

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

MICHAEL J. QUILLING, Receiver §
for Advanced Financial Services, Inc., §

Plaintiff, §

vs. §

TRADE PARTNERS, INC., MACATAWA §
BANK CORPORATION, successor by §
merger to GRAND BANK, THOMAS J. §
SMITH and CHRISTINE M. ZMUDKA, §

Defendants. §

Civil Action No. 1:03CV-0236

REPORT AND RECOMMENDATIONS
REGARDING RECEIVER'S FIRST MOTION TO DISALLOW/ADJUST A CLAIMS

On January 31, 2005 the Court considered the Receiver's First Motion to Disallow/Adjust A Claims [Docket No. 798]. Although given proper notice of the hearing, very few of the claimants appeared or otherwise responded. Based on the evidence presented, applicable law and argument of counsel, the Court makes this report and recommends that the motion be granted.

Each of the claims set forth on Exhibit "A" should be adjusted and allowed in the amount proposed by the Receiver so as to reflect the actual amount invested as opposed to including the amount of the death benefit or expected return.

The following claims should be adjusted and allowed in the amount proposed by the Receiver so as to take into account payments received by the claimant and/or deduct any claim for interest.

Claim No.	Claimant	Allowed Claim
A-00448	Gene Bedley	\$32,022.88
A-00449	Gene Bedley	\$88,306.81
A-00880	Janie Louise Ritchey	\$24,419.95
A-01265	Marvin L. Long	\$62,187.83
A-05983	Donald E. Pedigo	\$94,924.18
A-05984	Donald E. Pedigo	\$29,705.90

Each of the following claims should be adjusted and allowed in the amount proposed by the Receiver so as to eliminate any claim for interest.

Claim No.	Claimant	Allowed Claim
A-03929	Maria C. Berrueta	\$10,000.00
A-06079	Maria C. Berrueta	\$10,000.00
A-06080	Maria C. Berrueta	\$10,000.00

Claim No. A-05256 of William J. Eddy should be disallowed in its entirety because it is a claim for interest only.

Claim Nos. A-03034, A-03035 and A-03037 each submitted by Michael A. Sclafani should be denied in their entirety because the documentation submitted to support the claims does not reflect an investment with Trade Partners, Inc. other than a \$15,000.00 investment which is included in Claim Nos. A-0306, A-05668 and A-05669, each of which has already been approved by virtue of Docket No. 785.

Claim No. A-04670 in the name of Gary L. Morris should be allowed in the amount of \$50,000.00.

DATED this 9th day of February, 2005.

Respectfully submitted,

/s/ Ellen S. Carmody
ELLEN S. CARMODY
United States Magistrate Judge

OBJECTIONS to this Report and Recommendation must be filed with the Clerk of Court within ten (10) days of the date of service of this notice. 28 U.S.C. § 636(b)(1)(C). Failure to file objections within the specified time waives the right to appeal the District Court's order. *Thomas v. Arn*, 474 U.S. 140, 155 (1985); *United States v. Walters*, 638 F.2d 947, 949-950 (6th Cir. 1981).

Exhibit “A”

Claim #	Investor	Amt of Invest	Net Claim Amt	Receiver's Proposed Claim
A-00397	Linda Zarzecki	\$20,150.00	\$31,000.00	\$20,150.00
A-00548	Milton W. Mueller	\$20,470.58	\$21,903.53	\$20,470.58
A-00549	Milton W. Mueller	\$20,000.00	\$23,600.00	\$20,000.00
A-00968	Marilyn W Keinath	\$18,261.38	\$21,548.42	\$18,261.38
A-00993	Ronald Seng Revocable Trust	\$100,000.00	\$156,000.00	\$100,000.00
A-01360	C. L. DeClue	\$10,000.00	\$12,800.00	\$10,000.00
A-02544	Carol A. Beerman	\$21,570.48	\$33,649.95	\$21,570.48
A-02717	Leilani Wleczyk	\$7,428.30	\$12,628.11	\$7,428.30
A-03198	Perry Martin Kagan	\$50,000.00	\$78,000.00	\$50,000.00
A-03199	Perry Martin Kagan	\$70,747.58	\$92,116.22	\$70,747.58
A-03200	Perry Martin Kagan	\$63,140.02	\$103,686.01	\$63,140.02
A-03760	Kiffayat Hussain	\$26,747.04	\$45,469.97	\$26,747.04
A-03761	Kiffayat Hussain	\$6,818.95	\$11,592.22	\$6,818.95
A-03762	Kiffayat Hussain	\$12,537.21	\$21,313.25	\$12,537.21
A-03763	Kiffayat Hussain	\$13,896.80	\$23,624.56	\$13,896.80
A-03764	Kiffayat Hussain	\$10,000.00	\$14,200.00	\$10,000.00
A-03765	Kiffayat Hussain	\$50,000.00	\$71,000.00	\$50,000.00
A-03766	Ruth Lacy	\$70,021.24	\$114,134.62	\$70,021.24
A-04173	Thomas Lee Ford	\$5,880.28	\$8,350.00	\$5,880.28
A-04275	Carol A Drzewiecki	\$7,000.00	\$8,575.00	\$7,000.00
A-04484	Ruth Elizabeth Cook	\$14,200.00	\$22,152.00	\$14,200.00
A-04738	Louis D. Cass	\$8,000.00	\$11,513.84	\$8,000.00
A-06078	Thomas Lee Ford	\$9,119.72	\$13,497.19	\$9,119.72

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MICHAEL J. QUILLING,
Receiver for Advanced Financial
Services, Inc.,

Plaintiff,

v.

TRADE PARTNERS, INC.,

Defendant.

Case No. 1:03-CV-236

Hon. Richard Alan Enslen

ORDER

This matter is before the Court to consider Milton W. Mueller's Objection to United States Magistrate Judge Ellen S. Carmody's Report and Recommendation of February 9, 2005. In accordance with 28 U.S.C. § 636, the Court reviews the Objection and the pertinent parts of the record *de novo*.

The instant Objection is made as part of a claim procedure ordered earlier in this suit. (*See* Dkt. No. 223.) Milton W. Mueller has now objected to two claim determinations (regarding A-00548 and A-00549). It appears that these claims were adjusted in that the investment amounts, but not interest amounts, were allowed by the Magistrate Judge. This was done because funds are not available to pay all of the lost investments let alone the interest payments, and the allowance of interest would require additional administrative work which would only deplete the available funds for distribution. It appears to the Court that these determinations were logical, equitable, and proper given the purpose of the receivership proceedings and the approved practice in this case.

THEREFORE, IT IS HEREBY ORDERED that Milton W. Muller's Objection (Dkt. No. 890) is **DENIED**, the Report and Recommendation of February 9, 2005 (Dkt. No. 871) is **ADOPTED**, and Receiver Bruce S. Kramer's First Motion to Disallow/Adjust "A" Claims (Dkt. No. 798) is **GRANTED** as set forth in the Report and Recommendation.

DATED in Kalamazoo, MI:
March 9, 2005

/s/ Richard Alan Enslin
RICHARD ALAN ENSLEN
UNITED STATES DISTRICT JUDGE