

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF ARIZONA

In Re

Chapter

Case No.

Debtor(s)

Adv. No.

BAP No.

Appellant(s)

v.

**CERTIFICATE OF READINESS TO  
TRANSMIT RECORD ON APPEAL  
TO CLERK OF U.S. BANKRUPTCY  
APPELLATE PANEL**

Appellee(s)

To: CLERK, U.S. BANKRUPTCY APPELLATE PANEL, NINTH CIRCUIT  
125 S. Grand Avenue  
Pasadena, California 91105

The undersigned Deputy Clerk of the U.S. Bankruptcy Court hereby certifies, pursuant to Rule 8007(b)-1 of the Rules of the US Bankruptcy Appellate Panels of the Ninth Circuit, that the Statement of Issues, Designation of Record, and Reporters Transcript are now on file in this office. The record will be so transmitted upon request from the Clerk of the Bankruptcy Appellate Panels.

DATE:

Clerk of Court

By: \_\_\_\_\_  
Deputy Clerk

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6  
7 Attorneys for the Rev Op Group

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

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

In Proceedings Under Chapter 11

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

**APPELLANTS' DESIGNATION OF  
RECORD AND STATEMENT OF  
ISSUES TO BE PRESENTED ON  
APPEAL**

Date of Hearing: N/A

Time of Hearing: N/A

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18 Appellants AJ Chandler 25 Acres, L.L.C., Bear Tooth Mountain Holdings, L.L.P.,  
19 Cornerstone Realty and Development, Inc., Cornerstone Realty and Development, Inc. Defined  
20 Benefit Plan and Trust, Evertson Oil Company, Inc., Brett M. McFadden, Michael Johnson  
21 Investments II, L.L.C., Morley Rosenfield, M.D. P.C. Restated Profit Sharing Plan, Pueblo  
22 Sereno Mobile Home Park, L.L.C., Queen Creek XVIII, L.L.C., William L. Hawkins Family  
23 L.L.P. and L.L.J. Investments, LLC, and/or their successors and assigns (collectively, the "Rev  
24 Op Investors" or "Appellants"), pursuant to Federal Rule of Bankruptcy Procedure 8006, hereby  
25 submit their designation of items to be included in the record on appeal and their statement of the  
26 issues to be presented on appeal.

1     **I.     DESIGNATION OF ITEMS TO BE INCLUDED IN THE RECORD.**

2             Appellants designate the items set forth in Exhibit A, attached hereto, for inclusion in the  
3 record on appeal.

4     **II.     STATEMENT OF ISSUES TO BE PRESENTED ON APPEAL.**

5             Appellants present the following issues on appeal:

6             1.       Whether the Bankruptcy Court erred in entering the *Minute Entry Order* [Docket  
7 #3269] with respect to *ML Manager’s Motion to Authorize a Second Distribution of Proceeds in*  
8 *Accordance with Allocation Model and to Approve Treatment of Distribution of Disputed*  
9 *Proceeds* [Docket #3257].

10            2.       Whether the Bankruptcy Court erred in granting the Motion despite the  
11 Bankruptcy Court’s own recognition that it had no authority to approve any distributions under  
12 the confirmed plan of reorganization.

13            3.       To the extent the Bankruptcy Court had jurisdiction and authority to grant the  
14 Motion (which it did not), whether the Bankruptcy Court erred in approving a distribution in  
15 accordance with the so-called “Allocation Model” of ML Manager LLC (“ML Manager”)  
16 without any financial detail, accounting information, or evidence.

17             RESPECTFULLY SUBMITTED this 11<sup>th</sup> day of August, 2011.

18                                             **BRYAN CAVE LLP**

19  
20                                             By:       /s/ BAS, #022721

21                                             Robert J. Miller  
22                                             Bryce A. Suzuki  
23                                             Two North Central Avenue, Suite 2200  
24                                             Phoenix, Arizona 85004  
25                                             Counsel for the Rev Op Group  
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1 COPY of the foregoing served via email  
this 11<sup>th</sup> day of August, 2011, upon:

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12 Counsel for ML Manager, LLC

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/s/ Sally Erwin

**EXHIBIT "A"**

**DESIGNATIONS OF RECORD ON APPEAL**

**From Bankruptcy Case No. 2:08-bk-07465-RJH**

<b>DOCKET NO.</b>	<b>DATE ENTERED</b>	<b>DOCUMENT DESCRIPTION</b>
--	--	Copy of Bankruptcy Court Docket
1297	01/21/2009	Chapter 11 Plan The Official Committee of Investors' Plan of Reorganization Dated January 21, 2009 filed by Official Committee of Investors
1298	01/21/2009	Disclosure Statement in Support of The Official Committee of Investors' Plan of Reorganization Dated January 21, 2009
1427	03/03/2009	Statement of Position Concerning the Status and Request for Short Continuance to Allow Radical Bunny's Trustee to Join as Plan Proponent in the Investors Committee's Disclosure Statement in Support of the Investors Committee's Plan of Reorganization Dated January 21, 2009
1439	03/06/2009	Order, Minute Entry signed on 3/6/2009 (re: Docket # 1298, Disclosure Statement)
1466	03/12/2009	Notice of Filing of New or Changed Exhibits to the Investors Committee's Amended Disclosure Statement
1467	03/13/2009	Notice of Filing Redline Version of Investors Committee's First Amended Plan of Reorganization
1468	03/13/2009	First Amended Chapter 11 Plan The Official Committee of Investors' First Amended Plan of Reorganization dated March 12, 2009
1469	03/13/2009	Notice of Filing Redline Version of Investors Committee's Amended Disclosure Statement
1471	03/13/2009	Amended Disclosure Statement in Support of the Official Committee of Investors' First Amended Plan of Reorganization Dated March 12, 2009 Without Exhibits
1474	03/13/2009	Notice of Filing Exhibit 1 to Investors Committee's First Amended Plan of Reorganization and Exhibit E to Investors Committee's Amended Disclosure Statement
1479	03/16/2009	Minutes of Hearing held on: 03/16/2009, Subject: Hearing On Disclosure Statement Filed By The Investors Committee
1484	03/18/2009	Notice of Lodging Proposed Order Notice of Lodging Forms of Ballots to Investors Committee's First Amended Plan of Reorganization and to Investors Committee's Amended Disclosure Statement
1489	03/24/2009	Notice of Lodging Redlined Versions of Investors Committee's

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<b>DOCKET NO.</b>	<b>DATE ENTERED</b>	<b>DOCUMENT DESCRIPTION</b>
		First Amended Plan of Reorganization and Investors Committee's Amended Disclosure Statement and the Ballot for Classes 11A through 11G for General Unsecured Creditors
1493	03/24/2009	Order signed on 3/24/2009 (re: Docket # 1471, Amended Disclosure Statement)
1510	03/31/2009	Notice of Lodging Redlined Versions of Investors Committee's First Amended Plan of Reorganization and Investors Committee's Amended Disclosure Statement and Certain Ballots
1522	04/02/2009	Notice of Lodging Proposed Order Approving Investors Committee's Amended Disclosure Statement and Fixing Time for Returning Ballots for Acceptances or Rejections and Notice of Confirmation Hearing for Investors Committee's First Amended Plan of Reorganization Dated March 12, 2009
1523	04/03/2009	Motion to Set Hearing on Amended Disclosure Statement Filed By Investor's Committee and (2) Set Deadlines For Filing Objections Thereto
1527	04/03/2009	Order Approving Disclosure Statement and Setting Confirmation Hearing signed on 4/3/2009
1531	04/06/2009	Amended Disclosure Statement In Support of The Official Committee of Investors' First Amended Plan of Reorganization Dated March 12, 2009
1532	04/06/2009	The Official Committee of Investors' First Amended Plan of Reorganization Dated March 12, 2009
1601	04/27/2009	Certificate of Service filed by Cathy L. Reece of Fennemore Craig on behalf of Official Committee of Investors
1649	05/05/2009	Joint Objection to OIC Chapter 11 Plan of Liquidation filed by Rev Op Group and Lewis Trust
1677	05/08/2009	Report of Ballots on Official Committee of Investors' First Amended Plan of Reorganization Dated March 12, 2009
1684	05/11/2009	Motion to Determine that the Ballots of MP Fund Investors in Class 8 and Class 11C Should Be Counted and Not the Ballots of the Debtor as Manager
1691	05/11/2009	Rev Op Group's Supplemental Plan Objection
1696	05/11/2009	Brief in Support of Official Committee of Investors' First Amended Plan of Reorganization and Reply to Objections
1713	05/12/2009	Debtor's Objection to Ballot Report of Voting on Official Committee of Investors' First Amended Plan of Reorganization Dated March 12, 2009

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<b>DOCKET NO.</b>	<b>DATE ENTERED</b>	<b>DOCUMENT DESCRIPTION</b>
1719	05/12/2009	Minutes of Hearing held on 05/12/2009, Subject: Pretrial Conference On Confirmation Of Investors Committee's Plan
1721	05/13/2009	Minutes of Hearing held on 05/13/2009, Subject: Evidentiary Hearing On Confirmation Of Investors Committee's Plan
1744	05/18/2009	Minutes of Hearing held on 05/18/2009, Subject: Continued Hearing On Plan Confirmation
1750	05/19/2009	Minutes of Hearing held on 05/19/2009, Subject: Continued Hearing On Plan Confirmation
1755	05/21/2009	Order Confirming Investors Committee's First Amended Plan of Reorganization Dated March 12, 2009
1807	06/16/2009	Notice of Filing Notice of Effective Date of Investors Committee's First Amended Plan of Reorganization Dated March 12, 2009 and Notice of Administrative Claims Bar Date
2050	08/06/2009	Emergency Motion to Extend Deadline for Pass-Through Investors to Transfer Their Fractional Interests in ML Notes and Deeds of Trust into Loan LLCs
2055	08/07/2009	Order Approving an Extension of the Deadline for Pass-Through Investors to Transfer Their Fractional Interests in Notes and Deeds of Trust Into the Loan LLCs
2136	08/27/2009	Transcript of Hearing or Trial on 5/18/2009
2158	09/08/2009	Transcript of Hearing or Trial on 5/19/2009
2168	09/14/2009	Rev Op Group's Emergency Motion for Entry of Order: (I) Clarifying Chapter 11 Plan, Confirmation Order, and Other Matters Relevant to Transfer Decision of Pass-Through Investors; and (II) Extending the Transfer Decision Deadline
2197	09/21/09	Order Approving an Extension of the Deadline for Pass-Through Investors to Transfer Their Fractional Interests in Notes and Deeds of Trust Into the Loan LLCs and Setting Hearing
2219	09/25/2009	Notice of Filing Notice of Filing Rev Op Group's Appendix of Mortgages Ltd. Investment Documents
2229	09/28/2009	Transcript of Hearing or Trial on 5/13/2009
2265	10/02/2009	Response and Objection to Rev-Op Group's Emergency Motion for Entry of Order: (I) Clarifying Chapter 11 Plan, Confirmation Order, and Other Matters Relevant to Transfer Decisions of Pass-Through Investors; and (II) Extending the Transfer Decision
2275	10/09/2009	Sternberg Enterprises Profit Sharing Plan's Joinder in Rev Op Groups Emergency Motion for Order Clarifying Chapter 11 Plan

	<b>DOCKET NO.</b>	<b>DATE ENTERED</b>	<b>DOCUMENT DESCRIPTION</b>
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2	2279	10/08/2009	Minutes of Hearing held on 10/08/2009, Subject: Hearing On The Rev Op Group's Motion For Entry Of Order Clarifying Chapter 11 Plan, Confirmation Order
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4	2323	10/22/2009	Memorandum Decision
5	2327	10/22/2009	ML Manager LLC's Emergency Motion to Amend the Court's October 21, 2009 Memorandum Decision
6	2338	10/28/2009	Order Granting ML Manager LLC's Emergency Motion and Amending the Court's October 21, 2009 Memorandum Decision
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8	2345	10/29/2009	Order Regarding Motion to Clarify
9	2352	10/30/2009	The Rev Op Group's Motion to Reconsider Amended Memorandum Decision and Order
10	2353	10/30/2009	Notice of Filing Declaration of Louis B. Murphey in Support of Motion to Reconsider Amended Decision and Order
11	2511	12/17/2009	Transcript of Hearing or Trial on 5/12/2009 (9:00 a.m.)
12	2546	01/04/2010	Transcript of Hearing or Trial on 5/12/2009 (3:30 p.m.)
13	2676	02/25/2010	Order Approving Joint Motion to Sell Real Property Free and Clear of Liens, Claims, Encumbrances, and Interests
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15	2771	06/02/2010	Motion for Entry of an Order Compelling Turnover of Funds Being Improperly Withheld
16	2772	06/02/2010	Notice of Hearing on Motion for Entry of an Order Compelling Turnover of Funds Being Improperly Withheld
17	2793	06/23/2010	ML Manager's Response to Motion for Entry of an Order Compelling Turnover of Funds Being Improperly Withheld
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19	2802	06/30/2010	Minutes of Hearing held on 6/30/2010
20	2887	08/25/2010	Order Granting Motion to Approve Sale
21	2892	08/26/2010	Order Granting Motion to Approve Sale
22	2913	09/01/2010	ML Manager's (1) Notice of Lodging Allocation Model to be Used With Regard to the Disbursement of Proceeds to the Newman Loan Investors; (2) Notice That Allocation Model Has General Applicability to All Investors, and (3) Motion to Approve Allocation Model
23			
24	2914	09/01/2010	Notice of Hearing and Objection Date on Allocation Model
25	2935	09/10/2010	The Rev Op Group's Objection to ML Manager's Allocation Motion
26			
27	2942	09/16/2010	Certificate of Service re DE #2913
28	2959	09/21/2010	Minutes of Hearing held on 9/21/2010



DOCKET NO.	DATE ENTERED	DOCUMENT DESCRIPTION
2976	10/01/2010	Order Approving Motion to Sell Real Property Free and Clear of Liens, Claims, Encumbrances, and Interests
2990	10/26/2010	Stipulation to Continue Evidentiary Hearing on Setoff Issues
2991	10/27/2010	Order Continuing Evidentiary Hearing on Setoff Issues
2992	11/01/2010	Minutes of Hearing held on 11/01/2010
3008	12/02/2010	Minutes of Hearing held on 12/02/2010
3017	12/17/2010	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
3027	01/05/2011	Joint Pre-Trial Statement Relating to ML Manager's Asserted Setoff Against Proceeds of Loan #7987S2
3028	01/05/2011	Objection to 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
3034	01/10/2011	Stipulated Order Regarding Rosenfield's Motion for Entry of Order Compelling Turnover of Funds
3040	01/11/2011	Minutes of Hearing held on 1/11/2011
3051	01/20/2011	Order Regarding Distribution of Proceeds
3054	01/24/2011	Notice of Appeal
3057	01/25/2011	Election by Appellant to Have Appeal Heard by District Court
3061	01/26/2011	Notice of Referral of Appeal and Transmittal to District Court
3063	01/26/2011	BNC Certificate of Notice re Notice of Referral of Appeal and Transmittal to District Court
3257	06/27/2011	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
3258	06/27/2011	Notice of Hearing on 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
3260	06/28/2011	Certificate of Service
3261	07/12/2011	Rev Op Investors' (I) Objection to ML Manager's Motion to Authorize a Second Distribution of Proceeds, and (II) Request to Continue Hearing and for Evidentiary Hearing
3263	07/12/2011	Brian J. Mullen's Response to ML Manager's Motion to Authorize a Second Distribution of Proceeds in Accordance with

DOCKET NO.	DATE ENTERED	DOCUMENT DESCRIPTION
		Allocation Model and to Approve Treatment of Distribution of Disputed Proceeds
3268	07/18/2011	ML Manager's Reply in Support of its 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 and Response to Rev-Op Group's Request to Continue Hearing and for Evidentiary Hearing
3269	07/19/2011	Minute Entry Order
3280	07/28/2011	Notice of Appeal
--	--	Transcript of Hearing or Trial on July 19, 2011
--	--	Any other filings necessary to provide a complete record for review on appeal.

**From Claims Register for Bankruptcy Case No. 2:08-bk-07465-RJH**

CLAIM NO.	DATE ENTERED	DOCUMENT DESCRIPTION
876	11/19/2008	AJ Chandler 25 Acres, LLC's Proof of Claim
878	11/19/2008	Bear Tooth Mountain Holdings, L.L.P.'s Proof of Claim
882	11/19/2008	Cornerstone Realty & Development, Inc.'s Proof of Claim
883	11/19/2008	Cornerstone Realty & Development, Inc. Defined Benefit Plan and Trust's Proof of Claim
887	11/19/2008	Evertson Oil Company, Inc.'s Proof of Claim
891	11/19/2008	Louis B. Murphey's Proof of Claim
892	11/19/2008	William L. Hawkins Family L.L.P.'s Proof of Claim
893	11/19/2008	Pueblo Sereno Mobile Home Park, L.L.C.'s Proof of Claim
894	11/19/2008	Queen Creek XVIII, L.L.C.'s Proof of Claim
895	11/19/2008	Morley Rosenfield, M.D. P.C. Restated Profit Sharing Plan's Proof of Claim
896	11/19/2008	Morley Rosenfield, M.D. P.C. Restated Profit Sharing Plan's Proof of Claim
898	11/19/2008	The James C. Schneck Revocable Trust's Proof of Claim
899	11/19/2008	The James C. Schneck Revocable Trust's Proof of Claim
925	11/20/2008	The Lonnie Joel Krueger Family Trust's Proof of Claim

CLAIM NO.	DATE ENTERED	DOCUMENT DESCRIPTION
926	11/20/2008	Brett M. McFadden's Proof of Claim
927	11/20/2008	Michael Johnson Investments II, L.L.C.'s Proof of Claim

The entire record in Case No. 2:11-cv-00200-RCJ, United States District Court for the District of Arizona

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