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*Attorneys for D. Ray Strong, Post-Confirmation Estate Representative and
Liquidating Trustee of the Consolidated Legacy Debtors Liquidating Trust*

**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
KINGMAN, LLC; CASTLE ARCH
SECURED DEVELOPMENT FUND, LLC;
CASTLE ARCH SMYRNA, LLC; CASTLE
ARCH STAR VALLEY, LLC; *and*

CASTLE ARCH OPPORTUNITY
PARTNERS I, LLC; CASTLE ARCH
OPPORTUNITY PARTNERS II, LLC,

Debtors.

Case Nos. 11-35082, 11-35237,
11-35243, 11-35242 and 11-35246
(Substantively Consolidated)

Case Nos. 11-35241 and 11-35240
(Jointly Administered)

(Chapter 11)
The Honorable Joel T. Marker

- Affects All Debtors
- Affects Only the Substantively Consolidated Debtors
- Affects only Castle Arch Opportunity Partners I, LLC
- Affects only Castle Arch Opportunity Partners II, LLC

**SECOND SUPPLEMENTAL DECLARATION OF PEGGY HUNT PURSUANT TO
FEDERAL RULE OF BANKRUPTCY PROCEDURE 2014**

I, Peggy Hunt, being of lawful age, declare, certify and state as follows:

General Background

1. This declaration is based on my personal knowledge of the facts set forth herein.

2. I am an attorney licensed to practice law in the State of Utah, including all federal courts in Utah.

3. I am a partner at the law firm of Dorsey & Whitney LLP ("Dorsey"), and I am authorized to make this Declaration on behalf of Dorsey.

4. On May 16, 2012, I filed a Declaration [Docket No. 225] (the "First Declaration") in support of the *Application of D. Ray Strong, Chapter 11 Trustee, for Entry of an Order Authorizing the Employment of Dorsey & Whitney LLP as Counsel for the Trustee* [Docket No. 224] (the "Employment Application").

5. The Court entered an Order approving Dorsey's Employment Application on June 14, 2012 [Docket No. 246].

6. On July 30, 2012, I filed the *Supplemental Declaration of Peggy Hunt Pursuant to Federal Rule of Bankruptcy Procedure 2014* [Docket No. 278] (together with the First Declaration, the "Prior Declarations").

7. Disclosures of Dorsey's connections in this case made in the Prior Declarations were based on the facts of the case and the parties in interest at the time of the Prior Declarations.

Background Related to Supplemental Disclosure

8. On January 26, 2012, an Official Committee of Unsecured Creditors was formed for Castle Arch Real Estate Investment Company, LLC (the "Creditors' Committee") [Docket No. 48].

9. Jones Waldo Holbrook & McDonough, PC ("Jones Waldo") was employed by the Creditors' Committee as its counsel.

10. On June 7, 2013, the Court entered its *Order Confirming Chapter 11 Trustee's First Amended Plan of Liquidation Dated February 25, 2013, As Modified* [Docket No. 705] (the "Confirmation Order"), pursuant to which the Trustee's *Second Amended Plan of Liquidation* [Docket No. 701] (the "Confirmed Plan") was confirmed.

11. Section 11.11 of the Confirmed Plan provides that the Creditors' Committee shall be disbanded on the Effective Date, except to the extent necessary to obtain approval of the fees and expenses of its members and its professionals, and to allow for objections to the fee applications of the professionals of the Trustee and related professionals.

12. The Confirmation Order approved each of the Liquidating Trust Agreements provided for and incorporated in the Confirmed Plan, including the Agreements defined in the Confirmed Plan as the "Legacy Trust Agreement," the "CAOP I Trust Agreement" and the "CAOP II Trust Agreement."¹ As a result, on the Effective Date, the "Legacy Trust," the "CAOP I Trust" and the "CAOP II Trust," as those terms are defined in the Confirmed Plan, were each established (collectively, the "Liquidating Trusts").

13. The Confirmation Order states that as of the Effective Date, D. Ray Strong shall administer each of the Debtors' estates as estate representative, and that D. Ray Strong is appointed as the Liquidating Trustee for each of the Liquidating Trusts.²

14. The Confirmed Plan became effective on July 22, 2013.³

¹ Confirmation Order ¶ 2.

² Confirmation Order ¶¶ 5-6.

³ *Notice of Effective Date of Confirmed Plan* [Docket No. 712].

15. As of the Effective Date, the Liquidating Trustee engaged Dorsey as his counsel for the Legacy Liquidating Trust as authorized under Section 2.5.11 of the Legacy Trust Agreement. Also, as of the Effective Date and pursuant to Section 2.5.11 of each of the Liquidating Trust Agreements, the Liquidating Trustee engaged Dorsey as his special litigation counsel to represent and advise the Liquidating Trusts regarding potential claims to be asserted by or on behalf of the Liquidating Trusts against certain persons affiliated with the Debtors.

16. All bar dates for administrative expense claims incurred in the Chapter 11 cases expired as of September 5, 2013,⁴ and all fee applications related to the Creditors' Committee, its members, and the Trustee and his professionals have been considered and ruled on by the Court. Orders allowing fees and expenses as requested in those applications became final orders at the latest on September 16, 2013.⁵

Supplemental Disclosure

17. On November 27, 2013, Lon A. Jenkins became employed by Dorsey as Of Counsel.

18. Prior to that date, Mr. Jenkins had been a partner at the law firm of Jones Waldo, and served as counsel to the Creditors' Committee.

19. As noted above, pursuant to the terms of the Confirmed Plan, the Creditors' Committee was disbanded as of July 22, 2013.

20. To the best of my knowledge and belief, Mr. Jenkins's former affiliation with Jones Waldo and his representation of the Creditors' Committee does not create any conflict of

⁴ See Confirmed Plan, §§ 4.2(d) and 4.2(e).

⁵ See Docket Nos. 752-53, 760-63 & 776.

interest and does not in any way affect Dorsey's disinterestedness. Out of an abundance of caution, however, Dorsey has, for the present, established an ethics wall to assure that no information is shared between Dorsey and Mr. Jenkins related to his prior representation, and Dorsey makes this supplemental disclosure to the Court and parties in interest of this new connection.

DATED this 11th day of December, 2013

DORSEY & WHITNEY LLP

/s/ Peggy Hunt
Peggy Hunt