

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

In re:) Case No. 10-50494
)
FAIR FINANCE COMPANY) Chapter 7
)
Debtor.) Chief Judge Marilyn Shea-Stonum
)

STATUS REPORT FOR JUNE 15, 2010 STATUS CONFERENCE

Brian A. Bash, Trustee herein, submits the following summary of the status of the Trustee’s administration of the estate:

Since the May 11, 2010 Status Conference before this Court, the Trustee, with the assistance of his professionals, has accomplished the following:

a) Negotiated the turnover of additional valuable artwork held by Timothy Durham (in addition to that in the Trustee’s possession).

b) Filed and submitted proposed Order approving compromise of Trustee’s motion for substantive consolidation by consensual assignment of all the assets of Fair Holdings Incorporated, and D.C. Investments, LLC, to Debtor (no objections or responses were filed regarding the motion to approve the assignment).

c) Received original vehicle titles and other “non-standard” ownership documents with lien recorded in favor of Trustee; Confirmed that RM Auctions (party to contract with Timothy Durham for sale of the vehicles) will inform the Trustee of any sales, as necessary to transfer title, and remit net proceeds of such sales to the Trustee.

d) Held 341 meeting of creditors, which meeting is continued to August 2, 2010, and updated Trustee’s website regarding case status.



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- e) Filed Schedules and Statements of Financial Affairs.
- f) Contacted certain recipients of transfers made with Fair Finance assets regarding turnover.
- g) Filed Notice of Stay in District Court proceedings (on remand from Second Circuit) in Brevet proceedings.
- h) Filed Response to Brevet Motion to Dismiss pending avoidance action.
- i) Timely submitted proposed Stipulations to counsel for Brevet in pending avoidance action.
- j) Filed a reply, and obtained an Order in favor of the Trustee, with respect to the Notice of Removal of the McKibben proceeding from state court.
- k) Obtained updated title work on properties owned by Daniel Laikin and filed original deeds of trust with county recorder.
- l) Filed a motion to sell the personal property located at Debtor's Wooster location and a notice of abandonment of the property at its Ashland location. Agreements in principle have been reached with all but one remaining landlord.
- m) Turned over all remaining leased locations to the respective landlords.
- n) Filed motion to retain a consultant to handle the termination of the Debtor's 401(k) plan and came to agreement with Debtor's third party administrator on how to handle safe harbor contributions that were not made by Debtor (thereby resolving a major issue in closing down the 401(k) plan).
- o) Obtained documents from Fortress Investments LLC regarding loan activity with Debtor; the Trustee continues to work with Fortress regarding complete information and/or an accessible format for such information.

p) Made substantial progress in reviewing and cataloging documents seized by the Federal Bureau of Investigation at their storage facility (the FBI is in the process of relocating the records to another facility; completion of the Trustee's review is subject to regaining access to the documents).

q) Learned that a nonsuit was filed regarding the CLST dissolution proceedings in Texas state court.

r) Contacted counsel for Red Oak Partners regarding status of action pending in Texas District Court; Learned that CLST's claims against Red Oak Partners were dismissed; the action remains pending on CLST's counterclaims, in the nature of breach of fiduciary duty and similar claims.

s) Negotiated consensual assignment to the Trustee of shares in CLST, or proceeds of any distribution thereof, held by Timothy S. Durham.

t) Corresponded with counsel for CLST regarding setoff issues and payments of notes owing from CLST to Debtor.

u) Filed response to withdrawal of Taft Stettinius & Hollister as counsel for Fair Finance. Mr. Michael O'Neil (of Taft) has expressed concern regarding the Trustee's response; the Trustee will discuss, and attempt to resolve, any issues with Mr. O'Neil.

v) Continued to investigate the organizational structure of entities owned and controlled by common owners of Debtor.

w) Continued investigation regarding assets and claims against insiders, and commenced drafting complaints.

In the following weeks, the Trustee intends to focus on accomplishing the following key actions:

- a) Arrange for transfer of additional artwork held by Timothy Durham to Trustee.
- b) Obtain executed Assignment Agreements in respect of assignment of assets of Fair Holdings, Inc. and DC Investments, LLC.
- c) Finalize agreements documenting other consensual assignments of interests in property held by Timothy Durham.
- d) Commence discussions with counsel for James Cochran regarding the possibility of consensual turnover of property in satisfaction of Mr. Cochran's obligations to the Debtor and/or its parent entities.
- e) File and serve Notice of continued 341 meeting and of deadline for filing proofs of claim.
- f) Review and analyze accounting obtained from Fortress Investments LLC and follow up regarding estate's potential equity in accounts.
- g) Monitor and appear in foreclosure proceedings on Laikin properties.
- h) Commence additional actions to recover assets.
- i) Investigate and assert claims, if any, against Debtor's insurance
- j) Monitor and appear, as necessary, in CLST action in Texas District Court.
- k) Follow up regarding the potential sale of accounts owned by the Debtor.
- l) File additional motions, as necessary, regarding disposition of Debtor's contracts and leases.
- m) Resolve issues with one remaining landlord and/or file a notice of abandonment with respect to the subject property.

n) File motion to retain an auctioneer and to sell the artwork obtained from Timothy Durham.

Date: June 14, 2010

Respectfully submitted,

/s/ Brian A. Bash

Brian A. Bash, Trustee (0000134)

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Counsel for the Trustee

CERTIFICATE OF SERVICE

A copy of the foregoing has been served via ECF or regular, U.S. Mail, on June 14, 2010,
on the attached service list.

/s/ Brian A. Bash

Brian A. Bash

SERVICE LIST

Electronic Mail Notice List

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

- J Douglas Drushal ddrushal@ccj.com
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Manual Notice List

The following is the list of **parties** who are **not** on the list to receive e-mail notice/service for this case (who therefore require manual noticing/service).

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