

2. On October 14, 2011, the Commission instituted the above-captioned action, and the Receiver was appointed as receiver for the Receivership Entities through the Court's entry of the Agreed Order Appointing Receiver Over Entities Under Control of James G. Temme (Dkt. No. 24); Agreed Order Appointing Receiver Over Stewardship Fund, LP, and Related Entities (Dkt. No. 25); and Order Appointing Receiver Over James Temme (Dkt. No. 30) (together, the "Receiver Orders"). Pursuant to the Receiver Orders, the Receiver is to "immediately take and have complete and exclusive control, possession, and custody of the Receivership Estate and to any assets traceable to assets owned by the Receivership Estate." Agreed Order Appointing Receiver Over Entities Under Control of James G. Temme ¶ 4 (Dkt. No. 24).

3. The Receiver has been informed by Mr. Temme that Stewardship Fund and related entities previously loaned approximately \$1,200,000 to Halo, although Halo denies this claim. Halo's records indicate that it did in fact receive \$1,164,100 from Stewardship Fund and related entities, although Halo alleges that these funds were not a loan, rather such funds were compensation for services rendered by Halo.

4. Additionally, prior to the Receiver's appointment, Halo transferred 17,808,000 shares of common stock and 90,000 shares of Class X stock to Stewardship Fund (the "Shares"). Halo alleges that Stewardship Fund did not satisfy certain obligations necessary to retain the Shares and Halo has indicated it may seek leave of court to sue for the recovery of the Shares.

5. The Receiver believes Stewardship Fund, LP may have claims against Halo arising out of its transactions and business dealings with the Receivership Entities and related entities. Halo has indicated that it would contest any claim asserted by the Receiver.

6. In order to avoid the costs and expenses of litigating the Receiver's claims against Halo, the Receiver and Halo have agreed to a Compromise Settlement Agreement and Mutual Release (attached hereto as Exhibit A), in which:

- Halo will transfer to the Receiver \$250,000 by checks payable to "Keith Aurzada, Receiver" payable in monthly increments of \$20,833.33 for twelve months;
- Halo will provide the Receiver with continued access to and use of the AMX or other systems for the duration of receivership proceedings and Halo will not bring a claim for administrative expense for use of the AMX System;¹
- The Receiver will return to Halo the Shares;
- Halo will release any claims it may have against the Receivership Estate arising from their business dealings with the Receivership Entities and the Receiver shall release Halo from any claims relating to any transactions or business dealing with the Receivership Entities;
- The Parties request that the Court enter an Order permanently barring or enjoining any and all Stewardship Creditors from commencing or continuing any judicial, administrative, arbitration, or other proceeding, against Halo arising out of, in connection with the investments made in any Receivership Entity by the Stewardship Creditors, and any transfers received by Halo, directly or indirectly, from the Receivership Entities.

7. The Receiver believes that the cost to litigate its potential claims against Halo (as well as to defend against potential claims by Halo for the recovery of the Shares) would exceed or greatly diminish the value of any net recovery for the Receivership Estate. Such litigation would be highly contentious and the result uncertain. Halo has made it clear that it will assert defenses to a fraudulent transfer claim, including but not limited to the defenses of good faith and reasonably equivalent value. Halo is also a publicly traded company. The Receiver has reviewed Halo's financial records and they appear uncertain, meaning any potential judgment may be unrecoverable. Further, the primary witness for the Receiver in any litigation with Halo, Jay Temme, may exercise his Fifth Amendment right not to incriminate himself if subpoenaed to

¹ "AMX" is the software platform through which the Receiver can access information regarding various Receivership assets. It is of critical importance to the sale of other estate assets.

testify regarding transactions with Halo, making adequate presentation of relevant evidence difficult. Finally, use of the AMX System managed by Halo is necessary for the continued work of the Receiver, and this agreement guarantees that there will be no interruption of the Receiver's use of the AMX System, no litigation over use of that system, and no claim by Halo for administrative expense for the use of that system. The Receiver further believes that the Compromise Settlement Agreement and Mutual Release is fair and equitable and in the best interest of the Receivership Estate. Accordingly, the Receiver seeks authorization from the Court to enter into the Compromise Settlement Agreement and Mutual Release attached hereto as Exhibit A.

II.

ARGUMENT

7. A federally appointed receiver is permitted to enter into settlement agreements so long as he does so in good faith, within the terms of his appointment, and without misconduct, gross negligence, or criminal intent. *See, e.g., Securities and Exchange Com'n v. Funding Resource Group*, 2003 WL 21500431, at * 1 (N.D. Tex. April 22, 2003); *Hawk v. Williams*, 2002 WL 31255096, at *5 (N.D. Tex. Oct. 4, 2002); *Brewer v. Hill*, 453 F.Supp. 67, 69 (N.D. Tex. 1978).

8. The Receiver was appointed in this matter according to the Agreed Order Appointing Receiver Over Entities Under Control of James G. Temme (Dkt. No. 24); Agreed Order Appointing Receiver Over Stewardship Fund, LP, and Related Entities (Dkt. No. 25); and Order Appointing Receiver Over James Temme (Dkt. No. 30) (together, the "Receiver Orders"). Pursuant to the Receiver Orders, the Receiver is to "immediately take and have complete and exclusive control, possession, and custody of the Receivership Estate and to any assets traceable

to assets owned by the Receivership Estate.” Agreed Order Appointing Receiver Over Entities Under Control of James G. Temme ¶ 4 (Dkt. No. 24).

9. Moreover, under the Receiver Orders the Receiver is entitled to “contract and negotiate with any claimants against the Receivership Estate (including, without limitation, creditors) for the purpose of compromising or settling any claim . . . Perform all acts necessary to conserve, hold, manage, and preserve the value of the Receivership Estate, in order to prevent any irreparable loss, damage, and injury to the Estate [and] Enter into such agreements in connection with the administration of the Receivership Estate.” Agreed Order Appointing Receiver Over Stewardship Fund, LP, and Related Entities ¶ 5(f)(h) (Dkt. No. 25).

10. The Receiver believes in good faith that the Compromise Settlement Agreement and Mutual Release is in the best interest of the Receivership Estate and that it will result in recovery of Receivership Estate assets that would otherwise be irreparably devalued or lost entirely. Accordingly, the Receiver seeks immediate Court approval of the Compromise and Settlement Agreement.

III.

RELIEF REQUESTED

The Receiver seeks immediate approval of the Compromise Settlement Agreement and Mutual Release. The Receiver believes that the Agreement maximizes value of the Receivership Estate. For these reasons, the Receiver seeks immediate approval of the Motion and the Compromise and Settlement Agreement.

Dated: August 27, 2013

BRYAN CAVE LLP

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CERTIFICATE OF CONFERENCE

I have discussed the relief requested herein with David Reece of the Securities and Exchange Commission. The relief requested herein is not opposed by the Securities and Exchange Commission.

//s// Bradley J. Purcell
Bradley J. Purcell

CERTIFICATE OF SERVICE

I certify that on August 27, 2013, I served a true and correct copy of the foregoing pleading by United States First Class Mail, postage prepaid, to the following in accordance with the Federal Rules of Civil Procedure:

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Moreover, the foregoing will be uploaded to www.stewardshipfundreceivership.com

//s// Bradley J. Purcell
Bradley J. Purcell