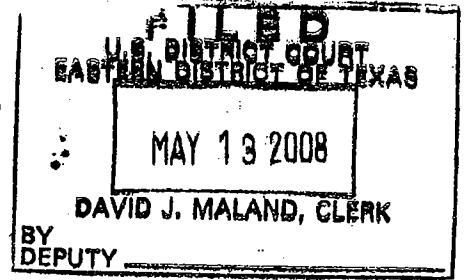


IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION



COMMODITY FUTURES TRADING
COMMISSION,

Plaintiff,

v.

GEORGE D. HUDGINS, individually and dba
GEORGE D. HUDGINS, L.L.C.

Defendant

FILED UNDER SEAL

CIVIL ACTION NO.: 608 CV 187

~~PROPOSED~~ **EX PARTE STATUTORY RESTRAINING ORDER
TO FREEZE ASSETS AND PRESERVE BOOKS AND RECORDS AND
FOR AN ACCOUNTING, AND AN ORDER TO SHOW CAUSE
REGARDING PRELIMINARY INJUNCTION**

This matter came on for hearing the 13 day of May 2008 on the Motion of Plaintiff U.S. Commodity Futures Trading Commission (the "Commission" or "Plaintiff") for an *ex parte*: (1) Statutory Restraining Order; and (2) Order to Show Cause Regarding Preliminary Injunction ("Motion"). The Court, having considered the Commission's Complaint, Motion, Memorandum of Points and Authorities in Support of the Motion, Exhibits, other materials, all other evidence presented by Plaintiff filed herein, and having heard the arguments of Plaintiff's counsel, finds that:

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, as amended (the "CEA"), 7 U.S.C. § 13a-1 (2002).
2. Venue lies properly within this District pursuant to Sections 6c(e) of the CEA, 7 U.S.C. § 13a-1(e) (2002). There is good cause to believe that the Defendant has engaged, is

engaging and/or is about to engage in acts and practices constituting violations of the CEA, 7 U.S.C. §§ 1, et seq. (2002).

3. There is good cause to believe that the Defendant has engaged in, is engaging in, or is about to engage in violations of Sections 4o(1), 4b(a)(2)(i)-(iii), 4c(b), and 4m(1) of the Act, 7 U.S.C. §§ 6o(1), 6(b)(a)(2)(i)-(iii), 6c(b) and 6m(1), and Regulations 4.41(a) and 33.10(a)-(c), 17 C.F.R. §§ 4.41(a) and 33.10(a)-(c).

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

5. Good cause exists for the freezing of assets, owned, controlled, managed, or held by, on behalf of, or for the benefit of the Defendant in order to assure payment of restitution and disgorgement as authorized and for the benefit of pool participants and other investors.

6. Good cause exists for entry of an order prohibiting the Defendant from destroying records and denying agents of the Commission access to inspect and copy records.

7. Good cause exists to require an accounting to determine the location and disposition of pool participants' and other investors' funds.

8. Good cause exists to order repatriation of the Defendant's assets to assure payment of restitution and disgorgement as authorized and for the benefit of pool participants and other investors.

9. Weighing the equities and considering the Commission's likelihood of success in its claims for relief, the issuance of a statutory restraining order is in the public interest.

DEFINITIONS

For the purposes of this Order, the following definitions apply:

10. The term "document" is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 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.

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

12. "Defendant" means George D. Hudgins individually and dba George D. Hudgins LLC and includes any person insofar as he or she is acting in the capacity of an officer, agent, servant, employee, or attorney of the Defendant, and any person who receives actual notice of this Order by personal service or otherwise insofar as he or she is acting in concert or participation with the Defendant.

RELIEF GRANTED

I.

ORDER AGAINST TRANSFER, DISSIPATION, AND DISPOSAL OF ASSETS

IT IS HEREBY ORDERED that

13. The Defendant is 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 assets, including those owned, controlled, managed, or held by, on behalf of, or for the benefit of the Defendant, wherever located, including assets held outside the United States, except as provided in Paragraph 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.

14. The Defendant, and his agents, servants, employees, attorneys, and persons in active concert or participation with him who receive actual notice of this Order by personal service except as otherwise ordered by this Court, are 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 assets, including those owned, controlled, managed, or held by, on behalf of, or for the benefit of the Defendant, wherever located, including assets held outside the United States, except as provided in Paragraph 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.

15. The Defendant is restrained and enjoined from directly or indirectly opening or causing to be opened any safe deposit boxes titled in the name or subject to access by the

Defendant.

II.

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, controls, or maintains custody of any account or asset owned, controlled, managed, or held by, on behalf of, or for the benefit of the Defendant, or has held, controlled, or maintained custody of any account or asset owned, controlled, managed, or held by, on behalf of, or for the benefit of the Defendant at any time since January 1, 2005, shall:

16. Prohibit the Defendant and all other persons from withdrawing, removing, assigning, transferring, pledging, encumbering, disbursing, dissipating, converting, selling or otherwise disposing of any such asset except as directed by further order of the Court;

17. Deny the Defendant and all other persons access to any safe deposit box that is: (a) titled in the name of the Defendant either individually or jointly; or (b) otherwise subject to access by the Defendant;

18. Provide counsel for the Commission, within five (5) business days of receiving a copy of this Order, a statement setting forth: (a) the identification number of each and every such account or asset titled in the name, individually or jointly, of the Defendant, or owned, controlled, managed, or held by, on behalf of, or for the benefit of the Defendant: (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 either titled in the name, individually or jointly, of the Defendant or is otherwise subject to access by the Defendant; and

19. 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, 1099 forms, and safe deposit box logs.

III.

ACCOUNTING AND TRANSFER OF FUNDS AND DOCUMENTS

IT IS FURTHER ORDERED that within three (3) business days following the service of this Order, the Defendant shall:

20. Provide the Commission with a full accounting of all funds, documents, and assets, including those outside of the United States, that are owned, managed, or held by, on behalf of, or for the benefit of, or under the direct or indirect control of the Defendant, whether jointly or singly;

21. Transfer to the territory of the United States all funds, documents, and assets located in foreign countries which are owned, managed, or held by, on behalf of, or for the benefit of, or under the direct or indirect control of the Defendant, whether jointly or singly; and

22. Provide the Commission access to all records of the Defendant held by financial institutions located outside the territorial United States by signing the Consent to Release of Financial Records attached to this Order.

IV.

MAINTENANCE OF BUSINESS RECORDS

IT IS FURTHER ORDERED that:

23. The Defendant and all persons or entities who receive notice of this Order by personal service or otherwise, are 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 the Defendant.

V.

INSPECTION AND COPYING OF BOOKS AND RECORDS

IT IS FURTHER ORDERED that:

24. Representatives of the Commission be immediately allowed to inspect the books, records, and other documents of the Defendant and his agents, including, but not limited to, electronically stored data, tape recordings, and computer discs, wherever they may be situated and whether they are on the person of the Defendant or others, and to copy said documents, data and records, either on or off the premises where they may be situated; and

25. The Defendant and his agents, servants, employees, attorneys, and persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, including facsimile transmission, shall cooperate fully with the Commission to locate and provide to representatives of the Commission all books and records of the Defendant, wherever such books and records may be situated.

VI.

BOND NOT REQUIRED OF PLAINTIFF

IT IS FURTHER ORDERED that:

26. Plaintiff Commission is an agency of the United States of America and, accordingly, no bond need be posted by the Commission.

VII.

ORDER TO SHOW CAUSE

IT IS FURTHER ORDERED that:

27. The Defendant shall appear before this Court on the ^{22nd} ~~30th~~ day of May 2008, at 2:00 p.m., before the United States District Judge Leonard Davis at the United States Courthouse for the Eastern District of Texas, 211 West Ferguson Street, Tyler, Texas, Room _____ to show cause, if there be any, why an Order for Preliminary Injunction should not be granted to prohibit further violations of the CEA and why the other relief requested should not be granted pending trial on the merits of this action.

28. Should any party wish to file a memorandum of law or other papers in opposition to Plaintiff's Motion for a Preliminary Injunction, all papers shall be filed on or before

May 21, 2008 and served no later than May 21 2008.

VIII.

SERVICE OF ORDER

IT IS FURTHER ORDERED that:

29. Copies of this Order may be served by any means, including facsimile transmission, upon any entity or person that may have possession, custody, or control of any

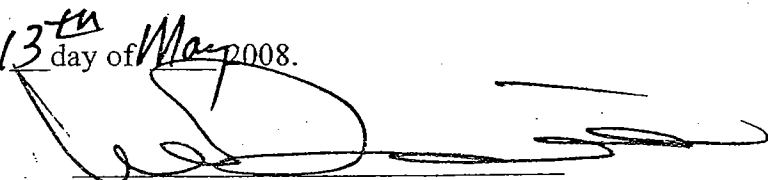
documents or assets of the Defendant or that may be subject to any provision of this Order, and, additionally, that Richard Glaser, Kathleen Banar, Kim Bruno, James Deacon and Michael Tallarico are specially appointed by the Court to effect service. Service of the Summons, Complaint, or other process may be effected by Commission investigator Michael Tallarico, any other investigator for the Commission, any U.S. Marshal or deputy U.S. Marshal, or in accordance with Federal Rule of Civil Procedure 4.

IX.

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.

SO ORDERED, at Tyler, Texas on the 13th day of May 2008.


UNITED STATES DISTRICT JUDGE