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SUPERIOR COURT OF ARIZONA
MARICOPA COUNTY

ARIZONA CORPORATION
COMMISSION,

Plaintiff,

v.

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

Defendants.

Case No: CV2003-005724

**MOTION TO AUTHORIZE
SETTLEMENT REGARDING
WILLIAM JACOBSON, ATLAS
MINING COMPANY, CLEARWATER
MINES, INC., AND PARK COPPER
AND GOLD MINING COMPANY**

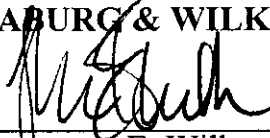
(Assigned to the Honorable J. Richard
Gama)

James C. Sell, the court appointed Receiver in the above-referenced matter, through counsel of record undersigned, hereby requests that this Court enter an order authorizing the Receiver to enter into the Settlement Agreement which is attached hereto as Exhibit "A" and incorporated herein in its entirety by reference (the "Settlement Agreement").

This motion is based upon the following Memorandum of Points and Authorities.

DATED this 2 day of March, 2005.

JABURG & WILK, P.C.



Lawrence E. Wilk
Attorneys for James C. Sell

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 I. **Procedural Background**

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

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

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

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

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

25 6. Paragraphs 17 and 18 of the Second Amended Receivership Order provide
26 as follow:
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17. The Receiver is hereby authorized and directed to receive and collect any and all sums of money due or owing to the Receivership Defendants, whether the same are now due or shall hereafter become due and payable, and is authorized to incur such reasonable expenses and make such disbursements as are necessary and proper for the collection, preservation, maintenance and operation of the Receivership Assets.

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.

7. In pursuit of his duties under the terms of the Receivership Order, on or about February 16, 2005, the Receiver, as the Court appointed Receiver in Maricopa County Superior Court Cause No. CV 2004-024172 (hereinafter referred to as "Receiver") entered into a Settlement Agreement with William Jacobson ("Jacobson"); Atlas Mining Company ("Atlas Mines"); Clearwater Mines, Inc. ("Clearwater"); and Park Copper & Gold Mining Company ("Park"), (collectively referred to as "Borrowers"). The purpose of the Agreement is to resolve issues regarding outstanding balances due pursuant to promissory notes entered into by the Borrowers, and owing to the Receivership Estate.

II. Factual Background

1. On or about May 31, 2002, Jacobson and Atlas executed a promissory note in the amount of \$345,507.59, in favor of the Receivership Estate. Jacobson and Atlas failed to pay in accordance with the terms of the note and there is currently due and owing

1 the sum of 1,220,332.61, which amount represents outstanding principal, late fees and
2 interest, and continues to accrue interest at the contract rate.

3
4 2. On or about February 12, 2002, Jacobson and Clearwater executed a
5 promissory note in the principal amount of \$175,000.00 in favor of the Receivership
6 Estate. Jacobson and Clearwater failed to pay in accordance with the terms of the note
7 and there is currently due and owing the sum of 731,033.33, which amount represents
8 outstanding principal, late fees and interest, and continues to accrue interest at the contract
9 rate.
10

11 3. On or about August 29, 2002, Jacobson and Park executed a promissory
12 note in the principal amount of \$86,100.00 in favor of the Receivership Estate. Jacobson
13 and Park failed to pay in accordance with the terms of the note and there is currently due
14 and owing the sum of 286,095.23, which amount represents outstanding principal, late
15 fees and interest, and continues to accrue interest at the contract rate.
16

17 4. Borrowers dispute the amounts that are owing. The Receiver and Borrowers
18 have agreed to resolve all disputes between them, including, but not limited to, those
19 amounts currently outstanding pursuant to the notes and additional documents that have
20 been executed by the Borrowers, subject to Court approval.
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2 III. Summary of Settlement Provisions¹
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4 Under the terms of the Settlement Agreement, Receiver has agreed as follows:

- 5 A. Within ninety days of "approval," Borrowers shall pay to the Receiver the
6 sum of \$406,000.00. During the ninety day period, the outstanding balance
7 of \$406,000.00 shall accrue interest at 8% per annum, until paid in full.
8
9 B. In addition to payment of the \$406,000.00, Atlas shall deliver to the
10 Receiver, for the benefit of the Receivership Estate, 175,000 restricted
11 shares of stock in Atlas. These shares shall be delivered to the Receiver and
12 the Receiver shall not be responsible for any transfer or registration fees.
13 Any such fees shall be borne and paid by the Borrowers. Atlas shall have
14 the right to buy back from Receiver, on three days written notice, any
15 amount of said 175,000 shares at the average closing bid price of the shares
16 for a consecutive ten day period prior to the notice, but in no event, of a
17 price less than 46 cents per share.
18
19 C. Borrower has agreed to waive all defenses as to any claims which the
20 Receiver may have for the outstanding amounts owed, and has agreed to the
21 entry of a Judgment in the full amount of the balances set forth previously
22 herein, in the event that Borrowers fail to comply with the terms of the
23 Agreement.
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28 ¹ The following represents a summary of the settlement terms. For a more detailed understanding of the terms of the settlement, refer to Exhibit "A".

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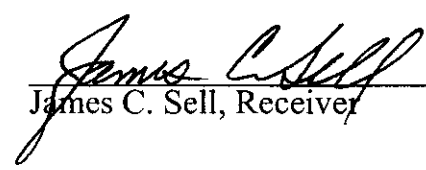
1 The Receiver has reviewed the settlement proposal, and believes that it is in the
2 best interest of the Receivership Estate. Although the notes have accrued substantial
3 interest, it is unlikely, after review of the corporate financials of the Borrowers, that the
4 borrowing entities can survive a Judgment in excess of the amounts being required to be
5 paid pursuant to the Settlement Agreement. The Settlement Agreement provides finality,
6 and immediate payment of substantial amounts to the Receivership Estate.
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9 Based upon the foregoing, the Receiver believes that it is in the best interest of the
10 Receivership Estate to authorize the Receiver to enter into the Settlement Agreement as
11 more fully set forth herein.

12 DATED this 2 day of March, 2005.

13
14 JABURG & WILK, P.C.


15
16 Lawrence E. Wilk
Attorneys for James C. Sell, Receiver


17
18 James C. Sell, Receiver

19 ORIGINAL filed and COPY
20 of the foregoing hand-delivered
this 2 day of March, 2005 to:

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

24 The Honorable Cathy M. Holt.
25 MARICOPA COUNTY SUPERIOR COURT
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Phoenix, Arizona 85003-2243

26 COPIES of the foregoing mailed
27 this 2 day of March, 2005 to:
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Chairman of Creditors Committee

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Court Appointed Receiver

