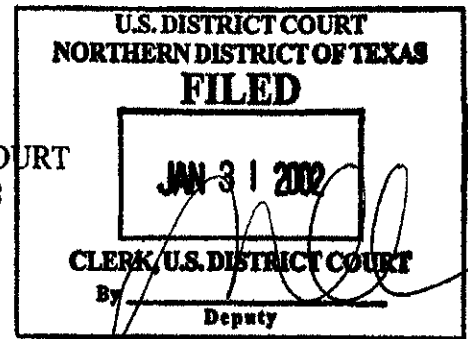


cmllr 2/1/02
ORIGINAL

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION



SECURITIES AND EXCHANGE
COMMISSION

Plaintiff,

VS.

FUNDING RESOURCE GROUP
a/k/a FRG TRUST, ET AL.

Defendants.

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NO. 3-98-CV-2689-M



**FINDINGS AND RECOMMENDATION OF THE
UNITED STATES MAGISTRATE JUDGE**

Michael J. Quilling, as Receiver for Funding Resource Group and related entities, has filed a motion to establish procedures for the resolution of objections and payment of claims. The motion has been referred to United States Magistrate Judge Jeff Kaplan for recommendation pursuant to 28 U.S.C. § 636(b) and a standing order of reference dated June 16, 2000.

I.

This is a civil action brought by the SEC against 16 defendants and 13 equity relief defendants arising out of the sale of non-existent "prime bank" securities. The SEC alleges that defendants raised more than \$14 million from unwitting investors by making false representations about the use and safety of investor proceeds and the expected rate of return on their investments. This conduct, if proved, constitutes a violation of the federal securities laws.¹

¹ The SEC alleges violations of Sections 5(a), (c) & 17(a) of the Securities Act of 1933, 15 U.S.C. §§ 77e(a), (c) & 77q(a), Section 10(b) of the Securities and Exchange Act of 1934, 15 U.S.C. § 78j(b), and Securities and Exchange Commission Rule 10b-5, 17 C.F.R. § 240.10b-5. (Plf. Third Am. Compl. ¶ 3).

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Funding Resource Group a/k/a FRG Trust ("FRG") and its managing partner, Steven C. Roberts, are named defendants in this case. On November 13, 1998, Michael J. Quilling was appointed as Receiver for FRG and Roberts. The order of appointment provides, in relevant part:

The Temporary Receiver shall take custody, possession and control of any and all assets, monies, securities and properties, real and personal, tangible and intangible, of whatever kinds and description, and wherever situated, belonging to FRG . . . [and] Roberts . . . (hereinafter referred to as "Receivership Assets"), as well as any documents relating to the Receivership Assets.

ORDER APP. TEMP. RECEIVER, 11/13/98 at 2-3. To date, the Receiver has recovered more than \$1.3 million in assets traceable to FRG and Roberts. He now seeks an order establishing procedures for the resolution of objections and payment of claims to defrauded investors.

The Receiver was previously ordered to send court-approved claim forms to all known and possible claimants of the Funding Resource Group Estate.² These forms were to be completed and returned to the Receiver by March 31, 2001. *See* ORDER, 1/12/01. A total of 485 claims were filed. The Receiver allowed 462 claims and objected to 23 others. (Rec. Obj. to Claims ¶¶ 8 & 9).³ He also identified 96 potential claimants who did not return claim forms, could not be located, or agreed that they had no claim against the Estate. (*Id.* ¶ 7 & Exhs. 1-3). A hearing on the objections was held on January 25, 2002. The Receiver notified all interested parties of this hearing by posting notice on his website. Aggrieved claimants were notified that a written

² By order dated March 12, 2001, the Court authorized the Receiver to designate four receivership estates for purposes of handling claims and making distributions to defrauded investors. The four estates are: (1) Cord/Winterhawk; (2) Howe Financial Trust; (3) Funding Resource Group; and (4) Hammersmith Trust. *See* ORDER, 3/12/01. The Court has already established procedures, ruled on objections, and approved the payment of claims relating to the Cord/Winterhawk Estate and Howe Financial Trust Estate. *See* FINDINGS & REC. OF MAG. JUDGE, 5/9/01, *adopted as modified by* ORDER, 6/14/01 (Cord/Winterhawk Estate); FINDINGS & REC. OF MAG. JUDGE, 7/13/01, *adopted by* ORDER, 7/25/01 (Howe Financial Trust Estate).

³ Prior to the hearing, the Receiver agreed to allow the following claims after initially filing objections: (1) Annastina Marek-- \$12,300.00; (2) Robert L. Mills-- \$5,585.00; and (3) Kenneth & Gloria Mondin-- \$5,830.00.

response to the Receiver's objections must be filed by January 15, 2002. *See* ORDER, 12/10/01. Thomas C. Jackson timely filed a response protesting the Receiver's decision to reject his \$90,000.00 claim against the Estate. Only Jackson and Bill Priakos appeared at the hearing to urge their claims. After considering the evidence and the written submissions of the parties, the magistrate judge recommends as follows:

II.

The claims identified in Exhibit 1 attached hereto have been allowed by the Receiver and should be approved.

III.

The Receiver has objected to the claims identified in Exhibit 2 attached hereto. These objections should be sustained and the claims should be rejected.

IV.

The Receiver also objects to claims filed by various investors in the Arrow Resources Investment Trust program ("Arrow Resources"). These claimants and the amount of their investments are: (1) Michael Arnold-- \$12,000.00; (2) Gary Bennett-- \$32,000.00; (3) William Hutton-- \$16,000.00; (4) Thomas Jackson-- \$90,000.00; (5) Rick Lien-- \$100,000.00; (6) Tim Long-- \$16,000.00; (7) Steven Morris-- \$156,000.00; and (8) Bill Priakos-- \$235,000.00. Despite the fact that all these claimants had contracts with FRG, the Receiver objects to their claims because none of the funds can be traced to that entity. Instead, Roberts instructed these claimants to send their payments to Arrow Resources, which is not part of the Receivership Estate.

The Court initially questions the Receiver's legal premise. The order of appointment authorizes the Receiver to "take custody, possession and control of any and all assets, monies, securities and properties, real and personal, tangible and intangible, of whatever kind and

description, *and wherever situated*, belonging to FRG . . . [and] Roberts . . ." ORDER APP. TEMP. RECEIVER, 11/13/98 at 2-3 (emphasis added). It is undisputed that all these claimants had contracts with FRG. The only reason they sent their money to Arrow Resources instead of FRG is because Roberts instructed them to do so. Arguably, these funds "belong" to FRG and, therefore, are receivership assets.

Even if the funds sent to Arrow Resources are not technically part of the Funding Resource Group Estate, the claims of these defrauded investors still should be allowed. A district court has broad powers and wide discretion to determine appropriate relief in an equity receivership. *See SEC v. Forex Asset Management LLC*, 242 F.3d 325, 330 (5th Cir. 2001); *see also U.S. v. Durham*, 86 F.3d 70, 73 (5th Cir. 1996) ("Sitting in equity, the district court is a court of conscience."). In deciding how receivership assets should be distributed to defrauded investors, "[t]he fundamental principal which emerges from the case law is that any distribution should be done equitably and fairly, with similarly-situated investors or customers treated alike." *SEC v. Credit Bancorp, Ltd.*, 2000 WL 1752979 at *13 (S.D.N.Y. Nov. 29, 2000). There is no just reason why claimants who had contracts with FRG, but paid their money to Arrow Resources, should be treated differently than other FRG investors. As the Receiver acknowledges, the Arrow Resources program was the last of several places where commingled investor funds were sent by Roberts on behalf of FRG.⁴ It was Roberts who told these claimants to send their money to Arrow Resources. "But for the fortuitousness of the Arrow Resources investors being told in the waning days of the scam to send their money directly to Arrow Resources, their funds, in all likelihood,

⁴ At least \$393,000.00 was funneled to Arrow Resources by FRG. In addition, some FRG investors who sent money to Arrow Resources received partial payments from Roberts out of FRG funds.

would have been commingled with other FRG trust investor funds." (Rec. Ltr., 1/28/02 at 2).

The Court therefore determines that these claims should be allowed.⁵

At the hearing, the Receiver pointed out that some of the claimants who invested in Arrow Resources have received partial payments from FRG. These claimants and the amount of the return on their investment are: (1) Steven Morris-- \$39,000.00; (2) Michael Arnold-- \$3,000.00; (3) Tim Long-- \$4,000.00; and (4) William Hutton-- \$4,000.00. Accordingly, the following claims should be approved:

<u>Claimant</u>	<u>Amount Claim</u>
Michael Arnold	\$ 9,000.00
Gary Bennett	\$ 32,000.00
William Hutton	\$ 12,000.00
Thomas Jackson	\$ 90,000.00
Rick Lien	\$100,000.00
Tim Long	\$ 12,000.00
Steven Morris	\$117,000.00
Bill Priakos	\$235,000.00 ⁶
Total:	\$607,000.00

⁵ The Court reached the same conclusion with respect to a claim filed by Merrill Maunder against the Cord/Winterhawk Estate. In that case, Maunder entered into a contact with AmeriCorp., Ltd., an entity affiliated with Robert Cord, and invested a total of \$367,000.00 in the venture. One payment of \$200,000.00 was sent to AmeriCorp Holdings, Ltd. in St. Johns, Antigua. Another payment of \$167,000.00 was sent to Swiss Bank Corporation for Banco Inversion Madrid. The Receiver objected to this claim because there was no evidence that Maunder invested her money with Cord or Winterhawk. The Court disagreed, noting that the relationship between Cord and AmeriCorp was sufficient to establish that Maunder had invested in the Winterhawk program. *See FINDINGS & REC. OF MAG. JUDGE, 5/9/01 at 5-6, adopted as modified by ORDER, 6/14/01.*

⁶ The Priakos claim should be apportioned as follows: (1) Andy Bateman-- \$24,000.00; (2) Bill Purdy-- \$30,000.00; (3) Jim Pruitt-- \$25,000.00; (4) Bill Priakos-- \$42,500.00; and (5) J.C. Sanford-- \$113,500.00

RECOMMENDATION

The Court should approve the claims identified in Paragraphs II and IV of this recommendation and reject the claims identified in Paragraph III.

The Receiver is ordered to post a copy of this report and recommendation on his website, www.secreceiver.com. Any claimant or interested party may file written objections to this recommendation by February 14, 2002. The failure to file written objections shall bar the aggrieved party from appealing the factual findings and legal conclusions of the magistrate judge that are accepted or adopted by the district court, except upon grounds of plain error or manifest injustice. *See Douglass v. United Services Automobile Ass'n*, 79 F.3d 1415, 1417 (5th Cir. 1996).

DATED: January 31, 2002.

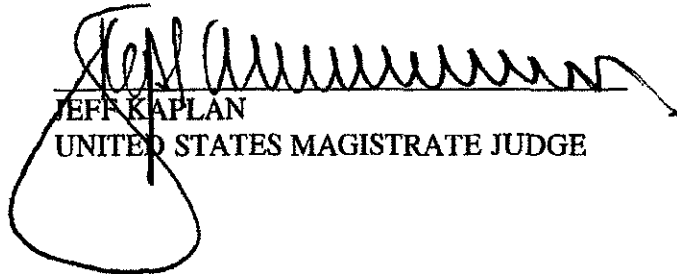

JEFF KAPLAN
UNITED STATES MAGISTRATE JUDGE

EXHIBIT 1

Allowed Claims

Last Name	First Name	Allowed Claims	#
Acker	David & Lisa	\$ 9,400.00	1
Adams	James T.	\$ 8,200.00	2
Adams	Vicki Gwen	\$ 10,000.00	3
Adams, Jr.	Curtis	\$ 10,000.00	4
Aikins	Joseph	\$ 15,000.00	5
Allbright	Mark H.	\$ 5,580.00	6
Andrews	Sandra	\$ 10,000.00	7
Archer	Ernest A	\$ 18,200.00	8
Arney	Jim	\$ 10,000.00	9
Arnold	Billy M.	\$ 9,400.00	10
Arnold	Terry	\$ 18,800.00	11
Artz	David	\$ 9,200.00	12
Attea	Alyce (Deceased)	\$ 5,000.00	13
Bader	John	\$ 10,000.00	14
Bader	John	\$ 4,980.00	15
Baker	Alvia G	\$ 9,400.00	16
Banta	Stan	\$ 22,332.00	17
Banta	Vickee	\$ 6,975.00	18
Barber	Edward M.	\$ 9,400.00	19
Barber	R. Burton	\$ 28,200.00	20
Barber	Ray Wayne	\$ 4,400.00	21
Barrera, Jr	Leonard A	\$ 7,600.00	22
Barrett	Brad	\$ 18,400.00	23
Bartos	Dennis & Diana	\$ 14,100.00	24
Bartsch	John(Deceased) & Florence	\$ 10,000.00	25
Bell	Charles J	\$ 10,000.00	26
Bell	Robert	\$ 10,000.00	27
Bellows	Ed	\$ 34,000.00	28
Bennett	Gary	\$ 253,000.00	29
Best	Liens	\$ 10,000.00	30
Bezner Jr	Frank	\$ 50,000.00	31
Bingham	Robert	\$ 7,900.00	32
Bingham	Robert W.	\$ 8,700.00	33
Bishop	Judy & Dan	\$ 9,020.00	34
Blackwell	Kenny	\$ 11,165.00	35
Blades	Ann	\$ 27,000.00	36
Bolling	JoAnn	\$ 25,000.00	37
Bolton	Dean	\$ 9,400.00	38
Booker	W.E. (Bill)	\$ 26,400.00	39
Boren	Tom	\$ 253,700.00	40
Bowers & Buckalew	Elaine & Claudia	\$ 8,000.00	41
Bradford	Jerry	\$ 10,000.00	42
Bradshaw	Carl	\$ 5,000.00	43
Bramson	J Keith	\$ 25,800.00	44

Bratcher	Jeanie	\$	10,000.00	45
Bridwell	Ken	\$	9,400.00	46
Bromlow	Terry	\$	21,000.00	47
Brorman	A.H. 'Tony'	\$	42,000.00	48
Brorman	Mark	\$	46,000.00	49
Brown	Aud W.	\$	4,000.00	50
Brown	Billy G.	\$	8,800.00	51
Brown	Billy L.	\$	9,400.00	52
Brown	Billy L.	\$	10,000.00	53
Brown	David B.	\$	8,200.00	54
Brown	James H	\$	11,750.00	55
Brown	James T	\$	11,750.00	56
Brown	James Tegar	\$	9,400.00	57
Brown	Jimmy E.	\$	10,000.00	58
Brown	John M	\$	9,400.00	59
Brown	Kenneth H.	\$	10,000.00	60
Brown	Kenneth H.	\$	30,000.00	61
Brown	Kirk	\$	23,500.00	62
Brown	Lana	\$	4,000.00	63
Brown	Paul	\$	111,200.00	64
Brown	Randy Lee	\$	7,600.00	65
Brown	Roger Lee	\$	5,580.00	66
Brown	Tracy Gail	\$	8,200.00	67
Brown	Wesley	\$	9,400.00	68
Buch	Annie A	\$	9,600.00	69
Buckalew	Jack	\$	91,940.92	70
Buckalew	Polly	\$	8,800.00	71
Burston	Donald L.	\$	10,000.00	72
Burton	Claudine	\$	13,400.00	73
Byers	David A	\$	18,480.00	74
Byers	Famous	\$	102,320.59	75
Callon	Gerald V.	\$	8,200.00	76
Cameron	Desmond	\$	4,000.00	77
Campbell	Andy & Kerri	\$	6,300.00	78
Cansler	Allen	\$	23,500.00	79
Carnie	Anthony E	\$	2,000.00	80
Carpenter	Gerald	\$	14,300.00	81
Carpenter	Ralph(Deceased)	\$	9,500.00	82
Carpenter	Shawn	\$	9,400.00	83
Carroll	Paul C.	\$	9,400.00	84
Carter	Bob	\$	11,400.00	85
Cathright, Jr	Edward	\$	10,000.00	86
Chapman	Nancy	\$	8,800.00	87
Chau	Lance H	\$	10,000.00	88
Chenoweth	Alfred H. & Patsy	\$	5,580.00	89
Chocholousek	Stacey	\$	8,200.00	90
Clarke	James T	\$	45,200.00	91
Coats	Maurice	\$	65,000.00	92
Cobb	Jere	\$	9,000.00	93
Coker	Terry	\$	10,000.00	94

Coker	Tom & Mary	\$	95,000.00	95
Coleman	James	\$	5,580.00	96
Colquett	Breck	\$	9,400.00	97
Cooksey	Lamar	\$	7,600.00	98
Cotton	Joyce Y	\$	7,000.00	99
Cotton	Michael F	\$	26,960.00	100
Cotton	Michael Frank	\$	12,840.00	101
Cox	Burnis	\$	10,000.00	102
Craig	Brent & Teresa	\$	5,580.00	103
Crook	James K.	\$	8,800.00	104
Crosswaite	Brad	\$	8,800.00	105
Crutchfield	Vester	\$	145,600.00	106
Cudworth	Beryl & Marjorie E.	\$	5,580.00	107
Cudworth	Marjorie & Beryl	\$	9,600.00	108
Cumerford	Tracey	\$	8,512.00	109
Cummins	Douglas A	\$	8,600.00	110
Dallas	Steve	\$	9,400.00	111
Dalton	Larry	\$	8,000.00	112
Daniel	Ronnie	\$	10,460.00	113
Daves	Alan & Sandy	\$	130,400.00	114
Davidson	Robert A	\$	1,000.00	115
Dawson	Donald S	\$	50,000.00	116
Degol	Larry	\$	22,000.00	117
DeLuna	Louis & Carol	\$	40,000.00	118
Denson	Bernice	\$	13,200.00	119
Denson (VandenHeuvel)	Bernice	\$	9,400.00	120
Derebery	Anna	\$	265,000.00	121
Desmond	Vicki	\$	7,000.00	122
Dickson	James E.	\$	7,900.00	123
Dixon	Betty S.	\$	8,800.00	124
Dixon	Betty S.	\$	10,000.00	125
Dixon	C.R.	\$	14,000.00	126
Dixon	C.R.	\$	18,800.00	127
Dixon	C.R.	\$	9,400.00	128
Dodds	Dianna	\$	39,200.00	129
Donovan	Philip	\$	7,000.00	130
Duncan (Cornett)	Jeanette	\$	8,800.00	131
Durhke	Celia	\$	77,000.00	132
Dyer	Marvin	\$	16,800.00	133
Dyer	Tammy	\$	5,100.00	134
Dyer	Tammy	\$	9,400.00	135
Ebert	Lee Jay H. & Vivian	\$	11,165.00	136
Edwards	Jody	\$	20,500.00	137
Elias	Margaret R	\$	10,000.00	138
Ellis	Rodney	\$	39,500.00	139
Ellison	Evelyn	\$	9,400.00	140
Erbert	Bernie	\$	10,000.00	141
Everett	Opal P	\$	16,292.83	142
Fakos	Constantin	\$	10,000.00	143
Foote (deceased)	Mary	\$	16,800.00	144

Ford	Frank	\$	8,800.00	145
Ford	James C	\$	35,200.00	146
Ford	James C	\$	50,000.00	147
Ford	James Q	\$	8,800.00	148
Ford	Jo Ann (Deceased)	\$	26,400.00	149
Ford	Robin	\$	8,800.00	150
Ford	Rodney	\$	8,800.00	151
Fowler	Melva	\$	8,800.00	152
France	Terry W.	\$	10,000.00	153
Franke	Joel	\$	28,700.00	154
Franks	Darrell J.	\$	5,580.00	155
Fritcher, Trustee	Joe E.	\$	9,400.00	156
Gaertner	Glenda	\$	16,400.00	157
Galbraith	Arnold P	\$	36,000.00	158
Gibbs	Dave (William)	\$	40,000.00	159
Gifford	Kenny	\$	10,000.00	160
Gifford	Mary I.	\$	8,400.00	161
Gifford, Jr.	Russell Allen	\$	8,800.00	162
Gifford, Jr.	Russell Allen	\$	10,000.00	163
Gifford, Sr.	Russell A.	\$	16,800.00	164
Gifford, Sr.	Russell A.	\$	70,000.00	165
Gifford, Sr.	Russell A.	\$	27,600.00	166
Gifford, Sr.	Russell A.	\$	18,400.00	167
Gifford, Sr.	Russell A.	\$	10,000.00	168
Giles	Anthony	\$	10,032.00	169
Grantham	Don	\$	10,000.00	170
Grantham	Don	\$	27,915.00	171
Grantham	Randy C	\$	10,000.00	172
Grebe	Clay	\$	5,580.00	173
Green	Violet (Deceased)	\$	17,280.00	174
Greene	David	\$	20,000.00	175
Greensage	Roy	\$	18,000.00	176
Griffin	James	\$	16,400.00	177
Grimes	Montie	\$	10,000.00	178
Gross	Michael	\$	10,000.00	179
Guest	Allan J	\$	10,000.00	180
Guest	Gwyneth Eyre	\$	1,000.00	181
Hahn, Jr	Robert L	\$	8,200.00	182
Hahn, SR	Robert L	\$	8,200.00	183
Hairgrove	Billy	\$	8,200.00	184
Hardcastle	Jeff	\$	10,000.00	185
Harder	Joseph Kyle	\$	7,600.00	186
Harder	Larry	\$	400.00	187
Harder	Larry J.	\$	14,000.00	188
Harder	Larry Kevin	\$	8,400.00	189
Hardwick	Charles W(deceased)	\$	44,000.00	190
Hardy	Mark	\$	47,000.00	191
Harrigan	Frank	\$	29,000.00	192
Harrigan	Shawn	\$	10,000.00	193
Harris	Simon J.	\$	5,580.00	194

Harris, Jr.	Alvin H.	\$	10,000.00	195
Harrison	Acie	\$	18,800.00	196
Harrison	Robert	\$	25,000.00	197
Harvey	George D.	\$	8,500.00	198
Harvey	George D.	\$	20,000.00	199
Heinold	Justin	\$	5,580.00	200
Henderson	Travis	\$	11,750.00	201
Herrmann	Edwin P.	\$	18,800.00	202
Hicks	Dera(Deceased)	\$	6,800.00	203
Hicks	Glenda Gail	\$	8,200.00	204
Hicks	Mary E.	\$	8,300.00	205
Hicks	Travis	\$	8,200.00	206
Hicks	Travis B.	\$	8,800.00	207
Hightower	Delbert F.	\$	8,200.00	208
Hillebrand	Lorraine	\$	25,000.00	209
Hillebrand	Timothy	\$	25,000.00	210
Hlavac	Marjorie	\$	44,000.00	211
Hlavac	Michael	\$	10,000.00	212
Hlavac	Willie	\$	12,000.00	213
Holden	Janeta G.	\$	27,915.00	214
Holland	Ben D	\$	6,400.00	215
Holland	Karman Koon	\$	8,800.00	216
Hosmer	Mike	\$	38,400.00	217
Houston	Samuel C	\$	9,400.00	218
Howell	Carolyn	\$	2,000.00	219
Hubbard	Alan	\$	50,000.00	220
Hubbard	Judy	\$	9,500.00	221
Hubby	John	\$	18,000.00	222
Hutton	Kyle W	\$	7,000.00	223
Ihrig	John	\$	5,000.00	224
Ihrig	Robert	\$	10,000.00	225
Ingle	Neal	\$	40,000.00	226
Isaac	Corny	\$	10,000.00	227
Isaac	Laverne	\$	10,000.00	228
Ives, LLC	Victor	\$	5,480.00	229
Jackson	Ron	\$	12,000.00	230
Jacobs	Pearl M.	\$	9,400.00	231
Jaeger	Murray	\$	190,000.00	232
Jankowiak	Brandon	\$	12,300.00	233
Jankowiak	Henry L	\$	24,600.00	234
Jenkins	Betty	\$	20,000.00	235
Johnson	Robert(Bob)	\$	9,400.00	236
Johnston	Judy	\$	8,000.00	237
Jones	Dickie	\$	2,889.12	238
Jones	Jake	\$	8,800.00	239
Jones	Lauretha K	\$	7,600.00	240
Jones	Michael	\$	10,000.00	241
Kadir	Isuf	\$	10,000.00	242
Kanekoa	David	\$	9,400.00	243
Kanekoa	Frank	\$	62,276.00	244

Kanekoa	Leilani	\$	30,000.00	245
Keener	Ivian Glenn	\$	33,300.50	246
Keith	Frances M	\$	5,000.00	247
Kerr	Blair	\$	15,000.00	248
Kestler	Tom W	\$	76,000.00	249
Kind	Terry	\$	4,000.00	250
Kirkpatrick	Alan L.	\$	8,800.00	251
Knight	Jerry	\$	6,000.00	252
Knight	Todd	\$	10,000.00	253
Knight	Troy	\$	8,000.00	254
Koeniguer	Joel A.	\$	5,585.00	255
Kolb	Robert	\$	9,400.00	256
Kolb	Robert L.	\$	8,200.00	257
Koon	Kris	\$	2,800.00	258
Korth	Russell W	\$	8,320.00	259
Krutza	Yvonne M.	\$	9,400.00	260
Kube	Wilbert & Ethelyn	\$	6,000.00	261
Lacey	Joseph	\$	19,000.00	262
Laffoon / Nester	Charles Kye / Jan	\$	126,400.00	263
Lancaster	Cindy B	\$	10,000.00	264
Langstroth	Kit T	\$	41,000.00	265
Leatherwood	Thomas L	\$	8,800.00	266
Leatherwood	Thomas L.	\$	10,000.00	267
Lehenbauer	Mildred	\$	5,580.00	268
Lelo	Albert	\$	10,302.00	269
Lewis	Charles (Mick)	\$	7,600.00	270
Lindley	Billy Dan	\$	8,800.00	271
Little	Lavelle or E.A.	\$	8,935.00	272
Little	Michael R.	\$	15,000.00	273
Loewen	Erich E	\$	17,625.00	274
Long	Anthony	\$	20,500.00	275
Long	Tim	\$	7,968.91	276
Love	Sherwood	\$	22,000.00	277
MacNamee (Texas Sheet Metal)	Paul	\$	4,170.00	278
Maddux	Sarah K.	\$	9,400.00	279
Mann	Bertha M. or Tony C.	\$	22,330.00	280
Marek	Annastina	\$	12,300.00	281
Mark	Janice & Neville	\$	2,000.00	282
Martin	Vanessa	\$	8,200.00	283
Mashburn	Brian	\$	3,000.00	284
Mathews	Edna Earle	\$	8,800.00	285
McCauley	Damon F.	\$	10,000.00	286
McClurg	Barbara & Weldon	\$	39,450.00	287
McCormick	Ida LaJuan	\$	7,300.00	288
McCormick	Ida LaJuan	\$	15,000.00	289
McCune	Mary Kathryn	\$	5,585.00	290
McDonald	Clarence & Bonnie	\$	15,200.00	291
McLean	Lance A	\$	2,000.00	292
McLelland	Billy M.	\$	8,800.00	293
McMenemy	Matt	\$	47,000.00	294

Meadows	Randy Dale	\$	8,200.00	295
Meekins	Cecil	\$	8,200.00	296
Merritt	Hilton	\$	83,000.00	297
Messenger	Roger L	\$	9,400.00	298
Messenger	Roger L	\$	25,000.00	299
Middleton	Charlotte	\$	5,585.00	300
Middleton	Darrell (Franklin) & Betty	\$	20,000.00	301
Miller	D.M. "Mike"	\$	9,000.00	302
Miller	Harrison L(Deceased)	\$	8,400.00	303
Miller	Pat	\$	7,725.00	304
Miller	Patrick Fritz	\$	7,725.00	305
Mills	Novelle or Robert L.(Deceased)	\$	5,585.00	306
Minor	Brenda	\$	8,200.00	307
Minor	William	\$	9,400.00	308
Minor	William	\$	14,100.00	309
Mondin	Kenneth & Gloria	\$	5,830.00	310
Moore	Robert L.	\$	8,800.00	311
Moore	Robert L.	\$	9,400.00	312
Mrvos	Nenad	\$	900.00	313
Mullens	Nicky	\$	10,000.00	314
Murski	Andrew & Albina(Deceased)	\$	15,200.00	315
Myers	Donnie	\$	31,100.00	316
Nelson	Barbara & Donald	\$	8,500.00	317
Newlin	Pat	\$	14,400.00	318
Nichols	Kingsley & Jaqueline	\$	3,000.00	319
Ohara	Daryl	\$	11,524.00	320
Ohara	Merlene	\$	2,000.00	321
Oltmans	Janell(Deceased)	\$	9,600.00	322
Osborn	Arleta	\$	30,000.00	323
Osborn	Harvey N	\$	10,000.00	324
Paletta	Frank J. & Rose Mary	\$	5,580.00	325
Parr	Lonnie	\$	63,781.73	326
Pearson-Swann	Julie Ann	\$	9,400.00	327
Peil	Ralph	\$	108,000.00	328
Pena	Lucy	\$	8,800.00	329
Pentz	Catharina (Tina)	\$	10,000.00	330
Peterson	Louise	\$	10,000.00	331
Pettegrew	Joel Hamilton	\$	8,375.00	332
Phillips	BreAnn J.	\$	10,000.00	333
Polk	Gordon	\$	5,580.00	334
Ponfick	Allison C. & Joan	\$	5,580.00	335
Porter	Audrey	\$	8,800.00	336
Preston	Ross & JoAnna	\$	4,000.00	337
Pruett	Vernita	\$	14,400.00	338
Pruitt	Albert & Mary E.	\$	96,035.00	339
Pryor	Don	\$	26,320.00	340
Pryor	Don	\$	10,000.00	341
Punswick	Ed	\$	10,000.00	342
Quillin Jr	Frank	\$	9,200.00	343
Raines	Dennis & Martha	\$	10,000.00	344

Ravanan	Edna(deceased) or Goody N. Ruhl	\$	5,580.00	345
Reed	Patsy R	\$	12,594.80	346
Regier	Bernhard R.	\$	9,400.00	347
Reichwein	Robert	\$	22,000.00	348
Reynolds	Cyndy	\$	23,000.00	349
Ridenour	Donald H	\$	9,700.00	350
Roach	Earnest D	\$	7,400.00	351
Robbins	Duane & Janice	\$	8,800.00	352
Roberts	Mark David	\$	3,000.00	353
Roos	Carolyn	\$	68,000.00	354
Rose	Cynthia	\$	8,200.00	355
Rossi	Lillian G.	\$	5,830.00	356
Ruhl	Dorothy & Wilburn(deceased)	\$	11,165.00	357
Ruhl	Lloyd T./Goody N.	\$	5,580.00	358
Ruhl, Sr	Lloyd	\$	9,600.00	359
Salchezadeh	Jeff	\$	34,000.00	360
Sanford	Stanley	\$	4,000.00	361
Sanford	Steven & Mary Ann	\$	5,000.00	362
Santanni	Jill L	\$	8,200.00	363
Savage	Arthur	\$	40,000.00	364
Schroeder	Esther L	\$	10,000.00	365
Schroeder	George	\$	37,200.00	366
Schroeder	George E	\$	8,200.00	367
Schwenke	Patrick	\$	9,000.00	368
Sensat	Shirley	\$	34,440.00	369
Shelton	James W.	\$	17,600.00	370
Shelton	James W.	\$	250,000.00	371
Sherrod	Jesse E.	\$	11,165.00	372
Sims (McKenzie)	Jennifer	\$	3,000.00	373
Slaughter	Arlene	\$	8,200.00	374
Soliz	Debra L.	\$	10,000.00	375
Spratt	April Dawn	\$	4,000.00	376
Stafford	Donald R	\$	109,800.00	377
Stagg	Allan	\$	2,700.00	378
Stanphill	Herb	\$	9,400.00	379
Stehlin	David	\$	235,295.00	380
Steinbis	Martin	\$	285,000.00	381
Stepchinski	Brian	\$	8,800.00	382
Stephens	Nancy	\$	8,800.00	383
Stephens	Sparky	\$	9,100.00	384
Stewart	Wayne	\$	3,500.00	385
Stoner	Dale D	\$	8,800.00	386
Stoops	Brian	\$	10,560.00	387
Stoops	Brian	\$	5,720.00	388
Storrs	Hattie O	\$	28,800.00	389
Stout	V.L.	\$	5,830.00	390
Stuart	Harold	\$	8,400.00	391
Suffron	Raymond	\$	20,000.00	392
Swartzendruber	Naomi J.	\$	8,200.00	393
Swartzendruber	Richard	\$	4,000.00	394

Swift	Ted Lindsey & Christine Rossi	\$	27,915.00	395
Swift (Nicholson)	Kelly Maie	\$	13,422.00	396
Synar	David W.	\$	10,000.00	397
Tahere	Malcolm	\$	10,000.00	398
Tanner	Betty Ruth	\$	5,200.00	399
Tanner	Joseph W	\$	5,200.00	400
Taylor	Mike	\$	92,020.00	401
Teafatiller	Bruce	\$	9,400.00	402
Thames	Chris	\$	15,000.00	403
Thomas	James H.	\$	8,800.00	404
Thomas	James H.	\$	10,000.00	405
Thomas	James H.	\$	100,000.00	406
Thompson	Carlton E.	\$	8,800.00	407
Thompson	Carlton E.	\$	10,000.00	408
Thompson	Mary Louise	\$	9,400.00	409
Toussaint	Stanley D	\$	8,200.00	410
Truman	Terry	\$	3,150.00	411
Trzan	Hubert	\$	3,000.00	412
Tucker	Ted	\$	9,400.00	413
Tucker	Ted	\$	10,000.00	414
Tweedell	John	\$	5,200.00	415
Tweedell	John E	\$	32,800.00	416
Tyndell	Cindy	\$	10,000.00	417
Umali	Roman T	\$	9,000.00	418
Umali Jr	Roman T	\$	119,766.34	419
Vanderploeg	Fred A.	\$	8,800.00	420
Vaughan	Sherman	\$	3,820.00	421
Vaughan	Sherman	\$	11,165.00	422
Verret Jr	Louis A	\$	14,560.00	423
Vincent	Linda	\$	16,400.00	424
Waggoner	Thomas	\$	23,500.00	425
Walker	Oliver D	\$	8,200.00	426
Ward	Margaret	\$	5,580.00	427
Wareham	Andrew	\$	20,000.00	428
Welch	William D.	\$	12,300.00	429
Wernette	Fred A.	\$	9,400.00	430
White	Billy D.	\$	11,000.00	431
White	Lottie Hazel	\$	2,000.00	432
White, Jr	Homer G	\$	8,200.00	433
Whiting (CTS Investments)	Jay	\$	5,580.00	434
Wiatrek	Clara & Ben(Deceased)	\$	5,580.00	435
Wickliffe	B. Wren/Amanda	\$	5,580.00	436
Wickliffe	Benny W./Maudie	\$	11,165.00	437
Wickliffe	Bruce W./Maudie	\$	5,580.00	438
Wickliffe	Herman V.	\$	5,580.00	439
Williams	Norris	\$	9,000.00	440
Williamson	Margie	\$	5,000.00	441
Williamson	Miles	\$	1,900.00	442
Willis	Jim	\$	9,400.00	443
Willis	Joan	\$	5,580.00	444

Willis
Willis
Willis
Wilson
Wilson
Wilson
Wilson
Wilson
Wilson
Winford
Wisdom
Worley
Wulf
Wynn
Yates
Zori
Zouzalik
Zouzalik

Joan
Robert
Robert T.
Billie C
Billie C & Kari
Billie C.
Darrel E.
Dean
Howard
Kim
Larry W.
Robert B
James E.
Jerry
Darin
Alfred Ray
Darrell
Mark

\$	16,750.00	445
\$	11,165.00	446
\$	5,580.00	447
\$	6,180.00	448
\$	9,200.00	449
\$	5,830.00	450
\$	9,400.00	451
\$	5,580.00	452
\$	8,800.00	453
\$	16,400.00	454
\$	8,800.00	455
\$	2,000.00	456
\$	9,400.00	457
\$	8,200.00	458
\$	11,165.00	459
\$	5,830.00	460
\$	9,200.00	461
\$	12,932.00	462

\$ 9,185,672.74

EXHIBIT 2

Rejected Claims

<u>Last Name</u>	<u>First Name</u>	<u>Amount</u>	<u>#</u>
Aglira	Carmine	\$ 9,000.00	1
Bader	John	\$ 50,000.00	2
Bader	John	\$ 25,000.00	3
Bauce	Mary Ann	\$ 70,000.00	4
Bauce	Mary Ann	\$ 5,580.00	5
Blackwell	Kenneth W.	\$ 10,000.00	6
Bramson	J. Keith	\$ 25,000.00	7
Church	Edward	\$ 460,000.00	8
Parr	Robert	\$ 6,300.00	9
Shellhammer	Randall Lee	\$ 35,000.00	10
Sims	Sandra	\$	11
Smith	Willard	\$ 10,000.00	12
Spaulding-Alcorn	Barbara	\$ 10,000.00	13
Weaver	Sarah	\$ 8,400.00	14
Weaver	Sarah	\$ 36,000.00	15
		<hr/>	
		\$ 760,280.00	