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7 Counsel for the Rev Op Group

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

10 In re:

Chapter 11

11 MORTGAGES LTD.,

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

12 Debtor.

**NOTICE OF APPEAL**

13  
14 AJ Chandler 25 Acres, LLC; Bear Tooth Mountain Holdings, LLP; Cornerstone Realty &  
15 Development, Inc.; Cornerstone Realty & Development, Inc. Defined Benefit Plan and Trust;  
16 Evertson Oil Company, Inc.; Brett M. McFadden; LLJ Investments, L.L.C.; Michael Johnson  
17 Investments II, L.L.C.; Pueblo Sereno Mobile Home Park L.L.C.; Queen Creek XVIII, L.L.C.;  
18 Morley Rosenfield, M.D. P.C. Restated Profit Sharing Plan; William L. Hawkins Family L.L.P.;  
19 and/or their successors and assigns (collectively, the “Rev Op Investors”) hereby appeal,  
20 pursuant to 28 U.S.C. § 158(a) and (b), from the Bankruptcy Court’s *Minute Entry Order* [DE  
21 #3269] (the “Second Distribution Order”) entered in the above-captioned bankruptcy case with  
22 respect to *ML Manager’s Motion to Authorize a Second Distribution of Proceeds in Accordance*  
23 *with Allocation Model and to Approve Treatment of Distribution of Disputed Proceeds* [DE  
24 #3257] filed by ML Manager LLC on June 27, 2011. A true and correct copy of the Second  
25 Distribution Order is attached hereto as Exhibit “A” and incorporated by reference herein.

26 The parties to the matter being appealed and the names, addresses and telephone numbers  
27 of their respective attorneys are as follows:  
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COPY of the foregoing served via email  
this 28<sup>th</sup> day of July, 2011, upon:

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Counsel for ML Manager LLC

/s/ Sally Erwin \_\_\_\_\_

# EXHIBIT "A"

SIGNED.



Dated: July 19, 2011

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF ARIZONA

Minute Entry Order

*Randolph J. Haines*

Randolph J. Haines, Bankruptcy Judge

Hearing Information:

Debtor: MORTGAGES LTD.  
Case Number: 2:08-bk-07465-RJH Chapter: 11  
Date / Time / Room: TUESDAY, JULY 19, 2011 10:00 AM 6TH FLOOR #603  
Bankruptcy Judge: RANDOLPH J. HAINES  
Courtroom Clerk: JANET SMITH  
Reporter / ECR: SHERI FLETCHER

Matters:

- 1) ML MANAGER'S MOTION TO SELL REAL PROPERTY (SW CORNER OF MILLER & MCDOWELL - PDG LOS ARCOS)  
R / M #: 3,255 / 0
- 2) ORIGINAL LIQUIDATING TRUSTEE, KEVIN O'HALLORAN'S MOTION FOR ORDER OF DISCHARGE OF ORIGINAL TRUSTEE AND FOR RELEASE OF TRUSTEE'S BOND AND OBJECTIONS THERETO  
R / M #: 3,023 / 0
- 3) ML MANAGER'S MOTION TO AUTHORIZE A SECOND DISTRIBUTION OF PROCEEDS IN ACCORDANCE WITH ALLOCATION MODEL & TO APPROVE TREATMENT OF DISTRIBUTION OF DISPUTED PROCEEDS  
R / M #: 3,257 / 0

Appearances:

CATHY REECE/KEITH HENDRICKS, ATTORNEY FOR ML LIQUIDATING TRUST  
BRYCE A. SUZUKI, ATTORNEY FOR REV OP INVESTORS  
ROBERT FURST  
JAMES BLOOM, ATTORNEY FOR MORTGAGES LTD 401K  
KEVIN MCCOY, ATTORNEY FOR KEVIN O'HALLORAN LIQUIDATING TRUSTEE  
RONALD WARNICKE, ATTORNEY FOR ML LIQUIDATING TRUST

**UNITED STATES BANKRUPTCY COURT**  
**FOR THE DISTRICT OF ARIZONA**  
**Minute Entry Order**

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

TUESDAY, JULY 19, 2011 10:00 AM

**Proceedings:**

ITEM #1 - PDG SALE

Ms. Reece addressed the objections and reviewed resolutions reached. Ms. Reece reviewed the status of the appeals regarding the Rev Op Groups previous objections to sales. She explained the details of the sale.

Mr. Suzuki opposed the sale.

COURT: IT IS ORDERED GRANTING THE MOTION AND OVERRULING TO OBJECTIONS OF THE REV OP GROUP AND PDG LOS ARCOS. MS. REECE MAY UPLOAD A FORM OF ORDER.

ITEM #3

Mr. Hendricks urged the motion responding to objections filed.

Mr. Suzuki reviewed his objection.

COURT: IT IS ORDERED GRANTING THE MOTION SOLELY ON THE BASIS THAT IT SATISFIES ANY PRIOR REQUIREMENT THE COURT MAY HAVE MADE THAT A DISTRIBUTION BE BROUGHT BACK BEFORE THE COURT WHETHER IN THE CONTEXT OF APPROVING THE ALLOCATION MODEL OR IN THE CONTEXT OF APPROVING A PARTICULAR SALE AND/OR SETTLEMENT. THE COURT FINDS THAT THIS MOTION SATISFIES THAT REQUIREMENT.

ITEM #2

Mr. McCoy urged the Court to release Mr. O'Halloran's bond on the date the successor trustee Mr. Hartley took over.

Mr. Warnicke responded.

COURT: IT IS ORDERED MR. O'HALLORAN IS 1) DISCHARGED FROM ANY FURTHER DUTIES AS A LIQUIDATING TRUSTEE, 2) RELEASED FROM ANY LIABILITY FOR ANY ACTIVITY OF THE TRUST OR THE TRUSTEE AFTER HIS RETIREMENT IN DECEMBER, 2010, 3) HE IS RELEASED FROM ANY OBLIGATION/LIABILITY TO PAY ANY FURTHER PREMIUM ON THE BOND AND 4) THE LIQUIDATING TRUST SHALL MAINTAIN D AND O COVERAGE THAT CONTINUES TO COVER THE ACTS OF MR. O'HALLORAN UNTIL THE EXPIRATION OF THE STATUE OF LIMITATIONS GOVERNING ACTIONS THAT MIGHT BE BROUGHT AGAINST HIM. PARTIES ARE DIRECTED TO UPLOAD A STIPULATED FORM OF ORDER.

Mr. Bloom reviewed his concern regarding the time Mr. O'Halloran served as the fiduciary for the 401k plan and that the statute of limitations for ARISA claims is much longer - 3 to 6 years. He requested the D & O policy be extended to the ARISA statute of limitations.

Mr. Warnicke responded.

COURT: IT IS ORDERED DENYING MR. BLOOM'S SPEAKING MOTION THAT THE COVERAGE BE MAINTAINED FOR THAT LENGTH OF TIME. THE COURT WILL ONLY REQUIRE IT FOR THE LENGTH OF TIME FOR BREACH OF FIDUCIARY ACTIONS GENERALLY.

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RANDOLPH J. HAINES  
U.S. BANKRUPTCY JUDGE

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ARIZONA  
**Minute Entry Order**

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

TUESDAY, JULY 19, 2011 10:00 AM