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15 **IN THE UNITED STATES DISTRICT COURT**
16
17 **FOR THE NORTHERN DISTRICT OF CALIFORNIA**
18
19 **SAN FRANCISCO DIVISION**
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21 **UNITED STATES OF AMERICA,**)

22 **Plaintiff,**)

E-Filing

23 **v.**)

Civil Case No. C08-02240 JSW

24 **ROCKET VENTURES II, SBIC, L.P.**)

25 **Defendant.**)

**Stipulation for Receivership Order
and Consent Order
(Cover Page)**

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1 **IN THE UNITED STATES DISTRICT COURT**
2 **FOR THE NORTHERN DISTRICT OF CALIFORNIA**

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4 **UNITED STATES OF AMERICA,**)
5 **Plaintiff,**)
6 **v.**) **Civil Case No. C08-02240 JSW**
7 **ROCKET VENTURES II, SBIC, L.P.**)
8 **Defendant.**)
9)
10)

11 **STIPULATION FOR CONSENT ORDER OF RECEIVERSHIP**

12 WHEREAS, Plaintiff, United States of America, on behalf of its agency, the
13 United States Small Business Administration, has filed and caused to be served upon
14 defendant, ROCKET VENTURES II, SBIC, L.P., a complaint; and

15 WHEREAS, the parties desire to resolve the matter amicably and without further
16 proceedings, trial or adjudication of any issue, and stipulate as follows:

17 1. That defendant ROCKET VENTURES II, SBIC, L.P. (“Licensee”), the
18 holder of the U.S. Small Business Administration’s (“SBA”) Small Business Investment
19 Company License No. 0979-0435, has a condition of Capital Impairment, as that term is
20 defined under Title 13 of the Code of Federal Regulations, Part 107 (the “Regulations”);

21 2. That defendant Licensee failed to require that all private capital
22 commitments be funded and, as a consequence, has consented to the appointment of SBA
23 as Receiver for the purpose of continuing defendant’s operations pursuant to the
24 Regulations;
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1 3. That this Court has jurisdiction over the subject matter of this action and
2 over defendant;

3 4. That the only mutually agreeable method by which to distribute the assets
4 of the Licensee to the appropriate creditors and SBA is through the appointment of SBA
5 as the receiver of the Licensee pursuant to the following Consent Order of Receivership
6 without further proceedings; and
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8 5. To the entry of the following Consent Order of Receivership without
9 further proceedings.
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12 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED:**

13 1. Pursuant to the provisions 15 U.S.C. § 687c, this Court hereby takes
14 exclusive jurisdiction of the Licensee, and all of its assets and property, of whatever kind
15 and wherever located, and the SBA is hereby appointed Receiver of the Licensee
16 ("Receiver") to serve without bond until further order of this Court. The Receiver is
17 appointed for the purpose of marshaling and liquidating all of the Licensee's assets and
18 satisfying the claims of creditors therefrom in the order of priority as determined by this
19 Court.
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21 2. The Receiver shall have all powers, authorities, rights and privileges
22 heretofore possessed by the officers, directors, managers and general and limited partners
23 of the Licensee under applicable state and federal law, by the Limited Partnership
24 Agreement, and By-Laws of said limited partnership, in addition to all powers and
25 authority of a receiver at equity, and all powers and authority conferred upon the
26 Receiver by the provisions of 15 U.S.C. § 687c and 28 U.S.C. § 754. The trustees,
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1 directors, officers, managers, employees, investment advisors, accountants, attorneys and
2 other agents of the Licensee are hereby dismissed and the powers of any general partners
3 are hereby suspended during the pendency of the receivership. Such persons and entities
4 shall have no authority with respect to the Licensee's operations or assets, except to the
5 extent as may hereafter be expressly granted by the Receiver. The Receiver shall assume
6 and control the operation of the Licensee and shall pursue and preserve all of its claims.
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8 3. The Receiver is entitled to take immediate possession of all assets, bank
9 accounts or other financial accounts, books and records and all other documents or
10 instruments relating to the Licensee. The past and/or present officers, directors, agents,
11 managers, general and limited partners, trustees, attorneys, accountants, and employees
12 of the Licensee, as well as all those acting in their place, are hereby ordered and directed
13 to turn over to the Receiver forthwith all books, records, documents, accounts and all
14 other instruments and papers of and relating to the Licensee and all of the Licensee's
15 assets and all other assets and property of the limited partnership, whether real or
16 personal. The Licensee's general partner shall furnish a written statement within five (5)
17 days after the entry of this Order, listing the identity, location and estimated value of all
18 assets of the Licensee, a list of all employees (and job titles thereof), other personnel,
19 attorneys, accountants and any other agents or contractors of the Licensee, as well as the
20 names, addresses and amounts of claims of all known creditors of the Licensee. Within
21 thirty (30) days following the entry of this Order, the Licensee's general partner shall also
22 furnish a written report describing all assets. All persons and entities having control,
23 custody or possession of any assets or property of the Licensee are hereby directed to turn
24 such assets and property over to the Receiver.
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1 4. The Receiver shall promptly give notice of its appointment to all known
2 officers, directors, agents, employees, shareholders, creditors, debtors, managers and
3 general and limited partners of the Licensee, as the Receiver deems necessary or
4 advisable to effectuate the operation of the receivership. All persons and entities owing
5 any obligation, debt, or distribution, with respect to a partnership interest to the Licensee,
6 shall, until further ordered by this Court, pay all such obligations in accordance with the
7 terms thereof to the Receiver and its receipt for such payments shall have the same force
8 and effect as if the Licensee had received such payments.
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11 5. The Receiver is hereby authorized to open such Receiver's accounts at
12 banking or other financial institutions to extend credit on behalf of the Licensee, to utilize
13 SBA personnel, and to employ such other personnel, including the former managers of
14 the Defendant, as it may deem necessary to effectuate the operation of the receivership
15 including, but not limited to, attorneys, accountants, consultants and appraisers, and is
16 further authorized to expend receivership funds to compensate such personnel in such
17 amounts and upon such terms as the Receiver shall deem reasonable in light of the usual
18 fees and billing practices and procedures of such personnel. The Receiver is not required
19 to obtain Court approval prior to the disbursement of receivership funds for payments to
20 personnel employed by the Receiver or for expenses that the Receiver deems
21 advantageous to the orderly administration and operation of the receivership. In addition,
22 the Receiver is authorized to reimburse the SBA for travel expenses incurred by SBA
23 personnel in the establishment and administration of the receivership. The Receiver may,
24 without further order of this Court, transfer, compromise, or otherwise dispose of any
25 claim or asset in the ordinary course of business, other than real estate.
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1 6. The Licensee's past and/or present officers, directors, agents, attorneys,
2 managers, shareholders, employees, accountants, debtors, creditors, managers and
3 general and limited partners of the Licensee, and other appropriate persons or entities
4 (including without limitation, the defendant's portfolio of small business concerns and
5 financial institutions doing business with defendant and/or defendant's portfolio of small
6 business concerns) shall answer under oath to the Receiver all questions which the
7 Receiver may put to them and produce any documents as required by the Receiver
8 regarding the business of said limited partnership, or any other matter relevant to the
9 operation or administration of the receivership or the collection of funds due to the
10 Licensee. In the event that the Receiver deems it necessary to require the appearance of
11 the aforementioned persons or entities, the Receiver shall make its discovery request(s) in
12 accordance with the Federal Rules of Civil Procedure.
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14 7. The parties to any and all civil legal proceedings of any nature, including,
15 but not limited to, bankruptcy proceedings, arbitration proceedings, foreclosure actions,
16 default proceedings, or other actions of any nature involving the Licensee or any assets of
17 the Licensee, including subsidiaries and partnerships, wherever located, and excluding
18 the instant proceeding, involving the Licensee, the Receiver, or any of the Licensee's
19 past or present officers, directors, managers, agents, or general or limited partners sued
20 for, or in connection with, any action taken by them while acting in such capacity of any
21 nature, whether as plaintiff, defendant, third-party plaintiff, third-party defendant, or
22 otherwise, are enjoined from commencing or continuing any such legal proceeding, or
23 from taking any action, in connection with any such proceeding or any such asset. All
24 civil legal proceedings of any nature, including but not limited to bankruptcy
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1 proceedings, arbitration proceedings, foreclosure actions, default proceedings, or other
2 action of any nature involving the Licensee or any assets of the Licensee, including
3 subsidiaries and partnerships, wherever located, and excluding the instant proceeding,
4 involving the Licensee, the Receiver, or any of the Licensee's past or present officers,
5 directors, managers, agents, or general or limited partners sued for, or in connection with,
6 any action taken by them while acting in such capacity of any nature, whether as plaintiff,
7 defendant, third-party plaintiff, third-party defendant, or otherwise, are stayed in their
8 entirety, and all Courts having any jurisdiction thereof are enjoined from taking or
9 permitting any action until further Order of this Court. Further, as to a cause of action
10 accrued or accruing in favor of the Licensee against a third person or party, any
11 applicable statute of limitation is tolled during the period in which this injunction against
12 commencement of legal proceedings is in effect as to that cause of action.
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15 8. The Licensee and its past and/or present directors, officers, managers,
16 general or limited partners, agents, employees and other persons or entities acting in
17 concert or participating therewith be, and they hereby are, enjoined from either directly or
18 indirectly taking any actions or causing any such action to be taken which would
19 dissipate the assets and/or property of the Licensee to the detriment of the Licensee or of
20 the Receiver appointed in this cause, including but not limited to destruction of corporate
21 records, or which would violate the Small Business Investment Act of 1958, as amended,
22 15 U.S.C. 661 et. seq., or the regulations promulgated thereunder, ("Regulations"), 13
23 C.F.R. §107.1 et. seq.
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26 9. The Receiver is authorized to borrow on behalf of the Licensee, from the
27 SBA, up to \$1,000,000 and is authorized to cause the Licensee to issue Receiver's
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1 Certificates of Indebtedness in the principal amounts of the sums borrowed, which
 2 certificates will bear interest at or about 10 percent per annum and will have a maturity
 3 date no later than 18 months after the date of issue. Said Receiver's Certificates of
 4 Indebtedness shall have priority over all other debts and obligations of the Licensee,
 5 excluding administrative expenses of the Receivership, whether currently existing or
 6 hereinafter incurred, including without limitation any claims of general or limited
 7 partners of the Licensee.
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 10 10. This Court determines and adjudicates that SBA has made a sufficient
 11 showing that the Licensee has violated the Act and the Regulations, as alleged in the
 12 Complaint filed against the Licensee in the instant action, to obtain the relief so
 13 requested. After completing its activities in accordance with this Order, the Receiver
 14 may submit a report to this Court recommending that the Licensee's SBIC license be
 15 revoked.
 16

17 **SEEN, STIPULATED AND AGREED:**

18 **Rocket Ventures II SBIC, L.P., through its authorized representative**

19 By: /s/ David Adams
 20 David Adams
 21 Title: General Partner
 22 Rocket Ventures SBIC Partners, L.L.C.
 General Partner of Rocket Ventures II SBIC, L.P.

23 Date: 8/25/08

24 **United States Small Business Administration**

25 By: /s/ Thomas G. Morris
 26 Thomas G. Morris, Director
 27 Office of Liquidation

28 Date: 08-28-08

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16 By: 

17 David Adams

18 Title: General Partner

19 Rocket Ventures SBIC Partners, L.L.C.

20 General Partner of Rocket Ventures II SBIC, L.P.

21 Date: 8/25/08

22 **United States Small Business Administration**

23 By:

24 Thomas G. Morris, Director

25 Office of Liquidation

26 Date: _____

27 **STIPULATION FOR CONSENT ORDER OF RECEIVERSHIP**

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16 By: 

17 David Adams

18 Title: General Partner

19 Rocket Ventures SBIC Partners, L.L.C.

20 General Partner of Rocket Ventures II SBIC, L.P.

21 Date: 8/25/08

22 **United States Small Business Administration**

23 By: 

24 Thomas G. Morris, Director
 25 Office of Liquidation

26 Date: 08-28-08

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 28 **STIPULATION FOR CONSENT ORDER OF RECEIVERSHIP**

1 **PURSUANT TO STIPULATION, IT IS SO ORDERED,**

2 DATED this 4th day of September, 2008.

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4 HONORABLE JEFFREY S. WHITE
5 UNITED STATES DISTRICT JUDGE
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