

**POST CONFIRMATION FINANCIAL QUARTERLY REPORT
FOR QUARTER ENDED: March 31, 2014 (1)**

DEBTOR: Castle Arch Opportunity Partners I, LLC

CH. 11 CASE NO: 11-35240

SUMMARY OF DISBURSEMENTS MADE DURING QUARTER: (2)

1. CASH BALANCE, BEGINNING OF QUARTER	\$ 518,154
2. CASH RECEIPTS DURING QUARTER FROM ALL SOURCES	15,541
3. CASH DISBURSEMENTS DURING QUARTER, INCLUDING PLAN PAYMENTS	25,934
4. CASH BALANCE, END OF QUARTER	<u>\$ 507,761</u>

SUMMARY OF AMOUNTS DISBURSED UNDER PLAN:

	<u>Paid During Quarter</u>	<u>Total Plan Payments</u>	<u>Total Payments Projected Under Plan</u>
1. PRE-EFFECTIVE DATE ADMINISTRATIVE EXPENSES			
Trustee Compensation	\$ -	\$ -	\$ -
Accountant Fees	-	-	-
Attorney Fees	-	84,581	84,581
Other Professionals	-	-	-
Other Administrative Expenses	-	577	577
	-	-	-
TOTAL PRE-EFFECTIVE DATE ADMINISTRATIVE EXPENSES	<u>\$ -</u>	<u>\$ 85,158</u>	<u>\$ 85,158</u>
POST EFFECTIVE DATE ADMINISTRATIVE EXPENSES			
Trustee Compensation	\$ -	\$ -	N/A
Accountant Fees	-	-	N/A
Attorney Fees	17,713	26,582	N/A
Other Professionals	4,628	5,597	N/A
Other Administrative Expenses	3,594	8,961	N/A
	-	-	N/A
	-	-	N/A
TOTAL POST EFFECTIVE DATE ADMINISTRATIVE EXPENSES	<u>\$ 25,934</u>	<u>\$ 41,140</u>	<u>\$ -</u>
2. SECURED CREDITORS	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>
3. PRIORITY CREDITORS	<u>\$ -</u>	<u>\$ -</u>	<u>NONE</u>
4. UNSECURED CREDITORS	<u>\$ -</u>	<u>\$ 60,342</u>	<u>\$ 60,342</u>
5. EQUITY SECURITY HOLDERS	<u>\$ -</u>	<u>\$ -</u>	<u>N/A (3)</u>
6. OTHER:	<u>\$ -</u>	<u>\$ 73,704</u>	<u>N/A (4)</u>
TOTAL PLAN PAYMENTS	<u>\$ 25,934</u>	<u>\$ 260,344</u>	<u>N/A</u>
QUARTERLY FEE PAID:	<u>Amount</u>	<u>Date</u>	<u>Check No.</u>
	\$ 975	2/6/2014	300005

PLAN STATUS:

- | | |
|---|--|
| 1. Have all payments been made as set forth in the confirmed plan? (If no, attach explanation.) | Yes No |
| | <input checked="" type="checkbox"/> <input type="checkbox"/> |
| 2. Are all post-confirmation obligations current? (If no, attach explanation.) | Yes No |
| | <input checked="" type="checkbox"/> <input type="checkbox"/> |
| 3. Projected date of application for final decree: <u>Unknown</u> | |

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING POST CONFIRMATION QUARTERLY REPORT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

EXECUTED ON: 5/2/14

By: 

D. Ray Strong
Estate Representative and Liquidating
Trustee of the CAOP I Trust

POST CONFIRMATION FINANCIAL QUARTERLY REPORT

FOR QUARTER ENDED: March 31, 2014

DEBTOR: Castle Arch Opportunity Partners I, LLC

CH. 11 CASE NO: 11-35240

NOTES

- (1) The Debtors filed its Chapter 11 Financial Report for the month of July 2013. On July 22, 2013 the Confirmed Plan became effective. This report includes activity from January 1, 2014 to March 31, 2014.
- (2) An Audit of the financial statements in accordance with Generally Accepted Auditing Standards ("GAAS") has not been performed, nor has a review or a compilation of the financial statements been performed in accordance with the standards promulgated by the American Institute of Certified Public Accountants.
- (3) Assets of the CAOP I Trust are still in the process of being analyzed and liquidated. At this time a reasonable estimate of distribution amounts cannot be made. Further updates will be made on future reports as more information is determined.
- (4) Payment of outstanding management fees per settlement. Order entered October 23, 2013.

Schedule of Assets & Liabilities

POST CONFIRMATION FINANCIAL QUARTERLY REPORT

FOR QUARTER ENDED: March 31, 2014

DEBTOR: Castle Arch Opportunity Partners I, LLC

CH. 11 CASE NO: 11-35240

SUMMARY OF ASSETS & LIABILITIES: (1)

	Current Quarter	
1. ASSETS		
Cash	\$ 507,761	
Post Petition Intercompany Receivables	2,646	
Tooele, UT Property	5,378,023	(2)
Blackcastle, LLC	552,462	(3)
Conix Assets	64,551	(4)
	-	
	-	
TOTAL ASSETS	\$ 6,505,443	
2. LIABILITIES		
Pre Petition Claims		
Allowed and Pending Secured Claims	\$ 286,086	(2)
Allowed Priority Claims	\$ 1,800	(7)
Intercompany Notes	108,073	(5)
Post Petition Claims		
Post Petition Intercompany Payable	-	(5)
Post Petition Legal & Professional Fees	107,366	(6)
Post Petitions Intercompany Notes	20,000	(5)
TOTAL LIABILITIES	\$ 523,325	

NOTES

- (1) An Audit of the financial statements in accordance with Generally Accepted Auditing Standards ("GAAS") has not been performed, nor has a review or a compilation of the financial statements been performed in accordance with the standards promulgated by the American Institute of Certified Public Accountants.
- (2) Ownership of the Tooele, UT property is disputed between the CAOP I Trust and the Legacy Trust. When the issues surrounding the disputed ownership are analyzed, an analysis will be submitted to the Conflicts Referee for resolution. Upon resolution ownership of the asset and assumption of the related liabilities will be reported by the appropriate party. The assets and liabilities presented on this schedule are consistent with the historical cost and scheduled claims. As the assets and liabilities are analyzed further additional adjustments may be made to the values presented on future reports.
- (3) The Trustee is working with the principals of Blackcastle, LLC to liquidate the investment. The amount reported on this schedule represents the cost basis of the investment.
- (4) The CAOP I Trust continues to receive distributions related to the Conix assets. The amounts reported on this schedule are consistent with cost basis adjusted for the distributions that have been received.
- (5) Intercompany transactions are still in the process of being reviewed and analyzed. When the issues surrounding intercompany claims have been fully analyzed, an analysis will be submitted to the Conflicts Referee for resolution. A proposed settlement has been reached on Intercompany claims. Information is being compiled to be provided to the Conflicts Referee for resolution. Once approved, amounts will be adjusted.
- (6) Accrued Legal & Professional Fees Detail

Pre-Effective Date

	Beginning Balance	Paid in Current Quarter	Accrued in Current Quarter	Ending Balance
Accrued Trustee Fees	\$ -	\$ -	\$ -	\$ -
Accrued Accountant Fees	\$ -	\$ -	\$ -	\$ -
Accrued Attorney Fees	\$ -	\$ -	\$ -	\$ -
Pre- Effective Date Total	\$ -	\$ -	\$ -	\$ -

Post-Effective Date

	Beginning Balance	Paid in Current Quarter	Accrued in Current Quarter	Ending Balance
Accrued Trustee Fees	\$ 15,000	\$ -	\$ 7,674	\$ 22,674
Accrued Accountant Fees	\$ 28,000	\$ -	\$ 22,147	\$ 50,147
Accrued Attorney Fees	\$ 28,750	\$ (17,713)	\$ 23,508	\$ 34,545
Post-Effective Date Total	\$ 71,750	\$ (17,713)	\$ 53,328	\$ 107,366
Total Legal and Professional Fees	\$ 71,750	\$ (17,713)	\$ 53,328	\$ 107,366

(7) Additional priority tax claims of \$1,800 have been allowed for the California Franchise Tax Board

Cash Accounts

POST CONFIRMATION FINANCIAL QUARTERLY REPORT

FOR QUARTER ENDED: March 31, 2014

SUMMARY OF CASH BALANCES, CASH RECEIPTS AND DISBURSEMENTS:

Account Name	G/L Acct		Balance as of 1/1/2014	Receipts	Disbursements	Transfers	Balance as of 3/31/2014
<i>Active Accounts:</i>							
Union Bank	10006 UB	2055	\$ 518,153.93	\$ 15,540.50	\$ (25,933.81)	\$ -	\$ 507,760.62
NET RECEIPTS AND DISBURSEMENTS			\$ 518,153.93	\$ 15,540.50	\$ (25,933.81)	\$ -	\$507,760.62

Cash Receipts & Disbursements Detail

DEBTOR: Castle Arch Opportunity Partners I, LLC

CH. 11 CASE NO: 11-35240

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

For Period: 1/1/14 to 3/31/14

CASH RECEIPTS DETAIL

Account No:

Union Bank-*1636**

Date	Payer	Description	Amount
3/25/2014	State Auto Mutual Insurance	Rockhill Settlement	15,540.50
Total Cash Receipts			\$ 15,540.50

CASH DISBURSEMENTS DETAIL

Account No:

Union Bank-*1636**

Date	Payee	Description	Amount
1/9/2014	Strong Connexions	Website Maintenance	133.33
1/27/2014	Mckay Burton & Thurman	Legal Fees	17,712.50
1/27/2014	Union Bank	Bank Fees	771.04
2/6/2014	U.S. Trustee	4Q Fees	975.00
2/13/2014	Moye White LLP	Insider Mediation	1,666.67
2/25/2014	Union Bank	Bank Fees	765.55
3/10/2014	American Corporate Enterprises	Representation Fee	89.00
3/13/2014	Secretary of State Nevada	Corporate Registration Fee	325.00
3/19/2014	Moye White LLP	Insider Mediation	2,827.61
3/25/2014	Union Bank	Bank Fees	668.11
Total Cash Disbursements			\$ 25,933.81

Narrative

**CASTLE ARCH OPPORTUNITY PARTNERS I, LLC
(CASE NO: 11-35240)**

**POST CONFIRMATION QUARTERLY REPORT
1st QUARTER - 2014**

NARRATIVE

A. Background

On October 17, 2011, Castle Arch Real Estate Investment Company ("CAREIC") filed a Chapter 11 bankruptcy case in the United States Bankruptcy Court for the District of Utah (the "Bankruptcy Court"). On October 20, 2011, six entities affiliated with CAREIC filed Chapter 11 bankruptcy cases in the Bankruptcy Court, including: CAOP Mangers, LLC ("CAOP Managers"), Castle Arch Kingman, LLC ("CAK"), Castle Arch Secured Development Fund, LLC ("CASDF"), Castle Arch Smyrna, LLC ("CAS"), Castle Arch Opportunity Partners I, LLC ("CAOP I") and Castle Arch Opportunity Partners II ("CAOP II") (collectively, the "CAREIC Affiliates"). The respective Chapter 11-cases were jointly administered under Case No. 11-35082.

From the respective petition dates through April 30, 2012, CAREIC and the CAREIC Affiliates were operated as debtors-in-possession in the jointly administered Chapter 11 cases. On April 30, 2012, the Bankruptcy Court ordered the appointment of a Chapter 11 trustee for CAREIC, and on May 3, 2012, the Bankruptcy Court entered an Order appointing D. Ray Strong as the Chapter 11 trustee for CAREIC (the "Trustee"). As a result of his appointment, the Trustee also became the manager of the respective Castle Arch affiliates.

Pursuant to an Order of the Bankruptcy Court, the CAREIC Affiliates of CAOP Managers, CAK, CASDF and CAS, as well as a non-debtor entity, Castle Arch Star Valley, LLC, were held to be CAREIC's alter egos and substantively consolidated with CAREIC as of CAREIC's petition date. CAREIC and these consolidated entities are referred to in the bankruptcy case as the "Consolidated Legacy Debtors."

The Bankruptcy Court entered an Order on June 7, 2013 confirming the Trustee's First Amended Plan of Liquidation Dated February 25, 2013, as modified (the "Confirmation Order") for the Consolidated Legacy Debtors, CAOP I and CAOP II (the "Plan"). As part of the confirmation of the Plan, the Bankruptcy Court approved the Liquidation Trust Agreements for each of the Trusts (collectively, the "Liquidation Trust Agreements"), appointed the Trustee for each of the Trusts, and appointed Weston L. Harris as the Conflicts Referee under each of the Liquidating Trust Agreements (the "Conflicts Referee") to address various intercompany claims issues between the Trusts. The Effective Date of the Plan and each of the Liquidating Trust Agreements was July 22, 2013.

B. Activities During Reporting Period

The description of the Trustee's, and his professional's, activities that occurred from January 1, 2014 through March 31, 2014 (the "Reporting Period") are included below under the Combined Trust Activities and Specific Trust Activities sections. Many of these activities involved some or all of the Trusts. As result, these activities are described under Combined Trust Activities section. If the activity was specific to a particular Trust, that activity has been described in the Specific Trust Activities section.

**CASTLE ARCH OPPORTUNITY PARTNERS I, LLC
(CASE NO: 11-35240)**

**POST CONFIRMATION QUARTERLY REPORT
1st QUARTER - 2014**

NARRATIVE

Combined Trust Activities

During the Reporting Period, the Trustee and his professionals have addressed the following issues:

1. Continued with the on-going claims analysis and settled and resolved claims when possible.
2. Responded to defendants and addressed various issues relating to avoidance actions filed. Trustee and counsel have met with several defendants and have been able to resolve certain cases.
3. Responded to partial fee denials by Rockhill Insurance Company relating to invoices submitted for fee reimbursements regarding the Longview litigation insurance coverage. The Trustee was able to negotiate and settle the fee disputes with the carrier resulting in payments by the carrier totaling \$326,811.90.
4. Continued to review and analyze claims against insiders and other former management in anticipation of filing litigation. The Trustee and his professionals have been gathering internal documents, interviewing persons involved and investors, and drafting a complaint. It is anticipated the suit will allege mismanagement, breach of fiduciary duty, avoidance, and securities fraud. The Trustee entered into tolling agreements with the potential defendants in October 2013 to extend the statutory deadline to April 2014, which was later extended to May 2014, in an effort to pursue settlement without prolonged and costly litigation. The parties agreed to pursue mediation in an attempt to resolve the matters with some or all of the defendants. The parties filed mediation briefs and participated in the mediation process that began in February 2014. After the mediation, the Trustee continued to work with various parties to settle claims. If the claims can't be settled, the Trustee will file the complaint and commence litigation.
5. Prepared the 3rd Quarter Post-Confirmation Financial Reports for all Trusts.
6. Reviewed, analyzed, and prepared for tax requirements for establishing the Trusts.
7. Prepared preliminary income tax returns and tax filing in anticipation of completing the IRS tax requirements for the establishment of the Trusts.
8. Responded to various investor and creditor inquiries.

**CASTLE ARCH OPPORTUNITY PARTNERS I, LLC
(CASE NO: 11-35240)**

**POST CONFIRMATION QUARTERLY REPORT
1st QUARTER - 2014**

NARRATIVE

Specific Trust Activities

During the Reporting Period, the Trustee and his professionals have addressed the following issues:

Legacy Trust

1. Negotiated settlement with Trent Waddoups, former Receiver, for his asserted administrative claim of \$102,861.60 and Trustee's asserted claim for the return of the retainer held by Waddoups. The settlement included a payment from Waddoups of \$30,415.00, withdrawal of fees and costs asserted by Waddoups totaling \$48,900, and the resolution of the Trustee's objection of fees previously paid to Waddoups. A motion to approve the settlement was filed on January 30, 2014 and the Court issued an Order approving the settlement on February 26, 2014.
2. Continued to aggressively market and investigate the various real estate holdings held by the Legacy Trust. Some price adjustments have been made to the properties in an effort to increase interest from potential buyers. There has been some limited interest in the properties; however, many of the offers received were very low or the potential buyer was not able to close a transaction.
3. The Trustee has successfully negotiated a sale of the Smyrna property with Walton Tennessee, LLC. A purchase agreement was executed on February 26, 2014 for \$2,229,428. The Trustee filed a motion with the Court to sell the property on March 19, 2014. The Court entered an order approving the sale, subject to higher and better offers, on April 8, 2014. Currently the buyer is conducting its required due diligence. The buyer has 60 days to conduct its due diligence and the right to obtain an addition 30 day extension, prior to closing the transaction.
4. The Trustee issued, and the Court granted, 2004 document productions from various parties.
5. Analyzed and evaluated insurance related issues.

CAOP I Trust

1. Reviewed and analyzed accounting and investment activity and related financial reporting for the Black Castle investment. The Trustee and his professionals have requested additional documentation and information to analyze, resolve and liquidate the investment. The principals of Black Castle have not sufficiently responded to these document requests, which resulted in the Trustee serving a Subpoena Duces Tecum for Rule 2004 Examination in October 2013. On February 13, 2014, the Trustee filed litigation against Black Castle, Blackstar Financial, Inc., and its principals. The Trustee is still attempting to resolve and settle the issues and liquidate the investment.

**CASTLE ARCH OPPORTUNITY PARTNERS I, LLC
(CASE NO: 11-35240)**

**POST CONFIRMATION QUARTERLY REPORT
1st QUARTER - 2014**

NARRATIVE

2. The Trustee and his professionals continued to analyze the intercompany claims including cash transferred to the Legacy Debtors, Tooele property transferred to the Legacy Debtors, and the various complex and commingled intercompany transactions. The parties have reached a proposed settlement on the issues and currently preparing documentation to be presented to the Conflict Referee pursuant to the procedures established by the Plan to resolve the intercompany claims.
3. Continued to analyze the Conix related investments and activity.

CAOP II Trust

1. Reviewed and analyzed an investment in a mortgage loan involving a property in Granite City, Illinois. The loan is currently in default and the Trustee and his professionals have been working to determine liquidation options for this investment which may include a foreclosure sale or loan modification. The current borrower is in the process of refinancing the loan.
2. Investigated, analyzed, and prepared a complaint against Western Showcase regarding mobile home investments made by CAOP II. The Trustee negotiated and reached a settlement with Western Showcase for \$300,000 and is currently preparing a motion seeking approval of the settlement.
3. Reviewed and analyzed accounting and investment activity and related financial reporting for the Black Castle investment. The Trustee and his professionals have requested additional documentation and information to analyze, resolve and liquidate the investment. The principals of Black Castle have not sufficiently responded to these document requests, which resulted in the Trustee serving a Subpoena Duces Tecum for Rule 2004 Examination in October 2013. On February 13, 2014, the Trustee filed litigation against Black Castle, Blackstar Financial, Inc., and its principals. The Trustee is still attempting to resolve and settle the issues and liquidate the investment.
4. The Trustee and his professionals continued to analyze the intercompany claims including cash transferred to the Legacy Debtors, Tooele property transferred to the Legacy Debtors, and the various complex and commingled intercompany transactions. The parties have reached a proposed settlement on the issues and currently preparing documentation to be presented to the Conflict Referee pursuant to the procedures established by the Plan to resolve the intercompany claims.
5. Continued to analyze the Conix related investments and activity.