

**POST CONFIRMATION FINANCIAL QUARTERLY REPORT
FOR QUARTER ENDED: September 30, 2016 (1)**

DEBTOR: Castle Arch Oppportunity Partners I, LLC

CH. 11 CASE NO: 11-35240

SUMMARY OF DISBURSEMENTS MADE DURING QUARTER: (2)

1. CASH BALANCE, BEGINNING OF QUARTER	\$ 550,098
2. CASH RECEIPTS DURING QUARTER FROM ALL SOURCES	<u>265</u>
3. CASH DISBURSEMENTS DURING QUARTER, INCLUDING PLAN PAYMENTS	<u>69,879</u>
4. CASH BALANCE, END OF QUARTER	<u>\$ 480,483</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	\$ 7,335	\$ 69,138	N/A
Accountant Fees	13,046	135,966	N/A
Attorney Fees	48,670	276,628	N/A
Other Professionals	503	19,105	N/A
Other Administrative Expenses	325	22,516	N/A
TOTAL POST EFFECTIVE DATE ADMINISTRATIVE EXPENSES	<u>\$ 69,879</u>	<u>\$ 523,354</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>\$ 69,879</u>	<u>\$ 742,558</u>	<u>N/A</u>
QUARTERLY FEE PAID:	<u>Amount</u>	<u>Date</u>	<u>Check No.</u>
	\$ 325.00	8/1/2016	122

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.) | <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: 11/17/16

By: 

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

POST CONFIRMATION FINANCIAL QUARTERLY REPORT

FOR QUARTER ENDED: September 30, 2016

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, 2016 to September 30, 2016.
- (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: September 30, 2016

DEBTOR: Castle Arch Opportunity Partners I, LLC

CH. 11 CASE NO: 11-35240

SUMMARY OF ASSETS & LIABILITIES: (1)

	Current Quarter	
1. ASSETS		
Cash	\$ 480,483	
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	-	(3)
Conix Assets	64,085	(4)
Litigation Recoveries	-	(8)
TOTAL ASSETS	\$ 5,949,603	
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	13,435	(6)
Post Petitions Intercompany Notes	-	(5)
TOTAL LIABILITIES	\$ 15,235	

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. As of the date of this report, all \$1,500,000 in settlement payments have been received by the Trustee. Accordingly, the amount reported on this schedule has been reduced to \$0.
- (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 I have been resolved. The CAOP I 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

	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	\$ 7,246	\$ (7,335)	\$ 1,614	\$ 1,524
Accrued Accountant Fees	\$ 10,208	\$ (13,046)	\$ 9,070	\$ 6,232
Accrued Attorney Fees	\$ 46,564	\$ (48,670)	\$ 7,784	\$ 5,679
Post-Effective Date Total	\$ 64,018	\$ (69,051)	\$ 18,467	\$ 13,435
Total Legal and Professional Fees	\$ 64,018	\$ (69,051)	\$ 18,467	\$ 13,435

(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.

Cash Accounts

POST CONFIRMATION FINANCIAL QUARTERLY REPORT

FOR QUARTER ENDED: September 30, 2016

SUMMARY OF CASH BALANCES, CASH RECEIPTS AND DISBURSEMENTS:

Account Name	G/L Acct		Balance as of 6/30/2016	Receipts	Disbursements	Transfers	Balance as of 9/30/2016
Active Accounts:							
Rabobank	10008	RB 2466	\$ 550,097.52	\$ 265.01	\$ -	(69,879.11)	\$ 480,483.42
Rabobank	10009	RB 2467	-	-	(69,879.11)	69,879.11	-
NET RECEIPTS AND DISBURSEMENTS			\$ 550,097.52	\$ 265.01	\$ (69,879.11)	\$ -	\$ 480,483.42

Cash Receipts & Disbursements Detail

DEBTOR: Castle Arch Oppportunity Partners I, LLC

CH. 11 CASE NO: 11-35240

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

For Period: 7/1/16 to 9/30/16

CASH RECEIPTS DETAIL

Account No:

Rabobank-*2466**

Date	Payer	Description	Amount
7/29/2016	Rabobank	Interest	93.44
8/31/2016	Rabobank	Interest	92.60
9/30/2016	Rabobank	Interest	78.97
Total Cash Receipts			\$ <u>265.01</u>

CASH DISBURSEMENTS DETAIL

Account No:

Rabobank-*2466**

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

DEBTOR: Castle Arch Oppportunity Partners I, LLC

CH. 11 CASE NO: 11-35240

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

For Period: 7/1/16 to 9/30/16

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
8/1/2016	US Trustee Payment Center	Q2 2016 US Trustee Fees	325.00
8/12/2016	American Arbitration Association	Arbitration Fees	438.97
8/23/2016	Patti Walker	Court Transcript Fees	14.47
8/30/2016	Mckay Burton & Thurman	Legal Fees (2/1/16-7/31/16)	48,669.81
8/30/2016	BRG	Accountant Fees (2/1/16-7/31/16)	13,045.87
8/30/2016	S3 Advisory	Trustee Fees (2/1/16-7/31/16)	7,334.99
9/14/2016	StrongConnexions	Website Maintenance	50.00
Total Cash Disbursements			\$ <u>69,879.11</u>

CAOPI

Summary of Cash Receipts and Disbursements (May 3, 2012 thru September 30, 2016)

	Pre-Effective Period 05/03/12 to 7/21/2013	Post-Effective Period 07/22/13 to 9/30/2016	TOTAL
Beginning Balance:	\$ 138,866	\$ 587,151	\$ 138,866
Receipts:			
Conix	\$ 623,493	\$ 10,584	\$ 634,077
Wholesale Foreclosure	679	-	679
Rockhill Settlement	-	15,541	15,541
BlackCastle	57,845	452,550	510,395
Avoidance Action Recoveries	-	836	836
Property Sales	129,192	-	129,192
Interest	-	1,538	1,538
Refunds	36	13,330	13,366
Total Receipts:	\$ 811,245	\$ 494,378	\$ 1,305,624
Total Cash Available:	\$ 950,112	\$ 1,081,529	\$ 1,444,490
Operating Expenses:			
Insurance - Land	\$ 2,834	\$ 1,662	\$ 4,496
Property Expenses	3,705	-	3,705
Management Fees	192,119	73,704	265,823
Shipping	63	-	63
Bank Fees	3,403	13,059	16,462
Total Operating Expenses	\$ 202,124	\$ 88,425	\$ 290,548
Claims			
Allowed Ch 11 Admin Claims	\$ 577	\$ -	\$ 577
Unsecured Claims - Longview	60,342	-	60,342
Total Claims	\$ 60,919	\$ -	\$ 60,919
Professional Fees			
Trustee	\$ -	\$ 69,138	\$ 69,138
Legal	84,581	277,092	361,673
Accountants	-	135,966	135,966
Outside Experts	-	-	-
Conflict Referee	-	8,502	8,502
Total Other Disbursements	\$ 84,581	\$ 490,698	\$ 575,279
Other Disbursements			
Trustee Website	\$ -	\$ 850	\$ 850
Arbitration Mediation Fees	-	9,290	9,290
I/C Loans	2,558	-	2,558
Document Production	1,147	-	1,147
Fees	2,387	2,683	5,070
Taxes	788	-	788
US Trustee Fees	8,457	9,100	17,557
Other Disbursements	-	-	-
Total Other Disbursements	\$ 15,338	\$ 21,923	\$ 37,260
Total Disbursements:	\$ 362,961	\$ 601,046	\$ 964,007
Ending Balances:	\$ 587,151	\$ 480,483	\$ 480,483

Narrative

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

**POST CONFIRMATION QUARTERLY REPORT
3rd QUARTER - 2016**

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, 2016 through September 30, 2016 (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
3rd QUARTER - 2016**

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. Continued to pursue avoidance litigation, and obtain settlements when appropriate and possible. Settlements obtained have been submitted to the Bankruptcy Court for approval.
3. Continued to review, analyze, and pursue litigation against former management. This includes the following actions: (a) *Strong v. Cochran*, Case No. 2:14-cv-00788-TC (D. Utah, now referred to arbitration) (action against K. Cochran, D. Child, J. Austin, W. Davidson, R. Clawson, W. Grundy, and K. Green); *Strong v. Geringer*, Case No. 2:15-cv-00837-TC (D. Utah); *Geringer v. Strong*, Case No. 2:15-cv-08696-CAS (C.D. Cal.) (California District Court has ordered case be transferred to Utah on Trustee's motion; motions regarding case administration and dismissal are pending in the District of Utah in Case No. 2:16-cv-00391-BSJ).
4. Prepared the 2nd Quarter Post-Confirmation Financial Reports for all Trusts.
5. Entered into settlement with Doug Childs and sought approval of settlement from the Bankruptcy Court. Trustee obtained an Order approving the settlement during the Reporting Period.
6. Reviewed, analyzed, and prepared for tax requirements of the Trusts.
7. 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.

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

**POST CONFIRMATION QUARTERLY REPORT
3rd QUARTER - 2016**

NARRATIVE

2. Entered into purchase agreement to sell Tooele water rights constituting 149.130 acre feet to Ironwood Real Estate, LLC for \$671,085. Trustee filed a motion with the Bankruptcy Court seeking approval of the transaction, responded to objections, attended hearing, and obtained an Order from the Bankruptcy Court approving the sale. The transaction closed on September 9, 2016.
3. Entered into purchase agreement to sell Tooele water rights constituting 300 acre feet to Boyer-Plumb Stansbury Properties for \$1,350,000. Trustee filed a motion with the Bankruptcy Court seeking approval of the transaction, responded to objections, attended hearing, and obtained an Order from the Bankruptcy Court approving the sale. Trustee is working with the State of Utah to change the point of diversion in order to close the transaction.
4. Continued litigation related to motions filed in November 2015 by John Saggiani and Prince, Yeates & Geldzahler to vacate an Order approving a December 2014 pre-petition intercompany settlement between the Legacy Trust and CAOPI Trust. An evidentiary hearing was held and the Bankruptcy Court entered an Order denying the motions on May 26, 2016. In June 2016, Mr. Saggiani filed an appeal of the ruling and the Trustee has been responding to the appeal.
5. Continued litigation against former bankruptcy counsel for CAREIC, styled as *Strong v. Prince Yeates & Geldzahler, et al. (In re Castle Arch Real Estate Investment Co., LLC)*, Adv. P. No. 15-2007 (Bankr. D. Utah). An appeal of the dismissal of that action is fully briefed and pending before the District Court, Case No., 2:15-cv-00475-DN.
6. Trustee entered into a settlement with Alan Davis and Alan Davis Realty and filed a motion seeking approval from the Court. The Bankruptcy Court entered an Order approving the transactions during the Reporting Period.
7. Negotiated a settlement in principal with a California taxing entity related to refunds owed to the estate. Trustee received signed settlement agreement, filed a motion with the Bankruptcy Court seeking approval of the settlement, and obtained an Order from the Bankruptcy Court approving the transaction. Trustee is waiting on payment of the settlement.

CAOP I Trust

1. Continued litigation related to motions filed in November 2015 by John Saggiani and Prince, Yeates & Geldzahler to vacate an Order approving a December 2014 pre-petition intercompany settlement between the Legacy Trust and CAOPI Trust. An evidentiary hearing was held and the Bankruptcy Court entered an Order denying the motions on May 26, 2016. In June 2016, Mr. Saggiani filed an appeal of the ruling and the Trustee has been responding to the appeal.

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

**POST CONFIRMATION QUARTERLY REPORT
3rd QUARTER - 2016**

NARRATIVE

2. Continued to analyze the Conix related investments and activity and issued discovery requests which Conix has not complied.

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 has been diligently pursuing payment from Western Showcase. The Trustee reached a revised settlement with Western Showcase in February 2016 which was approved by the Bankruptcy Court in March 2016. The Trustee continues to pursue collection of the revised settlement.
2. Continued to analyze the Conix related investments and activity and issued discovery requests which Conix has yet complied.