

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. et al,

Defendants

RECEIVER'S THIRTIETH INTERIM REPORT

On April 15, 2003, Bruce S. Kramer, was appointed Receiver (Receiver) for Trade Partners, Inc. (TPI) incident to a Complaint filed by Michael J. Quilling, (Quilling) as Receiver for Advanced Financial Services, (AFS) a broker/associate of TPI. This is the Receiver's Thirtieth Interim Report.¹

¹ The Receiver filed his First Interim report on May 22, 2003, the Second Interim Report on September 15, 2003, the Third Interim Report on January 22, 2004, the Fourth Interim Report on 23rd day of April 2004, the Fifth Interim Report on July 24, 2004 and the Sixth Interim Report on October 27, 2004 (Dkt. No. 733), the Seventh Interim Report on January 25, 2005 (Dkt. No. 845) the Eight Interim Report on April 28, 2005 (Dkt. No. 979) the Ninth Interim Report was filed on August 2, 2005 (Dkt. No. 1064) the Tenth Interim Report was filed on November 7, 2005 (Dkt.No.1154) the Eleventh Interim Report was filed January 23, 2006 (Dkt. No. 1212.) the Twelfth Interim Report was filed on April 25, 2006 (Dkt. No.1289), the Thirteenth Interim Report was filed on July 25, 2006 (Dkt. No.1354) the Fourteenth Interim Report was filed November 1, 2006 (Dkt. No. 1489, the Fifteenth Interim Report was filed on January 25, 2007 (Dkt. No. 1530) the Sixteenth Interim Report was filed (April 25, 2007) (Dkt. No. 1559); Seventeenth Interim Report was filed July 25, 2007 (Dkt No.1595.) the Eighteenth Interim Report was filed October 26, 2007 (Dkt. No. 1652); the Nineteenth Interim Report was filed February 5, 2008 (Dkt. No. No.1683) the Twentieth Interim Report was filed May 6, 2008 (Dkt. No. 1704) the Twenty-First Interim Report was filed on July 29, 2008 (Dkt. No. 1723) the Twenty-Second Interim Report was filed on December 3, 2008 (Dkt. No. 1754) the Twentieth-Third Interim Report was filed January 15, 2009; the Twenty-Fourth Interim Report was filed April 26, 2009 (Dkt. No. 1791); the Twenty-Fifth Interim Report was filed July 27, 2009 (Dkt No 1809); the Twenty-Sixth Interim Report was filed November 3, 2009 (Dkt. No 1843); the Twenty-Seventh Interim Report was filed January 25, 2010 (Dkt. No. 1895); the Twenty-Eighth Interim Report was filed August 2, 2010 (Dkt. No. 1961) and the Twenty-ninth Interim Report was filed October 26, 2010 (Dkt. No.1997). The Reports can be accessed from the Receiver's website,

RECENT ISSUES

Sale of Remaining Portfolio:

On July 14, 2010, Magistrate Judge Carmody heard the Receiver's Motion to approve the contract to sell the Remaining Portfolio of insurance policies to Lexington Settlements, Ltd. (Dkt 1938). There were no objections to the Receiver's Motion and on October 6, 2009, Magistrate Judge Carmody, after considering the Receiver's Motion and statements of the Examiner and Receiver, issued a Report and Recommendation to grant the motion. (Dkt.1845). The District Court adopted the report and recommendation by Order on January 16, 2010. (Dkt. No. 1887). The Receiver subsequently entered into the Purchase and Sale Agreement with Lexington Settlements (Lexington) and the process of transferring the policies to Lexington is continuing. As of this date, 21 policies have been transferred and the Receivership has received payment for these 21 policies. 59 policies with a face death benefit of \$218,786.73 remain to be transferred.

Taxes and Processing of "B Claims

The Receiver and Special Counsel and his staff are still in the process of reviewing the tax claims ("B Claims"), which under the approved Amended Plan of Distribution (Dkt. Nos. 1351 and 1523), are priority Administrative claims that must be resolved and/or paid to close the estate and make the final distribution to creditors. It is still anticipated that the Receiver will file a Motion to have these B Claims adjudicated. Once this is accomplished, we need to settle any tax liability and calculate the final distribution and then close the receivership.

FINANCIAL AND MATURITY REPORTS

The Financial Report (Cash Activity Report) for the quarter ending January 15, 2011 is attached to this report and is also available at the www.bskreceiver.com website. Please read the

www.bskreceiver.com or a hard copy can be requested from the Receiver's office. To avoid redundancy and duplication, it is recommended that these prior Reports be read.

Financial Report (Cash Activity Report) and accompanying Notes for a complete explanation. Please also see Receiver's Disclosure Statement, Dkt. 1371, filed August 8, 2006. There were no maturities during this quarter so there is no Maturity Report.

CONCLUSION

We are making steady progress, albeit not as fast as anticipated, to conclude this receivership. We are working on final tax liabilities for all the Trade Partners' entities and the receivership estate itself and the completion of the sale and transfer of the Remaining Portfolio. These are not insignificant issues but we are working diligently to accomplish them. We appreciate your continued patience and understanding of as we continue to administer the receivership.

Respectfully submitted,

/s/ Bruce S. Kramer

Bruce S. Kramer, Receiver

Dated: January 28, 2011
Counsel
KRAMER+ CRONE, PLC.
80 Monroe Avenue
Suite G-1
Memphis, TN 38103
901-524-0200

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing THIRTIETH INTERIM REPORT OF RECEIVER has been posted on the Receivers' website at www.bskreceiver.com and will be served upon all parties in interest and attorneys of record pursuant to the Court's electronic filing procedures and to all "A" and "B" approved Claimants via U.S. Mail, postage thereon prepaid, this the 28th day of January 2011.

/s/ Bruce S. Kramer
Bruce S. Kramer, Receiver

BRUCE S. KRAMER RECEIVER TRADE PARTNERS, INC.

CASH ACTIVITY REPORT (COMPILED)

FOR THREE AND NINETY-THREE MONTHS ENDED JANUARY 15, 2011





Dennis M. Echelbarger CPA/CFF
Michael T. Tamm CPA, Emeritus
David G. Echelbarger CPA
Robin M. Stoner CPA/MST
Robert E. Milanowski
Dale R. Manske CPA
Jennifer A. Hashley CPA
Margie S. Gerencer CPA/MBA
Brenda K. Pavlak CPA
Ronald J. Kaley MBA
Teri S. Stora MBA
Jenna L. Federau MSA
Melinda K. DeMarse CPA
Mary Beth Lorenz CPA
Cody E. Pike MST

CERTIFIED PUBLIC ACCOUNTANTS

ECHELBARGER, HIMEBAUGH, TAMM & CO., P.C.

ACCOUNTANT'S COMPILATION REPORT

January 24, 2011

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 ninety-three months ended January 15, 2011. We have not audited or reviewed the accompanying special-purpose financial statement and, accordingly, do not express an opinion or provide any assurance about whether the special-purpose financial statement is in accordance with the financial information requested by the United States District Court for the Western District of Michigan Southern Division.

The Receiver is responsible for the preparation and fair presentation of the special-purpose financial statement in accordance with the financial information requested by the United States District Court for the Western District of Michigan Southern Division and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the special-purpose financial statement.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the Receiver in presenting financial information in the form of a special-purpose financial statement without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the special-purpose financial statement.

The accompanying special-purpose financial statement was prepared for the purpose of complying with the financial information requested by the United States District Court for the Western District of Michigan Southern Division, and is not intended to be a presentation in conformity with general accepted accounting principles issued by the United States of America Financial Accounting Standards Board.

This report is intended solely for the information and use of Bruce S. Kramer Receiver Trade Partners, Inc., its creditors, the law firms involved, 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.

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

Respectfully submitted,

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

Brod & Kramer, Receiver, Code Party, et al
Cash Activity Report (Compiled)
Three and Ninety-Three Months Ended January 15, 2011

	Current Quarter 10/16/10-01/15/11	From Inception of Receivership 4/15/03-01/15/11
Beginning Cash Balance		
Checking - Receiver Operating	-	(593,582)
Checking - Receiver Operating #2	49,094	-
Checking - Receiver Operating #3	2,305,173	-
Savings #1 - Receiver	343,797	48,161
Savings #2 - Receiver	-	-
Savings #3 - Policy Sales	9,723	-
Savings #4 - General	57,269	-
Savings #5 - General	157,352	-
Savings #6 - General	644,272	-
Claims Sweep	-	-
Savings #7 - General	100	-
Total	<u>3,566,780</u>	<u>\$ (545,421)</u>
Cash Receipts:		
Checks Voided By Receiver	-	749,855
Death Proceeds (Net of Refunds)	-	34,223,977
Initial Deposit on Portfolio Sale	-	-
Interest and Dividends	6,322	4,006,461
Miscellaneous	-	121,945
Notes Receivable - Principal	-	95,845
Policy Sales	57,678	40,253,387
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	25	49,625
Restitution - Chris Zmudka	-	56,561
Settlement Proceeds	75	585,075
Payment from Ellis Management	-	5,000
Subtotal	<u>64,100</u>	<u>\$ 88,391,545</u>
Cash Disbursements:		
Advertising	-	2,770
Background Investigation	-	-
Bank Charges	55	19,627
Claims Payments	-	57,727,541
Commissions Paid - Associates	-	180,481
Commissions Paid - Trade Partners	-	1,000
Death Proceeds paid to Universal Settlements Inc	-	1,972,640
Interest Expense	-	90,434
Legal and Professional Services:		
Borod & Kramer, PLC	16,300	4,008,869
Echelbarger, Himebaugh, Tamm & Co., P.C.	34,145	2,029,453
EMS Engineered Management Solutions	-	186,280
Litzler, Segner, Shaw & McKenney LLP	-	430,177
Munsch, Hardt, Kopf & Harr, P.C.	-	2,629,256
National Viatical Inc.	-	180,000
Quilling, Selander, Cummsiskey, Lownds	39,935	2,796,363
Other	4,500	323,501
Licenses & Fees		
Meals & Entertainment	-	46,422
Miscellaneous	-	8,212
Office Expense	122	10,470
Outside Labor	-	223,742
Parking	-	45,487
Penalties from IRS/State	-	9,525
Postage and Shipping	-	1,093
Premiums (Net of Refunds)	2,813	890,462
Printing	9,282	9,101,789
Purchaser Escrow Refunds	5,414	74,301
Real Estate Expenses	-	291,166
Rent	-	74,021
Salaries - Officers	9,000	254,969
Salaries - Other	-	30,800
Taxes:		
Payroll	-	144,560
State	-	14,751
Travel	-	40,318
Utilities	-	445,046
Subtotal	<u>\$ 121,566</u>	<u>\$ 84,336,808</u>
Net Change in Cash Balance	<u>(57,466)</u>	<u>\$ 4,054,735</u>
Ending Cash Balance		
Checking - Receiver Operating	4,416	4,416
Savings #1 - Receiver	2,310,275	2,310,275
Savings #2 - Receiver	288,643	288,643
Savings #3 - Policy Sales	9,723	9,723
Savings #4 - General	93,862	93,862
Savings #5 - General	157,570	157,570
Savings #6 - General	644,272	644,272
Savings #7 - General	553	553
Total	<u>\$ 3,509,314</u>	<u>\$ 3,509,314</u>

Bruce S. Kramer Receiver Trade Partners, Inc.

Notes to Selected Information – Basis of Presentation (Compiled)

Three and Ninety-Three Months Ended January 15, 2011

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

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.

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.

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.

Portfolio Sale

The Court approved the sale of the remaining policy portfolio on September 9, 2010. According to the purchase and sale agreement, 3.75% of the death benefit of purchased policies is to be transferred to the Receiver upon receipt of proof of ownership change from the insurance company on each individual policy. At January 15, 2011, \$81,790.75 has been received by the Receiver as payment for policies transferred.

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.

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