

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA  
WEST PALM BEACH DIVISION  
[www.flsb.uscourts.gov](http://www.flsb.uscourts.gov)

In re:

CHAPTER 11

PALM BEACH FINANCE PARTNERS, L.P.,  
PALM BEACH FINANCE II, L.P.,

Case No. 09-36379-PGH  
Case No. 09-36396-PGH  
(Jointly Administered)

Debtors.

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**LIQUIDATING TRUSTEE'S MOTION FOR APPROVAL  
OF SETTLEMENT WITH THE BEAL PARTIES  
AND PAYMENT OF CONTINGENCY FEE**

**Any interested party who fails to file and serve a written response to this motion within 21 days after the date of service stated in this motion shall, pursuant to Local Rule 9013-1(D), be deemed to have consented to the entry of an order in the form attached to this motion. Any scheduled hearing may then be cancelled.**

Barry E. Mukamal, in his capacity as liquidating trustee ("*Liquidating Trustee*") for the Palm Beach Finance Partners Liquidating Trust and the Palm Beach Finance Partners II Liquidating Trust (collectively, the "*Liquidating Trusts*"), by and through undersigned counsel, and pursuant to *Fed. R. Bankr. P.* 9019, seeks an Order from this Court approving a settlement of claims that could be asserted against Keleen Beal a/k/a Keleen H. Beal n/k/a Keleen H. Beal Estate; Lynda K. Beal; Barry Beal a/k/a Barry A. Beal; Nancy Beal a/k/a Nancy C. Beal; Spencer Beal; Carlton Beal Family Trust FBO Barry Beal a/k/a Carlton Beal Family Trust FBO Barry A. Beal; Carlton Beal Family Trust FBO Spencer Beal; Carlton Beal Family Trust FBO Kelly S. Beal a/k/a Carlton Beal Family Trust FBO Kelly Beal; Beal GST Exemption Trust; The Beal Trust U/A 4-17-68; Robert M. Davenport, Jr. a/k/a Robert Davenport, Jr.; Amy C.

Davenport; Robert M. Davenport; Spencer Evans Beal Family Trust; Beal Family Trust FBO Spencer Beal a/k/a Carlton Beal Trust, Spencer E. Beal, and Beal Family Trust FBO Kelly Beal a/k/a American State Bank, Carlton Beal Trust Kelly S. Beal (collectively, the “**Beal Parties**”).

In support of this relief, the Liquidating Trustee states the following:

## **I. Factual Background**

### **A. The Pre-Petition Activities of the Debtors**

1. The Palm Beach Liquidating Trusts are the successors to Palm Beach Finance Partners, L.P. and Palm Beach Finance II, L.P. (collectively, the “**Debtors**”). Prepetition, the Debtors operated as hedge funds and were managed and directed through two related entities, Palm Beach Capital Management, L.P. (“**PBCMLP**”) and Palm Beach Capital Management, LLC (“**PBCMLLC**,” and, together with PBCMLP, the “**Management Entities**”).

2. The Debtors were formed to lend monies in purchase financing transactions supposedly brokered by Thomas Petters and his company, Petters Company, Inc. (“**PCI**”) in the consumer goods business. The idea was that the Debtors and other lenders would supply bridge financing to PCI and then later, once goods were received by a particular big box retailer, the retailer would remit the payment to the lender or PCI.

3. In particular, in 2002, the principals of the Management Entities – Bruce Prevost and David Harrold – were introduced to Frank Vennes (“**Vennes**”). At that time, Vennes and his entity, Metro Gem, Inc. (“**MGI**”; and together with Vennes, the “**Vennes Parties**”), had invested in Petters purchase financing transactions for several years.

4. Based on misrepresentations made by the Vennes Parties, the Debtors raised monies by selling limited partnership stakes to investors and in the case of PBF II, by borrowing hundreds of millions of dollars from an offshore lender, Palm Beach Offshore Ltd. Nearly all of

the monies raised by the Debtors were then used to invest in Petters purchase financing transactions.

5. In reality, the Debtors' investments in PCI (and, likewise, MGI's investments in PCI) were worthless - PCI's purchase and financing transactions were fictitious and part of an elaborate, multi-billion dollar *ponzi* scheme perpetrated by Petters, Vennes, Deanna Munson a/k/a Deanna Coleman, Robert White and others. No retailer ever made any payment on the purchase and sale of goods because the deals never existed.

6. On September 24, 2008, federal agents raided Petters' offices. Thereafter, Petters' companies were placed into federal receivership. Ultimately, Petters was convicted of his crimes and sentenced to 50 years in prison. Other persons complicit in the fraud were sentenced to prison sentences as well.

7. On November 30, 2009 ("***Petition Date***"), the Debtors each commenced a Chapter 11 bankruptcy case by filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Florida ("***Bankruptcy Court***").

8. On October 21, 2010, the Bankruptcy Court entered its Order Confirming Second Amended Plan of Liquidation [ECF No. F444], creating the Liquidating Trusts and appointing the Liquidating Trustee as liquidating trustee.

9. On April 20, 2011, Vennes was indicted for alleged criminal acts committed by him in connection with the Petters ponzi scheme.

***B. Transfers Made to the Beal Parties***

10. The Beal Parties were each investors in MGI. From December 2003 through the end of 2004, the Beal Parties redeemed their investments in MGI and received a total of

approximately \$11.2 million in payments from the Vennes Parties. As set forth in more detail below, the majority of these funds were then used by the Beal Parties to invest in the Debtors. Notably, of the more than \$11 million paid by the Vennes Parties to the Beal Parties, approximately \$3.9 million represented profits over and above the amounts that the Beal Parties had invested with the Vennes Parties (the “*Transfers*”). Neither the Vennes Parties nor the Debtors received any consideration for these payments.

11. The Trustee, on behalf of the Liquidating Trusts, has filed an action in this Court against the Vennes Parties (“*Vennes Action*”), seeking to avoid all transfers made by the Debtors to the Vennes Parties within four years of the Petition Date. Additionally, the Vennes Action seeks an award of monetary damages in tort relating to the significant misrepresentations, omissions and breach of fiduciary duties by the Vennes Parties to the Debtors with respect to their investing in Petters purchase financing transactions.

12. During the time period that the Vennes Parties were committing these tortious acts and receiving transfers from the Debtors, the Vennes Parties made the Transfers to the Beal Parties. Indeed, at all times relevant to the Transfers, the Debtors were creditors of the Vennes Parties.

13. While the Beal Parties were able to realize a significant profit as a result of their investments in MGI, such profits were subsequently reinvested in the Palm Beach Funds, together with significant additional sums totaling over \$25 million. Of these total funds invested, the Beal Parties remained, as of the Petition Date, net losers in the Palm Beach Funds in the total amount of approximately \$17,702,186.79.

14. On November 28, 2011, the Liquidating Trustee commenced an adversary proceeding in the Bankruptcy Court against Robert M. Davenport, Jr. (Adversary Case No. 11-

03002-PGH) and Amy C. Davenport (Adversary Case No. 11-02999-PGH) seeking recovery of the Transfers (the “**Adversary Proceedings**”). As of November 30, 2011, the deadline by which the Liquidating Trustee was required to commence certain litigation in the Chapter 11 Cases (the “**108/546 Deadline**”), the remaining Beal Parties had all executed a tolling agreement with the Liquidating Trustee, thereby tolling the 108/546 Deadline as to the rest of the Beal Parties.

## II. Settlement Terms

15. The key aspects of the stipulation of settlement between the parties (“**Stipulation**”) are the following:<sup>1</sup>

- a) The Beal Parties will pay (or cause to be paid) \$275,000.00 (the “**Settlement Payment**”) within 20 days from the date of the entry of an Order by the Bankruptcy Court approving the Stipulation. The Settlement Payment represents approximately 7% of the Transfers;
- b) The Beal Parties shall be entitled to allowed general unsecured claims and allowed equity interests against the Debtors’ estates in the full amount of their cash-on-cash losses as detailed on Exhibit A to the Stipulation and totaling \$17,702,186.79 (\$2 million of which are claims against Palm Beach Finance II, L.P.);
- c) The parties shall exchange mutual, general releases, excepting the above obligations; and
- d) The Liquidating Trustee shall dismiss the Adversary Proceedings.

16. Pursuant to the Second Amended Joint Plan of Liquidation (“**Plan**”), approved by this Court’s Order dated October 21, 2010 [ECF No. 444], all monetary consideration received in conjunction with the Settlement will be allocated and apportioned among the Debtors as follows: 18% to Palm Beach Finance Partners, L.P. and 82% to Palm Beach Finance II, L.P. (“**Pro Rata Allocation Formula**”).

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<sup>1</sup> A copy of the Stipulation is attached as Exhibit 1. To the extent the terms of the agreement differ with the terms set forth in this Motion, the agreement shall control.

### III. Relief Requested

17. The Liquidating Trustee seeks an Order from this Court (a) approving the Stipulation and (b) approving the Contingency Fee (as defined below).

18. Federal Rule of Bankruptcy Procedure 9019 provides in relevant part that [o]n motion . . . and after a hearing on notice to creditors; the debtor . . . and to such other entities as the Court may designate, the Court may approve a compromise or settlement.”

19. Approval of a settlement in a bankruptcy proceeding is within the sole discretion of the Court and will not be disturbed or modified on appeal unless approval or disapproval is an abuse of discretion. *In re Arrow Air*, 85 BR 891 (Bankr. S.D. Fla. 1988).

20. The standards for approval are well settled and require the Court to inquire into the reasonableness of the proposed settlement. *See, e.g., Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968); *In re W.T. Grant Co.*, 699 F.2d 599, 608 (2d Cir. 1983); *Florida Trailer and Equip. Co. v. Deal*, 284 F.2d 567, 571 (5th Cir. 1960). The inquiry need only determine whether the settlement falls below the lowest point of the range of reasonableness. *See W.T. Grant Co.*, 699 F.2d at 608; *see also In re Martin*, 91 F.3d 389 (3rd Cir. 1996); *In re Louise's Inc.*, 211 B.R. 798 (D. Del. 1997) (setting forth considerations by the Court for approval of a settlement, including: (i) the probability of success in litigation, (ii) the likely difficulties in collection; (iii) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; and (iv) the paramount interest of the creditors.

**A. *The Stipulation Ought to be Approved***

21. Based upon the above legal principles, the Liquidating Trustee asserts that the Stipulation falls well above the lowest point of the range of reasonableness and thus, should be approved.

*Probability of success in litigation*

22. The Liquidating Trustee, on behalf of the Liquidating Trusts, could assert that the Transfers to the Beal Parties were fraudulent transfers under federal or state law, or alternatively, that the Beal Parties were unjustly enriched by the Transfers.

23. The Liquidating Trustee believes that he will likely succeed in prosecuting either of these causes of action.

24. Nonetheless, the Liquidating Trustee acknowledges that there are risks inherent in all litigation and there is the possibility that the Beal Parties, or other similarly situated parties, could raise certain issues or defenses that potentially could impact the Liquidating Trustee's claims. The Liquidating Trustee does believe there are certain defenses unique to the Beal Parties that would potentially be applicable in the event the case was litigated. In addition, the Liquidating Trustee has also considered the fact that the Beal Parties reinvested the fictitious profits with the Debtors.

*Collectability*

25. Collectability is not an issue in dispute between the parties.

*Complexity of litigation and attendant expense, inconvenience and delay*

26. This is a meaningful consideration that militates in favor of approval of the Stipulation.

27. In sum, although many of the claims outlined above are typical claims litigated before this Court, they still potentially require retention of experts and extensive fact discovery before a trial could take place. The result of these efforts will be substantial fees of professionals that could diminish the net result of any recovery to creditors in the Debtors' chapter 11 cases.

28. Moreover, assuming the Liquidating Trustee was successful in obtaining a judgment against the Beal Parties, he would then have to engage in collection efforts. Again, this would result in the estate incurring additional fees and delay.

29. The Stipulation addresses these concerns, as well as resolves any issues concerning the allowance of claims and equity interests by the Beal Parties in the Debtors' Chapter 11 cases. As such, the Stipulation allows the parties to avoid litigating fact specific claims, with the attendant expense and delay of litigation being nullified.

*Paramount interest of creditors*

30. The Settlement Payment represents an approximate 7% recovery of the Transfers and fully resolves all claims litigation regarding the claims and equity interests held by the Beal Parties. This result gives certainty to the estates and avoids the risk, expense and delay attendant with litigation. As such, the Stipulation is in the paramount interest of the Debtors' creditors and should be approved.

***B. The Contingency Fee Ought to be Approved***

31. Pursuant to the Plan and this Court's Order Approving the Trustee's Motion to Approve Hybrid Form of Compensation [ECF No. 223], Meland Russin & Budwick, P.A. ("**MRB**") is entitled to a contingency fee of 10% for any affirmative recovery it obtains on behalf of the Liquidating Trust without further order of the Court ("**Contingency Fee**").



32. As such, MRB requests that the Contingency Fee be paid from the Settlement Payment without further Order from this Court.

WHEREFORE, the Liquidating Trustee requests that this Court enter an Order (similar in form to the Order attached as Exhibit 2) (1) approving the Stipulation; (2) approving payment of the Contingency Fee; and (3) granting such other relief this Court deems just and proper.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that, on February 15, 2012, a true and correct copy of the foregoing was served via the Court's Notice of Electronic Filing on those parties listed on the attached Exhibit 3; and via U.S. Mail to the parties listed on the matrix attached as Exhibit 4.

s/ Jessica L. Wasserstrom  
Jessica L. Wasserstrom, Esquire  
Florida Bar No. 985820  
[jwasserstrom@melandrussin.com](mailto:jwasserstrom@melandrussin.com)  
MELAND RUSSIN & BUDWICK, P.A.  
3000 Southeast Financial Center  
200 South Biscayne Boulevard  
Miami, Florida 33131  
Telephone: (305) 358-6363  
Telecopy: (305) 358-1221

*Attorneys for Barry E. Mukamal,  
Liquidating Trustee*

### STIPULATION OF SETTLEMENT

This Stipulation of Settlement ("**Stipulation**") is entered into on February \_\_, 2012 by and between (a) Barry E. Mukamal, in his capacity as liquidating trustee ("**Liquidating Trustee**") of the Palm Beach Finance Partners Liquidating Trust and the Palm Beach Finance II Liquidating Trust (collectively, the "**Palm Beach Liquidating Trusts**") and (b) Keleen Beal a/k/a Keleen H. Beal n/k/a Keleen H. Beal Estate; Lynda K. Beal; Barry Beal a/k/a Barry A. Beal; Nancy Beal a/k/a Nancy C. Beal; Spencer Beal; Carlton Beal Family Trust FBO Barry Beal a/k/a Carlton Beal Family Trust FBO Barry A. Beal; Carlton Beal Family Trust FBO Spencer Beal; Carlton Beal Family Trust FBO Kelly S. Beal a/k/a Carlton Beal Family Trust FBO Kelly Beal; Beal GST Exemption Trust; The Beal Trust U/A 4-17-68; Robert M. Davenport, Jr. a/k/a Robert Davenport, Jr.; Amy C. Davenport; Robert M. Davenport; Spencer Evans Beal Family Trust; Beal Family Trust FBO Spencer Beal a/k/a Carlton Beal Trust, Spencer E. Beal, and Beal Family Trust FBO Kelly Beal a/k/a American State Bank, Carlton Beal Trust Kelly S. Beal (collectively, the "**Beal Parties**") (the Liquidating Trustee and the Beal Parties are at times individually referred to as a "**Party**" or collectively, the "**Parties**"). The terms of this Stipulation are as follows:

### **RECITALS**

A. On November 30, 2009, Palm Beach Finance Partners, L.P. and Palm Beach Finance II, L.P. (the "**Palm Beach Funds**") commenced Chapter 11 bankruptcy cases by filing voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Florida (the "**Bankruptcy Court**");

B. On October 21, 2010, the Bankruptcy Court entered its Order Confirming Second Amended Plan of Liquidation [ECF No. 444], creating the Palm Beach Liquidating Trusts and appointing the Liquidating Trustee as liquidating trustee;

C. The Liquidating Trustee, on behalf of the Palm Beach Liquidating Trusts, asserts certain claims against the Beal Parties (the “*Potential Litigation*”) relating to funds received by the Beal Parties from Palm Beach Diversified Income (“*PBDI*”), as well as from Frank E. Vennes, Jr. or Metro Gem, Inc. (the “*Transfers*”);

D. The Beal Parties expressly deny the claims that could be asserted in the Potential Litigation;

E. The Liquidating Trustee and the Beal Parties have engaged in discussions in an attempt to resolve any and all issues, including the claims that could be raised in the Potential Litigation;

F. To avoid the continued expense and risk of adverse outcome arising from the Potential Litigation, as well as incurring costs and expenses associated therewith, among other reasons, the Parties have agreed to resolve the Potential Litigation pursuant to the terms and conditions of this Stipulation.

**NOW, WHEREFORE,** it is stipulated, consented to and agreed, by and among the Parties as follows:

1. **No admission of liability.** The Parties acknowledge that this Stipulation is a compromise and settlement of a controversy. No Party admits, and each expressly denies, any liability on its part.

2. **Entire agreement.** This Stipulation constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and there are no other stipulations, agreements, representations, or warranties other than those specifically set forth herein. All prior agreements and understandings between the Parties concerning the subject matter hereof are superseded by the terms of this Stipulation.

3. **Settlement Payment.** In full and final settlement of the Potential Litigation, the Beal Parties shall pay (or cause to be paid) \$275,000.00 (the "**Settlement Payment**") within 20 days from the date of the entry of an Order by the Bankruptcy Court approving this Stipulation. The Settlement Payment may be made via (i) wire transfer pursuant to written instructions to be provided by the Liquidating Trustee or his counsel or (ii) check made payable to "Barry E. Mukamal, Liquidating Trustee" and delivered to Jonathan S. Feldman, Esq., Meland Russin & Budwick, P.A., 200 South Biscayne Blvd., Suite 3000, Miami, Florida 33131.

4. **Allowance of Claims.** The Beal Parties' claims against the Palm Beach Funds shall be allowed as Class 1A or 1B, as appropriate, general unsecured claims in the full amount of their respective cash-on-cash losses, as set forth, and in the amounts reflected, on the attached Exhibit A (the "**Allowed Claims**"). In addition, the Beal Parties shall be entitled to allowed Class 3A or 3B, as appropriate, equity interests in accordance with the amount of their allowed unsecured claims as set forth in Exhibit A (the "**Allowed Equity Interests**").

5. **General releases between the Parties.**

A. For purposes of this Stipulation, the term "**Claims**" shall mean any obligations, claims, causes of action, demands of any type that a party may presently have, may have or have had in the past, upon or by reason of any matter, cause or thing whatsoever, including without limitation any and all obligations, claims, causes of actions and demands of any kind whatsoever, at law or in equity, indirect, derivative, or direct, known or unknown, discovered or undiscovered, including, but not limited to, those claims that could have been asserted in the Potential Litigation.

B. Upon approval of this Stipulation by final order of the Bankruptcy Court and payment of the Settlement Payment, the Liquidating Trustee, on behalf of the Palm Beach Liquidating Trusts and the Palm Beach Funds, waives, releases and holds

harmless, now and forever, the Beal Parties from any and all Claims that the Liquidating Trustee, the Palm Beach Liquidating Trusts or the Palm Beach Funds may have against the Beal Parties; provided that nothing herein shall be deemed to release, waive or otherwise limit any rights or obligations arising out of this Stipulation.

C. Upon approval of this Stipulation by final order of the Bankruptcy Court and payment of the Settlement Payment, the Beal Parties waive, release and hold harmless, now and forever, the Liquidating Trustee, the Palm Beach Liquidating Trusts and the Palm Beach Funds from any and all Claims that the Beal Parties may have against the Liquidating Trustee, the Palm Beach Liquidating Trusts or the Palm Beach Funds; provided however, this provision does not release, waive or otherwise limit any rights or obligations arising out of this Stipulation, including the Allowed Claims and the Allowed Equity Interests.

6. **Dismissal of Adversary Proceedings.** Upon entry of an order by the Bankruptcy Court approving this Stipulation, the Liquidating Trustee, on behalf of the Liquidating Trusts, agrees to seek dismissal of the Adversary Proceedings commenced against Robert M. Davenport, Jr. a/k/a Robert Davenport, Jr., and Amy C. Davenport ( Adversary Case No. 11-02999 and 11-030002).

7. **Authorization to bind.** The individuals signing below represent and warrant that they have the authority to execute this Stipulation on behalf of the applicable Party and bind them to its terms.

8. **Review/No Duress.** Each of the Parties acknowledges that he, she or it has read all of the terms of this Stipulation, has had an opportunity to consult with counsel of his, her or its own choosing or voluntarily waived such right, and enters into those terms voluntarily and without duress.

9. **Attorneys' fees and costs.** Each Party shall bear its own attorneys' fees and costs in connection with the negotiation of this Stipulation and motions and orders as may be necessary to obtain the approval of this Stipulation by the Bankruptcy Court; provided that that in the event of any litigation between the Parties under this Stipulation or arising as a result of a default under this Stipulation, the prevailing Party shall be entitled to reasonable attorneys' fees and costs related thereto, including, but not limited to, those incurred at all trial and appellate levels.

10. **No waiver of modification.** This Stipulation and any of the specific items, covenants, and conditions contained herein, may not be waived, changed, altered or modified except by an instrument in writing signed by the Party against whom enforcement of such change is sought.

11. **Effective date.** This Stipulation shall be effective upon execution by all of the Parties hereto, subject only to approval of this Stipulation by final order of the Bankruptcy Court and payment of the Settlement Payment. Upon it becoming effective, this Stipulation shall be binding on all of the Parties' successors or assigns.

12. **No effect.** If the Bankruptcy Court does not approve this Stipulation, then the Stipulation shall be of no further force or effect, and the Parties shall be restored to their rights as they existed prior to the execution of this Stipulation. Notwithstanding the foregoing, if the Bankruptcy Court does not approve this Stipulation because any of the Parties have failed to provide the Bankruptcy Court with adequate information to rule on the merits of the Stipulation, the Parties will use their best efforts to seek reconsideration of any order declining to approve the Stipulation, or to file an amended motion to approve the Stipulation.

13. **Controlling law.** This Stipulation shall in all respects be construed in accordance with the laws of the State of Florida applicable to contracts made and to be performed wholly

within the State of Florida and by federal law to the extent the same has preempted the laws of the State of Florida.

14. **Counterparts.** This Stipulation may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same Stipulation. Delivery of an executed counterpart of a signature page to this Stipulation by facsimile shall be effective as delivery of a manually executed counterpart of this Stipulation.

15. **Construction.** This Stipulation shall be deemed to have been jointly drafted by the Parties, and in construing and interpreting this Stipulation, no provision shall be construed and interpreted for or against any of the Parties because such provision or any other provision of the Stipulation as a whole is purportedly prepared or requested by such Party.

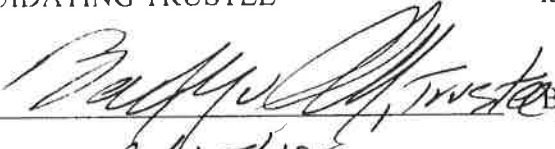
16. **Jurisdiction.** The Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Stipulation.

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STIPULATED AND AGREED TO BY:

BARRY MUKAMAL, AS  
LIQUIDATING TRUSTEE

KELEEN BEAL a/k/a KELEEN H. BEAL  
n/k/a KELEEN H. BEAL ESTATE

By:  By: \_\_\_\_\_  
Dated: 2/15/12 Dated: \_\_\_\_\_

LYNDA K. BEAL

BARRY BEAL a/k/a BARRY A. BEAL

By: \_\_\_\_\_ By: \_\_\_\_\_  
Dated: \_\_\_\_\_ Dated: \_\_\_\_\_

NANCY BEAL a/k/a NANCY C. BEAL

SPENCER BEAL

By: \_\_\_\_\_ By: \_\_\_\_\_  
Dated: \_\_\_\_\_ Dated: \_\_\_\_\_

CARLTON BEAL FAMILY TRUST FBO  
BARRY BEAL a/k/a CARLTON BEAL  
FAMILY TRUST FBO BARRY A. BEAL

By: \_\_\_\_\_  
Dated: \_\_\_\_\_



**STIPULATED AND AGREED TO BY:**

BARRY MUKAMAL, AS  
LIQUIDATING TRUSTEE

By: \_\_\_\_\_

Dated: \_\_\_\_\_

KELEEN BEAL a/k/a KELEEN H. BEAL  
n/k/a KELEEN H. BEAL ESTATE

By: Barry A. Beal

Dated: 2/14/12

LYNDA K. BEAL

By: \_\_\_\_\_

Dated: \_\_\_\_\_

BARRY BEAL a/k/a BARRY A. BEAL

By: Barry A. Beal

Dated: 2/14/12

NANCY BEAL a/k/a NANCY C. BEAL

By: Nancy C. Beal

Dated: 2/14/12

SPENCER BEAL

By: Spencer Beal

Dated: 2/14/12

CARLTON BEAL FAMILY TRUST FBO  
BARRY BEAL a/k/a CARLTON BEAL  
FAMILY TRUST FBO BARRY A. BEAL

By: Barry A. Beal

Dated: 2/14/12

**STIPULATED AND AGREED TO BY:**

BARRY MUKAMAL, AS  
LIQUIDATING TRUSTEE

By: \_\_\_\_\_

Dated: \_\_\_\_\_

KELEEN BEAL a/k/a KELEEN H. BEAL  
n/k/a KELEEN H. BEAL ESTATE

By: \_\_\_\_\_

Dated: \_\_\_\_\_

LYNDA K. BEAL

By: Lynda K. Beal

Dated: 2-14-2012

BARRY BEAL a/k/a BARRY A. BEAL

By: \_\_\_\_\_

Dated: \_\_\_\_\_

NANCY BEAL a/k/a NANCY C. BEAL

By: \_\_\_\_\_

Dated: \_\_\_\_\_

SPENCER BEAL

By: \_\_\_\_\_

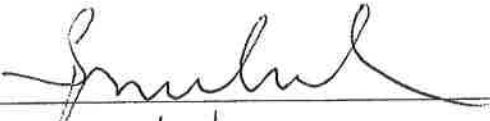
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CARLTON BEAL FAMILY TRUST FBO  
BARRY BEAL a/k/a CARLTON BEAL  
FAMILY TRUST FBO BARRY A. BEAL


By: \_\_\_\_\_

Dated: \_\_\_\_\_

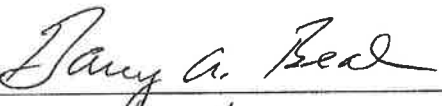
CARLTON BEAL FAMILY TRUST  
FBO SPENCER BEAL

By:   
Dated: 2/14/12

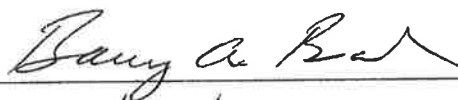
CARLTON BEAL FAMILY TRUST  
FBO KELLY S. BEAL a/k/a CARLTON  
BEAL FAMILY TRUST FBO KELLY  
BEAL

By:   
Dated: 2.14.12

BEAL GTS EXEMPTION TRUST

By:   
Dated: 2/14/12

THE BEAL TRUST U/A 4-17-68

By:   
Dated: 2/14/12

ROBERT M. DAVENPORT, JR. a/k/a  
ROBERT DAVENPORT, JR.

By: \_\_\_\_\_  
Dated: \_\_\_\_\_

AMY C. DAVENPORT

By: \_\_\_\_\_  
Dated: \_\_\_\_\_

CARLTON BEAL FAMILY TRUST  
FBO SPENCER BEAL

CARLTON BEAL FAMILY TRUST  
FBO KELLY S. BEAL a/k/a CARLTON  
BEAL FAMILY TRUST FBO KELLY  
BEAL

By: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

BEAL GTS EXEMPTION TRUST

THE BEAL TRUST U/A 4-17-68

By: \_\_\_\_\_

By: \_\_\_\_\_

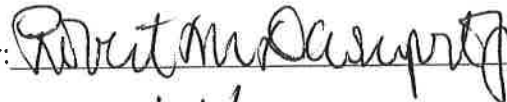
Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

ROBERT M. DAVENPORT, JR. a/k/a  
ROBERT DAVENPORT, JR.

AMY C. DAVENPORT

By:  \_\_\_\_\_

By:  \_\_\_\_\_

Dated: 2/14/12

Dated: 2/14/12

ROBERT M. DAVENPORT

By: 

Dated: 2-15-12

SPENCER EVANS BEAL FAMILY TRUST

By: \_\_\_\_\_

Brian Limmer  
Vice President and Trust Officer  
American State Bank, Trustee

Dated: \_\_\_\_\_

BEAL FAMILY TRUST FBO SPENCER  
BEAL a/k/a CARLTON BEAL TRUST,  
SPENCER E. BEAL

By: \_\_\_\_\_

Bryan Limmer  
Vice President and Trust Officer  
American State Bank, Trustee

Dated: \_\_\_\_\_

BEAL FAMILY TRUST FBO KELLY BEAL  
a/k/a AMERICAN STATE BANK AND  
CARLTON BEAL TRUST KELLY S. BEAL

By: \_\_\_\_\_

Bryan Limmer  
Vice President and Trust Officer  
American State Bank, Trustee

Dated: \_\_\_\_\_

ROBERT M. DAVENPORT

SPENCER EVANS BEAL FAMILY TRUST

By: \_\_\_\_\_

By: Bryan Limmer ASB-TTEE  
Bryan Limmer  
Vice President and Trust Officer  
American State Bank, Trustee

Dated: \_\_\_\_\_

Dated: 2-14-2012

BEAL FAMILY TRUST FBO SPENCER  
BEAL a/k/a CARLTON BEAL TRUST,  
SPENCER E. BEAL

BEAL FAMILY TRUST FBO KELLY BEAL  
a/k/a AMERICAN STATE BANK AND  
CARLTON BEAL TRUST KELLY S. BEAL

By: Bryan Limmer ASB-TTEE  
Bryan Limmer  
Vice President and Trust Officer  
American State Bank, Trustee

By: Bryan Limmer ASB-TTEE  
Bryan Limmer  
Vice President and Trust Officer  
American State Bank, Trustee

Dated: 2-14-2012

Dated: 2-14-2012

PROPOSED

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA  
WEST PALM BEACH DIVISION  
[www.flsb.uscourts.gov](http://www.flsb.uscourts.gov)

In re:

CHAPTER 11

PALM BEACH FINANCE PARTNERS, L.P.,  
PALM BEACH FINANCE II, L.P.,

Case No. 09-36379-PGH  
Case No. 09-36396-PGH  
(Jointly Administered)

Debtors.

**ORDER GRANTING LIQUIDATING TRUSTEE'S MOTION  
FOR APPROVAL OF SETTLEMENT WITH THE BEAL PARTIES  
AND PAYMENT OF CONTINGENCY FEE [ECF NO. \_\_\_\_]**

**THIS CAUSE** came before the Court upon the Liquidating Trustee's Motion for Approval of Settlement with The Beal Parties and Payment of Contingency Fee [ECF No. \_\_\_\_] (the "**Motion**").<sup>1</sup> The Court, having reviewed the Motion and noting that a Certificate of No Response and Request for Entry of Order has been filed, finds that the notice of the proposed compromise and settlement is

<sup>1</sup> All capitalized terms not defined in this Order shall have the meaning ascribed to such term as set forth in the Motion.

sufficient to comply with Bankruptcy Rules 9019 and 2002(a)(3), Local Rule 9013-1(D) and any other applicable notice requirement, and accordingly, it is:

**ORDERED** as follows:

1. The Motion is **GRANTED**.
2. The Settlement is **APPROVED**.
3. The Beal Parties shall pay (or cause to be paid)) \$275,000.00 (the “*Settlement Payment*”) within 20 days from the date of the entry of an Order by the Bankruptcy Court approving the Stipulation. The Settlement Payment may be made via (i) wire transfer pursuant to written instructions to be provided by the Liquidating Trustee or his counsel or (ii) check made payable to “Barry E. Mukamal, Liquidating Trustee” and delivered to Jessica L. Wasserstrom, Esq., Meland Russin & Budwick, P.A., 200 South Biscayne Blvd., Suite 3000, Miami, Florida 33131.
4. The Settlement Payment will be allocated and apportioned among the Debtors as follows: 18% to Palm Beach Finance Partners, L.P. and 82% to Palm Beach Finance II, L.P. (the “*Pro Rata Allocation Formula*”), and the wire transfers and/or checks referenced in paragraph 3 above as the mechanism for the Settlement Payment shall be made in the amounts in accordance with this allocation.
5. MRB’s Contingency Fee in the amount of \$27,500.00 is approved. The Liquidating Trustee is authorized and directed make payment of the Contingency Fee without the need of further Court Order, in accordance with the Pro Rata Allocation Formula, promptly upon receipt of the Settlement Payment.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]



**PROPOSED**

6. The Beal Parties claims and equity interests against the Debtors shall be deemed Allowed Class 1A and 1B Claims, and Allowed Class 3A and 3B Equity Interests, as set forth on the schedule attached hereto as Exhibit A.

7. The Court retains jurisdiction to enforce the terms of the Stipulation.

###

**Submitted By:**

s/ Jessica L. Wasserstrom  
Jessica L. Wasserstrom, Esquire  
Florida Bar No. 985820  
[jwasserstrom@melandrussin.com](mailto:jwasserstrom@melandrussin.com)  
MELAND RUSSIN & BUDWICK, P.A.  
3000 Southeast Financial Center  
200 South Biscayne Boulevard  
Miami, Florida 33131  
Telephone: (305) 358-6363  
Telecopy: (305) 358-1221  
Attorneys for the Liquidating Trustee

**Copies Furnished To:**

Jessica L. Wasserstrom, Esquire, is directed to serve copies of this Order on all parties in interest and to file a Certificate of Service.

## Mailing Information for Case 09-36379-PGH

### Electronic Mail Notice List

The following is the list of **parties** who are currently on the list to receive email notice/service for this case.

- **Geoffrey S. Aaronson** gaaronson@aspalaw.com, tdmckeown@mckeownpa.com; sbeiley@aspalaw.com; dlinder@aspalaw.com
- **Melissa Alagna** mma@segallgordich.com, jxp@segallgordich.com
- **Paul A Avron** pavron@bergersingerman.com, efile@bergersingerman.com
- **Mark D. Bloom** bloomm@gtlaw.com, MiaLitDock@gtlaw.com; miaecfbky@gtlaw.com; reisinoa@gtlaw.com
- **Noel R Boeke** noel.boeke@hklaw.com
- **Michael S Budwick** mbudwick@melandrussin.com, ltannenbaum@melandrussin.com; mrbnefs@yahoo.com
- **Dennis M. Campbell** dcampbell@campbelllawfirm.net, iperchitti@campbelllawfirm.net
- **Franck D Chantayan** fchantayan@carltonfields.com, kdemar@carltonfields.com
- **Heidi A Feinman** Heidi.A.Feinman@usdoj.gov
- **Jonathan S. Feldman** jfeldman@melandrussin.com, ltannenbaum@melandrussin.com; mrbnefs@yahoo.com
- **G Steven Fender** steven.fender@gmlaw.com, efileu1094@gmlaw.com; efileu1092@gmlaw.com
- **Robert G Fracasso Jr** rfracasso@shutts.com
- **Robert C Furr** bnasralla@furrcohen.com
- **Solomon B Genet** sgenet@melandrussin.com, ltannenbaum@melandrussin.com; mrbnefs@yahoo.com
- **Scott M. Grossman** grossmansm@gtlaw.com, postiyr@gtlaw.com; postiyr@gtlaw.com; MiaLitDock@gtlaw.com; FTLLitDock@GTLaw.com; miaecfbky@gtlaw.com
- **Jennifer Hayes** jhayes@foley.com, choffman@foley.com
- **Mark D. Hildreth** mhildreth@slk-law.com, dcooper@slk-law.com
- **Kenneth M Jones** kjones@moodyjones.com
- **Michael A Kaufman** michael@mkaufmanpa.com, diamondmk@aol.com; kaufmanesq@gmail.com; gstolzberg@mkaufmanpa.com
- **Paul J McMahon** pjmc@pjmlawmiami.com
- **Barry E Mukamal** bankruptcy@marcumllp.com, FL64@ecfcbis.com
- **Office of the US Trustee** USTPRegion21.MM.ECF@usdoj.gov
- **Paul L. Orshan** plorshan@orshanpa.com, maria@orshanpa.com
- **Leslie S. Osborne** rappaport@kennethrappaportlawoffice.com
- **John E Page** jpage@sfl-pa.com, scusack@sfl-pa.com; lrosetto@sfl-pa.com
- **Chad S Paiva** chad.paiva@gmlaw.com, katrina.bankert@gmlaw.com
- **Chad P Pugatch** cpugatch.ecf@rprslaw.com
- **Patricia A Redmond** predmond@stearnsweaver.com, jrivera@stearnsweaver.com; rross@stearnsweaver.com; mmesones-mori@stearnsweaver.com; dillworthcdp@ecf.epiqsystems.com
- **Jason S Rigoli** jrigoli@furrcohen.com
- **Robin J. Rubens** rjr@lklaw.com, cag@lklaw.com
- **Michael L Schuster** mschuster@gjb-law.com, gjbecf@gjb-law.com
- **Michael D. Seese** mseese@hinshawlaw.com, sseward@hinshawlaw.com; lportuondo@hinshawlaw.com
- **Steven E Seward** sseward@hinshawlaw.com
- **Bradley S Shraiberg** bshraiberg@sfl-pa.com, dwoodall@sfl-pa.com; vchapkin@sfl-pa.com; lrosetto@sfl-pa.com; scusack@sfl-pa.com; blee@sfl-pa.com
- **Paul Steven Singerman** singerman@bergersingerman.com, mruiz@bergersingerman.com; efile@bergersingerman.com
- **Peter A Tappert** ptappert@wdpalaw.com, elastra@wdpalaw.com; jsardina@wdpalaw.com; nonega@wdpalaw.com
- **James S Telepman** jst@fcohenlaw.com
- **Charles W Throckmorton** cwt@kttlaw.com, lf@kttlaw.com
- **Trustee Services Inc 2** court@trusteeservices.biz, sandirose.magder@gmail.com
- **Skipper J Vine** jonathan.vine@csklegal.com
- **Jessica L Wasserstrom** jwasserstrom@melandrussin.com, ltannenbaum@melandrussin.com; mrbnefs@yahoo.com
- **Morris D. Weiss** morrisw@hts-law.com, sherris@hts-law.com; annmariej@hts-law.com
- **George L. Zinkler** gzinkler.ecf@rprslaw.com

### No Notice List

EXHIBIT 3

Palm Beach Diversified Income, LP  
by and through Incorporating Services, Ltd.,  
its Registered Agent  
3500 South Dupont Highway  
Dover, DE 19901

Christopher J Topolewski,  
West Capital Management  
c/o Simon B. Paris  
1 Liberty Pl 52 FL – 1650 Market St  
Philadelphia, PA 19103

West Capital Management  
1818 Market St, #3323  
Philadelphia, PA 19103

Albert Liguori  
16590 Crownsbury Way, #201  
Ft. Myers, FL 33908

Alice Pugliese  
2741 Village Blvd, #403  
West Palm Beach, FL 33409

Amy Davenport  
PO Box 3511  
Midland, TX 79702

Robert Davenport  
3 Greenwich Dr  
Midland, TX 79705

Robert Davenport, Jr.  
104 S. Pecos Street  
Midland, TX 79701

ARIS Capital Management  
152 W 57 St, 19th Fl  
New York, NY 10019

ARIS Multi-Strategy Fund, LP  
Aris Capital Management  
152 W 57 St 19 Fl  
New York, NY 10019

Armadillo Fund  
40 Random Farms Cir  
Chappaqua, NY 10514

BTA Oil Producers  
104 S Pecos St  
Midland, TX 79701

Lynda Beal  
104 S Pecos St  
Midland, TX 79701

Nancy Beal  
104 S Pecos St  
Midland, TX 79701

Spencer Beal  
104 S Pecos St  
Midland, TX 79701

Barry Beal  
104 S Pecos St  
Midland, TX 79701

Keleen Beal  
104 S Pecos St  
Midland, TX 79701

Kelly Beal  
104 S Pecos St  
Midland, TX 79701

BayRoc Associates  
c/o JamiScott  
15 W 53rd St. #24-B  
New York, NY 10019

JamiScott LLC  
15 W 53rd St #24-B  
New York, NY 10019

Leslie Schneider  
c/o JamiScott  
15 W 53rd St., #24-B  
New York, NY 10019

Scott Schneider  
c/o JamiScott  
15 W 53rd St, #24-B  
New York, NY 10019

Claridge Associates, LLC  
c/o JamiScott, LLC  
15 W 53rd St, #24  
New York, NY 10019

Leonard & Lillian Schneider  
c/o JamiScott LLC  
15 West 53rd St #24-B  
New York NY 10019

Beacon Partners, Ltd  
3030 McKinney Ave, #305  
Dallas, TX 75204

Blackpool Partners, LP  
701 Harger Rd, #190  
Oak Brook, IL 60523

Blackpool Absolute Return Fund, LLC  
c/o John E. Page, Esquire  
Shraiberg Ferrara & Landau, PA  
2385 NW Executive Ctr Dr #300  
Boca Raton, FL 33431

Centermark Asset Management  
21320 Baltic Dr  
Cornelius, NC 28031

Claude Lestage  
4893 N Kay  
Palm Beach Gardens, FL 33418

Attn: Andrew N. Friedman, Esq.  
Cohen Milstein Sellers & Toll, PLLC  
1100 New York Avenue, N.W.  
Suite 500, West Tower  
Washington, D.C. 20005

MIO Partners Inc  
c/o Robin E. Keller, Esq.  
Hogan Lovells US LLP  
875 Third Avenue  
New York, NY 10022

McKinsey Master Retirement Trust  
c/o Robin Keller, Esq.  
Hogan Lovells US LLP  
875 Third Avenue  
New York, NY 10022

Special Situations Investment Fund, L.P. c/o  
Robin Keller, Esq.  
Hogan Lovells US LLP  
875 Third Avenue  
New York, NY 10022

Deer Island, LP  
4 Nason Hill Lane  
Sherborn, MA 01770

Dennis Dobrinich  
3860 Dogwood Ave  
Palm Beach Gardens, FL 33410

Douglas A. Kelley, Chapter 11 Trustee  
Attn: James A. Rubenstein, Esq.  
4800 Wells Fargo Center  
90 South Seventh Street  
Minneapolis, MN 55402

Douglas A. Kelley, Chapter 11 Trustee  
Attn: Terrence J. Fleming, Esq.  
4200 IDS Center  
80 South Eighth Street  
Minneapolis, MN 55402

Father's Heart Family Foundation Inc.  
8292 Nashua Dr  
Palm Beach Garden, FL 33418

Frank Carruth  
5407 S Flagler Dr  
West Palm Beach, FL 33405

Freestone Entities  
c/o Mr. Justin Young  
1918 Eighth Avenue, Suite 3400  
Seattle, WA 98101

Fulbright & Jaworski  
2100 IDS Center  
80 South Eighth Street  
Minneapolis, MN 55402-2112

Geoffrey Varga and Neil Morris  
Joint Liquidators of Palm Beach Offshore/  
c/o Mark W. Eckard, Esq.  
1201 N. Market Street, Suite 1500  
Wilmington, DE 19801

Edward J. Estrada, Esquire  
Christopher A. Lynch, Esquire  
Reed Smith LLP  
599 Lexington Avenue  
New York, NY 10022

George & Nancy Slain  
59-1089 Maluhi Pl  
Kamuela, HI 96743

H. Thomas Halen, III, President  
Golden Gate Financial Group LLC  
1750 Montgomery Street, 1<sup>st</sup> Floor  
San Francisco, CA 94111

Golden Gate VP Absolute Return Fund, LP  
c/o Michael J. Cordone, Esq.  
Stradley Ronon Stevens & Young, LLP  
2600 One Commerce Square  
Philadelphia, PA 19103

Golden Sun Multi-Manager Fund, LP  
c/o Jeffrey S. Posta, Esq.  
Stark & Stark  
PO Box 5315  
Princeton, NJ 08543-5315

Guy M. Hohmann, Esq. and  
Messrs. Taube, Weiss and Taylor  
Hohmann, Taube & Summers, L.L.P.  
100 Congress Ave, 18th Floor  
Austin, TX 78701

Harvest Investments LP  
Red Bird Farm  
4 Nason Hill Rd  
Sherborn, MA 01770

Hillcrest Properties  
c/o Stephen Willia  
59 Damonte Ranch Pkwy, #B-360  
Reno, NV 89521

Attn: Mitchell Herr  
Holland & Knight, LLP  
701 Brickell Ave, Suite 3000  
Miami, FL 33131

Integrity Partners  
c/o Scott Walchek  
1499 Danville Blvd, #202  
Alamo, CA 94507

James Corydon  
6650 N Tower Circle Dr  
Lincolnwood, IL 60712

Janette Bancroft  
9052 SW 103 Ave  
Ocala, FL 34481

Janet Bonebrake  
7169 150th Ct N  
Palm Beach Gardens, FL 33418

John Daniel  
225 Wellington Ln  
Cape Girardeau, MO 63701

Judith Goldsmith  
3 Water Ln  
Manhasset, NY 11030

K&K Capital Management, Inc.  
3545 Lake St, #201  
Wilmette, IL 60091

Kaufman Rossin & Co.  
2699 S Bayshore Dr  
Miami, FL 33133

Kenneth A. Ralston  
c/o John E. Page, Esquire  
Shraiberg Ferrara & Landau, PA  
2385 NW Executive Ctr Dr #300  
Boca Raton, FL 33431

LAB Investments Fund, LP  
1875 S Grant St, #600  
San Mateo, CA 94402

Laulima Partners, LP  
c/o Smithfield Trust Co.  
Attn: Robert Kopf Jr.  
20 Stanwix St, #650  
Pittsburgh, PA 15222

Leon Meyers Management  
680 Fifth Ave, 9th Fl  
New York, NY 10019

M. Lee Toothman  
216 Barbados Dr  
Jupiter, FL 33458

MB Investments, LLC  
180 N Wacker Drive, Lower 1  
Chicago, IL 60606

Marder Investment Advisors Corp.  
8033 Sunset Blvd, #830  
Los Angeles, CA 90046

Mark Prevost  
2372 Hidden Ridge Ln  
Jasper, AL 35504

Martin Casdagli  
554 E Coronado Rd  
Santa Fe, NM 87505

Maxine Adler  
c/o US Trust/Bank of America  
and Patrici  
150 E. Palmetto Park Road, Suite 200  
Boca Raton, FL 33432

Mosaic Capital Fund LLC  
c/o Philadelphia Financial  
One Liberty Place  
1650 Market Street, 54<sup>th</sup> Floor  
Philadelphia, PA 19103

Nancy Dobrinich  
3860 Dogwood Ave  
Palm Beach Gardens, FL 33410

Nancy Hollingsworth  
7107 Arrowood Rd  
Bethesda, MD 20187

NetWide Capital LLC  
1818 16<sup>th</sup> Street  
Boulder, CO 80302-5456

Palm Beach Finance Holdings, Inc.  
c/o Lindquist & Vennum, PLLP  
80 South Eighth Street, Ste 4200  
Minneapolis, MN 55402

Pemco Partners, LP  
8 Lyman St, #204  
Westborough, MA 01581

Petters Company, Inc.  
c/o Lindquist & Vennum, PLLP  
80 South Eighth Street, Ste 4200  
Minneapolis, MN 55402

Quantum Family Office Group, LLC  
1500 San Remo Avenue, Suite 210  
Coral Gables, FL 33146

Raymond Feldman  
4644 Balboa Ave  
Encino, CA 91316

Raymond G. Feldman Family Ventures, LP  
c/o John E. Page, Esquire  
Shraiberg Ferrara & Landau, PA  
2385 NW Executive Ctr Dr #300  
Boca Raton, FL 33431

Randall Linkous  
1174 SW 27 Ave  
Boynton Beach, FL 33426

Ron Priestley  
5565 N Espina Rd  
Tuscon, AZ 85718

Ronald R. Peterson  
Jenner & Block LLP  
353 North Clark St.  
Chicago, IL 60654

Ronald R. Peterson  
c/o McDermott Will & Emery, LLP  
Attn: Lazar P. Raynal, Esq.  
227 West Monroe Street  
Chicago, IL 60606

SALI Fund Services, LLC  
6836 Austin Center Street, Suite 320  
Austin, TX 78731

SSR Capital Partners, LP  
c/o R. James George, Jr., Esq.  
114 W. Seventh Street, Suite 1100  
Austin, TX 78701-3015

Sage Capital Resources  
3006 Julia St W, Unit A  
Tampa, FL 33629

Sandra Linkous  
1174 SW 27 Ave  
Boynton Beach, FL 33426

Second City Alternatives  
801 Park Ave  
Wilmette, IL 60091

Select Access Management  
15 Valley Dr  
Greenwich, CT 06831

Sims Moss Kline & Davis, LLP  
Three Ravinia Drive  
Suite 1700  
Atlanta, GA 30346

Spring Investor Services Inc.  
Red Bird Farm  
4 Nason Hill Lane  
Sherborn, MA 01770

Sterling Management Inc.  
160 White Oaks Ln  
Vadnais Heights, MN 55127

Steve Bakaysa  
36 Frantzen Ter  
Cheektowaga, NY 14227

Strategic Stable Return Fund (ID), LP  
c/o R. James George, Jr., Esq.  
114 West Seventh Street, Suite 1100  
Austin, TX 78701

Strategic Stable Return Fund II, LP  
c/o R. James George, Jr., Esq.  
114 W. Seventh Street, Suite 1100  
Austin, TX 78701

Table Mountain Capital, LLC  
850 Quince Ave  
Boulder, CO 80304

Ted Goldsmith  
3 Water Ln  
Manhasset, NY 11030

Tradex Global Advisors  
35 Mason St, 4th Fl  
Greenwich, CT 06830

Tradex Global Master Fund  
c/o Andrew N. Friedman, Esquire  
1100 New York Avenue, N.W.  
Suite 500, West Tower  
Washington, DC 20005

Umbach Financial Group, LLC  
525 South Flagler Drive, #100  
West Palm Beach, FL 33401

VAS Partners, LLC  
Attn: Vincent P Allegra  
4401 W Roosevelt Rd  
Hillside, IL 60162

Valur Egilsson  
11966 Tuliptree Ln  
Huntley, IL 60142

Vincent Allegra  
449 S Evergreen St  
Bensenville, IL 60106

Wilbur Hobgood  
2189 Radnor Ct  
North Palm Beach, FL 33408

Zimmer Lucas Capital  
535 Madison Ave, 6th Fl  
New York, NY 10022

Gonzalo R Dorta  
334 Minorca Ave  
Miami, FL 33134

Steven W Thomas  
14 27 Ave  
Venice, CA 90291

Joel Barnett  
Barnett Capital Ltd.  
450 Skokie Blvd., # 604  
Northbrook, IL 60062

Guardian Capital, LLC  
3225 Aviation Avenue  
# 601  
Miami, FL 33133

Ocean Gate Capital Management, LP  
5 Sewall Street  
Marblehead, MA 01945

Santa Barbara Investment Capital  
2220 Santiago Rd  
Santa Barbara, CA 93103

Gary Marks/Sky Bell Asset  
Management, LLC  
3115 N. Noho Loihi Way  
Kihei, HI 96753

Pete L DeMahy, Esquire  
DeMahy Labrador et al.  
150 Alhambra Circle  
Coral Gables, FL 33134

Debevoise & Plimpton LLP  
Attn: Edwin G. Schallert, Esquire  
919 Third Avenue  
New York, NY 10022

Bruce Prevost  
8292 Nashua Dr  
Palm Beach Gardens, FL 33418

David Harrold  
963 Evergreen Dr  
Delray Beach, FL 33483

Lewis B. Freeman & Partners, Inc.  
c/o Kenneth A. Welt, Receiver  
1776 North Pine Island Road, Suite 102  
Plantation, FL 33322

Lionheart Insurance Fund Series Interests of  
the SALI Multi-Fund Series Fund, LP  
6836 Austin Center Blvd. Ste 320  
Austin, TX 78731

U.S. Bank National Association  
c/o Richard G. Wilson, Esquire  
Maslon Edeman Borman & Brand, LLP  
90 S. 7<sup>th</sup> Street, Suite 3300  
Minneapolis, MN 55402-4140

Sarah Stroebe, Snr Corp Counsel  
U.S. Bank National Association  
800 Nicollet Mall  
Minneapolis, MN 55402-4140



Golden Sun Capital Management, LLC  
885 Arapahoe Avenue  
Boulder, CO 80302

Genesis Capital  
Attn: Michael Dubinski  
7191 Wagner Way NW  
Gig Harbor, WA 98335

Robin J. Rubens, Esquire  
Levine Kellogg Lehman, et al.,  
201 South Biscayne Blvd.  
34th Floor, Miami Center  
Miami, FL 33131

Prateek Mehrotra, CFA, CAIA  
Sumnicht & Associates  
W6240 Communication Ct, #1  
Appleton, WI 54914-8549

Ron Robertson, President  
Strategic Capital Group  
7191 Wagner Way NW, Suite 302  
Gig Harbor, WA 98335

Globefin  
Attn: Andrew Hoffman  
980 6<sup>th</sup> Avenue, 4<sup>th</sup> Floor  
New York, NY 10018

Internal Revenue Service  
PO Box 7346  
Philadelphia, PA 19101-7346

John Docherty  
United States Attorney's Office  
316 North Robert Street, Suite 404  
Saint Paul, MN 55101

Andrew P. O'Brien, Esquire  
U.S. Securities and Exchange Commission  
Chicago Regional Office  
175 West Jackson Blvd., Suite 900  
Chicago, IL 60604

Sean O'D. Bosack  
780 N. Water Street  
Milwaukee, WI 53202

John L. Kirtley  
780 N Water Street  
Milwaukee, WI 53202

Matia L. Kreiter  
780 N Water Street  
Milwaukee, WI 53202

Daniel N. Rosen, Esquire  
Parker Rose, LLC  
300 First Avenue North, Suite 200  
Minneapolis, MN 55401

Kenneth A. Welt  
8255 West Sunrise Blvd., # 177  
Plantation, FL 33322

Kinetic Partners (Cayman) Limited  
The Harbour Center / 42 North Church  
Street / PO Box 10387  
Grand Cayman KY1-1004  
Cayman Islands

Palm Beach Offshore Ltd.  
Anchorage Centre, 2nd Floor  
PO Box 32021 SMB  
Grand Cayman, Cayman Islands

Palm Beach Offshore II, Ltd.  
Admiral Financial Center, 5th Floor  
90 Fort Street, PO Box 32021  
Grand Cayman KY-1208  
Cayman Islands

Scotia Capital  
The Bank of Nova Scotia  
Global Alternative Asset Group  
40 King Street W, 68<sup>th</sup> Fl  
Toronto Ontario M5W 2X6

Citco Global Securities Services  
2600 Airport Business Park  
Kinsale Road  
Co.Cork  
Ireland

Lane E. Roesch  
White & Case, LLP  
200 S. Biscayne Blvd., Suite 4900  
Miami, FL 33131

Monica Hanlet  
PO Box 321255  
Palm Coast, FL 32135-1255

Michael R. Band, Esquire  
Band Law Firm  
169 East Flagler Street, Suite 1200  
Miami, FL 33131

Andy Hall  
Soffer Charbonnet LLP  
7300 France Avenue South, Suite 210  
Minneapolis, MN 55435

Frank Vennes  
190 Seminole Lane, Apt. 205  
Cocoa Beach, FL 32931

Deutsche Bank (Cayman) Ltd  
ACF HSBC USA Inc  
Deutsche Bank (Cayman) Limited  
PO Box 1984  
Grand Cayman  
KY1-1104 -- Cayman Islands

HSBC SECURITIES (USA) INC  
452 Fifth Avenue - T3  
New York, NY 10018

Carlton Beal Family Trust  
104 S Pecos Street  
Midland, TX 79701

Beal Family trust FBO Kelly Beal  
104 S Pecos Street  
Midland, TX 79701

The Beal Trust U/A  
104 S Pecos Street  
Midland, TX 79701

Beal GST Exemption Trust  
104 S Pecos Street  
Midland, TX 79701

Carlton Beal Family Trust  
104 S Pecos Street  
Midland, TX 79701

Thomas J. Ginley Life Ins. Trust  
Dated 1-22-97  
6650 N Tower Circle Drive  
Lincolnwood, IL 60712

Zcall, LLC  
c/o Brian S. Dervishi  
1 S.E. 3<sup>rd</sup> Avenue, # 1980  
Miami, FL 33131

Scall, LLC  
c/o Weissman, Dervishi, Borgo & Nodlund  
1 SE 3<sup>rd</sup> Avenue, # 1980  
Miami, FL 33131

U.S. Trust and Patricia Scwab  
Successor Trustees, TUA Maxine B Adler  
POB 842056  
Dallas, TX 75284

James L. Volling, Esquire  
2200 Wells Fargo Center  
90 South Seventh Street  
Minneapolis, MN 55402-3901

Dana L. Choi, Esquire  
Holland & Knight LLP  
701 Brickell Avenue, Suite 3000  
Miami, FL 33131

Palm Beach Links Capital, LP  
12200 N Stemmos Fwy, Suite 316  
Dallas, TX 75234

Cannonball Funds/Globefin Asset  
Manageme  
c/o Globefin European Advisors Ltd.  
8 Chesterfield Hill  
London, England W1J5BW

John Bergman, Nancy Rodman Anguish, Rodman  
Capital Holdings, Ltd. Beacon Partners, Ltd.  
c/o Jennifer Hayes, Esq.  
FOLEY & LARDNER LLP  
100 N. Tampa Street, Suite 2700  
Tampa, Florida 33602

John Bergman, Nancy Rodman Anguish, Rodman  
Capital Holdings, Ltd. Beacon Partners, Ltd.  
c/o Erika L. Morabit, Esq.  
FOLEY & LARDNER LLP  
2000 K Street, N.W., Suite 600  
Washington, D.C. 20007

Scott M. Grossman  
Greenberg Traurig, P.A.  
401 East Las Olas Blvd., Suite 2000  
Fort Lauderdale, FL 33301