

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In re:)	Case No. 10-50494
)	
FAIR FINANCE COMPANY)	Chapter 7
)	
Debtor.)	Chief Judge Pat E. Morgenstern-Clarren
)	

Status Report

Brian A. Bash, the Chapter 7 Trustee for Fair Finance Company, hereby submits this report on the status of the pending adversary proceedings and this Chapter 7 case as required by this Court’s January 23, 2015 Order (Dkt. No. 1662).

Since the last status report in November 2014, the Trustee has recovered approximately \$664,489.46 for the benefit of the estate. The estate’s money market fund has a current balance of \$2,114,360.43. Those recoveries include \$263,740.96 received from the partial condemnation of 13590 North Meridian Street in Carmel, Indiana and the foreclosure of the remainder of the property; \$175,000 in insurance proceeds from the settlement of certain of the Trustee’s claims against Messrs. Durham and Cochran; and \$48,992.63 received from Cynthia Landeen in settlement of the Trustee’s claims against her.

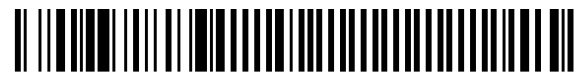
A. Pending Litigation

The following are the pending cases that the Trustee is pursuing:

1. *Bash v. Textron Financial Corp.* (Adv. Pro. No. 12-5101).¹ Both the Trustee and the remaining defendant, Fortress Credit Corp., filed cross-Motions for Summary Judgment. United States District Judge Patricia A. Gaughan denied both motions. A settlement conference has been scheduled for April 23, 2015, with confidential settlement position reports due on April 8, 2015. The Trustee intends to appeal the dismissal of the Trustee’s claims against defendant Textron Financial Corporation at the appropriate time.

2. *Bash v. Head* (Adv. Pro. No. 12-5097). This matter has been referred to a second round of court-annexed mediation on April 10, 2015, to assist with settlement discussions in light of the conditional settlement the Trustee reached with John Head in the *McKibben* litigation, Adv. No. 10-5038. The conditional settlement is subject to court approval.

¹ Unless otherwise indicated, all citations refer to the bankruptcy court docket rather than any district court docket.



3. *Bash v. Kaffen* (Adv. Pro. No. 12-5149). This case has been stayed until August 19, 2015.
4. *Bash v. Dalinger Designs, Inc.*, (Adv. Pro. No. 12-5111). The parties are in settlement discussions and the defendant has claimed an inability to pay the Trustee's claims. The Trustee is in the process of verifying the defendant's financial condition. A pretrial conference has been continued to April 9, 2015 to allow further settlement discussions.
5. *Bash v. McKibben* (Adv. Pro. No. 10-5038) / *Bash v. National Union Fire Insurance Co. of Pittsburgh, Pa.* (Adv. Pro. No. 13-5084) / *National Union Fire Insurance Company of Pittsburgh, Pa. v. Cochran* (Adv. Pro. No. 13-5116). The Trustee is close to settlement with all three remaining defendants in these cases. The Trustee has received signed settlement documents from James Cochran and will seek court approval for that settlement shortly. The Trustee has also reached a conditional settlement agreement with John Head and a settlement in principle with Daniel Laikin. Assuming the settlements are finalized and the relevant conditions met, the Trustee will file motions to compromise as to those defendants at the appropriate time.
6. *Bash v. Laikin* (Adv. Pro. No. 10-5043) (the "**Laikin Case**"). The parties have reached an agreement in principle to settle the matter and have jointly moved to postpone pretrial filing dates to March 3, 2015, pending documentation of the settlement. Trial in this case is still scheduled for March 9, 2015. Any settlement would be subject to review and approval by this Court.
7. *Bash v. National Lampoon*. This case is pending as number 11-cv-4999-DSF-AGR in the United States District Court for the Central District of California. Although negotiations have taken longer than expected due to late-rising settlement issues and the other obligations of National Lampoon's key manager, the parties have documented a final settlement agreement and National Lampoon is finalizing the schedules to that agreement. The settlement agreement will be submitted to this Court for review and approval once the schedules are finalized.
8. *National Lampoon v. Durham*. This case is pending as number 13-cv-1094 in the United States District Court for the Southern District of Indiana. The Court has set a settlement conference for April 30, 2015.
9. *Bash v. Williams Trusts* (Adv. Pro. No. 14-1169). The Court has entered a case schedule and scheduled a trial for October 2015. The parties are currently in discovery. On December 1, 2014, the defendants filed a Motion to Dismiss the Trustee's First Amended Complaint, which this Court denied on February 23, 2015.

C. Transition of Accounts Receivable

The Trustee has successfully transitioned the Debtor's accounts receivable portfolio from Duvera Billing Services, LLC to a new servicing and collections agency, Monterey Financial Services, Inc., after receiving court approval. The approximately \$2,000,000 in remaining receivables are mostly aged or delinquent accounts that will require collection actions to recover.

D. Real Estate and Other Assets

The following is a list of real estate and other assets from which the Trustee may recover funds for the estate:

1. United Expressline. The Trustee obtained the Court's approval to compromise his \$3.8 million secured claim against United Expressline for \$600,000, in connection with a management buyout of the company with the senior lender's consent. The settlement, of which \$93,348 remains outstanding, is secured by the company's assets and personal guaranties.
2. Escrow of funds from the sale of Daniel Laikin's Hollywood, CA residence (approx. \$1.2 million). The terms of the escrow agreement provide for payment to the Trustee toward satisfaction of a final judgment in favor of the Trustee in the Laikin Case. Whether the Trustee is entitled to these funds depends upon the outcome of the Laikin Case, and the Trustee anticipates that the funds will be addressed in the pending settlement.
3. Daniel Laikin's half-interest in a Malibu, CA residence owned jointly with his wife. Whether the Trustee has a claim against this property depends upon the outcome of the Laikin Case, and the Trustee anticipates that the funds will be addressed in the pending settlement. The Trustee's records indicate that this property had a taxable value of approximately \$4.67 million in 2013.
4. The Debtor's former headquarters (Market Street, Akron), estimated value of ~\$200,000.
5. Texas real estate owned by Tim Durham. This property is a free-standing home located in Gun Barrel City, Texas. The tax assessed value is \$324,010 as of 2013. The Trustee's initial diligence suggests a likely sale value of around \$215,000. The Trustee intends to market the home during the spring selling season and anticipates filing motions seeking appropriate authority and relief shortly.
6. Stock in National Lampoon. Tim Durham has assigned to the Trustee his stock in National Lampoon. National Lampoon has agreed to provide the Trustee with an accounting of its stock ownership records, but the Trustee believes that Durham has a substantial interest in the company. National

Lampoon stock currently has little face value, as it is delisted (on the “pink sheets”), but there have been numerous expressions of interest in acquiring the brand, and the Trustee’s diligence suggests that the stock ultimately may yield some value.

7. Stock in CLST. Tim Durham has assigned approximately 774,000 shares of common stock in CLST Holdings, Inc. to the Trustee. The Trustee also holds Fair Finance Company’s 1,969,077 shares of common stock in CLST and Diamond Investments’ 737,000 shares. CLST announced a distribution of ten cents per share, although the Trustee has not yet received the funds. The company is in liquidation and may have some additional value.
8. Stock in U.S. Rubber Reclaiming. This is an entity owned by Obsidian Enterprises, which has since assigned all of its assets, including its stock / equity interests, to the Trustee. The state of Mississippi has foreclosed on the real property owned by U.S. Rubber, but the Trustee has received expressions of interest in the stock and continuity of this 100 year-old brand. The Trustee is in discussions with a third party interested in a potential transaction. The Trustee does not have an estimate of value at this time.
9. Membership Interest in TC 860, LLC. The Trustee is in negotiations for TC 860 to buy back certain of its shares, which were assigned to the Trustee by Timothy Durham.
10. Stock in other entities. Tim Durham also has assigned to the Trustee the following stock:
 - (a) 6,618,421 shares of Danzer Corporation, a NY corporation;
 - (b) 1,377,140 shares of Inetnow, Inc., a DE corporation;
 - (c) 353,854 shares of Maneki Mining, Inc., a NV corporation;
 - (d) 500 shares of Digonex Technologies, Inc., an IN corporation; and
 - (e) 6,250 shares of Imperial Valley Biorefining, Inc., a CA corporation.

The Trustee does not believe that the stock in these companies, which are largely defunct, has significant value.

Date: February 26, 2015

Respectfully submitted,

/s/ Brian A. Bash

Brian A. Bash, Trustee (0000134)

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CERTIFICATE OF SERVICE

A copy of the foregoing *STATUS REPORT* has been served via ECF or regular, U.S. Mail, on February 26, 2015, on the attached service list.

/s/ Brian A. Bash

Brian A. Bash

Chapter 7 Trustee

SERVICE LIST

Electronic Mail Notice List

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