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6 UNITED STATES BANKRUPTCY COURT  
7 DISTRICT OF ARIZONA

8 In re:  
9 AMERICAN NATIONAL MORTGAGE  
10 PARTNERS, LLC,  
11 Debtor.

In Proceedings Under  
Chapter 11  
Case Nos: 03-03803 PHX RJH  
03-03799 PHX RJH

12 In re:  
13 ANMP 74<sup>TH</sup> ST., LLC,  
14 Debtor.

**DEBTORS' SECOND POST  
CONFIRMATION REPORT  
TO CREDITORS' COMMITTEE**

15  
16 American National Mortgage Partners, LLC (“ANMP”) and James C. Sell, the  
17 Court appointed Receiver (the “Receiver” or “Sell”), submit the following Second Post  
18 Confirmation Report (the “Report”) to inform this Court and all parties in interest of the  
19 present status of the Debtors’ reorganization, and post confirmation activities. This  
20 Report shall supplement the Response to Order to Show Cause filed with this Court on  
21 March 5, 2010, the First Post Confirmation report filed September 2, 2010, and the  
22 Quarterly Post Confirmation Reports on file with the Clerk of the United States  
23 Bankruptcy Court.

24  
25 I. **INTRODUCTION.**

26 On March 10, 2010, the Court held a hearing at the request of certain ANMP  
27 Investors regarding the Post-Confirmation Status of this Case. Specifically, the Investors  
28

1 had questions regarding the progress of the Case since Confirmation, and ANMP's  
2 Professionals' services, fees and strategies regarding collection.

3 Prior to the Hearing, the Receiver filed a detailed response to the Investors'  
4 Inquiries ("Response to Order to Show Cause") (Docket No. 723) and several filings  
5 under seal (Docket Nos. 724 & 725) (the "Sealed Documents"). The Sealed Documents  
6 set forth detailed accountings of the Estates revenue and expenses - including professional  
7 fees. The filings under seal were necessitated by confidentiality provisions of various  
8 settlements entered into by ANMP and approved by this Court.

9 After considering the Investor's inquiries and comments, and after reviewing the  
10 Response and other Documents filed in connection with the Hearing, the Court was  
11 satisfied with the progress since confirmation. (Minutes of Hearing, Docket No. 727).  
12 The Court specifically recognized the inherent difficulties with the assets the Receiver and  
13 ANMP are pursuing, stating:

14 And, I mean, I've seen the detailed report that Mr. Sell has  
15 provided, detailing the work that's gone on and the nature of  
16 the litigation that's gone on both in Castle - well, in all of  
17 these sources of recovery, for example, primarily the Castle  
18 litigation has been very long and protracted and I'm extremely  
19 familiar with that. And from the report - I mean, I've not  
20 been directly involved - but from the report I'm seeing, the  
21 financial institution litigation has been extremely long and  
22 protracted. And these financial institutions are mounting  
extremely vigorous defenses, as you might assume that they  
would. And unfortunately, we've simply got to work through  
the processes. They do take skilled attorneys to work through  
them. (Docket No. 727, pg 35).

23 The Court also noted the complexity of the litigation required to pursue these  
24 assets, the fact that this process could take years, the costs involved, and even  
25 complimented the Estate's Professionals, stating:

26 It's going to be a substantial time. And it's going to take a lot  
27 of attorneys fees and it's precisely because it's difficult,  
28 complex litigation that you need highly qualified attorneys to  
manage it under the market these days those attorneys charge  
hefty hourly rates. That's just a fact of the market. And

1           you're not going to get the job done and you probably  
2           wouldn't be as well off as you are today if you didn't have the  
3           kind of attorneys that you've got involved in this case  
4           pursuing this kind of litigation. And frankly, it appears to me  
5           that the Receiver is pursuing a lot of this at his own risk, as  
6           well. (Docket No. 727, pg. 36).

7           Additionally, the Court set forth a periodic reporting structure to be provided by the  
8           Estate at six (6) month intervals (unless significant activity requires a more frequent  
9           report) detailing changes/progress as to anticipated sources of recovery. The Court  
10          suggested that the reports include:

- 11           ➤ Descriptions of the known sources of recovery;
- 12           ➤ Amount being sought; and
- 13           ➤ A timeline of where the Estate is in the Process. (Docket No. 727, pg 7).

14          This periodic reporting is in addition to the Quarterly Post Confirmation Reports  
15          filed with this Court each quarter, which include fees, expenses and disbursements.

16          Finally, the Court also required that the Creditors Committee post this report on its  
17          Website (Docket No. 727, pg 16)<sup>1</sup>.

18          In compliance with the Court's comments, on September 2, 2010, Debtors filed its'  
19          First Post Confirmation Report.

## 20          **II. CURRENT STATUS OF PURSUIT OF MAJOR ASSETS.**

21          During the March, 2010 Hearing, the Court identified and discussed the status of  
22          ANMP's four major sources of recovery: (A) the recovery from the Castle Plan of  
23          Reorganization; (B) the Financial Institution Litigation; (C) the Guccione Judgment; and  
24          (D) Collections.

25          The investors requested updated financial information which the Receiver provided  
26          in the First Post Confirmation Report. In accordance with the Court's mandate, an  
27          updated statement of the Sources and Uses of Funds of the Receivership Estate is annexed  
28          hereto as Exhibit "A".

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<sup>1</sup> The full transcript of the March 10, 2010 Hearing is available on the Receiver's and Committee's websites.

1 The following is a summary of the change in status of each of these major sources  
2 of recovery, since the Hearing, and the First Post Confirmation Report:

3 **A. The Castle Plan of Reorganization.**

4 The details regarding the Estate's claims in the Castle Plan of Reorganization were  
5 set forth at the Hearing (Docket No. 727, pgs 25-27). Since that time the most significant  
6 progress that has been made regards the Castle Liquidating Trust's negotiations to sell a  
7 parcel of its real property. The transaction is still in process, and not yet finalized. For  
8 further reference, attached hereto and incorporated herein as Exhibit "B" is a report  
9 prepared by Ted Burr, on behalf of the Castle Trust Board, delineating the activity of the  
10 Trust Board.

11 Taylor Coleman has appealed the Order confirming the Plan. The initial Appellate  
12 review by the District Court resulted in a ruling upholding the Plan. Taylor Coleman has  
13 sought review by the Ninth Circuit of Appeals. There have been several attempts to  
14 resolve the Ninth Circuit Appeal through mandatory Mediation. These attempts have  
15 been unsuccessful and the Appeal is pending. This matter has now been fully briefed and  
16 is awaiting argument before, or a ruling from, the Ninth Circuit Court of Appeals.

17 **B. The Financial Institution Litigation.**

18 The details regarding the Estate's claims in the Financial Institutions Litigation  
19 were set forth at the Hearing (Docket No. 727, pgs 21-23). Previously, this Court  
20 approved three Settlements under Seal (Dockets Nos. 735, 736 & 737). These Settlements  
21 resolved the claims against:

- 22 ➤ The Estate of Darrell Coulter; and
- 23 ➤ Western Security Bank
- 24 ➤ Titus Bruekner & Berry
- 25 ➤ First International Bank & Trust
- 26 ➤ Marshall Boyce

27 Additionally, discovery has been proceeding. The following Depositions have  
28 been taken:

- Larry Dunning;

- 1           ➤ Shelia Dunning;
- 2           ➤ Paul Muscenti;
- 3           ➤ Philip Vigarino;
- 4           ➤ Tricia Vigarino;
- 5           ➤ Carol Meka;
- 6           ➤ Paul Meka;
- 7           ➤ Brian Sell, 30(b)(6);
- 8           ➤ Tony Valles;
- 9           ➤ Carla S. Ball; and
- 10          ➤ Larry Steve Davis.
- 11          ➤ Cathy Ghiglieri; and
- 12          ➤ Gary Freed.<sup>2</sup>

13           There are no dispositive motions pending before the State Court. Defendants have  
14           filed a Motion to Compel Turnover of Documents. The Receiver believes the documents  
15           requested are privileged and not subject to disclosure. The Receiver is currently preparing  
16           a response to the Motion. A trial date has not been set.

17           Presently, the following are the Extended Deadlines pending with the Court:

- 18           ➤ Deadline to Complete Fact Witnesses Depositions:     April 29, 2011
- 19           ➤ Deadline to Complete Discovery:                             April 29, 2011
- 20           ➤ Deadline For Filing Dispositive Motions:                     June 17, 2011

21           Formal and informal settlement discussions continue.

22           **C.     The Guccione Judgment.**

23           The details regarding the Estate's claims with respect to the Guccione Judgment  
24           were set forth at the Hearing (Docket No. 727, pgs 19-20). Since that time, Richard Taxe,  
25           the proposed purchaser of the Guccione Residence in New Jersey, failed to consummate  
26           the transaction.

27           As discussed at the Hearing, absent a sale to Mr. Taxe, the Receiver could seek the  
28           re-opening of Mr. Guccione's personal Bankruptcy Case in New Jersey to compel a sale  
29           of the Residence.

30           Since the last report, Mr. Guccione has passed away.

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<sup>2</sup> Cathy Ghiglieri and Gary Freed are expert witnesses hired on behalf of the ANMP Investors to establish bank liability and damages.

1 Mr. Guccione's personal Bankruptcy Case has been re-opened, and the Trustee of  
2 his Estate has obtained court approval for the sale of the Guccione New Jersey residence  
3 for a sales price of \$850,000.00, subject to a first mortgage in the approximate amount of  
4 \$300,000.00. After closing costs, commissions and Trustee's fees, the Trustee will  
5 disburse the remaining funds. There is a motion currently pending in the New Jersey  
6 Bankruptcy Court authorizing the disbursal of all excess funds to ANMP. In addition to  
7 the house, all personal property (not previously sold) subject to our prior execution has  
8 been moved to Arizona and is currently in storage while the Receiver determines the most  
9 effective manner of liquidating the assets and maximizing the return to the Estate.

10 **D. Collections.**

11 The following is a summary of the pending judgments:

Judgment Debtor	
Beckwith	244,279.00
Caspere	402,955.78
Dedmon	183,577.00
Ron Kelly	5,539,343.26
FutureCom	1,461,271.60
Riesterer	3,115,932.50
Wanek	4,221,700.90
Isaacs	85,000.00
TOTAL	15,169,060.04

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24 Post judgment collection efforts are proceeding with respect to these matters.  
25 Judgment Debtors' examinations are ongoing, as well as requests for production of  
26 documents. These efforts have proved somewhat ineffective. Several of the borrowers  
27 and/or judgment debtors have either filed bankruptcy, have been incarcerated, or have  
28 asserted that they do not have available assets to pay the outstanding obligations.

1           **E. Coleman Litigation.**

2           The last report inadvertently failed to report on the status of the litigation instituted  
3 by Taylor Coleman against ANMP, Sell, Lyman Davis and additional third parties who  
4 were involved in the initial restructuring activities, and subsequent restructuring activities  
5 of Castle. Pursuant to the original Plan of Reorganization in the Castle matter, the Board  
6 of Directors of the restructured entity included Lyman Davis and Sell. Lyman Davis and  
7 Sell were named in the Coleman Complaint individually, and in their representative  
8 capacity as Board Members. Sell and Lyman Davis, as Board Members, were covered  
9 under Errors and Omissions Insurance Policies that were obtained for their protection. As  
10 a result, the defense of the Board Members was covered by the existing policies, and  
11 counsel was retained by the insurance carrier to defend the individuals. ANMP was not  
12 covered by the policies and was required to incur substantial costs of defense. This  
13 litigation has been settled during this reporting period, and ANMP, Sell and Lyman Davis  
14 have been released from all liability arising out of that litigation. All parties were required  
15 to bear their own costs and attorneys' fees.

16           **F. Sentencing.**

17           The following persons were subject to criminal proceedings initiated by the United  
18 States Attorneys Office. During this reporting period, the following persons have pled  
19 guilty to their criminal activity and have been sentenced as follows:

20           (1)   Lawrence William Dunning. Mr. Dunning has been sentenced to  
21 twenty-four (24) months in the Bureau of Prisons and supervised release for three  
22 (3) years thereafter. In addition, there is a restitution judgment against him in the  
23 amount of Two Million Eight Hundred and Eighty-nine Thousand Four Hundred  
24 Ninety-Two Dollars and Seventy-seven cents (\$2,889,492.77). Mr. Dunning is  
25 currently serving his jail sentence.

26           (2)   James Marshall Boyce. Mr. Boyce was sentenced to three (3) years  
27 of supervised probation.  
28

1 (3) Philip Eugene Vigarino. Mr. Vigarino was sentenced to sixty (60)  
2 days in jail, supervised release for one (1) year. In addition, there is a restitution  
3 judgment of One Hundred Fifty-Thousand Dollars (\$150,000.00).

4 (4) Paul Jeffrey Mecca. Mr. Mecca was sentenced to sixty (60) days in  
5 jail, one (1) year probation and a restitution judgment in the amount of Four  
6 Hundred Ninety-seven Thousand Dollars (\$497,000.00).

7 (5) Robert Kenneth Rehm. Mr. Rehm was sentenced to three (3) years  
8 probation.

9 (6) Eric Jon Strasser. Mr. Strasser was sentenced in Nevada and has  
10 received sixty (60) months probation due to his physical infirmities.

11 See attached Exhibit "C" for details.

12 **G. Las Palmas Property In Rocky Point, Mexico.**

13 Since the last report, the Receiver has discovered a luxury home in Rocky Point,  
14 Mexico, which is currently titled in the names of insiders in the ANMP proceeding. The  
15 Receiver has initiated an action in the United States Bankruptcy Court in Arizona to  
16 enjoin the sale of the property and obtain title. It is believed that there is equity in the  
17 property which would substantiate the action which has been undertaken. The Receiver  
18 has obtained a preliminary injunction precluding the sale of the property by the insiders.  
19 A trial is scheduled for April, 2011. While the recovery is anticipated to be in the six  
20 figure range, the exact amount is unknown at this time.

21 DATED this 1<sup>st</sup> day of March, 2011.

22 **JABURG & WILK, P.C.**

23 /s/Lawrence E. Wilk  
24 Lawrence E. Wilk  
25 Scott J. Richardson  
26  
27  
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**EXHIBIT A**

**American National Mortgage Partners, LLC**  
**Source of Funds To date**  
**February 16, 2011**

<b>Accounting</b>	<b>Amount</b>
Funds Transferred from 1st Receiver	291,067.70
Funds Transferred from Other ANMP Entities	28,852.39
Total Opening Balance	319,920.09
Settlements	6,117,615.34
Sale of Asset (Net) - 36th Street	4,285.37
Sale of Asset - Stan Learch Property at 5th Avenue	25,000.00
Sale of Asset - Atlas Mining Co. Stock	66,487.27
Sale of Asset - F&F	1,808.80
Sale of Asset - Guccione	967,748.59
Sale of Asset (Net) - Secluded Lane	730,391.22
Sale of Asset - Why USA stock	3,174.62
Total Sale of Assets	1,798,895.87
Loans Payable	504,323.00
Storage Fee Income	24,007.03
Interest Income	14,745.41
Dunning Retainer	14,000.00
Castle Board Fees	20,000.00
Refunds	5,786.93
<b>Grand Total</b>	<b>8,819,293.67</b>

**American National Mortgage Partners, LLC**  
**Use of Funds Todate**  
**February 16, 2011**

<b>Accounting</b>	<b>Amount</b>
Jaburg & Wilk - Expenses	942,267.76
Jaburg & Wilk - Legal Fees	2,796,736.41
Jaburg & Wilk - Trust	59,477.77
Michael Carmel - Legal Fees	565,973.10
Legal Fees - All Other	652,754.40
Total Legal Fees & Expenses	5,017,209.44
Receiver Fees - 1st Receiver	32,751.75
Receiver Fees - James C. Sell	1,831,261.56
Receiver Expenses	63,874.76
Total Receiver Fees & Expenses	1,927,888.07
Investor Distributions	626,105.61
Accounting	12,961.25
Accounting - Lois Folk	96,424.01
Accounting - Robert C. Hubbard	202,173.44
Other Professional Fees	49,722.62
Total Accounting & Other Professional	361,281.32
Loan Repayment	502,575.00
Computer/Technical	81,619.49
Storage Fees	81,943.95
Interest Expense	70,547.25
Bankruptcy Trustee Fees	69,925.00
Bond Insurance	27,500.00
Travel Expense	15,137.65
ANMP Committee Expense Reimbursement	12,860.92
Bank Service Charges	1,963.64
Building Repairs	791.62
Conference/Meeting Expense	612.39
Filing & Recording Fees	100.00
Miscellaneous Expense	1,090.83
Postage and Delivery	1,752.86
Printing and Reproduction	254.69
Supplies	771.52
Other Operating Expenses	7,337.55
Wages Due to Mary Barton	5,377.12
Flora Schule Settlement	5,000.00
Income Tax	2,004.20
<b>Grand Total</b>	<b>8,814,312.57</b>

## **EXHIBIT B**



**MEMORANDUM**

**To: Lyman Davis (via Fax: 480-545-8814)**  
**Jim Sell (via E mail)**

**Cc: Chris Kaup (via E mail)**  
**Chris Scharff (via E Mail)**

**From: Sierra Consulting Group LLC**

**Date: January 27, 2011**

**Re: Status of Dexter Liquidating Trust Issues as of December 31, 2010**

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This memo is intended to serve as an update on the status of the Dexter Liquidating Trust for the calendar year 2010. Several of these matters were discussed in detail in our last memo update.

**1. AUGUST 2009 RENT AND AMENDED AND RESTATED LEASES AND ADDITIONAL RENT AGREEMENT**

As previously discussed, Castle did not pay the August 2009 rent pursuant to an agreement made by Jim Sell and Mark Franks in July 2009 which was not approved by the bankruptcy court. The Trust went effective on July 31, 2009 and pursuant to the court approved Plan the Trust was to begin collecting rent from Castle commencing on August 1, 2009 and would then be responsible for paying the associated mortgages. The Trust has been attempting to obtain the August 2009 payment and correct the leases for over one and half years, but Castle has caused many delays. The revisions to the lease and the payment of the August rent was finally agreed to in May, 2010, but Castle is refusing to comply until the Alaska store is sold to Mark Franks (see below). Due to the Trust not receiving this \$117,000 in rent, it has created financial difficulties for the Trust, including the inability to pay bills as they come due.

**2. ALASKA STORE**

Mark Franks has agreed to purchase the Anchorage, Alaska property from the Trust for \$1,000,000. Originally Franks and the Trust agreed to have Franks assume the existing debt currently held by MidFirst Bank (approximately \$550,000), pay the August 2009 rent and have

the Trust finance the remaining purchase amount (approximately \$450,000 less his allowed admin claim of \$117,000). MidFirst Bank purchased the loan from the FDIC and it has been difficult to obtain their approval to the loan assumption and it is unlikely MidFirst will allow this to happen

Franks is currently attempting to find financing for the purchase price. It is anticipated that the Trust will obtain \$333,000 in net proceeds (less closing costs) - \$1,000,000 purchase price, less the payoff of \$550,000 less the amounts owed to Franks on his allowed administrative claim. In addition, Franks has agreed to pay the August rent at this time.

### **3. SILVERDALE**

The Trust is currently in discussions with Castle and a possible new tenant, Harbor Freight (HF). Under the agreement, the Trust will terminate the month to month lease with Mattress Ranch (MR), Castle will perform Tenant Improvements (TI's) to the former MR space, eventually move into the former MR space, HF will then perform TI's to the former Castle Space and eventually move in. Castle has agree to pay rent on the entire building space until HF moves in and begins paying rent. Castle's monthly rent will be greatly decreased and the Trust will benefit by having a large national tenant in the majority of the space which will improve the building's marketability. The Trust is currently drafting up a MOU for Castle and the Trust to sign.

### **4. CLAIMS OBJECTION**

The Trust has been working with legal counsel on the filing of objections to proofs of claims filed by the creditors. The following objections have been or will soon be filed:

- Critical Vendor claims – these are claims scheduled by the debtor that were paid in the ordinary course of business.
- Employee Wage Claims – Claims scheduled by the debtor for unpaid employee wages. All of these claims were paid in the ordinary course of business.
- Amended Claims – claims that were amended by a subsequently filed proof of claim.
- Objection to the variance between scheduled claims and proofs of claim filed by creditors.
- Claims in which the classification of proofs of claim does not match that of scheduled claims.
- Proofs of claim that do not correspond to a claim scheduled by the debtor.
- Other miscellaneous one off claims.

Other outstanding items in regards to claims.

- With the assistance from the original debtor, the Trust will analyze a number of claims with an unknown status.
- The Trust will confirm the allowed amount of several secured claims based on Castle real estate.

## **5. QUARTERLY OPERATING REPORTS**

The Trust is required to file quarterly operating reports with the US Trustee's office. All reports have been filed and all quarterly fees have been paid. The next report for the 1<sup>st</sup> quarter of 2011 will be April 20<sup>th</sup>. The Trust has paid all of the US Trustee fees for 2010.

## **6. REPAIRS AT MULTIPLE LOCATIONS**

Castle notified the Trust that HVAC, roof, parking lots and other repairs were required at several locations. Although the Trust does not believe that the leases require the Trust to pay for these repairs, the Trust has made repairs in good faith in the amount totaling \$57,885 over the last 12 months. According to the leases that were signed, the Trust is only responsible for capital improvements and the Trust believes that a lot of the requests coming from Castle are more repair and maintenance related which the Trust believes are the tenants responsibility.

## **7. FRIENDS INVESTORS LLC MORTGAGE RECONCILIATION**

The loan made by Friends Investors LLC was poorly documented. The Trust negotiated a settlement with the lender but Castle objected to the terms. Castle did not provide any support for their objections for many months, but information was finally provided in May 2010. The Trust recognizes Castle's objection to be an estimated \$3,000 in increased interest over the life on the loan due to the \$78,104.87 settlement amount being amortized, and no longer a balloon payment. The Trust is waiting for Brett Fredericks to review the information provided by the Trust on December 21, 2010 to attempt to resolve the discrepancies and bring the issue to a conclusion.

## **8. TERMINATION OF 401(K)**

Upon learning that the 401(k) plan for the Bankrupt Castle entity was never terminated, the Trust is still working with the attorneys for Castle to have the Plan terminated and all funds disbursed.

## **9. VERN SCHWEIGERT/BILTMORE LITIGATION**

The Trust is currently litigating the fraudulent conveyance and preference actions against Biltmore Associates / Vern Schweigert as well as Judith Van Rossum as well as the administrative claims filed by Biltmore. We are in the discovery phases and depositions are being taken and documents are being exchanged. A hearing on these matters is not expected until the second half of 2011. Quarles & Brady has been hired by the Trust to handle this litigation.

## **10. PROPERTY INSPECTIONS**

Several lenders require annual appraisals, and the insurance carrier requires inspections. The Trust has been coordinating with Castle and third party tenants to provide the necessary access and has completed several inspections.

## **11. PROPERTY SALES**

The Trust is in the process of preparing information packages on each store to be sent out to potential buyers or interested parties. Pursuant to the Plan, the Trust needs to dispose of all real property assets within 5 years and we will be approaching the 2 year mark on July 31, 2011. Given today's real estate market, we anticipate that it will take a while to sell these assets so we are preparing the stores for sale.

### **Financial Issues**

Please see the attached draft financial statements for the period from January 1, 2010 through December 31, 2010. We have only estimated the bankruptcy claims that are reflected on the balance sheet as well as the estimated the values of the real property. The mortgages balances on the balance sheet are accurate except where we have not been able to get accurate amortization schedules from the lender then estimates were used.

Of the \$340,000 that the Trust received from Castle in July 2010, the funds were spent primarily as follows: Professional Fees - \$236k, Building repairs \$58k, payment of allowed BK admin claim \$20k, and US Trustee fees \$33k.

### **PROFESSIONAL FEES**

Due to several facts including that the Trust has not been able to collect on the August 2009 rent as well as unexpected costs associated with repairing the real property, the Trust has over \$184,000 in accrued and unpaid professional fees for the Trust and there is still approximately \$159,000 in Chapter 11 admin claims that have not been paid to date. The Trust professional fees continue to be incurred each month and since there are no funds to pay them, they will be accrued until the Trust has sufficient resources to pay them. There has also been a lot of time incurred dealing with all of the above issues and as we discussed as well as the Chapter 11 admin claims that were ultimately allowed far exceed any estimate. Tiffany & Bosco is owed over \$177k and Sierra Consulting is owed over \$58k as of December 31, 2010 and they don't anticipate receiving any further payments until the Trust receives additional funding, such as when the next annual installment is received from Castle or when the Alaska store is sold.

2:48 PM  
02/15/11  
Cash Basis

**Dexter Liquidating Trust**  
**Profit & Loss**  
January through December 2010

	Jan - Dec 10
<b>Income</b>	
<b>Castle Rental Income</b>	
Insurance Premium	61,409.22
Insurance Refund	14,911.88
Monthly Rent	1,585,062.83
<b>Total Castle Rental Income</b>	1,661,383.93
Long Term Receivables	340,000.00
<b>Total Income</b>	2,001,383.93
<b>Gross Profit</b>	2,001,383.93
<b>Expense</b>	
Bank Service Charges	327.50
Professional Fees	
BK Professional Fees	240.00
Trust Professional Fees	233,481.88
Professional Fees - Other	2,600.00
<b>Total Professional Fees</b>	236,321.88
Real Estate Expenses	
Insurance Expense	58,079.22
Miscellaneous Expenses	35.65
Mortgage Expense	1,576,892.42
Sales Tax Expense	22,060.07
Tax Expense	1,550.00
<b>Total Real Estate Expenses</b>	1,658,617.36
Repairs and Maintenance	
Exterior Building Repair	3,304.29
HVAC Repair	13,091.08
Parking Lot Repair	10,170.00
Roof Repair	10,927.00
Repairs and Maintenance - Other	20,392.72
<b>Total Repairs and Maintenance</b>	57,885.09
Travel Expense	520.00
US Trustee Fees	33,475.00
<b>Total Expense</b>	1,987,146.83
<b>Net Income</b>	<b>14,237.10</b>

2:47 PM  
02/15/11  
Accrual Basis

**Dexter Liquidating Trust**  
**Balance Sheet**  
As of December 31, 2010

	<u>Dec 31, 10</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
Dexter Liquidating TR	22,196.58
Dexter Real Estate Bank Account	4,671.04
<b>Total Checking/Savings</b>	<u>26,867.62</u>
Accounts Receivable	
Accounts Receivable	114,510.75
<b>Total Accounts Receivable</b>	<u>114,510.75</u>
Other Current Assets	
Retainer Fee	5,000.00
<b>Total Other Current Assets</b>	<u>5,000.00</u>
<b>Total Current Assets</b>	146,378.37
<b>Fixed Assets</b>	
Property	9,689,587.82
<b>Total Fixed Assets</b>	<u>9,689,587.82</u>
<b>TOTAL ASSETS</b>	<u><b>9,835,966.19</b></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
BK Admin Claims	159,041.05
Trust Admin Claims	184,663.48
<b>Total Accounts Payable</b>	<u>343,704.53</u>
<b>Total Current Liabilities</b>	343,704.53
<b>Long Term Liabilities</b>	
BK Claims Est.	13,886,906.75
Principal Balance	9,689,587.82
<b>Total Long Term Liabilities</b>	<u>23,576,494.57</u>
<b>Total Liabilities</b>	23,920,199.10
<b>Equity</b>	
Opening Balance Equity	800,000.00
Retained Earnings	-926,401.94
Unpaid Claims	-13,906,741.57
Net Income	-51,089.40
<b>Total Equity</b>	<u>-14,084,232.91</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>9,835,966.19</b></u>

2:47 PM

02/15/11

**Dexter Liquidating Trust**  
**A/P Aging Summary**  
As of December 31, 2010

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>&gt; 90</u>	<u>TOTAL</u>
Christopher C. Scharff	0.00	0.00	0.00	0.00	10,544.89	10,544.89
Great American Title Agency, Inc.	0.00	0.00	0.00	0.00	19,074.00	19,074.00
James A. Spear	0.00	0.00	0.00	0.00	9,145.50	9,145.50
James C. Sell, Trustee	0.00	0.00	0.00	0.00	388.76	388.76
James G. Harris	0.00	0.00	0.00	0.00	2,500.00	2,500.00
Nick Orlandino	0.00	0.00	0.00	0.00	4,200.00	4,200.00
Quarles & Brady	0.00	28,488.52	14,145.99	10,301.82	0.00	52,936.33
Sierra Consulting Group, LLC	0.00	23,657.78	0.00	0.00	16,894.30	40,552.08
Tiffany & Bosco	0.00	14,038.58	12,179.51	526.34	150,924.04	177,668.47
Wallace, Plese & Dreher, LLP	0.00	0.00	0.00	0.00	26,694.50	26,694.50
<b>TOTAL</b>	<b>0.00</b>	<b>66,184.88</b>	<b>26,325.50</b>	<b>10,828.16</b>	<b>240,365.99</b>	<b>343,704.53</b>

**EXHIBIT C**

CLOSED, SEVER-DEFENDANT, TRANSFER-OUT

**U.S. District Court  
DISTRICT OF ARIZONA (Phoenix Division)  
CRIMINAL DOCKET FOR CASE #: 2:07-cr-01390-MHM All Defendants**

Case title: USA v. Dunning et al

Date Filed: 12/18/2007

Date Terminated: 11/09/2010

Assigned to: Judge Mary H Murguia

**Defendant (1)**

**Lawrence William Dunning**  
*TERMINATED: 10/05/2010*

represented by **Barbara Lynn Hull**  
Law Office of Barbara L Hull  
637 N 3rd Ave  
Ste 3  
Phoenix, AZ 85003  
623-465-1705  
Fax: 623-465-1706  
Email: blhull@q.com  
**LEAD ATTORNEY**  
**ATTORNEY TO BE NOTICED**  
*Designation: CJA Appointment*

**Brian Fredrick Russo**  
Law Office of Brian F Russo  
111 W Monroe St  
Ste 1212  
Phoenix, AZ 85003  
602-340-1133  
Fax: 602-258-9179  
Email: bfrusso@att.net  
**TERMINATED: 09/11/2008**  
**LEAD ATTORNEY**  
**ATTORNEY TO BE NOTICED**  
*Designation: Retained*

**Pending Counts**

18:1341 - Mail Fraud  
(5)

**Disposition**

Dft committed to custody of BOP for a term of 24 months, with credit for time served; to be followed by Supervised Release for a period of 3 years. S/A: \$100. Fine: wavier. Restitution: \$2,889,492.77.

**Highest Offense Level (Opening)**

Felony

**Terminated Counts**

18:1344; 18:2 - Bank Fraud; Aid & Abet

(1)

18:371 - Conspiracy

(4)

18:1341 - Mail Fraud

(6-28)

18:1956(a)(1)(A)(i); 18:2 - Promotional Money Laundering; Aid & Abet

(29-53)

**Disposition**

Dismissed.

Dismissed.

Dismissed.

Dismissed.

**Highest Offense Level (Terminated)**

Felony

**Complaints**

None

**Disposition**

Assigned to: Judge Mary H Murguia

**Defendant (2)**

**James Marshall Boyce**

*TERMINATED: 10/05/2010*

represented by **Steven C Mahaffy**  
Mahaffy Law Firm PC

PO Box 12959

Chandler, AZ 85248

480-659-7180

Fax: 480-659-5614

Email: [steve@mahaffylaw.com](mailto:steve@mahaffylaw.com)

*LEAD ATTORNEY*

*ATTORNEY TO BE NOTICED*

*Designation: Retained*

**Pending Counts**

18:1004 - Certification of Checks

(1s)

**Disposition**

Dft placed on Probation for a term of 3 years. S/A: \$100. Fine: waived.

**Highest Offense Level (Opening)**

Felony

**Terminated Counts**

18:1344; 18:2 - Bank Fraud; Aid &

**Disposition**

Abet  
(1)

Dismissed.

**Highest Offense Level (Terminated)**

Felony

**Complaints**

None

**Disposition**

Assigned to: Judge Mary H Murguia

**Defendant (3)**

**Robert Kenneth Rehm**  
*TERMINATED: 10/05/2010*

represented by **Thomas M Hoidal**  
Law Office of Thomas M Hoidal PLC  
7227 N 16th St  
Ste 222  
Phoenix, AZ 85020  
602-254-0202  
Fax: 602-254-0404  
Email: thoidal@hoidallawoffice.com  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*  
*Designation: Retained*

**Pending Counts**

18:4, 1344 - Misprison of a Felony,  
Bank Fraud  
(1s)

**Disposition**

Dft placed on Probation for a term of 3  
years. S/A: \$100. Fine: waived.

**Highest Offense Level (Opening)**

Felony

**Terminated Counts**

18:1344; 18:2 - Bank Fraud; Aid &  
Abet  
(1)

**Disposition**

Dismissed

18:1014 - False Statement on Loan  
Application  
(2-3)

Dismissed.

**Highest Offense Level (Terminated)**

Felony

**Complaints**

**Disposition**

None

Assigned to: Judge Mary H Murguia

**Defendant (4)**

**Eric Jon Strasser**

*TERMINATED: 06/04/2010*

represented by **Taylor William Fox**

Taylor W Fox PC

2 N Central Ave

Ste 735

Phoenix, AZ 85004

602-443-2220

Fax: 602-443-2221

Email: [taylor.fox@azbar.org](mailto:taylor.fox@azbar.org)

*TERMINATED: 08/25/2010*

*LEAD ATTORNEY*

*ATTORNEY TO BE NOTICED*

*Designation: CJA Appointment*

**Pending Counts**

**Disposition**

None

**Highest Offense Level (Opening)**

None

**Terminated Counts**

**Disposition**

18:371 - Conspiracy

(4)

Transferred to District of Nevada

**Highest Offense Level (Terminated)**

Felony

**Complaints**

**Disposition**

None

Assigned to: Judge Mary H Murguia

**Defendant (5)**

**Phillip Eugene Vigarino**

*TERMINATED: 11/05/2010*

represented by **Dana Carpenter**

Law Office of Dana Carpenter

Lazarus Professional Bldg

420 W Roosevelt St

Ste 105

Phoenix, AZ 85003-1325  
602-266-5770  
Fax: 602-412-5720  
Email: danacarpenter5@gmail.com  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*  
*Designation: CJA Appointment*

**Pending Counts**

18:4 - Misprison of Felony  
(1s)

**Disposition**

dft committed to the custody of BOP for a term of SIXTY (60) DAYS, with credit for time served; upon release, dft shall be placed on supervised release for a term of ONE (1) YEAR; S/A: \$100.00; RESTITUTION: \$150,000

**Highest Offense Level (Opening)**

Felony

**Terminated Counts**

18:371 - Conspiracy  
(4)

**Disposition**

dismissed on motion of the government

**Highest Offense Level (Terminated)**

Felony

**Complaints**

None

**Disposition**

Assigned to: Judge Mary H Murguia

**Defendant (6)**

**Paul Jeffrey Meka**  
*TERMINATED: 11/09/2010*

represented by **Jason D Lamm**  
Law Office of Jason D Lamm  
1600 E Northern Ave  
Ste 270  
Phoenix, AZ 85020-0905  
602-222-9237  
Fax: 602-222-2299  
Email: jlamm@cyberlawaz.com  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*  
*Designation: Retained*

**Larry A Hammond**

Osborn Maledon PA  
 PO Box 36379  
 Phoenix, AZ 85067-6379  
 602-640-9000  
 Fax: 602-640-6076  
 Email: lhammond@omlaw.com  
*TERMINATED: 12/12/2008*  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*  
*Designation: Retained*

**Jean-Jacques Cabou**  
 Osborn Maledon PA  
 PO Box 36379  
 Phoenix, AZ 85067-6379  
 602-640-9000  
 Fax: 602-664-2064  
 Email: jcabou@omlaw.com  
*TERMINATED: 12/12/2008*  
*ATTORNEY TO BE NOTICED*  
*Designation: Retained*

**Pending Counts**

18:4 -Misprison of Felony  
(1s)

**Disposition**

Custody BOP for term of 60 DAYS,  
with credit for time served: upon release  
placed on supervised release for term of  
12 MONTHS: S/A in the amount of  
\$100.00 -- AMENDED 11/19/10 to  
reflect restitution amount -- Dft to pay  
restitution of \$497,000.00

**Highest Offense Level (Opening)**

Felony

**Terminated Counts**

18:371 - Conspiracy  
(4)

**Disposition**

Dismissed on Motion of the United  
States

**Highest Offense Level (Terminated)**

Felony

**Complaints**

None

**Disposition**

**Plaintiff**

USA

represented by **John Robert Lopez , IV**  
 US Attorney's Office  
 40 N Central Ave  
 Ste 1200  
 Phoenix, AZ 85004-4408  
 602-514-7500  
 Fax: 602-514-7537  
 Email: John.Lopez3@usdoj.gov  
**LEAD ATTORNEY**  
**ATTORNEY TO BE NOTICED**

**Howard David Sukenic**  
 US Attorney's Office  
 2 Renaissance Sq  
 40 N Central Ave  
 Ste 1200  
 Phoenix, AZ 85004-4408  
 602-514-7500  
 Fax: 602-514-7450  
 Email: Howard.Sukenic@usdoj.gov  
**ATTORNEY TO BE NOTICED**

<b>Date Filed</b>	<b>#</b>	<b>Docket Text</b>
01/04/2010	<u>390</u>	Minute Order: The Court ORDERS that the Final Pretrial Conference set Wednesday, January 13, 2010 at 1:30 p.m. be converted to a Change of Plea Hearing as to Robert Kenneth Rehm in Courtroom 505, 401 West Washington Street, Phoenix, AZ 85003 before Judge Mary H Murguia. [This is a TEXT ENTRY ONLY. There is no PDF document associated with this entry.](KSP) (Entered: 01/04/2010)
01/11/2010	<u>392</u>	TRANSCRIPT of Proceedings as to Lawrence William Dunning, Robert Kenneth Rehm, Eric Jon Strasser re: Motion Hearing held on 12/01/09 before Judge Mary H. Murguia. Court Reporter: Elizabeth A. Lemke. Transcript may be viewed at the court public terminal or purchased through the Court Reporter/Transcriber before the deadline for Release of Transcript Restriction. After that date it may be obtained through PACER. Redaction Request due 2/1/2010. Redacted Transcript Deadline set for 2/11/2010. Release of Transcript Restriction set for 4/12/2010. (ECA) (Entered: 01/11/2010)
01/11/2010	<u>393</u>	NOTICE OF FILING OF OFFICIAL TRANSCRIPT <u>392</u> . (ECA) (Entered: 01/11/2010)
01/13/2010	<u>396</u>	WAIVER OF INDICTMENT by Robert Kenneth Rehm (REW, ) (Entered: 01/14/2010)
01/13/2010	<u>397</u>	INFORMATION as to Robert Kenneth Rehm (3) count 1s. (REW, ) (Entered: 01/14/2010)
01/13/2010	<u>398</u>	Minute Entry for proceedings held before Judge Mary H Murguia: Change of