

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

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U.S. DISTRICT COURT  
WESTERN DISTRICT MICH  
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MICHAEL J. QUILLING, Receiver for §  
Hammersmith Trust, L.L.C., Hammersmith §  
Trust, Ltd., Microfund, L.L.C. and B. §  
David Gilliland §  
Plaintiff, §

v. §

Civil Action No. 1:00CV826  
Hon. Gordon J. Quist

THE WOLCOTT LIFETIME TRUST, §  
JACK W. HIGGINS, TRUSTEE, §  
MELODY WOLCOTT GILLILAND, §  
JEFFREY D. SAXON, JR., §  
OPTION ONE MORTGAGE §  
CORPORATION, NORWEST BANK §  
MINNESOTA, n/k/a WELLS FARGO §  
BANK MINNESOTA and NORTHPOINTE §  
BANK, §  
Defendants. §

**ANSWER OF MICHAEL J. QUILLING, RECEIVER FOR  
HAMMERSMITH TRUST, L.L.C., HAMMERSMITH TRUST, LTD.  
MICROFUND, L.L.C. AND B. DAVID GILLILAND TO THE  
COUNTERCLAIM OF MELODY WOLCOTT GILLILAND**

TO THE HONORABLE GORDON J. QUIST:

COMES NOW, Michael J. Quilling, Receiver for Hammersmith Trust, L.L.C.,  
Hammersmith Trust, Ltd., Microfund, L.L.C. and B. David Gilliland ("Receiver"), Counter-  
Defendant herein, and files this answer to the counterclaim of Melody Wolcott Gilliland ("Melody  
Gilliland"), Counter-Plaintiff herein, and for such would respectfully show unto the Court as follows:

ANSWER OF MICHAEL J. QUILLING, RECEIVER FOR HAMMERSMITH TRUST,  
L.L.C., HAMMERSMITH TRUST, LTD. MICROFUND, L.L.C. AND B. DAVID GILLILAND  
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SMITH, HAUGHEY, RICE & ROEGGE, A Professional Corporation

**ANSWER**

1. The Receiver admits the allegations contained in paragraph 1 of the counterclaim.

2. The Receiver denies the allegations contained in paragraph 2 of the counterclaim on the basis that the Trustee was obligated to convey the property to the Receiver because the Wolcott Trust purchased the property with funds which David Gilliland wrongfully diverted, or stole, from Hammersmith, Microfund and the defrauded investors.

3. The Receiver denies the allegations contained in paragraph 3 of the counterclaim on the basis that the Trustee was obligated to convey the property to the Receiver because the Wolcott Trust purchased the property with funds which David Gilliland wrongfully diverted, or stole, from Hammersmith, Microfund and the defrauded investors.

4. The Receiver denies the allegations contained in paragraph 4 of the counterclaim.

5. The Receiver denies that Melody Gilliland is entitled to the relief requested in the prayer to the counterclaim.

**AFFIRMATIVE DEFENSES**

6. To the extent that it is necessary, the Receiver alleges as an affirmative defense that the property was purchased by the Wolcott Trust with funds which David Gilliland wrongfully diverted, or stole, from Hammersmith, Microfund and the defrauded investors, that equitable title to the property has resided in the Receiver at all material times, and that any interest of the Wolcott Trust and Melody Gilliland in the property is, therefore, subject and inferior to the title, interest and claim of the Receiver.

WHEREFORE, PREMISES CONSIDERED, the Receiver prays that Melody Gilliland take nothing by virtue of her counterclaim, and that the Receiver be discharged with his costs, and for

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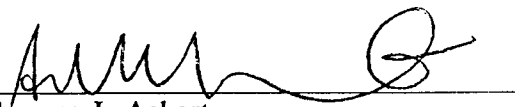
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such other and further relief, both general and special, at law and in equity, to which the Receiver may show himself justly entitled.

Respectfully submitted,

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ATTORNEYS FOR PLAINTIFF

**CERTIFICATE OF SERVICE**

I certify that on this 11<sup>th</sup> day of December, 2000, a true and correct copy of the foregoing was served via regular U.S. Mail on:

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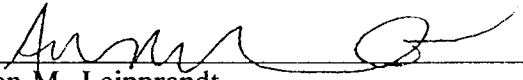
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