

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MICHAEL J. QUILLING,

Plaintiff,

Case No.: 1:03-CV – 0236

Hon. Robert Holmes Bell

v.

TRADE PARTNERS, INC. MACATAWA
BANK CORPORATION, THOMAS J.
SMITH and CHRISTINBE M. ZMUDKA,

Defendants

_____ / .

NOTICE OF FILING OF FINANCIAL STATEMENT

COMES NOW, Bruce S. Kramer, Receiver, and files the attached *TRADE PARTNERS, INC. FINANCIAL STATEMENT (COMPILATION)* for the period of July 15, 2008 through October 15, 2008, and states that a copy of same was posted on the Receiver's website: www.bskreceiver.com on the 10th day of December 2008 will be posted and on the Examiner's website: www.tpexaminer.com on the 10th day of December 2008.

Respectfully submitted,
BOROD AND KRAMER, PC

By: /s/ Bruce S. Kramer
Bruce S. Kramer (TN Bar No. 7472)
80 Monroe Ave., Suite G-1
Memphis, Tennessee 38103
(901) 524-0200
ATTORNEYS FOR RECEIVER
Date: December 3, 2008

EXHIBIT A

BRUCE S. KRAMER RECEIVER TRADE PARTNERS, INC.

CASH ACTIVITY REPORT (COMPILED)

FOR THREE AND SIXTY-SIX MONTHS ENDED OCTOBER 15, 2008





ACCOUNTANT'S COMPILATION REPORT

October 24, 2008

Bruce S. Kramer Receiver
Trade Partners, Inc.
Memphis, Tennessee

We have compiled the special-purpose Cash Activity Report for Bruce S. Kramer Receiver Trade Partners, Inc. for the three and sixty-six months ended October 15, 2008 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of Bruce S. Kramer Receiver Trade Partners, Inc. We have not audited or reviewed the accompanying special-purpose financial statement and, accordingly, do not express an opinion or any other form of assurance on it.

The accompanying special-purpose financial statement was prepared for the purpose of complying with information requested by Bruce S. Kramer Receiver Trade Partners, Inc. and the United States District Court for the Western District of Michigan Southern Division, and is not intended to be a presentation in conformity with generally accepted accounting principles in the United States of America.

We are not independent with respect to Trade Partners, Inc. or Bruce S. Kramer Receiver Trade Partners, Inc.

This report is intended solely for the information and use of Bruce S. Kramer Receiver Trade Partners, Inc., its creditors, and The United States District Court for the Western District of Michigan Southern Division and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Echelbarger, Himebaugh, Tamm & Co., P.C.

Echelbarger, Himebaugh, Tamm & Co., P.C.

Brubaker & Co., Inc. Trustee
 Cash Activity Report (Compiled)
 Three and Sixty-Six Months Ended October 16, 2008

	Current Quarter 7/16/08-10/15/08	From Inception of Receivership 4/16/03-10/15/08
Beginning Cash Balance		
Checking - Receiver Operating	(11,550)	(593,582)
Savings #1 - Receiver	1,000,000	48,161
Savings #2 - Receiver	4,754,897	-
Savings #3 - Policy Sales	6,745,368	-
Savings #4 - General	32,173	-
Savings #5 - General	154,597	-
Claims Sweep	361,596	-
Total	<u>\$ 13,037,081</u>	<u>\$ (545,421)</u>
Cash Receipts:		
Checks Voided By Receiver		749,855
Death Proceeds (Net of Refunds)	518,486	32,251,488
Initial Deposit on Portfolio Sale	-	-
Interest and Dividends	68,108	3,711,794
Miscellaneous	-	60,589
Notes Receivable - Principal	-	95,845
Policy Sales	-	39,741,807
Pooled Funds:		
Excess Premium Escrow	-	353,279
Maturity Escrow	-	5,328
Premium Escrow	-	299,552
Purchaser Escrow	-	303,241
Purchaser Escrow Funds - Undesignated	-	204,237
Real Estate Proceeds	-	7,078,177
Restitution - Tom Smith	-	49,194
Restitution - Chris Zmudka	-	56,581
Settlement Proceeds - New Era & Greenville	-	585,000
Payment from Ellis Management	-	5,000
Subtotal	<u>\$ 586,594</u>	<u>\$ 85,560,947</u>
Cash Disbursements:		
Advertising	-	2,770
Background Investigation	-	-
Bank Charges	2,060	13,510
Claims Payments	40,282	46,980,546
Commissions Paid - Associates	-	180,481
Commissions Paid - Trade Partners	-	1,000
Death Proceeds paid to Universal Settlements Inc	-	1,972,640
Interest Expense	-	63,865
Legal and Professional Services:		
Borod & Kramer, PLC	46,671	3,600,386
Echelbarger, Himebaugh, Tamm & Co., P.C.	69,774	1,404,951
EMS Engineered Management Solutions	6,292	160,772
Litzler, Segner, Shaw & McKenney LLP	-	364,289
Munsch, Hardt, Kopf & Harr, P.C.	12,833	2,459,430
National Vatical Inc.	-	180,600
Quilling, Selander, Cumiskey, Lownds	6,152	2,550,516
Other	-	302,233
Licenses & Fees		
Meals & Entertainment	-	46,422
Miscellaneous	-	8,108
Office Expense	3,758	10,470
Outside Labor	-	198,408
Parking	34	44,411
Postage and Shipping	52,202	9,489
Premiums (Net of Refunds)	86,371	846,449
Printing	691	9,058,899
Purchaser Escrow Refunds	-	40,652
Real Estate Expenses	-	291,166
Rent	5,000	74,021
Rent	-	179,969
Salaries - Officers	-	30,800
Salaries - Other	-	144,560
Taxes:		
Payroll	-	11,750
State	-	37,920
Travel	3,750	-
Utilities	753	405,587
Subtotal	<u>\$ 337,632</u>	<u>\$ 71,719,484</u>
Net Change in Cash Balance	<u>\$ 248,961</u>	<u>\$ 13,831,463</u>
Ending Cash Balance		
Checking - Receiver Operating	16	16
Savings #1 - Receiver	1,000,000	1,000,000
Savings #2 - Receiver	5,003,564	5,003,564
Savings #3 - Policy Sales	6,775,934	6,775,934
Savings #4 - General	32,173	32,173
Savings #5 - General	154,947	154,947
Claims Sweep	319,408	319,408
Total	<u>\$ 13,286,043</u>	<u>\$ 13,286,043</u>

Bruce S. Kramer Receiver Trade Partners, Inc.

Notes to Selected Information – Basis of Presentation (Compiled)

Three and Sixty-Six Months Ended October 15, 2008

The following items are considered significant when reading the cash activity report.

Checking – TP Operating / Checks Voided by Receiver

Upon appointment at April 15, 2003, the Receiver determined that Trade Partners' operating account was significantly overdrawn. The Receiver voided numerous checks and closed this account. A new operating account was established, and there have been no overdrawn checks in this account.

Cash Accounts

The Receiver has established various bank accounts to maximize the return on investment and protect the cash assets held by the Receivership. All savings are invested at money market and overnight repo rates.

During the course of the Receivership, various funds have been collected but not deposited in the Receiver's bank accounts because the ownership of the funds is being disputed or because a deposit has been made on a potential sale that has not yet closed. The total cash balance reported in the Cash Activity Report does not include any escrow funds held by the Court or any other third party. The possibility exists that the Court may rule that all or some of these funds may not belong to the Receiver. Some of the funds are deposited in interest bearing accounts as prescribed by the Court.

The funds are described in the following schedule. The amounts below do not include interest.

<u>Account Description</u>	<u>Deposit Description</u>	<u>Deposit Amount</u>
Court register Case #1:03-cv-00236	Maturity proceeds VOY-J(1) and (2)	\$166,826.25
	Maturity proceeds EXT-P(058)	50,697.64
	Maturity proceeds SHU-R	52,493.28
	Maturity proceeds LOV-R	53,108.18
	Maturity proceeds CAR-R(3)	22,633.00
	Maturity proceeds ROB-B	<u>85,000.00</u>
	Total	<u>\$ 430,758.35</u>

Death Proceeds

Death Proceeds represents collections of the face amount of matured life insurance policies. A maturity check may include interest or dividend income, interest expense, and/or premium refund. These components have been accounted for separately.

See Accountant's Compilation Report

Bruce S. Kramer Receiver Trade Partners, Inc.

Notes to Selected Information – Basis of Presentation (Compiled)

Three and Sixty-Six Months Ended October 15, 2008

Notes Receivable – Principal

The Receivership collected principal and interest income at 8% on investor notes that were received in exchange for policy or beneficial interests. The investors who paid on these notes may have claims against the Receivership.

Policy Sales/Purchaser Escrow Funds - Undesignated

Employees and agents of Trade Partners, Inc. sold units in various trusts that owned or had beneficial interests in life insurance policies. Direct and indirect beneficial interests in life insurance policies owned by Trade Partners, Inc. or related entities were also sold. All of these types of transactions ceased in June 2003 when the Receiver stopped normal operations of Trade Partners, Inc. and terminated all remaining employees. The Court approved escrow deposit refunds for sales that had not been consummated.

Pooled Funds

Trade Partners, Inc. maintained various escrow accounts which were allowed to be pooled with operating funds pursuant to the Court's order of July 21, 2003. The amounts listed under Pooled Funds reflect the balances in the escrow accounts at April 15, 2003, the date the Receiver was appointed. Pooled funds have been shown as additions to operating funds to properly reflect the cash activity during the period of Receivership.

Cash Disbursements

The Receivership continued normal operations until June 10, 2003. Typical operating expenses such as commissions, payroll, office rent, office utilities, etc. were paid during this period.

Claims

On January 9, 2007, the Court authorized the Receiver to make an initial distribution to claimants who filed "A Claims" under the Plan of Distribution. Court-approved claims and settlements in the amount of \$46,980,546.24 have been paid as of October 15, 2008.

Interest Expense

Interest expense consists primarily of interest paid on policy loans taken out prior to the date of the Receivership. A line of credit was established at Macatawa Bank and was not used during the period. The line of credit expired on January 1, 2006 and was not renewed.

See Accountant's Compilation Report

Bruce S. Kramer Receiver Trade Partners, Inc.

Notes to Selected Information – Basis of Presentation (Compiled)

Three and Sixty-Six Months Ended October 15, 2008

Legal and Professional

Legal and professional expenses are listed by each professional and include only the fee portion of the professional's bill. Often a professional's bill will include other expenses such as travel, delivery charges, etc. incurred on behalf of the Receivership. These have been reported separately. Legal and professional expenses are paid based on a Court-approved procedure.

Premiums (Net of Refunds)

Premiums represent premiums paid on life insurance policies owned by Trade Partners, Inc. or any related entities. Premiums are also paid for any policy in which Trade Partners, Inc. or any related entity had a beneficial interest. Premiums paid are shown net of premiums refunded and do not include premiums paid by using available cash surrender value of policies or available escrow account funds administered by the law firm of an investor.

The Receiver is entitled to reimbursement by Universal Settlements International, Inc. (USI), the policy portfolio purchaser, for premiums paid net of refunds and dividends after January 15, 2005. Premium reimbursements in the amount of \$862,080.56 have been received from USI as of October 15, 2008.

Portfolio Sale

The Court approved the sale of the policy portfolio on July 19, 2005. According to the purchase and sale agreement, 26.58% of the death benefit of purchased policies is to be released from an escrow account under the joint control of the purchaser's agent and the Receiver and transferred to the Receiver upon receipt of proof of ownership change from the insurance company on each individual policy. At October 15, 2008, \$39,003,556.11 had been released from the joint escrow account and transferred to the Receiver's escrow account as payment for policies transferred.

In addition, the Receiver is entitled to 26.58% of proceeds collected on deaths subsequent to January 15, 2005. Of the total proceeds collected through October 15, 2008, the Receiver retained \$3,165,382.59.

During the quarter, a settlement agreement was negotiated between the Receivership and Universal Settlements International, Inc. to terminate the purchase and sale agreement. The settlement agreement has been submitted to the Court for approval.

Income Taxes

The Receivership is a taxable settlement fund. Accordingly, federal and state income, franchise and excise taxes are paid as required. A cash reserve for taxes may be necessary in the future.

See Accountant's Compilation Report