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UNITED STATES DISTRICT COURT  
DISTRICT OF OREGON

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

C. WESLEY RHODES, JR., RHODES  
ECONOMETRICS, INC., THE RHODES  
COMPANY, AND RESOURCE  
TRANSACTIONS, INC.,

Defendants.

Case No. CV-06-1353-MO

~~Proposed~~ ORDER HOLDING ANNE  
RHODES IN CONTEMPT OF COURT

This matter came before this Court upon the court appointed receiver's, Michael A. Grassmueck (the "Receiver") *Ex Parte* Motion for Order to Show Cause Why C. Wesley Rhodes, Jr. and Anne Rhodes Should Not Be Held in Contempt (Docket No. 192) (the "Original Motion") and the Supplement to Motion for Order to Show Cause Why C. Wesley Rhodes, Jr. and Anne Rhodes Should Not Be Held in Contempt (Docket No. 224) (the "Supplement"). The Court held a hearing on December 18, 2007 at which the following parties and their counsel were present: Anne Rhodes and her counsel, Jacob Wieselmann; the Securities and Exchange Commission through its counsel, Karen Matteson and Janet Moser; and the Receiver and his

counsel, Tara J. Schleicher. The Court, having heard the evidence and the arguments of counsel, the Court hereby made the findings of fact and ordered the relief, as stated on the record, and as set forth in Exhibit A attached hereto, which is a portion of the court transcript of the hearing held on December 18, 2007. It is hereby

ORDERED that:

1. Anne Rhodes is held in contempt of the Temporary Restraining Order and Orders: (1) Freezing Assets, (2) Appointing A Temporary Receiver, (3) Prohibiting the Destruction of Documents, and (4) Requiring Accountings; and Order to Show Cause Re: Preliminary Injunction and Appointment of a Permanent Receiver (Docket No. 15) entered by this Court on September 21, 2006 (the "TRO") and the Stipulation and Order Re: Entry of Order of Preliminary Injunction and Orders: (1) Freezing Assets, (2) Appointing a Permanent Receiver, (3) Prohibiting the Destruction of Documents, and (4) Requiring Accountings (Docket No. 60) entered by this Court on October 30, 2006 (the "Preliminary Injunction Order") (collectively referred to as the "Orders").

2. As coercive sanctions for Anne Rhodes' violation of the Orders, the Receiver shall be granted the following free of any asserted interest of Anne Rhodes:

(a) possession, custody and control as receivership estate property all of the property discovered by the Receiver at the I-5 Mini Storage, 29722 SW Boones Ferry Rd., Wilsonville, Oregon 97070;

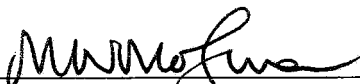
(b) possession and ownership for the benefit of the receivership estate the following vehicles: (1) Acura TSX, VIN TH4CL95864C044109, Lic. No. 932BDX; (2) Chevrolet Tahoe, VIN 1GNEK13T05J202776, Lic. No. 376BUH; (3) Ford Explorer Truck, VIN

1FMZU77K84UB16133, Lic. No. 778BDF; (4) Audi A8L, 4 door, VIN  
WAUML44E04N011639, Lic. No. 2RAUDI; and

(c) possession and ownership for the benefit of the receivership estate  
all of the property (or proceeds thereof) sold or being sold through Main Street Mercantile, John  
Hays and/or LouCinda Cotton.

IT IS SO ORDERED.

Dated: 25 Jan 2008

  
\_\_\_\_\_  
The Honorable Michael Mosman  
United States District Court Judge

Submitted By:

FARLEIGH WITT

/s/ Tara J. Schleicher  
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Attorneys for Receiver

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IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF OREGON

SECURITIES AND EXCHANGE	)	
COMMISSION,	)	
	)	
Plaintiff,	)	No. CV-06-1353-MO
	)	
vs.	)	
	)	
C. WESLEY RHODES, JR., et al.,	)	December 18, 2007
	)	
Defendants.	)	Portland, Oregon
	)	

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**Contempt Hearing of Anne Rhodes**

TRANSCRIPT OF PROCEEDINGS

BEFORE THE HONORABLE MICHAEL W. MOSMAN

UNITED STATES DISTRICT COURT JUDGE

1 was said, the individual to place the checks in the name of  
2 Anne Rhodes. Based on that testimony -- there was no  
3 testimony that she was even there.

4 Based on that testimony, Your Honor, the Court  
5 can't find her in contempt, so we're down to the furniture.  
6 The furniture is not subject to the TRO because it is not in  
7 the custody, control or isn't an asset of any of the  
8 receivership companies or of Mr. Rhodes. It's Anne's  
9 furniture. It was asserted she came into the marriage with  
10 it, and if they don't purchase any of this other furniture  
11 that's a part of a potential settlement, that still leaves  
12 the situation with that furniture. She'll retain it. It is  
13 hers, it was hers and it was never Mr. Rhodes'.

14 Thank you.

15 THE COURT: I do find Ms. Anne Rhodes in contempt  
16 of my prior rulings of this Court, based on the testimony  
17 I've heard today. Perhaps the most telling incident is the  
18 sale in May of '07 of the Rolex watches through Watchworks.  
19 The testimony I heard was that it was a straw sale in her  
20 name at the last moment, engineered by Wes Rhodes, but her  
21 driver's license provided to support the sales.

22 There's further testimony that the Wilsonville  
23 storage unit contained some jewelry, and I'm entitled, I  
24 think, to make the very reasonable inference it was Anne  
25 Rhodes' jewelry found in that storage unit.

EXHIBIT A  
PAGE 2 OF 7

1 I place very little reliance on Exhibit 9 because  
2 of its staleness, but what was found in the Wilsonville  
3 storage unit is fairly attributable to Anne Rhodes and  
4 should have been but was not listed as assets to which the  
5 receiver could claim some value on behalf of the investors.

6 Those two acts, at minimum, place Ms. Anne Rhodes  
7 in contempt of my rulings. What remains then is what are  
8 the sanctions to impose for Anne Rhodes' contempt of court,  
9 bound up by, I think, strong evidence here today.

10 I'll start with the Wilsonville storage unit  
11 property, that of course that storage unit will -- anything  
12 in the Wilsonville storage unit, any of the personal  
13 property, records or documents found in the Wilsonville  
14 storage unit shall be turned over to the receiver.

15 Secondly, there are four cars that are fairly the  
16 property of the receiver but have previously been withheld  
17 from receivership assets on a prior understanding among the  
18 parties or between the parties about those four vehicles.  
19 What will eventually happen to them, what the understanding  
20 had to do with whether they'd be purchased so that the  
21 receiver would get cash value for the cars instead of the  
22 cars, I find the actions in contempt of my orders have  
23 essentially eviscerated any prior agreement, and I turn over  
24 to the receiver, require to be turned over to the receiver  
25 the four cars in question here.

EXHIBIT A  
PAGE 3 OF 7

1           There remains the furniture at the Main Street  
2 Mercantile. And certainly half of that furniture,  
3 approximately, on the representation of plaintiff's counsel  
4 here today, doesn't match up with this disputed list of  
5 Ms. Anne Rhodes. In other words, about half of what  
6 Mercantile -- Main Street Mercantile has isn't on the  
7 remaining pages.

8           Do you disagree with that?

9           MR. WIESELMAN: Yes, Your Honor. We've not  
10 conducted that analysis. As I said, we can do a check by  
11 check and submit it. I do not agree with that  
12 representation. We will submit that to the Court  
13 immediately.

14          MS. SCHLEICHER: Your Honor --

15          THE COURT: That's not necessary. It's not of  
16 great moment, but some unidentified proportion of that  
17 furniture at Main Street Mercantile isn't matched up with  
18 the claimed premarital property of Ms. Anne Rhodes.

19           I have had presented to me testimony that that  
20 property, above and beyond what's already been sold, would  
21 not belong to Ms. Anne Rhodes according to the prenuptial  
22 agreement. I have, in addition to that, a list of property  
23 that I'll see in the near future.

24           What concerns me, however, is a question of burden  
25 of proof. A mere list of property in the face of the

1 evidence I've already seen would not overcome the proof that  
2 the receiver has put on about its entitlement to the Main  
3 Street Mercantile furniture property attempted to be sold in  
4 violation of my orders. And the defense has chosen not to  
5 put on live testimony by Ms. Anne Rhodes that could overcome  
6 that. Instead, it's chosen to present an exhibit I'll see  
7 in a short while that lists some percentage of that same  
8 furniture as belonging to Ms. Anne Rhodes. And given the  
9 different burdens of proof here, I find that that list by  
10 its standing by itself is not going to be sufficient without  
11 some sort of explanation, which I presume could have been  
12 readily offered by Ms. Anne Rhodes to put it in context and  
13 explain how it overcomes the presumption attached to the  
14 cover letter and prenuptial agreement.

15           And therefore I find that although the burden of  
16 proof rests initially on plaintiff in this matter, that that  
17 was entirely satisfied with the prenuptial agreement and  
18 cover letter and not overcome or rebutted sufficiently by  
19 this exhibit.

20           Now, I'll reconsider if the exhibit has anything  
21 other than a list of property on it that would overcome the  
22 presumption of completeness attached to the current exhibit  
23 and cover letter that represents the prenuptial agreement,  
24 but for that reason I find that none of the furniture --  
25 rather that all of the furniture goes to the receiver at



1 Main Street Mercantile, and so as a further coercive  
2 sanction for the contempt that I found today, I'll require  
3 turning over the Main Street Mercantile furniture, and to  
4 repeat, the Wilsonville storage unit personal property and  
5 the four cars.

6 Now, as to Ms. Anne Rhodes, I'm not aware of any  
7 other relief being sought. We have yet to hold a complete  
8 hearing as to Mr. Wesley Rhodes, and of course I'll be  
9 interested to hold that hearing in the very near future.

10 He's currently hospitalized?

11 MR. WIESELMAN: Yes, Your Honor.

12 THE COURT: And you don't know when he can attend  
13 a hearing?

14 MR. WIESELMAN: No, Your Honor. But waivers have  
15 been issued, so I'll have direct communication with his  
16 physicians and report to the Court.

17 THE COURT: All right. So I'll just count on the  
18 two sides to contact me when that hearing can be held to  
19 determine whether he is in contempt. You won't need to  
20 repeat, obviously, at that hearing the testimony heard  
21 today, it will just be a question of his own opportunity to  
22 try to explain, if he chooses to do so, the apparent  
23 contempt that arises from these actions, and of course he'll  
24 be obligated to explain his non-attendance here today in  
25 clear terms. What I've seen thus far would not excuse his

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I certify, by signing below, that the foregoing is a correct transcript of the record of proceedings in the above-entitled cause. A transcript without an original signature is not certified.

*Bonita J. Shumway*

BONITA J. ALEXANDER SHUMWAY  
CSR, RMR, CRR  
Official Court Reporter

*12/21/07*

DATE



EXHIBIT A  
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