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Case No. 9122-ML



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

POPE INVESTMENTS, LLC,

Plaintiff,

v.

SHENGTAI PHARMACEUTICAL, INC.,

Defendant.

C.A. No. 9122-ML

**ORDER GRANTING  
PLAINTIFF'S MOTION FOR CONTEMPT**

WHEREAS, plaintiff Pope Investments, LLC's ("Plaintiff") Pre-Trial Brief pursuant to 8 *Del. C.* § 220 moved this Court for a default judgment against Shengtai Pharmaceuticals Inc. ("SGTI" or "Defendant" or the "Company") compelling SGTI to turnover its books and records and seeking an award of Plaintiff's attorneys' costs and fees;

WHEREAS, on February 4, 2014 this Court entered an order granting Plaintiff's request for a default judgment against SGTI (the "Order Granting Default Judgment");

WHEREAS, the Order Granting Default Judgment required SGTI to turnover its books and records to Plaintiff by February 20, 2014 and to pay Plaintiff's attorneys' costs and fees by February 27, 2014;

WHEREAS, Plaintiff subsequently moved this Court to hold SGTI in contempt for failing to comply with the Order Granting Default Judgment;

WHEREAS, Plaintiff's Motion for Contempt (the "Motion") sought the following relief: (i) the appointment of a receiver pursuant to 8 *Del. C.* § 322; (ii) an option to "put" its shares in SGTI at fair market value; and, (iii) an award of attorneys' fees and costs;

WHEREAS, Plaintiff's Motion is GRANTED;

NOW, THEREFORE, IT IS HEREBY ORDERED this \_\_\_\_ day of April, 2014

as follows:

PUT OPTION

1. Plaintiff is granted the option to "put" its shares in SGTI at \$6.71 a share;

and

ATTORNEYS' COSTS AND FEES

2. SGTI is required to pay Plaintiff's fees and costs in connection with the Motion and costs to be incurred in connection with enforcement of the Court's orders. Plaintiff's counsel shall submit a fee affidavit within five (5) days entry hereof for the current costs and fees incurred; and

APPOINTMENT OF A RECEIVER

3. The Court hereby appoints a receiver (the "Receiver") pursuant to 8 *Del. C.* § 322 for the purpose of enforcing SGTI's compliance with this Court's orders;

- a) APPOINTMENT OF RECEIVER: Pursuant to 8 *Del. C.* § 322, Robert W. Seiden, Esq. is hereby appointed Receiver of the Company with the powers and duties specified in this Order.

- b) ACCEPTANCE AND TERM OF APPOINTMENT: The Receiver shall submit to the Court a written acceptance of this appointment. The Receiver shall serve at the pleasure of the Court, and the provisions of this Order shall remain in effect pending further Order of the Court.

c) PURPOSES OF APPOINTMENT; GENERAL POWERS: The Receiver shall take all actions he deems appropriate to obtain SGTI's compliance with the following orders of this Court (i) the Order Granting Default Judgment, and (ii) Order Granting Plaintiff's Motion for Contempt, and (iii) such other and further orders the Court may enter in this action. Without limiting the foregoing, the Receiver shall take all appropriate action to ensure SGTI's compliance with its obligation to reimburse Plaintiff's attorneys' fees and expenses and SGTI's obligation to pay Plaintiff fair market value, to be determined at a hearing held before this Court, for each SGTI share for which the Plaintiff seeks redemption.

The Receiver shall have all powers generally available to a receiver appointed pursuant to *8 Del. C. §§ 291 & 322*, unless any such power would be inconsistent with a specific provision of this Order, in which case this Order shall govern. Upon the acceptance of this appointment, the Receiver shall have full authority and control over the property and/or assets of the Company, of whatever kind and wherever located, in the United States of America, the People's Republic of China or elsewhere. This includes, without limitation, authority to seize, deal in or dispose of any property of the Company. The Receiver shall have full and unrestricted access to all books and records of the Company, in whatever mode maintained and wherever located, in the United States of America, the People's Republic of China or elsewhere. The Receiver may assert sole control over any present bank or other accounts of the Company and/or establish signature authority over such accounts as the Receiver deems appropriate. The Receiver shall have the power to commence, continue, join in, and/or control any action, suit or proceeding, of any kind or nature, in the name of the Company or otherwise, including without limitation proceedings to prevent or avoid transactions of any kind or nature that may hinder the Company's compliance with this Court's orders. The Receiver is authorized, in his sole

discretion, to enlist the help of the employees or agents of the Company. The directors, officers, employees, and agents of the Company shall cooperate with the Receiver in the performance of his duties. The Receiver is authorized, in his sole discretion, to enlist the help of agents, employees or representatives of the governments of the United States of America, the People's Republic of China, or any other nation, or of any regional or local governments therein, or of any other regulatory body. The Receiver shall have the authority, but shall not be required, to petition this Court for instructions at any time or from time to time.

The Receiver is authorized to exercise all power and authority that SGTI possess with respect to its wholly owned subsidiaries by virtue of its ownership of those entities, including but not limited to: (i) exercising voting rights associated with shares or equity interests in such wholly owned subsidiaries and; (ii) utilizing such voting power to replace members of the boards of directors or similar governing body of such subsidiaries.

With respect to entities that are indirect wholly owned subsidiaries of the Company, the Receiver is authorized to exercise all power and authority that the Company possesses over its indirect wholly owned subsidiaries by virtue of its ownership of intervening entities, including but not limited to: (i) causing any wholly owned subsidiary or indirect wholly owned subsidiary to exercise voting rights associated with share or equity interest in a lower-tier subsidiary; and (ii) utilizing such voting power to replace members of the board of directors or similar governing body of the lower-tier subsidiary.

The Receiver is authorized to exercise all power and authority that the Company would have to seek judicial relief with respect to its wholly owned subsidiaries or indirect wholly owned subsidiaries, including but not limited to petitioning for a Court-appointed receiver or similar official for such entities.

With respect to any non-wholly owned subsidiary, the Receiver is authorized to exercise any rights that the Company may have by virtue of its ownership of shares or other equity interest in such non-wholly owned subsidiary.

d) AUTHORITY TO RETAIN ADVISORS: The Receiver is authorized to retain one or more experts or advisors, including financial advisors, professional sales agencies, accountants, attorneys, brokers, and other professionals as the Receiver deems necessary in carrying out his duties. Without limiting the foregoing, the Receiver is specifically authorized to retain as counsel Anderson Kill P.C. and Elliott Greenleaf.

e) COMPENSATION OF THE RECEIVER AND ANY PROFESSIONALS: The Company shall pay the compensation and expenses of the Receiver at his customary hourly rate. All professionals retained by the Receiver shall submit invoices to the Receiver. The Receiver shall petition the Court on a monthly basis, or at such other interval as the Court may direct, for approval of the fees and expenses incurred by the Receiver and his advisors. All fees and expenses approved by the Court shall be paid promptly by the Company. Payment of the fees and expenses of the Receiver and any experts or advisors retained by the Receiver shall have priority over all other obligations, payments or distributions of the Company. Upon any failure by the Company to pay fees and expenses duly approved by the Court, the Receiver shall have full authority and control over the property and/or assets of the Company, of whatever kind and wherever located, for the purposes of satisfying the payment of such fees and expenses. The Receiver may seek further relief from the Court with respect to any non-payment of expenses.

f) AUTHORITY TO ACT: The Receiver is authorized to act through and in the name of the Company to carry out his duties. The Receiver is authorized to execute and deliver (or cause to be executed and delivered) any document in the name of the Company,

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