

"CAREIC"

DEBTOR: Castle Arch Real Estate Investment Company, LLC. **MONTHLY OPERATING REPORT**
CHAPTER 11

CASE NUMBER: 11-35082

Form 2-A
COVER SHEET

For Period Ending 06/30/12

Accounting Method: Accrual Basis Cash Basis

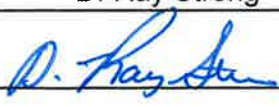
THIS REPORT IS DUE 14 DAYS AFTER THE END OF THE MONTH

Mark One Box for Each
 Required Document:

Debtor must attach each of the following reports/documents unless the U. S. Trustee has waived the requirement in writing. File the original with the Clerk of Court. Submit a duplicate, with original signature, to the U. S. Trustee.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. Cash Receipts and Disbursements Statement (Form 2-B)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Balance Sheet (Form 2-C)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. Profit and Loss Statement (Form 2-D)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. Supporting Schedules (Form 2-E)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. Quarterly Fee Summary (Form 2-F)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. Narrative (Form 2-G)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. Bank Statements for All Bank Accounts IMPORTANT: Redact account numbers and remove check images
<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. Bank Statement Reconciliations for all Bank Accounts

I declare under penalty of perjury that the following Monthly Operating Report, and any attachments thereto are true, accurate and correct to the best of my knowledge and belief.

Executed on: 7/26/2012 **Print Name:** D. Ray Strong
Signature: 
Title: Chapter 11 Trustee

DEBTOR: Castle Arch Real Estate Investment Company, LLC. CASE NO: 11-35082

**Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

For Period: 6/1/12 to 6/30/12

CASH RECEIPTS DETAIL
(attach additional sheets as necessary)

Account No: Preferred Bank-***3333

Date	Payer	Description	Amount
06/04/12	CAOPI	June Management Fee	6,400.00
06/04/12	CAOPII	June Management Fee	6,400.00

CASH RECEIPTS DETAIL
(attach additional sheets as necessary)

Account No: Preferred Bank-PR-***4658

Date	Payer	Description	Amount
06/04/12	Paychex	Deposit in Error - To Be Returned in July	2,438.72

Total Cash Receipts \$ 15,238.72 (1)

(1) Total for all accounts should agree with total cash receipts listed on Form 2-B, page 1

DEBTOR: Castle Arch Real Estate Investment Company, LLC.

CASE NO:

11-35082

**Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

For Period: 6/1/12 to 6/30/12

CASH DISBURSEMENTS DETAIL
(attach additional sheets as necessary)

Account No: Preferred Bank-***3333

Date	Check No.	Payee	Description (Purpose)	Amount
06/05/12	307	Travelers	Reinstatement of Vacant Land Policy (CAREIC Portion)	649.21
06/06/12	308	CenturyLink	Phone & Internet	244.38
06/07/12	310	United Healthcare	Glen Martinsen May & June Health Insurance	4,420.36

CASH DISBURSEMENTS DETAIL
(attach additional sheets as necessary)

Account No: Preferred Bank-PR-***4658

Date	Check No.	Payee	Description (Purpose)	Amount
06/06/12	3003	Paychex	Payroll Fee for 4/16-5/31/12	427.20
06/29/12	EFT Pull	Paychex	Glen Martinsen Payroll 6/1/12-6/31/12	8,323.73

Total Cash Disbursements

\$ 14,064.88 (1)

(1) Total for all accounts should agree with total cash disbursements listed on Form 2-B, page 1

**Form 2-C
 COMPARATIVE BALANCE SHEET**

For Period Ended: 06/30/12

	Current Month (1)	Petition Date (2)
ASSETS		
Current Assets:		
Cash (from Form 2-B, line 5)	\$ 7,380.57	\$ 250,496.48
Accounts Receivable (from Form 2-E)	273,824.64	800.00
Receivable from Officers, Employees, Affiliates	-	-
Inventory	-	-
Other Current Assets :(List)		
<u>Pre-Paid Legal</u>	337,500.00	257,500.00
<u>I/C Post Trustee-CAK Receivable</u>	98.16	
<u>Notes Receivable</u>	424,347.95	442,497.95
 Total Current Assets	 <u>\$ 1,043,151.32</u>	 <u>\$ 951,294.43</u>
Fixed Assets:		
Land	\$ -	\$ -
Building	-	-
Equipment, Furniture and Fixtures	16,381.24	16,381.24
 Total Fixed Assets	 <u>16,381.24</u>	 <u>16,381.24</u>
Less: Accumulated Depreciation	(9,539.16)	(6,262.88)
 Net Fixed Assets	 <u>\$ 6,842.08</u>	 <u>\$ 10,118.36</u>
Other Assets (List):		
<u>Star Valley Property</u>	400,000.00	401,730.95
<u>Land Deposits CAK, CAS</u>	13,500.00	13,500.00
 TOTAL ASSETS	 <u><u>\$ 1,463,493.40</u></u>	 <u><u>\$ 1,376,643.74</u></u>
LIABILITIES		
Post-petition Accounts Payable (from Form 2-E)	\$ 12,920.51	\$ -
Post-petition Accrued Professional Fees (from Form 2-E)	554,103.12	-
Post-petition Taxes Payable (from Form 2-E)	3,085.45	-
Post-petition Notes Payable	-	-
Other Post-petition Payable(List):		
<u>Note Interest Payable</u>	47,608.77	-
<u>Accrued Payroll</u>	137,048.56	-
<u>Preferred Dividends Payable</u>	3,073,928.27	-
 Total Post Petition Liabilities	 <u>\$ 3,828,694.68</u>	 <u>\$ -</u>
Pre Petition Liabilities:		
Secured Debt	343,380.71	343,380.71
Priority Debt	-	-
Unsecured Debt	9,823,985.63	9,829,378.69
 Total Pre Petition Liabilities	 <u>\$ 10,167,366.34</u>	 <u>\$ 10,172,759.40</u>
 TOTAL LIABILITIES	 <u><u>\$ 13,996,061.02</u></u>	 <u><u>\$ 10,172,759.40</u></u>
OWNERS' EQUITY		
Owner's/Stockholder's Equity	\$ 26,439,379.74	\$ 29,513,308.01
Retained Earnings - Prepetition	(38,309,423.67)	(38,309,423.67)
Retained Earnings - Post-petition	(662,523.69)	-
 TOTAL OWNERS' EQUITY	 <u><u>\$ (12,532,567.62)</u></u>	 <u><u>\$ (8,796,115.66)</u></u>
 TOTAL LIABILITIES AND OWNERS' EQUITY	 <u><u>\$ 1,463,493.40</u></u>	 <u><u>\$ 1,376,643.74</u></u>

(1) The Trustee has not conducted an detailed analysis of the historical accounting balances contained herein to determine the accuracy of the information presented.
 (2) Petition date values are taken from the Debtor's balance sheet as of the petition date or are the values listed on the Debtor's schedules.

DEBTOR: Castle Arch Real Estate Investment Company, LLC.

CASE NO: 11-35082

Form 2-D
PROFIT AND LOSS STATEMENT
 For Period 06/01/12 to 06/30/12

	Current Month (1)	Accumulated Total (2)
Gross Operating Revenue	\$ 12,800.00	\$ 316,601.64
Less: Discounts, Returns and Allowances	(-)	(-)
Net Operating Revenue	\$ 12,800.00	\$ 316,601.64
Cost of Goods Sold	-	1,730.95
Gross Profit	\$ 12,800.00	\$ 314,870.69
Operating Expenses		
Officer Compensation	\$ 8,073.73	\$ 285,549.44
Selling, General and Administrative	5,892.99	146,275.11
Rents and Leases	-	7,133.99
Depreciation, Depletion and Amortization	-	3,276.28
Other (list): _____	-	-
	-	-
Total Operating Expenses	\$ 13,966.72	\$ 442,234.82
Operating Income (Loss)	\$ (1,166.72)	\$ (127,364.13)
Non-Operating Income and Expenses		
Other Non-Operating Expenses	\$ -	\$ (300.00)
Gains (Losses) on Sale of Assets	-	-
Interest Income	-	30,601.63
Interest Expense	-	-
Other Non-Operating Income	-	1,191.93
Net Non-Operating Income or (Expenses)	\$ -	\$ 31,493.56
Reorganization Expenses		
Legal and Professional Fees	\$ 128,284.65	\$ 554,103.12
Other Reorganization Expense (Chapter 11 Trustee Bond)	-	12,550.00
Total Reorganization Expenses	\$ 128,284.65	\$ 566,653.12
Net Income (Loss) Before Income Taxes	\$ (129,451.37)	\$ (662,523.69)
Federal and State Income Tax Expense (Benefit)	-	-
NET INCOME (LOSS)	\$ (129,451.37)	\$ (662,523.69)

(1) The Trustee has not conducted an detailed analysis of the historical accounting balances

contained herein to determine the accuracy of the information presented.

(2) Accumulated Totals include all revenue and expenses since the petition date.

DEBTOR: Castle Arch Real Estate Investment Company, LLC.

CASE NO: 11-35082

**Form 2-E
SUPPORTING SCHEDULES**

For Period: 06/01/12 to 06/30/12

POST PETITION TAXES PAYABLE SCHEDULE

	<u>Beginning Balance (1)</u>	<u>Amount Accrued</u>	<u>Amount Paid</u>	<u>Date Paid</u>	<u>Check Number</u>	<u>Ending Balance</u>
Income Tax Withheld:						
Federal	\$ 0.00	\$ 0.00	\$ 0.00			\$ 0.00
State	0.00	0.00	0.00			0.00
FICA Tax Withheld	0.00	0.00	0.00			0.00
Employer's FICA Tax	0.00	0.00	0.00			0.00
Unemployment Tax						
Federal	0.00	0.00	0.00			0.00
State	646.73	2,438.72	0.00			3,085.45
Sales, Use & Excise Taxes	0.00	0.00	0.00			0.00
Property Taxes	0.00	0.00	0.00			0.00
Accrued Income Tax:						
Federal	0.00	0.00	0.00			0.00
State	0.00	0.00	0.00			0.00
Other: _____	0.00	0.00	0.00			0.00
TOTALS	\$ 646.73	\$ 2,438.72	\$ 0.00			\$ 3,085.45

(1) For first report, Beginning Balance will be \$0; thereafter, Beginning Balance will be Ending Balance from prior report.

INSURANCE SCHEDULE

	<u>Carrier</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>	<u>Premium Paid Through</u>
Workers' Compensation	None	\$ -		
General Liability	Travelers (1)	\$ 2,000,000.00	10/18/12	10/18/12
Property (Fire, Theft)	Travelers (1)	\$ 25,000.00	10/27/12	10/27/12
Vehicle	None	\$ -		
Other (list): D&O	Rockhill	\$ 5,000,000.00	See Note 2	
		\$		

(1) The Trustee was informed in late May that the vacant land policy for the Tooele, Kingman, Star Valley, and Smyrna properties was terminate. The Trustee worked with Travelers to get the policy reinstated in June 2012.

(2) The D&O policy is a claims made policy and was paid by CAREIC through October 2011. At that time, the Trustee understands the premiums are being paid by the former officers and directors. The Trustee is currently in discussions with carrier regarding coverage issues.

DEBTOR: Castle Arch Real Estate Investment Company, LLC.

CASE NO: 11-35082

**Form 2-E
SUPPORTING SCHEDULES**

For Period 06/01/12 to 06/30/12

ACCOUNTS RECEIVABLE AND POST PETITION PAYABLE AGING

<u>Due</u>	<u>Accounts Receivable</u>	<u>Post Petition Accounts Payable</u>
Under 30 days	\$ 0.00	\$ 0.00
30 to 60 days	0.00	0.00
61 to 90 days	48,472.63	0.00
91 to 120 days	-12,500.00	0.00
Over 120 days	237,852.01	12,920.51
Total Post Petition	273,824.64	
Pre Petition Amounts	0.00	
Total Accounts Receivable	\$ 273,824.64	
Less: Bad Debt Reserve	0.00	
Net Accounts Receivable (to Form 2-C)	\$ 273,824.64	
	Total Post Petition Accounts Payable	\$ 12,920.51

* Attach a detail listing of accounts receivable and post-petition accounts payable

SCHEDULE OF PAYMENTS TO ATTORNEYS AND OTHER PROFESSIONALS

	<u>Month-end Retainer Balance</u>	<u>Current Month's Accrual</u>	<u>Paid in Current Month</u>	<u>Date of Court Approval</u>	<u>Month-end Balance Due *</u>
Trustee	\$ 0.00	\$ 28,000.00	\$ 0.00		\$ 50,850.00
Trustee Counsel	0.00	52,488.15	0.00		103,760.30
Trustee Accountants	0.00	43,000.00	0.00		58,500.00
Former Debtor's Counsel	100,000.00	1,692.50	0.00		229,229.43
Counsel for Unsecured Creditors' Committee	0.00	3,104.00	0.00		111,763.39
Other:	237,500.00	0.00	0.00		0.00
Total	\$ 337,500.00	\$ 128,284.65	\$ 0.00		\$ 554,103.12

*Balance due to include fees and expenses incurred but not yet paid.

SCHEDULE OF PAYMENTS AND TRANSFERS TO PRINCIPALS/EXECUTIVES**

<u>Payee Name</u>	<u>Position</u>	<u>Nature of Payment</u>	<u>Amount</u>
<u>Martinsen, Glen</u>	<u>CFO</u>	<u>Salary & Expense Reimbursement</u>	<u>8,073.73</u>
_____	_____	_____	_____
_____	_____	_____	_____

**List payments and transfers of any kind and in any form made to or for the benefit of any proprietor, owner, partner, shareholder, officer or director. Upon the Trustee's appointment, Jeff Austin and David Hunt were terminated. Glen Martinsen was retained by the Trustee to assist with day-to-day accounting. Amounts do not include Payroll taxes paid.

DEBTOR: Castle Arch Real Estate Investment Company, LLC.

CASE NO: 11-35082

**Form 2-F
QUARTERLY FEE SUMMARY ***
For the Month Ended: 06/30/12

<u>Month</u>	<u>Year</u>	<u>Cash Disbursements **</u>	<u>Quarterly Fee Due</u>	<u>Check No.</u>	<u>Date Paid</u>
January	<u>2012</u>	\$ 34,553.95			
February	<u>2012</u>	131,498.94			
March	<u>2012</u>	31,192.17			
TOTAL 1st Quarter		\$ <u>162,691.11</u>	<u>1,625.00</u>	<u>315</u>	<u>07/06/12</u>
April	<u>2012</u>	\$ 32,715.44			
May	<u>2012</u>	36,386.11			
June	<u>2012</u>	14,064.88			
TOTAL 2nd Quarter		\$ <u>83,166.43</u>	<u>975.00</u>		
July		\$ 0.00			
August		0.00			
September		0.00			
TOTAL 3rd Quarter		\$ <u>0.00</u>			
October	<u>2011</u>	\$ 0.00			
November	<u>2011</u>	36,265.12			
December	<u>2011</u>	14,064.88			
TOTAL 4th Quarter		\$ <u>50,330.00</u>	<u>650.00</u>	<u>1019</u>	<u>02/08/12</u>

FEE SCHEDULE (as of JANUARY 1, 2008)

Subject to changes that may occur to 28 U.S.C. §1930(a)(6)

<u>Quarterly Disbursements</u>	<u>Fee</u>	<u>Quarterly Disbursements</u>	<u>Fee</u>
\$0 to \$14,999.....	\$325	\$1,000,000 to \$1,999,999.....	\$6,500
\$15,000 to \$74,999.....	\$650	\$2,000,000 to \$2,999,999.....	\$9,750
\$75,000 to \$149,999.....	\$975	\$3,000,000 to \$4,999,999.....	\$10,400
\$150,000 to \$224,999.....	\$1,625	\$5,000,000 to \$14,999,999.....	\$13,000
\$225,000 to \$299,999.....	\$1,950	\$15,000,000 to \$29,999,999....	\$20,000
\$300,000 to \$999,999.....	\$4,875	\$30,000,000 or more	\$30,000

* This summary is to reflect the current calendar year's information cumulative to the end of the reporting period

** Should agree with line 3, Form 2-B. Disbursements are net of transfers to other debtor in possession bank accounts

Failure to pay the quarterly fee is cause for conversion or dismissal of the chapter 11 case. [11 U.S.C. Sec. 1112(b)(10)]

In addition, unpaid fees are considered a debt owed to the United States and will be assessed interest under 31 U.S.C. §3717

DEBTOR: Castle Arch Real Estate Investment Company, LLC. CASE NO: 11-35082

Form 2-G
NARRATIVE

For Period Ending: 06/30/12

Please provide a brief description of any significant business and legal actions taken by the debtor, its creditors, or the court during the reporting period, any unusual or non-recurring accounting transactions that are reported in the financial statements, and any significant changes in the financial condition of the debtor which have occurred subsequent to the report date.

On May 3, 2012, D. Ray Strong was appointed as Chapter 11 Trustee of Castle Arch Real Estate Investment Company, LLC ("Trustee"). Pursuant the Trustee's appointment and the existing ownership structure of the other related debtors, the Trustee also functions as the Manager of CAOP Managers, LLC ("CAOP Managers"), Castle Arch Opportunity Partners I, LLC ("CAOPI"), Castle Arch Opportunity Partners II, LLC ("CAOPII"), Castle Arch Secured Development Fund, LLC ("CASDF"), Castle Arch Kingman, LLC ("CAK"), and Castle Arch Smyrna, LLC ("CAS") (collectively the "Debtors").

Shortly after his appointment, the Trustee engaged Dorsey & Whitney, LLP as his counsel and Berkeley Research Group, LLC as his accountants. Their employment was approved by the Bankruptcy Court on June 13, 2012.

Upon the Trustee's appointment, the Trustee terminated all existing management except Glen Martinsen who was retained to assist with the day-to-day operations and accounting. The Trustee is utilizing a payroll services, Paychex, for the calculation and reporting of payroll. The payroll related expenses are netted and paid to Paychex in a lumpsum for the payroll period.

The Trustee has began, among other things: (a) an investigation of Debtor's assets and claims including Longview; (b) reviewed and analyzed the cash needs of the Debtors; (c) developed interim management fees; (d) an investigation of Blackstar and Conix transactions; (e) an investigation of the accounting activity of the Debtors; (f) formulation of a plan of reorganization concept; (g) and to develop a detailed Trustee website to provide case information.

On May 14, 2012, the Trustee filed an emergency motion seeking approval of proposed use of cash on an interim basis. This motion setforth a limited cash budget and proposed management fees for May 2012 and June 2012 with an understanding that an additional motion would be filed seeking approval for future management fees. The emergency motion was granted by the Bankruptcy Court on May 21, 2012.

On June 5, 2012, the Trustee file a motion seeking approval of of a proposed cash management plan. The cash management plan included, among other things, the assessment of monthly CAREIC management fees for the various Debtors, establishment of a quarterly procedure by the Court to reassess the monthly management fees, an authorization of minimal loans from CAOPI and CAOPII to certain Debtors to pay ongoing expenses. The management fees from July 2012 through September 2012 are: (a) \$2,000 for CAOP Managers; (b) \$13,000 for CAOPI; (c) \$13,000 for CAOPII; (d) \$7,000 for CAK; (e) \$7,000 for CAS; and (f) \$4,000.00 for CASDF. The amounts requested for the certain Debtors to borrow on an as needed bases are up to: (a) \$5,000.00 for CAOP Managers; (b) \$20,000 for CAK; (c) \$15,000 for CASDF. The The cash management plan motion was granted by the Bankruptcy Court on June 29, 2012.

On June 18, 2012, the Trustee engaged and subsequently submitted a motion to the Bankruptcy Court to employ Commerce Real Estate Solutions ("Commerce") as its real estate broker to sell certain real property and water rights owned by CAREIC and/or its related entities. the identified real property to be sold included approximately: (a) 348 acres in Tooele, Utah; (b) 534 acres in Kingman, Arizona; (c) 484 acres in Smyrna, Tennessee; and 39 acres in Thayne, Wyoming. Commerce is currently reviewing the various parcels, existing entitlements, and related documentation. They anticipate having the properties listed for sale shortly. A link to the Commerce website with the individual property details will be included on the Trustee website once finalized.

On June 19, 2012, the Trustee finalized and posted his website to provide information to various interested parties. To ensure that parties were aware of the website, the Trustee filed a notice of the website with the Bankruptcy Court.

In June 2012, the Trustee and his professionals spend a significant amount of time reviewing and analyzing the multimillion dollar claims filed by Longview Financial Holdings, Inc. and Longview Financial Group, Inc. (collectively "Longview") against CAREIC and the related Debtors in an effort to potentially resolve the claims. The Trustee and his professionals continue to analyze the claims and related issues. On July 3, 2012, Longview filed an amended motion seeking relief from the automatic stay, which the Trustee opposed on July 23, 2012. Additionally, the Trustee and his professionals have been reviewing and analyzing other substantial unsecured claims filed by Jerry Sharko's & Company, Inc. and Dr. Nolan and Kimberly Higra.

On June 27, 2012, the Trustee filed a preliminary statement of investigaiton regarding Blackstar Financial, Inc. and Blackcastle, LLC with the Bankruptcy Court. A copy can be obtained from the Trustee's website referenced below.

The Trustee and his professionals have also developed and analyzed a plan concept that was shared with the Bankruptcy Court at the June 29, 2012 hearing regarding the cash management plan. The Trustee is working to file a plan with the Bankruptcy Court by September 30, 2012, if not sooner.

The Trustee has relied on the currently available records and records prepared by the Debtors to obtain historical activity included on the balance sheet referenced in Form 2C and the profit and loss statement in Form 2D. Work is ongoing to ascertain and determine appropriate balances. Balances may be over or understated and are subject to material modification. The financial statements may change as information becomes available to the Trustee. The Trustee may dispute the nature and amount of the assets and liabilities presented in these financial statements. As new information becomes available, these balances may be adjusted and updated to reflect the correct amounts. The fact that liabilities and assets may have been omitted, listed and/or adjusted, does not necessarily reflect the final opinion as to the eventual treatment under a plan of reorganization or otherwise.

Historically, activity between the Debtors was recorded through various intercompany accounts which have been very convoluted and commingled. In an In an effort to provide interested parties with as much information as possible, the Trustee has created a website located at www.castlearchtrustee.com. Interested parties should reference the website for more detailed information.

The \$2,438.72 additional payroll tax on Form 2E_1 is related to a deposit made in error by Paychex in the CAREIC Payroll account that was reversed in July 2012.

A \$36 correction was made to the reports to adjust retained earnings and unsecured debt pre-petition account balances. Unsecured debt was debited \$36.00 and retained earnings was credited \$36.00.

4:37 PM
07/19/12

Castle Arch Real Estate Investment Company
A/R Aging Summary
As of June 30, 2012

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>91 - 120</u>	<u>> 120</u>	<u>TOTAL</u>
Accelerated Capital Group - Customer	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Castle Arch Lease-to-Own Income Fund, LLC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Castle Arch Opportunity Fund I	0.00	0.00	0.00	33,661.56	0.00	164,958.79	198,620.35
Castle Arch Opportunity Fund II	0.00	0.00	0.00	14,811.07	-12,500.00	72,893.22	75,204.29
Child, Van Wagoner & Bradshaw PLLC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Howell, Jad - Customer	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HSBC Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Koidin, Mark - CUSTOMER	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Millstream Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Paychex - CUSTOMER	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Securities Institute	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	48,472.63	-12,500.00	237,852.01	273,824.64

1:03 PM
07/25/12

Castle Arch Real Estate Investment Company
A/P Aging Summary
As of June 30, 2012

	Current	1 - 30	31 - 60	61 - 90	91 - 120	> 120	TOTAL
AT&T	0.00	0.00	0.00	0.00	0.00	326.11	326.11
BRG	58,500.00	0.00	0.00	0.00	0.00	0.00	58,500.00
California Franchise Tax Board	0.00	0.00	0.00	0.00	0.00	-40.00	-40.00
Chisholm, Bierwolf, Nilson & Morrill	0.00	0.00	0.00	0.00	0.00	30,980.71	30,980.71
Cohne Rappaport & Segal	0.00	0.00	0.00	0.00	0.00	10,005.70	10,005.70
Colonial Stock Transfer	0.00	0.00	0.00	0.00	0.00	1,691.67	1,691.67
CT Corporation	0.00	0.00	0.00	0.00	0.00	348.00	348.00
Daily Brand LLC	0.00	0.00	0.00	0.00	0.00	19,730.60	19,730.60
Dorsey Whitney LLP	103,760.30	0.00	0.00	0.00	0.00	0.00	103,760.30
Entrust Arizona, LLC	0.00	0.00	0.00	0.00	0.00	700.00	700.00
Fact Finders Information Services LLC	0.00	0.00	0.00	0.00	0.00	487.50	487.50
Fortius Financial Advisors	0.00	0.00	0.00	0.00	0.00	3,300.00	3,300.00
Global Security	0.00	0.00	0.00	0.00	0.00	83.85	83.85
Greene, Jeffrey PC	0.00	0.00	0.00	0.00	0.00	6,434.00	6,434.00
Hunt, David S. P.C.	0.00	0.00	0.00	0.00	0.00	285,000.00	285,000.00
Illinois Department of Employment Securit	0.00	0.00	0.00	0.00	0.00	108.07	108.07
Jones Waldo	16,021.84	95,741.55	0.00	0.00	0.00	0.00	111,763.39
Judge Building LLC	0.00	0.00	0.00	0.00	0.00	-0.70	-0.70
Kaysville City	0.00	0.00	0.00	0.00	0.00	-0.69	-0.69
Lincoln County Treasurer	0.00	0.00	0.00	0.00	0.00	1,766.38	1,766.38
Michelle Turpin P.C.	0.00	0.00	0.00	0.00	0.00	2,440.77	2,440.77
Mohave County Treasurer	0.00	0.00	0.00	0.00	0.00	15,299.62	15,299.62
Mohave Engineering Associates, Inc.	0.00	0.00	0.00	0.00	0.00	59,961.08	59,961.08
NetChemistry	0.00	0.00	0.00	0.00	0.00	77,500.00	77,500.00
Olson Communications, Inc.	0.00	0.00	0.00	0.00	0.00	500.50	500.50
Parsons, Behle & Latimer	0.00	0.00	0.00	0.00	0.00	48,454.30	48,454.30
Prince, Yeates & Geldzahler	7,901.40	221,328.03	0.00	0.00	0.00	0.00	229,229.43
Ray Strong - Trustee	50,850.00	0.00	0.00	0.00	0.00	0.00	50,850.00
RFC Properties, LLC	0.00	0.00	0.00	0.00	0.00	9,164.00	9,164.00
Ryan, Inc	0.00	0.00	0.00	0.00	0.00	14,652.03	14,652.03
Sierra Construction & Excavation, INC.	0.00	0.00	0.00	0.00	0.00	780.00	780.00
Snell and Wilmer	0.00	0.00	0.00	0.00	0.00	59,228.17	59,228.17
SouthWest Traffic Engineering	0.00	0.00	0.00	0.00	0.00	9,255.30	9,255.30
Stevens & Lee	0.00	0.00	0.00	0.00	0.00	19,628.24	19,628.24
TELDAPA	0.00	0.00	0.00	0.00	0.00	337.76	337.76
The Dot Printer	0.00	0.00	0.00	0.00	0.00	3,029.73	3,029.73
Tooele County Treasurer	0.00	0.00	0.00	0.00	0.00	89,404.43	89,404.43
Town of Thayne	0.00	0.00	0.00	0.00	0.00	148.00	148.00
TOTAL	237,033.54	317,069.58	0.00	0.00	0.00	770,705.13	1,324,808.25

1:51 PM
07/25/12
Accrual Basis

Castle Arch Real Estate Investment Company
Balance Sheet
As of June 30, 2012

	<u>Jun 30, 12</u>
ASSETS	
Current Assets	
Checking/Savings	
10003 · Pref Bank-Trustee-1523333	4,941.85
10004 · Pref Bank-PR-Trustee-1524658	2,438.72
Total Checking/Savings	<u>7,380.57</u>
Accounts Receivable	
13000 · Accounts Receivable	273,824.64
Total Accounts Receivable	<u>273,824.64</u>
Other Current Assets	
13602 · Interest Recvbl- Valley Gardens	169,347.95
15010 · Loan Receivable - Valley Garden	255,000.00
16000 · Prepaid Expense	337,500.00
22501 · I/C Post Trustee - CAK	98.16
Total Other Current Assets	<u>761,946.11</u>
Total Current Assets	1,043,151.32
Fixed Assets	
17000 · Property/Equipment	16,381.24
17010 · Accumulated Depreciation	-9,539.16
Total Fixed Assets	<u>6,842.08</u>
Other Assets	
17100 · Properties Held for Investment	
17104 · Star Valley, WY	
17105 · Phase A hard costs	400,000.00
Total 17104 · Star Valley, WY	<u>400,000.00</u>
Total 17100 · Properties Held for Investment	400,000.00
17700 · Refundable Deposits	1,500.00
18100 · Investment in CA Kingman, LLC	6,000.00
18101 · Investment in CA Symrna, LLC	6,000.00
Total Other Assets	<u>413,500.00</u>
TOTAL ASSETS	<u>1,463,493.40</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	770,705.13
20001 · Prof. Fees Payable - BK Related	554,103.12
Total Accounts Payable	<u>1,324,808.25</u>
Other Current Liabilities	
23200 · Interest Payable - Bill Grundy	60,623.01
23400 · Payroll Liabilities	
Accrued Payroll	137,048.56
Accrued payroll taxes	3,085.45
Deferred Compensation	1,063,791.30
Total 23400 · Payroll Liabilities	<u>1,203,925.31</u>

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07/25/12
Accrual Basis

Castle Arch Real Estate Investment Company
Balance Sheet
As of June 30, 2012

	<u>Jun 30, 12</u>
25050 · Intercompany Notes	
23508 · CAOPM	-100.00
25051 · CAOPI	-128,073.08
25052 · CAOPII	-103,378.41
25054 · CASDF	-909,542.42
25057 · CAK	-2,326,772.40
25058 · CAS	-2,741,185.83
25200 · Accrued Interest	1,918.09
Total 25050 · Intercompany Notes	<u>-6,207,134.05</u>
Total Other Current Liabilities	<u>-4,942,585.73</u>
Total Current Liabilities	<u>-3,617,777.48</u>
Long Term Liabilities	
23600 · Preferred Dividend Payable	16,373,064.53
24000 · BOD Bonus payable	660,000.00
25000 · Notes Payable	
25003 · Star Valley, WY	350,773.97
25005 · Star Valley, WY - Bill Grundy	230,000.00
Total 25000 · Notes Payable	<u>580,773.97</u>
Total Long Term Liabilities	<u>17,613,838.50</u>
Total Liabilities	<u>13,996,061.02</u>
Equity	
30000 · Preferred Units Round A	1,000,000.00
30001 · Preferred Units Round B	2,000,000.00
30002 · Preferred Units Round C	3,300,000.00
30003 · Preferred Units Round D	24,931,403.00
30004 · Preferred Units Round E	7,196,399.00
30100 · Common Units	
30101 · CU Board	4,700,250.00
30102 · CU Consulting	1,383,013.84
30103 · CU Referral Fees	869,956.90
30104 · CU Founders	16,000.00
Total 30100 · Common Units	<u>6,969,220.74</u>
39000 · Retained Earnings	-38,401,142.64
39100 · Equity Adjustments	
39101 · Preferred Dividends Accrued	-16,373,064.52
39102 · Preferred Dividends Paid	-13,830.15
39103 · CU Referral Fees	-869,956.90
39104 · Reinvested Referral Fees	-55,470.00
39105 · Offering Costs	-370,341.00
39106 · Cash Referral Fees	-939,251.37
39107 · Cash Commissions	-335,729.06
Total 39100 · Equity Adjustments	<u>-18,957,643.00</u>
Net Income	<u>-570,804.72</u>
Total Equity	<u>-12,532,567.62</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,463,493.40</u></u>

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07/25/12
Accrual Basis

Castle Arch Real Estate Investment Company
Profit & Loss
June 2012

	Jun 12
Ordinary Income/Expense	
Income	
42000 · Management Fee Income	12,800.00
Total Income	12,800.00
Gross Profit	12,800.00
Expense	
Administrative/Other Unit	
Insurance	551.05
Insurance UHC	
Insurance Premiums	4,420.36
Total Insurance UHC	4,420.36
60350 · Telephone/email charges	244.38
6560 · Payroll Expenses	427.20
Total Administrative/Other Unit	5,642.99
Executive Unit	
Executive Compensation	
Payroll Taxes	573.73
W2	7,500.00
Total Executive Compensation	8,073.73
Office Expenses	250.00
Total Executive Unit	8,323.73
Total Expense	13,966.72
Net Ordinary Income	-1,166.72
Other Income/Expense	
Other Expense	
65000 · Trustee Fees	28,000.00
65010 · Trustee Firm Fee	43,000.00
65100 · DIP Creditor Committee - Legal	3,104.00
65200 · DIP Legal Expense	1,692.50
65500 · Trustee Legal Fees	52,488.15
Total Other Expense	128,284.65
Net Other Income	-128,284.65
Net Income	-129,451.37

4:22 PM
07/12/12

Castle Arch Real Estate Investment Company
Reconciliation Detail
10004 · Pref Bank-PR-Trustee [REDACTED] Period Ending 06/30/2012

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						19,917.85
Cleared Transactions						
Checks and Payments - 6 items						
Check	5/29/2012	3001	Martinsen, Glen	X	-8,089.21	-8,089.21
Check	5/29/2012	EFT-...	Paychex	X	-5,310.15	-13,399.36
Check	5/29/2012	3002	Austin, Jeff	X	-4,396.94	-17,796.30
Check	5/29/2012	3000	David S. Hunt	X	-3,127.67	-20,923.97
Check	6/6/2012	3003	Paychex	X	-427.20	-21,351.17
Check	6/29/2012	EFT ...	Paychex	X	-8,323.73	-29,674.90
Total Checks and Payments					-29,674.90	-29,674.90
Deposits and Credits - 4 items						
Deposit	6/4/2012			X	2,438.72	2,438.72
Check	6/5/2012	EFT	Preferred Bank	X	1,006.12	3,444.84
Check	6/7/2012	EFT	Preferred Bank	X	427.20	3,872.04
Check	6/27/2012	EFT	Preferred Bank	X	8,323.73	12,195.77
Total Deposits and Credits					12,195.77	12,195.77
Total Cleared Transactions					-17,479.13	-17,479.13
Cleared Balance					-17,479.13	2,438.72
Register Balance as of 06/30/2012					-17,479.13	2,438.72
New Transactions						
Checks and Payments - 2 items						
Check	7/3/2012	3004	EDD - State of Cali...		-162.93	-162.93
Check	7/13/2012	EFT	Paychex		-2,438.72	-2,601.65
Total Checks and Payments					-2,601.65	-2,601.65
Total New Transactions					-2,601.65	-2,601.65
Ending Balance					-20,080.78	-162.93

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07/12/12

Castle Arch Real Estate Investment Company
Reconciliation Detail
10003 · Pref Bank-Trustee [REDACTED] Period Ending 06/30/2012

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						7,329.33
Cleared Transactions						
Checks and Payments - 7 items						
Check	5/31/2012	306	Judge Building LLC	X	-659.32	-659.32
Check	6/5/2012	EFT	Preferred Bank	X	-1,006.12	-1,665.44
Check	6/5/2012	307	Travelers	X	-649.21	-2,314.65
Check	6/6/2012	308	CenturyLink	X	-244.38	-2,559.03
Check	6/7/2012	310	United Healthcare	X	-4,420.36	-6,979.39
Check	6/7/2012	EFT	Preferred Bank	X	-427.20	-7,406.59
Check	6/27/2012	EFT	Preferred Bank	X	-8,323.73	-15,730.32
Total Checks and Payments					-15,730.32	-15,730.32
Deposits and Credits - 2 items						
Deposit	6/4/2012			X	12,800.00	12,800.00
Deposit	6/6/2012			X	542.84	13,342.84
Total Deposits and Credits					13,342.84	13,342.84
Total Cleared Transactions					-2,387.48	-2,387.48
Cleared Balance					-2,387.48	4,941.85
Register Balance as of 06/30/2012					-2,387.48	4,941.85
New Transactions						
Checks and Payments - 6 items						
Check	7/3/2012	312	Strong Connexions		-1,000.00	-1,000.00
Check	7/3/2012	313	Judge Building LLC		-659.32	-1,659.32
Bill Pmt -Check	7/3/2012	314	TELDATA		-337.76	-1,997.08
Check	7/3/2012	311	Martinsen, Glen		-45.00	-2,042.08
Check	7/6/2012	316	United Healthcare		-2,210.18	-4,252.26
Check	7/6/2012	315	U.S. Trustee		-1,625.39	-5,877.65
Total Checks and Payments					-5,877.65	-5,877.65
Total New Transactions					-5,877.65	-5,877.65
Ending Balance					-8,265.13	-935.80

5:09 PM
07/12/12

Castle Arch Real Estate Investment Company
Reconciliation Detail
10002 · Zion's [REDACTED] Period Ending 06/30/2012

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						542.84
Cleared Transactions						
Checks and Payments - 1 item						
Deposit	6/6/2012	8015...	Zions Bank	X	-542.84	-542.84
Total Checks and Payments					-542.84	-542.84
Total Cleared Transactions					-542.84	-542.84
Cleared Balance					-542.84	0.00
Register Balance as of 06/30/2012					-542.84	0.00
Ending Balance					-542.84	0.00

ZIONS BANK®
 P.O. Box 30709, Salt Lake City, UT 84130-0709

Statement of Accounts
 Page 1 of 3
 This Statement: June 29, 2012
 Last Statement: May 31, 2012
 Primary [REDACTED]

0000679 1582-06-0000-ZFN-PC0007-00001
 CASTLE ARCH REAL ESTATE INVESTMENT
 COMPANY LLC
 JEFFERY SCOTT AUSTIN
 DEBTOR IN POSSESSION
 HOLD AT UT UTSC 0888
 DO NOT MAIL

For 24-hour account
 information, please contact:
 1-800-789-BANK (2265)
 zionsbank.com

WE HAVEN'T FORGOTTEN WHO KEEPS US IN BUSINESS. ®

Beginning August 8, 2012, the following fee changes will be effective: Insufficient Funds Fee of \$27 each and Zions Bank ATM Transaction Fee of \$2.00 each for withdrawals at ATMs not owned by the Reddi-Access Network or the MoneyPass Network.

SUMMARY OF ACCOUNT BALANCE

Account Type	Account Number	Checking/Savings Ending Balance	Outstanding Balances Owed
Free Business Checking	003174950	\$0.00	

FREE BUSINESS CHECKING [REDACTED]

[REDACTED]	[REDACTED]	Charges/Debits	Checks Processed	Ending Balance
542.84	0.00	0.00	542.84	0.00

0 DEPOSITS/CREDITS

There were no transactions this period.

0 CHARGES/DEBITS

There were no transactions this period.

1 CHECK PROCESSED

Number	Date	Amount
0	06/04	542.84

AGGREGATE OVERDRAFT AND RETURNED ITEM FEES

	Total for This Period	Total Year-to-Date
Total Overdraft Fees	\$0.00	\$225.00
Total Returned Item Fees	\$0.00	\$0.00

To learn more about our other products and services that may lower the cost of managing account overdrafts or to discuss removing overdraft coverage from your account, please contact Customer Service or visit your local branch.

DAILY BALANCES

Date	Balance
06/04	0.00



MEMBER FDIC



029 00001 00
ACCOUNT:

PAGE: 1
06/29/2012

11-35082 B
BANKRUPTCY ESTATE OF
CASTLE ARCH REAL ESTATE INVEST
D RAY STRONG, TRUSTEE 29
201 S MAIN ST SUITE 450 0
SALT LAKE CITY UT 84111 4

PREFERRED BANK - LOS ANGELES
601 S. FIGUEROA ST. 29TH FLOOR
LOS ANGELES, CA 90017

TELEPHONE: 213-891-1188

eSTATEMENTS ARE HERE - LOG ON PBnet PERSONAL ONLINE BANKING TO ENROLL
FDIC deposit insurance rules have changed. Accounts are now insured to
at least \$250,000 under the Standard Maximum Deposit Insurance Amount
(SMDIA) rules. See your branch operations officer or FDIC.gov for more
information.

BANKRUPTCY CHECKING ACCOUNT

		LAST STATEMENT 05/31/12	7,329.33
AVG AVAILABLE BALANCE	13,655.92	3 CREDITS	13,342.84
AVERAGE BALANCE	13,712.08	7 DEBITS	15,730.32
		THIS STATEMENT 06/29/12	4,941.85

OTHER CREDITS

DESCRIPTION	DATE	AMOUNT
TRANSFER FROM # [REDACTED]	06/04	6,400.00
TRANSFER FROM # [REDACTED]	06/04	6,400.00
IN MAIL/NIGHT DROP DEPOSIT	06/08	542.84

CHECKS

CHECK #..DATE.....AMOUNT	CHECK #..DATE.....AMOUNT	CHECK #..DATE.....AMOUNT
306 06/04 659.32	308*06/14 244.38	
307 06/11 649.21	310 06/15 4,420.36	

(*) INDICATES A GAP IN CHECK NUMBER SEQUENCE

OTHER DEBITS

DESCRIPTION	DATE	AMOUNT
TRANSFER TO # [REDACTED]	06/05	1,006.12
TRANSFER TO # [REDACTED]	06/07	427.20
TRANSFER TO # [REDACTED]	06/27	8,323.73

* * * CONTINUED * * *



029 00001 00
ACCOUNT:



PAGE: 2
06/29/2012

11-35082

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BANKRUPTCY CHECKING ACCOUNT

=====

- - - ITEMIZATION OF OVERDRAFT AND RETURNED ITEM FEES - - -

*		TOTAL FOR		TOTAL	*
*		THIS PERIOD		YEAR TO DATE	*

* TOTAL OVERDRAFT FEES:		\$.00		\$.00	*

* TOTAL RETURNED ITEM FEES:		\$.00		\$.00	*

- - - - - DAILY BALANCE - - - - -

DATE.....	BALANCE	DATE.....	BALANCE	DATE.....	BALANCE
06/04	19,470.01	06/08	18,579.53	06/15	13,265.58
06/05	18,463.89	06/11	17,930.32	06/27	4,941.85
06/07	18,036.69	06/14	17,685.94		

- END OF STATEMENT -



029 00001 00
ACCOUNT:



PAGE: 1
06/29/2012

11-35082 B
BANKRUPTCY ESTATE OF
CASTLE ARCH REAL ESTATE INVEST
D RAY STRONG, TRUSTEE
201 S MAIN ST SUITE 450
SALT LAKE CITY UT 84111

29
0
4

PREFERRED BANK - LOS ANGELES
601 S. FIGUEROA ST. 29TH FLOOR
LOS ANGELES, CA 90017

TELEPHONE: 213-891-1188

eSTATEMENTS ARE HERE - LOG ON PBnet PERSONAL ONLINE BANKING TO ENROLL
FDIC deposit insurance rules have changed. Accounts are now insured to
at least \$250,000 under the Standard Maximum Deposit Insurance Amount
(SMDIA) rules. See your branch operations officer or FDIC.gov for more
information.

BANKRUPTCY CHECKING ACCOUNT

		LAST STATEMENT 05/31/12	19,917.85
AVG AVAILABLE BALANCE	4,639.52	5 CREDITS	12,195.77
AVERAGE BALANCE	4,639.52	7 DEBITS	29,674.90
		THIS STATEMENT 06/29/12	2,438.72

OTHER CREDITS

DESCRIPTION	DATE	AMOUNT
PAYCHEX TPS TAXES 45247500000172X	06/04	1,902.24
PAYCHEX TPS TAXES 452700000001212X	06/05	536.48
TRANSFER FROM	06/05	1,006.12
TRANSFER FROM	06/07	427.20
TRANSFER FROM	06/27	8,323.73

CHECKS

CHECK #..DATE.....AMOUNT	CHECK #..DATE.....AMOUNT	CHECK #..DATE.....AMOUNT
3000 06/04 3,127.67	3002 06/06 4,396.94	
3001 06/04 8,089.21	3003 06/15 427.20	

OTHER DEBITS

DESCRIPTION	DATE	AMOUNT
PAYCHEX TPS TAXES 45238400003528X	06/01	5,310.15
PAYCHEX TPS TAXES 45617400010374X	06/29	2,555.21
PAYCHEX INC. PAYROLL 45615600016417X	06/29	5,768.52

* * * C O N T I N U E D * * *



029 00001 00
ACCOUNT:

PAGE: 2
06/29/2012

11-35082

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BANKRUPTCY CHECKING ACCOUNT [REDACTED]

=====

- - - ITEMIZATION OF OVERDRAFT AND RETURNED ITEM FEES - - -

*		TOTAL FOR		TOTAL	*
*		THIS PERIOD		YEAR TO DATE	*

* TOTAL OVERDRAFT FEES:		\$.00		\$.00	*
* TOTAL RETURNED ITEM FEES:		\$.00		\$.00	*

- - - DAILY BALANCE - - -

DATE.....	BALANCE	DATE.....	BALANCE	DATE.....	BALANCE
06/01	14,607.70	06/06	2,438.72	06/27	10,762.45
06/04	5,293.06	06/07	2,865.92	06/29	2,438.72
06/05	6,835.66	06/15	2,438.72		

- END OF STATEMENT -