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8 Sternberg Enterprises Profit Sharing Plan

9 **IN THE UNITED STATES BANKRUPTCY COURT**
10 **FOR THE DISTRICT OF ARIZONA**

11 In re:

12 MORTGAGES LTD.,

13 Debtor.

In Proceedings Under Chapter 11

Case No. 2:08-bk-07465-RJH

**APPELLANTS' DESIGNATION
OF RECORD AND STATEMENT
OF ISSUES TO BE PRESENTED
ON APPEAL**

Date of Hearing: N/A

Time of Hearing: N/A

19 Appellants AJ Chandler 25 Acres, L.L.C., Bear Tooth Mountain Holdings, L.L.P.,
20 Brett M. McFadden, Cornerstone Realty and Development, Inc., Cornerstone Realty and
21 Development, Inc. Defined Benefit Plan and Trust, Evertson Oil Company, Inc., James
22 C. Schneck Rev. Trust, Louis B. Murphey, Michael Johnson Investments II, L.L.C.,
23 Morley Rosenfield, M.D. P.C. Restated Profit Sharing Plan, Pueblo Sereno Mobile Home
24 Park, L.L.C., Queen Creek XVIII, L.L.C., Revocable Living Trust of Melvin L.
25 Dunsworth, Jr., Ronald Kohner, The Lonnie Joel Krueger Family Trust, Trine Holdings,
26 L.L.C., Weksler-Casselmann Investments, William L. Hawkins Family L.L.P., Yuval
27 Caine and Mirit Caine, and David S. Elton and Siva G. Elton (collectively, the "Rev Op
28 Group") and Sternberg Enterprises Profit Sharing Plan (collectively with the Rev Op

1 Group, “Appellants”), pursuant to Federal Rule of Bankruptcy Procedure 8006, hereby
2 submit their designation of items to be included in the record on appeal and their
3 statement of the issues to be presented on appeal.

4 **I. DESIGNATION OF ITEMS TO BE INCLUDED IN THE RECORD.**

5 Appellants designate the items set forth in Exhibit A, attached hereto, for inclusion
6 in the record on appeal.

7 **II. STATEMENT OF ISSUES TO BE PRESENTED ON APPEAL.**

8 Appellants present the following issues on appeal:

9 1. Whether the Bankruptcy Court erred in denying in part the Rev Op Group’s
10 Emergency Motion for Entry of Order: (I) Clarifying Chapter 11 Plan, Confirmation
11 Order, and Other Matters Relevant to Transfer Decision of Pass-Through Investors; and
12 (II) Extending the Transfer Decision Deadline [Docket #2168], which was joined by
13 Sternberg Enterprises Profit Sharing Plan [Docket #2275].¹

14 2. Whether the Bankruptcy Court erred in ruling that non-opt-in investors
15 could be held responsible for any of the principal, interest, fees and any other charges
16 associated with the exit financing provided for under the confirmed plan.

17 3. Whether the Bankruptcy Court erred in finding that Paragraph U of the
18 Order Confirming Investors Committee’s First Amended Plan of Reorganization Dated
19 March 12, 2009 “permits the ML Manager to charge back to the non-opt-in participating
20 investors their proportionate share of all of its expenses, including but not limited to the
21 exit financing.”

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25 ¹ The Bankruptcy Court denied in part the above-referenced motion pursuant to the
26 Order Regarding Motion to Clarify [Docket #2345] (the “Order”), which incorporated the
27 Bankruptcy Court’s Memorandum Decision [Docket #2323] as amended by the
28 Bankruptcy Court’s Order Granting ML Manager LLC’s Emergency Motion and
Amending the Court’s October 21, 2009 Memorandum Decision [Docket #2338].

1 COPY of the foregoing served via email
2 this 23rd day of November, 2009, upon:

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23 Unsecured Creditors of Radical Bunny, LLC

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/s/ Sally Erwin

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EXHIBIT "A"

DESIGNATIONS OF RECORD ON APPEAL

From Bankruptcy Case No. 2:08-bk-07465-RJH

DOCKET NO.	DATE ENTERED	DOCUMENT DESCRIPTION
--	--	Copy of Bankruptcy Court Docket
1297	01/21/2009	Chapter 11 Plan The Official Committee of Investors' Plan of Reorganization Dated January 21, 2009 filed by Official Committee of Investors
1298	01/21/2009	Disclosure Statement in Support of The Official Committee of Investors' Plan of Reorganization Dated January 21, 2009
1427	03/03/2009	Statement of Position Concerning the Status and Request for Short Continuance to Allow Radical Bunny's Trustee to Join as Plan Proponent in the Investors Committee's Disclosure Statement in Support of the Investors Committee's Plan of Reorganization Dated January 21, 2009
1439	03/06/2009	ORDER, Minute Entry signed on 3/6/2009 (re: Docket # 1298, Disclosure Statement)
1466	03/12/2009	Notice of Filing of New or Changed Exhibits to the Investors Committee's Amended Disclosure Statement
1467	03/13/2009	Notice of Filing Redline Version of Investors Committee's First Amended Plan of Reorganization
1468	03/13/2009	First Amended Chapter 11 Plan The Official Committee of Investors' First Amended Plan of Reorganization dated March 12, 2009
1469	03/13/2009	Notice of Filing Redline Version of Investors Committee's Amended Disclosure Statement
1471	03/13/2009	Amended Disclosure Statement in Support of the Official Committee of Investors' First Amended Plan of Reorganization Dated March 12, 2009 Without Exhibits
1474	03/13/2009	Notice of Filing Exhibit 1 to Investors Committee's First Amended Plan of Reorganization and Exhibit E to Investors Committee's Amended Disclosure Statement
1479	03/16/2009	Minutes of Hearing held on: 03/16/2009, Subject: HEARING ON DISCLOSURE STATEMENT FILED BY THE INVESTORS COMMITTEE

DOCKET NO.	DATE ENTERED	DOCUMENT DESCRIPTION
1484	03/18/2009	Notice of Lodging Proposed Order Notice of Lodging Forms of Ballots to Investors Committee's First Amended Plan of Reorganization and to Investors Committee's Amended Disclosure Statement
1489	03/24/2009	Notice of Lodging Redlined Versions of Investors Committee's First Amended Plan of Reorganization and Investors Committee's Amended Disclosure Statement and the Ballot for Classes 11A through 11G for General Unsecured Creditors
1493	03/24/2009	ORDER signed on 3/24/2009 (re: Docket # 1471, Amended Disclosure Statement)
1510	03/31/2009	Notice of Lodging Redlined Versions of Investors Committee's First Amended Plan of Reorganization and Investors Committee's Amended Disclosure Statement and Certain Ballots
1522	04/02/2009	Notice of Lodging Proposed Order Approving Investors Committee's Amended Disclosure Statement and Fixing Time for Returning Ballots for Acceptances or Rejections and Notice of Confirmation Hearing for Investors Committee's First Amended Plan of Reorganization Dated March 12, 2009
1523	04/03/2009	Motion to Set Hearing on Amended Disclosure Statement Filed By Investor's Committee and (2) Set Deadlines For Filing Objections Thereto
1527	04/03/2009	ORDER Approving Disclosure Statement and Setting Confirmation Hearing signed on 4/3/2009
1531	04/06/2009	Amended Disclosure Statement In Support of The Official Committee of Investors' First Amended Plan of Reorganization Dated March 12, 2009
1532	04/06/2009	The Official Committee of Investors' First Amended Plan of Reorganization Dated March 12, 2009
1601	04/27/2009	Certificate of Service filed by CATHY L. REECE of FENNEMORE CRAIG on behalf of Official Committee of Investors
1649	05/05/2009	Joint Objection to OIC Chapter 11 Plan of Liquidation filed by Rev Op Group and Lewis Trust
1662	05/05/2009	Objection to Confirmation filed by Sheldon Sternberg

DOCKET NO.	DATE ENTERED	DOCUMENT DESCRIPTION
1677	05/08/2009	Report of Ballots on Official Committee of Investors' First Amended Plan of Reorganization Dated March 12, 2009
1684	05/11/2009	Motion to Determine that the Ballots of MP Fund Investors in Class 8 and Class 11C Should Be Counted and Not the Ballots of the Debtor as Manager
1691	05/11/2009	Rev Op Group's Supplemental Plan Objection
1696	05/11/2009	Brief in Support of Official Committee of Investors' First Amended Plan of Reorganization and Reply to Objections
1713	05/12/2009	Debtor's Objection to Ballot Report of Voting on Official Committee of Investors' First Amended Plan of Reorganization Dated March 12, 2009
1719	05/12/2009	Minutes of Hearing held on 05/12/2009, Subject: PRETRIAL CONFERENCE ON CONFIRMATION OF INVESTORS COMMITTEE'S PLAN
1721	05/13/2009	Minutes of Hearing held on 05/13/2009, Subject: EVIDENTIARY HEARING ON CONFIRMATION OF INVESTORS COMMITTEE'S PLAN
1744	05/18/2009	Minutes of Hearing held on 05/18/2009, Subject: CONTINUED HEARING ON PLAN CONFIRMATION
1750	05/19/2009	Minutes of Hearing held on 05/19/2009, Subject: CONTINUED HEARING ON PLAN CONFIRMATION
1755	05/21/2009	Order Confirming Investors Committee's First Amended Plan of Reorganization Dated March 12, 2009
1807	06/16/2009	Notice of Filing Notice of Effective Date of Investors Committee's First Amended Plan of Reorganization Dated March 12, 2009 and Notice of Administrative Claims Bar Date
2050	08/06/2009	Emergency Motion to Extend Deadline for Pass-Through Investors to Transfer Their Fractional Interests in ML Notes and Deeds of Trust into Loan LLCs
2055	08/07/2009	Order Approving an Extension of the Deadline for Pass-Through Investors to Transfer Their Fractional Interests in Notes and Deeds of Trust Into the Loan LLCs
2136	08/27/2009	Transcript of Hearing or Trial on 5/18/2009
2158	09/08/2009	Transcript of Hearing or Trial on 5/19/2009

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DOCKET NO.	DATE ENTERED	DOCUMENT DESCRIPTION
2168	09/14/2009	Rev Op Group's Emergency Motion for Entry of Order: (I) Clarifying Chapter 11 Plan, Confirmation Order, and Other Matters Relevant to Transfer Decision of Pass-Through Investors; and (II) Extending the Transfer Decision Deadline
2197	09/21/09	Order Approving an Extension of the Deadline for Pass-Through Investors to Transfer Their Fractional Interests in Notes and Deeds of Trust Into the Loan LLCs and Setting Hearing
2219	09/25/2009	Notice of Filing Notice of Filing Rev Op Group's Appendix of Mortgages Ltd. Investment Documents
2229	09/28/2009	Transcript of Hearing or Trial on 5/13/2009
2260	10/02/2009	The Lewis and Underwood Trusts' Joinder in Emergency Motion for Entry of Order Clarifying Chapter 11 Plan, Confirmation Order, and Other Matters Relevant to Transfer Decision of Pass-Through Investors
2265	10/02/2009	Response and Objection to Rev-Op Group's Emergency Motion for Entry of Order: (I) Clarifying Chapter 11 Plan, Confirmation Order, and Other Matters Relevant to Transfer Decisions of Pass-Through Investors; and (II) Extending the Transfer Decision
2269	10/07/2009	Response to Motion/Application Filed by the Lewis Trust, Underwood Trust and Sternberg, and ML Manager's Supplement to the Response to the Objection to Rev Op Group's Emergency Motion
2275	10/09/2009	Sternberg Enterprises Profit Sharing Plan's Joinder in Rev Op Groups Emergency Motion for Order Clarifying Chapter 11 Plan
2277	10/09/2009	Robert Furst's Response to Rev-Op Group's Emergency Motion for Entry of Order: (I) Clarifying Chapter 11 Plan, Confirmation Order, and Other Matters Relevant to Transfer Decision of Pass-Through Investors; and (II) Extending the Transfer Decision
2279	10/08/2009	Minutes of Hearing held on 10/08/2009, Subject: HEARING ON THE REV OP GROUP'S MOTION FOR ENTRY OF ORDER CLARIFYING CHAPTER 11 PLAN, CONFIRMATION ORDER
2323	10/22/2009	Memorandum Decision

DOCKET NO.	DATE ENTERED	DOCUMENT DESCRIPTION
2327	10/22/2009	ML Manager LLC's Emergency Motion to Amend the Court's October 21, 2009 Memorandum Decision
2338	10/28/2009	Order Granting ML Manager LLC's Emergency Motion and Amending the Court's October 21, 2009 Memorandum Decision
2343	10/28/2009	Robert Furst's Response to ML Manager LLC's Emergency Motion to Amend the Court's October 21, 2009 Memorandum Decision
2345	10/29/2009	Order Regarding Motion to Clarify
2352	10/30/2009	The Rev Op Group's Motion to Reconsider Amended Memorandum Decision and Order
2353	10/30/2009	Notice of Filing Declaration of Louis B. Murphey in Support of Motion to Reconsider Amended Decision and Order
2356	11/02/2009	Sternberg Enterprises Profit Sharing Plan's Motion to Reconsider the Courts October 21, 2009 Memorandum Decision [sic] as Amended
2369	11/05/2009	Order Denying Sternberg and Rev Op Group's Motions to Reconsider memorandum Decisions and Orders of October 21 and October 27
--	--	Transcript of initial confirmation hearing held on 5/12/09
--	--	Transcripts of complete hearings to the extent necessary where only partial transcripts have been filed.

From Claims Register for Bankruptcy Case No. 2:08-bk-07465-RJH

CLAIM NO.	DATE ENTERED	DOCUMENT DESCRIPTION
570	10/30/2008	Ronald L. Kohner's Proof of Claim
688	11/10/2008	David S. Elton and Siva G. Elton's Proof of Claim
876	11/19/2008	AJ Chandler 25 Acres, LLC's Proof of Claim
878	11/19/2008	Bear Tooth Mountain Holdings, L.L.P.'s Proof of Claim
879	11/19/2008	Yuval Caine and Mirit Caine's Proof of Claim
880	11/19/2008	Weksler-Casselmann Investments' Proof of Claim

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CLAIM NO.	DATE ENTERED	DOCUMENT DESCRIPTION
882	11/19/2008	Cornerstone Realty & Development, Inc.'s Proof of Claim
883	11/19/2008	Cornerstone Realty & Development, Inc. Defined Benefit Plan and Trust's Proof of Claim
885	11/19/2008	Revocable Living Trust of Melvin L. Dunsworth, Jr., dated December 23, 2003's Proof of Claim
886	11/19/2008	Revocable Living Trust of Melvin L. Dunsworth, Jr., dated December 23, 2003's Proof of Claim
887	11/19/2008	Evertson Oil Company, Inc.'s Proof of Claim
891	11/19/2008	Louis B. Murphey's Proof of Claim
892	11/19/2008	William L. Hawkins Family L.L.P.'s Proof of Claim
893	11/19/2008	Pueblo Sereno Mobile Home Park, L.L.C.'s Proof of Claim
894	11/19/2008	Queen Creek XVIII, L.L.C.'s Proof of Claim
895	11/19/2008	Morley Rosenfield, M.D. P.C. Restated Profit Sharing Plan's Proof of Claim
896	11/19/2008	Morley Rosenfield, M.D. P.C. Restated Profit Sharing Plan's Proof of Claim
897	11/19/2008	James C. Schneck and Jason C. Schneck's Proof of Claim
898	11/19/2008	The James C. Schneck Revocable Trust's Proof of Claim
899	11/19/2008	The James C. Schneck Revocable Trust's Proof of Claim
902	11/19/2008	Trine Holdings, L.L.C.'s Proof of Claim
925	11/20/2008	The Lonnie Joel Krueger Family Trust's Proof of Claim
926	11/20/2008	Brett M. McFadden's Proof of Claim
927	11/20/2008	Michael Johnson Investments II, L.L.C.'s Proof of Claim
1091	11/20/2008	Sternberg Enterprises Profit Sharing Plan's Proof of Claim