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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. KENNETH W. MELLERT and ROMAN D. MAYER, Defendants.	Case No. 3:03-cv-00619-01-MHP ~~[PROPOSED]~~ ORDER CREATING DISTRIBUTION FUND, APPROVING DISTRIBUTION PLAN AND APPOINTING TAX ADMINISTRATOR

Plaintiff Securities and Exchange Commission's Motion to Create Distribution Fund, Approve Distribution Plan and Appoint Tax Administrator came on for hearing on ___________________, 2009. The Court, having considered all of the papers submitted by the parties, as well as any oral argument**Scheana Marie** presented, orders as follows:

I.

IT IS HEREBY ORDERED THAT the funds held by the Clerk of the Court relating to this matter shall become part of a Fund for the benefit of injured investors. The Fund shall consist of all disgorgement and pre-judgment interest paid into the Clerk pursuant to the following Final Judgments (as well as all post-judgment interest earned on such payments):

a) Final Judgment of Permanent Injunction entered against defendant Roman D. Mayer, dated February 13, 2003 (Docket Item 5); and

b) Final Judgment of Permanent Injunction entered against defendant Kenneth W. Mellert, dated March 29, 2006 (Docket Item 47).

II.

IT IS FURTHER ORDERED THAT Damasco & Associates, LLP is appointed as tax administrator to execute all income tax reporting requirements, including the preparation and filing of tax returns, with respect to the Fund. Damasco & Associates shall be designated the administrator of the Fund, pursuant to section 468B(g) of the Internal Revenue Code (IRC), 26 U.S.C. § 468B(g), and related regulations, and shall satisfy the administrative requirements imposed by those regulations, including but not limited to (a) obtaining a taxpayer identification number, (b) filing applicable federal, state, and local tax returns and paying taxes reported thereon out of the Distribution Fund, and (c) satisfying any information, reporting, or withholding requirements imposed on distributions from the Fund. Damasco & Associates shall contemporaneously provide copies of all such filings to the Commission's counsel of record.

Damasco & Associates shall, at such times as it deems necessary to fulfill the tax obligations of the Fund, request that the Commission's counsel of record file with the Court a motion, supported by Damasco & Associates' declaration of the amount of taxes due, to transfer funds from the Fund on deposit with the Court to pay any tax obligations of the Fair Fund.

Damasco & Associates shall be entitled to charge reasonable fees for tax compliance services and related expenses in accordance with its agreement with the Commission. Damasco & Associates shall, at such times as it deems appropriate, submit a declaration of fees and expenses to the Commission's counsel of record for submission to the Court for approval and for payment from the Fund. No fees or expenses may be paid absent the Court's prior approval.

At least ten (10) days before any motion to pay fees and expenses is to be filed with the Court, Damasco & Associates shall provide the Commission counsel of record with a draft of the supporting declaration for review. If the Commission has any corrections or objections to the declaration, Damasco & Associates and the Commission's counsel shall attempt to resolve them on a consensual basis. If a consensual resolution is not reached, the Commission may submit with the motion any objections along with Damasco & Associates' response thereto.

III.

IT IS FURTHER ORDERED THAT the remaining balance of the Fund, after payment of all taxes, penalties and fees described in Section II, above, shall be distributed to those firms that were counter-parties to the 500 put options contracts on the stock of PeopleSoft, Inc. that were purchased by defendant Roman D. Mayer on April 1, 2002. Each counter-party agreed to fill a specific number of the total of 500 put option contracts. A list of the counter-parties, including the counter-party's address and the number of options contracts each counter-party filled, is attached to this Order as Exhibit A.

The balance of the Fund shall be distributed to the counter-parties according to the following calculation: (a) the number of options contracts filled by the counter-party, divided by; (b) the total number of options contracts purchased (i.e., 500), multiplied by (c) the total balance of the Fund after taxes, penalties and fees. The Court finds that this method of distributing the Fund is fair and reasonable, with due regard for administrative convenience given the size of the Fund to be distributed.

To carry out the distribution, after payment of all taxes, penalties and fees, and according to the calculation method described above, the Clerk of the Court shall issue a check in the name of each counter-party. The Clerk shall mail all of these checks to the Commission's counsel of record in this matter, at the following address: Securities and Exchange Commission, San Francisco Regioinal Office, 44 Montgomery Street, Suite 2600, San Francisco, California 94104, Attention: Robert L. Mitchell.

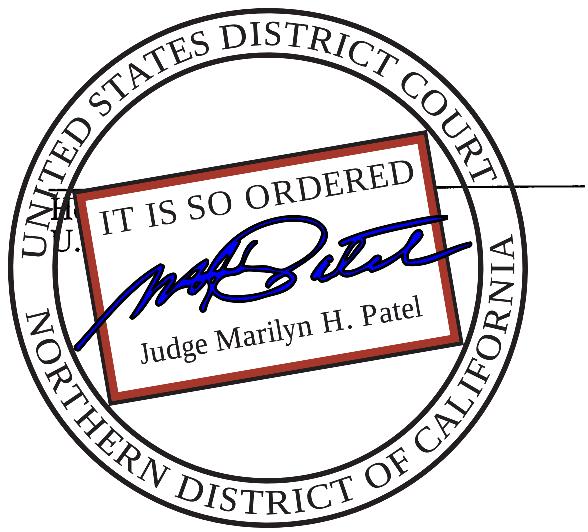
Commission counsel shall promptly mail the checks to the respective counter-parties at the addresses listed in Exhibit A to this Order, along with a cover letter that references this litigation and explains the basis for the issuance of the check. In addition, Commission counsel shall include with each mailing a copy of this Order. Commission counsel shall file with the Court a certificate stating the date that the checks were mailed to the counter-parties.

V.

IT IS FURTHER ORDERED THAT this Court shall retain jurisdiction of this matter for all purposes including, but not limited to, the issuance of any additional orders necessary to carry out the distribution of the Fund established herein.

IT IS SO ORDERED.

DATED: June 15, 2009



SUBMITTED BY:

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