

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 JULY 13, 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 June 15, 2010 Status Conference before this Court, the Trustee, with the assistance of his professionals, has accomplished the following:

- a) Received executed assignment of artwork held by Timothy Durham.
- b) Received executed Assignment Agreements in respect of assignment of assets of Fair Holdings, Inc. and DC Investments, LLC.
- c) Cooperated with federal authorities and counsel for Timothy Durham regarding disposition of automobiles seized from Timothy Durham (with the Trustee to liquidate the automobiles and to retain net proceeds of any sales).
- d) Hosted meeting with SEC and Ohio Division of Securities regarding progress of Trustee’s investigation.
- e) Investigated potential auctioneers for disposition of automobiles and negotiated with RM Auctions regarding terms of retention.
- f) Commenced discussions with counsel for James Cochran regarding the possibility of consensual turnover of property in satisfaction of Mr. Cochran’s obligations to the Debtor.
- g) Prepared and served notice of continued 341 meeting of creditors.



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h) Prepared (with input from “focus group” of investors) and served notice of claims bar date (October 8, 2010).

i) Prepared amended schedules of assets and liabilities based on updated information.

j) Filed Amended Complaint in adversary proceeding against Daniel Laikin and obtained preliminary discovery from counsel for Mr. Laikin.

k) Filed Trustee’s Answer and Crossclaims in McKibben adversary proceeding.

l) Reviewed and analyzed data from Duvera (servicing agent) and authorized placement of aged accounts with Duvera’s collections department.

m) Filed motion and obtained order authorizing retention of auctioneer and to sell the artwork obtained from Timothy Durham; filed motion authorizing sale of artwork free and clear of liens.

n) Obtained order authorizing sale of personal property located at Debtor’s Wooster location and abandoned property at Ashland location. Agreements in principle have been reached with all but one remaining landlord.

o) Obtained order authorizing retention of consultant to handle the termination of the Debtor’s 401(k) plan.

p) Continued review and analysis of issues and options in connection with CLST; hosted in-person meeting with counsel for CLST and its CEO, Robert Kaiser to discuss issues in connection with CLST, including setoff issues with respect to notes.

q) Negotiated and drafted agreement for consensual assignment to the Trustee of proceeds of Timothy Durham’s shares in CLST.

r) Investigated potential sale of assets of US Rubber Reclaiming.

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

t) Continued investigation regarding assets and claims against insiders.

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

- a) Obtain delivery of remaining artwork held by Timothy Durham.
- b) Finalize agreements documenting other consensual assignments of interests in property held by Timothy Durham (shares in CLST, mortgages and automobiles).
- c) File motion to retain RM Auctions for sale of Timothy Durham's vehicles.
- d) Continue discussions with Mr. Cochran regarding consensual turnover to reduce obligations owing to Debtor, including mortgages and stock interests.
- e) Address issues regarding State of Massachusetts license revocation action.
- f) File amended schedules of assets and liabilities.
- g) Continue to work with Taft Stettinius & Hollister toward resolving issues in connection with turnover of work files and fees.
- h) Continue informal and/or formal discovery in Laikin adversary.
- i) Continue to follow up with Fortress Investments LLC regarding estate's potential equity in accounts.
- j) Monitor status of proceedings or sale of Laikin properties.
- k) Continue investigation and commence additional proceedings to recover assets, including avoidance claims under chapter 5 of the Bankruptcy Code.
- l) Investigate and assert claims, if any, against Debtor's insurance.

m) Monitor and appear, as necessary, in CLST actions in Texas state and district courts; continue negotiations with CLST regarding options for resolving the Trustee's claims and interests.

n) Follow up regarding the potential sale of accounts owned by the Debtor.

o) Complete review of documents in possession of Federal Bureau of Investigation (upon regaining access to the records).

p) File additional motions, as necessary, regarding disposition of Debtor's contracts and leases.

Date: July 12, 2010

Respectfully submitted,

/s/ Brian A. Bash

Brian A. Bash, Trustee (0000134)

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CERTIFICATE OF SERVICE

A copy of the foregoing has been served via ECF or regular, U.S. Mail, on July 12, 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.

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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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