

IN THE CHANCERY COURT FOR SHELBY COUNTY, TENNESSEE  
THIRTIETH JUDICIAL DISTRICT AT MEMPHIS

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STATE OF TENNESSEE, <i>ex rel.</i>	)	
ROBERT E. COOPER, JR., ATTORNEY	)	
GENERAL and REPORTER,	)	
	)	No. CH-08-1979-1
Plaintiff,	)	
v.	)	JURY DEMAND
	)	
BLUEHIPPO FUNDING, LLC, et al.	)	
	)	
Defendants.	)	

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ORDER FINDING DEFENDANTS IN CIVIL CONTEMPT OF ORDER GRANTING  
STATUTORY TEMPORARY INJUNCTION, ASSET FREEZE, AND OTHER  
EQUITABLE RELIEF

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This matter came on for hearing on May 11, 2009, in open Court on the Civil Contempt Motion filed by the State of Tennessee on April 27, 2009, seeking to hold Defendants in contempt of the Order Granting Statutory Temporary Injunction, Asset Freeze, and Other Equitable Relief entered by the Court on February 4, 2009 ("Order") and as announced at the January 7, 2009, temporary injunction hearing.

The two sole issues in dispute are: (1) whether the underlying Order was lawful because of the arbitration clause that presumably exists between BlueHippo and its consumers and (2) whether the Defendants have the ability to pay the underlying funds.

Based upon the testimony of John Burcham of BlueHippo Funding, LLC, the exhibits admitted into evidence, argument of counsel, the memoranda of the parties, and the entire record: This Court finds that it is undisputed that the Defendants have failed and refused to pay into the clerk of court the \$1 million escrow as ordered in the previous hearing; the Court finds,

consistent with its previous ruling, that the Order is not unlawful because of the arbitration clause that presumably exists between BlueHippo and its consumers and that Defendants' argument to that effect is without merit as this is a civil law enforcement proceeding brought by the State; the Court further finds that the figures that have been provided to the Court as far as the income, revenue, and profits of BlueHippo are not clear, but that BlueHippo did have and does have an ability to pay some amount; and the Court further finds that because of the failure and willful refusal of the Defendants to pay any amount while continuing to operate as a going concern and making arrangements for the settlement and/or payment of amounts to the California Class Action Settlement, the State of Washington, and others that the failure and refusal to pay on the obligation of the Order constitutes a willful disregard of the Order; however, from what the Court could glean from the paperwork, the Court finds that said Defendants could not comfortably pay from its present resources in one lump sum the amount of \$1 million to comply with the escrow requirements of the Order, but the Court is of the opinion that Defendants can pay some amount as described below;

WHEREFORE, since this case is set for hearing in August of 2009, the Court hereby ORDERS that the Defendant shall pay \$350,000 by May 25, 2009, \$350,000 by June 25, 2009, and the balance of the amount in the Order by July 24, 2009, and that balance will include attorneys' fees of \$10,789.59, \$1,250, the interest on the money that should have been deposited on February 6, 2009, plus \$50.00 a day from that date for each day of non-compliance, into a registry account held by the Shelby County Clerk and Master as described and for the purposes set forth in the Order Granting Statutory Temporary Injunction, Asset Freeze, and Other Equitable Relief. The trial on this matter shall proceed on or about August 10, 2009.

IT IS SO ORDERED, ADJUDGED, AND DECREED.

This the 18<sup>th</sup> day of May, 2009 at 12:25 p.m.

WALTER L. EVANS  
CHANCELLOR WALTER L. EVANS  
Shelby County Chancery Court Part I

A TRUE COPY-ATTEST  
Dewey R. Settle, Clerk & Master  
By [Signature] D.C. & M.

Approved as to Form and Content:

Respectfully submitted,

ROBERT E. COOPER, JR., B.P.R. No. 10934  
Attorney General and Reporter

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<sub>by KCW</sub>

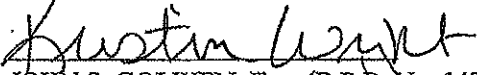
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