

LIQUIDATION ANALYSIS

I. INTRODUCTION

The Debtors activities in these Chapter 11 Proceedings has clearly benefited the creditors more than would have been possible in a hypothetical liquidation under Chapter 7 of the Bankruptcy Code, as of the filing Date.

Under Chapter 11, the Receiver has been able to orderly dispose of non-performing assets, as well as, commence actions and leverage leverage settlements on the Debtors behalf, which would not have been possible in a Chapter 7 proceeding. Absent these activities, the Debtors' Consolidated Estate would have been administratively insolvent.

Based upon this administrative insolvency, a hypothetical Chapter 7 Trustee would have had little resources to pursue the recoveries obtained by the Receiver. Moreover, given the relative complexity of the research and analysis employed to support the litigations commenced by the Receiver, and the relative complexity of the legal issues involved, a hypothetical Chapter 7 Trustee would not have had the incentive to commence such actions on a contingency basis.

Rather, in a hypothetical Chapter 7 Proceeding, the creditors would have been left with little more than the potential recoveries under Chapter 5 of the Bankruptcy Code.

The Receiver's efforts on behalf of the creditors have resulted in the following estimated recoveries for creditors:

	Chapter 11	Hypothetical Chapter 7
ANMP 74	\$16,000,000.00	\$1,153,214.00
Am. Nat.	\$ 2,300,000.00	\$ 450,000.00
General Litigation	\$ 5,000,000.00 ¹	0
Chapter 5 Actions	\$ <u>N/A</u> ²	\$ <u>N/A</u>
TOTAL	\$ 23,753,928.00	\$1,603,214.00

II. ANALYSIS

Immediately subsequent to the Order granting the ACC Relief from the Automatic Stay provisions of 11 U.S.C. 362, which allowed the Receiver to act on behalf of the

¹ This amount is included as an estimate solely for the purposes of the Disclosure Statement. As the litigations do not demand a specific dollar amount, and leave the quantification of damages as an amount to be determined at Trial, it is well possible that recoveries will exceed this estimate.

² As these Actions have only recently been commenced, it is not possible to adequately estimate their expected recovery. As such recovery would be the same under either a Chapter 11 or 7 proceeding, the amount is not material to this analysis.

Debtors, the Receiver commenced a review of the accounting records of the Debtors to determine their true financial position.

This review was necessitated because, as discussed in detail in the Disclosure Statement, ANMP was operated as a massive Ponzi scheme, and there was little regard for formal accounting procedures among the various ANMP Entities. This resulted in unreliable financial records.

Based upon the reconstructed books and records, as of the Filing Date, the Debtors ANMP 74th Street and American National Mortgage Partners had assets of \$ 18,606,000 and \$2,190,837 respectively, and \$67,365,180 in combined liabilities.

A. AMNP 74th Street.

Based upon the re-constructed accounting records, as of the filing date, the assets shown on the books and records of ANMP 74th Street represented the Real Property underlying the transactions with Castle Megastores, Inc. (the "Castle Properties").

In these Chapter 11 proceedings, the Receiver negotiated a Settlement more fully described in Exhibit H, which should yield \$16,000,000 for the Debtors. Absent this settlement, the Castle Properties would have generated no real value for the Estate, as most of the properties were significantly overvalued, and over-encumbered. It is estimated that in a Hypothetical Chapter 7 Proceeding, the Castle Properties would have had a negative net value to the Estate of -\$40,607, detailed as follows:

CASTLE PROPERTY	ESTIMATED CH 7 VALUE³
Washington Street	\$32,764.00
Camelback Property	\$10,993.00
Dunlap Property	\$0.00
Apache Trail	\$0.00
Albuquerque	\$0.00
Silverdale Property	\$0.00
Spokane Property	\$75,927.00
Medford Property	\$0.00
Kennewick Property	\$40,731.00
Portland Property	\$0.00
Deer Valley Property	\$580,925.00
44th Street Property	\$316,241.00
Warehouse Property	\$95,633.00
Anchorage Property	\$0.00
TOTAL	\$1,153,214.00

³ These Liquidation Values are based on the estimates used in the Plan and Disclosure Statement in the Dexter Distributing Corporation Bankruptcy, Case No. 03-03546, pending in the United States Bankruptcy Court for the District of Arizona.

B. American National Mortgage Partners.

Based upon the re-constructed accounting records, as of the filing date, the assets shown on the books and records of American National Mortgage Partners primarily represented the Notes due from borrowers of the various ANMP loan programs. Although the loans were to be secured by first positions on real property, most were not, and in fact were either over encumbered, or no lien representing ANMP's interest was ever recorded. Because of the speculative nature of these loans, and the lack of proper recordation of ANMP's interest in the real property which was to secure them, in a hypothetical Chapter 7 Proceeding, these loans would have most likely have only yielded \$150,000.00, detailed as follows:

BORROWER	ESTIMATED CH 7 VALUE	DESCRIPTION OF COLLECTABILITY	ESTIMATED CH 11 VALUE
Bed, Boat & Breakfast	\$0.00	Over encumbered, no equity. Subject to pending litigation.	\$0.00
Penthouse	\$0.00	Assets purportedly securing loan over encumbered. Property purportedly securing loan in foreclosure when loan made. Subject to pending litigation.	\$0.00
Joshua Lane Lenders, LLC	\$0.00	Over encumbered, no equity. Borrower filed Bankruptcy.	\$0.00
Ben Jackson	\$0.00	Over encumbered, no equity. Borrower filed Bankruptcy.	\$0.00
FutureCom Global, Inc.	\$0.00	Over encumbered, no equity. Subject to pending litigation.	\$1,950,000.00
Global Investments Group Amsterdam, LLC	\$0.00	Over encumbered, no equity. Property securing loan foreclosed.	\$0.00
N.T. Creekside, LLC	\$0.00	ANMP has unrecorded unsecured interest.	\$0.00
Normandale Towers, LLC		Recovery will require lawsuit.	
Colonial Exeter, LLC	\$0.00	Over encumbered, no equity.	\$0.00
Waterstone Place Colonial Village, LLC			
Omni Horizon Group Omni Horizon Partners	\$0.00	Subject to pending litigation. Limited potential for recovery.	\$0.00
R.L. Wickman & Associates South Bonita, LLC	\$0.00	Over encumbered, no equity. Borrower filed Bankruptcy.	\$0.00
Stanford Lerch	\$25,000.00	Secured Claim.	\$25,000.00
North Dobson Scottsdale, LLC	\$0.00	Over encumbered, no equity. Property securing loan foreclosed.	\$0.00
Susan Bates	\$35,000.00	Property securing loan will be foreclosed.	\$35,000.00
Terrell Beckwith	\$40,000.00	ANMP has unrecorded unsecured interest. Lawsuit pending.	\$40,000.00
Medina Properties, LLC 3303 Ohio Property, LLC TN Corporation	\$0.00	Receiver has negotiated a settlement. Absent this settlement, the property securing the loan would have been foreclosed, leaving no recovery for the creditors.	\$450,000.00
Atlas Mining Company Clearwater Mines Park Copper and Gold Mining Company Secluded Lane	\$150,000.00	Receiver has negotiated a settlement. Absent this settlement, the loan would have yielded a greatly reduced recovery for the creditors.	\$750,000.00
	\$0.00	Receiver has negotiated a settlement. Absent this settlement, the property securing the loan would have been foreclosed, leaving no recovery for the creditors.	\$800,000.00

Flynn Jackson	\$200,000.00	\$200,000.00
TOTAL	\$450,000.00	\$2,300,000.00

C. General Litigation.

The Receiver has commenced various litigations against borrowers as detailed in Exhibit G, as well as, the Financial Institution Litigation detailed in Exhibit I and the Penthouse Litigation detailed in Exhibit J. It is anticipated that these litigations will yield in excess of \$5,000,000.00, as described in Note 1 above, for the Debtors in these Chapter 11 proceedings.

Further, based upon the complexity of the analysis which was undertaken to form the factual predicate for these actions, as well as the complexity of the issues which form the basis of these actions, a Chapter 7 Trustee would not have had the resources to commence and prosecute them.

Consequently, there would be no potential recovery for these actions in a hypothetical Chapter 7 Proceeding.

D. Chapter 5 Causes of Action.

On March 2, 2005, the Debtors commenced twenty (20) actions under 11 U.S.C. §§ 547 and 548 seeking recoveries against certain defendants for a total of \$2,269,639.45, and as detailed in Exhibit K. As these actions are in their early stages, it is relatively difficult to estimate any proceeds which may ultimately be recovered, as described in Note 2 above.

Additionally, any recovery from these actions would be the same under a Chapter 7 or 11 Proceeding.

IV. CONCLUSION.

Based upon the foregoing analysis, the creditors will have a greater recovery under the Plan than they would in a hypothetical liquidation under Chapter 7 of the Bankruptcy Code.