

796803

STATE OF RHODE ISLAND
PROVIDENCE, SC

SUPERIOR COURT

MARK McVAY, individually and as
a general partner of U.S. TEXTILE

Vs.

C.A. No. 13-5636

MELINDA E. LAUCKS,
U.S. TEXTILE, INC.

RECEIVED
SECRETARY OF STATE
CORPORATIONS DIV
2014 MAR 17 PM 1:29

ORDER APPOINTING PERMANENT SPECIAL MASTER

This action was scheduled for hearing on March 5, 2014, on Plaintiffs' Motions for preliminary injunction, appointment of a Special Master, and for Judgment on the Pleadings and/or Summary Judgment. Upon consideration thereof, it is hereby:

ORDERED, ADJUDGED AND DECREED

1. Appointment of a Permanent Special Master is hereby granted as a remedy in favor of Plaintiffs Mark McVay and the U.S. Textile partnership against defendant Melinda Laucks and U.S. Textile, Inc. for the purpose of preserving McVay's fifty percent (50%) interest in said entities pending further proceedings before the Court. Any disbursements to Plaintiff in according with his fifty percent (50%) interest or to Defendant by the Special Master must be Court approved, with such disbursements being subject to such reserve as the Special Master may deem necessary for ongoing operations, with such reserve subject to Court approval. This order is without prejudice to and with reservation of all rights of the plaintiffs (i) to petition the Court for reimbursement by Defendants to Plaintiff McVay of all attorney's fees incurred by Plaintiff McVay on account of the U.S. Textile partnership; (ii) to petition the Court to disallow any payment of Defendants' attorney's fees with business assets or revenue of U.S. Textile Inc. or the U.S. Textile partnership; (iii) to petition the Court to require Defendant Laucks to reimburse the partnership for the cost of an automobile purchased with business funds with title to the automobile taken by her individually, and to reimburse any other personal use of business property or assets; and (iv) to have the fees and expenses of the Special Master paid or reimbursed entirely by defendant Laucks individually and/or from her share of the partnership. Notwithstanding anything to the contrary herein, the priority and payment of the Special Master's fees and expenses shall not be affected by any such prayer for relief by the Plaintiff.

2. W. Mark Russo, Esq., of Ferrucci Russo, P.C., 55 Pine Street, Providence, Rhode Island be and hereby is appointed Permanent Special Master (the "Special Master") of the Defendant, U.S. Textile, Inc., including any entities purporting to conduct business in the name U.S. Textile, Inc. (collectively "U.S. Textile") and of all its estate, assets, effects, property and business of U.S. Textile of every name, kind, nature and description.

SUPERIOR COURT
FILED

CLERK OF COURT

2014 MAR 12 P 4:06

3. That this appointment is made in succession to the appointment of Temporary Special Master heretofore made by order of this Court, and the Special Master shall take and be vested with the title to all assets, property and choses-in-action which have heretofore accrued to the Temporary Special Master with power to confirm and ratify in writing such agreements as are entered into by such Temporary Special Master and to carry out and perform the same.

4. That said Special Master shall, no later than five (5) days from the date thereof, file a bond in the sum of \$10,000.00 with any surety company authorized to do business in the State of Rhode Island as surety thereon, conditioned that the Special Master will well and truly perform the duties of said office and duly account for all monies and property which may come into the Special Master's hand and abide by and perform all things which the Special Master will be directed to do by this Court.

5. That said Special Master be and hereby is authorized, empowered and directed to take possession and charge of said estate, assets, effects, property and business of U.S. Textile, including cash surrender value of any insurance owned by U.S. Textile, and to preserve the same, and is hereby vested with title to the same; to collect and receive the debts, property and other assets and effects of said U.S. Textile, including such cash surrender value, with full power to prosecute, defend, adjust and compromise all claims and suits of, by or against said U.S. Textile and to appear, intervene or become a party in all suits, actions or proceedings relating to said estate, assets, effects and property as may in the judgment of the Special Master be necessary or desirable for the protection, maintenance and preservation of the property and assets of U.S. Textile.

6. That said Special Master is authorized until further Order of this Court, in the Special Master's discretion and as said Special Master deems appropriate and advisable, to conduct and operate the business of U.S. Textile, to borrow money from time to time, to purchase for cash or upon credit, merchandise, materials and other property, to engage employees and assistants, clerical or otherwise, and to do and perform or cause to be done and performed all other acts and things as are appropriate to maintain the ongoing operations of U.S. Textile, except that the Special Master shall not have discretion regarding the distribution to Plaintiff, McVay of 50% of the net revenues of the U.S. Textile business. Notwithstanding, the Temporary Special Master shall retain any such net revenues pending further Order of the Court.

7. That the Special Master is authorized to incur expenses for goods and services and to purchase for cash such merchandise, supplies and materials as in the Special Master's discretion may be desirable or necessary for continuance of the business of U.S. Textile.

8. That said Special Master be and hereby is authorized and empowered to sell, transfer and convey said Special Master's right, title and interest and the right, title and interest of U.S. Textile in and to any assets, tangible or intangible, for such sum or sums of money as to said Special Master appears reasonable and proper, at private sale or sales, provided, however, that approval is first given authorization for such sale or sales by this Court on application by the Special Master, after such notice as the Court may require.

9. Pursuant to this Court's equitable authority, this Court finds that the designation of the afore-described person for appointment as Special Master herein is warranted and required because of the Special Master's specialized expertise and experience in operating business and in administering non-routine Special Masterships which involve unusual or complex legal, financial, or business issues.

10. That the Special Master shall continue to discharge said Special Master's duties and trusts hereunder until further order of this Court; that the right is reserved to the Special Master and to the parties hereto to apply to this Court for any other or further instructions to said Special Master and that this Court reserves the right, upon such Notice, if any, as it shall deem proper, to make such further orders herein as may be proper, and to modify this Order from time to time.

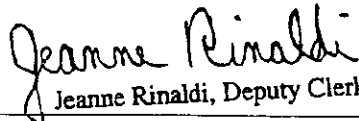
11. That the commencement, prosecution, or continuance of the prosecution, of any action, suit, arbitration proceeding, hearing, or any foreclosure, reclamation or repossession proceeding, both judicial and non-judicial, or any other proceeding, in law, or in equity or under any statute, or otherwise, against U.S. Textile or any of its property, in any Court, agency, tribunal, or elsewhere, or before any arbitrator, or otherwise by any creditor, stockholder, corporation, partnership or any other person, or the levy of any attachment, execution of other process upon or against any property of U.S. Textile, or the taking or attempting to take into possession any property in the possession of U.S. Textile or of which U.S. Textile has the right to possession, or the cancellation at any time during the Special Master ship proceeding herein of any insurance policy, lease or other contract with U.S. Textile, by any of such parties as aforesaid, other than the Special Master designated as aforesaid, or the termination of telephone, electric, gas or other utility service to U.S. Textile, by any public utility, without prior approval thereof from this Honorable Court, in which connection said Special Master shall be entitled to prior notice and an opportunity to be heard, are hereby restrained and enjoined until further Order of this Court. This paragraph shall not apply to prosecution of this action by the parties to this action. This order is without prejudice to and with reservation of all rights of the parties to take discovery, make motions, and to otherwise prosecute the claims and defenses in this action.

~~March~~ ^{April} 12. The Special Master shall give notice of this Order by mailing, on or before 9, 2014, a copy of said Order Appointing Permanent Special Master to each of U.S. Textile's creditors and stockholders whose address is known or may become known to the Special Master, as well as to Citizens Bank, Kolon Industries, Inc., ("Kolon") and to tier one suppliers to General Motors, Inc. which are customers of Kolon.

13. Hereby scheduled for hearing on ~~March~~ ^{April} 9, 2014, at 9:30 a.m. is Plaintiffs' Motions for Judgment on the Pleadings and/or Summary Judgment.

ENTERED as and Order of this Court this 12 day of March, 2014.

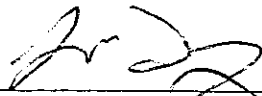
BY ORDER:


Jeanne Rinaldi, Deputy Clerk

Clerk, Superior Court

3-12-2014

Submitted by,



John A. Dorsey, Esq. (#8373)

Ferrucci Russo P.C.

55 Pine Street

Providence, RI 02903

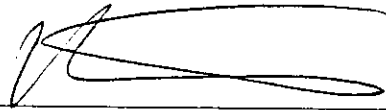
Phone: 401-455-1000

Fax: 401-455-7778

Dated: March 12, 2014

k:\u.s. textile, inc\pleadings\permanent mastership order.docx

ENTER:



Associate Justice

Silverstein J.

3/12/2014