

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 DECEMBER 20, 2011 STATUS CONFERENCE**

Brian A. Bash, Trustee herein, submits the following summary of the status of the Trustee's administration of the estate:<sup>1</sup>

**Outstanding and Forthcoming Litigation**

a) By the end of January, 2012, the Trustee expects to have approximately \$85 million in claims in pending litigation, excluding litigation against Timothy Durham, James Cochran and certain other entities. This consists of:

- a. The *Laikin* case (approximately \$25 million).
- b. The *National Lampoon* case (approximately \$9 million).
- c. The *FCS Advisors* litigation (approximately \$2 million).
- d. The *Osler* and *Geist Sports* litigation (approximately \$1.2 million).
- e. Complaints against persons who received money from the Debtor or related entities as loans or avoidable transfers. The Trustee has recently filed cases totaling \$834,252.45, has sent demand letters totaling \$9,454,501.41, which will be followed by suits if needed on a rolling basis, and expects to send demand letters and, if necessary, file suits on \$38,073,343.89 by the end of January.
- f. The Trustee is reviewing filing suit for approximately \$1 million in preference actions.

<sup>1</sup> 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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b) The Trustee also has the *McKibben* and *Obsidian / Diamond* litigation pending against insiders of the Debtor and entities they controlled. The Trustee seeks to recover all losses in the *McKibben* case, and approximately \$40 million in the *Obsidian / Diamond* case, but the defendants are known not to be collectible for the full amount of the Trustee's claims.

c) In addition, the Trustee expects to file at least one very significant lawsuit by the end of January and is analyzing fraudulent transfer claims potentially involving as many as three hundred fifty accounts totaling \$4 million.

### **Litigation**

a) The Trustee has responded to Donald D. Lyons and Joan L. Lyons' *Motion for Leave To File* an objection to the Trustee's settlement with Diamond Investments and the Wayne County litigants' objection to the *Brizzi* settlement.

b) The Trustee filed an *Amended Complaint* in the *Osler* litigation.

c) The Trustee filed stipulations of fact in the *Laikin* case, which will be referred to mediation if Laikin's forthcoming *Motion for Summary Judgment* is denied. There is currently approximately \$1.6 million being held in escrow from the sale of California property owned by Laikin to be applied to any liability Laikin may have.

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

e) The Trustee has sent subpoenas to numerous parties seeking information related to debts and avoidable transfers pursuant to Chapter 5 of the Bankruptcy Code.

### **Recent Recoveries**

a) Since the last status conference, the Trustee has received \$269,729.22 from Duvera Billing Services, LLC on account of the Debtor's receivables portfolio. The Trustee's recovery to date from the receivables portfolio is \$916,462.84.

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 pending approval of the Trustee's *Motion to Compromise*.

#### **Trustee's Focus In The Upcoming Weeks**

a) The Trustee's counsel and forensic accountant will focus efforts on identifying, developing and filing the Trustee's remaining claims and developing an orderly litigation strategy for pursuing those claims. The Trustee anticipates coordinating the filing of similar claims, so that discovery and briefing schedules might be consolidated in the interest of efficiency.

b) Issuing additional requests for documents and examinations pursuant to Rule 2004 and reviewing those productions.

c) 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.

d) Negotiating the potential sale of United Trailers, Obsidian's only operating subsidiary, on whose assets the Trustee holds a second lien.

e) Marketing and selling real property owned by Fair in Akron.

f) Investigating and responding to offers to purchase commercial real estate in Indianapolis, including an eminent domain proceeding relating to a portion of the property where a commercial medical building is located.

g) 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: December 19, 2011

Respectfully submitted,

/s/ Brian A. Bash

Brian A. Bash, Trustee (0000134)

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**CERTIFICATE OF SERVICE**

A copy of the foregoing has been served via ECF or regular, U.S. Mail, on December 19, 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

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