

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

In re:) Case No. 10-50494
)
FAIR FINANCE COMPANY) Chapter 7
)
Debtor.) Chief Judge Marilyn Shea-Stonum
)

STATUS REPORT FOR NOVEMBER 22, 2011 STATUS CONFERENCE

Brian A. Bash, Trustee herein, submits the following summary of the status of the Trustee's administration of the estate:

Since the October 18, 2011 Status Report To this Court, the Trustee, with the assistance of his professionals, has accomplished the following key items:¹

- a) The Trustee received \$315,679.95 from Duvera Billing Services, LLC on account of the Debtor's receivables portfolio. This is in addition to the \$331,053.67 received in October.
- b) Shelby County Bank has put \$260,000 in escrow for the benefit of the Trustee pending this Court's approval of a Motion to Compromise the Trustee's claims.
- c) The Trustee has received \$170,881.70 from Brizzi for Prosecutor, and \$15,000 from Carl Brizzi personally, with \$10,000 to be paid in future monthly installments.
- d) The Trustee reached agreements in principle with other debtors of the Debtor totaling approximately \$185,000, which are in the process of being documented.
- e) In the Trustee's *National Lampoon* case, Judge Fischer denied the Trustee's motion to appoint a receiver, but ruled in favor of the Trustee on National Lampoon's *Motion to Dismiss* the Trustee's complaint, allowing the Trustee to proceed with his claims to recover over \$9 million.

¹ The Trustee and his professionals have addressed and resolved many of the administrative issues in this matter. This list is not exhaustive, but focuses on the issues most significant to asset recovery.



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f) The Trustee filed a *Motion to Compromise* the Substantive Consolidation adversary proceeding against Diamond Investments and Obsidian Enterprises, Inc., which, if approved, will result in the assignment of substantially all assets of both entities to the Trustee.

g) The Trustee filed a *Response* to FCS Advisors' Motion to Dismiss the Trustee's Amended Complaint, and has filed an *Answer* to Westchester Fire Insurance Co.'s Answer and Counterclaim.

h) The Trustee filed a *Motion to Compel* Timothy Durham to appear for a deposition in the *McKibben* ad, and withdrew that Motion when Mr. Durham agreed to sit for a deposition. The Trustee has now deposed all individual defendants in the *McKibben* case.

i) The Trustee has filed a Motion for authority to sell certain personalty at a restaurant formerly belonging to Mr. Durham. The Trustee will receive approximately \$90,000 if the Motion is approved.

j) The Trustee continued negotiations with Blank Rome regarding claims to the proceeds of sale of Mr. Laikin's Los Angeles real property.

k) The Trustee's expert, Mr. Howard Klein, sat for a deposition in the *Laikin* case.

l) The Trustee has sent demand letters to numerous parties seeking to recover transfers pursuant to Chapter 5 of the Bankruptcy Code, reviewed responses to the same, and engaged in preliminary settlement discussions.

m) The Trustee's counsel and forensic accountant have focused efforts on identifying the Trustee's remaining claims and developing an orderly litigation strategy for pursuing those claims. The Trustee anticipates filing the majority of remaining claims during this month and December. The Trustee anticipates coordinating the filing of similar claims, so that discovery and briefing schedules might be consolidated in the interest of efficiency.

In the following weeks, the Trustee intends to focus on accomplishing the following key actions:

- 1) Developing and filing causes of action to recover funds for the estate, including avoidance claims under chapter 5 of the Bankruptcy Code, breach of contract claims against loan recipients, and other claims, in accordance with the orderly litigation strategy described above.
- 2) Taking depositions in Cleveland, Indianapolis, and Los Angeles, and issuing additional requests for documents and examinations pursuant to Rule 2004.
- 3) Continuing the investigation of the claims asserted by Blank Rome and Liberty International to the proceeds of the sale of Daniel Laikin's Los Angeles property.
- 4) Sending additional demand letters regarding obligations owing to the estate and avoidance claims, and pursuing a resolution of claims with the obligors.
- 5) Negotiating the potential sale of United Trailers, Obsidian's only operating subsidiary, on whose assets the Trustee holds a second lien.
- 6) Marketing and selling real property owned by Fair in Akron.
- 7) Investigating and responding to offers to purchase commercial real estate in Indianapolis.
- 8) Continuing to pursue discussions regarding potential settlement of (i) National Union's motion regarding advancement of proceeds under Fair's D&O insurance policy; and (ii) claims in the McKibben adversary proceeding.

Date: November 21, 2011

Respectfully submitted,

/s/ Brian A. Bash

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CERTIFICATE OF SERVICE

A copy of the foregoing has been served via ECF or regular, U.S. Mail, on November 21, 2011, on the attached service list.

/s/ Brian A. Bash

Brian A. Bash

SERVICE LIST

Electronic Mail Notice List

The following is the list of **parties** who are currently on the list to receive e-mail notice/service for this case.

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Manual Notice List

The following is the list of **parties** who are **not** on the list to receive e-mail notice/service for this case (who therefore require manual noticing/service).

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