

COMMONWEALTH OF KENTUCKY
BOONE COUNTY CIRCUIT COURT
54TH JUDICIAL CIRCUIT
CASE NO. 05-CI-00436

ENTERED BOONE CIRCUIT/DISTRICT COURT JUL 2 2008 DIANNE MURRAY, CLERK BY <i>DM</i> DC
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MILDRED ABBOTT, et al

PLAINTIFFS

v.

ORDER

STANLEY M. CHESLEY, et al

DEFENDANTS

1. This matter was before the Court for various motions on June 27, 2008. At the end of the hearing Plaintiff's Counsel requested a hearing on her motion to enforce this Court's previous charging order. The Court scheduled a hearing on this motion for July 10, 2008. This Court reviewed Plaintiffs' motion and allegations that income to Tandy, LLC, has not been paid to the Interim Receiver in accord with this Court's previous Orders. The Court confirmed this allegation with Counsel for the Interim Receiver. This Court has previously been informed that the lease arrangement between Tandy and Patricia Cunningham and Melissa Green for the 20% interest that Tandy holds in the horse, Curlin, and the 100% interest Tandy holds in the horse, Einstein, was for racing purposes only. However, it appears that Ms. Cunningham and Ms. Green have received sums as a result of race participation by both Curlin and Einstein. Those sums

have not been turned over to the Interim Receiver while Counsel for Tandy requests the Interim Receiver to continue to pay Tandy Bills.

This Court has also previously announced its opinion that Tandy, LLC, and other wholly-owned entities of Defendants Shirley Cunningham and William Gallion are alter ego entities of the Defendants and subject to attachment by the Plaintiffs. This Court has yet to decide what form that attachment will take in order to maximize the value of the entities for the benefit of the Defendants and the Plaintiffs.

It now appears that the decisions being made in the management of Tandy, LLC are not conforming to at least the spirit of prior Court orders and may be in direct violation of those Orders. It also appears that the management decisions of Tandy, LLC are not being made to benefit the organization but may actually diminish the value of the LLC. (See the letter and proposed Order from Counsel for Intervening Third Party, Stonestreet Farms, LLC).

Pending this Court's final decision as to the nature of the Plaintiffs' attachment of the assets of the wholly-owned Alter Ego Companies of the Defendants Gallion and Cunningham, this Court **ORDERS** that the Interim Receiver shall take control of the management decisions of Tandy, LLC, to receive all income of the LLC and to pay all appropriate and necessary expenses of the LLC. The Interim Receiver, or in his absence, Mr. Sylvius H. von Saucken, Counsel for the Interim Receiver, is authorized to sign any document necessary to preserve the assets or to generate income for the benefit of Tandy, LLC. All funds currently held by others for the benefit of Tandy, LLC shall be turned over to the Interim Receiver.

SO ORDERED THIS 1ST DAY OF JULY, 2008.

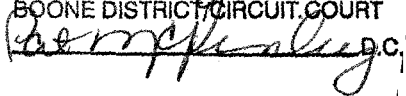

Roger Crittenden, Special Judge
Boone Circuit Court

DISTRIBUTION:
All Counsel of Record

CERTIFICATE

I, DIANNE MURRAY, clerk of the Boone District/Circuit Court, thereby certify that I have mailed a copy of the foregoing order and notice to all parties hereto at their last known addresses of their counsel of record.

This 2 day of July, 2008

DIANNE MURRAY
BOONE DISTRICT/CIRCUIT COURT

D.C.