

**UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION**

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|----------------------|
| U.S. COMMODITY FUTURES TRADING COMMISSION, |) | |
| |) | |
| Plaintiff, |) | |
| |) | CASE NO. 3:09-cv-335 |
| v. |) | |
| |) | |
| QUEEN SHOALS, LLC,; QUEEN SHOALS II, LLC; SELECT FUND, LLC; SIDNEY STANTON HANSON; and CHARLOTTE M. HANSON. |) | |
| |) | |
| Defendants, and |) | |
| |) | |
| SECURE WEALTH FUND, LLC; HERITAGE GROWTH FUND, LLC; DOMINION GROWTH FUND, LLC; TWO OAKS FUND, LLC; DYNASTY GROWTH FUND, LLC; and QUEEN SHOALS GROUP, LLC. |) | |
| |) | |
| Relief Defendants |) | |

CONSENT ORDER OF STATUTORY RESTRAINING ORDER

Plaintiff, U.S. Commodity Futures Trading Commission (the “Commission”) has filed a Complaint against Defendants Queen Shoals, LLC; Queen Shoals II, LLC; Select Fund, LLC; Charlotte M. Hanson; and Sidney Stanton Hanson, (collectively “Defendants”) and Relief Defendants Secure Wealth Fund, LLC; Heritage Growth Fund, LLC; Dominion Growth Fund, LLC; Two Oaks Fund, LLC; Dynasty Growth Fund, LLC; and Queen Shoals Group, LLC (collectively, the “Relief Defendants”) for Permanent Injunction, Civil Penalties, and

Other Equitable Relief. Defendants and Relief Defendants consent to the entry of this Statutory Restraining Order (“Order”) without an adjudication of the merits on any issue of fact or law, without waiving any privileges under the United States Constitution or any other rights or privileges, and without admitting or denying the allegations of the Complaint filed in this action except as to venue and the Court’s jurisdiction over the Defendants and Relief Defendants for purposes of this Order. As it appears to the Court that there is good cause to believe that Defendants and Relief Defendants have engaged, are engaging in, or are about to engage in violations of the Commodity Exchange Act, as amended, 7 U.S.C. §§ 1 *et. seq.* (2006) and Commission Regulations promulgated thereunder, and that this is a proper case for granting the requested relief to preserve the *status quo*, protect public customers from further loss and damage, and enable the Commission to fulfill its statutory duties, the Court enters this Order as follows:

1. This Court has jurisdiction over the parties and over the subject matter of this action pursuant to Section 6c of the Commodity Exchange Act (“Act”), 7 U.S.C. § 13a-1 (2006), and Section 2(c)(2) of the Act, as amended by the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act (“CRA”), §§ 13101-13204, 122 Stat. 1651 (effective June 18, 2008), to be codified at 7 U.S.C. § 2(c)(2).

2. Venue lies properly within this District pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e).

3. There is good cause to believe that Defendants have engaged, are engaging, and are about to engage in acts and practices constituting violations of the Act, as amended, 7 U.S.C. §§ 1, *et seq.* (2006) and Commission Regulations (“Regulations”) 17 C.F.R. §§ 1, *et seq.*

(2009).

4. There is good cause to believe that Relief Defendants have received, are receiving, and are about to receive funds, assets or property as a result of Defendants' violative acts and have been unjustly enriched thereby. The Relief Defendants do not have any legitimate interest or entitlement to those funds, assets or property received as a result of Defendants' unlawful conduct.

5. There is good cause to believe that immediate and irreparable damage to the Court's ability to grant effective final relief for customers in the form of monetary redress will occur from the sale, transfer, assignment, or other disposition by Defendants and Relief Defendants of assets or records unless Defendants and Relief Defendants are immediately restrained and enjoined by Order of the Court.

6. Good cause exists for the freezing of assets owned, controlled, managed, or held by, on behalf of, or for the benefit of Defendants and Relief Defendants and for entry of an order prohibiting Defendants and Relief Defendants, their agents, servants, employees, assigns, attorneys, and persons in active concert or participation with Defendants and Relief Defendants, including any successor thereof, from destroying records and/or denying Commission representatives access to inspect and copy records to ensure that Commission representatives have immediate and complete access to those books records.

7. Good cause exists to require an accounting to determine the location and disposition of the Defendants' customers' funds.

8. Good cause exists to order repatriation of assets controlled by Defendants to assure payment of restitution and disgorgement as authorized and for the benefit of customers.

9. Good cause exists for the Plaintiff to conduct expedited discovery in order to locate Defendants' other customers, identify customers' funds and other of Defendants' Assets, and clarify the source of various funds.

10. Weighing the equities and considering the Consent Order of Settlement, Permanent Injunction and Other Ancillary Relief entered today, the issuance of this Order is in the public interest.

I.

DEFINITIONS

For purposes of this Order, the following definitions apply:

11. The term "document" is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure ("FRCP") 34(a), and includes, but is not limited to, writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.

12. "Assets" mean any legal or equitable interest in, right to, or claim to, any real or personal property, whether individually or jointly, direct or indirect control, and wherever located, including, but not limited to: chattels, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds, mail or other deliveries, inventory, checks, notes, accounts (including, but not limited to, bank accounts and accounts at financial institutions), credits, receivables, lines of credit, contracts including spot and futures or options contracts, insurance policies, and all cash, wherever located.

13. “Defendants” shall mean and refer to Queen Shoals, QS II, and Select Fund, C. Hanson, and Hanson, and also to any d/b/a, successor, affiliate, subsidiary or other entity owned, controlled, managed or held by, on behalf of, or for the benefit of Defendants.

14. “Relief Defendants” shall mean and refer to Secure Wealth Fund, LLC; Heritage Growth Fund, LLC; Dominion Growth Fund, LLC; Two Oaks Fund, LLC; Dynasty Growth Fund, LLC; and Queen Shoals Group, LLC and also to any d/b/a, successor, affiliate, subsidiary or other entity owned, controlled, managed or held by, on behalf of, or for the benefit of the Relief Defendants.

II.

RELIEF GRANTED

Order Against Transfer, Dissipation, and Disposal of Assets

IT IS HEREBY ORDERED that:

15. Defendants, Relief Defendants, and their agents, servants, employees, assigns, attorneys, and persons in active concert or participation with them, including any successor thereof, and persons in active concert or participation with them, who receive actual notice of this Order by personal service or otherwise, are immediately restrained and enjoined from directly or indirectly transferring, selling, alienating, liquidating, encumbering, pledging, leasing, loaning, assigning, concealing, dissipating, converting, withdrawing, or otherwise disposing of any of Defendants’ Assets or Relief Defendants’ Assets, wherever located, including Defendants’ Assets and Relief Defendants’ Assets held outside the United States, except as provided in Section III of this Order, or as otherwise ordered by the Court. The Assets affected by this paragraph shall include both existing Assets and Assets acquired after

the effective date of this Order.

16. Defendants and Relief Defendants are restrained and enjoined from directly or indirectly opening or causing to be opened any safe deposit boxes titled in the name of, or subject to, access by Defendants or Relief Defendants.

III.

Prohibition from Violating the Act

THE PARTIES AGREE AND IT IS HEREBY ORDERED that:

18. Defendants and Relief Defendants, except as otherwise ordered by this Court, are restrained and enjoined from directly or indirectly:

- A. Cheating or defrauding or attempting to cheat or defraud persons, or willfully deceiving or attempting to deceive by any means whatsoever persons in or in connection with orders to make, or the making of, contracts of sale of commodities, for future delivery, made, or to be made, for or on behalf of such persons where such contracts for future delivery were or may have been used for (a) hedging any transaction in interstate commerce in such commodity, or the produce or byproducts thereof, or (b) determining the price basis of any transaction in interstate commerce in such commodity, or (c) delivering any such commodity sold, shipped or received in interstate commerce for the fulfillment thereof in violation of Sections 4b(a)(1)(A)-(C) and 4b(a)(2)(A)-(C) of the Act as amended by the CFTC Reauthorization Act of 2008, § 13102, 122 Stat. 1651 (effective June 18, 2008), to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C) and 6b(a)(2)(A)-(C), and Regulations 1.1(b)(1)-(3), 17 C.F.R. §§ 1.1(b)(1)-

(3) (2009).

B. Violating any other provision of the Act or Regulations.

IV.

Accounting and Transfer of Funds and Documents

IT IS FURTHER ORDERED that within ten (10) business days of the date of entry of this Order, Defendants and Relief Defendants shall:

19. Provide the Commission with a full accounting of all Defendants' Assets, inside and outside of the United States, from January 1, 2004 to the date of this Order;

20. Transfer to the territory of the United States, to the possession, custody, and control of the Office of the United States Attorney of the Western District of North Carolina, all of Defendants' Assets and Relief Defendants' Assets (other than real property) located outside the United States; and

21. Provide the Commission access to all records of Defendants and Relief Defendants held by financial institutions located within or outside the territorial United States by signing the Consent to Release of Financial Records attached to this Order.

V.

Directives to Financial Institutions and Others

IT IS FURTHER ORDERED, pending further Order of this Court, that any financial or brokerage institution, business entity, or person that holds or has held, controls or has controlled, or maintains or has maintained custody of any of Defendants' Assets or Relief Defendants' Assets at any time since January 1, 2004, shall:

22. Prohibit Defendants, Relief Defendants, and all other persons from

withdrawing, removing, assigning, transferring, pledging, encumbering, disbursing, dissipating, converting, selling, or otherwise disposing of Defendants' Assets or Relief Defendants' Assets, except as directed by further Order of the Court;

23. Deny Defendants, Relief Defendants, and all other persons access to any safe deposit box that is: (a) owned, controlled, managed, or held by, on behalf of, or for the benefit of Defendants or Relief Defendants, either individually or jointly; or (b) otherwise subject to access by Defendants or Relief Defendants;

24. Provide counsel for the Commission, within ten (10) business days of entry of this Order, a statement setting forth: (a) the identification number of each and every account or other asset owned, controlled, managed, or held by, on behalf of, or for the benefit of Defendants or Relief Defendants, either individually or jointly; (b) the balance of each such account, or a description of the nature and value of such asset as of the close of business on the day on which this Order is served, and, if the account or other asset has been closed or removed, the date closed or removed, the total funds removed in order to close the account, and the name of the person or entity to whom such account or other asset was remitted; and (c) the identification of any safe deposit box that is owned controlled, managed, or held by, on behalf of, or for the benefit of Defendants or Relief Defendants, either individually or jointly, or is otherwise subject to access by Defendants or Relief Defendants; and

25. Upon request by the Commission, promptly provide the Commission with copies of all records or other documentation pertaining to such account or asset, including, but not limited to, originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit

instruments or slips, currency transaction reports, Internal Revenue Service Form 1099s, and safe deposit box logs.

VI.

Maintenance of Business Records

IT IS FURTHER ORDERED that:

26. Defendants, Relief Defendants, and their agents, servants, employees, assigns, attorneys, and persons in active concert or participation with Defendants or Relief Defendants, including any successor thereof, and all other persons or entities who receive notice of this Order by personal service or otherwise, are immediately restrained and enjoined from directly or indirectly destroying, mutilating, erasing, altering, concealing or disposing of, in any manner, directly or indirectly, any documents that relate to the business practices or business or personal finances of Defendants or Relief Defendants and their subsidiaries or affiliates.

VII.

Inspection and Copying of Books and Records

IT IS FURTHER ORDERED that:

27. Representatives of the Commission and shall immediately be allowed to inspect the books, records, and other documents of Defendants, Relief Defendants, and their agents, including, but not limited to, electronically stored information, tape recordings, and computer discs, wherever they may be situated and whether they are in the person of Defendants, Relief Defendants, or others, and to copy said documents, information and records, either on or off Defendants' or Relief Defendants' premises; and

28. Defendants, Relief Defendants, and their agents, servants, employees, assigns,

attorneys, and persons in active concert or participation with Defendants or Relief Defendants, including any successor thereof, who receive actual notice of this Order by personal service or otherwise, including facsimile or other electronic transmission, shall cooperate fully with the Commission to locate and provide to representatives of the Commission all books and records of Defendants and Relief Defendants, wherever such books and records may be situated, and to locate and provide to representatives of the Commission information regarding the whereabouts of Defendants and Relief Defendants.

VIII.

Order Granting Expedited Discovery

IT IS HEREBY ORDERED that:

36. The Commission may conduct expedited discovery, removing the prohibition upon discovery before the early meeting of counsel pursuant to FRCP 26(f), in accordance with FRCP 26(d), and that the Commission may take depositions of Defendants, Relief Defendants, and non-parties subject to five (5) calendar days notice pursuant to FRCP 30(a) and 45, that notice shall be given to counsel for the Defendants and Relief Defendants identified herein, and may be given personally, by facsimile or by electronic mail. Further, more than ten depositions may be taken and, if necessary, any deposition may last more than seven hours.

37. The Commission may conduct expedited discovery to enable the Commission to fulfill its statutory duties and protect investors from further loss or damage. This expedited discovery will allow the Commission to determine the full extent of Defendants' alleged wrongdoing (including, but not limited to, the possible involvement of others), locate

Defendants' other customers, identify customers' funds, and other of Defendants' Assets and Relief Defendants' Assets, and clarify the sources of various funds.

IX.

Bond Not Required of Plaintiff

IT IS FURTHER ORDERED that:

38. The COMMISSION is an agency of the United States of America and, accordingly, need not post a bond.

X.

Service

IT IS FURTHER ORDERED that:

39. This Order shall be served on counsel for the Defendants and Relief Defendants, identified herein, and may be given personally, by facsimile or by electronic mail. All subsequent pleadings, correspondence, notices required by this Order, and other materials shall be served consistent with Federal Rule of Civil Procedure Rule 4.

XI.

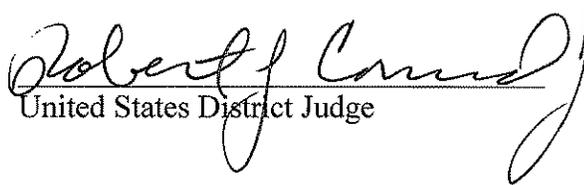
Force and Effect

IT IS FURTHER ORDERED that this Order shall remain in full force and effect until further order of this Court and that this Court retains jurisdiction of this matter for all purposes.

There being no just reason for delay, the Clerk of the Court is hereby directed to enter this *Consent Order of Statutory Restraining Order*.

ORDERED AND ADJUDGED:

DONE AND ORDERED in Chambers at Charlotte, North Carolina, this 7th day of August, 2009.


United States District Judge