

I. Claims That Include Death Benefits.

2. Most of Trade Partners, Inc.'s ("TPI") business was devoted to the selling of fractionalized interests in life insurance contracts. These are referred to as Viaticals or Life Settlement Contracts in the industry. Investors would make an investment in one of these products with the expectation that once the policy matured, the death benefits for their interest in the policy would be paid to them. Once the death benefits are paid, they represent the investor's return of principal and the return on their investment. The Receiver has received numerous claim forms from TPI's investors computing their claim on their expected return or death benefits.

3. In an effort to treat all of the Claims equitably, the Receiver believes that investors claims should be based on their out-of-pocket losses. Stated differently, each claim is analyzed to determine a claimant's actual cash investment less any cash that was returned to them from TPI. The Court has previously approved numerous claims computed strictly on out-of-pocket losses.

4. Accordingly, the Receiver objects to all claims listed on Exhibit "A" attached hereto on the basis that they include amounts that represent expected but unpaid returns. In each instance, the claimant has filed a claim for death benefits. The Receiver requests that the Court reduce their claim to the amount labeled "Receiver's Proposed Claim" which represents the actual investment made/out-of-pocket loss for that claim.

II. Claims That Failed to Deduct Interest Payments.

5. TPI also sold numerous other investments that provided a stream of payments to investors (the "Income Products"). These Income Products include Sojkara, IWM, investments in LLCs, and inventory loans. In each instance, investors would invest a fixed amount of money with the expectation of receiving monthly returns. Depending on the investment, the monthly return represented interest on their principal, return of principal, or a combination of the two.

6. The Receiver has taken the same approach to the Income Products claims that was taken with claims for Viatical and Life Settlement Contracts. Each claim was analyzed on a cash in/cash out basis to determine the out-of-pocket loss. The Receiver believes that any monies returned to the claimant from TPI, whether they represent interest or return of principal, should be subtracted from the claimant's investment amount. In many instances, investors would roll over their investments from one Income Product to the next. In those situations, the Receiver has aggregated all of the cash payments to the investor from each of their Income Product investments and subtracted those amounts from their initial investment amounts to determine the proposed claim. The Receiver has already agreed to, and the Court has approved, numerous claims where the Net Claim Amount was computed by subtracting the aggregated returns.

7. Accordingly, the Receiver objects to the following claims on the basis that they have not properly subtracted the returns that they received and requests that the Court reduce their claims to the amount listed next to "Receiver's Proposed Claim":

1. **Claim No.:** A-03883
Name of Claimant: Quality Celery & Sprout, Profit Sharing & Trust
Amount of Investment: \$40,000.00
Submitted Net Claim: \$55,000.00
Receiver's Proposed Claim: \$26,550.14
Type of Investment: Monthly Income LLC
Reason for Objection: Claimant received \$10,855.81 from a previous investment in LLC 13 and received \$2,594.05 from its investment in LLC 27. Claimant received a total amount of \$13,449.86.

2. **Claim No.:** A-01799
Name of Claimant: Makamae Corp.
Amount of Investment: \$234,000.00
Submitted Net Claim: \$307,300.00
Receiver's Proposed Claim: \$178,638.95
Type of Investment: Promissory Note
Reason for Objection: Claimant contends that he invested \$339,300. However, the books and records of Trade Partners show that only \$234,000 was actually received. Claimant has been unable to produce

any evidence supporting his contention. In addition, Claimant received \$24,457.81 from a previous investment in Sokjara and received \$30,903.24 from its investment in the Promissory Note. Claimant received a total amount of \$55,361.05.

3. **Claim No.:** A-01800
Name of Claimant: Makamae Corp.
Amount of Investment: \$45,000.00
Submitted Net Claim: \$59,625.00
Receiver's Proposed Claim: \$39,375.00
Type of Investment: Sojkara-A
Reason for Objection: Claimant contends that he invested \$65,250.00. However, the books and records of Trade Partners show that only \$45,000 was actually received. Claimant has been unable to produce any evidence supporting his contention. In addition, Claimant received \$5,625.00 from its investment.

II.

ARGUMENT AND AUTHORITIES

8. “[The] primary purpose of equity receiverships is to promote orderly and efficient administration of the estate by the district court for the benefit of creditors.” *S.E.C. v. Hardy*, 803 F.2d 1034, 1038 (9th Cir. 1986) (citing *SEC v. Wencke (Wencke II)*, 783 F.2d 829, 837 n. 9 (9th Cir. 1986); *First Empire Bank-New York v. FDIC*, 572 F.2d 1361, 1368 (9th Cir. 1978)). The court is afforded broad deference in determining the case-specific procedures to be utilized for an orderly and efficient estate administration. *See, e.g., Commodity Futures Trading Com'n v. Topworth Intern., Ltd.*, 205 F.3d 1107, 1115 (9th Cir. 1999) (citing *S.E.C. v. Hardy*, 803 F.2d 1034, 1037-38 (9th Cir. 1986)). The procedures should be fashioned around the three general functions of a receivership: (1) marshalling of the assets subject to the receivership, (2) liquidating the assets for the benefit of the creditors and investors, and (3) remitting payment to the creditors and investors from the proceeds of the liquidation. *See, e.g., CFTC v. Chilcott Portfolio Mgmt., Inc.*, 725 F.2d 584, 586 (10th Cir. 1984) (discussing the appointment of a receiver to marshal assets, set up claim

procedures, and eventually distribute any assets to the creditors and investors); *United States v. Vanguard Inv. Co., Inc.*, 694 F.Supp. 1219, 1228-29 (M.D.N.C. 1988) (discussing need to appoint receiver to perform the same under the direction of the court).

9. The procedures to be employed for the third function necessarily require the court to approve a procedure for the allowance, disallowance, and subordination of claims asserted in the receivership proceedings. *See id.*; *Transit Cas. Co. v. Selective Ins. Co. of Southeast*, 137 F.3d 540, 543 (8th Cir. 1998) (discussing claims allowed and disallowed by receiver during claims process); *Fishgold v. OnBank & Trust Co.*, 43 F.Supp. 2d 346, 348 (W.D.N.Y. 1999)(discussing resulting increase in trust corpus available to other creditors upon the disallowance of creditor's claim). Such a procedure is required to ensure, *inter alia*, not only that claims asserted in a receivership proceeding will only be paid after a review of the claim's validity of amount and enforceability, but also to bring finality to the administration of the estate. *See, e.g., S.E.C. v. Hardy*, 803 F.2d 1034, 1039-40 (9th Cir. 1986) (affirming trial court's enforcement of deadline to file claims as reasonable balance of creditors' rights and need for expeditious administration of a receivership proceeding).

10. Like other aspects of a receivership proceeding, the court is afforded wide discretion in fashioning the procedures to be employed for the allowance, disallowance, and subordination of claims. *See id.* at 1037-39. The court is even afforded discretion to employ summary procedures for this process, as opposed to plenary proceedings under the Federal Rules, so long as claimants, at a minimum, have fair notice and a reasonable opportunity to respond. *See McFarland v. Winnebago South, Inc.*, 863 F.Supp. 1025, 1034 (W.D. Mo. 1994) (citing *SEC v. Hardy*, 803 F.2d 1034, 1040 (9th Cir. 1986); *United States v. Arizona Fuels Corp.*, 739 F.2d 455, 458 (9th Cir. 1984)). Such procedures are not merely acceptable to the courts. Instead, they actually further the

goal of providing an efficient resolution of the allowance, disallowance, and subordination of claims and likewise reduce litigation costs to the receivership. *See id.* at 1039.

11. Here, all of the notice and procedural safeguards discussed in the cases above have been met. A claim form, approved by the Court, was sent to all investors and reasonable time to complete and return the form was provided. This Motion provides the claimant a way to be heard regarding the merits of each claim in a cost efficient manner.

DATED this 1st day of April, 2005.

Respectfully submitted,

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SPECIAL COUNSEL TO RECEIVER

CERTIFICATE OF SERVICE

This is to certify that on the 1st day of April, 2005, a true a correct copy of the above and foregoing was sent via first class mail, postage prepaid, on the following and all persons listed on the attached service list:

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Exhibit “A”

| Claim # | Investor | Amount Of Investment | Net Claim Amount | Receiver's Proposed Claim |
|---------|------------------------------------|----------------------|------------------|---------------------------|
| A-00412 | Maria O Hernandez Giraldo | \$17,300.00 | \$27,420.50 | \$17,300.00 |
| A-00413 | Maria O Hernandez Giraldo | \$5,627.43 | \$8,553.69 | \$5,627.43 |
| A-00414 | Maria O Hernandez Giraldo | \$9,286.00 | \$13,186.12 | \$9,286.00 |
| A-00415 | Maria O Hernandez Giraldo | \$9,286.00 | \$13,186.12 | \$9,286.00 |
| A-00586 | Titipir Inc | \$5,000.00 | \$7,100.00 | \$5,000.00 |
| A-00587 | Titipir Inc | \$10,018.00 | \$17,633.68 | \$10,018.00 |
| A-00588 | Titipir Inc | \$10,000.00 | \$18,869.00 | \$10,000.00 |
| A-00589 | Titipir Inc | \$10,000.00 | \$16,820.00 | \$10,000.00 |
| A-00607 | Adriana P Wentzel | \$10,000.00 | \$16,820.00 | \$10,000.00 |
| A-00620 | Nohra S. Gomez Cardenas de Higuera | \$40,560.38 | \$57,595.74 | \$40,560.38 |
| A-00621 | Edith C Cardenas Gomez | \$4,800.00 | \$6,480.00 | \$4,800.00 |
| A-00622 | Edith C Cardenas Gomez | \$8,342.12 | \$11,261.86 | \$8,342.12 |
| A-00623 | Edith C Cardenas Gomez | \$21,126.76 | \$28,521.13 | \$21,126.76 |
| A-00624 | Edith C Cardenas Gomez | \$3,943.66 | \$5,600.00 | \$3,943.66 |
| A-00625 | Edith C Cardenas Gomez | \$2,257.46 | \$3,205.59 | \$2,257.46 |
| A-00626 | Edith C Cardenas Gomez | \$20,000.00 | \$27,000.00 | \$20,000.00 |
| A-00627 | Rafael I. Cardenas Gomez | \$36,940.25 | \$49,869.34 | \$36,940.25 |
| A-00638 | Hugo A Higuera Sanabria | \$7,500.00 | \$10,125.00 | \$7,500.00 |
| A-00639 | Hugo A Higuera Sanabria | \$7,500.00 | \$10,125.00 | \$7,500.00 |
| A-00640 | Javier A. Higuera Sanabria | \$25,000.00 | \$33,750.00 | \$25,000.00 |
| A-00651 | Jorge I Lopez | \$10,000.00 | \$11,200.00 | \$10,000.00 |
| A-00674 | Luis Alfonso Varela | \$10,000.00 | \$13,500.00 | \$10,000.00 |
| A-00675 | Luis Alfonso Varela | \$5,000.00 | \$6,400.00 | \$5,000.00 |
| A-01989 | Clemencia Jaramillo Hoyos | \$10,000.00 | \$12,800.00 | \$10,000.00 |
| A-01990 | Clemencia Jaramillo Hoyos | \$7,800.00 | \$10,530.00 | \$7,800.00 |
| A-01991 | Clemencia Jaramillo Hoyos | \$5,673.15 | \$8,623.19 | \$5,673.15 |
| A-01992 | Clemencia Jaramillo Hoyos | \$10,000.00 | \$14,200.00 | \$10,000.00 |
| A-01997 | Hector Jose Lopez Garcia | \$28,050.00 | \$35,904.00 | \$28,050.00 |
| A-01998 | Hector Jose Lopez Garcia | \$28,050.00 | \$39,831.00 | \$28,050.00 |
| A-01999 | Hector Jose Lopez Garcia | \$28,050.00 | \$45,441.00 | \$28,050.00 |
| A-02000 | Hector Jose Lopez Garcia | \$28,050.00 | \$42,636.00 | \$28,050.00 |
| A-02347 | Oscar Alberto Fagnola | \$15,022.15 | \$23,810.11 | \$15,022.15 |
| A-02365 | Ernesto Kull Spitznagel | \$15,000.00 | \$24,300.00 | \$15,000.00 |
| A-02829 | Maria Lastenia Vasquez R | \$10,000.00 | \$11,200.00 | \$10,000.00 |
| A-02919 | Luis Maria Carbone | \$13,000.51 | \$22,883.50 | \$13,000.51 |
| A-02921 | Horacio Rodolfo Cardieri | \$10,010.00 | \$15,215.20 | \$10,010.00 |
| A-03502 | Dario Arango Arango | \$8,221.09 | \$10,523.00 | \$8,221.09 |
| A-03503 | Dario Arango Arango | \$3,508.70 | \$4,491.14 | \$3,508.70 |
| A-03504 | Dario Arango Arango | \$3,242.19 | \$4,150.00 | \$3,242.19 |
| A-03505 | Dario Arango Arango | \$15,028.02 | \$21,339.72 | \$15,028.02 |
| A-03547 | Raul Alberto Correa Gonzalez | \$10,000.00 | \$14,200.00 | \$10,000.00 |
| A-03548 | Raul Alberto Correa Gonzalez | \$2,675.01 | \$4,333.52 | \$2,675.01 |
| A-03549 | Rafael Ignacio Correa Gonzalez | \$10,000.00 | \$12,800.00 | \$10,000.00 |
| A-03550 | Gustavo Alberto Correa Florez | \$7,217.59 | \$10,248.98 | \$7,217.59 |
| A-03551 | Gustavo Alberto Correa Florez | \$6,000.00 | \$8,100.00 | \$6,000.00 |
| A-03552 | Gustavo Alberto Correa Florez | \$2,008.50 | \$4,047.00 | \$2,008.50 |
| A-03559 | Carlos Alberto Guerra Mesa | \$10,000.00 | \$12,800.00 | \$10,000.00 |
| A-03572 | Gabriel Jaime Henao Martinez | \$2,843.14 | \$3,838.24 | \$2,843.14 |
| A-03573 | Gabriel Jaime Henao Martinez | \$5,000.00 | \$6,750.00 | \$5,000.00 |

Exhibit "A"

| Claim # | Investor | Amount Of Investment | Net Claim Amount | Receiver's Proposed Claim |
|----------------|-------------------------------|-----------------------------|-------------------------|----------------------------------|
| A-03574 | Clara Ines Hernandez Quijano | \$14,200.00 | \$20,164.00 | \$14,200.00 |
| A-03580 | Diana Maria Lopez Lopez | \$12,500.00 | \$19,812.50 | \$12,500.00 |
| A-03581 | Diana Maria Lopez Lopez | \$12,500.00 | \$19,000.00 | \$12,500.00 |
| A-03598 | Rosalinda Numa de Trujillo | \$10,000.00 | \$15,200.00 | \$10,000.00 |
| A-03603 | Fabio Leon Restrepo V | \$12,000.00 | \$16,200.00 | \$12,000.00 |
| A-03604 | Jaime Alonso Trujillo Bernal | \$7,500.00 | \$11,400.00 | \$7,500.00 |
| A-03605 | Jaime Alonso Trujillo Bernal | \$7,500.00 | \$11,887.50 | \$7,500.00 |
| A-05110 | Jimena Sofia Marchant Sutil | \$10,000.00 | \$16,840.55 | \$10,000.00 |
| A-05167 | Monica Luer Walper | \$11,443.89 | \$20,143.54 | \$11,443.89 |
| A-05168 | Monica Luer Walper | \$5,000.00 | \$6,750.00 | \$5,000.00 |
| A-05169 | Monica Luer Walper | \$14,890.05 | \$21,143.87 | \$14,890.05 |
| A-05172 | Osmin Rivera Jara | \$15,000.00 | \$28,303.50 | \$15,000.00 |
| A-06405 | Adriana P Wentzel | \$10,000.00 | \$17,602.00 | \$10,000.00 |
| A-06447 | Titipir Inc | \$5,000.00 | \$9,434.50 | \$5,000.00 |
| A-06544 | Monica Luer Walper | \$10,000.00 | \$15,850.00 | \$10,000.00 |
| A-06545 | Monica Luer Walper | \$19,937.81 | \$37,620.65 | \$19,937.81 |
| A-06546 | Monica Luer Walper | \$18,000.00 | \$28,080.00 | \$18,000.00 |
| A-06547 | Monica Luer Walper | \$2,772.84 | \$4,880.75 | \$2,772.84 |
| A-06548 | Monica Luer Walper | \$4,321.30 | \$7,606.36 | \$4,321.30 |
| A-06549 | Monica Luer Walper | \$9,658.02 | \$14,680.19 | \$9,658.02 |
| A-06550 | Monica Luer Walper | \$10,905.86 | \$19,196.50 | \$10,905.86 |
| A-06551 | Monica Luer Walper | \$30,000.00 | \$56,607.00 | \$30,000.00 |
| A-06552 | Monica Luer Walper | \$30,000.00 | \$50,460.00 | \$30,000.00 |
| A-06553 | Osmin Rivera Jara | \$5,069.00 | \$9,564.70 | \$5,069.00 |
| A-06554 | Osmin Rivera Jara | \$2,750.76 | \$5,190.41 | \$2,750.76 |
| A-06555 | Osmin Rivera Jara | \$7,249.24 | \$13,678.60 | \$7,249.24 |
| A-06556 | Osmin Rivera Jara | \$37,000.00 | \$59,940.00 | \$37,000.00 |
| A-06566 | Gustavo Alberto Correa Florez | \$4,000.00 | \$5,400.00 | \$4,000.00 |

Exhibit "A"