

**POST CONFIRMATION FINANCIAL QUARTERLY REPORT
FOR QUARTER ENDED: September 30, 2015 (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	\$ 345,858
2. CASH RECEIPTS DURING QUARTER FROM ALL SOURCES	<u>332</u>
3. CASH DISBURSEMENTS DURING QUARTER, INCLUDING PLAN PAYMENTS	<u>46,548</u>
4. CASH BALANCE, END OF QUARTER	<u>\$ 299,642</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
	<u> </u>	<u> </u>	<u> </u>
TOTAL PRE-EFFECTIVE DATE ADMINISTRATIVE EXPENSES	<u>\$ -</u>	<u>\$ 85,158</u>	<u>\$ 85,158</u>
POST EFFECTIVE DATE ADMINISTRATIVE EXPENSES			
Trustee Compensation	\$ 5,177	\$ 51,934	N/A
Accountant Fees	16,200	109,448	N/A
Attorney Fees	24,787	173,936	N/A
Other Professionals	58	15,882	N/A
Other Administrative Expenses	325	19,802	N/A
	<u> </u>	<u> </u>	<u> </u>
TOTAL POST EFFECTIVE DATE ADMINISTRATIVE EXPENSES	<u>\$ 46,548</u>	<u>\$ 371,001</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>\$ 46,548</u>	<u>\$ 590,205</u>	<u>N/A</u>
QUARTERLY FEE PAID:	<u>Amount</u>	<u>Date</u>	<u>Check No.</u>
	<u>\$ 325.00</u>	<u>07/15/15</u>	<u>110</u>

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: 11/18/15

By: 

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

POST CONFIRMATION FINANCIAL QUARTERLY REPORT

FOR QUARTER ENDED: September 30, 2015

DEBTOR: Castle Arch Oppportunity 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 July 1, 2013 to September 30, 2013.
- (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

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FOR QUARTER ENDED: September 30, 2015

DEBTOR: Castle Arch Opportunity Partners I, LLC

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SUMMARY OF ASSETS & LIABILITIES: (1)

	<u>Current Quarter</u>	
1. ASSETS		
Cash	\$ 299,642	
Post Petition Intercompany Receivables	-	(2)
Legacy Trust General Unsecured Claim	5,327,853	(2)
Legacy Trust New Value Claim	77,182	(2)
Tooele, UT Property	-	(2)
Blackcastle, LLC	331,910	(3)
Conix Assets	64,085	(4)
Litigation Recoveries	-	(8)
Retainer	463	(9)
	-	
TOTAL ASSETS	\$ 6,101,135	
2. LIABILITIES		
Pre Petition Claims		
Allowed and Pending Secured Claims		
Allowed Priority Claims	1,800	(7)
Intercompany Notes	-	(5)
Post Petition Claims		
Post Petition Intercompany Payable	-	(5)
Post Petition Legal & Professional Fees	22,695	(6)
Post Petitions Intercompany Notes	-	(5)
	-	
TOTAL LIABILITIES	\$ 24,495	

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) On December 4, 2014, an order approving the settlement agreement between the Legacy Trust and CAOP I Trust related to prepetition intercompany claims was filed. The settlement called for Legacy Trust to retain title to the Tooele water rights and the transfer of title of the Tooele property from CAOP I to the Legacy Trust. As a result, the value of the asset has been removed from the CAOP I report and recorded on the Legacy Trust report. Additionally, CAOP I was given an Allowed Unsecured Claim in the amount of \$5,327,853, as well as a \$77,182 New Value Claim, which is to be paid from the net sale proceeds of the Tooele property, in the Legacy Trust.
- (3) In April 2015, the Bankruptcy Court approved a settlement agreement entered into between Blackcastle, LLC, CAOP I Trust and CAOP II Trust. The agreement called for Blackcastle to pay the Trustee \$1.5 million in three installments (\$400,000 at Entry Date, \$800,000 six months from the entry date and \$300,000 one year from Entry Date) to be apportioned to CAOP I and CAOP II proportionate to their total investment. To date \$400,000 in settlement payments has been received by the Trustee. The amount reported on this schedule represents the CAOP I Trust's proportionate share of the settlement less settlement payments received.
- (4) CAOP I received distributions historically related to the Conix assets. The amounts reported on this schedule are consistent with cost basis adjusted for the historical distributions and payments received.
- (5) Intercompany transactions between Legacy and CAOP II have been resolved. The CAOP II claims were resolved and approved in the 3rd Quarter 2014. The Legacy claims were resolved and approved in the 4th Quarter 2014. (See Note 2)
- (6) **Accrued Legal & Professional Fees Detail**

Pre-Effective Date

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

Post-Effective Date

	<u>Beginning Balance</u>	<u>Paid in Current Quarter</u>	<u>Accrued in Current Quarter</u>	<u>Ending Balance</u>
Accrued Trustee Fees	\$ 5,177	\$ (5,177)	\$ 1,211	\$ 1,211
Accrued Accountant Fees	\$ 16,200	\$ (16,200)	\$ 6,782	\$ 6,782
Accrued Attorney Fees	\$ 24,787	\$ (24,787)	\$ 14,702	\$ 14,702
Post-Effective Date Total	\$ 46,164	\$ (46,164)	\$ 22,695	\$ 22,695
Total Legal and Professional Fees	\$ 46,164	\$ (46,164)	\$ 22,695	\$ 22,695

- (7) Additional priority tax claims of \$1,800 have been allowed for the California Franchise Tax Board
- (8) The CAOP I Trust is pursuing various litigation recoveries. At this time no value can be estimated or reported as litigation pursuits are ongoing.
- (9) The retainer was paid to Craig Peter Cherney, Esq. for legal services to be provided in analysis of real estate assets.

Cash Accounts

POST CONFIRMATION FINANCIAL QUARTERLY REPORT

FOR QUARTER ENDED: September 30, 2015

SUMMARY OF CASH BALANCES, CASH RECEIPTS AND DISBURSEMENTS:

Account Name	G/L Acct		Balance as of 07/01/15	Receipts	Disbursements	Transfers	Balance as of 09/30/15
<i>Active Accounts:</i>							
Rabobank	10008	RB 2466	\$ 345,005.05	\$ 331.66	\$ -	\$ (46,164.38)	\$ 299,172.33
Rabobank	10009	RB 2467	852.67	-	(46,547.71)	46,164.38	469.34
NET RECEIPTS AND DISBURSEMENTS			\$ 345,857.72	\$ 331.66	\$ (46,547.71)	\$ -	\$ 299,641.67

Cash Receipts & Disbursements Detail

DEBTOR: Castle Arch Opportunity Partners I, LLC

CH. 11 CASE NO: 11-35240

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

For Period: 7/1/15 to 9/30/15

CASH RECEIPTS DETAIL

Account No:

Rabobank-*2466**

Date	Payer	Description	Amount
07/23/15	Legacy Trust	Allocation of Fortius Financial Settlement	167.26
07/31/15	Rabobank	Interest	58.61
08/31/15	Rabobank	Interest	56.62
09/30/15	Rabobank	Interest	49.17
Total Cash Receipts			\$ <u>331.66</u>

CASH DISBURSEMENTS DETAIL

Account No:

Rabobank-*2466**

Date	Payee	Description	Amount
Total Cash Disbursements			\$ <u>-</u>

CASH RECEIPTS AND DISBURSEMENTS STATEMENT
 For Period: 7/1/15 to 9/30/15

CASH RECEIPTS DETAIL Account No: **Rabobank-***2467**

Date	Payer	Description	Amount
Total Cash Receipts			\$ <u> -</u>

CASH DISBURSEMENTS DETAIL Account No: **Rabobank-***2467**

Date	Payee	Description	Amount
07/08/15	Strong Connexions	Website Maintenance	33.33
07/15/15	US Trustee Payment Center	Q2 2015 US Trustee Fees	325.00
08/21/15	Strong Connexions	Website Maintenance	25.00
08/24/15	McKay Burton & Thurman	Legal Fees (Jan-Jun 2015)	24,787.00
08/24/15	BRG	Accountant Fees (Jan-Jun 2015)	16,200.40
08/24/15	S3 Advisory	Trustee Fees (Jan-Jun 2015)	5,176.98
Total Cash Disbursements			\$ <u>46,547.71</u>

Narrative

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

**POST CONFIRMATION QUARTERLY REPORT
3rd QUARTER - 2015**

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 July 1, 2015 through September 30, 2015 (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.

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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 including settlements with Xiomara Beach, Dr. Luxenberg and Hernan Cherry. The Court approved all settlements.
3. Continued to review, analyze, and pursue claims against insiders and other former management. The Trustee and his professionals have been gathering internal documents, interviewing persons involved and investors, and analyzing case documents. 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 October 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 which ultimately failed. As result, the Trustee filed Complaints against Kirby Cochran, Douglas Childs, Jeff Austin, William Davidson, William Grundy, and Keith Green on October 30, 2014 (“Malfeasance Action”). The Trustee has responded to motions for summary judgment and continues to pursue avenues for resolution.

A mediation was held with Robert Geringer in January 2015 and the parties continued to explore settlement. A second mediation was held in May 2015 whereby the Trustee negotiated and ultimately formalized a Memorandum of Understanding (“MOU”) to purchase the Smyrna property for \$2.25 million including releases of claims against Mr. Geringer. The MOU indicated the transaction was subject to Court approval and the ability to terminate the existing Smyrna purchase agreement with DSSIII. DSSIII had informed the Trustee they required additional concessions including a \$500,000 reduction in the purchase price in order to close on the transaction. A Purchase Agreement was finalized and executed with Robert Geringer in June 2015 for the higher \$2.25 purchase price and a notice of termination of the existing agreement was sent to DSSIII. DSSIII filed a complaint in Tennessee seeking the Trustee to perform on its purchase agreement at the \$1.5 million purchase price. Hearings were held with the Bankruptcy Court regarding the Robert Geringer purchase agreement and termination of the DSSIII agreement in July 2015.

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Ultimately the Trustee determined in his business judgment that closing on the \$1.5 million agreement with DSSIII was in the best interest of the estate. The transaction was finalized with DSSIII in July 2015. A third mediation was scheduled for November 4th with Robert in order to continue to explore settlement options.

4. Negotiated a settlement with William Warwick, former director of Castle Arch, for \$400,000. The settlement includes (a) \$200,000 cash payment from personal funds of Mr. Warwick, (b) payment of the remaining \$200,000 will be sought from the Axis Insurance Policy, and (c) an assignment of all rights Mr. Warwick has under the Axis Insurance Policy, including any right to pursue a bad faith claim. The Trustee filed an initial motion for approval in the Bankruptcy Court and former management opposed the motion and moved to have the action removed to the District Court. In an effort to minimize fees and costs, the Trustee stipulated to the removal to the District Court. The settlement was briefed by both parties and heard by the District Court in July 2015. The settlement was approved on July 17, 2015.
5. Negotiated a joint settlement with Kirby Cochran, former executive of Castle Arch, and his bankruptcy Trustee ("Cochran Bankruptcy Trustee"). The terms of the settlement include: (a) a cash payment by Cochran of \$150,000 (\$25,000 upon execution of the settlement agreement, \$25,000 on or before January 31, 2016, \$25,000 on or before May 31, 2016, and \$50,000 on or before June 30, 2016; (b) cash payment is secured by a Consent to Entry of Stipulated Nondischargeable Judgment and a Stipulated Nondischargeable judgment in the amount of \$3 million; (c) Trustee will not have any further obligation to extend the deadline to file a Section 523 non-dischargeability action in the Cochran Bankruptcy Case; (d) Castle Arch Trusts' proof of claim in the Cochran Bankruptcy Case will be deemed to be liquidated and allowed in the amount of \$3 million; (e) Cochran Bankruptcy Trustee will assign to the Trustee and Trusts, any and all rights that the Cochran Bankruptcy Estate in the Axis Surplus Insurance Company ("Axis") and interpleader action; (f) Trustee will agree to the entry of a contribution order in the Malfeasance Action against Mr. Cochran; (g) Mr. Cochran will cooperate with the Trustee in his administration of the Debtors' estates and the Trusts; (h) litigation cases will be dismissed; and (i) and releases will be provided. A settlement agreement was executed in October 2015. The Trustee will be filing a motion with the Bankruptcy Court seeking approval of the settlement.
6. In 2012, Axis issued a \$1 million insurance policy providing coverage to the directors, officers, and employees of CAREIC. After the failed mediation process with the insiders and former managers, Axis filed a Complaint for Interpleader with the US District Court and interplead the remaining amount of the insurance policy proceeds, less professional fees paid on behalf of the insured, totaling \$589,661.61. The Trustee filed a motion to intervene in the case as a result of the settlement reached with William Warwick. The Parties have filed various pleadings and oppositions in the case which remains pending with the US District Court.

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NARRATIVE

7. Prepared the 3rd Quarter 2015 Post-Confirmation Financial Reports for all Trusts.
8. Reviewed, analyzed, and prepared for tax requirements of the Trusts.
9. Prepared tax filings to complete the IRS tax requirements for the establishment of the Trusts.
10. Responded to various investor and creditor inquiries.

Specific Trust Activities

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

Legacy Trust

1. Continued to aggressively market and investigate the various real estate holdings held by the Legacy Trust.
2. Trustee negotiated a sale of the Smyrna property with Walton Tennessee, LLC; however, the buyer rescinded its offer prior to the expiration of the due diligence period. The Trustee finalized an asset purchase agreement on November 3, 2014 with a new buyer, DSSIII Holdings Co, LLC for \$1,500,000. The Bankruptcy Court approved the sale December 15, 2014. The buyer requested an extension of the due diligence period pursuant to various requirements of local municipalities and continues to conduct its due diligence. In May 2015, the Trustee negotiated and ultimately formalized a Memorandum of Understanding (“MOU”) with Robert Geringer to purchase the Smyrna property for \$2.25 million including releases of claims against Mr. Geringer. The MOU indicated the transaction was subject to Court approval and the ability to terminate the existing Smyrna purchase agreement with DSSIII. DSSIII had informed the Trustee they required additional concessions including a \$500,000 reduction in the purchase price in order to close on the transaction. A Purchase Agreement was finalized and executed with Robert Geringer in June 2015 for the higher \$2.25 purchase price and a notice of termination of the existing agreement was sent to DSSIII. DSSIII filed a complaint in Tennessee seeking the Trustee to perform on its purchase agreement at the \$1.5 million purchase price. Hearings were held with the Bankruptcy Court regarding the Robert Geringer purchase agreement and termination of the DSSIII agreement in July 2015. Ultimately the Trustee determined in his business judgment that closing on the \$1.5 million agreement with DSSIII was in the best interest of the estate. The transaction was finalized with DSSIII in July 2015.
3. Trustee negotiated a sale of 126.9 acre-feet of water rights with Telegraph Exchange LLC. A purchase agreement was executed in February 2015. The terms of the sale include: (a) purchase price of \$6,750 for each acre-foot of water approved for diversion under a Final Decision by the Utah State Engineer; (b) earnest money deposit in the amount of \$50,000 to

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be held in escrow; (c) earnest money will be applied to the purchase price, and the purchase price will be paid in cash at closing; (d) within five days after the Entry Date, Buyer shall prepare and deliver a Permanent Change Application in accordance with applicable law to move the point of diversion, as well as the place and nature of use of the water rights to the Stansbury Park Improvement District; (e) Buyer, at its own cost, shall obtain a Final Decision on the Permanent Change Application within six months from the bankruptcy court order approve sale; (f) after issuance of a Final Decision, the earnest money shall be non-refundable; (g) closing of sale will occur within five business days after the entry of a Final Decision; (h) sale is subject to Bankruptcy Court approval; (i) sale will be free and clear of liens, claims, encumbrances and interests pursuant to 11 U.S.C. §§363(b) and (f); and (j) sale is "AS IS" without representations and warranties of any kind. A motion seeking approval of the sale was filed with the Bankruptcy Court in March 2015 and order approving the sale was entered in April 2015. The transaction was successfully closed on October 2015 for a gross sale price of \$856,791.

4. Trustee negotiated a sale in July 2015 of the remaining Kingman property representing approximately 546 acres with Verde Agribusiness LLC for \$1.7 million. The agreement allowed for a 60-day due diligence/inspection period, sale is "As Is Where Is", and subject to bankruptcy court approval. Upon the expiration of the due diligence/inspection period, the buyer asked for a short extension and then submitted a notice of cancelation in September 2015.
5. Trustee negotiated a sale of the remaining Tooele property representing approximately 350 acres of land and rights to 489 acre-feet of water with Pinehurst Partners, LP. A purchase agreement was executed in November 2015. The terms of the sale include: (a) purchase price of \$2,266,810 for the land and \$2,200,500 for the water rights; (b) an initial deposit in the amount of \$15,000 to be held in escrow (non-refundable unless Buyer is not determined to be the highest and best offeror); (c) due diligence period through March 4, 2016; (d) additional non-refundable deposit of \$25,000 upon expiration of the due diligence period; (f) Trustee has right to continue to market the property to backup offers; (g) buyer will file an appropriate water change application relating to the water by no later than ten days of approved Bankruptcy Court order; (h) sale will be free and clear of liens, claims, encumbrances and interests pursuant to 11 U.S.C. §§363(b) and (f); (i) sale is "as is" without representations or warranties of any kind; and (j) buyer may proceeds with purchase pursuant to an Internal Revenue Code § 1031 exchange. The Trustee is currently preparing a motion to be filed with the Bankruptcy Court seeking approval of the sale.
6. Trustee is pursuing an appeal regarding the summary judgment dismissal of the Prince Yeates & Geldzahler complaint originally filed in December 2014.

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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 had 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 pursued this litigation and attempted to resolve and settle the issues and liquidate the investment in an effort to minimize litigation costs. The Trustee attended settlement meetings and discussions and reached a settlement. The settlement includes: (a) payment of \$1.5 million (\$400,000 payable upon entry of the Bankruptcy Court Order approving the sale, \$800,000 payable six months from the entry of the Order, and the remaining payment of \$300,000 payable one year from the Order date). The Bankruptcy Court approved the settlement on April 6, 2015 and the first \$400,000 payment was made. An additional payment of \$800,000 was received in October 2015. The settlement was a joint settlement between the CAOPI and CAOPII trusts.
2. Continued to analyze the Conix related investments and activity.

CAOP II Trust

1. 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. A motion was filed with the Bankruptcy Court on May 8, 2014 and Order was executed on June 6, 2014 approving the settlement. Western Showcase is in default of the settlement agreement and the Trustee is still pursuing payment from Western Showcase.
2. 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 had 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 pursued this litigation and attempted to resolve and settle the issues and liquidate the investment in an effort to minimize litigation costs. The Trustee attended settlement meetings and discussions and

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reached a settlement. The settlement includes: (a) payment of \$1.5 million (\$400,000 payable upon entry of the Bankruptcy Court Order approving the sale, \$800,000 payable six months from the entry of the Order, and the remaining payment of \$300,000 payable one year from the Order date). The Bankruptcy Court approved the settlement on April 6, 2015 and the first \$400,000 payment was made. An additional payment of \$800,000 was received in October 2015. The settlement was a joint settlement between the CAOPI and CAOPII trusts.

3. Continued to analyze the Conix related investments and activity.