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BLACKEYE Capital LLC

FILED

AUGUST 25, 2010

AUG 26 2010

MR. FRANK BUSH
CEO
THOMAS TITLE & ESCROW
16435 NORTH SCOTTSDALE RD. #405
SCOTTSDALE, ARIZONA 85254

(VIA FAX: 480-222-1117)

UNITED STATES
BANKRUPTCY COURT
DISTRICT OF ARIZONA

DEAR MR. BUSH:

RE: MORTGAGES, LTD. BANKRUPTCY #2:08-BK-07465-RJH
(ML MANAGER, LLC/REORGANIZED COMPANY)

YOUR COMPANY HAS CHOSEN TO TITLE INSURE SALES OF REAL PROPERTY MADE BY ML MANAGER, LLC - SUCCESSOR TO MORTGAGES, LTD. THESE PROPERTIES ARE NOT 100% OWNED BY ML MANAGER, LLC OR ITS INTEREST IN THE NAMED PROPERTY LLC'S.

MY COMPANY - BLACKEYE CAPITAL, LLC - WENT TO COURT WITH AN OFFER TO PURCHASE THE ML OWNERSHIP INTEREST AND WITH THE BLESSING AND APPROVAL OF THE OTHER OWNERS IN THE PROPERTY (TENANTS-IN-COMMON).

WHY THE JUDGE IN THIS CASE - JUDGE HAINES - DOES NOT INVOKE A RULE INSTRUCTING THE ML MANAGER TO SELL THESE REAL PROPERTY ASSETS UNDER THE U.S.C. 363 CODE OF BANKRUPTCY IS JUST UNHEARD OF; ESPECIALLY IN THIS REAL ESTATE FINANCIAL CRISIS.

MANY OF JUDGE HAINES COURT DECISIONS IN THIS CASE ARE UNDER APPEAL; WHY HE DOESN'T WISH TO PROTECT HIMSELF FROM NOT GRANTING SELLING THESE REAL ESTATE ASSETS UNDER U.S.C. 363 IS HOLDING BACK THE INVESTORS IN THESE ML LOANS FROM OBTAINING THE HIGHEST PRICES IN THIS CURRENT MARKETPLACE.

BILL FOLEY AT FIDELITY WON'T TITLE INSURE THESE TRANSACTIONS FROM ML MANAGER (MORTGAGES, LTD.). WHY SHOULD YOU NOW BURDEN FIRST AMERICAN TITLE - THE KENNEDY FAMILY WILL BE INFORMED OF THIS PROBLEM.

I DO KNOW YOU CAME FROM FENNEMORE CRAIG - SAME AS CATHY REECE. PLEASE CONTACT ME TO DISCUSS ALL OF THE ABOVE SOON - 602-478-7700.

SINCERELY,


MICHAEL A. PELOUIN

CC: CATHY REECE VIA FAX: 602-916-5543
P.O. Box 15195 • Phoenix, Arizona 85060 • 602-478-7700 • Fax: 602-667-0299

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

Minute Entry

Hearing Information:

Debtor: Mortgages Ltd.
Case Number: 2:08-bk-07465-RJH Chapter: 11
Date / Time / Room: WEDNESDAY, AUGUST 25, 2010 10:30 AM 6TH FLOOR #603
Bankruptcy Judge: RANDOLPH J. HAINES
Courtroom Clerk: JANET SMITH
Reporter / ECR: SHERI FLETCHER

Matter:

ML MANAGER'S MOTION TO SELL REAL PROPERTY FREE & CLEAR OF LIENS, CLAIMS, ENCUMBRANCES
& INTERESTS
R/M #: 2,859 / 0

Appearances:

CATHY L. REECE, ATTORNEY FOR ML MANAGER
BRYCE SUZUKI, ATTORNEY FOR REV OF SUNSET
JERRY COCHRAN, ATTORNEY FOR BRACKETED CAPITAL

Proceedings:

Ms. Reece reviewed the details of the sale and the distributions that will be made.
Mr. Suzuki explained his opposition.
Mr. Cochran addressed his client's proposal.

COURT: FINDINGS OF FACT AND CONCLUSIONS OF LAW WERE STATED ON THE RECORD. IT IS ORDERED GRANTING THE MOTION. THE COURT WILL SIGN THE UPLOADED ORDER WITH THE EXCEPTION OF THE LAST CLAUSE OF PARAGRAPH 6 OF PAGE 3. THE COURT WILL FIND THAT THE PURCHASER IS A GOOD FAITH PURCHASER BUT THE COURT WILL NOT FIND THAT THE PURCHASER IS ENTITLED TO THE PROTECTIONS OF SECTION 363(h) OF THE BANKRUPTCY CODE. THE COURT CONCLUDES THAT THE 14 DAY STAY UNDER 363(d) DOES NOT APPLY AND IF IT SHOULD APPLY IT IS WAIVED.

11 U.S.C. § 363

NORTON BANKRUPTCY LAW AND PRACTICE 3D

Research References

West's Key Number Digest
Bankruptcy ¶2391 to 2404

Treatises and Practice Aids
Norton Bankruptcy Law and Practice 3d, Chapter 43

11 U.S.C. § 363

§ 363. Use, sale, or lease of property

(a) In this section, "cash collateral" means cash, negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents whenever acquired in which the estate and an entity other than the estate have an interest and includes the proceeds, products, offspring, rents, or profits of property and the fees, charges, accounts or other payments for the use or occupancy of rooms and other public facilities in hotels, motels, or other lodging properties subject to a security interest as provided in section 552(b) of this title, whether existing before or after the commencement of a case under this title.

(b) (1) The trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate, except that if the debtor in connection with offering a product or a service discloses to an individual a policy prohibiting the transfer of personally identifiable information about individuals to persons that are not affiliated with the debtor and if such policy is in effect on the date of the commencement of the case, then the trustee may not sell or lease personally identifiable information to any person unless—

(A) such sale or such lease is consistent with such policy; or

(B) after appointment of a consumer privacy ombudsman in accordance with section 382, and after notice and a hearing, the court approves such sale or such lease—

(i) giving due consideration to the facts, circumstances, and conditions of such sale or such lease; and

(ii) finding that no showing was made that such sale or such lease would violate applicable nonbankruptcy law.