

<p>Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address</p> <p>HURLBETT & OLMSTEAD Robert E. Hurlbett, CA Bar # 149519 Reed H. Olmstead. CA Bar # 269525 3324 State Street, Suite O Santa Barbara, CA 93105 Telephone: (805) 963-9111 Facsimile: (805) 963-2209 reed@hurlbettlaw.com</p> <p><input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Chapter 7 Trustee Jerry Namba</p>	<p>FOR COURT USE ONLY</p>
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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - NORTHERN DIVISION**

<p>In re: RICHARD KIM STARR</p> <p style="text-align: right;">Debtor(s).</p>	<p>CASE NO.: 9:12-bk-10516-RR CHAPTER: 7</p> <p style="text-align: center;">NOTICE OF SALE OF ESTATE PROPERTY</p>
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<p>Sale Date: 10/02/2013</p>	<p>Time: 10:00 am</p>
<p>Location: 1415 State Street, Courtroom 201, Santa Barbara, CA 93101</p>	

Type of Sale: Public Private **Last date to file objections:** 09/25/2013

Description of property to be sold:
50% interest in Affiliated Communications, LLC. See appended motion for additional details.

Terms and conditions of sale:
\$200,000 initial cash payment with an additional \$400,000 to be paid over 5 years. See appended motion for additional details.

Proposed sale price: \$ 600,000.00

Overbid procedure (if any): Because the terms of the Agreement are unique and specific to the parties, the Trustee does not currently propose an overbid procedure. However, the Trustee will consider and report to the Court any competing offers received prior to a hearing on this Motion.

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

N/A

Contact person for potential bidders (include name, address, telephone, fax and/or email address):

Reed H. Olmstead
Hurlbett & Olmstead
3324 State Street, Suite O
Santa Barbara, CA 93105
Telephone: (805) 963-9111
Facsimile: (805) 963-2209
reed@hurlbettlaw.com

Date: 08/30/2013

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
Hurlbett & Olmstead, 3324 State Street, Suite O, Santa Barbara, CA 93105

A true and correct copy of the foregoing document entitled: **NOTICE OF SALE OF ESTATE PROPERTY** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On *(date)* 08/30/2013, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On *(date)* _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on *(date)* 08/30/2013, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Hon. Robin L. Riblet, US Bankruptcy Court, 1415 State Street, Santa Barbara, CA 93101 (via hand delivery)

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

08/30/2013
Date

Reed H. Olmstead
Printed Name

/s/ Reed H. Olmstead
Signature

TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

Andrew Haley ahaley@gpfm.com, kbarone@gpfm.com

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Attorneys for Chapter 7 Trustee Jerry Namba

**IN THE UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
NORTHERN DIVISION**

In re

RICHARD KIM STARR,

Debtor.

CASE NO. 9:12-bk-10516-RR

CHAPTER 7

**TRUSTEE'S MOTION (1) FOR
AUTHORITY TO SELL ESTATE'S
RIGHTS, TITLE, AND INTERESTS IN
AFFILIATED COMMUNICATIONS, LLC
TO AFFILIATED COMMUNICATIONS,
LLC; (2) FOR DETERMINATION THAT
AFFILIATED COMMUNICATIONS, LLC
IS A GOOD FAITH PURCHASER
UNDER 11 U.S.C. § 363(m); AND (3) FOR
WAIVER OF THE FOURTEEN DAY
PERIOD UNDER BANKRUPTCY RULE
6004(h); MEMORANDUM OF POINTS
AND AUTHORITIES; SUPPORTING
DECLARATION OF JERRY NAMBA**

Date: October 2, 2013

Time: 10:00 A.M.

Place: 1415 State Street

Santa Barbara, CA 93101

Courtroom 201

Judge: Hon. Robin L. Riblet

11 U.S.C. §§363(b) and (m); and Local
Bankruptcy Rules 6004-1 and 9013-1(f)

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1 TO THE HONORABLE ROBIN RIBLET, UNITED STATES BANKRUPTCY JUDGE:

2 Jerry Namba, chapter 7 trustee for the bankruptcy estate of Richard Kim Starr, hereby
3 moves the Court (1) for authority to sell estate's rights, title, and interests in Affiliated
4 Communications, LLC to Affiliated Communications, LLC; (2) for determination that Affiliated
5 Communications, LLC is a good faith purchaser under 11 U.S.C. § 363(m); and (3) for a waiver of
6 the fourteen (14) day period under Bankruptcy Rule 6004(h) ("Motion").

7 The requested relief is based on this Motion, the Memorandum of Points and Authorities,
8 supporting declarations, and the papers and pleadings on file in connection with this matter.

9
10 Dated: August 22, 2013

Hurlbett & Olmstead

11 /s/ Reed H. Olmstead

12 Reed H. Olmstead, Attorneys for Chapter 7
13 Trustee Jerry Namba
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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION.**

3 Jerry Namba, chapter 7 trustee for the captioned bankruptcy estate, seeks authority to sell
4 the estate's rights, title, and interest in Affiliated Communications, LLC to Affiliated
5 Communications, LLC pursuant to 11 U.S.C. §363(b) on the terms and conditions set forth in the
6 Asset Purchase and Claim Compromise Agreement ("Agreement"), appended hereto as **Exhibit A**,
7 and described below. The sale will be on an "as is" and "where is" basis without any representations
8 or warranties whatsoever and subject to Bankruptcy Court approval. The Trustee also requests that
9 the Court find that Affiliated Communications, LLC is a good faith purchaser within the meaning of
10 11 U.S.C. §363(m) and for waiver of the fourteen (14) day period under Bankruptcy Rule 6004(h).

11 The Trustee believes that the proposed sale is in the best interest of the bankruptcy estate
12 and should be approved because consideration for the sale is reasonable and the bankruptcy estate
13 will benefit as a result of the sale.

14 **II. PARTIES TO THE SALE.**

15 1. Jerry Namba is the duly appointed, qualified, and acting chapter 7 trustee of the
16 captioned estate and is the proposed seller ("Trustee" or "Seller").

17 2. Affiliated Communications, LLC is a Delaware limited liability company and is the
18 proposed buyer ("Affiliated" or "Buyer"). Affiliated asserts a general unsecured claim in this case in
19 the amount of \$44,079.00, as claim number 8 ("Affiliated Claim").

20 3. Richard Kim Starr ("Debtor") is the debtor in this matter and owns a 50% interest in
21 Affiliated. Debtor is also the Chief Operating Officer/President of Affiliated and has a vested
22 interest in the continued operations of Affiliated.

23 4. Monte Widders ("Widders") owns the other 50% interest in Affiliated and has a
24 vested interest in the continued operations of Affiliated.

25 5. Widders is a partner with the law firm Myers, Widders, Gibson, Jones & Feingold,
26 LLP ("MWGJF"), a creditor in the case. MWGJF asserts a general unsecured claim in this case in
27 the amount of \$6,000.00, as claim number 9 ("MWGJF Claim").
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1 would have paid to the estate 25% of any net recovery, after costs and expenses, with a guaranteed
2 initial payment of \$10,000.

3 14. However, after a series of settlement discussions involving all of the parties to the
4 Agreement, the Trustee and Little Bear terminated the Little Bear Sale and the Trustee withdrew his
5 motion for Court approval.

6 15. The Trustee now seeks to sell the Asset to Affiliated for an initial payment of
7 \$200,000 (“Initial Payment”) and the payment of \$400,000 (“Residual Sum”) over five years,
8 pursuant to the terms and conditions of the Agreement. Additionally, Affiliated and MWGJF will
9 waive their respective claims.

10 **IV. OVERVIEW OF SALE.**

11 **A. Consideration**

12 The Initial Sum will be paid immediately and the Residual Sum will be memorialized by a
13 secured promissory note over a 5 year period (“Note”). The Note is subject to the following
14 prepayment incentive: (1) 30% discount of the Residual Sum (\$280,000) if paid before the end of
15 year 1; (2) 20% discount of the Residual Sum (\$320,000) if paid before the end of year 2; and (3)
16 10% discount of the Residual Sum (\$360,000) if paid before the end of year 3. Additionally,
17 Affiliated and MWGJF will waive their claims filed in this case.

18 **B. Assignment of Note to Little Bear**

19 Little Bear, whose claim exceeds 97% of the remaining claims in the case, has agreed to
20 accept assignment of the Note as a partial payment of its pro rata share of the sale proceeds and
21 accept all costs and risks associated with collection (“Assignment”). The present value of the note is
22 calculated to be \$280,258, based on a discounted rate of 15% per year on payments over 5 years
23 without interest. The parties have stipulated that this discount rate is reasonable given the risks of
24 non-payment and considering the prepayment incentive schedule.

25 The Assignment will allow the Trustee to conclude administration of this case much sooner
26 than if the estate were to be responsible for collection of the Residual Sum. Payments to creditors
27 derived from the proceeds of this sale will be calculated based on the remaining cash after satisfying
28 claims of a higher priority and the \$280,258 discounted value of the Note.

For example, if a total of \$160,000 cash plus the Note are available to distribute to general unsecured creditors (and assuming that all filed claims are allowed) the proposed distribution would be as follows:

Claim #	Creditor	Claim	% of Claims	Distribution of sale proceeds
1	American Express Centurion Bank	\$1,715.30	0.17%	\$748.44
2	American Express Bank, FSB	\$3,969.43	0.39%	\$1,717.01
3	American Express Bank, FSB	\$19,237.57	1.88%	\$8,276.85
4	FIA Card Services, N.A.	\$610.62	0.06%	\$264.15
5	FIA Card Services, N.A.	\$2,189.13	0.21%	\$924.54
6	FIA Card Services, N.A.	\$2,220.24	0.22%	\$968.57
7	Little Bear	\$993,427.02	97.01%	\$427,094.29 (\$146,836.29 cash plus assignment of Note valued at \$280,258.00)
8	Affiliated	waived	0.00%	\$0.00
9	Widders	waived	0.00%	\$0.00
10	GE Capital Retail Bank	\$652.44	0.06%	264.15
Totals		\$1,024,020.75	100.00%	\$440,258.00

The above chart is for illustrative purposes only.

V. PERTINENT TERMS OF SALE.

The pertinent, but not exhaustive, terms of the Agreement are detailed as follows:

A. Obligations of Buyer.

Within five business days after the effective date of the Agreement, Buyer shall make the Initial Payment. The Residual Sum will be paid under the terms and conditions of a secured note, appended to the Agreement as **Exhibit 1**. The Note requires equal monthly payments of \$6,666.67 for five years. However, the Note is subject to a prepayment incentive as follows: (i) 30% discount of the Residual Sum if paid before the end of year 1; (ii) 20% discount of the Residual Sum if paid before the end of year 2; and (iii) 10% discount of the Residual Sum if paid before the end of year 3.

As security for the Note, Buyer shall concurrently execute a Security Agreement in the form attached to the Agreement as **Exhibit 2**.

As further consideration, Buyer will waive the Affiliated Claim.

B. Obligations of Seller.

Seller will sell to the Buyer on an “as is” and “where is” basis and without any representations and/or warranties whatsoever, all of the estate’s rights, title, and interest in the

1 Asset. The Trustee shall issue a bill of sale for the Asset in the form attached as **Exhibit 3** to the
2 Agreement.

3 The Seller shall administer the sales proceeds as assets of the bankruptcy estate and
4 distribute them as required under the Bankruptcy Code. Based on the known claims as of the date
5 of the Agreement, distribution will be made as follows:

6 1. First, to administrative expenses under 11 U.S.C. § 503, provided, however that for
7 purposes of calculating the Trustee's reasonable compensation pursuant to 11 U.S.C. § 326, the
8 Trustee stipulates that his compensation shall be based on \$350,000, consisting of the initial
9 payment of \$200,000 and only \$150,000 of the net present value of the Residual Sum due under the
10 five-year Note. In reaching the monetary terms of this Agreement, the parties have anticipated that
11 administrative expenses will be less than \$45,000. In the event that claimed administrative expenses
12 exceed that sum, any party may object and seek appropriate relief, including without limitation,
13 objecting to claimed administrative expenses (with the exception of the trustee's fees and
14 reimbursement of trustee's attorney's fees already contemplated for hereunder), the acquisition price
15 or distribution percentages.

16 2. Second, on a pro rata basis to the unsecured creditors in accordance with the amount
17 of their allowed, duly filed claims as reflected on the Claims Register, the percentages of which are
18 reflected on **Exhibit 4** of the Agreement; provided, however that:

19 a. No distribution shall be made on the Affiliated Claim, that claim having been
20 waived as set forth below in the Agreement;

21 b. No distribution shall be made on the MWGJF Claim, that claim having been
22 waived as set forth below in this Agreement;

23 c. The pro rata distribution to Little Bear will consist of part cash with the
24 remainder consisting of an assignment of the Note.

25 d. The pro rata distribution to the remaining unsecured creditors on the Claims
26 Register (i.e., other than Little Bear, Affiliated and MWGJF) shall be based on the sum of \$480,258
27 (less administrative expenses), consisting of the \$200,000 Initial Payment and \$280,258 net present
28 value of the \$400,000 Note (based on a discount rate of 15% per annum on payments over five

1 years without interest), it being understood that the pro rata distribution related to the \$280,258 net
2 present value of the Note will be made out of the \$200,000 Initial Payment being made into the
3 estate. The parties stipulate that a discount rate of 15% per annum is reasonable for purposes of the
4 net present value calculation given the risks of non-payment.

5 3. Upon payment of the amounts described above, the Trustee shall deliver to
6 Little Bear the Assignment, in the form attached as **Exhibit 5** to the Agreement, with all costs and
7 risks associated with collection thereafter assumed by Little Bear.

8 **C. Obligations of Debtor.**

9 Debtor consents to the sale of the Asset and agrees to: (1) execute and deliver all such
10 documents and instruments as may be necessary and appropriate to effectuate the terms of this sale;
11 and (2) provide any additional documentation or assistance in order to facilitate Court approval.

12 Debtor, personally and as Chief Operating Officer/President of Affiliated, agrees not to
13 interfere in any way in the obligations under the Note, including, without limitation, by paying a
14 salary, bonuses, advances, benefits, personal expenses or any other compensation to himself (or
15 collectively to himself and any other family member) in excess of the amount that Debtor earned in
16 2012, to the extent that such payments prevent Affiliated from meeting its obligations under the
17 Note. Further, in the event of a default under the Note, Debtor agrees to limit his yearly
18 compensation from Affiliated to that earned in 2012 and agrees that he will not receive any other
19 distributions from Affiliated, directly or indirectly (i.e., no bonuses, advances or payments of
20 personal expenses through the company).

21 Debtor, as Chief Operating Officer/President of Affiliated, shall execute a Stipulation for
22 Entry of Judgment ("Stipulation") in the form attached as **Exhibit 6** to the Agreement in the
23 pending state court action known as RES-GA Little Bear, LLC v. Richard K. Starr, Ventura County
24 Superior Court Case No. 56-2011-00394117-CU-BC-VTA ("Action"). Little Bear may have the
25 judgment entered but shall refrain from levying upon the Judgment so long as there is no default on
26 the Note that remains uncured.

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1 **D. Obligations of Little Bear.**

2 Little Bear agrees that the unsecured creditors as specified in the Agreement shall be paid
3 their pro rata distributions in full and in advance of Little Bear. Upon payment of its pro rata
4 portion of the remaining cash proceeds of the Initial Payment, Little Bear agrees to accept the
5 Assignment as its remaining pro rata distribution. Upon payment in full of the Initial Payment and
6 the Note pursuant to the terms of this Agreement, Little Bear will execute and deliver to Debtor a
7 Full Acknowledgment of Satisfaction of Judgment.

8 **E. Obligations of MWGJF.**

9 MWGJF waives its claim against the bankruptcy estate.

10 **F. Obligations of Widders.**

11 Widders consents to the sale of the Asset to Buyer and Widders agrees to: (1) execute and
12 deliver all such documents and instruments as may be necessary and appropriate to effectuate the
13 terms of this sale; and (2) provide any additional documentation or assistance in order to facilitate
14 Court approval.

15 Widders, personally and as a member of Affiliated, agrees not to interfere in any way in the
16 obligations under the Note, including, without limitation, by paying a salary, bonuses, advances,
17 benefits, personal expenses or any other compensation to himself (or collectively to himself and any
18 other family member) in excess of the amount that Widders earned in 2012, to the extent that such
19 payments prevent Affiliated from meeting its obligations under the Note. Further, in the event of a
20 default under the Note, Widders agrees to limit his yearly compensation from Affiliated to that
21 earned in 2012 and agrees that he will not receive any other distributions from Affiliated, directly or
22 indirectly (i.e., no bonuses, advances or payments of personal expenses through the company).

23 **VI. ARGUMENT.**

24 **A. The Court should authorize the Trustee to Sell the Asset because it is in the**
25 **Best Interest of the Estate.**

26 11 U.S.C. §363(b)(1) provides that the Trustee, “after notice and a hearing, may use, sell, or
27 lease, other than in the ordinary course of business, property of the estate.”

1 In determining whether any sale of assets out of the ordinary course of business should be
2 approved, bankruptcy courts usually consider the following factors: 1) Whether a sufficient business
3 reason exists for the sale; and 2) Whether the proposed sale is in the best interest of the estate,
4 which in turn consists of the following factors:

- 5 A. That terms of the sale are fair and reasonable;
- 6 B. That the proposed sale has been adequately marketed;
- 7 C. That the proposed sale terms have been properly negotiated and proposed in
8 good faith; and
- 9 D. That the purchaser is involved in an “arms-length” transaction with the
10 seller.

11 *See generally In re Wilde Horse Enterprises, Inc.*, 136 B.R. 830 (Bankr. C.D. Cal. 1991) (“in approving any
12 sale outside the ordinary course of business, the court must not only articulate a sufficient business
13 reason for the sale, it must further find it is in the best interest of the estate, i.e., it is fair and
14 reasonable, that it has been given adequate marketing, that it has been negotiated and proposed in
15 good faith, and that it is an ‘arms-length’ transaction”); *Matter of Phoenix Steel Corp.*, 82 B.R. 334, 335-
16 356 (Bankr. D. Del. 1987) (In determining whether a proposed sale of equipment was proper under
17 Section 363, court considered whether the terms of proposed sale were fair and equitable, whether
18 there was a good business reason for completing the sale and whether the transaction was proposed
19 in good faith).

20 Here, the Trustee has satisfied all of the applicable elements discussed, above, concerning
21 the proposed sale of the Asset and has good and sound reasons for the sale. The Agreement
22 represents a good faith settlement of hotly contested issues between the parties.

23 The Trustee believes that the proposed terms of the Agreement are fair, reasonable and in
24 the best interest of the bankruptcy estate and should be approved. The Agreement was negotiated
25 over multiple meetings with the various parties to the Agreement, brings a significant and
26 determined dollar figure to the estate, and allows the Trustee to quickly finalize administration of the
27 estate. The Little Bear Sale is the only known feasible alternative to the proposed sale. It would
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1 have guaranteed only \$10,000 to the estate; any additional benefit would be dependent on Little
2 Bear's success in prosecuting avoidance and turnover actions.

3 Because the terms of the Agreement are unique and specific to the parties, the Trustee does
4 not currently propose an overbid procedure. However, the Trustee will consider and report to the
5 Court any competing offers received prior to a hearing on this Motion.

6 Based on the foregoing, the Trustee believes in his business judgment that the proposed sale
7 terms are fair, reasonable, in the best interest of the estate, and should be approved.

8 **B. The Court Should Find that the Buyer is a Good Faith Purchaser within the**
9 **Meaning of 11 U.S.C. §363(m).**

10 11 U.S.C. §363(m) authorizes the Court to make a finding that a buyer is a good faith
11 purchaser. Although the Bankruptcy Code does not define "good faith," courts have provided
12 guidance as to the appropriate factors to consider. *See In re Pine Coast Enterprise, Ltd.*, 147 B.R. 30, 33
13 (Bankr. N.D. Ill. 1992) ("The requirement that a purchaser act in good faith speaks to the integrity
14 of its conduct in the course of the sale proceeding"); *Kham and Nate's Shoes No. 2 v. First Bank*, 908
15 F.2d 1351, 1355 (7th Cir. 1990) ("The purpose of §363(m) is to disable courts from backtracking on
16 promises with respect to bankruptcy sales in the absence of bad faith"). *In re M. Capital Corp.*, 290
17 B.R. 743 (9th Cir. 2003) holds that a bankruptcy court may not make a finding of good faith in the
18 absence of evidence, but may make such a finding if appropriate evidence is presented.

19 In this case, the Trustee requests that the Court make a finding that the Buyer is a good faith
20 purchaser under section 363(m). Although the Buyer is an insider of the Debtor, the terms of the
21 sale were determined at arm's length, after lengthy negotiation, and the proposed consideration is
22 fair. The Agreement was negotiated as a higher and better offer to the Little Bear Sale. Accordingly,
23 a finding of good faith within the meaning of section 363(m) is appropriate.

24 **C. The Court should waive the Fourteen day Stay prescribed by Federal Rule of**
25 **Bankruptcy Procedure 6004(h).**

26 Under Federal Rule of Bankruptcy Procedure 6004(h), an order authorizing the use, sale, or
27 lease of property, other than cash collateral, is stayed until expiration of 14 days after entry of the
28 order, unless the Court orders otherwise. In this case, in the absence of any opposition, the Trustee

1 believes there is cause to waive the 14 day stay since the waiver will expedite the consummation of
2 the sale.

3 **IV. CONCLUSION.**

4 The Trustee respectfully requests that the Court enter an order: (1) granting the Motion; (2)
5 authorizing the sale of the estate's interests in the Asset to the Buyer as set forth, above, pursuant to
6 11 U.S.C. §363(b); (3) authorizing the Trustee to enter into the Agreement with the Buyer; (4)
7 authorizing the Trustee to execute any documents and/or take further action to consummate the
8 Agreement; (5) finding that the Buyer is a good faith purchaser of the Asset within the meaning of
9 11 U.S.C. §363(m); (6) waiving the fourteen (14) day period under Bankruptcy Rule 6004(h); (7)
10 approving the form and manner of notice provided by the Trustee; and (8) granting all other
11 appropriate relief.

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13 Dated: August 22, 2013

Hurlbett & Olmstead

14 /s/ Reed H. Olmstead
15 Reed H. Olmstead, Attorneys for Chapter 7
16 Trustee Jerry Namba
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DECLARATION OF JERRY NAMBA

I, Jerry Namba, hereby declare as follows:

1. I am the duly appointed qualified and acting chapter 7 trustee for the bankruptcy estate of Richard Kim Starr.

2. I have personal knowledge of the matters discussed herein below, and if called as a witness, I could and would competently testify thereto.

3. I seek authority to sell the estate's rights, title, and interest in Affiliated Communications, LLC to Buyer on the terms and conditions set forth in the Asset Purchase and Claim Compromise Agreement, a true and correct copy of which is appended hereto as **Exhibit A**.

4. The sale will be on an "as is" and "where is" basis without any representations or warranties whatsoever and subject to Bankruptcy Court approval.

5. I believe that the proposed sale is in the best interest of the bankruptcy estate and should be approved because consideration for the sale is reasonable and the bankruptcy estate will benefit as a result of the sale.

6. Affiliated is a Delaware limited liability company and is the proposed buyer. Affiliated filed a general unsecured claim in this case in the amount of \$44,079.00, as claim number 8.

7. The Debtor owns a 50% interest in Affiliated and is the Chief Operating Officer/President of Affiliated.

8. Widders owns the other 50% interest in Affiliated.

9. MWGJF filed a general unsecured claim in this case in the amount of \$6,000.00, as claim number 9.

10. Little Bear is the major creditor in this case and filed a general unsecured claim in the amount of \$993,427.02, as amended claim 7.

11. Excluding the claims above, other claims in this case total \$30,594.73, all of which are general unsecured. A true and correct copy of the Claims Register is appended hereto as **Exhibit B**.

1 12. Among the potential assets of this bankruptcy estate is the estate's 50% interest in
2 Affiliated.

3 13. Based on my investigation and on the information provided by the parties to the
4 agreement, I am informed and believe that Affiliated provides virtual secretary and telephone
5 support for small businesses and employs approximately 70 people.

6 14. On the Debtor's Schedule B, he valued the estate's interest in the Asset as
7 "Unknown." To the best of my knowledge, **Exhibit C** consists of a true and correct list of
8 Affiliated's major tangible assets, their liquidation value, and an estimate of Affiliated's total debt.

9 15. Upon conducting a preliminary analysis, I determined that liquidation of the Asset as
10 a going concern will procedure sufficient equity to the estate's creditors.

11 16. In previous filings in this case, the Debtor has expressed his intention to resign his
12 position as Chief Operating Officer/President and terminate his employment with Affiliated if the
13 Asset is sold to an outside party.

14 17. I am informed and believe that in May 2011, Affiliated converted from a California
15 corporation to a Delaware LLC. I believe that this change in structure may be avoidable as a
16 fraudulent transfer.

17 18. Previously, I had entered into an agreement, subject to Court approval, to sell the
18 Asset (among other estate property) and the estate's interest in any avoidance and recovery actions
19 regarding the Asset to Little Bear. Under that agreement, Little Bear would have paid to the estate
20 25% of any net recovery, after costs and expenses, with a guaranteed initial payment of \$10,000.

21 19. However, after a series of settlement discussions involving all of the parties to the
22 Agreement, Little Bear and I terminated the Little Bear Sale and I withdrew my motion for Court
23 approval.

24 20. I now seek to sell the Asset to Affiliated for the Initial Payment of \$200,000 and the
25 Residual Sum of \$400,000, to be paid over five years, pursuant to the terms and conditions of the
26 Agreement. Additionally, the Affiliated and MWGJF will waive their respective claims.

27 21. The Initial Sum will be paid immediately and the Residual Sum will be memorialized
28 by a secured promissory note over a 5 year period. The Note is subject to the following prepayment

incentive: (1) 30% discount of the Residual Sum (\$280,000) if paid before the end of year 1; (2) 20% discount of the Residual Sum (\$320,000) if paid before the end of year 2; and (3) 10% discount of the Residual Sum (\$360,000) if paid before the end of year 3. Additionally, Affiliated and MWGJF will waive their claims filed in this case.

22. Little Bear, whose claim exceeds 97% of the remaining claims in the case, has agreed to accept assignment of the Note as a partial payment of its pro rata share of the sale proceeds and accept any and all costs and risks associated with collection. The present value of the note is calculated to be \$280,258, based on a discounted rate of 15% per year on payments over 5 years without interest. The parties have stipulated that this discount rate is reasonable given the risks of non-payment and considering the prepayment incentive schedule.

23. The Assignment will allow me to conclude administration of this case much sooner than if the estate were to be responsible for collection of the Residual Sum. Payments to creditors derived from the proceeds of this sale will be calculated based on the remaining cash after satisfying claims of a higher priority and the \$280,258 discounted value of the Note.

24. For example, if a total of \$160,000 cash plus the Note proceeds are available to distribute to general unsecured creditors (and assuming that all filed claims are allowed) the proposed distribution would be as follows:

Claim #	Creditor	Claim	% of Claims	Distribution of sale proceeds
1	American Express Centurion Bank	\$1,715.30	0.17%	\$748.44
2	American Express Bank, FSB	\$3,969.43	0.39%	\$1,717.01
3	American Express Bank, FSB	\$19,237.57	1.88%	\$8,276.85
4	FIA Card Services, N.A.	\$610.62	0.06%	\$264.15
5	FIA Card Services, N.A.	\$2,189.13	0.21%	\$924.54
6	FIA Card Services, N.A.	\$2,220.24	0.22%	\$968.57
7	Little Bear	\$993,427.02	97.01%	\$427,094.29 (\$146,836.29 cash plus assignment of Note valued at \$280,258.00)
8	Affiliated	waived	0.00%	\$0.00
9	Widders	waived	0.00%	\$0.00
10	GE Capital Retail Bank	\$652.44	0.06%	264.15
Totals		\$1,024,020.75	100.00%	\$440,258.00

25. Section V. "Pertinent Terms of Sale," of the Memorandum of Point and Authorities in support of the Motion, is a true and correct description of the pertinent, but not exhaustive, terms of the Agreement.

1 26. The Agreement represents a good faith settlement of hotly contested issues between
2 the parties.

3 27. I believe that the proposed terms of the Agreement are fair, reasonable and in the
4 best interest of the bankruptcy estate and should be approved.

5 28. The Agreement was negotiated over multiple meetings with the various parties to the
6 Agreement, brings a significant and determined dollar figure to the estate, and allows me to quickly
7 finalize administration of the estate.

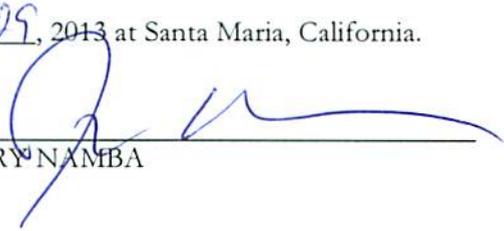
8 29. The Little Bear Sale is the only known feasible alternative to the proposed sale. It
9 would have guaranteed only \$10,000 to the estate; any additional benefit would be dependent on
10 Little Bear's success in prosecuting avoidance and turnover actions.

11 30. I will consider and report to the Court any competing offers received prior to a
12 hearing on this Motion.

13 31. I believe in my business judgment that the proposed sale terms are fair, reasonable,
14 in the best interest of the estate, and should be approved.

15 32. Although the Buyer is an insider of the Debtor, the terms of the sale were
16 determined at arm's length, after lengthy negotiation, and I believe that the proposed consideration
17 is fair.

18 33. The Agreement was negotiated as a higher and better offer to the Little Bear Sale.
19 I declare under penalty of perjury under the laws of the United States of America that the
20 foregoing is true and correct. Executed on August 29, 2013 at Santa Maria, California.

21
22 
23 JERRY NAMBA
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28

ASSET PURCHASE AND CLAIM COMPROMISE AGREEMENT

THIS ASSET PURCHASE AND CLAIM COMPROMISE AGREEMENT (the “**Agreement**”) is made as of June 27, 2013 by and among Jerry Namba, the duly appointed, qualified and acting Chapter 7 Trustee (“**Trustee**” or “**Seller**”), claimant and buyer Affiliated Communications, LLC (“**Affiliated**” or “**Buyer**”), debtor Richard Kim Starr (“**Debtor**”), claimant RES-GA Little Bear, LLC (“**Little Bear**”), claimant Myers, Widders, Gibson, Jones & Feingold LLP (“**MWGJF**”), and interested party Monte Widders (“**Widders**”).

I. RECITALS

A. Debtor commenced the instant bankruptcy case, Case Number 9:12-bk-10516-RR (the “**Bankruptcy Case**”), by filing a voluntary petition for relief under Chapter 7 of Title 11 of the United States Code on February 7, 2012 (the “**Filing Date**”). Shortly thereafter, the Seller was duly appointed as the Chapter 7 Trustee in this Bankruptcy Case.

B. Affiliated is a call center business based in Ventura, California. Affiliated operates nationally as Alert Communications.

C. Debtor owns a 50% membership interest in Affiliated. This interest is hereinafter referred to as the “**Asset**”.

D. Widders owns the other 50% membership interest in Affiliated. Widders is also a partner in MWGJF, a law firm which asserts a minor claim against the bankruptcy estate.

E. Little Bear is the predominant unsecured creditor of Debtor, with a claim against Debtor which Little Bear asserts is \$993,427.02, as amended to include post-filing credits.

F. Seller has conducted an analysis of the Asset and has determined that the Asset has sufficient equity to benefit the estate’s creditors if administered by the Seller.

G. Seller had previously entered into an agreement to sell the Asset to Little Bear, subject to Court approval. However, after a series of settlement discussions involving the parties to this Agreement, the Seller and Little Bear agree to terminate their asset purchase agreement and withdraw their request for Court approval; and, instead proceed with the sale of the Asset as provided for in this Agreement.

H. Seller desires to sell the estate’s rights, title and interests in the Asset to Affiliated, and Affiliated desires to purchase the Asset for: an initial payment of \$200,000, the payment of \$400,000 over five years pursuant to a Note, and other consideration as specified herein.

I. Seller desires to avoid the need to leave the bankruptcy estate open for the five year term of the Note and to also avoid administration costs and potential costs and risk should there be a Note default. To that end, Seller desires to administer the estate based on the present value of the Note, to pay unsecured creditors their pro rata portions based on the initial payment of \$200,000 and the present value of the Note, and then to assign the Note and shift the

administration and collection costs/risk related to the Note to the predominant claimant, Little Bear.

J. Debtor has a vested interest in continued operations of Affiliated and consents to the sale.

K. Little Bear, MWGJF and Widders also consent to the sale and agree to the other beneficial terms related to assignment of the Note which should facilitate an earlier closing of this bankruptcy estate and the avoidance of administration costs.

NOW, THEREFORE, subject to Bankruptcy Court approval and in consideration of the foregoing facts and recitals, the terms hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

II. BANKRUPTCY COURT APPROVAL

This Agreement shall not be effective until a final, non-appealable order approving this Agreement has been entered by the Bankruptcy Court. The Seller has agreed to take all reasonable steps necessary to obtain Bankruptcy Court approval. For purposes of this Agreement, an order shall be final fifteen (15) calendar days after entry, provided that prior to such date no appeal of the order was filed and no stay pending appeal was granted and remains in effect ("**Effective Date**").

III. PURCHASE AND SALE

A. Obligations of Buyer.

1. **Initial Payment.** Within five (5) business days after the Effective Date (as defined in section II above), Buyer shall pay to the Seller the sum of Two Hundred Thousand and No/100 Dollars (\$200,000.00) (the "**Initial Payment**").

2. **Installment Payments.** Buyer agrees to pay an additional Four Hundred Thousand and No/100 Dollars (\$400,000.00) (the "**Residual Sum**") over a five (5) year period. Buyer shall concurrently execute a Secured Promissory Note (the "**Note**") in the form attached hereto as Exhibit "1", which Note provides for the payment of the Residual Sum in equal monthly installments of \$6,666.67 without interest (provided there is no default), subject to a prepayment incentive as follows: (i) 30% discount of the Residual Sum if paid before the end of year 1 (i.e., the sum of \$280,000.00 (inclusive of previously made installment payments under the Note) will be accepted as full payment of the Note); (ii) 20% discount of the Residual Sum if paid before the end of year 2 (i.e., the sum of \$320,000.00 (inclusive of previously made installment payments under the Note) will be accepted as full payment of the Note); and (iii) 10% discount of the Residual Sum if paid before the end of year 3 (i.e., the sum of \$360,000.00 (inclusive of previously made installment payments under the Note) will be accepted as full payment of the Note).

3. **Security.** As security for the Note, Buyer shall concurrently execute a Security Agreement in the form attached as Exhibit "2".

4. Waiver of Claim. Buyer hereby waives its claim against the bankruptcy estate for \$44,079.00 that is reflected on the Claims Register.

B. Obligations of Seller.

1. Sale of Asset. The Seller agrees to sell, transfer and assign to the Buyer, on an "AS IS, WHERE IS" basis and without any representations and/or warranties whatsoever, all of the estate's rights, title and interests in the Asset. The Trustee shall issue a Trustee's Bill of Sale ("**Bill of Sale**") for the Asset in the form attached as Exhibit "3".

2. Administration of Estate. The Seller shall administer the proceeds from the sale as assets of the bankruptcy estate. Subject to Bankruptcy Court approval of the Trustee's Final Report, proceeds from the sale shall be distributed as required under 11 U.S.C. § 507. Based on the known claims as of the date of this Agreement, distribution will be made as follows:

a) First, to administrative expenses under 11 U.S.C. 503, provided, however that for purposes of calculating the Trustee's reasonable compensation pursuant to 11 U.S.C. § 326, the Trustee stipulates that his compensation shall be based on \$350,000, consisting of the initial payment of \$200,000 and only \$150,000 of the net present value of the Residual Sum due under the five-year Note. In reaching the monetary terms of this Agreement, the parties have anticipated that administrative expenses will be less than \$45,000. In the event that claimed administrative expenses exceed that sum, any party may object and seek appropriate relief, including without limitation, objecting to claimed administrative expenses (with the exception of the trustee's fees and reimbursement of trustee's attorney's fees already contemplated for hereunder), the acquisition price and/or distribution percentages.

b) Second, *pari passu* (or *pro rata*) to the unsecured creditors in accordance with the amount of their duly filed claims as reflected on the Claims Register, the percentages of which are reflected on Exhibit "4" attached to this Agreement; provided, however that:

(1) No distribution shall be made to Affiliated on its claim of \$44,079.00, that claim having been waived as set forth below in this Agreement;

(2) No distribution shall be made to MWGJF on its claim of \$6,000.00, that claim having been waived as set forth below in this Agreement;

(3) The *pari passu* distribution to Little Bear will consist of part cash with the remainder consisting of an assignment of the Note.

(4) The *pari passu* distribution to the remaining unsecured creditors on the Claims Register (i.e., other than Little Bear, Affiliated and MWGJF) shall be based on the sum of \$480,258 (less administrative expenses paid under subsection 2.a, above), consisting of the \$200,000 Initial Payment and \$280,258 net present value of the \$400,000 Note (based on a discount rate of 15% per annum on payments over five years without interest), it being understood that the *pari passu* distribution related to the \$280,258 net present value of the Note

will be made out of the \$200,000 Initial Payment being made into the estate. The parties stipulate that a discount rate of 15% per annum is reasonable for purposes of the net present value calculation given the risks of non-payment.

3. Assignment of Note. Upon payment of the amounts provided for in Section III.B.2 above, the Trustee shall deliver to Little Bear an Assignment of Note (the "**Assignment**") in the form attached as Exhibit "5" with any costs and risks associated with collection thereafter shifted to Little Bear.

C. Obligations of Debtor.

1. Consent. Debtor consents to the sale of the Asset. Debtor agrees to execute and deliver all such documents and instruments as may be necessary and appropriate to effectuate the terms of this sale, and agrees to provide any additional documentation or assistance in order to facilitate Court approval.

2. Covenant Not to Interfere with Note Payments. It is understood and acknowledged that Debtor is the President of Affiliated and anticipated that Debtor will continue to remain as President of Affiliated after the sale of the Asset; and, as such, Debtor will have continued influence and control over Affiliated's operations. Debtor acknowledges that Affiliated has the obligation to pay on the Note and Debtor agrees not to interfere in any way in that obligation, including, without limitation, by paying a salary, bonuses, advances, benefits, personal expenses or any other compensation to himself (or collectively to himself and any other family member) in excess of the amount that Debtor earned in 2012, to the extent that such payments prevent Affiliated from meeting its obligations under the Note. Further, in the event of a default under the Note, Debtor agrees to limit his yearly compensation from Affiliated to that earned in 2012 and agrees that he will not receive any other distributions from Affiliated, directly or indirectly (i.e., no bonuses, advances or payments of personal expenses through the company).

3. Stipulated Judgment with Satisfaction in Full Upon Payoff of Note. In view of Debtor's capacity as President of Affiliated, and as further assurances for repayment of the Note, Debtor shall execute a Stipulation for Entry of Judgment ("**Stipulation**") in the form attached as Exhibit "6" in the pending state court action known as *RES-GA Little Bear, LLC v. Richard K. Starr*, Ventura County Superior Court Case No. 56-2011-00394117-CU-BC-VTA ("**Action**"). Little Bear may have the judgment entered but shall refrain from levying upon the Judgment so long as there is no default on the Note that remains uncured; provided, however that abstracts of judgment and a notice of judgment lien may be filed/recorded. As provided for in Section III.D below, upon payment in full of the amounts owed by Buyer pursuant to Section III.B, Little Bear will execute and deliver to Debtor a Full Acknowledgment of Satisfaction of Judgment, and will withdraw all abstracts of judgment and notices of judgment lien.

D. Obligations of Little Bear.

1. Order of Pari-Passu Distribution. Little Bear agrees that the unsecured creditors as specified in Section III.B.2.b(4) above (and as reflected by their percentage claims on Exhibit "4") shall be paid their pari-passu distributions in full and in advance of Little Bear.

2. Distribution in Part by Note Assignment. Upon payment of its pari-passu portion of the remaining cash proceeds of the Initial Payment, Little Bear agrees to accept the Assignment of the Note as its remaining pari-passu distribution.

3. Acknowledgement of Satisfaction Upon Note Payoff. Upon payment in full of the Initial Payment and the Note pursuant to the terms of this Agreement, Little Bear will execute and deliver to Debtor a Full Acknowledgment of Satisfaction of Judgment.

E. Obligation of MWGJF. MWGJF hereby waives its claim against the bankruptcy estate for \$6,000.00 that is reflected on the Claims Register.

F. Obligations of Widders.

1. Consent. Widders currently holds a 50% membership interest in Affiliated. Widders consents to the sale of the Asset to Buyer. Widders agrees to execute and deliver all such documents and instruments as may be necessary and appropriate to effectuate the terms of this sale, and agrees to provide any additional documentation or assistance in order to facilitate Court approval.

2. Covenant Not to Interfere with Note Payments. It is understood and acknowledged that Widders currently holds a 50% membership interest in Affiliated and it is anticipated that based on his membership interest, Widders will continue to have influence and control over Affiliated's operations. Widders acknowledges that Affiliated has the obligation to pay on the Note and Widders agrees, on behalf of himself and his respective heirs, successors and assigns, not to interfere in any way in that obligation, including, without limitation, by paying a salary, bonuses, advances, benefits, personal expenses or any other compensation to Widders (or collectively to himself and any other family member) in excess of the amount that Widders received in 2012, to the extent that such payments prevent Affiliated from meeting its obligations under the Note. Further, in the event of a default under the Note, but only while such default remains uncured, Widders agrees, on behalf of himself and his respective heirs, successors and assigns, that Widders shall receive no compensation or distributions whatsoever from Affiliated, directly or indirectly (i.e., no salary, bonuses, advances, benefits or payments of personal expenses through the company).

IV. MISCELLANEOUS PROVISIONS

A. **Entire Agreement.** This Agreement and the schedules and attachments hereto contain the entire understanding between the parties hereto and supersedes any prior understanding, memoranda or other written or oral agreements between them respecting the within subject matter, including, without limitation, any prior proposals and correspondence. There are no representations, agreements, arrangements or understandings, oral or written, between the parties relating to the subject matter of this Agreement which are not fully expressed herein. No agreement by a party to delete or substitute proposed terms or provisions during the negotiation of this Agreement shall in any way be used or held against that party.

B. **Modification; Waiver.** No supplement, modification or amendment to this Agreement shall be binding unless evidenced by a writing signed by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver

of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

C. **Authority to Execute Agreement.** Each party executing this Agreement is duly authorized to enter into and execute this Agreement in such capacity, subject only to Bankruptcy Court approval as specified in Section II. To the extent that they may have any right or interest in Affiliated, the Debtor and Seller consent to Widders' execution of the Agreement and related documents on behalf of Affiliated, and acknowledge that Widders has the authority to execute the Agreement and all related documents on behalf of Affiliated.

D. **Severability; Invalid, Void, or Unenforceable Terms.** If any provision of this Agreement or portion thereof is determined by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, then such provision, to the extent permitted by the court, will not be voided but will instead be construed to give effect to its intent to maximum extent permissible under applicable law and the remainder of this Agreement will remain in full force and effect according to its terms.

E. **Notices.** Unless otherwise provided in this Agreement, all notices required under this Agreement shall be in writing and shall be effective for all purposes upon receipt by either a party or such party's counsel as set forth in this Section, including without limitation, in the case of (i) personal delivery, (ii) delivery by messenger, express or air courier or similar courier, (iii) delivery by United States first class certified or registered mail, postage prepaid or (iv) confirmed transmittal by telecopier or facsimile, addressed as follows:

To Seller: Jerry Namba, Chapter 7 Trustee
For the Bankruptcy Estate of Richard Kim Starr
504 E. Chapel Street
Santa Maria, California 93454
Facsimile: (805) 347-9858

With a copy to: Reed H. Olmstead, Esq.
Hurlbett & Olmstead
3324 State Street, Suite O
Santa Barbara, CA 93105
Facsimile: (805) 963-2209

To Buyer: Affiliated Communications, LLC
2437 Grand Avenue
Ventura, California 93003

With a copy to: Daniel A. Higson, Esq.
Law Offices of Daniel A. Higson
1835 Knoll Drive
Ventura, California 93003
Facsimile: (805) 642-4648

To Debtor: Richard K. Starr
Affiliated Communications LLC
2437 Grand Avenue
Ventura, California 93003

With a copy to: William E. Winfield, Esq.
Nordman, Cormany, Hair & Compton LLC
1000 Town Center Drive, 6th Floor
Oxnard, California 93036
Facsimile: (805) 988-7726

To Little Bear: RES-GA Little Bear, LLC
Attn: Jonathan Levy
Rialto Capital Advisors
700 NW 107 Avenue, Suite 200
Miami, Florida 33172
Email: jonathan.levy@rialtocapital.com

With a copy to: Andrew J. Haley, Esq.
Greenwald, Pauly, Foster & Miller, A.P.C.
1299 Ocean Avenue, Suite 400
Santa Monica, California 90401-1007
Facsimile: (310) 395-5961

To MWGJF: Myers, Widders, Gibson, Jones & Feingold LLP
5425 Everglades Street
Post Office Box 7290
Ventura, California 93006
Facsimile: (805) 644-7390

To Widders: Monte Widders
Myers, Widders, Gibson, Jones & Feingold LLP
5425 Everglades Street
Post Office Box 7290
Ventura, California 93006
Facsimile: (805) 644-7390

With a copy to: Daniel A. Higson, Esq.
Law Offices of Daniel A. Higson
1835 Knoll Drive
Ventura, California 93003
Facsimile: (805) 642-4648

Any party may change its address by written notice to the other parties in the manner set forth above. Receipt of communications by United States first class certified or registered mail will be sufficiently evidenced by return receipt, and receipt of communications transmitted by telecopier or facsimile, shall be deemed to have been received upon transmission, provided that such notice is also sent by overnight express courier for delivery on the following day. To the extent feasible, in the case of illegible or otherwise unreadable facsimile transmissions, the receiving party shall promptly notify the transmitting party of any transmission problem and the transmitting party shall promptly resend any affected pages.

F. **Choice of law, Jurisdiction and Venue.** This Agreement shall be governed by and construed under, and the legal relations between the parties hereto shall be determined by the law of the State of California and applicable federal law. The Bankruptcy Court shall retain jurisdiction to resolve any disputes arising under this Agreement.

G. **Binding Effect.** This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

H. **Consent.** The parties represent that they were represented by attorneys of their own choosing in the negotiations and preparation of this Agreement, that they have read this Agreement, that they are fully aware of its contents and of its legal effect by virtue of discussions with their attorneys, and that they have freely and voluntarily entered into the settlement set forth in this Agreement.

I. **Headings.** The headings contained in this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

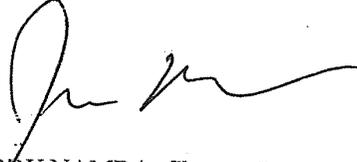
J. **Fair Meaning.** This Agreement shall be construed according to its fair meaning, the language used shall be deemed the language chosen by the parties to express their mutual intent, and no presumption or rule of strict construction will be applied against any party.

K. **Counterparts.** This Agreement may be executed in counterparts; each of which shall be deemed to be an original instrument enforceable in accordance with its terms. This Agreement may be executed by electronically transmitted signatures and any such signature shall be valid and binding.

L. **Fees and Costs.** All expenses involved in the preparation, authorization and consummation of this Agreement including, without limitation, all fees and expenses of agents, representatives, counsel and accountants, shall be borne solely by the party which shall have incurred the same, and the other party shall have no liability with respect thereto.

IN WITNESS WHEREOF, the parties hereto have duly executed this Asset Purchase Agreement as of the date set forth herein.

SELLER:



DATED: July __, 2013

JERRY NAMBA, Chapter 7 Trustee for the bankruptcy estate of Richard Kim Starr

BUYER:

AFFILIATED COMMUNICATIONS, LLC,
a Delaware limited liability company

DATED: July __, 2013

By: _____
Name: Monte L. Widders
Title: Member/Manager

DEBTOR:

DATED: July __, 2013

Richard K. Starr, an individual

LITTLE BEAR:

RES-GA LITTLE BEAR, LLC,
a limited liability company

by: Multibank 2009-1 RES-ADC Venture, LLC
its: manager

by: RL RES 2009-1 Investments LLC
its: manager

by: Rialto Capital Advisors, LLC
its: attorney-in-fact

DATED: July __, 2013

Jonathan D. Levy, its authorized officer

IN WITNESS WHEREOF, the parties hereto have duly executed this Asset Purchase Agreement as of the date set forth herein.

SELLER:

DATED: July __, 2013

JERRY NAMBA, Chapter 7 Trustee for the
bankruptcy estate of Richard Kim Starr

BUYER:

AFFILIATED COMMUNICATIONS, LLC,
a Delaware limited liability company

DATED: July 15, 2013

By: Monte L. Widders
Name: Monte L. Widders
Title: Member/Manager

DEBTOR:

DATED: July __, 2013

Richard K. Starr, an individual

LITTLE BEAR:

RES-GA LITTLE BEAR, LLC,
a limited liability company

by: Multibank 2009-1 RES-ADC Venture, LLC
its: manager

by: RL RES 2009-1 Investments LLC
its: manager

by: Rialto Capital Advisors, LLC
its: attorney-in-fact

DATED: July __, 2013

Jonathan D. Levy, its authorized officer

IN WITNESS WHEREOF, the parties hereto have duly executed this Asset Purchase Agreement as of the date set forth herein.

SELLER:

DATED: July __, 2013

JERRY NAMBA, Chapter 7 Trustee for the
bankruptcy estate of Richard Kim Starr

BUYER:

AFFILIATED COMMUNICATIONS, LLC,
a Delaware limited liability company

DATED: July __, 2013

By: _____
Name: Monte L. Widders
Title: Member/Manager

DEBTOR:

DATED: July 26th 2013



Richard K. Starr, an individual

LITTLE BEAR:

RES-GA LITTLE BEAR, LLC,
a limited liability company

by: Multibank 2009-1 RES-ADC Venture, LLC
its: manager

by: RL RES 2009-1 Investments LLC
its: manager

by: Rialto Capital Advisors, LLC
its: attorney-in-fact

DATED: July __, 2013

Jonathan D. Levy, its authorized officer

IN WITNESS WHEREOF, the parties hereto have duly executed this Asset Purchase Agreement as of the date set forth herein.

SELLER:

DATED: July __, 2013

JERRY NAMBA, Chapter 7 Trustee for the
bankruptcy estate of Richard Kim Starr

BUYER:

AFFILIATED COMMUNICATIONS, LLC,
a Delaware limited liability company

DATED: July __, 2013

By: _____
Name: Monte L. Widders
Title: Member/Manager

DEBTOR:

DATED: July __, 2013

Richard K. Starr, an individual

LITTLE BEAR:

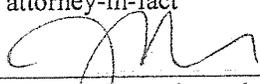
RES-GA LITTLE BEAR, LLC,
a limited liability company

by: Multibank 2009-1 RES-ADC Venture, LLC
its: manager

by: RL RES 2009-1 Investments LLC
its: manager

by: Rialto Capital Advisors, LLC
its: attorney-in-fact

DATED: July 17, 2013



Jonathan D. Levy, its authorized officer

MWGJF:

MYERS, WIDDERS, GIBSON, JONES &
FEINGOLD, LLP, a California limited liability
partnership

DATED: July 15, 2013

By: Kelton Lee Gibson
Name: Kelton Lee Gibson
Title: Managing Partner

WIDDERS:

DATED: July 15, 2013

Monte S. Widders
Monte Widders, an individual

MYERS,
WIDDERS,
GIBSON,
JONES &
FEINGOLD,
LLP

SECURED PROMISSORY NOTE

\$400,000.00

Reference Date: June 7, 2013
Ventura, California

For value received, Affiliated Communications, LLC, a Delaware limited liability company, having the principal place of business at 2437 Grand Avenue, Ventura, California 93003 (hereinafter referred to as "**Payor**"), promises to pay to the order of Jerry Namba, in his capacity as the Chapter 7 Trustee for the bankruptcy estate of Richard K. Starr in bankruptcy case Number 9:12-bk-10516-RR (hereinafter referred to as "**Payee**"), at 625 East Chapel Street, Santa Maria, California 93454, or at such place as Payee may from time to time designate in writing, the principal sum of Four Hundred Thousand and No/100 Dollars (\$400,000.00) ("**Principal Sum**"), in lawful money of the United States of America in accordance with and subject to the terms and conditions set forth in this Secured Promissory Note (this "**Note**").

1. **Purpose of Note.** Payor is executing this Note in connection with the Asset Purchase and Claim Compromise Agreement ("**Asset Purchase Agreement**") concerning its acquisition of the 50% membership interest in Affiliated Communications, LLC owned by Debtor Richard K. Starr which interest is being sold by Payee as the Chapter 7 Trustee.

2. **Effective Date.** For purposes of this Note, the "**Effective Date**" shall mean and refer to the Effective Date as defined in the Asset Purchase Agreement.

3. **Payments.** Payor shall pay to Payee the Principal Sum in sixty (60) equal monthly installments of \$6,666.67 without interest, provided there is no default (the "**Monthly Payments**"). The Monthly Payments shall be made to Payee by the first (1st) of each month commencing on the first of the month after the Effective Date. Monthly Payments are late if not received by the Payee by the tenth (10th) of each month.

4. **Early Prepayment Incentive.** Payor may pay off the Note early and shall be entitled to the following prepayment incentives as applicable: (i) 30% discount of the Principal Sum if the Note is paid within one (1) year of the Effective Date (i.e., the sum of \$280,000.00 (inclusive of previously made installment payments under the Note) will be accepted as full payment of the Note); (ii) 20% discount of the Principal Sum if the Note is paid within two (2) years of the Effective Date (i.e., the sum of \$320,000.00 (inclusive of previously made installment payments under the Note) will be accepted as full payment of the Note); and (iii) 10% discount of the Principal Sum if the Note is paid within three (3) years of the Effective Date. (i.e., the sum of \$360,000.00 (inclusive of previously made installment payments under the Note) will be accepted as full payment of the Note). Payor acknowledges and agrees that the time periods for the prepayment incentives are strict, and Payor shall not be entitled to the early prepayment incentives unless the funds are actually received by Payee within the applicable time period.

5. **Security.** This Note is secured by, among other things, a Security Agreement given by Payor for the benefit of Payee (the "**Security Agreement**").

6. Late Charge, Default Interest. If a Monthly Payment is ten (10) days or more late, Payor shall pay a late charge of ten percent (10%) of the overdue amount. Upon the occurrence of an "Event of Default" (as defined below), and after maturity of this Note (including maturity upon acceleration), the entire unpaid Principal Sum under this Note shall from the date of such Event of Default thereafter bear interest at the rate of ten percent (10%) per annum (the "**Default Interest Rate**") while such Event of Default continues; provided, however, the Default Interest Rate shall never exceed the applicable maximum interest rate imposed by law, if any. **PAYOR ACKNOWLEDGES AND AGREES THAT IT WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO FIX THE ACTUAL DAMAGES RESULTING FROM PAYOR'S FAILURE TO PAY AMOUNTS WHEN DUE AND THEREFORE PAYOR SHALL PAY SUCH DEFAULT INTEREST NOT AS A PENALTY, BUT AS A REASONABLE ESTIMATE OF PAYEE'S DAMAGES. FURTHER, PAYOR AGREES THAT THE DEFAULT INTEREST RATE IS A REASONABLE ESTIMATE OF THE DAMAGES TO PAYEE. SUCH DEFAULT INTEREST SHALL BE PAYABLE BY PAYOR WITHOUT PREJUDICE TO THE RIGHTS OF PAYEE TO COLLECT ANY OTHER AMOUNTS TO BE PAID UNDER THIS NOTE OR ANY OF THE OTHER DOCUMENTS (INCLUDING, WITHOUT LIMITATION, PAYEE'S RIGHT TO COLLECT LATE CHARGES).**

INITIAL: MPW
PAYOR

7. Maturity Date. If not sooner paid, all of the outstanding Principal Sum, together with all accrued and unpaid interest thereon and all other charges due under this Note shall be due and payable on the earlier of the following dates (the "**Maturity Date**"): (a) the first day of the sixtieth month following the Effective Date; or (b) the date on which the majority membership interests in Payor are transferred to a third party (i.e., other than Monte Widders or Richard Starr).

8. Treatment of Payments. All payments pursuant to the terms of this Note shall be applied to principal unless an event of default occurs, in which case all payments shall be applied first to the payment of any fees, expenses or costs that Payor is obligated to pay hereunder, next to the payment of any default interest payable under this Note, and the remainder to reduce the unpaid principal amount of the Note.

9. Event of Default; Remedies.

a. Event of Default. Each of the following shall constitute an "**Event of Default**" under this Note: (a) if Payor fails to pay this Note in full on the Maturity Date; (b) if Payor fails to pay the Monthly Payments or any other amounts owed under the terms of this Note within fifteen (15) calendar days of the due date; (c) if Payor fails to comply with any other non-monetary covenant under the Asset Purchase Agreement or this Note within ten (10) days after notice thereof to Payor; (d) the dissolution or winding up of Payor, or any other termination of Payor's existence as a going business; or (e) the appointment of a receiver for any part of Payor's business, or the commencement of any proceedings under any bankruptcy or insolvency laws by or against Payor.

b. Cure Notice. Except as provided for in subsection 9.c below, upon an Event of Default under this Note, Payee shall provide written notice of the Default to Payor as provided for in

the Notice section below. Should Payor fail to cure the Default within ten (10) business days after notice is given, then the Default shall constitute a material breach of this Note (“**Breach**”). Upon the occurrence of a Breach, Payee shall have the right to declare the entire unpaid Principal Sum of this Note, all accrued but unpaid late charges and interest, and any and all other amounts owing to Payee by Payor under this Note immediately due and payable. In addition, upon the occurrence of an Event of Default, Payee shall have all other rights and remedies as may be available to Payee under the Security Agreement and at law or in equity.

c. Payee shall only be required to provide a notice of an Event of Default and opportunity to cure a total of three (3) times and shall have no obligation to provide any notice of Default or provide any opportunity to cure commencing on the fourth Default. In other words, Payee shall not be continuously required to provide notices of Default and opportunities to cure just because Payor continues to Default after the third Default.

10. Attorneys’ Fees. In the event of default, all reasonable costs of collection, including reasonable attorney’s fees and expenses, shall be payable to Payee. If any suit or action is instituted or attorneys are employed to collect this Note or any part hereof, Payor promises and agrees to pay all reasonable costs of collection, including reasonable attorneys’ fees and court costs, including reasonable fees and costs incurred in bankruptcy, insolvency and/or other similar proceedings.

11. Payor’s Waivers. Payor hereby waives presentment and demand for payment, diligence, notice of dishonor, protest, notice of protest, and notice of nonpayment. Payee shall have all rights and remedies allowed by law for the enforcement of this Note.

12. Governing Law/Venue. This Note shall be governed by and construed in accordance with the laws of the State of California. If there is a lawsuit, Payor agrees upon Payee’s request to submit to the jurisdiction of the courts of Los Angeles County, State of California.

13. No Modifications or Amendments; No Waiver. This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Payor or Payee, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge, or termination is sought. Additionally, a waiver of any provision in one event shall not be construed as a waiver of any other provision at any time, as a continuing waiver, or as a waiver of such provision on a subsequent event.

14. Successors and Assigns. Whenever used, the singular number shall include the plural, the plural the singular, and the words “Payor” and “Payee” shall include their respective successors, assigns, heirs, executors and administrators.

15. Notices. Any and all notices to Payor or to Payee shall be sent to the address of Payor/Payee, and in the manner called for, in the Asset Purchase Agreement.

16. Severability. Any provision of this Note which shall be held by a court to be invalid, void or illegal shall in no way affect, impair or invalidate any other provisions or term hereof, and such

other provisions or terms shall remain in full force and effect.

17. Usury Savings Clause. It is the intention of the parties hereto to conform strictly to the usury laws applicable to this Note, whether state or federal laws and whether such laws are now or hereafter in effect. Accordingly, if under any circumstances Payee shall ever receive any amount deemed to be interest by applicable law, as determined by a court of competent jurisdiction, which would exceed the highest lawful rate permitted under applicable usury laws, such amount that would be excessive interest under such applicable usury laws shall be applied to the reduction of the principal amount or any other indebtedness owing hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance and such other indebtedness, the excess shall be deemed to have been a payment made by mistake and shall be refunded to Payor.

18. Time of the Essence. Time is of the essence as to all payments due hereunder.

19. Interpretation. The captions and section headings appearing in this Note are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Note. All parties hereto acknowledge and agree that they have each been represented by independent counsel of their own choice throughout all of the negotiations which preceded the execution of this Note. This Note shall be construed fairly as to all parties and not in favor of or against any of the parties, regardless of which of the parties prepared this Note, and each of the parties hereby waives Section 1654 of the California Civil Code.

20. Jury Trial Waiver. To the fullest extent permitted by law, Payor hereby waives trial by jury in any action, proceeding or counterclaim arising out of or in any way connected with the Note.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date set forth below.

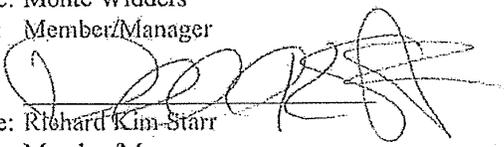
PAYOR:

AFFILIATED COMMUNICATIONS, LLC,
a Delaware limited liability company

DATED: July 26th 2013

By: 

Name: Monte Widders
Title: Member/Manager

By: 
Name: Richard Kim Starr
Title: Member/Manager

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PAYOR:

AFFILIATED COMMUNICATIONS, LLC,
a Delaware limited liability company

DATED: July 26TH 2013

By: _____

Name: Monte Widders

Title: Member/Manager

By: _____

Name: Richard Kim Starr

Title: Member/Manager

SECURITY AGREEMENT

This Security Agreement ("**Security Agreement**"), dated for reference as of June 7, 2013, is made by Affiliated Communications, LLC, a Delaware limited liability company, having the principal place of business at 2437 Grand Avenue, Ventura, California 93003 ("**Grantor**"), in favor of Jerry Namba, in his capacity as the Chapter 7 Trustee for the bankruptcy estate of Richard K. Starr in bankruptcy case Number 9:12-bk-10516-RR ("**Secured Party**").

1. Grant of Security Interest.

(a) **Grant:** In order to induce Secured Party to enter into the Asset Purchase and Claim Compromise Agreement ("**Asset Purchase Agreement**") and to perform all of its obligations to the Grantor thereunder and its payment obligations under the Promissory Note ("**Note**"), and as collateral security for the Secured Obligations (as defined below), Grantor hereby grants, transfers, conveys, pledges and assigns to Secured Party a continuing security interest in and to, and, all of Grantor's right, title and interest in, to and under the following (collectively, the "**Collateral**"):

(i) All accounts, deposit accounts, funds, chattel paper, instruments, documents of title, and accounts receivable or other rights to payment;

(ii) All contract rights and general intangibles, including without limitation, all goodwill, license rights, bailment or leasehold interests, whether as lessor or lessee, inventions, designs, trademarks, trade styles, tradenames, trade secrets, patents, patent applications, tax refunds, customer lists, business and accounting records, including all ledger account cards, computer tapes and disks and other computer information;

(iii) All inventory, including without limitation, all goods held for sale or lease, merchandise, parts and supplies, of every kind and description;

(iv) All equipment, including without limitation, computers, phone systems, office equipment, machinery, furniture, furnishings, fixtures, tools, parts, supplies and vehicles of every kind and description, and all additions, accessions, replacements, substitutions and improvements thereto and wherever located;

(v) All proceeds and products of any of the foregoing, in any form, including without limitation, proceeds of any insurance relating thereto, proceeds consisting of any of the above-types of collateral, and proceeds of any tort cause of action now or hereafter in existence and all replacements, substitutions, renewals, returns, additions, accessions, rents, royalties, issues, documents of ownership and receipts for any of the foregoing.

(b) Rights of Secured Party: With respect to the security interest granted to Secured Party pursuant hereto, Secured Party and any of its assignees of rights shall have all of the rights, privileges and remedies to the maximum extent permitted by law (including without

limitation all legal, equitable, administrative, and self-help rights and remedies). The foregoing are cumulative and the exercise of one shall not preclude Secured Party from a later or concurrent exercise of any other rights or remedy permitted by applicable law.

(c) Exercise of Rights: Secured Party or any of its assignees shall be entitled to exercise the rights granted hereunder with respect to the Collateral in the event any one or more of the following events of default occur:

(i) Grantor defaults in its performance unless such default is cured within the applicable cure period of any of its obligations to Secured Party under the Note or this Security Agreement.

(ii) Grantor shall make a general assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due, or commence or consent to the commencement of any proceeding to be adjudicated as bankrupt or insolvent or seeking reorganization, arrangement, adjustment, composition or other relief from creditors under applicable law, or suffer the entry of any decree or order by a court of competent jurisdiction adjudicating Grantor as bankrupt or insolvent or approving or imposing such relief from creditors, or seek or consent to the appointment of any receiver, liquidator, assignee, trustee, sequestrator or other similar official for all or any substantial part of its assets or properties; or in the event of the commencement of any involuntary proceeding against Grantor seeking adjudication of bankruptcy or insolvency or reorganization, arrangement, adjustment, composition or relief from creditors under applicable law, or the involuntary appointment of any receiver, liquidator, assignee, trustee, sequestrator or other similar official for all or any substantial part of its assets, and such involuntary proceeding or appointment is not dismissed or vacated within 90 days after the date of such commencement or appointment.

2. Obligations Secured. The security interest granted to Secured Party pursuant hereto is being granted to Secured Party to secure the prompt and complete payment and performance of all Grantor's obligations to Secured Party under the Asset Purchase Agreement and the Note (collectively, the "**Secured Obligations**"), including, without limitation, the prompt payment by Grantor of the "Monthly Payments" due under the Note (as such term is defined in the Note).

3. Perfection of Security Interest. Grantor consents, without further notice, to Secured Party's filing or recording of any documents necessary to perfect, continue, amend or terminate its security interest. Upon request of Secured Party, Grantor must sign or otherwise authenticate all documents that Secured Party deems necessary at any time to allow Secured Party to acquire, perfect, continue or amend its security interest in the Collateral.

4. Notices. Any and all notices to Grantor or to Secured Party shall be sent to the address of Grantor/Secured Party, and in the manner called for, in the Asset Purchase Agreement.

5. Further Documents. Grantor hereby agrees to sign and deliver to Secured Party all further documents including such appropriate financing statements as Secured Party shall request to perfect, protect, evidence, renew and/or continue the security interest in the Collateral granted hereunder and/or to effectuate the purposes and intents of this Security Agreement and to otherwise enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to the Collateral, to file, register and/or record the same under (i) the Uniform Commercial Code, and all other similar applicable laws of the State of California and under the laws of any other state or country and any other jurisdiction where such filing, registration and/or recordation may reasonably be required, and (ii) the laws of any foreign jurisdiction, and to pay all applicable fees related thereto.

6. Representations and Warranties of Grantor. Grantor hereby represents and warrants to Secured Party as follows:

(a) Grantor has the full right, power, authority, and competence to (i) execute, deliver and perform this Security Agreement and all other documents, instruments, agreements executed by Grantor pursuant to the terms hereof, and (ii) consummate all of the transactions contemplated hereby.

(b) Grantor is the sole record and beneficial owner of the Collateral, free and clear of any and all liens, claims, encumbrances, security interests, adverse claims, restrictions on transfer, charges or options, except that County Commerce Bank has a pre-existing UCC lien up to the amount of \$130,000.00 in connection with a business line of credit.

7. Covenants of Grantor.

(a) Grantor shall preserve, protect, collect and defend the Collateral, and the security interest granted therein to Secured Party under this Security Agreement, against the claims and demands of all third parties; and,

(b) Grantor must notify Secured Party by written notice not less than 30 days before taking any of the following actions: (a) changing or reorganizing the type of organization or form under which it does business; (b) moving, changing its place of business or adding a place of business unless such change of location is to 1881 Knoll Drive, Ventura, CA 93003 in which case Grantor must notify secured party within 30 days after such change in location; (c) changing its jurisdiction of organization; or (d) changing its name. Grantor will pay for the preparation and filing of all documents, Secured Party deems necessary to maintain, perfect and continue the perfection of Secured Party's security interest in the event of any such change.

8. Applicable Law. This Security Agreement and the rights and obligations of the parties hereto shall be governed by and construed and enforced in accordance with the internal laws of the State of California, except as required by mandatory provisions of law and except to the extent that the validity or perfection of the security interest hereunder, in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of California.

9. Attorneys' Fees. In the event of any controversy, claim or dispute between the Parties hereto and arising out of the breach of, the interpretation of or enforcement of this Security Agreement, the prevailing Party shall be entitled to recover from the losing Party its attorneys' fees and costs incurred therein or in the enforcement or collection of any judgment or award rendered therein.

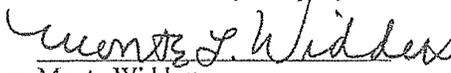
10. Electronically Transmitted Signature. For purposes of this Security Agreement, an electronically transmitted signature (i.e., fax, pdf, email) shall be fully binding as though it was an original signature.

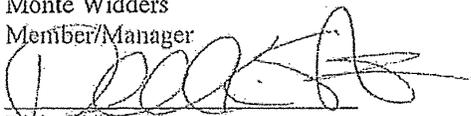
IN WITNESS WHEREOF, the undersigned has executed this Security Agreement as of the date set forth below.

GRANTOR:

AFFILIATED COMMUNICATIONS, LLC,
a Delaware limited liability company

DATED: July ^{7th} 2013

By: 
Name: Monte Widders
Title: Member/Manager

By: 
Name: Richard Kim Starr
Title: Member/Manager

9. Attorneys' Fees. In the event of any controversy, claim or dispute between the Parties hereto and arising out of the breach of, the interpretation of or enforcement of this Security Agreement, the prevailing Party shall be entitled to recover from the losing Party its attorneys' fees and costs incurred therein or in the enforcement or collection of any judgment or award rendered therein.

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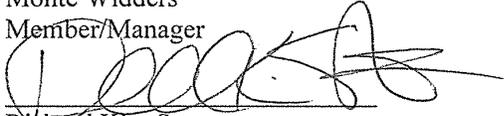
IN WITNESS WHEREOF, the undersigned has executed this Security Agreement as of the date set forth below.

GRANTOR:

AFFILIATED COMMUNICATIONS, LLC,
a Delaware limited liability company

DATED: July TH 26 2013

By: _____
Name: Monte Widders
Title: Member/Manager

By: 
Name: Richard Kim Starr
Title: Member/Manager

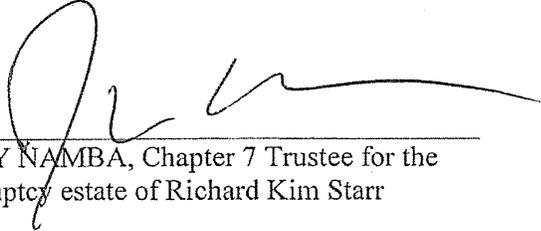
BILL OF SALE

(In re Richard Kim Starr, United States Bankruptcy Court, Central District of California,
Case No. 9:12-bk-10516-RR)

Pursuant to the terms of the Asset Purchase and Claim Compromise Agreement, Jerry Namba ("Seller") the duly appointed, qualified and acting Chapter 7 Trustee in above-referenced bankruptcy case, does hereby transfer and convey to Affiliated Communications, LLC ("Buyer"), all of Seller's right, title and interest in and to the 50% membership interest of Debtor Richard Kim Starr in Affiliated Communications, LLC. This transfer and conveyance is made "as-is, where-is" with all faults and without any representations or warranties (express or implied) of any kind. This Bill of Sale shall be governed by and construed in accordance with the laws of the State of California, without regard to choice of law principles.

IN WITNESS WHEREOF, the undersigned has executed this Bill of Sale this
____ day of _____, 2013.

DATED: _____, 2013



JERRY NAMBA, Chapter 7 Trustee for the
bankruptcy estate of Richard Kim Starr

Percentage Distribution Chart

Claim #	Creditor	Amount of Claim	% interest
1	American Express Centurion Bank	\$ 1,715.30	0.17%
2	American Express Bank, FSB	\$ 3,969.00	0.39%
3	American Express Bank, FSB	\$ 19,237.00	1.88%
4	FIA Card Services, N.A.	\$ 610.62	0.06%
5	FIA Card Services, N.A.	\$ 2,189.13	0.21%
6	FIA Card Services, N.A.	\$ 2,220.24	0.22%
7	RES-GA Little Bear LLC (claim reduced as amended)	\$ 993,427.02	97.01%
8	Affiliated Communications	claim waived	0.00%
9	Myers, Widders, Gibson et al.	claim waived	0.00%
10	GE Capital Retail Bank	\$ 652.44	0.06%
Total		\$ 1,024,020.75	100.00%

ASSIGNMENT OF NOTE AND RELATED DOCUMENTS

Jerry Namba, the duly appointed, qualified and acting Chapter 7 Trustee in the bankruptcy case of Richard K. Starr, Case Number 9:12-bk-10516-RR (the "Trustee"), as the holder of the beneficial interests in the instruments described below, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby endorses, assigns, sells, transfers and delivers to RES-GA Little Bear, LLC ("Little Bear") and Little Bears successors and assigns, to have and to hold, all right title and interest of Trustee in and to:

1. That certain Secured Promissory Note, dated for reference as of June 7, 2013, in the principal amount of \$400,000, made by Affiliated Communications, LLC, a Delaware limited liability company in favor of Trustee.

2. That certain Security Agreement, dated for reference as of June 7, 2013, made by Affiliated Communications, LLC, a Delaware limited liability company in favor of Trustee.

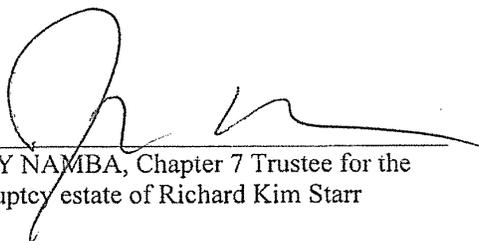
3. Trustee's interest in any and all other documents and instruments evidencing or securing the Note.

4. Together with any and all other liens, privileges, security interests, rights, entitlements, equities, claims and demands as to which Trustee hereunder possess or to which Trustee is otherwise entitled as additional security for the payment of the Note.

This Assignment shall be governed in all respects by the laws of the State of California, and shall be binding and shall inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the Trustee has executed this instrument as of the date set forth below.

DATED: _____, 2013



JERRY NAMBA, Chapter 7 Trustee for the
bankruptcy estate of Richard Kim Starr

Notarization for Assignment of Note and Related Documents

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On July __, 2013, before me, _____, Notary Public, personally appeared Jerry Namba, Chapter 7 Trustee, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(seal)

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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF VENTURA**

RES-GA LITTLE BEAR, LLC, a Georgia
limited liability company,

Plaintiff,

v.

RICHARD K. STARR, an individual; and
DOES 1-20, inclusive,

Defendants.

Case No. 56-2011-00394117-CU-BC-VTA

**STIPULATION FOR ENTRY OF
MONETARY JUDGMENT**

Action Filed: March 29, 2011
Trial Date: None

IT IS STIPULATED by and between Plaintiff RES-GA Little Bear, LLC (“Plaintiff”) and Defendant Richard K. Starr (“Defendant”) that judgment be entered in favor of Plaintiff and against Defendant in the sum of Six Hundred Thousand and No/100 Dollars (\$600,000.00).

Defendant waives any objection to entry of the Judgment and further waives any right to a hearing. Defendant also waives any right to appeal and/or collaterally attack the Judgment.

This Stipulation may be executed in counterparts and all such executed counterparts shall constitute one Stipulation which shall be binding upon all of the parties, notwithstanding that all of the parties are not signatories to the original or same counterpart.

1 For purposes of this Stipulation, an electronically transmitted signature (e.g., fax, pdf, email)
2 shall be fully binding as through it was an original signature.

3 IN WITNESS WHEREOF, the parties have executed this Stipulation as of the dates
4 set forth below.

5
6 DATED: July 26TH 2013


Richard K. Starr

8 RES-GA LITTLE BEAR, LLC,
9 a limited liability company

10 by: Multibank 2009-1 RES-ADC Venture, LLC
11 its: manager

12 by: RL RES 2009-1 Investments LLC
13 its: manager

14 by: Rialto Capital Advisors, LLC
15 its: attorney-in-fact

16 DATED: July __, 2013

Jonathan D. Levy, its authorized officer

17 Approved as to Form:

18 MYERS, WIDDERS, GIBSON, JONES &
19 FEINBOLD, LLP

20 DATED: July __, 2013

By: _____
Monte L. Widders
Attorneys for Defendant
RICHARD K. STARR

23 SAMUELS, GREEN & STEEL, LLP

24
25 DATED: July __, 2013

By: _____
PHILIP W. GREEN
Attorneys for Plaintiff
RES-GA LITTLE BEAR, LLC

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Richard K. Starr

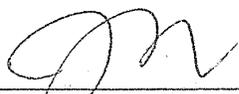
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9 a limited liability company

10 by: Multibank 2009-1 RES-ADC Venture, LLC
11 its: manager

12 by: RL RES 2009-1 Investments LLC
13 its: manager

14 by: Rialto Capital Advisors, LLC
15 its: attorney-in-fact

16 DATED: July 17, 2013


Jonathan D. Levy, its authorized officer

17 Approved as to Form:

18 MYERS, WIDDERS, GIBSON, JONES &
19 FEINBOLD, LLP

20 DATED: July __, 2013

21 By: _____
22 Monte L. Widders
23 Attorneys for Defendant
24 RICHARD K. STARR

25 SAMUELS, GREEN & STEEL, LLP

26 DATED: July __, 2013

27 By: _____
28 PHILIP W. GREEN
Attorneys for Plaintiff
RES-GA LITTLE BEAR, LLC

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Richard K. Starr

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9 a limited liability company

10 by: Multibank 2009-1 RES-ADC Venture, LLC
11 its: manager

12 by: RL RES 2009-1 Investments LLC
13 its: manager

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15 its: attorney-in-fact

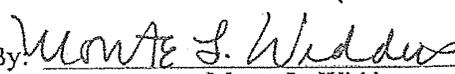
16 DATED: July 17, 2013


Jonathan D. Levy, its authorized officer

17 Approved as to Form:

18 MYERS, WIDDERS, GIBSON, JONES &
19 FEINBOLD, LLP

20 DATED: ~~July~~ __, 2013
21 Aug. 5

22 By: 
23 Monte L. Widders
24 Attorneys for Defendant
25 RICHARD K. STARR

26 SAMUELS, GREEN & STEEL, LLP

27 DATED: July __, 2013

28 By: _____
PHILIP W. GREEN
Attorneys for Plaintiff
RES-GA LITTLE BEAR, LLC

1 For purposes of this Stipulation, an electronically transmitted signature (e.g., fax, pdf, email)
2 shall be fully binding as through it was an original signature.

3 IN WITNESS WHEREOF, the parties have executed this Stipulation as of the dates
4 set forth below.

5
6 DATED: July __, 2013

Richard K. Starr

8 RES-GA LITTLE BEAR, LLC,
9 a limited liability company

10 by: Multibank 2009-1 RES-ADC Venture, LLC
its: manager

11 by: RL RES 2009-1 Investments LLC
its: manager

12 by: Rialto Capital Advisors, LLC
13 its: attorney-in-fact

14
15 DATED: July __, 2013

Jonathan D. Levy, its authorized officer

16
17 Approved as to Form:

18 MYERS, WIDDERS, GIBSON, JONES &
19 FEINBOLD, LLP

20 DATED: July __, 2013

By: _____
Monte L. Widders
Attorneys for Defendant
RICHARD K. STARR

21
22
23 SAMUELS, GREEN & STEEL, LLP

24
25 DATED: August 5, 2013

By: 
PHILIP W. GREEN
Attorneys for Plaintiff
RES-GA LITTLE BEAR, LLC

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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF VENTURA**

RES-GA LITTLE BEAR, LLC, a Georgia
limited liability company,

Plaintiff,

v.

RICHARD K. STARR, an individual; and
DOES 1-20, inclusive,

Defendants.

Case No. 56-2011-00394117-CU-BC-VTA

JUDGMENT

Action Filed: March 29, 2011
Trial Date: None

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Judgment is entered:

In favor of Plaintiff RES-GA Little Bear, LLC (“Plaintiff”) *and against* Defendant Richard K. Starr (“Defendant”) for damages of Six Hundred Thousand and No/100 Dollars (\$600,000.00).

Interest on the Judgment shall accrue at the legal rate of 10% per annum from the date this Judgment is entered as allowed by law. Plaintiff shall further be entitled to all reasonable and necessary costs incurred in enforcing the Judgment as allowed by law.

DATED:

JUDGE OF THE SUPERIOR COURT

Central District Of California Claims Register

[9:12-bk-10516-RR Richard Kim Starr](#)

Judge: Robin Riblet **Chapter:** 7
Office: Santa Barbara **Last Date to file claims:** 01/18/2013
Trustee: Jerry Namba (TR) **Last Date to file (Govt):** 08/06/2012

<i>Creditor:</i> (32818050) American Express Centurion Bank c o Becket and Lee LLP POB 3001 Malvern, PA 19355-0701	Claim No: 1 <i>Original Filed</i> Date: 10/22/2012 <i>Original Entered</i> Date: 10/22/2012	<i>Status:</i> Filed by: CR Entered by: Thomas A. Lee 1, III Modified:						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"><u>Amount</u></td> <td style="width: 15%;">claimed:</td> <td style="width: 15%;">\$1715.30</td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> </tr> </table>			<u>Amount</u>	claimed:	\$1715.30			
<u>Amount</u>	claimed:	\$1715.30						
<i>History:</i> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Details</td> <td style="width: 5%;"><input type="radio"/></td> <td style="width: 10%;">1-1</td> <td style="width: 10%;">10/22/2012</td> <td style="width: 65%;">Claim #1 filed by American Express Centurion Bank, Amount claimed: \$1715.30 (Lee 1, Thomas)</td> </tr> </table>			Details	<input type="radio"/>	1-1	10/22/2012	Claim #1 filed by American Express Centurion Bank, Amount claimed: \$1715.30 (Lee 1, Thomas)	
Details	<input type="radio"/>	1-1	10/22/2012	Claim #1 filed by American Express Centurion Bank, Amount claimed: \$1715.30 (Lee 1, Thomas)				
<i>Description:</i> (1-1) CREDIT CARD DEBT								
<i>Remarks:</i>								

<i>Creditor:</i> (32818051) American Express Bank, FSB c o Becket and Lee LLP POB 3001 Malvern, PA 19355-0701	Claim No: 2 <i>Original Filed</i> Date: 10/22/2012 <i>Original Entered</i> Date: 10/22/2012	<i>Status:</i> Filed by: CR Entered by: Thomas A. Lee 1, III Modified:						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"><u>Amount</u></td> <td style="width: 15%;">claimed:</td> <td style="width: 15%;">\$3969.43</td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> </tr> </table>			<u>Amount</u>	claimed:	\$3969.43			
<u>Amount</u>	claimed:	\$3969.43						
<i>History:</i> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Details</td> <td style="width: 5%;"><input type="radio"/></td> <td style="width: 10%;">2-1</td> <td style="width: 10%;">10/22/2012</td> <td style="width: 65%;">Claim #2 filed by American Express Bank, FSB, Amount claimed: \$3969.43 (Lee 1, Thomas)</td> </tr> </table>			Details	<input type="radio"/>	2-1	10/22/2012	Claim #2 filed by American Express Bank, FSB, Amount claimed: \$3969.43 (Lee 1, Thomas)	
Details	<input type="radio"/>	2-1	10/22/2012	Claim #2 filed by American Express Bank, FSB, Amount claimed: \$3969.43 (Lee 1, Thomas)				
<i>Description:</i> (2-1) CREDIT CARD DEBT								
<i>Remarks:</i>								

<i>Creditor:</i> (32818052) American Express Bank, FSB c o Becket and Lee LLP POB 3001 Malvern, PA 19355-0701	Claim No: 3 <i>Original Filed</i> Date: 10/22/2012 <i>Original Entered</i> Date: 10/22/2012	<i>Status:</i> Filed by: CR Entered by: Thomas A. Lee 1, III Modified:					
<i>History:</i> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Details</td> <td style="width: 5%;"><input type="radio"/></td> <td style="width: 10%;">3-1</td> <td style="width: 10%;">10/22/2012</td> <td style="width: 65%;">Claim #3 filed by American Express Bank, FSB, Amount claimed: \$19237.57 (Lee 1, Thomas)</td> </tr> </table>			Details	<input type="radio"/>	3-1	10/22/2012	Claim #3 filed by American Express Bank, FSB, Amount claimed: \$19237.57 (Lee 1, Thomas)
Details	<input type="radio"/>	3-1	10/22/2012	Claim #3 filed by American Express Bank, FSB, Amount claimed: \$19237.57 (Lee 1, Thomas)			
<i>Description:</i> (3-1) CREDIT CARD DEBT							
<i>Remarks:</i>							

Amount	claimed:	\$19237.57	
History:			
Details	<input checked="" type="radio"/>	3-1	10/22/2012 Claim #3 filed by American Express Bank, FSB, Amount claimed: \$19237.57 (Lee 1, Thomas)
Description: (3-1) CREDIT CARD DEBT			
Remarks:			

Creditor: (32905100) FIA CARD SERVICES, N.A. 4161 Piedmont Parkway NC4 105 03 14 Greensboro, NC 27410	Claim No: 4 <i>Original Filed</i> Date: 11/05/2012 <i>Original Entered</i> Date: 11/05/2012	Status: <i>Filed by:</i> CR <i>Entered by:</i> Erica Davis <i>Modified:</i>	
Amount	claimed:	\$610.62	
Secured	claimed:	\$0.00	
Priority	claimed:	\$0.00	
History:			
Details	<input checked="" type="radio"/>	4-1	11/05/2012 Claim #4 filed by FIA CARD SERVICES, N.A., Amount claimed: \$610.62 (Davis, Erica)
Description:			
Remarks:			

Creditor: (32905100) FIA CARD SERVICES, N.A. 4161 Piedmont Parkway NC4 105 03 14 Greensboro, NC 27410	Claim No: 5 <i>Original Filed</i> Date: 11/05/2012 <i>Original Entered</i> Date: 11/05/2012	Status: <i>Filed by:</i> CR <i>Entered by:</i> Erica Davis <i>Modified:</i>	
Amount	claimed:	\$2189.13	
Secured	claimed:	\$0.00	
Priority	claimed:	\$0.00	
History:			
Details	<input checked="" type="radio"/>	5-1	11/05/2012 Claim #5 filed by FIA CARD SERVICES, N.A., Amount claimed: \$2189.13 (Davis, Erica)
Description:			
Remarks:			

Creditor: (32905100) FIA CARD SERVICES, N.A. 4161 Piedmont Parkway NC4 105 03 14 Greensboro, NC 27410	Claim No: 6 <i>Original Filed</i> Date: 11/05/2012 <i>Original Entered</i> Date: 11/05/2012	Status: <i>Filed by:</i> CR <i>Entered by:</i> Debra Wall <i>Modified:</i>	
History:			
Details	<input checked="" type="radio"/>	6-1	11/05/2012 Claim #6 filed by FIA CARD SERVICES, N.A., Amount claimed: \$2220.24 (Wall, Debra)
Description:			
Remarks:			

Amount	claimed:	\$2220.24	
Secured	claimed:	\$0.00	
Priority	claimed:	\$0.00	

History:

Details	<input checked="" type="radio"/>	6-1	11/05/2012	Claim #6 filed by FIA CARD SERVICES, N.A., Amount claimed: \$2220.24 (Wall, Debra)
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Description:

Remarks:

Creditor: (33221360) RES-GA Little Bear, LLC c/o Andrew J. Haley Greenwald, Pauly, Foster & Miller, A.P.C 1299 Ocean Avenue, Suite 400 Santa Monica, California 90401-1007	Claim No: 7 <i>Original Filed</i> Date: 01/03/2013 <i>Original Entered</i> Date: 01/03/2013	Status: <i>Filed by:</i> CR <i>Entered by:</i> Andrew Haley <i>Modified:</i>
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Amount	claimed:	\$1288268.67	
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History:

Details	<input checked="" type="radio"/>	7-1	01/03/2013	Claim #7 filed by RES-GA Little Bear, LLC, Amount claimed: \$1288268.67 (Haley, Andrew)
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Description:

Remarks:

Creditor: (31247581) Affiliated Communications 2437 Grand Avenue Ventura, CA 93003	Claim No: 8 <i>Original Filed</i> Date: 01/15/2013 <i>Original Entered</i> Date: 01/15/2013	Status: <i>Filed by:</i> CR <i>Entered by:</i> Daniel A Higson <i>Modified:</i>
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Amount	claimed:	\$44079.00	
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History:

Details	<input checked="" type="radio"/>	8-1	01/15/2013	Claim #8 filed by Affiliated Communications, Amount claimed: \$44079.00 (Higson, Daniel)
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Description: (8-1) Loans

Remarks:

Creditor: (33266305) Myers Widders Gibson & Jones LLP c/o Law Offices of Daniel A Higson 1835 Knoll Drive Ventura CA 93003	Claim No: 9 <i>Original Filed</i> Date: 01/15/2013 <i>Original Entered</i> Date: 01/15/2013	Status: <i>Filed by:</i> CR <i>Entered by:</i> Daniel A Higson <i>Modified:</i>
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Amount	claimed:	\$6000.00	
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History:

Details	<input checked="" type="radio"/>	9-1	01/15/2013	Claim #9 filed by Myers Widders Gibson & Jones LLP, Amount claimed: \$6000.00 (Higson, Daniel)
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Description: (9-1) legal fees

Remarks:

Creditor: (33736833) Portfolio Investments II LLC c/o Recovery Management Systems Corporat 25 SE 2nd Avenue Suite 1120 Miami, FL 33131-1605 Claimant History		Claim No: 10 <i>Original Filed</i> Date: 01/18/2013 <i>Original Entered</i> Date: 01/18/2013	Status: Transferred 79 <i>Filed by:</i> CR <i>Entered by:</i> Ramesh Singh <i>Modified:</i>
Amount claimed: \$652.44			
History:			
Details	<input checked="" type="radio"/>	10-1	01/18/2013 Claim #10 filed by GE Capital Retail Bank, Amount claimed: \$652.44 (Singh, Ramesh)
	<input type="radio"/>	79	04/18/2013 Transfer of Claim Transfer Agreement 3001 (e) 2 Transferor: GE Capital Retail Bank (Claim No. 10) To Portfolio Investments II LLC To Portfolio Investments II LLCc/o Recovery Management Systems Corporation25 SE 2nd Avenue Suite 1120Miami, FL 33131-1605 Filed by Creditor Courtesy NEF. (Singh, Ramesh) Status: Transferred
Description:			
Remarks:			

Creditor: (33221360) RES-GA Little Bear, LLC c/o Andrew J. Haley Greenwald, Pauly, Foster & Miller, A.P.C 1299 Ocean Avenue, Suite 400 Santa Monica, California 90401-1007		Claim No: 11 <i>Original Filed</i> Date: 07/18/2013 <i>Original Entered</i> Date: 07/18/2013	Status: <i>Filed by:</i> CR <i>Entered by:</i> Andrew Haley <i>Modified:</i>
Amount claimed: \$1288268.67			
History:			
Details	<input checked="" type="radio"/>	11-1	07/18/2013 Claim #11 filed by RES-GA Little Bear, LLC, Amount claimed: \$1288268.67 (Haley, Andrew)
Description:			
Remarks:			

Claims Register Summary

Case Name: Richard Kim Starr
Case Number: 9:12-bk-10516-RR
Chapter: 7
Date Filed: 02/07/2012
Total Number Of Claims: 11

Total Amount Claimed*	\$2657211.07
Total Amount Allowed*	

*Includes general unsecured claims

The values are reflective of the data entered. Always refer to claim documents for actual amounts.

	Claimed	Allowed
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Secured	\$0.00	
Priority	\$0.00	
Administrative		

PACER Service Center			
Transaction Receipt			
08/23/2013 13:32:12			
PACER Login:	rh0137	Client Code:	
Description:	Claims Register	Search Criteria:	9:12-bk-10516-RR Filed or Entered From: 1/1/2012 Filed or Entered To: 12/31/2013
Billable Pages:	1	Cost:	0.10

In re Richard Kim Starr
9:12-bk-10516-RR

Affiliated Communications, LLC major tangible assets and estimated liquidation value:

1.	Checking and savings accountings	\$47,000
2.	60 desktop computers	\$12,000
3.	Call Center computer server	\$50,000
4.	Furniture (including chairs, tables, and partitions)	\$5,000
5.	Monthly account receivables	\$28,000
6.	Monte Widders "Note Receivable"	<u>\$294,472</u>
		\$436,472

Affiliated Communications, LLC total estimated debt: **\$935,000**