FENNEMORE CRAIG, P.C.
Cathy L. Reece (005932)
Keith L. Hendricks (012750)
3003 N. Central Ave., Suite 2600
Phoenix, Arizona 85012
Telephone: (602) 916-5343
Facsimile: (602) 916-5543
Email: creece@fclaw.com

Attorneys for ML Manager LLC

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF ARIZONA

In re MORTGAGES LTD., Debtor.	Chapter 11 Case No. 2:08-bk-07465-RJH **ML MANAGER'S:** **(1) NOTICE OF INTENT TO DISTRIBUTE PROCEEDS IN ACCORDANCE WITH ALLOCATION MODEL,** **And** **(2) MOTION TO APPROVE TREATMENT OF DISTRIBUTION OF DISPUTED PROCEEDS**

Following a hearing on September 21, 2010, this Court issued a minute entry (Docket 2959) "approving the allocation formula proposed by ML Manager in the Allocation Brief filed on September 1, 2010 [Docket No. 2913]." ML Manager has now resolved or liquidated the loans, collateral, or the properties (the "Loans") associated with six of the loans defined in the Plan of Reorganization as "ML Loans." These six Loans include (1) Chateaux on Central (*see* Sale Order, Docket No. 2676); (2) the Newman I Loan, (3) the Newman II Loan,[1] (4) Zacher Missouri (*see* Sale Order, Docket No. 2892),

[1] There were no sale orders with the two Newman loans as the borrower paid them in full.

(5) City Lofts (*see* Sale Order, Docket No. 2887), and (6) Osborne III (sometimes known as Ten Wine Lofts) (*see* Sale Order, Docket No. 2976). These six Loans generated $28,683,684.95 in gross proceeds, payments or recovery.[2] From this, settlement costs were deducted including mechanic liens (that were paid or reserved), property taxes, closing costs, title, escrow broker fess and other property specific expenses. The total amount of settlement costs were $7,393,841.58. Pursuant to the obligations under the Exit Financing Loan agreement, ML Manager has paid the Exit Lender from these six loans collectively $8,770,523.50. Where applicable, the "Permitted Reserve" has been taken by ML Manager to pay costs and operations and to create sufficient operating reserves going forward. The total Permitted Reserve was $2,836,944.90. Finally, pursuant to the Allocation Model approved by the Court, the "Total Estimated Costs" that are not included in the payments to the Exit Lender were $1,160,931.75. Based on the operation of the Allocation Model approved by the Court, $8,521,443.22 is available to distribute to investors. This includes $4,758,799.88 to the so-called "Pass-Through Investors" who did not contribute their interests to a Loan LLCs, and $3,762,639.58 to the Loan LLCs or MP Funds.[3]

ML Manager hereby provides notice that unless on or before **January 5, 2011** a party with standing files a facially valid objection, or otherwise seeks and obtains an order from this Court to the contrary, ML Manager intends to cause the third-party servicer, Canyon State Servicing Co., L.L.C., to distribute the "undisputed" portion of the distributions set forth above pursuant to the Allocation Model approved by the Court. As demonstrated below, however, there are a few distributions that have been disputed, where a dispute exists as to the right to receive distributions, or claims have been asserted

[2] Attached as Exhibit 1 is a summary of the Proceeds from the Six Loans.
[3] No Loan LLCs were established for either of the Newman Loans or for the Chateaux project. The MP Funds, however, were invested in one of the Newman Loans and in the Chateaux Project.

against an investor who would otherwise receive a distribution (the "Disputed Distributions"). As to these Disputed Distributions, ML Managers requests that the Court approve the recommended treatment set forth herein.

I. PROCEDURAL HISTORY

This matter arises out of the Mortgages Ltd. bankruptcy that was filed in June, 2008. At the time of the bankruptcy, Mortgages Ltd. owned, managed, was the agent for, or otherwise controlled a loan portfolio of approximately $900 million in loans comprising the aforementioned "ML Loans." Mortgages Ltd. raised the money to fund this loan portfolio from approximately 1800 investors and other groups. As a result of certain litigation arising during the course of the bankruptcy, the Court held that Mortgages Ltd. had the right to act as the agent for the investors' interest in the ML Loans. A plan of reorganization was then proposed by the Official Investors Committee that, among other things, created a new entity, ML Manager, to manage and resolve the ML Loans. New entities, known as Loan LLCs, were created for most, but not all of the ML Loans. The ownership interest in the ML Loans held by the MP Funds and any "Pass-Through Investors" who agreed were transferred into the respective Loan LLCs where available. The Loan LLCs are managed by ML Manager and operated pursuant to an operating agreement approved in form during the confirmation of the Plan. Members of the Loan LLCs are entitled to, among other things, vote on "major decisions" affecting their loan. Pass-Through Investors who did not contribute their interests in the ML Loans to the respective Loan LLCs retained their fractional ownership of the ML Loans and, as this Court has determined, are subject to an irrevocable "Agency Agreement" with ML Manager acting as an agent coupled with an interest. Prior litigation has established that ML Manager has the authority to manage and resolve the ML Loans.

As part of the confirmation process, the Loan LLCs and ML Manager, among others, entered into a loan agreement with the "Exit Lender" in order to obtain financing

to pay the administrative expenses incurred during bankruptcy, and to provide operating capital to implement the Plan. Litigation occurring after the confirmation of the Plan has established that all investors, including the Pass-Through Investors outside of the Loan LLCs, must bear their proportionate share of all costs associated with the Plan in a fair, equitable and non-discriminatory manner, including, among other things, the costs associated with the Exit Loan and the operations of ML Manager. Members of the Loan LLCs have specific obligations with regard to the Exit Loan. For example, until the Exit Loan is repaid, they must pay 70% of their share of the net proceeds recovered from the ML Loans. In addition, ML Manager is authorized to receive a "Permitted Reserve" from the Loan LLCs for operations. The amounts that are held for a Permitted Reserve or paid to the Exit Lender from Loan LLC's share of the that is in excess of their share of the total costs are repaid to the Loan LLCs from other loans with interest at the same rate as was paid to the Exit Lender. Although the Pass-Through Investors do not have the same repayment obligations with the Exit Lender and are not being subjected to the Permitted Reserves, pursuant to the Plan and prior Court Orders they are still required to pay their share of the total costs. The Allocation Model is the means for calculating each investor's share of the costs and expenses.

The Allocation Model was approved by the Court after a motion was filed by a Pass-Through Investor, Rosenfield, in what is known as the Newman I Loan. Rosenfield sought an order from the Court requiring ML Manager to distribute the proceeds from this loan. ML Manager did not oppose the distribution of the proceeds, but asserted that it needed to complete the Allocation Model so that the costs could be allocated to Rosenfield and all other investors. Accordingly, the Court established a briefing schedule and forum to approve the Allocation Model.

Pursuant to the Court Order, ML Manager filed the Allocation Model on September 1, 2010. Objections to the Allocation Model were required by the Court to be

filed by September 10, 2010 and the hearing was held on September 21, 2010. At the hearing, the Court overruled most of the objections and approved the Allocation Model, however, as the Allocation Model is dynamic and intended to adjust and reflect actual figures, the Court allowed the parties who had asserted factual objections regarding the specific distributions under the Allocation Model to have those objections considered when a distribution was proposed. ML Manager informed the Court through its briefing and at the oral argument that it would provide additional information to any party who objected by the deadline, or otherwise requested information through a "Meet and Confer" process.

During the process leading up to the September 21, 2010 hearing, ML Manager and its professionals and consultants spent tens of hours with many investors explaining and answering questions with regard to the Allocation Model. Following the hearing and after the six Loans were resolved, ML Manager incorporated the actual numbers from the six Loans described above and made further adjustments and refinements to the schedules that support the Allocation Model. ML Manager then scheduled and participated in a "Meet and Confer" conference on November 5, 2010 with every individual, investor or their counsel that objected to the Allocation Model or otherwise expressed an interest. In addition, ML Manager made its professionals and consultants available to answer questions and to provide back-up or detailed information for the Model. Everyone was informed that if they had objections to the distribution of the six Loans pursuant to the operation of the Allocation Model, they should assert such objections by November, 12, 2010. With the exception of the Rev-Op Group, no objections to distribution of the proceeds of the six Loans were made or preserved.

It is ML Manager's understanding and position that only the Rev-Op Group indicated or otherwise preserved objections to Allocation Model. The Rev-Op Group's only stated or preserved objection was based on the fact that all pre-confirmation expenses

were classified in the Allocation Model as general expenses and not allocated to any specific loan. ML Manager does not believe that any other group or entity has preserved or asserted objections to the operation of the Allocation Model with regard to the distributions related to the six Loans.

II. THE ALLOCATION MODEL TREATMENT OF THE PRE-CONFIRMATION EXPENSES AS GENERAL COSTS IS NOT A VIOLATION OF THE BUSINESS JUDGMENT RULE

ML Manager believes that one of the issues that was decided and determined when the Court approved the Allocation Model in its September 21, 2010 minute entry was the standard of review to be employed in evaluating the Allocation Model. ML Manager believes that the Court has confirmed that the "business judgment" rule is the appropriate standard of review.

In this case, it is clear that ML Manager exercised careful consideration, examined and considered many options and facts, and did not abuse any discretion in its exercise of its business judgment in treating all pre-confirmation expenses as general costs. There are many different costs and expenses that fall under this category, but most objections, questions or discussions about these costs break down into two categories. Expenses related to Tempe Land Company (the Centerpoint Project), and expenses for other particular loans.

A. The Centerpoint Expenses.

During the course of the bankruptcy, there were certain expenses that were arguably related to the Centerpoint project and the Rev-Op Group apparently objects to their treatment as general costs. Primary among these expenses so challenged is the DIP financing provided by Stratera that was supposed to be utilized to secure the Centerpoint project (the "Stratera DIP") and costs incurred in the litigation with the Centerpoint developer. There are at least three separate reasons why ML Manager ultimately determined that these costs should be allocated as general costs.

First, this issue was the subject of substantial discussion, negotiation and ultimately agreement **prior** to the confirmation of the Plan. As such, it was established in the documents associated with the confirmed Plan that the agreed upon treatment would be to treat these costs as general costs. A primary reason for this agreement prior to confirmation was that it was agreed by the parties negotiating the confirmation of the Plan that these costs should ultimately be borne, if possible, by the Liquidating Trust.

As the Court will recall, the Plan provided that both ML Manager (which includes the Loan LLCs) and the Liquidating Trust would be responsible for the Exit Loan. ML Manager was to obtain funds from the resolution of the ML Loans and the Liquidating Trust was to seek to obtain funds from the resolution of its assets, which included certain REO (Real Estate Owned, or real property assets that were held in the name of Mortgages Ltd.) and causes of action against third parties. The loan agreement with the Exit Lender requires that the Exit Loan must be repaid from first available funds regardless of whether they come from the ML Loan portfolio, or the Liquidating Trust's assets, however, as between the Liquidating Trust and the Loan LLCs, it was agreed that these costs should be allocated to the Liquidating Trust if and when it obtained enough money to pay them.[4] In this case, the Allocation Model assumes that all of the Exit Loan and other costs will be paid from proceeds of the ML Loans, however, the Model was designed to accommodate contributions from the Liquidating Trust if and when it recovers sufficient money to make such contributions.

Because it was (and still is) contemplated that the Liquidating Trust will be contributing to the ultimate payment of the costs, including the Exit Loan, prior to confirmation there were substantial discussions between the parties involved, which included the Rev-Op Group, as to how to treat such costs. The agreement reached, as reflected in the Interborrower Agreement, was that the Liquidating Trust would pay all of

[4] A copy of the Interborrower Agreement is attached as Exhibit 2.

the general costs attributable to the Debtor. As such, there was significant discussion and ultimately an agreement on what would be considered "general costs" of the Debtor. The agreement reached as reflected in the Interborrower Agreement was that all costs associated with the Stratera DIP, and professional fees[5] would be allocated to the Liquidating Trust.[6] In short, the agreement reached prior to confirmation was that the Stratera DIP and professional fees related to the Centerpoint project would be considered general costs and allocated to the Liquidating Trust if and when it obtained money to contribute. In other words, this issue was decided as part of the confirmation process when it was agreed that the costs should be allocated to the Liquidating Trust.

Second, the costs involved were the obligations of the Debtor, Mortgages Ltd., and not the investors. As such, they should be treated as general costs. The Stratera DIP has a somewhat convoluted history. Early in the Mortgages Ltd. bankruptcy, the Centerpoint developer was demanding additional advances from the Debtor to allegedly secure the Centerpoint property, had joined in a motion to appoint a trustee, and was threatening to bring claims and lawsuits against all investors. A compromise was reached with the Debtor whereby the Debtor would obtain the Stratera DIP and advance the money to the Centerpoint developer, however, only the Debtor's assets and not the assets of the investors were pledged or obligated by this agreement. Specifically, the interests of the investors in the Centerpoint loans were not subject to or subordinated by the Stratera DIP. Only the assets of the Debtor and the Centerpoint Developer were obligated to repay the loan. Moreover, it was agreed at the time that this obligation would be a general

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[5] The only exception was that the professional fees incurred to defend investors from claims or lawsuits by various borrowers would be allocated to ML Manager, and not the Liquidating Trust. This means that the fees attributable to Dax Watson's law firm, Mack, Drucker & Watson were not to be allocated to the Liquidating Trust, but all other pre-confirmation professional fees were.

[6] *See* Exhibit 2, definition of "Claims Required to be Paid", which expressly includes the Stratera DIP and the Professional Fees, and paragraph 2.2 allocating "Claims Required to be Paid" to the Liquidating Trust.

administrative claim of the Debtor's entire estate, and not the Centerpoint assets. Furthermore, the compromise had impact and importance for all investors because it resolved the threatened litigation against all investors, resolved the pending motion to appoint a trustee, and other estate wide claims. In short, these fees were the Debtor's obligations; not the Centerpoint investor's obligations.

Third, Centerpoint was and remains a cornerstone of the estate that substantially impacts all investors. One of the primary reasons that Exit Loan was even available was because of the collateral provided by the Centerpoint project. More than one-quarter of the value of the collateral for the entire Exit Loan was attributed to the Centerpoint project as evidenced by the fact that one-quarter of the title insurance policy obtained by the Exit Lender for its entire loan was attributed to this one project. Moreover, if and when the Centerpoint project is resolved, it will repay a majority of the Exit Loan or a majority of the "replacement loan interest." As such, there is a tangible benefit to all investors.

B. Other Professional Fees.

Another large component of the general costs allocated to every investor is the professional fees incurred prior to confirmation, but paid through the Exit Loan and allocated through the Model. As indicated above, the agreement reached prior to confirmation and documented through the Interborrower Agreement was that the Liquidating Trust would be responsible for all the fees except those incurred in representing individual investors in borrower litigation. As the Court knows from all of the litigation and settlements from the professional fee applications following confirmation, almost all of the professional fees were substantially compromised or reduced. Some compromises or reductions were substantial. Moreover, some were based on arguments that entire categories of work needed to be compromised. Because the reductions were accomplished through settlements that did not allocate specific amounts, it would be arbitrary and subjective to determine how much of the amount that was

actually funded by the Exit Loan was for work attributable to a particular loan.

Furthermore, most of the issues raised during the bankruptcy had portfolio wide implications even though they were raised in the context of individual loans. For example, the rulings from the litigation on the University & Ash settlement, or the NRDP/Los Arcos litigation against the investors in those loans established precedents that equally impacted all investors. Although the litigation in these instances was brought in the context of a particular loan, they were clearly "test" cases impacting all loans and were litigated as such.

In short, it would be arbitrary, subjective, and impractical to allocate the professional fees incurred prior to confirmation to particular loans because, among other reasons, it was agreed prior to confirmation that they would be treated as general costs, there is no definitive basis to determine how much of the work that was actually paid was based on particular loans because all of the payments were compromised, and because much or most of the work had implications beyond the specific loans that were the subject of the pre-confirmation actions.

ML Manager considered all of these factors in determining that all pre-confirmation costs should be allocated as a general cost. It considered the fact that (1) these issues had been negotiated and agreed to prior to confirmation, (2) these fees were obligations of Mortgages Ltd, the Debtor, and not any individual investor, (3) that there was common benefit to or at least impact on all investors related to the activities in question, and (4) any allocation would be in large measure arbitrary and subjective based on the compromised nature of the payments and the "test case" implications of the work. For these reasons, it is clear that ML Manager has considered many factors and that its conclusions cannot be found to be an abuse of discretion or unfounded. For this reason, ML Manager's business judgment should not be overturned.

III. DISPUTED DISTRIBUTIONS

Absent objection by January 5, 2011, or a Court Order to the contrary, ML Manager is prepared to disburse the undisputed portion of the proceeds from the six Loans identified above pursuant to the Allocation Model approved by the Court. However, there are a few distributions that have been or may be contested. These Disputed Distributions can be grouped into three categories.

A. Distributions to Investors with Recorded Judgments.

There are two Pass-Through Investors who had recorded judgments against them that were discovered through the process of closing the various sales. These investors are Robert L. Barnes, Jr. ("Barnes"), and the "Barness Investment Limited Partnership, an Arizona Limited Partnership ("Barness"). In each case, to allow the sales to close, the judgment creditors for Barnes and Barness respectively agreed to release their judgment lien as to the real property and to have their lien attach to the net proceeds available to Barnes and Barness respectively.

Pursuant to the Allocation Model, Barnes' share of the net proceeds to be presently distributed from the Zacher-Missouri loan is approximately $5,000 and his share of the net proceeds to be presently distributed from the Osborne III loan is approximately $16,000. The total amount of the recorded judgment against Barnes is $159,512.60 plus accruing interest. The Barnes' judgment creditor is Kathleen Heth ("Heth").

Pursuant to the Allocation Model, Barness' share of the net proceeds to be presently distributed from the Osborne III loan is $112,000. The total amount of the recorded judgment against Barness is $155,406, plus accruing interest. The judgment creditor is the Town of Gilbert ("Gilbert").

ML Manager proposes that the Court approve and order that the distributions for Barnes and Barness be distributed to their respective judgment creditors.

B. Distributions to Investors Who are the Subject of Preference Claims.

The Liquidating Trust has brought preference or other actions (collectively, the "Preference Claims") against a number of former insiders (the "Insiders"). ML Manager is not a party to the Preference Claims and has not asserted a position with regard to them.[7] Absent these Preference Claims, ML Manager would distribute the net proceeds (as determined by the application of the Allocation Model) to all investors, including the Insiders, however, because these claims have been asserted, ML Manager seeks direction from the Court as to the treatment for these parties. It may be that the best course of action is for ML Manager to simply escrow any distributions for the Insiders pending resolution of the Preference Claims; however, ML Manager takes no position on this matter. It is ML Manager's expectation that the interested parties such as the Liquidating Trust and the respective Insiders will present their position to the Court for determination.

In addition to the distributions from the six Loans described above, ML Manager continues to hold approximately $241,099.11 from payments received by the Debtor during the bankruptcy prior to confirmation.[8] As the Court will recall, during the bankruptcy a motion was filed to allow the distribution of certain payments received by the Debtor. The Court Order (Docket 458) allowed distribution of these payments to investors, but excluded the Insiders. As such, $241,099.11 probably would have otherwise been distributed to the Insiders, but has been held in an escrow account (the "Insider Escrow"). This Insider Escrow account was transferred to ML Manager after the confirmation. The Insider Escrow consists of payments on the ML Loans. Because they

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[7] ML Manager did assert a claim in the probate estate of Scott Coles, and objects to the distribution of any money to Scott Coles' estate. Notably, in a settlement reached just prior to confirmation, the interest of SM Coles, LLC in any of the ML Loans was transferred to the Debtor, Mortgages Ltd. Under the confirmed Plan, any interest held by the Debtor was transferred to a Loan LLC, and Radical Bunny was given a corresponding ownership interest in the Loan LLC for that interest. The treatment of Radical Bunny's ownership interest is not considered a "Disputed Distribution."

[8] *See* Exhibit 3 hereto.

were payments on the ML Loans after the bankruptcy petition date, which is the date used to establish the principal balance of the loans for purposes of the Plan and the Allocation Model, ML Manager believes that they are subject to the Allocation Model. Accordingly, ML Manager requests that the Court order with regard to the Disputed Distributions provide (1) that the Insider Escrow be subject to the Allocation Model, (2) that for any Insiders (other that Scott Coles estate or an assignee of Scott Coles[9]) where there is not a dispute as to the distribution, their share of the net amount (after the application of the Allocation Model) be distributed, and (3) if there is a Preference Claim pending that the distribution of money from the Insider Escrow be treated the same as with other distributions to Insiders with pending Preference Claims.

IV. THE CURRENT REV-OP GROUP OFFSET CLAIM

As the Court is aware, there has been substantial litigation between ML Manager and a group of investors known as the Rev-Op Group. ML Manager has incurred substantial fees and costs as a result of this litigation. As of the end of October 2010, ML Manager had quantified the fees, costs and damages incurred as a result of the litigation with the Rev-Op Group at approximately $336,000.[10]

The Agency Agreement that this Court has ruled governs the relationship between ML Manager and the Rev-Op Group provides at paragraph 4(a):

> Participant [Rev-Op Group member in this circumstance] shall indemnify, protect, defend and hold Agent [ML Manager] harmless for, from and against all liabilities incurred by Agent in performing under the terms of this Agreement or otherwise arising directly or indirectly, from

[9] ML Manager has filed a claim in the Coles' probate matter, and does assert an offset or other claim against any distributions that would otherwise go to Scott Coles' estate or an assignee of Scott Coles.

[10] ML Manager asserts that the Offset Claim is not yet a liquidated amount because the Rev-Op Group continues to engage in litigation and conduct that damages ML Manager and the other investors. However, ML Manager has agreed that as to the distribution from these six Loans, the amount of the Offset Claim shall be fixed at the pro-rata share of the $336,000 that has been incurred, as discussed below. ML Manager reserves the right to assert additional amounts, once liquidated or established, against future distributions.

> any Loan or the Loan Documents, including all attorneys' fees, insurance premium, expenses, costs, damages and expenses.

At paragraph 5(d), the Agency Agreement further provides:

> **Breach.** If Participant breaches this Agreement by failing to perform or by interfering with Agent's ability to perform under this Agreement, then Participant shall pay Agent, within 30 days of written notice of breach, administrative fees, attorneys' fees, costs, closeout fees and any other charges owed to Agent as compensation hereunder, along with any additional damages incurred by Agent, whether actual, incidental or consequential.

Essentially, this is a matter of fairness. The Rev-Op Group has caused ML Manager to incur substantial litigation costs, expenses and damages (the "Offset Claim"). ML Manager does not believe that the burden of the Offset Claim should be shifted to the other investors. As such, ML Manager intends to assert the Offset Claim as an offset, set-off and/or recoupment on a pro-rata basis against distributions of first available money to each of the current members of the Rev-Op Group

Initially, the Group consisted of 18 investors; however, Melvin Dunsworth apparently dropped out of the group early in the process and did not contest or oppose the Declaratory Judgment. Recently, ML Manager reached a settlement with four other members of the Rev-Op Group whereby they each agreed to dismiss with prejudice their participation in any further litigation or pending appeals and pay their pro-rata share of the Offset Claim, or approximately $26,000 that was established as of the date the settlement offer was conveyed. Accordingly, the current Rev-Op Group currently consists of 13 members including (1) AJ Chandler 25 Acres, LLC; (2) Bear Tooth Mountain Holding LLP; (3) Cornerstone Realty & Development Inc.; (4) Cornerstone Realty & Development, Inc. Defined Benefit Plan and Trust; (5) Evertson Oil Company, Inc.; (6) The Lonnie Joel Krueger Family Trust; (7) Michael Johnson Investments II, LLC (8) Louis B. Murphey (9) Pueblo Sereno Mobile Home Park LLC (10) Queen Creek

XVIII, LLC; (11) Morley Rosenfield, M.D. P.C. Restated Profit Sharing Plan; (12) The James C. Schneck Revocable Trust; (13) William L. Hawkins Family LLP.[11]

Without prejudice to the assertion of future amounts against future distributions, ML Manager requests that the Court Order approving the treatment of the Disputed Distributions include a provision authorizing ML Manager to deduct approximately $310,000 from the distributions of the current Rev-Op Group on a pro-rata basis based on first available cash.[12] Alternatively, ML Manager requests that the Court set an evidentiary hearing on the Offset Claim.

V. <u>CONCLUSION</u>

Notice is hereby given that absent objection and Court Order to the Contrary, ML Manager intends to distribute net proceeds from the six Loans described above pursuant to the Allocation Model approved by the Court. Moreover, ML Manager further requests that the Court issue an Order allowing the distribution of the net proceeds for Barnes and Barness to their respective judgment creditors, directing the treating of the distributions to Insiders and with regard to the Insider Escrow, and that ML Manager be allowed to deduct on a pro-rata basis from first available cash the Offset Claim from the Current Rev-Op Group.

DATED: December 17, 2010

FENNEMORE CRAIG, P.C.

By *\/s/ Keith L. Hendricks* (012750)
Cathy L. Reece
Keith L. Hendricks
Attorneys for ML Manager LLC

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[11] Bill Hawkins is the principal of 8 of these entities including AJ Chandler 25, Bear Tooth Mountain Holding, Cornerstone, Cornerstone Benefit Plan, Pueblo Sereno, Queen Creek XVIII and the Hawkins Family LLP.

[12] Attached as Exhibit 4 is a Spreadsheet showing the allocation of the current Offset Claim among the Current Rev-Op Group.

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2 COPY of the foregoing emailed this
17th day of December, 2010 to the following:
3
Robert J. Miller
4 Bryce A. Suzuki
Bryan Cave, LLP
5 One Renaissance Square
Two North Central Ave., Suite 2200
6 Phoenix, Arizona 85004-4406
rjmiller@bryancave.com
7 bryce.suzuki@bryancave.com

8 Michael McGrath
David J. Hindman
9 Mesch, Clark& Rothschild, P.C.
259 North Meyer Avenue
10 Tucson, AZ 85701
mmcgrath@mcrazlaw.com
11 dhindman@mcrazlaw.com

12 Gary A. Gotto
James A. Bloom
13 Keller Rohrback, P.L.C.
3101 N. Central Avenue, Ste. 1400
14 Phoenix, AZ 85012-2643
ggotto@krplc.com
15 jbloom@krplc.com

16 Dale C. Schian
Scott R. Goldberg
17 Schian Walker, P.L.C.
3550 N. Central Avenue, Ste. 1700
18 Phoenix AZ 85012-2115
ecfdocket@swazlaw.com
19
S. Cary Forrester
20 Forrester & Worth, PLLC
3636 N. Central Avenue, Ste. 700
21 Phoenix, AZ 85012
scf@forresterandworth.com
22
23
24
25
26

Robert G. Furst
4201 North 57th Way
Phoenix, AZ 85018
rgfurst@aol.com

Sternberg Enterprises Profit Sharing Plan
Sheldon H. Sternberg, Trustee
5730 N. Echo Canyon Drive
Phoenix, AZ 85018
ssternberg@q.com

Richard R. Thomas
Thomas Shern Richardson, PLLC
1640 S. Stapley Drive
Suite 132
Mesa, AZ 85204-0001
rthomas@thomas-schern.com

Alan Bickart
812 Clubhouse Drive
Prescott, AZ 86303-5235
bickartlaw@aol.com

Wm. Scott Jenkins
One East Camelback Road
Suite 500
Phoenix, AZ 85012-2910
wsj@mjlegal.com

Sean P. O'Brien
One East Washington Street
Suite 1600
Phoenix, AZ 85004-2553
spobrien@gustlaw.com

Joel Mickelson, CFO
SMDI Company
joelm@smdico.com

Jimmie Klatt
jimmie000@gmail.com

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22
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25
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Christopher McCarthy
Buchalter Nemer
16435 N. Scottsdale Road
Suite 440
Scottsdale, AZ 85254
cmccarthy@buchalter.com

Ron Barness is the general partner
Barness Investment Limited Partnership, an Arizona Limited Partnership
ronbarness@aol.com

/s/ *L. Carol Smith*