

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. : 10-22078-CIV-MORENO

SECURITIES AND EXCHANGE COMMISSION,)

Plaintiff,)

v.)

ESTATE OF KENNETH WAYNE MCLEOD,)
F&S ASSET MANAGEMENT GROUP, INC. and)
FEDERAL EMPLOYEE BENEFITS GROUP, INC.,)

Defendants.)

UNDER SEAL

**ASSET FREEZE ORDER
AND OTHER EMERGENCY RELIEF**

This cause comes before the Court upon motion by Plaintiff Securities and Exchange Commission for the following orders with respect to Defendants Estate of Kenneth Wayne McLeod ("Estate of McLeod"), F&S Asset Management Group, Inc. ("FSAMG"), and Federal Employee Benefits Group, Inc. ("FEBG"):

- 1) a Temporary Restraining Order against FSAMG and FEBG;
- 2) an Order Freezing the Defendants' Assets;
- 3) an Order to Show Cause Why a Preliminary Injunction Against FSAMB and FEBT and an Order Freezing the Defendants' Assets Should Not be Granted
- 4) an Order Requiring Sworn Accountings;
- 5) an Order Prohibiting Destruction of Documents; and
- 6) an Order Expediting Discovery.

The Court has considered the Commission's Complaint, its Emergency Ex-Parte Motion for Temporary Restraining Order and Other Emergency Relief with Supporting Memorandum of Law, and the declarations and exhibits filed in support of its motion. The Court finds the Commission has made a sufficient and proper showing in support of the relief granted herein by (1) presenting a *prima facie* case of securities laws violations by the Defendants, and (2) showing a reasonable likelihood the Defendants will harm the investing public by continuing to violate the federal securities laws unless they are immediately restrained.

Accordingly, it is ordered as follows:

I.

SHOW CAUSE HEARING

IT IS ORDERED AND ADJUDGED that the Defendants show cause, if any, before the Honorable Federico A. Moreno of this Court, at 2:00 clock p.m., on the 6th day of July, 2010, in Courtroom 13-3 of the United States Courthouse, Miami, Florida, or as soon thereafter as the matter can be heard, why a Preliminary Injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure should not be granted against the FEBG and FSAMG, and an Order Freeing Assets as to all Defendants as requested by the Commission.

II.

TEMPORARY RESTRAINING ORDER

IT IS FURTHER ORDERED AND ADJUDGED that, pending determination of the Commission's request for a Preliminary Injunction, FEBG and FSAMG, and their directors,

officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them, and each of them, are hereby restrained and enjoined from:

Section 17(a)(1) of the Securities Act of 1933

Directly or indirectly, by use of any means or instruments of transportation or communication in interstate commerce, or by the use of the mails, in the offer or sale of securities knowingly or recklessly employing devices, schemes or artifices to defraud, in violation of Section 17(a) of the Securities Act, 15 U.S.C. 77q(a)(1);

Section 17(a)(2) & (3) of the Securities Act of 1933

Directly or indirectly, by use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, in the offer or sale of securities (i) obtaining money or property by means of untrue statements of material facts or omissions to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; or (ii) engaging in acts, practices and courses of business which have operated and will operate as a fraud or deceit upon purchasers and prospective purchasers of such securities, in violation of Sections 17(a)(2) & (3) of the Securities Act, 15 U.S.C. §§ 77(q)(a)(2) & (3); and

Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5

Directly or indirectly, by use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any securities knowingly or recklessly: (i) employing devices, schemes or artifices to defraud; (ii) making untrue statements of material facts and omitting to state material facts necessary in order to

make the statements made, in light of the circumstances under which they were made, not misleading; or (iii) engaging in acts, practices and courses of business which have operated, are now operating or will operate as a fraud upon the purchasers of such securities in violation of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5.

Sections 206(1) and 206(2) of the Investment Advisers Act of 1940

IT IS FURTHER ORDERED AND ADJUDGED that, pending determination of the Commission’s request for a Preliminary Injunction, FSAMG, and its directors, officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them, and each of them, are hereby restrained and enjoined from, directly or indirectly, by use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any securities knowingly or recklessly: (i) employing devices, schemes or artifices to defraud; (ii) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (iii) engaging in acts, practices and courses of business which have operated, are now operating or will operate as a fraud upon the purchasers of such securities in violation of Sections 206(1) and 206(2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1) and (2).

III.

ASSET FREEZE

IT IS FURTHER ORDERED AND ADJUDGED that, pending determination of the Commission's request for a Preliminary Injunction, the Defendants, their directors, officers, agents, servants, employees, attorneys, depositories, banks, and those persons in active concert or participation with any one or more of them, and each of them, who receive notice of this order by personal service, mail, facsimile transmission or otherwise be and hereby are, restrained from, directly or indirectly, transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of, or withdrawing any assets or property owned by, controlled by, held for the benefit of, the Estate of McLeod, FEBG, or FSAMG, or in the possession of, including, but not limited to, cash, free credit balances, fully paid for securities, and/or property pledged or hypothecated as collateral for loans. The asset freeze shall not apply to the Court-appointed Receiver over FEBG and FSAMG as long as those entities are under the administration and control of the Receiver.

IV.

ACCOUNTINGS

IT IS FURTHER ORDERED that within ten days of the issuance of this Order, Estate of McLeod shall:

(a) make a sworn accounting to this Court and the Commission of all funds, whether in the form of compensation, commissions, income (including payments for assets, shares, or property of any kind), and other benefits (including the provision of services of a personal or mixed business

and personal nature) McLeod received from investors, FEBG, or FSMAG or;

(b) make a sworn accounting to this Court and the Commission of all assets, funds, or other properties held by the Estate of McLeod, jointly or individually, or for its direct or indirect beneficial interest, or over which it maintains control, wherever situated, stating the location, value, and disposition of each such asset, fund, and other property; and

(c) provide to the Court and the Commission a sworn identification of all accounts (including, but not limited to, bank accounts, savings accounts, securities accounts and deposits of any kind) in which McLeod (whether solely or jointly, or through his Estate), directly or indirectly (including through a corporation, partnership, relative, friend or nominee), either has an interest or over which he has the power or right to exercise control.

IT IS FURTHER ORDERED that FEBG and FSAMG shall each make a sworn accounting within ten days of the issuance of this Order to the Commission and this Court of:

(a) all funds received from any source, including, but not limited to, funds received from investors;

(b) all compensation, income (including payment for assets, shares or property of any kind), other benefits (including the provision of services of a personal or mixed business and personal nature) these entities have paid to McLeod; and

(c) all assets, funds, or other properties held in their names, or for their direct or indirect beneficial interest, or over which they maintain control, wherever situated, stating the location, value, and disposition of each such asset, fund, and other property.

The requirement of the sworn accounting shall not apply to the Court-appointed Receiver

over FEBG and FSAMG.

V.

RECORDS PRESERVATION

IT IS FURTHER ORDERED AND ADJUDGED that, pending determination of the Commission's request for a Preliminary Injunction, the Defendants, their directors, officers, agents, servants, employees, attorneys, depositories, banks, and those persons in active concert or participation with any one or more of them, and each of them, be and they hereby are restrained and enjoined from, directly or indirectly, destroying, mutilating, concealing, altering, disposing of, or otherwise rendering illegible in any manner, any of the books, records, documents, correspondence, brochures, manuals, papers, ledgers, accounts, statements, obligations, files and other property of or pertaining to the Defendants wherever located, until further Order of this Court.

VI.

EXPEDITED DISCOVERY

IT IS FURTHER ORDERED AND ADJUDGED that:

(a) Immediately upon entry of this Order, and while the Commission's request for a Preliminary Injunction and Asset Freeze is pending, the parties may take depositions upon oral examination of parties and non-parties subject to two days notice. Should any Defendant fail to appear for a properly noticed deposition, that party may be prohibited from introducing evidence at the hearing on the Commission's request for a preliminary injunction;

(b) Immediately upon entry of this Order, and while the Commission's request for a Preliminary Injunction and Asset Freeze is pending, the parties shall be entitled to serve

interrogatories, requests for the production of documents, and requests for admissions. The parties shall respond to such discovery requests within two business days of service;

(c) All responses to the Commission's discovery requests shall be delivered to C. Ian Anderson at 801 Brickell Avenue, Suite 1800, Miami, Florida 33131 by the most expeditious means available; and

(d) Service of discovery requests shall be sufficient if made upon the parties by facsimile or overnight courier, and depositions may be taken by telephone or other remote electronic means.

VII.

RETENTION OF JURISDICTION

IT IS FURTHER ORDERED AND ADJUDGED that this Court shall retain jurisdiction over this matter and the Defendants in order to implement and carry out the terms of all Orders and Decrees that may be entered and/or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court, and will order other relief that this Court deems appropriate under the circumstances.

DONE AND ORDERED this 24th day of June, 2010, at Miami, Florida.


UNITED STATES DISTRICT JUDGE

Copies to:
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Exchange Commission**
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Certified to be a true and correct copy of the document on file
Steven M. Larimore, Clerk,
U. S. District Court
Southern District of Florida
By J. Chousko Deputy Clerk
Date 6/24/10