

SUPREME COURT OF THE STATE OF NEW YORK — NEW YORK COUNTY

PRESENT: BARBARA R. KAPNICK
J.S.C.

PART 39

Caxton International
Limited
- v -

INDEX NO.

602875/08

MOTION DATE

MOTION SEQ. NO.

001

MOTION CAL. NO.

Roserve International
Liquidity

The following papers, numbered 1 to _____ were read on this motion to/for _____

Notice of Motion/ Order to Show Cause — Affidavits — Exhibits ...

Answering Affidavits — Exhibits _____

Replying Affidavits _____

PAPERS NUMBERED

Cross-Motion: Yes No

Upon the foregoing papers, it is ordered that this motion for a preliminary injunction and the appointment of a receiver is resolved in accordance with the terms of the Stipulation and Order signed by Counsel for the parties dated November 6, 2008 and so-ordered on November 7, 2008 appointing Denis O'Connor of Alix Partners LLP as temporary Supervisor of the Fund with the powers and responsibilities described therein. The Stipulation of the parties dated October 6, 2008 enjoining the defendants from disbursing any moneys from the Fund to any of its investors until further Order of this Court continues in full force and effect.

Dated: 11/14/08

BARBARA R. KAPNICK
J.S.C.

Check one: FINAL DISPOSITION

NON-FINAL DISPOSITION

MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

Caxton International
Limited

- against -

Reserve International
Liquidity

INDIVIDUAL ASSIGNMENT PART 12

STIPULATION

INDEX NO. 602875/08

MOTION CALENDAR NO.

DATE 10/6/08

IT IS HEREBY STIPULATED AND AGREED by and between the below-named attorney(s) as follows:

Defendants shall not
disburse monies from the
Reserve International Liquidity
Fund ("Fund") to any other
Fund's investors until the
written direction from the Court upon a
hearing in this case on
Friday October 17th

Nothing herein shall
prohibit any parties from
seeking relief from this
order, including to the extent
necessary to comply with laws and
regulation applicable, if any, under BVI
law

Date:

10/6/08

Attorney for Plaintiff

Attorney for Defendant

So Ordered.

Attorney for Defendant

ENTER:


J.S.C.
BARBARA R. KAPNICK
J.S.C.

SUPREME COURT FOR THE STATE OF NEW YORK
COUNTY OF NEW YORK: COMMERCIAL DIVISION

----- X
)
CAXTON INTERNATIONAL LIMITED,)
CAXTON EQUITY GROWTH HOLDINGS, LP,)
individually, and derivatively on behalf of the RESERVE)
INTERNATIONAL LIQUIDITY FUND, LTD.)
)
Plaintiffs,)
)
- against -)
)
RESERVE INTERNATIONAL LIQUIDITY FUND, LTD.,)
RESERVE MANAGEMENT CO., INC.,)
RESRV PARTNERS, INC., THE RESERVE FUND, BRUCE R.)
BENT, BRUCE R. BENT II, and ARTHUR BENT III,)
)
Defendants.)
----- X

INDEX NO. 08/602875
mot. seq. no. 001

**STIPULATION AND
~~PROPOSED~~ ORDER**

This Stipulation and Proposed Order is submitted by the parties in connection with plaintiffs' Order to Show Cause for Preliminary Injunction in the above-captioned action.

WHEREAS plaintiffs submitted an Order to Show Cause for Preliminary Injunction on October 6, 2008, requesting, among other things, that a receiver be appointed for the Reserve International Liquidity Fund (the "Fund") pursuant to CPLR § 6401; and

WHEREAS defendants objected to the appointment of a receiver for the Fund pursuant to CPLR § 6401; and

WHEREAS the Court heard oral argument on the record by the parties and other investors in the Fund on October 17, 2008 and October 31, 2008, and has considered the submissions by the parties;

THE PARTIES STIPULATE AND AGREE AND IT IS HEREBY ORDERED:

1. Denis O'Connor of Alix Partners LLP be and hereby is appointed Temporary Supervisor of the Fund with the powers and responsibilities described herein.
2. Within five (5) business days of this Order, defendants shall make available for a meeting with Mr. O'Connor (the "Initial Meeting") the persons responsible for managing the Fund's assets, including the Fund's investment managers and one or more members of the Fund's board of directors (the "Fund Managers"), and that at the Initial Meeting, Mr. O'Connor shall request, and the Fund Managers shall provide, information reasonably necessary to perform the following tasks:
 - (A) for the period September 12, 2008 through the present, verification of (i) all Fund assets, including all securities and cash currently held by the Fund; (ii) the number and type of Fund shares held by each investor; (iii) all transfers, involving assets or cash, into or out of any Fund accounts maintained by the defendants; (iv) all purchases or sales of securities by the Fund; (v) all redemption requests received by the Fund including, without limitation, verification of the date and time of each redemption request, and the amount of money returned to Fund shareholders pursuant to each such redemption request; and
 - (B) examination of the Fund's policies and procedures with respect to redemptions, calculations of the Fund's NAV and the Fund's internal controls.
3. Mr. O'Connor shall prepare, by December 8, 2008, a written report for the Court and the parties setting forth the steps and actions taken to complete the tasks set forth in Paragraph 2, and setting forth the results of his verifications and examinations (the "Preliminary Report").

4. Mr. O'Connor shall, from the date of this Order forward, monitor and supervise (but not interfere with) the operation and management of the Fund in order to safeguard and protect Fund assets (the "Supervisory Responsibilities").

5. The Fund Managers shall provide Mr. O'Connor, at the Initial Meeting and thereafter, with access to all information and Fund personnel reasonably necessary for Mr. O'Connor to perform the following Supervisory Responsibilities:

(A) monitoring and supervising (but not interfering with) the management and operations of the Fund by the Fund Managers;

(B) assisting the Fund Managers to formulate and implement a plan for partial distributions of the Fund's cash holdings to Fund shareholders, including, as appropriate, reviewing shareholder transactions, establishing pre-liquidation balances in Fund accounts, calculating each investor's distribution, performing trade reconciliations, testing the accuracy of the disbursement process, and any additional assistance that Mr. O'Connor deems appropriate to facilitate the efficient and orderly return of money to Fund investors;

(C) providing a weekly report to the Court and parties, commencing on the first Tuesday after the Initial Meeting, setting forth: (i) the Fund's cash balance; (ii) details of the Fund's assets, and the current market value of those assets; (iii) the number of shares currently outstanding; and (iv) any other information concerning the management and operations of the Fund, or the status of any partial distributions of the Fund's cash holdings, that Mr. O'Connor deems appropriate (the "Weekly Report").

6. Mr. O'Connor shall continue to perform his Supervisory Responsibilities until further order of the Court.

7. In the event that defendants announce publicly a final plan of distribution ("Final Distribution Plan"), Mr. O'Connor shall review and evaluate the Final Distribution Plan, and, if the Court so requests, report to the Court concerning the Final Distribution Plan.

8. Mr. O'Connor shall coordinate his activities with the FSC to the extent necessary and appropriate and, if the FSC requests, shall provide the Preliminary Report or Weekly Reports to the FSC.

9. Mr. O'Connor's tasks and responsibilities are expressly limited to those described herein. More specifically, Mr. O'Connor is not authorized or directed to, among other things, replace or supplant in any way the Fund Managers in the management of the Fund, make investment decisions for the Fund, determine a plan of partial or final distribution for the Fund, or direct the Fund Managers to take any particular action.

10. Mr. O'Connor, or any party to this action may apply to this Court to request that Mr. O'Connor's tasks and responsibilities be modified to the extent necessary and appropriate to enable Mr. O'Connor to safeguard and protect Fund assets.

11. Mr. O'Connor shall direct all written communications to the parties to counsel for plaintiffs, Kasowitz, Benson, Torres & Friedman LLP ("KBT&F") and counsel for defendants, Willkie, Farr & Gallagher, LLP. KBT&F, as liaison to other Fund investors, shall convey any such written communications to other Fund investors, including Mr. O'Connor's report. *BKA*

12. Mr. O'Connor's Weekly Reports to the Court and the parties shall be designated "Confidential" and shall be subject to the terms of the parties' Confidentiality Stipulation and Protective Order. Other than Mr. O'Connor's Weekly Reports, Mr. O'Connor shall maintain as Confidential, and shall not disclose to any party or non-party, any information he obtains from the Fund or Defendants.

13. Mr. O'Connor shall: (i) keep detailed written records with respect to the services provided; (ii) maintain receipts for any expenditures incurred in performing his tasks and responsibilities; (iii) provide a report detailing its services and expenditures to the Court and the parties on a monthly basis ("Monthly Invoice"). Subject to approval by the Court of each Monthly Invoice, defendants are hereby ordered and authorized to remit payment for Mr. O'Connor's services from the Fund's cash account.

14. Defendants shall publish this Order on defendants' website, and said publication shall constitute notice of the Order on all Fund investors.

15. This Stipulation and Order is without prejudice to Defendants' objection that the appointment of a receiver pursuant to CPLR § 6401 is not warranted or authorized under these circumstances, or Plaintiffs' contention that it is warranted and authorized under these circumstances.

DATED: November 6, 2008

KASOWITZ, BENSON, TORRES
& FRIEDMAN LLP

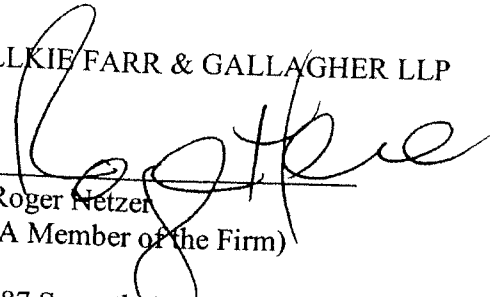
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(A Member of the Firm)

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Attorneys for Defendants

SO ORDERED:


Justice Barbara R. Kapnick

11/7/08

BARBARA R. KAPNICK
J.S.C.