

**In The United States District Court  
For The Northern District Of Illinois  
Eastern Division**

Commodity Futures Trading Commission,  
Plaintiff,  
vs.  
Lake Shore Asset Management Limited et al.,  
Defendants.

Civil Action No: 07 C 3598

Honorable Judge Manning  
Magistrate Judge Mason

**MOTION FOR APPOINTMENT OF RECEIVER**

Plaintiff, Commodity Futures Trading Commission (“Commission” or “CFTC”) moves this Court for an Order appointing a temporary equity Receiver for Defendants Lake Shore Asset Management Limited, Lake Shore Group of Companies, Inc., and Philip J. Baker (“Defendants”) with authority to administer and manage the assets, business affairs, funds, choses in action and property related to the Funds, to marshal and safeguard all of the assets of the Funds, and to take whatever actions are necessary for the protection of investors and for the return of investor funds to their rightful owners.

The grounds for this Motion are set forth below and in the attached Memorandum in Support.

1. On August 28, 2007, this Court issued an Order (“Preliminary Injunction Order”) granting in part and denying in part the CFTC’s motion for preliminary injunction and asset freeze. The court found, inter alia, that Lake Shore Asset Management (“LSAM”) had committed fraud and that customer assets under the control of LSAM or related persons were in jeopardy. The court made specific findings and concluded that Lake Shore Group of Companies (“Lake Shore Group”), LSAM and Lake Shore Asset Management, Inc. operated

as a common enterprise and thus each company was jointly and severally liable for violations of the CEA. The court also entered an asset freeze more fully described below.

2. Defendants appealed the Court's Preliminary Injunction Order and sought a stay of the order pending appeal. On September 7, 2007, the Court of Appeals denied

Defendants' Motion. The Seventh Circuit Order provides:

the applications for stays of the CFTC's order, and of the district court's injunction, pending review in this court, are DENIED. In reaching this decision we assume the district court will be receptive to applications filed by any of Lake Shore Management customers who want their funds released so that they can be invested elsewhere while the litigation continues.

3. This Court's Preliminary Injunction Order provides, in part,

3. Defendant Lake Shore Limited, individually and as part of the Lake Shore Common enterprise, and the Lake Shore common enterprise are further restrained, enjoined and prohibited, until further order of the court, from directly or indirectly:

C. Withdrawing, transferring, removing, dissipating, concealing or disposing of, in any manner, any assets related to Lake Shore Alternative Financial Asset Funds I, II, III, and IV, including but not limited to, all funds, money or securities held in safes, safety deposit boxes and all funds on deposit in any financial institution, bank or savings and loan accounts held by, under the control of, or in the name of Lake Shore Alternative Financial Asset Funds I, II, III, and IV.

4. The injunctive provisions of this order shall be binding on Lake Shore Limited and the Lake Shore Common enterprise and any person insofar as he or she is acting in the capacity of officer, agent, servant, employee or attorney of Lake Shore Limited or the Lake Shore common enterprise and any person who receives actual notice of this order by personal service, facsimile or otherwise insofar as he or she is acting in active concert or participation with Lake Shore Limited or the Lake Shore common enterprise.

4. Assets subject to the Court's asset freeze are being held, among other places, at Man Financial Limited ("Man"), Lehman Brothers International Europe ("Lehman") and Fimat International Banque SA UK Branch ("Fimat"), located in London, England, and

Sentinel Management Group, Inc., Northbrook, Illinois. On August 17, 2007, Sentinel filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code and a Trustee has been appointed to continue its operation. See *In re Sentinel Management Group, Inc.*, Case No. 07-14987, United States Bankruptcy Court for the Northern District of Illinois.

5. Appointment of a Receiver is necessary to help collect, marshal, preserve assets that are covered by the Court's order, wherever located, and to take all steps necessary to accomplish the return of the investor funds to the rightful owners.

6. The CFTC submits the attached five letters of qualified individuals or firms ("proposed Receivers") for this Court's consideration. (See Exhibit A, attached hereto). In the view of the CFTC's staff, any of the proposed Receivers would be qualified to be appointed by the Court as the Receiver in this matter. Each of the proposed Receivers has the capability and experience necessary for carrying out the tasks that will be required of the Receiver and each has indicated a willingness to serve as a Receiver. As a public service, each of the proposed Receivers have agreed to a reduced hourly billing rate if appointed as receiver, have performed the necessary conflict of interest checks and are available to serve as receiver immediately upon appointment. Therefore, the CFTC submits the attached proposed names for consideration by this Court for appointment as Receiver in this matter.

7. The CFTC intends to provide the Court and opposing counsel with a separate letter transmitting additional biographical information for the proposed Receivers because the information is not easily copied or scanned for electronic filing.

WHEREFORE, the Commission respectfully requests that this Court appoint any of the proposed Receivers or any other suitable person as Receiver to take, marshal and liquidate assets to further protect defrauded investors' interests.

Date: September 12, 2007

Respectfully submitted,

**/s/ Diane M. Romaniuk**

Diane M. Romaniuk  
Senior Trial Attorney  
dromaniuk@cftc.gov  
A.R.D.C. No. 0341649

Ava M. Gould  
Senior Trial Attorney  
agould@cftc.gov  
A.R.D.C. No. 06194202

Rosemary Hollinger  
Regional Counsel  
rhollinger@cftc.gov  
A.R.D.C. No. 3123647

Commodity Futures Trading  
Commission  
525 West Monroe Street, Suite 1100  
Chicago, Illinois 60661  
(312) 596-0541 (Romaniuk)  
(312) 596-0535 (Gould)  
(312) 596-0700 (office number)  
Fax (312) 596-0714