



**IN THE DISTRICT COURT OF DOUGLAS COUNTY, NEBRASKA**

**STATE OF NEBRASKA ex rel. MARK QUANDAHL, Director of Banking and Finance of the State of Nebraska,**

**Plaintiff,**

**v.**

**BWM ADVISORS, LLC (d/b/a BONNETT WEALTH MANAGEMENT), a Nebraska limited liability company; BONNETT FINANCIAL SERVICES, Inc. (d/b/a BONNETT WEALTH MANAGEMENT); SUSAN M. BONNETT, Personal Representative of the ESTATE OF JEROME P. BONNETT, JR.,**

**Defendants.**

**Case No. CI-16-4196**

**STIPULATION AND ORDER APPOINTING RECEIVER**

#13 FILED  
IN DISTRICT COURT  
DOUGLAS COUNTY NEBRASKA  
JUN 07 2016  
JOHN M. FRIEND  
CLERK DISTRICT COURT

Plaintiff State of Nebraska ex rel. Mark Quandahl, Director of Banking and Finance of the State of Nebraska ("Plaintiff"), brought this action against BWM Advisors, LLC (d/b/a Bonnett Wealth Management), Bonnett Financial Services, LLC (d/b/a Bonnett Wealth Management), and Susan M. Bonnett, Personal Representative of the Estate of Jerome P. Bonnett, Jr., (collectively "Defendants"). Plaintiff has requested the appointment of a receiver for BWM Advisors, LLC (d/b/a Bonnett Wealth Management), Bonnett Financial Services, LLC (d/b/a Bonnett Wealth Management), and the Estate of Jerome P. Bonnett, Jr.

The Court held a public hearing on June 6, 2016, at which David A. Lopez and Ryan S. Post, Assistant Attorneys General, appeared for Plaintiff and Clarence E. Mock appeared for Defendants. The Court has considered the pleadings in this action and the materials already in evidence (i.e., the Affidavit of Michael Cameron, the Criminal

Complaint with supporting affidavit in *State v. Bonnett*, CR-16-10972 (Douglas County), and the May 18, 2016, Emergency Order of the Department of Banking and Finance). Further evidence was adduced regarding the qualifications and experience of the proposed Receiver. Based on the foregoing, the Court makes the following findings:

1. This Court has jurisdiction over the subject matter of this action and over Defendants.
2. Counsel for Defendants have reviewed this proposed Order and each Defendant, without admitting or denying any of Plaintiff's allegations, has consented to the immediate entry of this Order. Defendants have waived findings of fact and conclusions of law.
3. Plaintiff has made a sufficient and proper showing in support of the relief granted herein, as required by Neb. Rev. Stat. §§ 25-1081 *et seq.* (governing the appointment of receivers), and 8-1116 (specifically governing the appointment of a receiver and other remedies available under the Securities Act of Nebraska), by evidence establishing a *prima facie* case that Defendants, and each of them, directly or indirectly, have engaged in acts, practices, and courses of business constituting violations of the Securities Act of Nebraska, Neb. Rev. Stat. §§ 8-1101 *et seq.* (the "Act").
4. Pursuant to Neb. Rev. Stat. § 8-1116, Plaintiff is not required to post a bond.

NOW, THEREFORE, IT IS ORDERED, ADJUDGED, AND DECREED that the request for appointment of a Receiver is granted as follows:

## APPOINTMENT OF RECEIVER

5. Thomas D. Stalnaker, 1111 N. 102nd Court, Suite 330, Omaha, Nebraska, 68114, is hereby appointed as the Receiver for BWM Advisors, LLC (d/b/a Bonnett Wealth Management), Bonnett Financial Services, LLC (d/b/a Bonnett Wealth Management), and the Estate of Jerome P. Bonnett, Jr., and all entities owned, controlled, managed, and/or operated by BWM Advisors, LLC (d/b/a Bonnett Wealth Management), Bonnett Financial Services, LLC (d/b/a Bonnett Wealth Management), and the Estate of Jerome P. Bonnett, Jr., (collectively the "Receivership Entities") with full powers of an equity receiver, until further direction of the Court.
6. The goals and purposes of this Receivership are twofold: first, locating, preserving and protecting all assets that are subject to disgorgement and penalties, and second, maximizing returns to investors.
7. The Receiver is authorized, empowered, and directed to perform the following duties and responsibilities, as reasonably necessary and appropriate to comply with and effectuate the goals and purposes of the Receivership:
  - a. Preservation of Assets. Identify, locate and take immediate possession and control of all assets that are (a) potentially subject to disgorgement and penalties; and/or (b) owned by, controlled by, or belonging to the Receivership Entities, of every kind whatsoever, and wherever located, whether tangible, intangible, real, equitable, personal, realized, unrealized, or otherwise (the "Assets"), and to hold, manage, and administer such Assets. All accounts and assets subject to the asset

freezes established in the Order on Emergency Motion for Temporary Restraining Order and Asset Freeze (entered May 20, 2016) are deemed to be Assets, unless otherwise directed by the Court.

- b. Identification of Assets and Liabilities, Recipients of Assets. Prepare a full accounting of all Assets, updated on a calendar year quarterly basis, reflecting the existence, value, and location of all Assets, including all liabilities. Investigate the past and current operations and transactions of the Receivership Entities, and prepare a report identifying those persons and entities who have received, or are in possession, of any Assets. The report shall include an analysis of all moneys (a) potentially subject to disgorgement and penalties; and/or (b) due and owing to investors and creditors of the Receivership Entities. The report also shall include an analysis of all refunds, returns, payoffs, distributions, payments, and redemptions that investors and others have received from the Receivership Entities from 2012 to the present, including any interest or earnings on investments.
- c. Assume Control Over and Manage the Defendants' Accounts. Locate, assume control of, manage, merge, divide, sell, liquidate, and/or be named as the sole authorized signatory for, all accounts at any bank, brokerage firm, or financial institution which has possession, custody or control of any Assets (the "Accounts").
- d. Assume Control Over, Manage, Secure, Manage, Lease and/or Sell Real and Personal Property. Locate, list for sale or lease, engage a

broker for sale or lease, cause the sale or lease, and take all necessary and reasonable actions to cause the sale or lease of all real and personal property that are Assets, or were purchased with Assets.

e. Secure, Manage, and Discontinue On-Going Business Operations.

Secure the business premises, and all equipment, property, data, and documents, of the Receivership Entities. Take control of all means of communication with investors, financial institutions, vendors, agents, and others doing business with the Receivership Entities. Take all actions to manage, maintain, and/or wind-down business operations of the Receivership Entities, including making legally required payments to creditors, employees, and agents of the Receivership Entities. Communicate with vendors, investors, governmental and regulatory authorities, and others, as appropriate.

f. Institute, Defend, Compromise or Settle Legal Actions. Institute, prosecute, defend, and settle any legal actions on behalf of the Receivership.

g. Authorize Payments. Make or authorize such payments and disbursements from the Assets, and incur, or authorize the incurrence of such expenses and make, or authorize the making of such agreements.

h. Access to Corporate Documents and Computers. Have complete and unfettered access to all documents, books, and records of the Receivership Entities, wherever located, and in whatever form or format

they exist, including electronic and computerized records. The Defendants shall cooperate fully with the Receiver in this regard, and shall turn over, and/or provide complete and unfettered access to such documents, books, and records.

- i. Liquidation Plan. Develop a procedure to administer, hear, and evaluate claims of creditors, as reasonably necessary and appropriate, who assert an entitlement to any or all of the Assets. Develop a recommendation for the fair, reasonable, and efficient recovery, liquidation, and distribution of all remaining, recovered, and recoverable Assets to investors, the Nebraska Department of Revenue, and/or to the U.S. Treasury, as applicable. Submit the recommendation to the Plaintiff and Court in a timely and reasonable manner.
- j. Prior Court Approval. The Receiver shall obtain prior approval of the Court, upon reasonable notice to the Plaintiff's counsel of record, for any proposed actions or decisions taken in the course of the Receivership that will involve or necessitate the substantial commitment, dissipation, or liquidation of the Assets (i.e., beyond day-to-day management expenses), or any other substantial commitment (i.e., beyond day-to-day management activities) of, effecting, or binding upon the Receivership Entities.
- k. Other actions. Take all other reasonable and necessary actions, with prior approval of the Court and upon reasonable notice to the Plaintiff's counsel of record.

8. The Receiver shall open a custodial account at a federally insured bank to receive and hold all Assets that he collects and receives (the "Disgorgement Fund").
9. The Receiver shall take all necessary steps to enable the Disgorgement Funds to obtain and maintain the status of a taxable "Settlement Fund," within the meaning of Section 468B of the Internal Revenue Code and of the regulations, whether proposed, temporary or final, or pronouncements thereunder, including the filing of the elections and statements contemplated by those provisions. The Receiver shall be designated the administrator of the Disgorgement Fund, pursuant to Treas. Reg. § 1.468B-2(k)(3)(i), and shall satisfy the administrative requirements imposed by Treas. Reg. § 1.468B-2, including but not limited to (a) obtaining a taxpayer identification number, (b) timely filing applicable federal, state, and local tax returns and paying taxes reported thereon, and (c) satisfying any information, reporting or withholding requirements imposed on distributions from the Disgorgement Fund. The Receiver shall cause the Disgorgement Fund to pay taxes in a manner consistent with treatment of the Disgorgement Fund as a "Qualified Settlement Fund." The Defendants shall cooperate with the Receiver in fulfilling the Disgorgement Fund's obligations under Treas. Reg. § 1.468B-2.
10. The Receiver is entitled to payment for all reasonable costs, fees, and other expenses incurred in the performance of his duties, and to engage and retain attorneys, accountants, securities professionals, and other persons or entities to assist in carrying out its directives. The Receiver shall not retain such persons or entities without the prior written consent of Plaintiff's counsel of record. The

Receiver shall disclose to the Plaintiff's counsel of record all financial arrangements with such persons or entities.

11. The Receiver is entitled to charge an hourly fee of no more than \$300.00/hour for his services. The Receiver shall, at such times as he deems appropriate, submit fee applications for his services and the services of persons he retains, plus expenses, to the Court for approval before payment. Payment of all such fees and expenses shall be made from the Disgorgement Fund.
12. The Receiver shall give the parties' counsel of record at least ten (10) days notice of all of his applications to the Court under this Order, including all applications for disbursements from the Disgorgement Fund. Any party shall be permitted to submit to the Court for consideration its position on the reasonableness of the Receiver's application. All of the Receiver's requests for payments of fees or expenses must be approved by the Court before payment of such fees or expenses are made, and the Court will review the reasonableness of such fees and expenses in determining whether, in its equitable discretion, such payment will be approved. The Receiver is not required to seek prior Court approval of payments made for any federal, state, or local taxes that may be applicable.
13. Applications for disbursement shall include the appropriate supporting documentation to justify the expense or service rendered. Charges for services shall include (a) the date of the service; (b) the name or initials of the individual rendering the service; (c) a description of the service; (d) the hourly rate; (e) the time charged; and (f) the amount (rate x time). The description of the service or activity should be brief and informative. Expenses shall be supported by invoices.

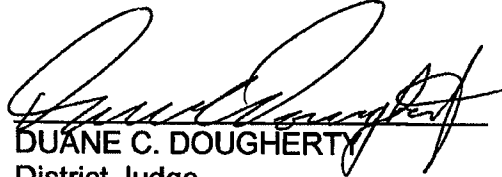


14. The Receiver, along with any persons or firms retained by the Receiver pursuant to this Order, shall be entitled to rely on all outstanding rules of law and court orders and shall not be liable to anyone for his or their own good faith compliance with any order, rule, law, Order or decree, including those issued or enacted in foreign jurisdictions. In no event shall the Receiver or any person or firm retained by the Receiver in this action be liable to anyone for his, her, its, or their good faith compliance with the duties and responsibilities as Receiver or as counsel for or consultant to the Receiver. Nor shall the Receiver or any person or firm retained by the Receiver in this matter be liable to anyone for any actions taken or omitted by them except on a finding by this Court that he, she, it or they acted or failed to act as a result of misfeasance, bad faith, or gross negligence, or in reckless disregard of his, her, its or their duties.
15. Pursuant to Neb. Rev. Stat. § 8-1116, the Receiver is excused from all legal requirements to post a bond or to give an undertaking or any type in connection with his fiduciary duties to the Disgorgement Fund.
16. The Receiver may be removed at any time by the Court and replaced with a successor, *sua sponte*, upon request of the Plaintiff, or otherwise. In the event the Receiver decides to resign, the Receiver shall first give written notice to the Plaintiff's counsel of record and the Court of its intention, and the resignation shall not be effective until the Court appoints a successor. The Receiver shall then follow such instructions as the Court may provide.
17. All persons who receive actual notice of this Order by personal service or otherwise are enjoined from in any way disturbing the Assets and from filing or prosecuting

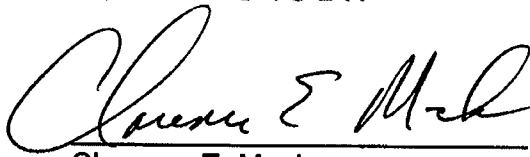
any judicial action or proceeding of any kind, civil or criminal, or from appointing a receiver or administrator, which involves the Receiver, the Receivership Entities, or which affects the Assets, except title-transferring actions occurring during the probate of the Estate of Jerome P. Bonnett (deceased) currently on file with the Douglas County Court, except on leave having been granted by this Court. The Receiver shall not be required to respond to any subpoena or other court process (for documents or testimony) relating to the Receiver's duties, except on order of this Court.


18. On the request of the Plaintiff, the Receiver shall provide the Plaintiff with any documentation that the Plaintiff deems necessary to meet its reporting requirements, that is mandated by law, or that is otherwise necessary to further the Plaintiff's mission.
19. The Receiver shall take all necessary efforts to maintain the privacy and confidentiality of all information that he obtains during the course of the Receivership.
20. The Receiver shall appear and make appropriate filings in the probate of the Estate of Jerome P. Bonnett, Jr. (deceased) to ensure the Receiver receives notice of those proceedings.
21. All terms and provisions of the Order on Emergency Motion for Temporary Restraining Order and Asset Freeze (entered May 20, 2016) (the "May 20th Order") remain in effect, except as specifically modified herein. The Receiver shall make recommendations to counsel for the Plaintiff regarding the modification, as appropriate, of the May 20th Order as soon as practicable.

SO ORDERED this 6 day of June, 2016.

  
DUANE C. DOUGHERTY  
District Judge

STIPULATED TO BY:

  
Clarence E. Mock  
*Attorney For Defendants*

  
David A. Lopez  
Ryan S. Post  
Assistant Attorneys General  
*Attorneys for Plaintiff*