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6
7 **IN THE UNITED STATES BANKRUPTCY COURT**
8 **FOR THE DISTRICT OF ARIZONA**

9
10 In re MORTGAGES, LTD.,
11 Debtor.

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

Chapter 11

12 **NOTICE OF FILING DECLARATION OF**
13 **RON N. BARNES**

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17
18 Ron Barness, by and through his attorney undersigned, hereby files his Declaration in support
19 of his Legal Memorandum in Support of Motion to Quash Bench Warrant and Motion for Leave from
20 Order Dated June 21, 2011 and Motion for Clarification.

21 DATED this 1st day of August, 2011.

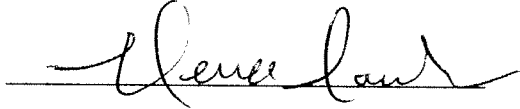
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23 AIKEN SCHENK HAWKINS & RICCIARDI P.C.

24
25 By 

Philip R. Rupprecht
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1 COPY of the foregoing mailed and served
2 via electronic notification, this 1st day
3 of August, 2011, to:

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Chapter 11

11 **DECLARATION OF RON N. BARNES**

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13 Ron N. Barnes, being first duly sworn, deposes and states the following under penalty of
14 perjury.


- 15 1. Prior to the collapse of the real estate market in late 2008, I was a successful real estate
16 investor, manager and developer. For several decades, I developed and managed
17 profitable commercial real estate developments.
- 18 2. During the profitable years, I applied for and obtained credit cards with Chase Bank and
19 Bank of America with, collectively, limits of over \$180,000.
- 20 3. Over a period of years, all of them profitable, I used my credit cards and then paid them
21 off on a monthly basis. Sometimes I carried a monthly balance as well.
- 22 4. Gradually, however, the balance on these cards began to grow as the economy slowly
23 deteriorated in late 2008, 2009 and 2010. During this period I was able to keep my credit
24 cards current because I was able to take advantage of special interest rate offers between
25 0 and 1.99%.
- 26 5. Despite the changes in the economy, I was able, even in the first month of 2011, to keep
27 my Chase Bank card accounts current because of the advantages interest rates.
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6. At the time I received the March Order, I read it to require me to “return” that portion of the Check which I have not already spent. Unfortunately, both for ML Manager and myself, by the time I received the March Order, I had used all of the proceeds to pay my bills. I read the March Order to require me to return what I had left of the Check and I had nothing left.
7. To say I was surprised at the outcome of the June Hearing is an understatement. I was completely surprised that I could be ordered to borrow from (and defraud) one creditor to repay a different creditor.
8. Although ML Manager argued repeatedly at the June hearing that it simply wanted to put all the parties back where they were before, they cannot do that. In February 2011, the interest rate on my outstanding debt was 0 to 1.99% and service that debt. Now, if I can borrow at all, it is at a 12% pre-default rate. To service that debt, and keep out of default would require me to use about half of my monthly income which I simply cannot afford.
9. I have calculated the monthly payment required under the terms of Chase’s current balance transfer program. By my calculations, if I could write a balance transfer check in excess of \$112,000, my minimum monthly payment would be in excess of \$2,200. Earlier this year, I carried a balance on my Chase credit cards in excess of \$112,000. At the time I received the Check, my monthly payment to Chase totaled just over \$400 which I could afford.
10. In mid-July, 2011, I received, unsolicited, a written offer from Chase Bank to reinstate up to a total of \$25,000 of balance transfer credit. If I draw on this line, the unpaid balance will accrue at the rate of 12% per annum. To date, it appears that the maximum balance transfer check available to me is \$25,000 -- well short of the \$112,075.31 ordered paid by the June Order.
11. My family can afford a payment of \$400 per month. My family cannot afford a payment of \$2,200 per month.
12. Putting me another \$112,000 in debt to Chase Bank at this point does not restore the status quo to either me or to Chase Bank.

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- 13. A few days after the hearing in this case on June 15, 2011, I logged on to my account with Chase Bank to determine whether the cash balance transfer credit I had was still available to me.
- 14. I learned, much to my surprise, that Chase had cut-off without any warning to me, the ability to write balance transfer checks.
- 15. Since the June 15th hearing, I have not spoken to a single individually at Chase Bank.
- 16. Since the June 15th hearing, I have not sent an email to anyone at Chase Bank.
- 17. Since the June 15th hearing, I have not communicated in anyway with anyone at Chase Bank other than to log on to my account to determine funds availability.
- 18. At the time I testified at the June hearing, I was unaware that Chase Bank had cancelled my ability to write cash balance transfer checks.
- 19. It is my understanding that the Court entered an order directing me to pay \$112,075.31 to ML Manager by June 30, 2011 (the "June Order"). A copy of the June Order was never served on me. First time I learned about the June Order was when I learned that ML Manager was seeking a bench warrant in its application dated July 26, 2011.
- 20. I currently have no balance transfer with my Bank of America credit cards and have not had that balance transfer capability for some time.
- 21. I make this declaration based upon my personal knowledge.

August 1, 2011
Date



Ron N. Barness

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