

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 AUGUST 16, 2011 STATUS CONFERENCE

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

Since the July 12, 2011 Status Report To this Court, the Trustee, with the assistance of his professionals, has accomplished the following key items:¹

a) In the *National Lampoon* litigation in the Central District of California, the Trustee successfully opposed a Motion to Intervene filed by an insider of National Lampoon. Judge Fischer reset the hearing on the Trustee’s motion to appoint a receiver to September, and authorized the Trustee to pursue discovery on that motion.

b) The Trustee has conducted focused settlement discussions with many of the defendants in the *McKibben* and *Substantive Consolidation* adversary proceedings. The Trustee believes he is close to a settlement of the *Substantive Consolidation* adversary, and that progress has been made toward settlements with several defendants in *McKibben* and, potentially, with National Union regarding the pending motion to make advances under an insurance policy.

c) The Trustee has filed a complaint against Shelby County Bank regarding the application of proceeds from the sale of one of Mr. Durham’s Duesenbergs.

¹ The Trustee and his professionals have addressed and resolved many of the administrative issues in this matter. This list is not exhaustive, but focuses on the issues most significant to asset recovery.



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d) The Trustee has responded to Obsidian, DC Investments, Durham and Cochran's *Motion to Amend* this Court's Order determining privilege, and to James Cochran's *Motion to Amend* this Court's *Order Granting Motion for Attachment* in the *McKibben* adversary proceeding.

e) The Trustee has filed his interim report.

f) The Trustee has deposed Gary Sallee, Jeffrey Birk, and Timothy Durham in the *Laikin* adversary proceeding, and has issued a subpoena to Robert J. Laikin. The Trustee has served Rule 2004 subpoenas upon Wagner & Company, Standard and Poor's, and Donald Fair, and has noticed depositions of most individual defendants in the *McKibben* adversary proceeding.

g) The Trustee has filed Motions to Compromise with Joe Reynolds and A&M Green Properties, and to sell a vehicle that was collateral for a loan from Debtor to Mr. Reynolds.

h) The Trustee's professionals filed applications for compensation and reimbursement of expenses.

i) The Trustee has continued to review the contents of the Fair Finance email server.

j) The Trustee has reviewed invoices provided by Blank Rome in connection with its claims to the proceeds of the sale of Daniel Laikin's Los Angeles property.

k) The majority of the Trustee's professionals' time has been spent investigating, identifying and developing numerous potential claims and causes of action.

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

1) Developing and filing causes of action to recover funds for the estate, including avoidance claims under chapter 5 of the Bankruptcy Code, breach of contract claims against loan recipients, and other claims.

2) Taking depositions in Cleveland, Indianapolis, and Los Angeles, and issuing additional requests for documents and examinations pursuant to Rule 2004.

3) Continue the investigation of the claims asserted by Blank Rome and Liberty International to the proceeds of the sale of Daniel Laikin's Los Angeles property.

4) Sending additional demand letters and pursuing additional obligations owing to the estate.

5) Negotiating the potential sale of United Trailers, Obsidian's only operating subsidiary, on whose assets the Trustee holds a second lien.

Date: August 15, 2011

Respectfully submitted,

/s/ Brian A. Bash

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CERTIFICATE OF SERVICE

A copy of the foregoing has been served via ECF or regular, U.S. Mail, on August 15, 2011, 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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