

The below described is **SIGNED**.



Dated: February 08, 2013

JOEL T. MARKER
U.S. Bankruptcy Judge

Prepared and Submitted By:

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*Attorneys for D. Ray Strong, Chapter 11 Trustee for
Castle Arch Real Estate Investment Company, LLC*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH**

In re:

CASTLE ARCH REAL ESTATE
INVESTMENT COMPANY, LLC; CAOP
MANAGERS, LLC; CASTLE ARCH
OPPORTUNITY PARTNERS I, LLC;
CASTLE ARCH OPPORTUNITY
PARTNERS II, LLC; CASTLE ARCH
KINGMAN, LLC; CASTLE ARCH
SECURED DEVELOPMENT FUND, LLC;
and CASTLE ARCH SMYRNA, LLC,

Debtors.

Bankruptcy Case No. 11-35082
Bankruptcy Case No. 11-35237
Bankruptcy Case No. 11-35243
Bankruptcy Case No. 11-35242
Bankruptcy Case No. 11-35246
(Substantively Consolidated)

Bankruptcy Case No. 11-35241
Bankruptcy Case No. 11-35240
(Jointly Administered)

(Chapter 11)

The Honorable Joel T. Marker

**ORDER GRANTING CHAPTER 11 TRUSTEE'S MOTION TO SUBSTANTIVELY
CONSOLIDATE CAOP MANAGERS, LLC; CASTLE ARCH KINGMAN, LLC;
CASTLE ARCH SMYRNA, LLC; CASTLE ARCH SECURED DEVELOPMENT FUND,
LLC; CASTLE ARCH STAR VALLEY, LLC AND CASTLE ARCH REAL ESTATE
INVESTMENT COMPANY, LLC**

The matter before the Court is the *Chapter 11 Trustee's Motion to Substantively Consolidate CAOP Managers, LLC; Castle Arch Kingman, LLC; Castle Arch Smyrna, LLC; Castle Arch Secured Development Fund, LLC; Castle Arch Star Valley, LLC and Castle Arch Real Estate Investment Company, LLC* [Docket No. 537] (the "Consolidation Motion"). A hearing on the Consolidation Motion was held on January 31, 2013. Peggy Hunt and Nathan S. Seim of Dorsey & Whitney LLP appeared on behalf of D. Ray Strong, Chapter 11 Trustee for Castle Arch Real Estate Investment Company, LLC; Lon A. Jenkins of Jones Waldo Holbrook & McDonough, P.C. appeared on behalf of the Official Committee of Unsecured Creditors for Castle Arch Real Estate Investment Company, LLC; John T. Morgan appeared on behalf of the Office of the United States Trustee; Andrew B. Clawson of Pearson Butler Carson & Cook, PLLC appeared on behalf of Castle Arch Secured Development Fund, LLC; Michael L. Labertew of Labertew & Associates, LLC appeared on behalf of Castle Arch Smyrna, LLC, Castle Arch Kingman, LLC and CAOP Managers, LLC; and Richard Dance appeared *pro se*.

A *Notice of Motion and Notice of Hearing* [Docket No. 544] was filed and properly served on all creditors, holders of equity interests, and all other parties in interest for each of the Debtors' cases, and no further notice of the Consolidation Motion is necessary. No objections to the Consolidation Motion were filed. The Trustee's counsel received one letter dated January 12, 2013 from Lindy L. Conner stating that Ms. Conner opposed the Consolidation Motion. Ms. Conner, however, did not attend the hearing, and based on the evidence, the Court finds that any objection made by Ms. Conner has been withdrawn.

Through the Consolidation Motion, the Trustee seeks to substantively consolidate the following entities: Castle Arch Real Estate Investment Company, LLC (Case No. 11-35082);

CAOP Managers, LLC (Case No. 11-35237); Castle Arch Kingman, LLC (Case No. 11-35242); Castle Arch Smyrna, LLC (Case No. 11-35246); Castle Arch Secured Development Fund, LLC (Case No. 11-35243); and non-debtor Castle Arch Star Valley, LLC (“CASV”) (collectively, the “Legacy Debtors”). Furthermore, the Trustee seeks to substantively consolidate CASV as of October 13, 2011.

The Court has considered (a) the Consolidation Motion; (b) the *Memorandum of Law in Support of the Consolidation Motion* [Docket No. 538]; (c) the Notice of Hearing; (d) the *Certificate of Service* attached to the Notice of Hearing; (e) the *Declaration of D. Ray Strong, Chapter 11 Trustee for Castle Arch Real Estate Investment Company, LLC, in Support of the Consolidation Motion (Exhibit Admission)* [Docket No. 579]; (f) the *Declaration of D. Ray Strong, Chapter 11 Trustee for Castle Arch Real Estate Investment Company, LLC, in Support of the Consolidation Motion* [Docket No. 578]; (g) all of the evidence, including the uncontested proffer of testimony and the Trustee’s Exhibits A–JJJ admitted into evidence at the hearing; (h) the representations made on the record at the hearing; and (i) applicable law. Based thereon, and for the reasons set forth on the record and in the *Findings of Fact and Conclusions of Law* filed concurrently with this Order, to be separately entered by the Court pursuant to Federal Rule of Bankruptcy Procedure 7052,

IT IS HEREBY ORDERED THAT:

- (1) The Consolidation Motion is **GRANTED**;
- (2) The Legacy Debtors are **SUBSTANTIVELY CONSOLIDATED**; and
- (3) CASV is consolidated with the Legacy Debtors as of October 17, 2011.

End of Order