

IT IS HEREBY ADJUDGED and  
DECREED this is SO ORDERED.

The party obtaining this order is responsible  
for noticing it pursuant to Local Rule 9022-1.

Dated: June 21, 2011



*Randolph J. Haines*

Randolph J. Haines, Bankruptcy Judge

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IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ARIZONA

In re  
MORTGAGES, LTD.,  
Debtor.

Chapter 11  
2:08-BK-07465-RJH

**ORDER HOLDING RON BARNES IN  
CONTEMPT OF COURT FOR  
WILLFUL VIOLATION OF THIS  
COURT'S MARCH 29, 2011 ORDER  
AND THAT THE MONEY SHALL BE  
REPAID TO ML MANAGER**

Upon review of the Application for Order to Show Cause, filed on April 14, 2011 and the positions of the Parties set forth in the June 15, 2011 evidentiary hearing the Court makes the following findings of fact and conclusions of law:

ML Manager liquidated six loans, collateral, or other properties included in the loans defined as the ML Loans in the Plan of Reorganization (the "Loans").

On January 20, 2011, this Court entered an order approving ML Manager's distribution of funds to investors (the "Distribution Order") [Docket 3051].

Ron Barnes and/or Barnes Investment Limited Partnership was an investor in the Loans.

1 A portion of the proceeds from the resolution or liquidation of the Loans was  
2 earmarked for Barness.

3 The Town of Gilbert holds a recorded judgment lien against Barness.

4 The Distribution Order required the funds earmarked for Barness to be distributed  
5 to the Town of Gilbert -- not to Barness.

6 On or about February 22, 2011, Canyon State Servicing Co., LLC ("Canyon  
7 State") upon the instructions of ML Manager, issued checks to 1600 investors, including  
8 a check to Barness in the amount of \$112,075.31 (the "Funds").

9 The Funds should have been disbursed to the Town of Gilbert.

10 The Funds were deposited by Barness into an account at Bank of America ending  
11 in 3678 (the "Account").

12 Barness removed the Funds from the Account after deposit.

13 ML Manager requested that Barness return the Funds.

14 On March 29, 2011, the Court entered its ex-parte order requiring Mr. Barness and  
15 the Barness Investment Limited Partnership (collectively "Barness") to return the  
16 \$112,075.31 [Docket No. 3126].

17 Barness has failed to return the Funds.

18 Barness is capable of returning the Funds to ML Manager.

19 IT IS HEREBY ORDERED over ruling Barness's defense that he is unable to  
20 return the Funds.

21 IT IS FURTHER ORDERED that Barness shall return the Funds no later than  
22 June 30, 2011. Should Barness fail to timely return the Funds, Barness will be found in  
23 contempt of this Court's March 29, 2011 Order [Docket No. 3126] and a civil arrest  
24 warrant may be issued by the Court.

25 SIGNED AND DATED ABOVE

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