

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA**

Minute Entry

Hearing Information:

Debtor: Mortgages Ltd.
Case Number: 2:08-bk-07465-RJH **Chapter:** 11
Date / Time / Room: TUESDAY, SEPTEMBER 21, 2010 01:30 PM 6TH FLOOR #603
Bankruptcy Judge: RANDOLPH J. HAINES
Courtroom Clerk: JANET SMITH
Reporter / ECR: SHERI FLETCHER

Matters:

- 1) ORAL ARGUMENT RE: MOTION FOR ENTRY OF ORDER COMPELLING TURNOVER OF FUNDS BEING IMPROPERLY WITHHELD BY ML MANAGER FILED BY REV OP (CHARGE BACK ONLY)
R / M #: 2,771 / 0

- 2) HEARING ON WHY DECLARATORY JUDGMENT SHOULD NOT BE ENTERED AGAINST KEVIN T. O'HALLORAN, TRUSTEE OF THE ML LIQUIDATING TRUST
R / M #: 2,776 / 0

Appearances:

WILLIAM S. JENKINS, ATTORNEY FOR ML LIQUIDATING TRUST
KEITH HENDRICKS/CATHY REECE, ATTORNEYS FOR ML MANAGER
SCOTT GOLDBERG, ATTORNEY FOR VTL FUND
GARY GOTTO, ATTORNEY FOR MORTGAGES LTD 401K PLAN
SHELDON STERNBERG, ATTORNEY STERNBERG TRUST
BRYCE SUZUKI, ATTORNEY FOR REV OP GROUP
CARY FORRESTER, ATTORNEY FOR LEWIS TRUST & UNDERWOOD TRUST
ROBERT FURST
MICHAEL MCGRATH, ATTORNEY FOR OXFORD INVESTORS

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(continue)... 2:08-bk-07465-RJH

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Proceedings:

APPROVAL OF ALLOCATION MODEL

Mr. Hendricks addressed the objections filed. He stated there is no legal or plan requirement that the allocation model be approved by the Court.

THE COURT BELIEVES IT HAS JURISDICTION EVEN THOUGH THERE IS AN APPEAL PENDING.

Mr. McGrath reviewed his objection.

COURT: IT IS ORDERED OVERRULING MR. MCGRATH'S OBJECTION.

Mr. Goldberg reviewed his objection.

Mr. Suzuki explained his objection.

COURT: IT IS ORDERED SETTING AN EVIDENTIARY HEARING ON THE ROSENFELD OBJECTION TO THE HOLDBACK ON NOVEMBER 1, 2010 AT 1:30 PM ALLOWING 2 HOURS. PARTIES ARE DIRECTED TO FILE A JOINT PRE-TRIAL STATEMENT ON OCTOBER 25, 2010.

IT IS ORDERED APPROVING THE ALLOCATION FORMULA PROPOSED BY ML MANAGER IN THE ALLOCATION BRIEF FILED ON SEPTEMBER 1, 2010.

401K PLAN ISSUE

Mr. Hendricks informed his brief was filed yesterday. He stated they will not contest the petition to withdraw the reference. He stated he believes the withdrawal of reference should be addressed by the District Court first. He stated the District Court should address the arisa issues first.

Mr. Gotto proposed that no further proceedings on this issue go forward before the Bankruptcy Court until after the District Court rules.

Mr. Hendricks suggested the parties work together on how the model allocations are applied and if a hearing is needed a motion will be filed.

COURT: SO ORDERED.