particular powers and duties set forth below.

ORDERED that, upon request from the Receiver and without further order, the Clerk of Court shall transfer \$1,100,000 from the Registry in the captioned action, plus accumulated interest and less any lawful fees ("the Fund"), to an account to be established by the Receiver under this Order.

ORDERED that the Receiver shall have the following powers and duties:

1. The Receiver shall open a custodial account, at any federally insured banking institution within this District. The Receiver shall invest and reinvest the Fund only in the following investments: (i) direct obligations of the United States, (ii) obligations whose principal and interest are unconditionally guaranteed by the United States, and (iii) money market funds authorized to invest solely in direct obligations of the United States. The Receiver shall invest and reinvest the Fund with a view first toward conserving and preserving the principal, and second toward maximizing investment return.

2. The Receiver shall take all necessary steps to enable the Fund to be a taxable "settlement fund," within the meaning of Internal Revenue Code §468B and regulations thereunder, including the filing of the elections and statements contemplated by those provisions. The Receiver shall file all necessary federal, state and local tax returns for the Fund, and cause the Fund to pay any appropriate taxes as a "qualified settlement fund," within the meaning of Treasury Regulations §1.468B-2.

3. The Receiver may retain such attorneys, accountants and other persons as the Receiver may deem appropriate to assist in carrying out this Order. The Receiver shall, either quarterly or at such other times as deemed appropriate, submit bills for the Receiver's services and for the services of persons the Receiver may retain, plus expenses, to the Court for approval before payment.

4. Following consultation with the SEC, the Receiver shall establish and propose to the Court a plan of distribution with respect to the manner in which the Funds shall be distributed. The plan to be proposed by the receiver shall identify:

- a. the steps to be taken to identify potential claimants;
- b. what information must be submitted by claimants and the form in which it must be submitted;
- c. how claims will be reviewed and either accepted or denied; and
- d. how the eventual distribution of the funds will be effected.

5. The Receiver shall give the SEC at least 10 days' notice of all applications to the Court under this Order, and shall regularly report to the SEC on the status of activities in carrying out this Order.

6. Upon completion of the duties specified herein, the Receiver shall serve upon the SEC and file with the Court a report describing the Receiver's activities and the distribution made under this Order.

ORDERED that the Receiver and the Receiver's designees, agents and assistants are excused from any requirement to post a bond or other undertaking, and shall not be liable to any person for their actions hereunder, except on a finding of misfeasance, gross negligence or reckless disregard of duty.

SO ORDERED this 21st day of July 2003.

Miriam Goldman Cedarbaum
Miriam G. Cedarbaum
United States District Judge