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7 Attorneys for Brian J. Mullen, Trustee In re: Robert Barnes, Jr., Case No. 2: 10-bk-39065-CGC

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

10 In re:
11 MORTGAGES LTD.,
12 Debtor.

(Chapter 7 Case)

No. 2:08-bk-07465-RJH

**TRUSTEE'S RESPONSE TO ML
MANAGER'S MOTION TO AUTHORIZE
A SECOND DISTRIBUTION OF
PROCEEDS IN ACCORDANCE WITH
ALLOCATION MODEL AND TO
APPROVE TREATMENT OF
DISTRIBUTION OF DISPUTED
PROCEEDS**

Date: July 19, 2011

Time: 10:00 a.m.

**Location: 230 N. First Avenue, 6th Floor
Phoenix, AZ 85003**

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19 Brian J. Mullen, Chapter 7 Trustee, by and through his attorneys undersigned, herein respectfully
20 submits Trustee's Response to ML Manager's Motion to Authorize A Second Distribution of Proceeds in
21 Accordance with Allocation Model and to Approve Treatment of Distribution of Disputed Proceeds
22 ("Response"). This Motion is supported by the following Memorandum of Points and Authorities and the
23 entire record of the Chapter 7 proceeding.
24

25 **MEMORANDUM OF POINTS AND AUTHORITIES**

26 1. Robert Barnes, Jr. commenced a Voluntary Petition Chapter 7 of Title 11, United States Code,
27 on December 7, 2010 ("Petition Date").
28

1 2. Brian J. Mullen is the duly appointed and acting trustee of the Chapter 7 Estate (hereinafter
2 “Trustee”).

3 3. Among the assets set forth by the Debtor in his Schedule B are various fractional ownership
4 interest of Mortgages Ltd directly or through other entities that have ownership interest, Debtor’s detailed
5 ownership interests are set forth on Debtor’s Schedule B and attached hereto as Exhibit “A”.

6 4. In Mortgage Ltd case, the Court entered an Order Regarding Distribution of Proceeds [Case
7 No. 2:08-bk-07465 at DE No. 3051] on January 20, 2011 approving proposed procedures to the
8 distribution of sale proceeds. Upon information and belief, that ML was not aware of this Chapter 7
9 proceeding.

10 5. Pursuant to 11 U.S.C. § 541, the above referenced sale proceeds are property of the Chapter 7
11 Estate; therefore, the Trustee is entitled to receive the sale proceeds.

12 6. ML Manager’s Motion identifies Debtor as “Barnes” and Barness Investment Limited
13 Partnership as “Barness”, based upon the similar abbreviated names, Trustee’s Response is to affirm that
14 all distributions in which Robert L. Barnes, Jr. is entitled to will be distributed to Trustee Mullen, subject
15 to further Court order.

16 7. Based upon the Debtor’s Schedules, the Debtor is a 19% owner of Barnes & Barnes Limited
17 Partnership, which holds various ownership interests in the subject Mortgages Ltd. sales, Trustee is
18 unaware of any ownership interest the Debtor has in Barness Investment Limited Partnership.

19 WHEREFORE, Brian J. Mullen, Trustee, respectfully requests that the Order allowing
20 distribution is submitted to Trustee’s counsel for review prior to being lodged with the Court; and, for
21 such other and further relief as the Court deems just and proper.

22 Dated: July 12, 2011

23 **LANE & NACH, P.C.**

24 By /s/ JFN – 25296

25 Adam B. Nach
26 Joel F. Newell

27 Attorney for Trustee, Brian J. Mullen

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1 COPY of the foregoing mailed via first class mail or electronically mailed this 12th day of July, 2011:

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28 By/s/ Staci Antrim

EXHIBIT "A"

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In re **Robert L. Barnes, Jr.**

Case No. **2:10-bk-39065-CGC**

Debtor

SCHEDULE B - PERSONAL PROPERTY
(Continuation Sheet)

Type of Property	NONE	Description and Location of Property	Husband, Wife, Joint, or Community	Current Value of Debtor's Interest in Property, without Deducting any Secured Claim or Exemption
11. Interests in an education IRA as defined in 26 U.S.C. § 530(b)(1) or under a qualified State tuition plan as defined in 26 U.S.C. § 529(b)(1). Give particulars. (File separately the record(s) of any such interest(s). 11 U.S.C. § 521(c).)	X			
12. Interests in IRA, ERISA, Keogh, or other pension or profit sharing plans. Give particulars.		IRA at First Trust Company of Onaga 214 W. 9th Street P. O. Box 420 Onaga, KS 66521-0420	-	152,107.55
13. Stock and interests in incorporated and unincorporated businesses. Itemize.		100% membership interest in Barnes 6036 Investment LLC, an Arizona limited liability company. Sole purpose was to own property at 6036 E. Via Estrella, Paradise Valley, AZ. Property subject of trustee's sale in December 2009. Company defunct.	-	0.00
		100% membership interest in Duke and #4 Enterprises, LLC, an Arizona limited liability company. This entity holds a 50% fee simple interest in real property located at 3146 N. 6th Avenue, Phoenix, AZ 85013 (valued at approx. \$175,000 and lliened in the amount of \$200,000). Remaining 50% fee simple interest owned by Jean J. Ouellette. The property has a month-to-month tenant who pays \$925/mo. in rent. The rents are appled directly to the mortgage amount and Debtor receives no rental proceeds. This entity also holds an undivided 35.71% interest in a Deed of Trust dated 2/14/07 on land in Pinal County, AZ. The remaining percentage interests in the Deed of Trust are owned by parties unrelated to the Debtor. Debtor's share of the payments made by the trustor under this Deed of Trust are paid directly to Sandra Rosenblatt, a creditor of Debtor (see Schedule D).	-	Unknown
			Sub-Total >	152,107.55
			(Total of this page)	

In re **Robert L. Barnes, Jr.**

Case No. **2:10-bk-39065-CGC**

Debtor

SCHEDULE B - PERSONAL PROPERTY
(Continuation Sheet)

Type of Property	N O N E	Description and Location of Property	Husband, Wife, Joint, or Community	Current Value of Debtor's Interest in Property, without Deducting any Secured Claim or Exemption
		<p>19% partnership interest in Barnes & Barnes Limited Partnership, an Arizona limited partnership. This entity owns:</p> <p>(1) a 75% interest in 293 lots at Blanco Rd. and Montgomery, Stanfield, AZ valued at \$219,750;</p> <p>(2) 5 ac. of land near Tucson Airport, Tucson, AZ valued at \$75,000;</p> <p>(3) 40 acres of land in Utah valued at \$40,000;</p> <p>(4) a 75% interest in 13 lots on Sunshine Blvd. in Eloy, AZ valued at \$65,000;</p> <p>(5) 20 ac. of land located 10 miles south of Snow Flake, AZ valued at \$20,000; and</p> <p>(6) interests in various Mortgages Ltd. pools valued at \$17,000.</p> <p>(Debtor's listed value is 19% of values provided above for each property)</p>	-	69,457.00
		<p>100% membership interest in Doorway, LLC, an Arizona limited liability company; company never operational, never held assets and never generated income.</p>	-	0.00
		<p>80% membership interest in BRS Group, LLC, an Arizona limited liability company. This company owns a bond with income of \$8,000 per year and expenses of \$5,000 per year. Historically, proceeds of \$3,000 per year are distributed 80% to Debtor and 20% to co-member Tom Simplot between April and June.</p>	-	2,400.00
		<p>50% membership interest in Horton and Barnes, LLC, an Arizona limited liability company; company never operational, never held assets and never generated income.</p>	-	0.00
			Sub-Total >	71,857.00
			(Total of this page)	

In re Robert L Barnes, Jr.

Case No. 2:10-bk-39065-CGC

Debtor

SCHEDULE B - PERSONAL PROPERTY
(Continuation Sheet)

Type of Property	N O N E	Description and Location of Property	Husband, Wife, Joint, or Community	Current Value of Debtor's Interest in Property, without Deducting any Secured Claim or Exemption
		Mortgages Ltd. ventures:	-	4,081.00
		0.148% Interest in Osborn III Partners, LLC - original investment \$59,697.71		
		0.156% Interest in Portales Place Property, LC - original investment \$50,000.00		
		1.012% Interest in Roosevelt Gateway LLC - original investment \$70,841.81		
		0.209% Interest in SOJAC I, LLC - original investment \$50,000.00		
		0.459% Interest in The Zacher Dev. Co., LLC - original investment \$54,609.38		
		(Value is Debtor's best estimate based upon history of Mortgages Ltd. Investments)		
		0.048% interest in Tempe Land Company, LLC - original investment \$60,000.00		
		1.210% Interest in National Retail Development Partners I, LLC - original investment \$62,965.72		
14. Interests in partnerships or joint ventures. Itemize.	X			
15. Government and corporate bonds and other negotiable and nonnegotiable instruments.	X			
16. Accounts receivable.	X			
17. Alimony, maintenance, support, and property settlements to which the debtor is or may be entitled. Give particulars.	X			
18. Other liquidated debts owed to debtor including tax refunds. Give particulars.	X			
19. Equitable or future interests, life estates, and rights or powers exercisable for the benefit of the debtor other than those listed in Schedule A - Real Property.	X			
20. Contingent and noncontingent interests in estate of a decedent, death benefit plan, life insurance policy, or trust.	X			
			Sub-Total >	4,081.00
			(Total of this page)	

Sheet 3 of 4 continuation sheets attached

the Schedule B - Personal Property Case 2:10-bk-39065-RJH Doc 3263 Filed 07/12/11 Entered 07/12/11 14:08:38 Desc

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