

IN THE UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

U.S. COMMODITY FUTURES
TRADING COMMISSION,
Plaintiff,

v.

Case No. 09-cv-3332 (MJD/FLN)

TREVOR COOK et al.,
Defendants,

R.J. ZAYED,
Receiver.

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,
Plaintiff,

v.

Case No. 09-cv-3333 (MJD/FLN)

TREVOR G. COOK, et al.,
Defendants,

R.J. ZAYED,
Receiver.

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,
Plaintiff,

v.

Case No. 11-cv-574 (MJD/FLN)

JASON BO-ALAN BECKMAN, et al.,
Defendants,

R.J. ZAYED,
Receiver.

**MEMORANDUM OF LAW IN SUPPORT OF RECEIVER'S EMERGENCY
MOTION FOR AN ORDER FOR A RULE TO SHOW CAUSE AGAINST
CHARLES HENDRICKSON**

The Receiver, R.J. Zayed, has moved the Court on an emergency basis for an Order for a Rule to Show Cause as to why Charles Hendrickson should not be held in contempt for violation of this Court's Orders. This matter is brought to the Court because despite clear notice and repeated opportunities to remedy the situation, Hendrickson filed and has continued to pursue an action in Switzerland that is the sole impediment to the Receiver's recovery of approximately \$1.2 million being held in a Receivership account in Switzerland in the name of Trevor Cook. This motion is being filed on an emergency basis because a pending decision from the prosecutor in Switzerland, which is expected May 24, 2011, threatens to further complicate a situation that has already been needlessly complicated by Hendrickson's actions.

Hendrickson's most recent maneuver was revealed yesterday: he is attempting to buy time for the investigating Swiss prosecutor to issue a decision on this matter next week and thereby, Hendrickson hopes, further entrench his claim to this money above that of every other investor. Hendrickson's actions are in plain violation of this Court's Orders, have cost his fellow investors needless time and resources, and have deprived them from recovering \$1.2 million in stolen funds. The Receiver has given Hendrickson every opportunity to comply with this Court's Orders. Hendrickson has refused and now must be held accountable so that the Receiver's Swiss funds can finally be repatriated and the damages Hendrickson's contempt has caused to the Receivership can be remedied.

FACTS

A. The Court's Receivership and Asset Freeze Orders

These cases concern a \$190 million Ponzi scheme run by Trevor Cook and others. On November 23, 2009, the Court appointed R.J. Zayed as Receiver over Trevor Cook, Patrick Kiley, and various entities under their control. *See Order Appointing Receiver*, No. 09-cv-3333, Document No. 13 (Nov. 23, 2009); *see also Amended Order Appointing Receiver*, SEC Docket No. 18 (Nov. 24, 2009); *Second Amended Order Appointing Receiver*, SEC Docket No. 68 (Dec. 11, 2009); *Order Imposing Asset Freeze and Other Ancillary Relief*, SEC Docket No. 14 (November 23, 2009); *Order Identifying Frozen Accounts*, SEC Docket No. 15 (November 23, 2009); *Ex Parte Statutory Restraining Order*, No. 09-cv-3332, Document No. 21 (November 23, 2009); *Order Continuing Appointment of Temporary Receiver*, CFTC Docket No. 96 (Dec. 11, 2009).

On March 8, 2011, this Court appointed R.J. Zayed as Receiver over the estates of Jason Bo-Alan Beckman, The Oxford Private Client Group, LLC, and all funds, accounts, and other assets held by or for the benefit of Relief-Defendant Hollie Beckman. *Order Appointing Receiver*, No. 11-cv-574 ("Beckman" case), Doc. No. 10, at 1-2 (Mar. 8, 2011); *see also Order Imposing Asset Freeze and Other Ancillary Relief and Setting Hearing on Motion for Preliminary Injunction*, Beckman Docket No. 9 (Mar. 8, 2011).

The Receiver is charged with locating and preserving all assets that remain from the scheme so that hundreds of investors who were defrauded by Cook and his colleagues may have some form of restitution. In doing so, the Receiver is authorized to, among

other things, “take such action as necessary and appropriate to prevent the dissipation or concealment of any funds or assets or for the preservation of any such funds and assets of the Receiver Estates.” *Second Amended Order Appointing Receiver*, SEC Docket No. 68, § I.G; *Order Appointing Receiver*, Beckman Docket No. 10, § I.G.

Because the Court has appointed the Receiver to marshal assets on behalf of all of them, individual investors and creditors are strictly prohibited from filing their own actions or engaging in any sort of self-help to recover for their losses. They also are prohibited from interfering with the Receiver’s work. Specifically,

All investors, borrowers creditors, and other persons, and all others acting on behalf of any such investor, borrower, creditor or other persons, including sheriffs, marshals, other officers, deputies, servants, agents, employees and attorneys, are stayed from:

A. Commencing, prosecuting, continuing or enforcing any suit or proceeding against or affecting any of the Defendants, Relief Defendants, or Receiver Estates;

B. Using self-help or executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution, or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any assets of the Receiver Estates, including, without limitation, any property owned by or in the possession of the Defendants, Relief Defendants, or the Receiver, wherever situated;

C. Attempting to modify, cancel, terminate, call, extinguish, revoke or accelerate (the due date), of any lease, loan, mortgage, indebtedness, security agreement or other agreement with the Defendants or Relief Defendants or otherwise affecting the Receiver Estates, without the agreement of the Receiver; and

D. Doing any act to interfere with the taking control, possession, or management, by the Receiver, of any assets of the Receiver Estates, or in any way interfere with or harass the Receiver, or to interfere in any manner with the exclusive jurisdiction of this Court over the Receiver Estates.

Second Amended Order Appointing Receiver, SEC Docket No. 68, § VII; *see also Order Appointing Receiver*, Beckman Docket No. 10, § VII; *Order Continuing Appointment of Temporary Receiver*, CFTC Docket No. 96, § IV.

B. The Receivership Has Approximately \$1.2 Million in a Bank Account in Switzerland

Early in his investigation, the Receiver uncovered an account at UBS AG in Switzerland in the name of Trevor Cook with approximately \$1.2 million in Receivership funds stolen from investors. The Receiver has been attempting to repatriate those funds since discovering them, but ultimately has been stymied by a complaint filed by an investor, Charles Hendrickson, in violation of this Court's Receivership and Asset Freeze Orders.

C. Charles Hendrickson Filed a Complaint in Switzerland That Violated This Court's Orders and Has Prevented Repatriation of \$1.2 Million to the Receivership

On or around December 29, 2009, over a month after the Court issued the Receivership and Asset Freeze Orders in the Cook cases, Hendrickson worked with the assistance and financing of Jason Bo-Allen Beckman to file a complaint in Switzerland against Trevor Cook and several Receivership Entities, including Oxford Global Partners, UBS Diversified, Oxford Global Advisors, Crown Forex LLC, Trevor Cook and Crown Forex SA ("the Swiss Complaint"). (Declaration of Tara Norgard in Support of the Receiver's Emergency Motion for an Order for a Rule to Show Cause Against Charles Hendrickson, ¶ 6 ("Norgard Decl.")). Hendrickson also sued Crown Forex SA, alleging that Cook held a controlling interest in that entity, thereby deeming it a Receivership

Entity, as well. (Norgard Decl., ¶ 6 Ex. 1 (stating in paragraph 7 that Cook owned 51% of Crown Forex SA)); *Order Appointing Receiver*, SEC Docket No. 13, at 4 (identifying all corporations, partnerships, trusts or other entities, regardless of form, that are directly or indirectly owned by or under the direct or indirect control of Cook or Kiley as Receivership Entities).

Hendrickson has continued to pursue his claim up to and including today, despite this Court's Orders and repeated requests from the Receiver to withdraw it. *See* Part E, *infra*.

D. Hendrickson Seeks Double Recovery for his Losses

At the same time he was pursuing recovery for his losses in Switzerland, Hendrickson pursued recovery for those same losses from the Receiver. Specifically, Charles and Constance Hendrickson filed a claim for \$681,065 with the Receiver on or around March 10, 2010. (Norgard Decl., ¶ 2.) The Receiver initially recognized the Hendricksons' claim at \$598,921.94, and issued them a check as part of the interim civil distribution for \$9,468.10. (*Id.*) The Hendricksons also received \$1,404.45 in criminal restitution, which was funded with money from the civil Receivership. (*Id.*)

The Hendricksons then challenged the Receiver's recognized claim amount, asking that a higher amount be entered. (*Id.*, ¶ 3.) As with other challenging investors, the Receiver worked with the Hendricksons to help them substantiate the full extent of their losses. (*Id.*) After several conversations with Charles Hendrickson, the Receiver accepted the challenge and revised the Hendricksons' Recognized Claim Amount to \$648,346.94. (*Id.*) This amount was entered as the final civil restitution amount by the

Court on April 5, 2011. (*Id.*); see *Order Entering Recognized Claim Amounts and Approving Process for Judicial Resolution of Disputed Claims*, SEC Docket No. 732 & CFTC Docket No. 683 (Apr. 5, 2011) (granting the Receiver’s *Motion for an Order Entering Recognized Claim Amounts and Approving Process for Judicial Resolution of Disputed Claims*, SEC Docket No. 711 & CFTC Docket No 660 (Mar. 15, 2011)). The Receiver then issued a supplemental distribution check to the Hendricksons in the amount of \$893.79 in order to bring their total recovery to the same *pro rata* distribution rate as other investors. (Norgard Decl., ¶ 4); see *Notice of Mailing of Receiver’s Supplemental Interim Distribution to Claimants with Adjusted Claims*, SEC Docket No. 791 & CFTC Docket No. 750 (May 10, 2011).

At no time during the claim or challenge process did Hendrickson ever tell the Receiver or his staff that he was simultaneously pursuing claims for these same losses in Switzerland. (Norgard Decl., ¶ 5.)

E. Hendrickson’s Swiss Claim Is the Sole Impediment to the Return of \$1.2 Million to the Receivership

Through independent investigation and ongoing efforts to repatriate these funds, the Receiver learned that the sole impediment to the return of the Receivership’s \$1.2 million in Switzerland is Hendrickson’s complaint. (*See* Declaration of R.J. Zayed in Support of the Receiver’s Emergency Motion for an Order for a Rule to Show Cause Against Charles Hendrickson, ¶ 4 (“Zayed Decl.”).) Immediately upon learning of this issue, the Receiver contacted Hendrickson in an attempt to expeditiously resolve it without further cost or delay.

On March 10, 2011, the Receiver wrote to Hendrickson and advised that he had just learned of Hendrickson's Swiss claim. (*Id.*, ¶ 6.) Citing and enclosing the Court's Receivership and Asset Freeze Orders, the Receiver went on to explain how Hendrickson had violated those Orders by filing the Swiss action. (*Id.*, ¶ 8 Ex. 1.) Rather than immediately seeking judicial intervention, the Receiver asked Hendrickson to withdraw the claim and to provide all documents Hendrickson had with respect to the claim, as well as the names and contact information for everyone he worked with to file it. (*See id.*, ¶ 10 Ex. 3.)

In response to that letter, Hendrickson informed the Receiver that he intended to comply with the Court's Orders, thus allowing the Receiver to repatriate the assets frozen in Switzerland due to Hendrickson's complaint. (*See id.*, ¶ 9 Ex. 2.) This motion is being filed now because Hendrickson did not do what he told the Receiver he would do and because a pending decision from the prosecutor in Switzerland, which is expected May 24, 2011, threatens to further complicate a situation that has already been needlessly complicated by Hendrickson's actions.

While the Receiver was under the mistaken impression that Hendrickson would withdraw his Swiss claim, Hendrickson/Beckman's Swiss counsel, Jean-Marc Carnicé, continued to work on the matter. On April 4, 2011, Carnicé advised his clients¹ that he had received a letter from the Swiss prosecutor who was investigating the Hendrickson

¹ Carnicé's email was sent to Beckman, who in turn sent it to Hendrickson. (Norgard Decl., ¶ 9 Ex. 3.) On April 6, 2011, Hendrickson forwarded the email to the Receiver. The Receiver immediately contacted Mr. Beckman and advised him that the Swiss matter was now in the hands of the Receiver. (*Id.*, ¶ 10.)

claims and that “new developments . . . require our urgent intervention.” (Norgard Decl., ¶ 9 Ex. 3.) The Receiver immediately sought a copy of the underlying letter from the Swiss prosecutor, but it was not provided to the Receiver until today. (*Id.*, ¶ 18.) Today the Receiver learned that in that letter, which was dated March 28, 2011, the Swiss prosecutor advised, among other things, that Hendrickson’s claim was the sole impediment to the repatriation of the Swiss funds. (*Id.*, ¶¶ 18-19.)

On April 6, 2011, Hendrickson told the Receiver that he did not plan to respond to the Swiss inquiry. (*Id.*, ¶ 9.) Over the next month, based on the mistaken trust that Hendrickson would comply with the Court’s Orders without judicial intervention, the Receiver worked with Hendrickson and the Receiver’s counsel in Switzerland to access Hendrickson’s file from Carnicé and facilitate withdrawal of the complaint.

While telling the Receiver one thing, Hendrickson did another. Despite assurances to the contrary, Hendrickson did not inform Carnicé or the Swiss prosecutor of his desire to withdraw the complaint and comply with this Court’s Orders. In a May 13, 2011 email to Carnicé, Hendrickson clearly indicated that he would continue to pursue his claim to priority in the Receiver’s Swiss funds in violation of this Court’s Orders and in spite of instructions from the Receiver to the contrary. (*Id.*, ¶ 12 Ex. 5.) On May 14, 2011, the investigating Swiss prosecutor wrote an email to Hendrickson indicating that Hendrickson had been in contact with her all along, and that he had advised her that he no longer had Swiss counsel but wished to proceed with the claim. (*Id.*, ¶ 16 Ex. 7.) Hendrickson’s pursuit of this claim was with full knowledge of this Court’s Orders and that he was the sole impediment to approximately \$1.2 million being

returned to the Receiver and in turn, to over 700 victims of this fraud.

Immediately upon learning that Hendrickson would not, in fact, comply with this Court's Orders, the Receiver gave notice that he intended to file contempt proceedings unless Hendrickson promptly withdrew the claim. In a May 16, 2011 letter that was hand-delivered to Hendrickson's home, the Receiver gave Hendrickson two days to withdraw the Swiss complaint or face a motion requiring him to show cause why he should not be held in contempt for interfering with the Receiver's efforts to repatriate the Swiss funds and for violating this Court's Orders. (Zayed Decl., ¶ 11 Ex. 4.)

On May 18, 2011, Hendrickson's counsel contacted the Receiver's office. (Norgard Decl., ¶ 15.) Hendrickson's counsel said he understood the Swiss prosecutor was going to issue a decision in the case on May 24, 2011, and suggested that the Receiver should delay proceedings until the Swiss decision was rendered. (*Id.*) Counsel for the Receiver explained that the Swiss decision had no bearing on Hendrickson's violation of the Court's Orders and would not under any circumstances entitle Hendrickson to a preference on the Swiss funds over other victims. (*Id.*) As a matter of professional courtesy, counsel for the Receiver nevertheless granted a one-day extension requested by Hendrickson's counsel so that he could further review the matter and attempt to come to a resolution with the Receiver the following day. (*Id.*)

In a May 19, 2011 email to counsel for the Receiver, Hendrickson's counsel again attempted to push off the Receiver's demands for another unspecified day. (*Id.*, ¶ 17 Ex. 8.) In doing so, Hendrickson continues his misguided attempt to trump this Court's Orders and his fellow investors in hopes that by the time this motion is heard, he will

have a decision from the Swiss prosecutor on the merits of his complaint. Hendrickson's actions, though futile, must be stopped.

ARGUMENT

The Court has inherent authority to enforce compliance with its own orders. *Shillitani v. United States*, 384 U.S. 364, 370 (1966). This may be done through civil contempt proceedings. *In re Long Visitor*, 523 F.2d 443, 448 (8th Cir. 1975) (citing *Shillitani v. United States*, 384 U.S. 364 (1966)).

A. Civil Contempt Proceedings

Civil contempt proceedings are authorized by 18 U.S.C. § 401(3) which states, in pertinent part, that “[a] court of the United States shall have power to punish by fine or imprisonment, or both, at its discretion, such contempt of its authority, and none other, as ... [d]isobedience or resistance to its lawful writ, process, order, rule, decree, or command.” The purpose of a civil contempt proceeding is wholly remedial and is intended to either coerce compliance with a prior court order or compensate for losses suffered as a result of non-compliance with that order. *McComb v. Jacksonville Paper Co.*, 336 U.S. 187, 191 (1949); *Commodity Futures Trading Commission v. Premex, Inc.*, 655 F.2d 779, 785 (7th Cir. 1981).

In a civil contempt proceeding, the moving party must prove, by clear and convincing evidence, that the respondent has violated the court's order. *McComb*, 336 U.S. at 191; *NLRB v. Ralph Printing & Lithography Co.*, 433 F.2d 1058, 1062 (8th Cir. 1970). To make a *prima facie* showing of contempt the movant need only prove that a respondent has failed to comply with a valid court order. *Heinold Hog Market, Inc. v.*

McCoy, 700 F.2d 611, 615 (10th Cir. 1983). A district court does not have to find that the violation was “willful” or intentional. *McComb*, 336 U.S. at 191; *United States v. Ofe*, 572 F.2d 656 (8th Cir. 1978); *Faegre & Benson, LLP v. Purdy*, 367 F.Supp.2d 1238, 1243 (D. Minn. 2005). In civil contempt proceedings, the issue is compliance with the order, not intent to violate it. *In re General Motors Corp.*, 61 F. 3d 256, 258 (4th Cir. 1995); *Donovan v. Mazzola*, 716 F.2d 1226, 1240 (9th Cir. 1983), *cert. denied*, 464 U.S. 1040 (1984). As stated by the United States Supreme Court:

The absence of willfulness does not relieve from civil contempt Since the purpose is remedial, it matters not with what intent the defendant did the prohibited act. The decree was not fashioned so as to grant or withhold its benefits dependent on the state of minds of respondents. . . . An act does not cease to be a violation of a law and a decree merely because it may have been done innocently.

McComb, 336 U.S. at 191. Nor does reliance on the advice of counsel excuse non-compliance with an order that is, in fact, lawful. *United States v. Asay*, 614 F.2d 655, 661 (9th Cir. 1980).

Once a *prima facie* case has been shown, the burden shifts to the respondent to come forward with evidence showing categorically and in detail why he or she was unable to comply with court orders. *United States v. Rylander*, 460 U.S. 752, 755, 757 (1983) *reh. denied*, 462 U.S. 1112 (1983); *Chicago Truck Drivers v. Brotherhood Labor Leasing*, 207 F.3d 500, 505 (8th Cir. 2000). Further, if the respondent is responsible for an inability to comply, such a defense is unavailable. *United States v. Bryan*, 339 U.S. 323, 330-32 (1950); *U.S. v. Seetapun*, 750 F.2d 601, 605 (7th Cir. Ill. 1984). Good faith on the part of the respondent does not constitute a defense. *Donovan*, 716 F.2d at 1240.

The Court “has broad discretion in using its contempt power to require adherence to court orders. *O’Conner v. Midwest Pipe Fabricators, Inc.*, 972 F.2d 1204, 1209 (10th Cir. 1992), citing *United States v. Riewe*, 676 F.2d 418 (10th Cir. 1982). Judicial sanctions in civil contempt proceedings may be employed for either or both of two purposes: 1) to compensate the complainant for losses sustained; and 2) to coerce the contemnor into compliance with the court’s order. *United States v. United Mine Workers*, 330 U.S. 258, 303-04 (1947); *Chaganti & Associates, P.C. v. Nowotny*, 470 F.3d 1215, 1225 (8th Cir. 2006).

B. Charles Hendrickson Violated This Court’s Orders

The Eighth Circuit has held that civil contempt “consists in failing to do something ordered to be done by a court in a civil action for the benefit of the opposing party therein, or by willfully destroying, removing, concealing, or disposing of the subject-matter of the litigation.” *Dakota Corporation v. Slope County, N.D.*, 75 F. 2d 584, 586 (8th Cir. 1935).

This Court’s Order Appointing the Receiver clearly prohibited Hendrickson from filing a complaint against Receivership entities. *Order Appointing Receiver*, SEC Docket No. 13, § VII; *see also Order Imposing Asset Freeze and Other Ancillary Relief*, SEC Docket No. 14, at 8; *Second Amended Order Appointing Receiver*, SEC Docket No. 68, § VII; *Order Appointing Receiver*, Beckman Docket No. 10, § VII; *Order Continuing Appointment of Temporary Receiver*, CFTC Docket No. 96, § IV.

The defendants in Hendrickson’s complaint – Trevor Cook, Crown Forex LLC, UBS Diversified, Oxford Global Advisors and Oxford Global Partners – are all named

defendants in the SEC and CFTC cases. *See Complaint*, SEC Docket No. 1 (Nov. 23, 2009); *Complaint for Injunctive and Other Equitable Relief and for Penalties under the Commodity Exchange Act*, CFTC Docket No. 1 (Nov. 23, 2009). Further, this Court's Order Appointing Receiver specifically includes all corporations, partnerships, trusts or other entities, regardless of form, that are directly or indirectly owned by or under the direct or indirect control of Cook or Kiley as Receivership Entities. *Order Appointing Receiver*, SEC Docket No. 13, at 2. Hendrickson avers in his Swiss complaint, Cook owned and/or controlled Crown Forex SA. (*See Norgard Decl.*, ¶ 6 Ex. 1 (stating in paragraph 7 that Cook owned 51% of Crown Forex SA).)

C. Charles Hendrickson's Violations Have Directly Interfered With the Receiver's Ability to Perform His Duties and Caused Undue and Needless Expenditure of Receiver Resources

By violating the Court's Receivership Orders, Charles Hendrickson unilaterally imposed undue expense and complication on the Receiver's recovery of \$1.2 million of Receivership funds.

Over the last few months, the Receiver's attorneys have been forced to repeatedly engage with Hendrickson, the Receiver's Swiss counsel, Hendrickson's Swiss counsel, and Hendrickson's domestic counsel, in an attempt to finally resolve this matter and repatriate the Receivership funds held in Switzerland. (*See Norgard Decl.*, ¶¶ 8-9, 11-19; *Zayed Decl.*, ¶¶ 6-11.) Hendrickson's gamesmanship can no longer be tolerated. His cooperation with the Receiver – and compliance with this Court's Orders – must be compelled to prevent further diminishment of the Receiver Estate.

This Court's Orders were issued to facilitate recovery of investor money from many individuals and entities, wherever situated. If Hendrickson is allowed to continue to disobey the Court's Orders, the Receiver's ability to fulfill his mandate becomes progressively more expensive. Further, the Receiver and the victims of this fraud should not have to bear the burden of Hendrickson's refusal to comply with this Court's Orders. The Receiver has given Hendrickson every opportunity to comply with Court's Orders and avoid sanctions for his violations. It has now become apparent that Hendrickson will not comply with the Court's Orders absent judicial intervention.

D. Remedies Sought by the Receiver

The remedies that the Receiver seeks are straightforward. First, Hendrickson should be compelled to comply with this Court's Orders and withdraw his complaint with the Swiss prosecutor, as he previously indicated he intended to do. If the Swiss prosecutor were to render a decision in favor of Hendrickson before the Court has the opportunity to rule on the present motion, the Receiver asks that this Court compel Hendrickson to assign any award from the Swiss action to the Receiver, in full.

Second, the Receiver also requests that this Court require Hendrickson to pay the fees and costs the Receiver has been forced to incur consequent to Hendrickson's contempt. An award of attorneys' fees is an appropriate sanction for civil contempt. *See, e.g., Kehm v. Procter & Gamble Mfg. Co.*, 724 F.2d 630, 630 (8th Cir. 1984). Attorneys' fees are especially appropriate in this action, as Hendrickson's contemptuous noncompliance has incurred undue expense for the Receiver and reduced the amount of money the Receiver can pay back to the defrauded investors. *See Chicago Truck Drivers*

v. Bhd. Labor Leasing, 207 F.3d 500, 505 (8th Cir. 2000) (“Civil contempt may be employed . . . to compensate the complainant for losses sustained[.]”). Stated simply, Hendrickson’s fellow investors – who have complied with the Court’s Orders – should not be stuck with the bill for Hendrickson’s violations of those same Orders. If the Court is not inclined to grant attorneys’ fees in full, the Receiver respectfully suggests that deduction of these attorneys’ fees and costs from the Hendricksons’ Recognized Claim Amount would be an appropriate way to refund a small portion of the Receivership’s expenditures without forcing the Hendrickson to incur any out-of-pocket expenses for his contempt.

Hendrickson, to date, has behaved as if this Court’s Orders do not apply to him. As the Eighth Circuit has noted, “One of the overarching goals of a court's contempt power is to ensure that litigants do not anoint themselves with the power to adjudge the validity of orders to which they are subject”, and that civil contempt may be employed to “coerce . . . compliance with a court order.” *See Chicago Truck Drivers*, 207 F.3d at 504–05. It is unfortunate that such coercion is required of one of the very investors that this Court’s Orders were meant to benefit. But the Receiver respectfully submits that it is a reality that requires accountability, both for fairness in the present situation and so that others who may be inclined to follow a similar path understand the consequences for doing so.

CONCLUSION

For all of the forgoing reasons, the Receiver respectfully requests that this Court grant the Receiver’s Motion and enter an Order requiring Charles Hendrickson to show

cause as to why he should not be held in contempt for violating this Court's Receivership and Asset Freeze Orders.

Dated: May 20, 2011

Respectfully submitted,

s/ Tara C. Norgard

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