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10 SUPERIOR COURT OF ARIZONA

11 MARICOPA COUNTY

12 ARIZONA CORPORATION COMMISSION,

Case No: CV2003-005724

13 Plaintiff,

**JOINT MOTION TO APPROVE
STIPULATION IN AID OF
CONFIRMATION OF PLAN
REGARDING TAYLOR COLEMAN
BANKRUPTCY**

14 v.

15 AMERICAN NATIONAL MORTGAGE
16 PARTNERS, L.L.C., et al.

(Assigned to the Honorable J. Richard Gama)

17 Defendants.

18
19 James C. Sell, the court appointed Receiver in the above-referenced matter, through
20 counsel of record undersigned, and David W. Dow, attorney for the ANMP Creditor's Committee
21 in the Taylor R. Coleman Bankruptcy Case No. 03-04238 (hereinafter referred to as the "Taylor
22 Coleman bankruptcy"), hereby requests that this Court enter an Order authorizing the parties to
23 enter into and implement the Stipulation in Aid of Confirmation of Plan of Reorganization
24 in the Taylor Coleman Bankruptcy. The Settlement Stipulation will resolve the disputes
25 between the parties.

26 This motion is based upon the following Memorandum of Points and Authorities.
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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

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3 I. Procedural Background

4 1. On or about March 24, 2003, the Arizona Corporation Commission caused
5 to be filed, in the Superior Court in and for the State of Arizona, a Complaint in the
6 above-captioned matter against numerous individual defendants and entities, seeking the
7 appointment of a Receiver over the named Defendants.

8 2. After notice and hearing, the Court, on April 2, 2003, issued its Order
9 Appointing Receiver, appointing James C. Sell as Receiver for the approximately 100
10 entities named in the Receivership Complaint.

11 3. American National Mortgage Partners, LLC and ANMP 74th ST., LLC were
12 specifically excluded from the Order due to the filing of Chapter 11 bankruptcy
13 proceedings initiated in the United States Bankruptcy Court for the District of Arizona, on
14 behalf of each entity, Cause Nos. 03-03803 PHX RJH and 03-03799 PHX RJH
15 respectively.

16 4. On or about May 15, 2003, after having obtained Orders Lifting the
17 Automatic Stay of 11 U.S.C. § 362 in the Bankruptcy Proceedings, this Court issued its
18 First Amended Order Appointing Receiver for the sole purpose of including American
19 National Partners, LLC and ANMP 74TH ST., LLC as additional parties subject to the
20 Receivership Order. James C. Sell was appointed under the First Amended Order as
21 Receiver for these two entities, and was to serve as the responsible party for these entities
22 in the pending bankruptcy proceedings.

23 5. The intent of the Receivership Order was to allow for the Receiver to
24 marshal and to protect the assets of the Receivership Estate and to preserve their value for
25 the benefit of the investors.

26 6. On or about August 22, 2003, the Court entered the Second Order Appointing
27 Receiver, which was entered for the specific purpose of naming additional parties.

28 7. Paragraph 18 of the Receivership Order provides as follows:

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(18) The Receiver is hereby authorized to institute, defend, compromise or adjust such actions or proceedings in state or federal courts now pending and hereafter instituted, as may in his discretion be advisable or proper for the protection of the Receivership Assets or proceeds therefrom, and to institute, prosecute, compromise or adjust such actions or proceedings in state or federal court as may in his judgment be necessary or proper for the collection, preservation and maintenance of the Receivership Assets.

Settlement Terms

8. The Receiver, Coleman and the Castle Debtors previously entered into a Stipulation in Aid of Confirmation of Plan of Reorganization, the terms of which were incorporated in the Castle Debtors' Amended Joint Plan of Reorganization dated September 9, 2003 (the "Castle Stipulation and "Castle Plan" respectively). Pursuant to the terms of the Castle Stipulation, certain investor claims that may be asserted against Coleman were deemed duplicative of claims that were compromised pursuant to the terms of the Castle Stipulation.

9. The parties anticipated that investors may have claims that were not duplicative of the claims settled in the Castle Stipulation. To address these claims, the Castle Stipulation specifically did not provide for a release of Coleman from liability for these purported claims. Although Coleman expressly denies the existence, validity and amount of any such claims, the Receiver and American National Mortgage Partners' Creditors Committee, acting for the benefit of all ANMP Investors, has negotiated a resolution of those claims in a manner that avoids significant litigation, including but not limited to the claim objection process, avoids the uncertainty attendant to all litigation, and will reduce the costs of administration and permit these proceedings to be concluded expeditiously.

10. Coleman, the Receiver and the ANMP Creditors' Committee have reached an agreement, the terms of which are set forth in the Stipulation in Aid of Confirmation of

1 Chapter 13 Plan, a copy of which is attached hereto as **Exhibit “A”**. Pursuant to the
2 agreement of the parties, the essential terms are as follows:

3
4 a. Coleman agrees that the Claim Amount, as defined in the Castle Stipulation,
5 will be increased by an additional \$2 million (the “Coleman Payment”).

6 b. The Coleman Payment shall be paid in accordance with the terms of the
7 confirmed Castle Plan and all distributions otherwise payable to ANMP Investors by
8 reasons of their claims against Coleman shall be satisfied in full by the Coleman Plan and
9 will be paid to ANMP (by delivery to the Receiver) to be distributed by the Receiver in
10 accordance with the anticipated ANMP plan of reorganization.

11
12 c. In consideration for this Agreement, and payment of attorney fees paid to
13 Ralph Vescio and Rudy Ouwens/Pensco Pension, as more particularly set forth in the
14 Agreement, the Dellheim Creditors have agreed to a) dismiss the Castle appeal, b) support
15 Coleman’s Chapter 13 Plan, c) waive claims for reimbursement of any additional
16 attorneys’ fees and costs against the Castle Estate, the Coleman Estate, the ANMP Estate
17 and the Receivership action; and d) not oppose the Receiver’s consolidation of the
18 ANMP entities into a single plan of reorganization, not oppose the allegation of a Ponzi
19 Scheme or the use of each investor’s “net investment amount” as an allocation mechanism
20 for the payout, to the ANMP investors, of sums recovered by the receiver and/or the
21 ANMP Estate.
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25 11. Based upon the foregoing, the Receiver believes the proposed settlement is
26 in the best interest of the Receivership estate and investors.
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1 WHEREFORE, the Receiver respectfully requests that this court approve the
2 Stipulation in Aid of Confirmation of Chapter 13 Plan, to be filed in the Taylor Coleman
3 bankruptcy proceeding.

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5 DATED this day of May, 2004.

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JABURG & WILK, P.C.

Lawrence E. Wilk
Attorneys for James C. Sell, Receiver

ORIGINAL filed and **COPY**
of the foregoing hand-delivered
this day of May, 2004 to:

The Honorable Richard J. Gama
MARICOPA COUNTY SUPERIOR COURT
101 West Jefferson, ECB 611
Phoenix, Arizona 85003-2243

COPIES of the foregoing mailed
this day of May, 2004 to:

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Investor

COPY of the foregoing
hand-delivered and/or faxed this _ day
of May, 2004 to:

Lyman Davis
920 West Wagner Drive
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Facsimile (480) 545-8814
Chairman of Creditors Committee

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James C. Sell
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Facsimile (602) 265-3622
Court Appointed Receiver

/s/ Tonica Swan