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10 Attorneys for Chapter 11 Trustee

11  
 12 IN THE UNITED STATES BANKRUPTCY COURT  
 13 FOR THE DISTRICT OF OREGON

14 In re  
 15 Summit Accommodators, Inc., dba Summit  
 1031 Exchange,  
 16 Debtor.

Case No. 08-37031-rld11

**DECLARATION OF KEVIN D.  
 PADRICK IN RESPONSE TO  
 OBJECTION TO ATTORNEY &  
 PROFESSIONAL FEES OF  
 OBSIDIAN FINANCE GROUP, LLC;  
 TRUSTEE, KEVIN PADRICK; AND  
 TONKON TORP LLC AND  
 WRITTEN REQUEST FOR  
 HEARING**

21 I, KEVIN D. PADRICK, declare as follows:

22 1. I am a principal with Obsidian Finance Group, LLC ("Obsidian"). I  
 23 am also the Chapter 11 Trustee for Summit Accommodators, Inc. ("Debtor") and the trustee  
 24 of the Summit Accommodators Liquidating Trust ("Liquidating Trust"). I submit this  
 25 declaration in response to Objection to Attorney & Professional Fees of Obsidian Finance  
 26 Group, LLC; Trustee, Kevin Padrick; and Tonkon Torp LLC.

1           2.       Except as otherwise indicated, all facts set forth in this declaration are  
2 based on my personal knowledge, my review of the relevant documents, information  
3 provided by me by employees working under my supervision, or my opinion based on  
4 experience, knowledge and information concerning Debtor's operations. If called upon to  
5 testify, I would testify competently to the facts set forth in the Declaration.

6 Stephanie Studebaker's Improper Conduct

7           3.       The objections were filed on behalf of three separate limited liability  
8 companies. Stephanie Studebaker-DeYoung was one of the signatories on the objections,  
9 which she claimed to sign on behalf of two LLCs—Klondike Point, LLC and Century Drive  
10 Mobile Home Park, LLC.

11           4.       Ms. Studebaker-DeYoung is the daughter of Mark Neuman, one of the  
12 Debtor's shareholders. Our investigation has revealed that Ms. Studebaker-DeYoung directly  
13 benefitted from her father's embezzlement, through loans from Inland Capital Corp.  
14 ("Inland") made to her directly for her personal use, to her CPA business and to LLCs in  
15 which she held or holds a membership interest, as follows:

16                   a.       In October 2001, Ms. Studebaker-DeYoung received  
17 \$57,381.01 from Inland as a loan to fund the purchase of home in Bend—that loan was  
18 ultimately transferred to either Mark Nueman personally or to his company, VSN Properties.  
19 Both Mr. Neuman and VSN have substantial outstanding loan balances to Inland. Neither  
20 Ms. Studebaker-DeYoung nor anyone else repaid the loan and Inland's records show that  
21 some of the interest that was supposed to accrue on the loan was written off.

22                   b.       In September 2006, Ms. Studebaker-DeYoung received  
23 \$100,000 from Inland as a bridge loan to purchase a residential property in Bend.

24                   c.       In 2003, Ms. Studebaker-DeYoung received \$9,500 from Inland  
25 in the form of three separate loans to help fund the start-up of her accounting practice.

26                   d.       Ms. Studebaker-DeYoung was and is a member in several

1 LLCs that received Inland loans, including two of the companies listed as objectors here—  
2 Klondike Point, LLC and Century Drive Mobile Home Park, LLC. She has received cash  
3 distributions from at least one of those LLCs.

4 5. Ms. Studebaker-DeYoung is, like her father, a certified public  
5 accountant. Our investigation has revealed that she prepared the tax returns for many of the  
6 individuals and entities that also received embezzled funds through Inland.

7 6. Ms. Studebaker-DeYoung has also engaged in improper and illegal  
8 conduct since this bankruptcy case was filed. On February 12, 2009, I and two other  
9 Obsidian personnel traveled to Bend to make a private presentation at the Debtor's offices.  
10 Ms. Studebaker-DeYoung had requested that we make the same presentation to the Debtor's  
11 shareholders that had been made to the Creditors' Committee. We met with the Debtor's  
12 shareholders, Ms. Studebaker-DeYoung, her mother and the Chief Restructuring Officer,  
13 Terry Vance. At no time were we informed or aware that the meeting was being recorded in  
14 any way—in fact, I even specifically demanded that no verbatim notes be taken during the  
15 meeting.

16 7. We recently learned that Ms. Studebaker-DeYoung had posted on her  
17 blog (at [www.summit1031bkyjustice.com](http://www.summit1031bkyjustice.com)) a video and audio recording of portions of the  
18 private meeting we attended at the Debtor's offices on February 12. Both the original  
19 recording of the meeting and the subsequent posting by Ms. Studebaker-DeYoung are Class  
20 A misdemeanors under Oregon law. Attached as Exhibit 1 to this Declaration is an excerpt  
21 from the website she has maintained showing the posting of the video recording. Attached as  
22 Exhibit 2 is a series of emails between Ms. Studebaker-DeYoung and my counsel in which  
23 we requested, and she refused, to remove the recording from her website.

24 8. Ms. Studebaker-DeYoung has also posted on her website what appears  
25 to be an audio recording that she made during an official court hearing in this proceeding, in  
26 violation of this Court's local rules. Attached as Exhibit 3 to this Declaration is an excerpt

1 from the website where she posts the recording, which can be found at  
2 [www.summit1031bkjustice.com/?p=1167](http://www.summit1031bkjustice.com/?p=1167). On her website, Ms. Studebaker-DeYoung has  
3 also posted false and defamatory information about this proceeding and the professionals  
4 involved in it, as shown on the excerpts attached as Exhibit 4 to this Declaration.

5 Obsidian's Fees Incurred Prior to My Appointment as Chapter 11 Trustee

6 9. Obsidian was engaged by Debtor on or about December 19, 2008, to  
7 provide financial, advisory, and consulting services to assist Debtor in its restructuring  
8 efforts. The engagement letter broadly defined the tasks that Obsidian was to perform on  
9 Debtor's behalf. A copy of the initial engagement letter is attached to this declaration as  
10 Exhibit 5, along with the revised engagement letter dated January 8, 2009.

11 10. From the time that Obsidian was engaged, through February 9, 2009  
12 (the date that Terry Vance resigned as Chief Restructuring Officer ("CRO")), Obsidian  
13 worked closely with and in compliance with instructions from Sussman Shank and Mr.  
14 Vance, and kept them apprised of Obsidian's activities—including its meetings with the  
15 Creditors' Committee. Attached as Exhibit 6 is a series of emails concerning the meeting  
16 with the Creditors Committee which Ms. Studebaker-DeYoung contends occurred without  
17 Mr. Vance's knowledge. The emails show that, in fact, Mr. Vance and Sussman Shank were  
18 aware of the meeting. After Mr. Vance ceased acting as the CRO, Obsidian continued its  
19 work on Debtor's behalf consistent with the terms of the engagement letter.

20 11. My staff and I have reviewed the document attached as Exhibit D to  
21 the Objections. Ms. Studebaker-DeYoung and the other objectors claim this Exhibit shows  
22 work Obsidian performed trying to obtain the "trustee's job" and somehow working contrary  
23 to the duties that Obsidian was engaged to perform. The Objectors' characterization of  
24 Obsidian's work is simply untrue, as shown in the summary of Obsidian's time entries below:  
25  
26

<u>TASKS</u>	<u>FEES</u>
Preparation for and attendance at meetings with the Committee which were either attended with Vance or attended with his knowledge	\$6,935
Tasks specifically enumerated in Obsidian's Engagement Letter with Summit (primarily asset transfer, trust agreement, mitigation and interim distribution)	\$5,175
Expert testimony for the Committee	\$1,985
Fees incurred <u>after</u> Terry Vance's February 9, 2009 agreement to cease acting as CRO	\$32,985
<b>TOTAL</b>	<b>\$47,080</b>

12. As shown in the summary above, virtually all of the time entries listed in the Objectors' Exhibit D directly contradict the claim that Obsidian was acting outside the scope of its engagement or without Mr. Vance's knowledge. To the extent that Obsidian provided services prior to February 9, 2009, it did so consistent with the terms of its engagement and, in fact, with Sussman Shank's or Mr. Vance's knowledge or consent. Additionally, the work Obsidian performed after February 9, 2009, was consistent with the terms of Obsidian's engagement letter with Debtor. Moreover, after Mr. Vance resigned, the Creditors' Committee and Sussman Shank represented to me that they wanted me to act as CRO in Mr. Vance's absence. As a result, a portion of the work performed after February 9, 2009, was in preparation for assuming the CRO role.

Fees Incurred in Diligently and Aggressively Pursuing Assets and Claims for the Creditors

13. As this Court is aware, we succeeded in securing the turnover of the Debtor's shareholders' ("Shareholders") assets ("the Turnover Assets") pursuant to 11 U.S.C. § 542, as part of the adversary proceeding brought against the Shareholders. The Turnover Assets included all of the Shareholders' rights in membership interests in various limited

1 liability companies ("the Turnover LLCs")—some of which held property directly and others  
2 which held membership interests in other LLCs. At the time of the turnover, the  
3 Shareholders held 100 percent of the membership interests in certain of the Turnover LLCs.  
4 But, in other Turnover LLCs, there were members other than the Shareholders—for example,  
5 Ms. Studebaker-DeYoung holds an 18.33% membership interest in Klondike Point, LLC,  
6 while the Trustee now holds a 63.32% interest.

7 14. Pursuant to the turnover, in my capacity as Trustee (and now as trustee  
8 of the Liquidating Trust), I hold a full membership interest in each of the Turnover LLCs and  
9 have asserted my rights as a member in those LLCs. Contrary to the Objectors' assertion,  
10 this is not a case where a party merely acquired rights in an LLC as a judgment creditor such  
11 that the acquired rights are limited to only an economic interest. Here, I obtained much  
12 broader rights—namely, the Shareholders' full membership interests in the LLCs under  
13 Section 542 of the Code.

14 15. Moreover, the majority of the Turnover LLCs received, either directly  
15 or indirectly, embezzled exchange funds via loans from Inland. And many of the members  
16 of the Turnover LLCs also personally received embezzled funds via Inland loans—including  
17 Ms. Studebaker-DeYoung herself, as described in paragraph 4 above. As a result, I have  
18 obtained on behalf of the estate much broader rights in the Turnover LLCs.

19 Fees Incurred in Connection with Reasonable and Necessary Meetings

20 16. The Objectors contend (in their attached Exhibits H and I) that it is in  
21 some way improper to have any meeting in which more than three people are present. Given  
22 the broad range of complex issues and tasks involved in this bankruptcy proceeding, it was  
23 and is certainly more efficient in many instances to have team meetings or conference with  
24 three or more people rather than a series of meetings on the same topic or topics.

25 Additionally, as a result of the complex nature of the issues and the numerous tasks to be  
26 completed, there was a substantial amount of coordination and oversight necessary to

1 properly manage this case. For example, my advisors and I were responsible for, among  
2 other things, managing Debtor's operations and cash accounts, overseeing the bankruptcy  
3 proceeding, providing information to and responding to requests from exchange creditors,  
4 analyzing Debtor's real property interests, financial analysis and investigation of Debtor  
5 (including reviewing the Debtor's emails and financial and transaction records that provide  
6 the basis for claims against third parties), proposing a joint plan of liquidation, negotiations  
7 with the Shareholders, completing pending 1031 exchanges, and investigating and pursuing  
8 third party claims.

9           17. Moreover, in Exhibits H and I, the Objectors misstate the time entries  
10 made by Obsidian, Tonkon Torp and me in such a way as to inflate the time that was billed.  
11 In some instances, one or more of the meeting participants billed less time for a meeting than  
12 did other participants (for example, that person may have attended only part of the meeting).  
13 Rather than using the actual time that person entered, the Objectors in Exhibits H and I  
14 incorrectly increase each participants' time for a particular meeting to the highest amount of  
15 time entered by any one person for that meeting. As a result, Exhibits H and I inflate the  
16 time that was actually billed.

17           18. Exhibit K purports to list so-called "discrepancies" in the time entries.  
18 There are many reasons why one person might bill time for a joint task and another person  
19 might decide not to bill for that time. For example, they may have decided that it was  
20 appropriately billed by only one person. But the failure of one person to include a time entry  
21 is not a proper basis to object to the time properly recorded by another person.

#### 22 Fees Incurred In Connection with Completing 1031 Exchanges

23           19. The process of completing exchanges was critical to the bankruptcy  
24 proceeding, because it mitigated the potential damages claims against the estate arising out of  
25 failed exchanges. My staff and I worked with counsel to complete exchanges, most of which  
26 were reverse exchanges where property was held by Debtor's affiliate, Three Sisters

1 Development Co., Inc. ("Three Sisters"). The process by which we completed exchanges or  
2 returned property was extremely fact-specific and demanding—each exchange transaction  
3 involved unique circumstances and different exchange agreements and typically involved  
4 strict time limitations. In general, the process required me to terminate all agreements  
5 between Debtor and the exchange customer, to execute deeds, to prepare escrow closing  
6 instructions, and to collect any unpaid or additional fees from the exchange customer prior to  
7 closing. Since the Debtor successfully advertised itself as an expert in handling the most  
8 complex exchanges, several exchanges had unique circumstances that required special  
9 arrangements to be made. For example, in one instance, my counsel and I had to work to  
10 secure a lease for grazing rights. Moreover, at the outset of this case, we had to obtain Court  
11 approval and authority from the Shareholders (who controlled Three Sisters) to complete  
12 each and every exchange.

13           20. The Objectors complain that the exchanges could have been more  
14 efficiently completed if they had simply been assigned to other qualified 1031 intermediaries.  
15 That is not the case. In fact, the Marsh/Schaffer exchange that the Objectors cite as the  
16 second most expensive exchange was assigned out to another qualified 1031 intermediary.  
17 More importantly, transferring exchanges to other qualified 1031 intermediaries is far more  
18 complicated than the Objectors imply. For example, other qualified 1031 intermediaries  
19 requested additional consents from me and counsel for the Creditors' Committee. In one  
20 instance, a title company associated with a new accommodator withdrew from closing a  
21 transaction. And, significantly, a number of the exchange customers had financed their  
22 replacement property acquisition using third party debt which contained "due on sale"  
23 clauses. Transferring such exchanges and the associated special purpose entities to other  
24 qualified 1031 intermediaries without consent of the third party lender would have adversely  
25 impacted the agreement.



1 Fees Incurred in Connection with Recovering and Liquidating Assets

2 21. Ms. Studebaker-DeYoung and the other objectors claim that I have  
3 recovered minimal assets for the benefit of the estate. But Ms. Studebaker-DeYoung herself  
4 has publicly stated that the Turnover Assets—which the Trustee was able to secure from the  
5 Shareholders—have a value of over \$11.8 million. Attached as Exhibit 7 is a printout from  
6 her website where she makes that claim.

7 22. The Objectors claim that I have rejected or failed to respond to "valid  
8 fair market value offers" made for the Turnover Assets, to the supposed detriment of the  
9 estate. They list the LLCs and properties involved on Exhibit M to the objection, along with  
10 the supposed values of the properties and the resulting loss to the creditors. This claim is  
11 wrong, as described below:

12 a. Klondike Point, LLC: I did receive an offer from Ms.  
13 Studebaker-DeYoung to purchase the 63.32% interest in Klondike Point that I hold for the  
14 benefit of the creditors. I did not accept the offer because it was so obviously below fair  
15 market value. The Shareholders' own valuation of their interest in Klondike Point was  
16 \$439,233.20. And in the recent production from Ms. Studebaker-DeYoung, she produced an  
17 email in which she valued that interest as high as \$291,000 after taking into account all  
18 outstanding debt. Attached as Exhibit 8 is a copy of the email correspondence produced by  
19 Ms. Studebaker related to Klondike Point which shows the valuation. Yet, Ms. Studebaker-  
20 DeYoung made an offer to purchase the same interest for a mere \$24,851. Although my staff  
21 and I have valued the property at significantly less than the Shareholders and Ms.  
22 Studebaker-DeYoung, the offer of \$24,851 was well below fair market value.

23 b. Smith Brothers/Blue Sky: My staff and I have been  
24 negotiating for some time with the other member/owner of the Smith Brothers and Blue Sky  
25 assets. We recently reached an agreement that will result in substantial value for the  
26 creditors.

1 c. Boulder House: This is a residential property located in  
2 Boulder, Colorado that was owned 50 percent by Mark Neuman and 50 percent by Mark  
3 Neuman's son, Kenyon Neuman (Ms. Studebaker-DeYoung's brother). Our investigation has  
4 revealed that Kenyon Neuman obtained his 50 percent interest despite the fact that he did not  
5 contribute any funds to purchase the property. We have attempted to list the property for sale  
6 at \$560,000, but have been unable to because Kenyon Neuman has refused to agree to waive  
7 the 50% ownership interest that he improperly received.

8 23. The Objectors raise the issue of the office furniture that was sold for  
9 \$7,560. We sold the Debtor's office furniture using the proper procedures required by the  
10 Bankruptcy Code. We invited interested parties to submit bids and received several bids.  
11 We sent out notice of the sale and did not receive any over-bids. The Court ultimately  
12 approved the sale. Contrary to the Objectors' assertion, neither I nor Obsidian will receive  
13 any commission on the sale.

14 **I DECLARE UNDER PENALTY OF PERJURY THAT THE**  
15 **FOREGOING IS TRUE AND CORRECT.**

16 This Declaration was executed on this 17th day of August, 2009.

17  
18 /s/ Kevin D. Padrick  
Kevin D. Padrick

# **Exhibit 1**

# SUMMIT 1031 BK JUSTICE

A PUBLIC UPDATE FOR INTERESTED PARTIES

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[KEVIN PADRICK & OBSIDIAN FINANCE PRESENTATION](#)

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## Kevin Padrick & Obsidian Finance Presentation

The principals of Summit contracted with Kevin Padrick & Obsidian Finance in December of 2008 prior to filing for Chapter 11 Bankruptcy. Kevin Padrick had assured them that his company was the right one to use in order to get the maximum value returned to the creditors. The shareholders had been in the dark so long, they were growing concerned with the lack of action and communications from Summit's Bankruptcy attorneys, Sussman Shank. Kevin Padrick had not communicated with Terry Vance (the Chief Restructuring Officer at this time, or rather, Obsidian Finance's boss) since Obsidian Finance was hired by Summit 1031 back in December of 2008.

The people present at the meeting were as follows....

*ME (Stephanie Studebaker-DeYoung) - Daughter, and one of the many LLC members being drawn into the Summit BK court.*

*Terry Vance - At this time was the Chief Restructuring Officer (CRO) for the Summit BK court.*

*Mark Neuman (My Dad) - Principal of Summit Accommodators Inc.*

*Jan Neuman (My Step-Mom, Dad's Wife) - Substitute Teacher/Home-maker*

*Tim Larkin - Principal of Summit Accommodators Inc.*

*Lane Lyons - Principal of Summit Accommodators Inc.*

*Brian Stevens - Principal of Summit Accommodators Inc.*

*Kevin Padrick - Current Trustee for Summit & senior principal and cofounder of Obsidian*

*Ewan Rose - Employed by Obsidian Finance*

*Ryan Norwood - Employed by Obsidian Finance*



Tension was palpable as we all sat down at the Summit conference table. The atmosphere of the place was sullen, quiet, empty, and sad. This used to be a prosperous business with a "family" of employees made up of many talented individuals working hard but having lots of good "family" fun. Not anymore. Now it was just four frustrated principals, Vance, Padrick, Rose, Norwood, Jan and I here to have a meeting to discuss Padrick's plan to get

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the exchangers paid off. Instead of asking to see his presentation, Tim addressed Kevin Padrick with his concerns...

Tim: My concern, is that when we originally met back in December, there were several things that Obsidian put forward that they could do for us...move quickly, engage the insurance companies almost immediately, work fast enough perhaps so we could preserve some exchanges. At that time, the 45-day date had not passed. That was something that you, Kevin, put forth and there was a reason to engage you in the process. So we spent a week or so putting together all of the information that we could with our hopes that this thing was going to move forward quickly. And that, in fact, this thing was going to move forward quickly and that, in fact, because Obsidian was being retained by us in the process that we would be getting some communication from you. And in the process, at least from my perception, you guys are doing an end around us...selling yourself to the creditors' committee. We are getting absolutely no feedback. We're seeing absolutely no results that you put forth you were going to bring to the table. And so, obviously, we start getting concerned. We're concerned because we start hearing things that perhaps at the presentation to the creditors' committee you are presenting what we felt was a more complex position and structure than what we have going here. The things like the Three Sisters Development LLC were very complex when truly they don't even come into play, or minimally, in this whole thing. That's when I think all of us became concerned about what we have done here. We have put out \$100,000 of exchanger money, essentially, and we're seeing nothing from it and we're getting no communication from this firm that we retained to help us with that. If you could, kind of respond to what it is you have been doing and why none of the communication is coming to us.

Kevin: OK, then, that sounds more like...umm...an interview and if you want to know what we've done...we started day one...

Stephanie: Yes, we would like to know what you've done.

Mark: Hey just answer the question. I don't know what the problem is here. That's a fair question. Just answer it Kevin. I want to hear it.

Kevin: Well that's fine. I'm glad that you want to hear it. That's not a question. It's a question of whether it is appropriate to have Terry here when we are going through these questions.

Stephanie: I don't see that if you don't have anything to hide here...

Kevin: It's not hiding anything.

Stephanie: Ok, can you give us the information that you can give us in front of Terry regarding this question?

Tim: Let me just say one other thing. In this engagement letter that you sent to us, you basically said you were working for the company under the direction of the CRO, who is Terry. So I don't know when that changed or why now that is different and why you care if Terry is here or not.

Mark: Right. As far as I'm concerned, you're still working for Terry. Why wouldn't he be in on this meeting?

Kevin: Well, again, Terry knows what we are doing. I mean that's not the issue.

Stephanie: Terry, do you know everything?

Terry: Not everything...absolutely not.

Stephanie: We are all actually not quite sure what you are doing.

Mark: Because there's been no communication. So we're just asking what happened here.

Kevin: Well, uh, we'll start and answer a few of your questions, but if we're going to move on...

Stephanie: We would like to move on, but we would like you to answer the question.

Kevin: I understand. If, uh, if we're going to do all this...

Stephanie: Just answer.

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Kevin: Ok...we started the very first night, the very first night with exactly what needed to be done in this case. We started moving the next day as to what needed to be done. We had a communication where we were told we were moving too fast and Sunday...that very first weekend. K. Just so you know what was going on.

Tim: That communication was from...

Kevin: It was from counsel and from Terry. And, ummm, we said there are issues with the bonds, issues with the insurance policies. Can we figure out how to mitigate our two jobs, that are to figure out how to maximize the value of the assets and look, if this is going to be a deposition, we're going to stop. If you're going to take notes here of everything I'm saying, we're going to stop.

Mark: But, why...

Kevin: If you want your attorneys to depose me, then set up a .....

Mark: You can take notes on everything I say. I just want to know what's going on.... Because you know frankly, you know you've had this thing...you came in just exactly how Tim put it and basically sold the job and as soon as you sold the job the communications stopped. And it is just very interesting here how scared you are to talk about this and say this is what's going on. Just put everything on the table and let's get a working relationship and an understanding going Kevin. This reaction you've got here isn't going to take anything anywhere to getting a trusting relationship where we go, "Wow, we feel good about what these guys are going to do." I mean, you haven't told me what you do to bring value to this. I have no idea. Apparently, other than listing stuff with realtors. Let's say you've got 6% commission with realtors. Whatever the proceeds are..... Let's just throw out a number..... \$10 million..... just by getting this job alone and listing this stuff with realtors, you get \$900k on the table for your company. So that doesn't motivate me to do anything other than just land the job. It's kind of like a realtor.... They're going to get a commission if they just land the listing and they don't have to do much else. These are fair questions. I don't understand why you seem to be hesitant to answer any questions and just have an open discussion about this.

Kevin: I'm happy to have an open discussion, but if you're going to take down verbatim what I...

Mark: You thought that you were going to come over here and have a meeting and we weren't going to take notes?

Kevin: No, I uh. As I'm speaking you're typing.

Mark: That's right. Cuz we want to take notes on what you're saying Kevin. And I'm seeing you having a fear to being held to what you said.

Kevin: Well, look...I don't want to have this thing blow up and then have a situation where you're sitting there taking notes and this and this...and have you say, "Kevin said this..." That doesn't promote an open discussion. If you want to have a deposition, that's fine, we'll have a deposition. If you want to have an open discussion, then let's have an open discussion.

Mark: You write notes of everything we say, and we'll write notes of everything you say, and that's how we'll get a working relationship. It will just be fair for both...

Stephanie: You guys, you know what, we're just going to pass on the notes. OK.

Tim: I think that at the end of the day, our desire is to get as much value as possible as quickly as possible to the creditors. We have no other agenda.

Kevin: But that's our agenda. That's exactly our agenda.

Tim: We may not agree on everything that is discussed here at this table and there may be some tension that arises over that. I will say that we come to this meeting with a bit of a defensive stance because we feel like you did an end-around on us. Rightly or wrongly, lack of communication has put us in this position. Let's get that communication out. Let's talk about why Obsidian would be the best solution to this. So that we can evaluate that, and determine whether that is the best solution. I don't know how to emphasize this enough. We just want to move as quickly as possible with the greatest value as possible for the creditors. That is all that we want. But there has to be this trust. Whether you're talking about marriage, kids or whatever... if there's not communication, you can't have trust.

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Kevin: That's fine. We immediately started to analyze all the exchange transactions and started researching immediately how do we mitigate damages. Our view was that the exchange transactions needed to go forward as soon as possible. We needed to authorize them in blanket, because it is critical that we not have damages accruing because those damages are difficult to measure. As you know, because you're experts in this. The damages are difficult to measure because could be taxed and normally you present value it back at some point in time. It's hard to determine exactly when, because someone could say, look, I was going to die and get a stepped-up basis and I was never going to pay tax. It is a complicated matter, so our view was, let's avoid the damages however we can. So we started on all the mitigation strategies and then we were told "stop, don't do that". Kevin said why. They said because we (Sussman), Terry and the law firm will handle it. Okay. That's what we understood we were supposed to be doing. Okay, we'll stop. And we tried to get involved a little bit again, and we were told send all of the files they had on exchanges to SussmanShank. And we did. K. So we no longer had the files. So we couldn't do anything. We then went to the creditors' committee. I'm just going to take the mitigation first and then the real estate. We met with the creditors' committee and we were instructed to.... Initially we were all going to meet with the creditors and wanted to have an open meeting with them and present the information that you had presented to us and that we had supplemented. We were told we couldn't present that information to the creditors, so we didn't.

Mark: Did you understand why?

Kevin: It's a confidential communication. The creditors' committee has to keep it confidential and ultimately signed a confidentiality agreement, we were sent back. So remember the creditors' committee at the request of Terry, we met with the creditors' committee. We didn't do any end-run. We were told to go to the creditors committee and work out an agreement with them. Okay. We then did that. Sat and we had hours of meetings, then we had phone calls and on and on and on and on.

Terry: Excuse me Kevin, hold it right there. Let me correct you. I never instructed you specifically to go to the creditors' committee.

Kevin: Uhhh.... That's what we were told, that you had instructed us. We were supposed to go meet with the creditors...

Terry: Did I say that to you? Did I say that to you?

Kevin: I don't know whether you said it to me or Sussman said it to me.

Terry: Who the hell said it to you? That's what I'm asking.

Kevin: We can go back and look through the emails and figure it out. I don't know why it is important to know whether it was Sussman that said it to us or somebody else.

Terry: Don't say that I'm saying things if I did not personally say them to you.

Kevin: I'm assuming if I was told by Sussman that you said it, that it was said.... But I don't know.

Stephanie: Well, we would like to know who said this.

Kevin: Okay.

Mark: I know you don't think it is important, but maybe it is important to us.

Kevin: Okay.

Mark: We really do need to know who said this. Anyway, go on....

Kevin: So we went to the creditors and we spent those hours. At the very first meeting we had with the creditors they said, we're very concerned about mitigation. We said we completely agree. The mitigation damages are stacking up and it is to everybody's disadvantage and something needs to be done. And they said, well we've got some ideas, and we listened to some of their ideas. Some of them were kind of off the wall and some of them showed some creativity. So they said please go and see what you can research. So with that, we went back and focused on how to mitigate. By the next day we came up with a strategy that we thought worked. And we went back to the creditors and to Sussman and said here's our idea. This is how we think these damages can be mitigated. And they said, okay. We want to have our 1031 attorneys, creditors and Sussman talk about it. Right, but

I said then let's do it, let's not wait. And they said okay, we'll discuss it. And we were told that it was going to be handled by Sussman and the creditors' committee. Okay? But you guys have a melting ice cube here and you need to do something about it. And, today we sit where we are and we are only handling certain 1031 exchanges on an individual basis and no blanket order. And the damages are stacking up in the millions of dollars. Now they could be present valued back and argue it was less. Somebody could argue that they are stacking up into the millions of dollars. Ummm, it's clearly not our deal. Literally, on the second day we were drawing up an engagement letter. We think that it is crucial to mitigate these damages. We talked again to Sussman and said we've got to have a blanket order. Sussman said we'll get to work on it right away. So I am expecting and I hope to have a blanket order one of our people talk to Sussman and try to get a blanket order going right away. Specifically for the forward exchanges.

Terry: Lane, how long have I been talking to you about a blanket order?

Lane: Since about right when we got here. Once he figured out what a reverse was, and we've been harping on it for six weeks but the communications with Sussman have been difficult. You send anything over to Sussman and it just dies. You get a bunch of explanations about how bankruptcy is complicated and Three Sisters isn't under the jurisdiction and blah, blah, blah. And it's just much to do about nothing. Like you said, damages have been stacking up and for no f-ing reason whatsoever.... none. Unless the creditors' committee is off in left field and thinks that they should get these properties.

Kevin: No, they want damages mitigated, let me tell you.

Mark: Let me ask one question. Why did you choose to not communicate with us since early January?

Kevin: Because we weren't in a position to communicate with you. What we were doing was to be responsive to doing what we were asked to do.

Mark: By who?

Kevin: We were asked to do so, specifically by Terry and Sussman. And honestly we didn't even contemplate that we were supposed to come back and talk to you. We thought we had two jobs. That's what we thought our two jobs were. And we embarked on both those jobs.

Terry: How much time did you spend with the creditors' committee?

Kevin: I don't know how many hours...I don't know.

Terry: Because I've gotten communications back through the creditors' committee regarding your guys' work rather than getting it directly from you. I have a problem with that.

Kevin: Terry, if you felt that there wasn't communication, all you had to do was talk to us.

## Click here for Part 2

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# **Exhibit 2**

**David Aman**

---

**From:** David Aman  
**Sent:** Tuesday, July 14, 2009 1:56 PM  
**To:** 'Stephanie Studebaker'  
**Subject:** Summit: Video posting and transcript

Ms. Studebaker:

As you know, I represent Kevin Padrick. It has come to our attention that you have posted a video on [www.summit1031bkjustice.com](http://www.summit1031bkjustice.com) of a meeting involving Kevin Padrick and others. The video posting includes an audio recording of the meeting. You have also posted a transcript made from the audio recording.

Mr. Padrick and the other Obsidian personnel did not consent to being recorded at the meeting nor did they know they were being recorded. As a result, the person responsible for surreptitiously recording the meeting committed a Class A misdemeanor under ORS 165.540(1)(c). Moreover, your subsequent posting of the illegal recording and transcript constitute an additional Class A misdemeanor under ORS 165.540(1)(e).

We request that you take the video posting and transcript off the website immediately. Please confirm by email to me no later than 3 p.m. today that you have done so, and that you will not engage in further criminal conduct with respect to the recording and transcript.

Regards,

David S. Aman  
Partner  
Tonkon Torp LLP  
1600 Pioneer Tower  
888 SW Fifth Avenue  
Portland, Oregon 97204  
direct dial: (503) 802-2053  
cell: (503) 810-0850  
direct fax: (503) 972-3753  
email: [david.aman@tonkon.com](mailto:david.aman@tonkon.com)

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**David Aman**

---

**From:** Stephanie Studebaker-DeYoung [stephanie@studeycpa.com]  
**Sent:** Wednesday, July 15, 2009 8:31 AM  
**To:** David Aman  
**Subject:** RE: Summit: Video posting and transcript  
**Attachments:** presentationtaping\_20090715114130.pdf

David,

I already researched the legality of this taping. Please see attached.

Thanks,  
Stephanie

---

**From:** David Aman [mailto:david.aman@tonkon.com]  
**Sent:** Tuesday, July 14, 2009 1:56 PM  
**To:** Stephanie Studebaker  
**Subject:** Summit: Video posting and transcript

Ms. Studebaker:

As you know, I represent Kevin Padrick. It has come to our attention that you have posted a video on [www.summit1031bkjustice.com](http://www.summit1031bkjustice.com) of a meeting involving Kevin Padrick and others. The video posting includes an audio recording of the meeting. You have also posted a transcript made from the audio recording.

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8/17/2009

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Marc Andersen, Attorney at Law, LLC

541-383-2100

777 NW Wall Street, Suite 101

fax: 610-1747

Bend, Oregon 97701

[mandersen@qwestoffice.net](mailto:mandersen@qwestoffice.net)

---

June 2, 2009

TO: *Stephanie Studebaker*  
265 NW Franklin, Ste. 101  
Bend, Oregon 97701

Dear Ms. Studebaker,

*I researched an issue for you related to recording public and/or semi-public meetings. The facts as I understand them are as follows.*

- 1. A public presentation with questions and answers was made to the creditors by Obsidian. No one was excluded from the meeting. A recording of the public meeting was made. Unsecured creditors were allowed to order a recording of the presentation without restrictions on content and/or distribution.*
- 2. Summit made a request to the Bankruptcy Court on approximately February 11, 2009 that Obsidian provide the same presentation to them. The Court thought this was advisable and suggested the trustee attend said meeting. Said presentation was made to Summit and members of the public on or about February 12, 2009.*
- 3. At the February 12, 2009 presentation, a very visible recording device was on, and its recording light and said recording device were directly in view(unconcealed) of Obsidian while they gave their presentation which included questions and answers.<sup>1</sup> Obsidian was aware that members of the public and non-principals were present. Obsidian did not move to exclude anyone from the otherwise public hearing.*

---

<sup>1</sup> Kevin Padrick wanted to prohibit people from taking handwritten notes (apparently inaccurate hearsay concerns); however, this is an infringement on the publics' rights under Oregon Const. Art. 1 Section 8. Moreover, taking handwritten notes (and even later transcribing them), concealed or not, does not violate any Oregon Criminal Statute in face to face meetings. State v. Knobel, 97 Or. App. 559 (1987).

4. *The person(s) who recorded the meeting were members of the public.*
5. *All notes regarding said meeting were not privileged, and they could be provided to the Court and/or trustee by way of lawful declaration – as determined by Robert Opera.*
6. *Person(s) recording said meeting relied in good faith upon ORS 165.540(6)(a) in making and/or distributing said contents of communication as a public and/or semipublic meeting (such as a creditors/debtors meeting presentation without public exclusion). See ORS 165.671*

***Legal Conclusion:***

*The Oregon rule prohibiting some recordings under ORS 165.540(1)(c) does not apply to the recording made on or about February 12, 2009 for the following reasons:*

- a. *As discussed above, said meeting was public and/or semi-public.*
  - *Creditor's and debtor's meeting presentations did not exclude members of the public.*
  - *Same presentation to creditors was recorded and recordings of presentation were available to unsecured creditors without exclusion.*
  - *Information pertaining to presentations could lawfully be conveyed back to judge and/or trustee.*
  - *Meetings were held with court approval.*
  - *Person(s) recording meeting were members of public.*
  - *Obsidian was aware members of the public were present at said meeting.*
  - *In the past Obsidian has demonstrated the ability, with these particular members of the public, to exclude them when they held meetings they did not consider public and/or semipublic meetings.*
- b. *As discussed above, said recording device light was on; and, device and light were directly visible and unconcealed from view of those being recorded.*

- c. *Person(s) recording said meeting were under the good faith belief that they were in compliance with ORS 165.540(6)(a). See ORS 165.671.*

*Federal Law does not restrict face to face recordings where the recording party is at least one participant in the conversation and no third party is simultaneously secretly listening in.*

*If any of the facts I listed above are incorrect, my legal conclusion cannot be relied upon. In such case, you may want to update my understanding of the facts in this case.*

*Sincerely,*

*Marc Andersen, Attorney-at-Law*

**David Aman**

---

**From:** David Aman  
**Sent:** Friday, July 17, 2009 4:19 PM  
**To:** 'Stephanie Studebaker-DeYoung'  
**Subject:** RE: Summit: Video posting and transcript

Ms. Studebaker-DeYoung:

We have reviewed the June 2, 2009 memorandum from Marc Andersen, which you sent to me by email on July 15, 2009. The memorandum only further confirms that (a) the recording of the February 12 meeting was criminal and (b) your subsequent posting of the recording and transcript was and is criminal as well.

Mr. Andersen made clear in his memorandum that he based his legal conclusion on the background "facts" you provided him. He also made clear that his legal conclusions could not be relied upon if the facts were incorrect. The background facts you provided him were not only grossly incorrect, but were clearly concocted in order to allow you to get the ultimate legal conclusion from him that you wanted. As a result, it is not at all surprising that Mr. Andersen's ultimate legal conclusion was incorrect. We will correct your version of the "facts" below:

Your "Fact" No. 1- False and irrelevant

Your statement that Obsidian made a presentation to the creditors at a recorded, public meeting prior to February 12, 2007 is simply false. If you are referring to the presentation that Mr. Padrick made to the creditors committee, that was not at a public meeting. And it was not recorded. If you are referring to the Section 341(a) meeting with creditors as provided under the bankruptcy code (which was recorded), no one from Obsidian even attended that meeting or made a presentation.

But even if Obsidian had made such a public presentation (which it did not), that does not mean that the February 12 meeting was a public meeting. To the contrary, it was held in a private office, with a limited number of attendees. It was not open to the public. In fact, Mr. Padrick made clear from the outset that he did not want anyone to take notes and he even at one point asked for Mr. Vance to leave the room.

And finally, Obsidian never made a presentation on February 12—because it was never provided the opportunity.

Your "Fact" No. 2- False and misleading

You have referred to "Summit" taking certain actions on or around February 11. We are unaware of "Summit" taking such actions—since Summit at that point could only have been acting through Terry Vance. It is our understanding that you—not "Summit"—asked the U.S. Trustee's Office for a meeting with Obsidian so that Obsidian could make a presentation to you and the Summit shareholders. We also understand that on February 11, you asked Judge Dunn if Obsidian could come make the same presentation to you and the shareholders that was made to the creditors' committee. (Of course, the fact that you twice asked to have the presentation made to you only further confirms that you could not have obtained a recording of it, contrary to your statement in "Fact" No. 1. If it had been recorded, you could have simply obtained the recording.) Judge Dunn did not issue any order requiring



Obsidian to make a presentation to you or anyone else.

On February 12, Mr. Padrick and other Obsidian staff had a private meeting with the four shareholders, you, your stepmother and Terry Vance. Again, this was not a public meeting. Obsidian had no objection to you and your mother being present since you were direct or indirect beneficiaries of the Inland loans and, as a result, owners of assets that would necessarily become tied up with the estate.

Your "Fact" No. 3- False and misleading

The video camera was not unconcealed—which is confirmed by the fact that Mr. Padrick objected to having notes taken verbatim. If the video camera was in plain sight and recording, it would have made no sense for Mr. Padrick to object to note-taking—since there would be a verbatim recording of the entire meeting. Nor would it have made sense for him to request that Terry Vance leave the room, since Mr. Vance could have simply watched the video later. If the video camera was in plain sight and recording, Mr. Padrick would have obviously objected to it and left the meeting if it was not turned off. Any person who watches the video realizes that immediately. Terry Vance has confirmed that he, like Mr. Padrick and the other Obsidian staff, did not see any operating video camera or other recording device in the room when the meeting took place.

Your "Fact" No. 4- Vague and irrelevant

We do not know who was involved in the making the recording. And we do not know what you mean in saying that the person(s) making the recording were "members of the public." ORS 165.540 does not authorize the otherwise criminal activity simply because someone is a member of the public. It applies to any person who engages in the criminal activity.

Your "Fact" No. 5- Irrelevant

Whether the notes were or were not privileged has nothing to do with whether it is criminal under Oregon law to surreptitiously record an in-person conversation (which it is).

Your "Fact" No. 6- Conclusory

It is not surprising that Mr. Andersen reached the legal conclusion that he did when you asked him to assume that conclusion—namely, that those responsible for making the illegal recording believed in good faith that it was authorized by statute. In any event, no one could have in good faith believed that the recording was made legally. And you certainly could not have relied on Mr. Andersen's June 2 memorandum in good faith when you posted the recording, given that you provided him with incorrect background facts.

The facts are that this was a private meeting in which one or more individuals surreptitiously recorded a conversation. That is a Class A misdemeanor under ORS 165.540. Your posting of the recording is a further Class A misdemeanor under ORS 165.540. We demand that you immediately take down the illegal recording and transcript from any and all websites.

David S. Aman  
Partner  
Tonkon Torp LLP  
1600 Pioneer Tower  
888 SW Fifth Avenue  
Portland, Oregon 97204

direct dial: (503) 802-2053  
cell: (503) 810-0850  
direct fax: (503) 972-3753  
email: [david.aman@tonkon.com](mailto:david.aman@tonkon.com)

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---

**From:** Stephanie Studebaker-DeYoung [mailto:[stephanie@studeycpa.com](mailto:stephanie@studeycpa.com)]  
**Sent:** Wednesday, July 15, 2009 8:31 AM  
**To:** David Aman  
**Subject:** RE: Summit: Video posting and transcript

David,

I already researched the legality of this taping. Please see attached.

Thanks,  
Stephanie

---

**From:** David Aman [mailto:[david.aman@tonkon.com](mailto:david.aman@tonkon.com)]  
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**To:** Stephanie Studebaker  
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Regards,

David S. Aman  
Partner  
Tonkon Torp LLP  
1600 Pioneer Tower  
888 SW Fifth Avenue  
Portland, Oregon 97204

8/17/2009

direct dial: (503) 802-2053  
cell: (503) 810-0850  
direct fax: (503) 972-3753  
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**David Aman**

---

**From:** Stephanie Studebaker [stephanie@studeycpa.com]  
**Sent:** Saturday, July 18, 2009 12:20 AM  
**To:** David Aman  
**Subject:** I added a little more information for you at <http://www.summit1031bkjustice.com>

*Studebaker-DeYoung CPA PC  
265 NW Franklin Ave., Ste. 101  
Bend, OR 97701  
Phone: 541-382-5020  
Fax: 541-382-2923*

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# **Exhibit 3**

# SUMMIT 1031 BK JUSTICE

A PUBLIC UPDATE FOR INTERESTED PARTIES

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## Hearing to Replace Vance with Padrick

This is the hearing of the Creditors Committee to replace Terry Vance as CRO with Kevin Padrick as CRO. Judge Dunn decided there should be a Trustee instead of a CRO.

**Click here to listen to the portion of the hearing where I had communications with the Court**

Filed under: [Summit Bankruptcy \(BK\)](#) by [Stephanie Studebaker-DeYoung](#)

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- [Summit 1031 Exchanger Money Spent on Obsidian Finance Viewing this Site!](#)
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[Kevin Padrick, Joseph Stilwell & Oregon Trail Financial Corp](#)

[Kevin Padrick, Obsidian Finance,](#)

Cambell Group & Longview Fibre

Our Objection to Fees

Sub Exhibits for Exhibit F  
Exhibit F -- Kevin Padrick,  
Tonkon Torp, & Obsidian  
Finance List of Atrocities  
Hearing is Scheduled for  
September 2, 2009

Rule 2004 Examination Request --  
Waste of Time & Money!

US Trustees Office Ignores Concerns!

Who is Crystal L. Cox?

Is it David Aman, Kevin  
Padrick's Attorney's Right to  
Interfere with the Objection  
to Fees

Open letter to the  
Department of Justice:  
US Trustee's Office Pamela  
Griffith picked Kevin Padrick  
even though he had not  
done the job he was  
contracted to do.

What is the Spat Between  
Kevin Padrick and Stephanie  
Stuebaker-DeYoung Really  
About?

Bankruptcy Abuse  
Prevention and Consumer  
Protection Act of 2005  
(BAPCPA) -- Blah .. Blah..  
Blah... No Accountability..  
Montana Victims are  
Affected -- what does NEAL  
G. JENSEN, ASSISTANT U.S.  
TRUSTEE have to Say?  
Report Suspected  
Bankruptcy Fraud

David Aman Communications...

David Aman at Tonkon Torp  
Request I remove video and  
transcript

David Aman -- Check your  
facts!

Do they have a law class  
that teaches you how to lie  
or do you learn it from on  
the job training?

No one in the Justice  
System keeps you  
Accountable!

Economic Tsunami

How much does Annie Buell & the  
Tennant Family have to do with this?

Did Martin Hansen got  
thrown out as a partner ?  
Martin Hansen, the Tennant  
Family Lawsuit, and the  
COST you Paid to Fight  
Them... yet THEY Still are  
Running the Show.

[New Release Gulfmark  
Offshore Inc. and other  
Links for Research  
Tennant Family Lawsuit has  
already Cost the "Creditors "  
Plenty..](#)  
[Who is Annie Buell in  
Relationship to the Summit  
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# **Exhibit 4**

# SUMMIT 1031 BK JUSTICE

A PUBLIC UPDATE FOR INTERESTED PARTIES

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HOME SUMMIT 1031 EXCHANGERS KEVIN PADRICK & OBSIDIAN FINANCE PRESENTATION

Subi

## Is this a case of Legal Extortion & Corruption?

*I don't know, I am not the Department of Justice.* I think the DOJ is the only entity who could investigate & determine whether this is the case. I think there is enough evidence on this blog to ask a question or two, don't you?

### What Injustices do I See?

**I. Obsidian, Kevin's company, was contracted to assist Summit in their restructuring efforts.** They took the information Summit provided them and got themselves a better, more lucrative job as Trustee and Consultants to Trustee. These actions causing the **majority of the \$2 Million in Fees** charged so far [http://www.summit1031bkjustice.com/?page\\_id=1097](http://www.summit1031bkjustice.com/?page_id=1097) and the **increasing claims 13 Million to 40 Million.**

**II. These "professionals" are seizing bank accounts that have other peoples' money in them, filing documents with the state under false authority, ignoring FMV offers, ignoring capital calls, ignoring people's credit problems, harassing people for no reason with Rule 2004 Examination Requests** ([http://www.summit1031bkjustice.com/?page\\_id=2026](http://www.summit1031bkjustice.com/?page_id=2026); [http://www.summit1031bkjustice.com/?page\\_id=2031](http://www.summit1031bkjustice.com/?page_id=2031); [http://www.summit1031bkjustice.com/?page\\_id=2029](http://www.summit1031bkjustice.com/?page_id=2029); [http://www.summit1031bkjustice.com/?page\\_id=1687](http://www.summit1031bkjustice.com/?page_id=1687) ).

So far there are Rule 2004 Examination Requests on **Umpqua Bank, Dan Cardot, Erich Shultz, Bruce Thompson** and **myself**. There are many more related parties on their list. Are you next? Here is my 2004 Response without my documents. Pages 12-15 contains the list of "possible aiders and abettors". You can see that they want to torment a lot of so-called "aiders and abettors of a "Ponzi Scheme Conspiracy". **Do you 1031 Exchangers really think there was this "Ponzi Scheme Aiding & Abetting Conspiracy"? Do you want them spending your money on this?**

### III. These "professionals" tell lies...Here is a couple:

1. Kevin Padrick Testifies that Summit Principals transferred roughly 90% to Inland Capital, but I have the numbers and since 2002 it never went over 41.9%. <http://www.summit1031bkjustice.com/?p=1994>

2. Kevin Padrick's Attorney, Tonkon Torp...David Aman said the camera equipment was concealed (matter of opinion), but most importantly **David Aman sent me an email that says**"Terry Vance has confirmed that he, like Mr. Padrick and the other Obsidian staff, did not see any operating video camera or other recording device in the room when the meeting took place." <http://www.summit1031bkjustice.com/?p=1434>

i)I spoke with Terry Vance (CRO whose job was taken by Padrick) and he said that he told Jeanette Thomas (Perkins Coie – Creditors' Committee attorney) that **he did see the camera equipment.** I believe Vance confirmed this with the police so they haven't been bothering me with my posting on the Internet of this taping. See for yourself if you think the video equipment was concealed: [http://www.summit1031bkjustice.com/?page\\_id=1806](http://www.summit1031bkjustice.com/?page_id=1806).

I had a criminal attorney, Mark Anderson, assess the matter prior to posting and I collected all the evidence...

- a) Audio of a hearing <http://www.summit1031bkjustice.com/?p=1167>
- b) Email to Ms Vivienne Popperl – attorney for US Trustee.
- c) Taping [http://www.summit1031bkjustice.com/?page\\_id=254](http://www.summit1031bkjustice.com/?page_id=254)
- ii) Mark Anderson gave me the go ahead – [Click Here for Letter.](#)
- iii) You can see in the video when Terry Vance looks at the laptop with the web cam & you

### Pages

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- [Where did Obsidian Go?](#)
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- [Jeanette Thomas' Perception of the Case](#)
- [Kevin Padrick – Complaint I Filed](#)
- [Kevin Padrick, Joseph Stilwell & Oregon Trail Financial Corp](#)
- [Kevin Padrick, Obsidian Finance,](#)

can see that here <http://www.summit1031bkjustice.com/?p=1549> - **the video equipment was not concealed.**

IV. These "professionals" are seizing bank accounts that have other peoples' money in them, filing documents with the state under false authority, ignoring FMV offers, ignoring capital calls, ignoring people's credit problems, harassing people for no reason with Rule 2004 Examination Requests, See [http://www.summit1031bkjustice.com/?page\\_id=1687](http://www.summit1031bkjustice.com/?page_id=1687) (not all is posted out of peoples' fear)

V. Word on the street is **Ewan Rose of Obsidian Finance** is telling innocent parties that they will give them amnesty (from a "Ponzi Scheme conspiracy") in exchange for their interest in their LLC investment and possible cash too AND they will release them from property that is upside down. Great DEAL don't you think?  
[http://www.summit1031bkjustice.com/?page\\_id=2005](http://www.summit1031bkjustice.com/?page_id=2005)

VI. **Is the US Trustee's Office in Bed with the Attorneys & Professionals?** Maybe. When I send an email with concerns, the US Trustee's Attorney, **Ms. Vivienne Popperl**, sends the email directly to Kevin Padrick – the Person you are having concerns about.  
[http://www.summit1031bkjustice.com/?page\\_id=2018](http://www.summit1031bkjustice.com/?page_id=2018)

**Thanks Vivienne, that was so very helpful.**

Tagged as: [Corruption](#), [David Aman](#), [Extortion](#), [Jeanette Thomas](#), [Kevin Padrick](#), [Leon Simson](#), [Ms Vivienne Popperl](#), [Obsidian Finance](#), [Pamela J. Griffith](#), [Robert D. Miller Jr](#), [Steve Hedburg](#), [Tom Stillely](#), [Tonkon Torp](#), [US Department of Justice](#)

No Comments

## Did Kevin Padrick Perjure Himself?

On the May 07, 2009 Article in The Bulletin by **Andrew Moore**, it says...

**"Padrick testified that Summit deposited the money but then transferred roughly 90 percent of it to Inland Capital Corp.,** a corporation owned by Summit's four principal shareholders: Mark Neuman, Brian Stevens, Timothy Larkin, and Lane Lyons."

["Click here for the entire article"](#)

["Click here for the true percentages"](#)

## Since 2002 Percentages ranged from 16.3% – 41.9%. Where did Padrick get 90%? Where is the backup for this testimony?

Why don't the reporters check this information out? This kind of mis-information can lead people to make very wrong assumptions that will only lead to wrong choices and decisions as it relates to this case.

Tagged as: [Andrew Moore](#), [Inland Capital Corp](#), [Kevin Padrick](#), [Perjure](#)

No Comments

## Mark Neuman Shares Communications with You for YOU to know MORE

Mark Neuman Speaks – He wants you to know the whole Truth. Click this link to see Mark Neuman's Suggestions to Kevin Padrick way back on February 22, 2009:  
[http://www.summit1031bkjustice.com/?page\\_id=1978](http://www.summit1031bkjustice.com/?page_id=1978)

Click this Link to see how Jeanette Thomas of Perkins Coie, Creditors' Committee Legal Counsel, PERCEIVES who is To BLAME... [http://www.summit1031bkjustice.com/?page\\_id=1976](http://www.summit1031bkjustice.com/?page_id=1976)

Tagged as: [David Aman](#), [David Peterson](#), [Ewan Rose](#), [Jeanette](#), [Kevin Padrick](#), [Leon Simson](#), [Mark Neuman](#)

No Comments

## Who Is Cork Andrews?

**Cork Andrews** is a high profile member of the Creditors' Committee. Word on the street is that Cork originally said **Kevin Padrick was a shyster**. Then on another day, Cork changes his mind and votes Kevin Padrick it to take care of all your money.

*I find it funny to see that Cork put a lien on a Montana property owed by two of*

[Cambell Group & Longview Fibre](#)

[Our Objection to Fees](#)

[Sub Exhibits for Exhibit F](#)  
[Exhibit F – Kevin Padrick, Tonkon Torp, & Obsidian Finance List of Atrocities Hearing is Scheduled for September 2, 2009](#)

[Rule 2004 Examination Request – Waste of Time & Money!](#)

[US Trustees Office Ignores Concerns!](#)

[Who is Crystal L. Cox?](#)

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[Did Martin Hansen got thrown out as a partner ? Martin Hansen, the Tennant Family Lawsuit, and the COST you Paid to Fight Them... yet THEY Still are Running the Show.](#)

**the Summit Principals and 2 innocent parties. This tells me that Cork was trying to position himself first in front of all of you. This also tells me that Kevin Padrick and/or Obsidian should know about this lien if they have done any work on this property.**

So now we have **Annie Buell** and **Cork Andrews** as Chair and High Profile members of the Creditor's Committee pushing for **Kevin Padrick** to be put into the CRO/Trustee role in this case.

*Looking back, I don't see any reason why Kevin Padrick or Obsidian needed to be involved. This could have been handled just fine in its original format with Terry Vance as CRO and actually WORKING on the JOB. My opinion is that Kevin Padrick & Obsidian were simply SELLING HIMSELF for the JOB. They had good allies in Cork Andrews & Annie Buell.*

**Cork Andrews completely changes his position and gets himself in front of the line. Then Kevin Padrick allows this. I wonder what this is about? Maybe another deal was made at your expense?**

**It seems to me that Annie Buell acts as a good instigator for Kevin Padrick and maybe there is a deal there too. I hear Annie Buell pushes Jeanette Thomas at Perkins Coie around. Why is Jeanette Thomas being pushed around by Annie Buell??**

**Seems like individuals who have their own interests in mind are big players in this Bankruptcy Case. Ask yourself why this is the case? Dig Deeper! Find your own Answers? Ask the questions you are scared to ask because you don't want it to be the Truth. Only then will you be able to see what you need to do to save your money. THE MONEY IS THERE! It is YOUR HARD EARNED money! The Attorneys look at your money as a game. I don't think money is a game. It is what we use to pay for our living expenses. We shouldn't want all of it, but I don't see why we should be able to PROTECT the money we did earn and is still there. Do you see why you should not get your money back if it is still there if someone just did their job and looked out for your best interest?**

["Click here for a July 19, 2009 posting by Crystal L. Cox on Cork Andrews"](#)

["Click here to check out Crystal's other Sites because she fights for you – The Real Estate Victims"](#)

## BIG QUESTION – ARE YOU FIGHTING FOR YOURSELF?

Tagged as: [Annie Buell](#), [Cork Andrews](#), [Creditor's Committee](#), [Deals](#), [Jeanette Thomas](#), [Kevin Padrick](#), [Liens](#), [Montana](#), [Perkins Coie](#), [Shyster](#), [Tenant Family](#)

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### Crystal L. Cox

[Click here to see Who is Crystal L. Cox?](#)

She has a blog devoted to this case at <http://www.obsidianfinancesucks.com/>. Go here for more reporting on this story for the Real Estate Victims.

Filed under: [Summit Bankruptcy \(BK\) by Stephanie Studebaker-DeYoung](#)

[No Comments](#)

## WASTING THE 1031 EXCHANGERS MONEY

To David Aman,

Your so-called "serious inaccuracies" should be resolved in the court room in front of the Judge. If you want to file a motion, I will file an objection to your motion. By the time you do all this, you will again be **WASTING THE 1031 EXCHANGERS MONEY** and we will all

[New Release Gulfmark Offshore Inc. and other Links for Research](#)  
[Tennant Family Lawsuit has already Cost the "Creditors " Plenty..](#)  
[Who is Annie Buell in Relationship to the Summit 1031 Bankruptcy?](#)

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be at the hearing on September 2nd anyway.

**See this is where you and I are different. I already did my work without your help. You need to do YOUR WORK. This means that you just need to provide what is inaccurate about the information in my Objection to Fees. For what you get paid, I would think you should be competent enough to do so without deposing me prior to the hearing. And if you get to depose me, then I get to depose you or Leon Simson – Whoever is leading the ship over there at Tonkon Torp...(Redacting all your time so no one can know what you work on all day for all enormously high rates) and I should get to Depose Kevin as Trustee. When you set that up on the same day, count me in! Plus you have to pay for my attorney and my day off of work. I won't do it before I get a check from you to pay me for my time and my expenses. Just because you and Kevin Say that this and that, does not mean this and that.**

**I told Kevin a long time ago that this is in God's hands.** Kevin, of course, disagreed. He said it was in the Judge's hands. We continued to argue about this until I figured we were not going to agree so I told Kevin let's stop this and agree to disagree.

If it is God's Will that you get me in a deposition for your own gain and not for the best interests of the 1031 Exchangers and the Innocent Parties then I will be sitting in a room on August 25th enjoying more blissful times with you fun people. You see this Summit 1031 Bankruptcy and how it affects People is still greater than Tonkon Torp, Kevin Padrick, Obsidian Finance, Perkins Coie, Sussman Shank, Pamela Griffith, Robert D. Miller & Judge Dunn. Many are suffering at the expense of a few and I don't believe that is God's Will.

**This is a clear case of the market turning to crap!**

**Then attorneys and professionals taking advantage of it and keeping their high paying jobs in this Chapter 11 trap.** The attorneys & professionals lead unsuspecting business owners down this path as if that resolves anything. **The only thing it resolves is for the attorneys and professionals to create a profit mechanism for 5-7 years, while everyone else gets screwed.** Frankly, I don't think that is in God's Will and no matter how powerful your client thinks he his, he is no match for the Higher Power in our world.

From: Stephanie Studebaker-DeYoung

---

From: David Aman [mailto:david.aman@tonkon.com]

Sent: Monday, August 10, 2009 9:23 PM

To: Stephanie Studebaker-DeYoung

Subject: RE: Summit matter: Deposition

Ms. Studebaker-DeYoung:

We intend to proceed with filing a motion to take your deposition on August 25 in the afternoon. You have filed objections to the fee applications that the Trustee and his advisors have filed, and we have the right to question you concerning those objections--particularly given the serious inaccuracies in the objections.

Regards,

David S. Aman

Tagged as: [God](#), [Higher Power](#), [Judge Randall L. Dunn](#), [Kevin Padrick](#), [Obsidian Finance](#), [Pamela J. Griffith](#), [Perkins Coie](#), [Robert D. Miller Jr.](#), [Sussman Shank](#), [Tonkon Torp](#)

[No Comments](#)

## Message to Kevin Padrick

Hi Kevin,

Long time no talk. You didn't like me trying to make you accountable on that Boulder Sale did you? Then you just keep doing the things we were concerned that you would do in this email I sent to Ms. Vivienne Popperl (Attorney for the US Trustee), the Presentation on February 12, 2009, the "list of atrocities", our objection to fees, email communciations with David Aman at Tonkon Torp and these recent comments.

### **So now we have this "war" of sorts...**

*So I ask myself, what am I doing here and why am I doing this? The answer is that I don't want all these people to be harmed when that does not have to be the case and you know it.*

*Why do so many need to be harmed when the value is there if you do the job you are supposed to do?*

Obviously, you are a smart man with great leadership skills. Do you know if your energies were directed towards doing what is right in your heart to do, you could create so much good?

Have you checked in with your heart lately? Maybe it would be more content if your energies were applied towards the good of mankind.

**You see...we are all really hurting out here. The financial, physical, and spiritual drain on our lives and our families is enough all by itself. You know, without all this excess harm. The money you need will come some way if your energies are directed toward the good of mankind.**

The economy is pretty crappy right now. Everyone should learn from this Event. Everyone should be more conservative with their money. Everyone should live within their means. People, Government, and Businesses all need to be less greedy, less egotistical, less self-serving and more concerned with their relationships, with learning and growing, with being self-less. I know it is not easy, but if Everyone did this Everything would run much more smoothly with alot more Peace.

**Just because you set your mind on something different when you started, doesn't mean you can't change your mind and do something completely different. Just think about it.**

See you soon,

Stephanie

Tagged as: [Kevin Padrick](#)

[No Comments](#)

### Summit 1031 Exchangers – Listen Up!

**If you want to save yourself almost \$1 Million, then listen up! On September 2, 2009, there is a hearing on our objection to Obsidian Finance, Kevin Padrick, & Tonkon Torp's fee applications. The fees haven't been authorized by the court yet. Make sure your money is being used wisely and in your best interest.**

Tagged as: [2009](#), [September 2](#), [Summit 1031 Exchangers](#)

[No Comments](#)

### Urgent Message to the 1031 Exchangers

Summit 1031 BK Reporting by Stephanie Studebaker-DeYoung





The above video is 20 minutes of the story as I see it to date...

**"Click Here to SEE TIME Kevin Padrick Spent With Steve Hedberg of Perkins Coie Re: CRO Substitution"**

This time looks to be for time with Steve Hedberg, Kevin Padrick, & Tom Stilley for Conferences RE: CRO Substitution and Susan Ford Email. I need to get this email because there was something in the email that made every one upset???? Although, Lane said at the presentation that he read the email and didn't see what would make everybody so angry.

**Here is the page with attorney connections...**

[http://www.summit1031.bkjustice.com/?page\\_id=1832](http://www.summit1031.bkjustice.com/?page_id=1832)

Players with connections so far. Some more connected than others.

**Pamela Griffith**, Assistant US Trustee – Worked with **Leon Simson of Tonkon Torp when she was at Ransom, Blackman and Simson** - Tonkon Torp got paid only due to the Switch from Terry Vance CRO and Kevin Padrick CRO/Trustee.

**Steve Hedberg**, Senior Principal, but not really lead attorney of **Perkins Coie**. Lead attorney is **Jeanette Thomas**. However, Kevin Padrick is not having conferences on the CRO substitution with Jeanette Thomas. Instead he is conferencing with Steve Hedberg who worked under Kevin Padrick at Miller Nash. **Steve Hedberg, Leon Simpson and Kevin Padrick all worked together at Miller Nash.**

**Leon Simson**, Senior Attny of Tonkon Torp – Kevin Padrick "Trustee" legal counsel - Fee application **\$267K in 3 Months**

**Tom Stilley & Susan Ford**, Lead Attorneys at Sussman Shank, Summit 1031 Bankruptcy Attorneys – They said do Chapter 11 and everything would be transparent. **Nothing has been transparent and that is why we have this problem.** Kevin Padrick continued to use them for to process the exchanges even though initially Kevin Padrick told the principals that Obsidian Finance could facilitate and fund the exchanges (he had connections!). **\$407K plus \$117K to come.**

**Kevin Padrick** – Take over Job and build his own profit center **\$469 Plus \$184** to Obsidian Finance (Kevin's Company) Total **\$653K for 5 months to land a job and hire his own company at hourly rates, plus 15% plus Trustee 1% or 3% plus a success fee of 10%.**

**Terry Vance CRO** – was supposed to be the boss ([Click Here for Summit 1031 Contract with Obsidian](#)) for Obsidian & Summit 1031, but instead Sussman Shank was making all the calls. Under the contract, Terry should have been more aggressive since he was supposed to be running the show. Sussman Shank, Kevin Padrick, & Obsidian Finance were supposed to be working at the direction of Terry, but Terry never OK'd any of these meetings between Kevin Padrick, Susan Ford, Steve Hedberg & Tom Stilley. So why were they conferencing and what was discussed here??

[Click here for a clip from the audio from the February 11, 2009 Hearing.](#) Prior to this clip of the audio, Judge Dunn decided the case needed "Structure" so a he made a Motion to Appoint A Trustee. The US Trustee's Office Picks the Trustee. Both Kevin Padrick's and Terry Vance's names were in the hat to be picked and the US Trustee's Office (Pamela Griffith) picked Kevin Padrick even though he had not done the job he was contracted to do and knew nothing about the entire situation...Terry Vance had an indepth knowledge of the TRUE picture and he didn't need to have LEGAL COUNSEL to protect him from his actions, like Kevin Padrick does.

**The \$2 Million of FEES are Outrageous in this case for only 5 Months of Billing. I Still don't know what they have billed for 5/15/09 through Today.** That is another 3 Months unbilled as of this time! Especially when you have cooperative debtors.

So if I were going to tell a story from my viewpoint it would be something like this...

I would guess that Kevin wanted his share of the cash in this very liquid bankruptcy **\$13.6 Million in Cash**, and put a significant chunk of it into Obsidian's bottom line.

How was he going to do this? He had to get a different job because he didn't have his

hands on the cash, Terry Vance did. It would be too difficult to actually work for the money under the contract.

Kevin Spent time figuring out the situation and how he could get to the Cash. He played off of the creditors anger and I think he played off of the Tennant Lawsuits and the **Tennant Family pushing to get in front of the Line for the Money.**

Go to <http://www.anniebuell.com/> to see their role in this. **Annie Buell is Tennant Family!**

Kevin knew he could get **Leon Simson** on board and therefore, possibly **Pamela Griffith**. Kevin knew for sure he could get the creditors on board because **Annie Buell** was chair of the creditors' committee and **Steve Hedberg** was the senior attorney for the creditors' committee legal counsel, Perkins Coie.

It seems like **Annie Buell** is able to push **Jeanette Thomas**, lead attorney for **Perkins Coie**, around to get what she wants..Not sure what the relationship is there.

**Sussman Shank** was kept on doing exchanges even though they were not competent at it and have cost the estate a ton of money for taking on a job they were not the best professional for. **Kevin Padrick** should have retained another Qualified Intermediary if he couldn't do the exchanges which is what he said the could do.

**All Players seem to have a profit motive that is different that the motive they should have which is to do their best to pay back the Summit 1031 Exchangers. And the Portland BK culture seems to work like this, you pat my back on this case, I'll help you out on another down the road. Status quo is profitable for everyone.**

From what I have read on these Chapter 11 Cases, it seems that there are enough strange parts of this case to lead to an **FBI investigation into possible Bankruptcy Fraud**. I am not a lawyer or an investigator. I am just trying to figure out what the heck has gone on here since none of it makes any sense to me since there was enough legwork and assets put forth by the Summit Principals to get the Exchangers paid back. I don't get it and **I don't think these people are acting in the highest fiduciary duty since that would mean they had the creditors, best interest in mind.**

It is a long story, but hopefully this helps condense it a bit. Below are some very good places for more information...

**Our Objection to Fees:** [http://www.summit1031bkjustice.com/?page\\_id=1196](http://www.summit1031bkjustice.com/?page_id=1196)

Click here for Kevin Padrick Complaint – **Another recap of this story in another format...**[http://www.summit1031bkjustice.com/?page\\_id=1855](http://www.summit1031bkjustice.com/?page_id=1855)

**Another way to look at the story is to check out the older posts** at [http://www.summit1031bkjustice.com/?page\\_id=1822](http://www.summit1031bkjustice.com/?page_id=1822)

Click here for **story about Kevin Padrick & Longview Fibre...**  
[http://www.summit1031bkjustice.com/?page\\_id=1848](http://www.summit1031bkjustice.com/?page_id=1848)

Click here for **story about Kevin Padrick & Oregon Trail Financial Corp...**  
[http://www.summit1031bkjustice.com/?page\\_id=1848](http://www.summit1031bkjustice.com/?page_id=1848)

**Video Taping of Kevin Padrick, Obsidian Finance, Terry Vance, Summit Principals, my step-mom and myself** [http://www.summit1031bkjustice.com/?page\\_id=254](http://www.summit1031bkjustice.com/?page_id=254)

**Click here to see total fees in case through May 15th, 2009:**

<http://www.summit1031bkjustice.com/wp-content/uploads/2009/07/chart-of-lawyer-fees7.xls>

An example of **Kevin Padrick not letting a "no brainer" sale of a residential home go** because he was not set up to make 15% yet...[http://www.summit1031bkjustice.com/?page\\_id=674](http://www.summit1031bkjustice.com/?page_id=674)

An example of **a perfectly good and indepth offer that has now past and soon will be nothing** because this property will go in foreclosure if I can't continue to make the payments [http://www.summit1031bkjustice.com/?page\\_id=692](http://www.summit1031bkjustice.com/?page_id=692). This offer has been lost and ignored. An example of Obsidian Finance and Kevin Padrick's "Professional

Competance". Below are all related documents:

# 130682-v1-KlondikeEMailSimsonReOddFellowsBldg, klondike-offer, KLONDIKECAPITALCALL21009 6/4/09

KlondikeE-MailDamanRePadrick-Final, Klondike2009OwnershipChanges 6/24/09

Click here for my mobile home park issue. **This thing would cost the estate money.** Of course, Kevin does not want to part with money, he just wants the money to be brought to him. Jim Hull and I are working for Free to keep this a float and if Kevin keeps it in the estate, it will cost the estate. Below are all related documents:

CenturyDrEMailDPetersenRePadrick 6/15/09

CenturyDriveMobile-DeferredGainSheet, CenturyDriveMobile-Email, CenturyDriveMobile-IncomeSheet, CenturyDriveMobile-TIC Agreement, CenturyDriveMobile-Resignation 7/1/09

# Bankruptcy Fraud Bankruptcy Trustees

## The Predators Within

When you file bankruptcy, the court assigns your case a trustee to administer the case. These people are legally known as Panel Trustees, but commonly referred to as a trustee, or bankruptcy trustee.

They are contract employees. They are not government employees. They are on contract.

During the 1930s, a new division within the U.S. Justice Department called the **U.S. Trustee Office was created to deal with the rampant fraud by bankruptcy trustees against citizens and businesses.**

**But something is very wrong with the U.S. Trustee program. Graft and corruption among the panel trustees has not lessened and victims still have no recourse. Most victims report their evidence of criminal activity goes into a black hole and the U.S. Trustee does nothing.**

See the ATP, Whistleblower, Sturman, Solder, cases of the crimes against these people while the **U.S. Trustee's Office is either covering up the crimes or turning a blind eye.**

**The FBI defines one of their duties as investigating bankruptcy trustee fraud.** The U.S. Trustee Program, however, redefined what constitutes Panel Trustee Fraud.

They define fraud as Panel Trustees who recover assets, and divert those assets to the Panel Trustee's personal enrichment without approval of the court. The operative words are without court approval. Too many cases have emerged where judges approved.

It could be because the **bankruptcy judges are rubber stamping cases** because the **system operates like a cattle call.** As an example, see the Smoking Gun case of how Judge Jane McKeag rubber stamped a motion by a trustee that involved flagrant fraud.

Tagged as: [Creditor's Committee](#), [Kevin Padrick](#), [Leon Simson](#), [Miller Nash](#), [Obsidian](#), [Obsidian Finance](#), [Pamela J. Griffith](#), [Perkins Coie](#), [Robert D. Miller Jr.](#), [Steve Hedburg](#), [Sussman Shank](#), [Terry Vance](#), [Tonkon Torp](#), [US Trustee](#) [1 Comment](#)

## THE BANKRUPTCY LAWS ARE BROKEN!!!!

Summit Principals have and will continue to pay for their role in this. If you let your hate and anger get in the way of you doing what you have to do to protect your money, then you are fighting – well against yourself. I think the 4 principals should pay whatever consequences they need to pay. That is the way things work. But so should the Attorneys

and Professionals and the Justice system which are intentionally keeping you in the dark so that they can steal your money the legal way. If you don't do something, you won't get your money back. There are solutions that will help the whole group of people who are suffering because of the fallout of Summit 1031 bankruptcy. We should not all suffer because of the greed of a few. We have rights and we need those rights to be protected. If you are being quiet and letting these people, who only care about their own pocket book, make decisions on your money while making sure they get maximum benefit for themselves, then you will be the one to blame when you don't get your money back. INACTION will only add to your demise. There are not many times where the TRUTH gets out early enough for you to do something about it. There are not many people like me who will go the extra step to make sure justice is being done. I define justice as getting the victims paid back in all ways emotionally, financially, and physically. Please open up your mind so that your money is not squandered away to one greedy man and the rest of the Attorney Fraternity.

THERE IS MUCH MORE YOU SHOULD KNOW ABOUT WHO IS IN CONTROL OF YOUR MONEY AND WHAT THEY ARE DOING WITH IT SO GO TO ALL THE INFORMATION SITES OUT THERE. SIMPLY GOOGLE "KEVIN PADRICK" OR "OBSIDIAN FINANCE" TO FIND OUT WHO IS GOING TO MAKE MONEY OFF THIS DEAL, WHILE SUMMIT 1031 EXCHANGERS GET DUPED TOO.

FIRST **KEVIN PADRICK & OBSIDIAN FINANCE** DUPED THE SUMMIT PRINCIPALS (Summit Principals contracted with Obsidian Finance to assist them in their restructuring efforts, BUT instead they assisted them in throwing them off a cliff)

SECOND KEVIN PADRICK & OBSIDIAN FINANCE DUPED TERRY VANCE CRO – While Terry was actually working to save your money, Padrick & Obsidian Finance somehow convinced **Judge Dunn**; the US Trustee – **Robert Miller, Pamela Griffith, & Vivienne Popper**; the Creditors' Committee's legal counsel – **Perkins Coie**; and even Summit 1031's own bankruptcy attorney, **Sussman Shank**, to vote Padrick in and Vance out. **The whole Attorney Fraternity joined Padrick in his GAME – which is your MONEY!!!**

Go to my blog to see what other ventures Kevin Padrick has had in his career where he, **ONE MAN, made a boatload of money off of 100's of people:**

<http://summit1031.blogspot.com>

**ANOTHER BIG QUESTION-** Why did Sussman Shank rollover and vote Padrick & Obsidian in when they were the one's who counseled Summit Principals to hire Terry Vance as CRO? Can't tell you, but I did hear that Susan Ford, their lead attorney, was out of town when their minds changed. Who was driving the ship when Susan Ford was gone and why did they jump into Padrick's ship?

**THERE ARE SO MANY BIG QUESTIONS-** Why did Perkins Coie let a Summary Judgment go through that has absolutely **NO TEETH** for the creditors' committee – their own clients? You tell me. **Seems like the attorney's are making a BOATLOAD, \$2 Million already, for absolutely no protection of their OWN CLIENTS rights.**

## How did I get involved in this?

**First Reason – My Dad (Mark Neuman), Brian Stevens, Lane Lyons, & Tim Larkin are good men that were following the regulations set forth for their business and now they lost everything.**

My dad worked very hard for many years, helped everyone in the Bend Community, and cares very deeply about others and their well-being was being looked at like a criminal for following the rules and regulations of 1031 exchange companies. Everyone was happy when Summit 1031 helped them save taxes. Now he is being looked at like a criminal – well he has done nothing like Kevin Padrick. He never intended to not have your money available.

Brian Stevens & my dad put their personal real estate up as security for Inland, just to put their partners, Tim Larkin & Lane Lyons, at ease. The bulk of the Inland loans were in various real estate investments related to Mark & Brian. So they both put did \$5 million trust deeds and secured it with almost all of their property (none of which had Inland debt- at least not the property dad had).The FBI was chasing the \$10 million for a couple months. They, of course, found the trust deeds and immediately concluded that the \$10 million was in a Swiss bank account. Not sure what you think, but why would someone record a trust deed to steal money and send it to a Swiss bank account?? Soooooo.....

**Second Reason – There are 106 Innocent Parties who are also suffering from the**

***Bend economic crash, but now have to deal with someone who wants to bully them, force them to use their cash (Summit 1031 Exchanger assets) to protect the investments for being taken by Obsidian and from going into foreclosure (LOSING Summit 1031 Exchanger value).***

The following is my list of what I call "list of atrocities" which include all of the things these highly compensated professionals are charging Summit 1031 Exchangers \$112K to do with no value for the Summit 1031 Exchangers

**Click here for a list of atrocities!**

Obsidian Finance seized another bank account Monday! Obsidian Finance sends letters to Renters for them to send their rent checks to them, while the 106 Innocent Parties are having to pay the debt service payments and operational expenses. Well, guess what, they won't be able to keep up for long, forcing the properties into foreclosure. Then my guess is that Padrick's friends (if that is what you call them) will buy these properties at discounted prices from the banks. Later to end up with the Windfall when the economy comes back!

Well these 106 Innocent Parties put their hard earned money into these investments, they take care of them, and they pay the bills. I see this as Legal Extortion, but according to Judge Dunn these properties are not in his Jurisdiction even though his court allowed for the transfer of the Summit Principal's interests to be transferred to Kevin Padrick. Doesn't Judge Dunn know Kevin Padrick's track record or has he been duped too?

***Third Reason – I got the notice on the Attorney & Professional fees in this case and was dumbfounded. I decided to go through Obsidian Finance, Kevin Padrick, and Tonkon Torp's fee applications and I found a ton of OVER BILLING for NO VALUE. Supposedly the Court is supposed to monitor this, but so far I haven't seen the court monitor anything on this case. It is my opinion that the Court has put your Money and Value in jeopardy and is not doing their job to protect it. There are 100 Summit 1031 Exchangers losing their money!!!***

Why is it that Summit 1031 exchangers are footing the \$2 Million Dollars of Attorney Billings when none of these "professionals" are watching out for their best interest? They tell me that the Court (**Judge Dunn**), the US Trustee (**Robert Miller, Pamela Griffith**, Vivienne Popperl), and the bankruptcy or liquidating trustee (Kevin Padrick) are all supposed to act in the **HIGHEST FIDUCIARY DUTY**, which means...

A fiduciary duty is a legal or ethical relationship of confidence or trust between two or more parties, most commonly a fiduciary or trustee and a principal or beneficiary. One party, for example a corporate trust company or the trust department of a bank, holds a fiduciary relation or acts in a fiduciary capacity to another, such as one whose funds are entrusted to it for investment. In a fiduciary relation one person justifiably reposes confidence, good faith, reliance and trust in another whose aid, advice or protection is sought in some matter. In such a relation good conscience requires one to act at all times for the sole benefit and interests of another, with loyalty to those interests.

" A fiduciary is someone who has undertaken to act for and on behalf of another in a particular matter in circumstances which give rise to a relationship of trust and confidence.

A fiduciary duty is the highest standard of care at either equity or law. A fiduciary is expected to be extremely loyal to the person to whom he owes the duty (the Summit 1031 Exchangers): **he must not put his personal interests before the duty, and must not profit from his position as a fiduciary**, unless the (Summit 1031 Exchangers) consent.

In English common law the fiduciary relation is arguably the most important **concept** within the portion of the legal system known as equity. In the United Kingdom, the Judicature Acts merged the courts of equity (historically based in England's Court of Chancery) with the courts of common law, and as a result the concept of fiduciary duty also became usable in common law courts.

When a fiduciary duty is imposed, equity **requires a stricter standard of behavior than the comparable tortious duty of care at common law**. It is said the fiduciary has a duty not to be in a situation where personal interests and fiduciary duty conflict, a duty not to be in a situation where his fiduciary duty conflicts with another fiduciary duty, and a **duty not to profit from his fiduciary position without express knowledge and consent**. A fiduciary cannot have a conflict of interest. It has been said that fiduciaries must conduct themselves "at a level higher than that trodden by the crowd"[2] and that "[t]he distinguishing or overriding duty of a fiduciary is the obligation of undivided loyalty." [3]

***I am just not seeing how this Court, the US Trustee's Office and Kevin Padrick are in any way maintaining their FIDUCIARY DUTY to the SUMMIT 1031 EXCHANGERS. Do you see it??***

My "list of atrocities" alone should show that Kevin Padrick and Obsidian Finance are not acting with a "stricter standard of behavior than the comparable tortious duty of care at common law". WHY ISN'T HE ACCOUNTABLE TO THIS SO CALLED FIDUCIARY DUTY?

Why do Kevin Padrick and his Attorney Fraternity stand to make a 10% success fee based on claims racked up?

Why is Kevin Padrick's company, Obsidian Finance, going to make 15% off the sales of property? A normal trustee usually only makes 1%.

I see a ton of profit-making for Kevin Padrick and Obsidian Finance – DON'T YOU???

# **SOMETHING IS SERIOUSLY WRONG WITH OUR BANKRUPTCY LAWS AND THE INSTITUTION AND EVERYONE IS PAYING THE PRICE!!!**

The entire country is lining up at the bankruptcy courts. Our country's citizens are losing everything because of this of our economic condition and NOBODY is helping them. I see the suffering everyday as clients visit with their financial heartaches asking me "What do I do to SURVIVE this?" Then you compound the situation with a nightmare bankruptcy case like Summit 1031 where 100 Summit 1031 Exchangers, 106 Innocent Parties, and 4 Summit Principals loose everything to the Attorney Fraternity because our laws are broken???? 210 People SUFFERING while Kevin Padrick and Co. play their GAME!!! It just pisses me off to see so much suffering and ABSOLUTELY NO PROTECTION FOR THE PEOPLE.

I don't see how these BROKEN LAWS will help our country through this economic crises. **President OBAMA – LOOK AT THIS PLEASE!!!** If thes BROKEN LAWS don't get fixed, you will end up with a few rich attorneys spending the money frivolously (is my guess), while hard working people lose everything and aren't able to contribute to the economy in the GOOD ways they once were able to. **President OBAMA – Pay attention – You ask us to all put forth the effort to help our country** – Well I think I am doing my share, but **I am a nobody with too many hats!**

**BEFORE SUMMIT 1031 BANKRUPTCY MY HATS WERE:** MOM, WIFE, DAUGHTER, CPA, BUSINESS OWNER, AND REAL ESTATE INVESTOR.

**AFTER SUMMIT 1031 BANKRUPTCY I HAVE TAKEN THESE HATS ON:** "ACTING LAWYER – YUCK!", VOICE FOR THE HARMED, WHISTLEBLOWER, BLOGGER, REPORTER.

**I HATE ALL THESE HATS** – I would much rather not be doing this. I would much rather enjoy time off and be with my kids and husband. Instead, they watch me everyday fight this fight! They ask me why. I tell them because **TOO MANY ARE SUFFERING for ONE MAN'S GAIN!!!**

# **HERE IS AN ARTICLE BY CRYSTAL COX – REAL ESTATE INDUSTRY WHISTLEBLOWER FIGHTING FOR THE REAL ESTATE CONSUMER RIGHTS.**

Saturday, July 25, 2009

Let's Talk a Bit about the "Evil, Greedy Bastards" at Summit 1031.

Folks, Many of you do not think too highly of the Summit Owners (Principals) – Understandable.

Yes they screwed up with your money. You do not EVER have to Forgive them, however, heck with them.. let's get YOU – your MONEY...

What I am seeing is that many of you don't understand that what you are REALLY mad at is the 1031 Exchange Industry, The IRS – Tax Codes that Governs a 1031 Exchange and the horrible Anti-Consumer laws and regulations that are set in place in the Real Estate Industry.

Most of What Summit 1031 did was in the legal limits of a Flawed 1031 Exchange and a Flawed Legal System.. Exchangers everywhere are doing it.. the Laws – the Codes – the Issues need changed..

And you don't seem to understand that the business model was set up by Government Standards, IRS Codes and the Current BROKEN and CORRUPT real estate system that is in place... There is NO Consumer Protection in your Real Estate TRANSACTION.. NONE.. I guarantee it..

This Current Battle is not to Save Summit 1031 – Heck with Them.. and it is not to Justify any actions of Summit 1031 Exchange – The Current Challenge is Getting YOUR MONEY to YOU... the Real Estate Consumers who I am HERE to Protect the Best I can..

Negativity, Hate, and Serious Disappointment in Summit 1031 is understandable, do what you need to do to feel what you need to feel.

Summit 1031 got caught up in the Real Estate Illusions and the Great Real Estate Hoax that MOST did during this Economic Collapse, ok it happened, this is not where we, YOU need to focus now...

What is done is done. Our goal is to Stop attorneys from now Pirating your money, STOP bankruptcy attorneys from feeding off of your already dead pocketbook – bank account and from that point to help make Bankruptcy Court Industry wide changes that benefit all 1031 Exchangers and Real Estate Victims for years to come. AFTER we SAVE your money, YOU the Creditors, the Exchanger.. YOU are My Goal to Protect, to DEFEND to Give Voice To.

Wanting Summit Accomodator Inc. (Summit 1031 Exchange) to see jail time, and the other nasty grams people are spreading online is NOT solution based. And will not get anyone any kind of relief at any point in time. You are Where you are Today.. through no fault of your own.. I get it.. The Real Estate Industry is Very Broken and at every Level..

Feel Free to email me Crystal@CrystalCox.com about any facts or concerns regarding all of this. However, Know that Hate, Rage, and Blame is not action and will not get you any closer to getting financial relief or in way make all this go faster.

The Lenders, Realtors, Appraisers, Title Companies, Attorneys, Real Estate Laws, Bankruptcy Courts, Dept. of Justice, Bankruptcy Trustees, IRS Code they are all part of the problem with a VERY anti-consumer Real Estate Industry.

I do not believe ANY part of the Real Estate Industry, at ANY level provides ANY real protection for the Real Estate Consumer. I want the whole system to be remodeled, restructured... from Top to Bottom and I want the Real Estate Consumer – the Real Estate Victims Protected and RIGHT NOW...

I do not wish to spend one minute dwelling in the bad judgment of 4 men caught up in a Real Estate Frenzy that millions of others were caught up in at the same time.

I don't care about Them, I Care About YOU... Work with me Here...

You can see in a completely broken real estate industry, with NAR at the Helm of the Real Estate Hoax saying Buy Buy Buy – and Fraud – Corruption on every level of your Real Estate transaction, and with Federal and State Laws very Anti-Consumer ( and cannot really be enforced anyway), and with the Daily Assault by ALL parties of the Real Estate Industry on the Real Estate Consumer .. that it is really hard to tell who the REAL "Evil, Greedy Bastards".. Really Are.

At every level there are new hands out to Screw over Consumers.. once your in a Proven

Fraud situation – Good luck proving it.. and then the Real Estate Attorneys get a hold of you and take 40% or more from your "winnings" which is really just NO WAY NEAR making you whole or making up for the stress and years of your life you lost to a lawsuit against some party in the Real Estate Industry that lied, cheated and stole from you.

And SERIOUS insult to injury is if anyone one of those parties in the Real Estate Business get screwed by the system as well.. WOW then the game is bumped up to High Finance Real Estate Consumer Fraud, and instead of \$200 an hour for a real estate attorney, plus part of your settlement if there ever is one, instead of \$50 an hour for a Forensics Engineer who double triple bills you, and instead of all those greedy hands out when your already down to the tune of hundreds of thousands of dollars ..

now once it hits the Bankruptcy Courts the Hands Of Greed, and the Blatant Attack on YOU, the Real Estate Consumer is Really Jacked up.. it is \$600 an hour, years upon years that attorneys get to liquidate, your Millions upon Millions get sucked up in attorneys fees and evaporates into thin air, your Federal taxes pays for Congress to make these laws that don't work for you, your Taxes pay US Trustees that are not protecting you, and well there is a whole lot of hands out to get your money that is already being tied up by the mistakes of the company going bankrupt.

The System is Broken at Every Level. And talk of those "Evil, Greedy Bastards".. at Summit 1031, is NOT part of the Solution.

And if your NOT part of the Solution You are, indeed, part of the Problem.

From researching the Bankruptcy System, it is not hard to see that one Main point of GREED is the HUGE, overwhelming Pay that the Attorneys get and the Government, the Bankruptcy Trustee seems to have no issue with it .. and even says there is no "unjust enrichment", the Truth is Buried deep under a giant pile of YOUR MONEY.

This is no longer about Summit Accomodators, Summit 1031 Exchange, Hate them if you need to but HEY let's get your money pointed in your direction in the mean time. Whatever happens to Summit 1031 is their fate. They made choices and they will live with the consequences, this issue is BIGGER then them.. it is YOU.. your money.. held up by what I see as a Severely Corrupt Bankruptcy Court System.

**Go to : <http://www.obsidianfinancesucks.com>**

Tagged as: [1031 Exchange](#), [Attorneys](#), [Bankruptcy Courts](#), [Bankruptcy Laws](#), [Bankruptcy Trustees](#), [IRS Tax Code](#), [Real Estate Consumer](#), [Real Estate Victims](#), [US Department of Justice](#), [Whistleblower](#)

[No Comments](#)

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# **Exhibit 5**



**PRIVATE & CONFIDENTIAL**

December 18, 2008

Summit Accommodators, Inc.  
C/O Ms. Susan Ford  
Sussman Shank LLP  
1000 SW Broadway  
Suite 1400  
Portland, Oregon 97205

Re: Retention of Obsidian Finance Group, LLC

Dear Sirs:

**1. Introduction**

This letter confirms that Obsidian Finance Group, LLC ("Obsidian"), has been retained by Summit Accommodators, Inc. (the "Company") to provide certain financial, advisory and consulting services (the "Services") to the Company. The scope of our services is set out below. As used herein, "you," "your" and related terms will refer to the Company; "we," "ours" and "us" and related terms will refer to Obsidian.

We understand that a Chief Restructuring Officer ("CRO") will be appointed for the Company and that the CRO will have full authority to make decisions on behalf of the Company.

This letter of engagement (the "Engagement") and the attached Schedules A and B constitute the entire engagement agreement (the "Agreement") pursuant to which such Services will be provided.

**2. Scope of Services**

The scope of services to be performed will be related to assisting the Company in its restructuring efforts and other services that the Company requests from time to time. The Services, which are more fully outlined on Schedule A, are subject to change by mutual agreement.

Obsidian is engaged by the Company to provide financial advisory and consulting services only. Accordingly, while Obsidian may from time to time suggest options that

December 18, 2008

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may be available to the Company and further give its professional evaluation of these options, the ultimate decision as to which, if any, of these options to implement rests with the Company.

### **3. Fees and Expenses**

As compensation for providing Services hereunder, the Company shall pay Obsidian professional fees based on an hourly rate schedule and the level of staff required to complete our Services plus reasonable out-of-pocket expenses.

Our current hourly rate schedule is set forth on Schedule B.

Company agrees to pay to Obsidian a retainer of \$100,000 to be credited to the professional fees and expenses to be incurred by the Company under this Engagement. The retainer will be paid immediately on execution of Agreement. It is refundable to the extent not required to pay professional fees and expenses.

Obsidian has discussed with you the possibility of modifying our fee arrangement from one based on hourly rates to an alternative arrangement where, for example, Obsidian would agree to reduce their hourly rates by a percentage in exchange for a success fee based on the achievement of planned objectives. At this time we are unable to determine if an alternative fee arrangement is appropriate. We will discuss this concept with you as the engagement progresses.

Our hourly rates are adjusted from time to time. You will be informed in advance of the effective date of such new rates. Obsidian services will be charged at the rates that are in effect at the time the services are rendered.

The Company agrees to reimburse Obsidian for reasonable out-of-pocket expenses that are likely to be incurred on the Company's behalf during this Engagement, including, but not limited to, airfare, meals and hotel accommodations and other similar costs and expenses all in accordance with the limitations on such expenses under the U.S. Trustee Guidelines. Obsidian will not charge any markup, overhead, profit or other fees on the reimbursable expenses. Expenses will be billed in conjunction with our monthly professional fee statements.

### **4. Limitations on Services**

While Obsidian's employees are professionals – including attorneys and certified public accountants – Obsidian is not a law firm or accounting firm and it does not give legal, tax or accounting advice. Clients of Obsidian and companies transacting with Obsidian are responsible for providing all necessary legal, tax and accounting advice. Obsidian's principals and employees will expect to work closely with those professionals.

December 18, 2008

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## **5. Conflicts of Interest**

To the best of our knowledge based on the information available to us, Obsidian has not been engaged to represent any other client related to the Company.

Obsidian is not aware of any conflicts of interest or additional relationships that we believe would preclude us from performing the Services. We will not accept a new engagement that directly conflicts with this Engagement without the prior written consent of the Company. We advise you that Obsidian may provide professional services to the financial institutions, investment funds or related entities, which may hold, or have held, the obligations of the Company. By signing this Agreement, the Company waives any conflict in respect thereof.

## **6. Indemnification**

Company will, to the extent allowable by law, indemnify Obsidian, its owners, employees, contractors and agents against any and all claims arising out of, connected with or related to the services performed under this letter, whether or not such claims are attributable in whole or in part to negligence by Obsidian, except to the extent the liability was caused by the grossly negligent or willful acts or omissions of Obsidian employees, contractors or agents in performing the services, each as finally adjudicated by a court of law.

If Obsidian is called on to render services directly or indirectly relating to the subject matter of this Agreement beyond the services contemplated above, (including, but not limited to, producing of documents, answering interrogatories, giving depositions, giving expert or other testimony, whether by agreement, subpoena or otherwise), Company shall pay our then-current hourly rates for the staff members and professionals involved for the time expended in rendering such services, including, but not limited to, time for meetings, conferences, preparation and travel, and all related costs and expenses, and the reasonable legal fees and expenses of our counsel.

In no event will Obsidian or any of its members, employees, agents, attorneys or representatives (together the "Obsidian Group") be liable for any claim asserted against you. Obsidian will be liable only for the performance of such duties and obligations as are specifically set forth in this Agreement, and no member of the Obsidian Group will be liable for any error of judgment made in good faith, or with respect to any action taken or omitted to be taken in good faith, unless the member of the Obsidian Group was reckless. Obsidian and the members of the Obsidian Group will not be liable for any losses or damages caused in connection with the performance of Obsidian under this Agreement, other than losses which are a direct result of recklessness or willful misconduct of Obsidian or such member of the Obsidian Group. The members of Obsidian and the Obsidian Group will have no personal liability under this Agreement or by reason of

December 18, 2008

Page 4

providing services thereunder, except as provided by law. The liability of Obsidian and the Obsidian Group for any matter related to this Agreement shall be limited to the amount received by Obsidian for its services rendered pursuant to this Agreement and claims may be asserted against Obsidian or the Obsidian Group in connection with this Agreement only by you.

#### **7. Termination/Assignment**

The Company may terminate this Agreement for whatever reason on written notice to us. On receipt of such notice, Obsidian will stop all work immediately but the Company will be responsible for all fees and expenses incurred by Obsidian through the date the notice is received.

The terms of the Engagement that by their context are intended to be performed after termination or expiration of this Agreement, including but not limited to Sections 3 and 6 of the Engagement letter, are intended to survive such termination or expiration and shall continue to bind all parties.

This Agreement shall inure to the benefit of the parties and their successors and permitted assigns. Neither party may assign this Agreement, in whole or in part, without the prior written consent of the other. Any attempt to make such an assignment shall be void.

This Agreement is made solely for the benefit of the parties hereto, and no third party shall acquire any claim against Obsidian as a result of this Agreement.

#### **8. Acknowledgement and Acceptance**

Please acknowledge your acceptance of the terms of this Agreement by signing the confirmation below and returning a copy to us at:

Obsidian Finance Group, LLC  
10260 SW Greenburg Road  
Suite 1150  
Portland, Oregon 97223

If you have any questions regarding this letter or Schedules A and B, please do not hesitate to contact me at (503) 542-8870.

Sincerely,

OBSIDIAN FINANCE GROUP, LLC

By: Kevin Padrick  
Kevin Padrick

December 18, 2008  
Page 5

Senior Principal

Schedule A – Services  
Schedule B – Hourly Rates

**Confirmation of Terms of Engagement**

Summit Accommodators Inc. agrees to engage Obsidian Finance Group, LLC on the terms set forth herein.

---

Name & Title

Date

December 18, 2008  
Schedule A

## **SCHEDULE A**

### **Services**

Assist the Company in:

- Evaluating the assets and liabilities of the Company;
- Analyzing and reviewing the financial and operating statements of the Company;
- Analyzing the business plans and forecasts of the Company;
- Development of restructuring alternatives including tax aspects and implications on various constituents;
- Review and discussion of the potential risks and benefits of various alternatives;
- Development of strategies to mitigate the potential damages arising from incomplete IRC Section 1031 exchanges for Company customers;
- Identification of alternatives to optimize liquidation of real estate which we understand will be available to satisfy potential claims in the bankruptcy;
- Implementing critical restructuring alternatives;
- Preparation, analysis and explanation of the Plan of Reorganization and Disclosure Statement to various constituencies; and
- Other tasks that are necessary or appropriate as requested by the Company in connection with the Chapter 11 bankruptcy case.

December 18, 2008  
Schedule B

**SCHEDULE B**

**Hourly Rates**

<b><u>Position</u></b>	<b><u>Rate</u></b>
Senior Principals	\$ 600
Managing Directors	\$ 450
Vice Presidents	\$ 450
Assistant Vice Presidents	\$ 400
Associates	\$ 300
Project Analysts	\$ 200 to 300
Analysts	\$ 250
Administrative	\$ 100 to 125





**PRIVATE & CONFIDENTIAL**

January 7, 2009

Summit Accommodators, Inc.  
C/O Ms. Susan Ford  
Sussman Shank LLP  
1000 SW Broadway  
Suite 1400  
Portland, Oregon 97205

Re: Retention of Obsidian Finance Group, LLC

Dear Sirs:

**1. Introduction**

This letter confirms that Obsidian Finance Group, LLC (“Obsidian”), has been retained by Summit Accommodators, Inc. (the “Company”) to provide certain financial, advisory and consulting services (the “Services”) to the Company. The scope of our services is set out below. As used herein, “you,” “your” and related terms will refer to the Company; “we,” “ours” and “us” and related terms will refer to Obsidian.

We understand that a Chief Restructuring Officer (“CRO”) has been appointed for the Company and that the CRO has full authority to make decisions on behalf of the Company.

This letter of engagement (the “Engagement”) and the attached Schedules A thru D constitute the entire engagement agreement (the “Agreement”) pursuant to which such Services will be provided.

**2. Scope of Services**

The scope of services to be performed will be related to assisting the Company in its restructuring efforts and other services that the Company requests from time to time. The Services, which are more fully outlined on Schedule A, are subject to change by mutual agreement.

January 7, 2009

Page 2

Obsidian is engaged by the Company to provide financial advisory and consulting services only. Accordingly, while Obsidian may from time to time suggest options that may be available to the Company and further give its professional evaluation of these options, the ultimate decision as to which, if any, of these options to implement rests with the Company.

### **3. Fees and Expenses**

As compensation for providing Services hereunder, the Company shall pay Obsidian professional fees based on an hourly rate schedule and the level of staff required to complete our Services plus reasonable out-of-pocket expenses.

Our current hourly rate schedule is set forth on Schedule B. A budget for the performance of our services for the period from December 19, 2008 to February 28, 2009 is attached as Schedule C.

Company has paid Obsidian a retainer of \$100,000 to be credited to the professional fees and expenses to be incurred by the Company under this Engagement. The retainer was paid on December 19, 2008. It is refundable to the extent not required to pay professional fees and expenses.

We have previously indicated to you that Obsidian is willing to propose to you an alternative fee arrangement. From the work we have performed so far we have determined that the liquidation of real estate, which we understand will be available to the Company to satisfy potential claims, will be most appropriately performed under an alternative fee arrangement. Our proposal for the liquidation of real estate is described on Schedule D. Please note that the proposal on Schedule D is only for the liquidation of real estate and is not in place of the hourly fees budgeted on Schedule C except as indicated on Schedule D that we would eliminate the hourly fees for "Financial Services Related to Real Estate Available to Satisfy Potential Claims" from the point we are retained to liquidate the real estate and forward.

Our hourly rates are adjusted from time to time. You will be informed in advance of the effective date of such new rates. Obsidian services will be charged at the rates that are in effect at the time the services are rendered.

The Company agrees to reimburse Obsidian for reasonable out-of-pocket expenses that are likely to be incurred on the Company's behalf during this Engagement, including, but not limited to, airfare, meals and hotel accommodations and other similar costs and expenses all in accordance with the limitations on such expenses under the U.S. Trustee Guidelines. Obsidian will not charge any markup, overhead, profit or other fees on the reimbursable expenses. Expenses will be billed in conjunction with our monthly professional fee statements.

January 7, 2009

Page 3

#### **4. Limitations on Services**

While Obsidian's employees are professionals – including attorneys and certified public accountants – Obsidian is not a law firm or accounting firm and it does not give legal, tax or accounting advice. Clients of Obsidian and companies transacting with Obsidian are responsible for providing all necessary legal, tax and accounting advice. Obsidian's principals and employees will expect to work closely with those professionals.

#### **5. Conflicts of Interest**

To the best of our knowledge based on the information available to us, Obsidian has not been engaged to represent any other client related to the Company.

Obsidian is not aware of any conflicts of interest or additional relationships that we believe would preclude us from performing the Services. We will not accept a new engagement that directly conflicts with this Engagement without the prior written consent of the Company. We advise you that Obsidian may provide professional services to the financial institutions, investment funds or related entities, which may hold, or have held, the obligations of the Company. By signing this Agreement, the Company waives any conflict in respect thereof.

#### **6. Indemnification**

Company will, to the extent allowable by law, indemnify Obsidian, its owners, employees, contractors and agents against any and all claims arising out of, connected with or related to the services performed under this letter, except to the extent the liability was caused by negligence, breach of fiduciary duty or the grossly negligent or willful acts or omissions of Obsidian employees, contractors or agents in performing the services, each as finally adjudicated by a court of law.

If Obsidian is called on to render services directly or indirectly relating to the subject matter of this Agreement beyond the services contemplated above, (including, but not limited to, producing of documents, answering interrogatories, giving depositions, giving expert or other testimony, whether by agreement, subpoena or otherwise), Company shall pay our then-current hourly rates for the staff members and professionals involved for the time expended in rendering such services, including, but not limited to, time for meetings, conferences, preparation and travel, and all related costs and expenses, and the reasonable legal fees and expenses of our counsel.

In no event will Obsidian or any of its members, employees, agents, attorneys or representatives (together the "Obsidian Group") be liable for any claim asserted against you. Obsidian will be liable only for the performance of such duties and obligations as are specifically set forth in this Agreement, and no member of the Obsidian Group will be

January 7, 2009

Page 4

liable for any error of judgment made in good faith, or with respect to any action taken or omitted to be taken in good faith, unless the member of the Obsidian Group was reckless. Obsidian and the members of the Obsidian Group will not be liable for any losses or damages caused in connection with the performance of Obsidian under this Agreement, other than losses which are a direct result of recklessness or willful misconduct of Obsidian or such member of the Obsidian Group. The members of Obsidian and the Obsidian Group will have no personal liability under this Agreement or by reason of providing services thereunder, except as provided by law. The liability of Obsidian and the Obsidian Group for any matter related to this Agreement shall be limited to the amount received by Obsidian for its services rendered pursuant to this Agreement and claims may be asserted against Obsidian or the Obsidian Group in connection with this Agreement only by you.

#### **7. Termination/Assignment**

The Company may terminate this Agreement for whatever reason on written notice to us. On receipt of such notice, Obsidian will stop all work immediately but the Company will be responsible for all fees and expenses incurred by Obsidian through the date the notice is received.

The terms of the Engagement that by their context are intended to be performed after termination or expiration of this Agreement, including but not limited to Sections 3 and 6 of the Engagement letter, are intended to survive such termination or expiration and shall continue to bind all parties.

This Agreement shall inure to the benefit of the parties and their successors and permitted assigns. Neither party may assign this Agreement, in whole or in part, without the prior written consent of the other. Any attempt to make such an assignment shall be void.

This Agreement is made solely for the benefit of the parties hereto, and no third party shall acquire any claim against Obsidian as a result of this Agreement.

#### **8. Acknowledgement and Acceptance**

Please acknowledge your acceptance of the terms of this Agreement by signing the confirmation below and returning a copy to us at:

Obsidian Finance Group, LLC  
10260 SW Greenburg Road  
Suite 1150  
Portland, Oregon 97223

If you have any questions regarding this letter or Schedules A thru D, please do not hesitate to contact me at (503) 542-8870.

January 7, 2009

Page 5

Sincerely,

OBSIDIAN FINANCE GROUP, LLC

By: Kevin Padrick  
Kevin Padrick  
Senior Principal

Schedule A – Services

Schedule B – Hourly Rates

Schedule C – Budget

Schedule D – Alternative Fee Proposal for Real Estate Liquidation

**Confirmation of Terms of Engagement**

Summit Accommodators Inc. agrees to engage Obsidian Finance Group, LLC on the terms set forth herein.

\_\_\_\_\_  
Name & Title

\_\_\_\_\_  
Date

January 7, 2009  
Schedule A

## **SCHEDULE A**

### **Services**

Assist the Company in:

- Evaluating the assets and liabilities of the Company;
- Analyzing and reviewing the financial and operating statements of the Company;
- Analyzing the business plans and forecasts of the Company;
- Development of restructuring alternatives including tax aspects and implications on various constituents;
- Review and discussion of the potential risks and benefits of various alternatives;
- Development of strategies to mitigate the potential damages arising from incomplete IRC Section 1031 exchanges for Company customers;
- Identification of alternatives to optimize liquidation of real estate which we understand will be available to satisfy potential claims in the bankruptcy;
- Implementing critical restructuring alternatives;
- Preparation, analysis and explanation of the Plan of Reorganization and Disclosure Statement to various constituencies; and
- Other tasks that are necessary or appropriate as requested by the Company in connection with the Chapter 11 bankruptcy case.

January 7, 2009  
Schedule B

**SCHEDULE B**

**Hourly Rates**

<u>Position</u>	<u>Rate</u>
Senior Principals	\$ 600
Managing Directors	\$ 450
Vice Presidents	\$ 450
Assistant Vice Presidents	\$ 400
Associates	\$ 300
Project Analysts	\$ 200 to 300
Analysts	\$ 250
Administrative	\$ 100 to 125

January 7, 2009  
Schedule C

SCHEDULE C

(see insert)



January 7, 2009  
Schedule D

## SCHEDULE D

**Proposal to Liquidate Real and Other Property  
related to Summit Accommodators, Inc.**

We understand that in connection with the Summit Accommodators, Inc. Chapter 11 Bankruptcy beneficial interests in approximately 75 to 100 parcels of real property (the "Properties") may be made available to satisfy the claims of the creditors of Summit Accommodators, Inc. We further understand that the Properties are rarely if ever unencumbered and held directly. Instead, the Properties are frequently encumbered by third party bank debt, owned by Limited Liability Companies of which the principals of Summit Accommodators may or may not be the majority owners but are infrequently the only owners, and may be subject to joint venture agreements. Furthermore, the Properties represent a diverse collection of assets including income producing residential rentals, commercial office space, industrial space, in-process and finished residential subdivisions, mobile home parks, bare land, and equity in operating businesses.

We propose to liquidate the Properties on a contingent fee basis. We would propose a fee of 15% of the gross proceeds as a contingent fee, payable as properties are liquidated from the portfolio. We will absorb and pay any and all real estate brokerage fees associated with the liquidation of properties. Given the expected complexity of the engagement and the difficult asset classes involved we would expect that if we were instead to perform this engagement on an hourly basis the fees would be in the range of \$1 million to \$1.5 million.

Our contingent fee would include:

- We will pay all real estate brokerage fees associated with the liquidation of properties;
- Negotiation with co-owners, other members in LLCs, joint venture partners, tenants, and third party debt holders;
- Preparation of a comprehensive valuation report on all Properties including coordination of third party valuation providers as we deem necessary (e.g. Broker Price Opinions, Appraisals, Comparative Market Analyses);
- Prepare and execute property by property liquidation plan including negotiated sales, bulk sales, sealed bid auctions, joint ventures, and public listings;
- Ongoing management of all properties including arranging and coordinating property maintenance, collection of rents, and property taxes; and
- Analyze, make recommendations, and take actions necessary to implement additional value-added actions in respect of the properties including continuing development actions (e.g. completing in-process subdivisions), boundary line adjustments, procurement of water rights, lease-up, and use conversions.

January 7, 2009  
Schedule D

We recognize that there is some overlap between the services included above and those detailed on our proposed budget, Schedule C under the heading "Financial Advisory Services Related to Real Estate Available to Satisfy Potential Claims." Therefore, we propose to eliminate the hourly fees under that heading from the point we are retained to liquidate the real estate and forward.

# **Exhibit 6**

**Ewan Rose**

---

**From:** Kevin Padrick  
**Sent:** Friday, January 23, 2009 8:48 AM  
**To:** Susan S. Ford; tom@sussmanshank.com; Terry Vance (tbvancepdx@aol.com)  
**Cc:** Ryan Norwood; Ewan Rose; Patty Whittington  
**Subject:** FW: Real Estate Spreadsheet  
**Attachments:** Obsidian\_spreadsheet of LLC investments\_1.22.09.pdf

Copy of document that was discussed yesterday with the committee.

**KEVIN D. PADRICK**  
**OBSIDIAN FINANCE GROUP, LLC**

**Portland Office**

10260 SW Greenburg Road, Suite 1150  
Portland, Oregon 97223  
Direct 503.542.8870  
Cell 541.948.2386  
Fax 503.245.8804  
kpadrick@obsidianfinance.com [www.obsidianfinance.com](http://www.obsidianfinance.com)

**Sunriver Office**

P.O. Box 3510  
12 River Road  
Sunriver, OR 97707  
Direct 541.593.2244  
Fax 541.593.2288

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---

**From:** Ryan Norwood  
**Sent:** Friday, January 23, 2009 8:30 AM  
**To:** JThomas@perkinscoie.com  
**Cc:** Kevin Padrick; Ewan Rose  
**Subject:** RE: Real Estate Spreadsheet

Jeanette,

Let me know if you have any questions. Thanks.

Ryan

Ryan Norwood  
Obsidian Finance Group, LLC  
10260 SW Greenburg Road, Suite 1150  
Portland, Oregon 97223  
Phone: 503-488-6148 Fax: 503-245-8804

[www.obsidianfinance.com](http://www.obsidianfinance.com)

---

**From:** Kevin Padrick  
**Sent:** Friday, January 23, 2009 6:38 AM  
**To:** Ryan Norwood  
**Subject:** FW: Real Estate Spreadsheet

Real Estate Spreadsheet

Page 2 of 2

**Kevin D. Padrick**  
**Obsidian Finance Group, LLC**  
**PO Box 3510**  
**12 River Road**  
**Sunriver, OR 97707**  
**Phone: 541-593-2244 Sunriver Office**  
**Phone: 503-542-8870 Portland Office**  
**Cell: 541-948-2386**  
**Fax: 541-593-2288**

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---

**From:** Thomas, Jeanette L. (Perkins Coie) [mailto:JThomas@perkinscoie.com]  
**Sent:** Thursday, January 22, 2009 10:51 PM  
**To:** Kevin Padrick  
**Subject:** Real Estate Spreadsheet

Kevin,

Is it possible to send me what you handed out to the committee today by email? We had a few members who were unable to make the meeting in person and I would like to send them the information.

Thanks!

Jeanette

**Jeanette L. Thomas | Perkins Coie LLP**  
1120 N.W. Couch Street  
Tenth Floor  
Portland, OR 97209-4128  
☎: 503.727.2075  
☎: 503.346.2075  
✉: jthomas@perkinscoie.com

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**Ewan Rose**

**From:** Tbvancepdx@aol.com  
**Sent:** Friday, January 23, 2009 9:39 AM  
**To:** Kevin Padrick; anniebuell@gmail.com  
**Cc:** susanf@sussmanshank.com; Tom@sussmanshank.com; JThomas@perkinscoie.com; SHedberg@perkinscoie.com; Ewan Rose; Patty Whittington  
**Subject:** Re: Summit concerns

Kevin,

Thank you for your detailed response. My concern is duplication of effort. We have multiple attorneys at Sussman Shank working on variations of a preliminary distribution plan and closing exchanges as quickly as possible. IE: moving forward as soon as reasonably possible to mitigate damages and eliminate others altogether by completing exchanges. For the past two days I have been in some form of court action that has questioned every piece of this case and the financial aspects of it. It is my name on the agreement between Obsidian and Summit. Numerous questions have been posed re: your companies involvement, particularly cost vs benefit which I have had to answer. Another concern is funding your work, we do not have a court approved order for your employment and the Judge has taken a stringent view of the funds currently in the estate, with repeated statements that those funds will not be used for professional fees. So if I am a little sensitive about the commitments of the limited funds of the estate, I hope you will understand. I was lead to believe that your meeting with the creditors committee yesterday was to determine a potential plan for the real estate, with an identifiable fee structure and then Susan, Tom and I would meet with the committee to finalize how we would proceed. It is certainly not my intent to slow down the process toward the goal, I do have be responsible to the creditors and the Court for maximum return for every dollar spent. I agree that no one is intentionally moving in an adverse direction, we may need to discuss how we can all better communicate. With the 341A finished and the opportunity to start to really focus on productive work on the case, rather than production of documents, we can provide the information and results that the creditors would like to see being completed.

Best regards,  
Terry

Tyrell B. Vance LLC  
503-804-3144

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In a message dated 1/22/2009 10:22:45 P.M. Pacific Standard Time, kpadrick@obsidianfinance.com writes:

Terry, I am sorry if there is a misunderstanding. I don't believe the committee asked us to do anything that we did not understand the debtor to have authorized.

The majority of our meeting was to discuss how to handle the LLC interests. We discussed this with Susan in advance of the meeting and the committee informed us they executed a confidentiality agreement approved by the counsel for the company (presumably Susan or Tom). The only other matter that was discussed was the potential distribution to mitigate exchange damages. One of the issues is the amount of any reserve that would need to be retained to protect against unknown and future claims. Steve Hedberg indicated that he had discussed this with Susan and Susan indicated that Obsidian was the appropriate party to complete this analysis. In my subsequent conversation with Susan I also understood that you wanted us to complete this analysis. As far as I know Ewan was only asking questions that were necessary for us to complete our proposal to the committee on the LLC interests and complete the distribution analysis.

Last week following our meeting we worked on exchange damage mitigation strategies (as discussed at the meeting). I spoke with Susan and Steve about our potential strategy. I followed up with a call with one of Steve's tax partners and Steve to explain the concept. I encouraged Patty to try to reach one of Susan's tax partners to discuss our efforts and Patty attempted to contact him. Patty indicated that she received a couple calls back from one of Susan's colleagues that she assumed was an insolvency expert and not a tax expert. He requested we send the exchange files to him, which we are in the process of coordinating.

Other than these matters I am not aware of anything else we are doing on behalf of the company. If there is some part of what is outlined above that you do not want us to engage in, please let us know.

Once again, I assume that there is a misunderstanding. We perceive that everyone is trying to achieve the same objective of maximizing the return to creditors. Communication problems always seem to be at the root of all issues. Because there are so many matters that require attention from many different people, perhaps a communications gap developed. However, I do not think anyone intentionally is moving in a different direction.

*Kevin D. Padrick*

*Obsidian Finance Group, LLC*

*PO Box 3510*

*12 River Road*

*Sunriver, OR 97707*

*Phone: 541-593-2244 Sunriver Office*

*Phone: 503-542-8870 Portland Office*

*Cell: 541-948-2386*

*Fax: 541-593-2288*

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**From:** Tbvancepdx@aol.com [mailto:Tbvancepdx@aol.com]

**Sent:** Thursday, January 22, 2009 9:28 PM

**To:** anniebuell@gmail.com

**Cc:** susanf@sussmanshank.com; Tom@sussmanshank.com; JThomas@perkinscoie.com;

SHedberg@perkinscoie.com; Kevin Padrick; Ewan Rose; Patty Whittington; Tbvancepdx@aol.com

**Subject:** Summit concerns

Annie,

After the meeting today I received a telephone call from Ewan Rose with Obsidian Financial Services. This has caused significant concern from multiple perspectives. Did the committee provide specific direction to Obsidian to perform any further work on exchanges or any approach to exchanges? Did the committee direct Obsidian to perform any other type of work? If so, I must respectfully insist that Obsidian cease any further work that will be billed from their retainer, until such time we can meet and determine who will pay for the services requested. Obsidian Financial Services does not work for the creditors committee. While I appreciate everyone's desire to achieve the maximum and best efforts for the creditors we simply cannot have assets of the estate being committed without our knowledge and agreement. This is extremely disappointing that Obsidian would accept any assignment without my prior knowledge and that the committee has moved beyond it's intended role. Please contact me as soon as possible to coordinate a meeting with you, as committee chair, and your legal counsel.

Best regards,

Terry

Tyrell B. Vance LLC  
503-804-3144

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**A Good Credit Score is 700 or Above. See yours in just 2 easy steps!**



**Ewan Rose**

---

**From:** Kevin Padrick  
**Sent:** Sunday, January 25, 2009 4:07 PM  
**To:** Hedberg, Steven (Perkins Coie); Thomas, Jeanette L. (Perkins Coie)  
**Cc:** Susan Ford; Tom Stille; Patty Whittington; Ewan Rose; Ryan Norwood; David Brown; Tbvancepdx@aol.com  
**Subject:** term sheet re Assets  
**Attachments:** UCC Term Sheet v5.docx

Steve and Jeanette, attached is the term sheet proposing the terms as we have discussed. In the interest of time, I am submitting this to everyone simultaneously and everyone should feel free to comment. Ewan, would you consider expanding your example to take into consideration some of the other deducts such as out of pockets, etc.

Thank you,

**KEVIN D. PADRICK**  
**OBSIDIAN FINANCE GROUP, LLC**

***Portland Office***

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kpadrick@obsidianfinance.com [www.obsidianfinance.com](http://www.obsidianfinance.com)

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Draft January 25, 2009

**LLC INTERESTS AVAILABLE TO SATISFY CLAIMS OF CREDITORS OF SUMMIT  
ACCOMODATORS, INC.**

**Summary of Principal Terms**

---

**The Assets**

In connection with the bankruptcy of Summit Accommodators, Inc. ("Summit") and the indebtedness owing to creditors of Summit ("Summit Creditors") assets owned by the principals of Summit ("Principals") and affiliates of Summit and/or the Principals, including Inland Capital ("Affiliated Entities") will be made available to satisfy claims of the Summit Creditors and the creditors of the Affiliated Entities ("Affiliated Creditors;" Affiliated Creditors, together with Summit Creditors, "Creditors"). The parties understand that the Affiliated Creditors without collateral are expected to be nominal in number and dollar amount. These assets may include, without limitation, real property owned in whole or in part by the Principals or Affiliated Entities, Affiliated Entities themselves, and debts owed to Inland Capital often secured by deeds of trust or in the form of lines of credit (together the "Assets").

---

**The Engagement**

Obsidian Finance Group, LLC ("OFG") shall be the assignee in an Assignment for Benefit of Creditors or equivalent structure and shall manage and liquidate the assets utilizing its reasonable business judgment to maximize the net present value of the distributable Assets.

---

**Management**

A committee of the Creditors will be formed (the "Advisory Committee"). It is anticipated that the Advisory Committee will be, in large part, a subcommittee of the Official Unsecured Creditors Committee formed in the Summit bankruptcy case. OFG shall consult with the Advisory Committee on a regular basis and will, to the greatest extent possible without compromising its fiduciary obligation, give great weight to the input of the Advisory Committee. It is anticipated that OFG will prepare liquidation strategies for each of the assets for review and input by the Advisory Committee.

---

**Duties**

OFG will: using reasonable efforts identify potential Assets; negotiate with co-owners of real property, other members in LLCs, joint venture partners, tenants, and third party debt holders; prepare liquidation strategies with respect to each of the assets or as combined into asset classes; execute

property by property liquidation plans including as appropriate negotiated sales, bulk sales, sealed bid auctions, joint ventures, and public listings; ongoing management of the Assets including arranging and coordinating property maintenance, collection of rents, and property taxes; analyze, make recommendations, and take actions necessary to implement additional value-add actions in respect of properties including continuing development actions (e.g. completing in-process subdivisions), boundary line adjustments, procurement of water rights, lease-up, and use conversions. All of the above shall be subject to the reasonable business judgment of OFG based upon the facts and circumstances, including without limitation, the cash available to accomplish the preferred business solutions.

---

**Collection Account**

OFG will open a separate bank account as assignee and shall deposit all funds in such account. The account shall be invested in investments of the type approved by the US Trustee's office. Such funds may be used for preservation of the Assets and maximization of the net present value of the Assets, compensation of OFG as provided herein, reimbursement of out of pocket expenditures, and distributions to Creditors.

---

**Fees and Reimbursement of Expenses**

OFG will receive as a fee for its services 15% of the gross proceeds due to the Creditors in respect of the liquidation or collection of Assets (the "OFG Fee"); provided however, for clarity the parties agree that out of pocket expenses shall be deducted prior to the computation of the OFG Fee as a percentage of the gross proceeds due to Creditors (i.e., gross proceeds due Creditors shall be net of out of pocket expenses). Further, OFG shall be responsible for absorbing real estate brokerage fees that would otherwise reduce the distribution to the Creditors resulting from the liquidation of an Asset (i.e., real estate brokerage fees shall be paid by OFG from its fee and shall not be considered out of pocket expenses). Further, the services performed on behalf of the Summit estate with respect to the Assets (estimated at \$60,000 to the date of this term sheet) shall be included in the OFG Fee and compensation therefore shall not be sought from the Summit estate. To illustrate, if the principals of Summit owned an 80% interest in Asset A (a parcel of real property) and Asset A was ultimately liquidated by OFG for \$1,000,000 with real estate brokerage fees of 6% or \$60,000 such that \$940,000 was distributable to the Creditors and the 20% minority owners of Asset A, \$188,000 would be distributed to the 20% minority owners, \$72,000 would be

due to OFG as their 15% fee on the gross proceeds due to the Creditors of \$800,000 (\$120,000) net of 80% of the real estate brokerage fee \$48,000), and the remaining \$680,000 would be deposited in the Collection Account.

OFG shall also be reimbursed for all out-of-pocket-expenses incurred in connection with the execution of its responsibilities relating to the Assets including, without limitation other than the exclusion of real estate brokerage fees, the following: legal fees, title fees, appraisal fees, property taxes, third party debt service, and property maintenance. The reimbursement shall be made as funds become available from the liquidation of or collections in respect of any of the Assets or from the Collection Account. Provided, however, that OFG has no obligation to incur or pay out-of-pocket expenses and may choose to disburse funds directly from the Collection Account in respect of out-of-pocket expenses. Nothing in this paragraph modifies or is intended to be inconsistent with the calculation of the OFG Fee as set forth in the prior paragraph.

Should OFG disburse to itself the OFG Fee and should that fee be in excess of the amount due (e.g., due to additional out of pocket expenses incurred that reduces the distribution to Creditors) OFG shall "true up" the OFG Fee at the time of the next payment of the OFG Fee. If at any time it is reasonably unlikely that there will be no further distributions, OFG shall true up the OFG Fee from its own funds.

The foregoing shall not limit OFG's right to be paid from the Summit estate for all matters not directly related to the Assets, such as general services, tax related services including claims mitigation, and claims and distribution calculations. Further, all services not directly related to collection of the Assets, such as providing testimony, responding to subpoenas or other forms of discovery, participating at the request of the Advisory Committee or any other group or subgroup of Creditors in identification of third party claims, shall be at OFG's standard hourly rates.

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**Jurisdiction of Bankruptcy Court**

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The Bankruptcy Court in the Summit case shall have jurisdiction to resolve all disputes hereunder.

Conference Call Today re "Assignment"

Page 1 of 2

**Patty Whittington**

---

**From:** Kevin Padrick  
**Sent:** Monday, February 09, 2009 11:48 AM  
**To:** Ewan Rose; Patty Whittington; Ryan Norwood  
**Subject:** FW: Conference Call Today re "Assignment"

KEVIN D. PADRICK  
OBSIDIAN FINANCE GROUP, LLC  
*Portland Office*  
10260 SW Greenburg Road, Suite 1150  
Portland, Oregon 97223  
Direct 503.542.8870  
Cell 541.948.2386  
Fax 503.245.8804  
kpadrick@obsidianfinance.com [www.obsidianfinance.com](http://www.obsidianfinance.com)

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**From:** Susan S. Ford [mailto:[Susanf@sussmanshank.com](mailto:Susanf@sussmanshank.com)]  
**Sent:** Friday, February 06, 2009 5:45 PM  
**To:** Hedberg, Steven (Perkins Coie)  
**Cc:** Thomas, Jeanette L. (Perkins Coie); Kevin Padrick; Thomas W. Stille; [tbvancepdx@aol.com](mailto:tbvancepdx@aol.com); Susan S. Ford; Janine E. Hume; Linda R. Scott; Kathy A. Moody; Martin P. Meyers  
**Subject:** Conference Call Today re "Assignment"

Steve and all:

I wanted to let you know that Terry, Tom and I participated in a conference call today with the principals and their lawyers per their request to review the proposed terms of the "assignment" and employment of Obsidian. There were some fairly significant reservations and concerns discussed as well as an alternative plan to address those concerns.

The concerns relate to the overall structure, breadth, and, to some extent, the potential costs related to the transaction.

First, the principals and their lawyers are not willing to agree to the proposed structure for the assignment, because they believe it is unnecessarily complicated and costly to set up, without necessity.

Second, neither the principals nor Terry are comfortable with or see a need for a transfer of the equity interests or control over Three Sisters and Inland to Obsidian. They do not think Obsidian should necessarily have any involvement with Three Sisters or understand why it is doing anything further ( if it is ) with ongoing exchange completion. There does not appear to be any necessity for Obsidian to control Inland either. The individual's equity interests in these entities do not appear to be worth much, if anything. Everyone agreed that the Debtor needs to be able to control both these entities, however, so the proposal thought to be least expensive and simple to accomplish that is: A) file a bankruptcy for Three Sisters and jointly administer it with the Debtor; and B) make an assignment of all of Inland's assets to SAI.

Conference Call Today re "Assignment"

Page 2 of 2

We are starting work on this revised plan now. We think it still accomplishes the shared goals of the UCC and the Debtor but is simpler. It will also not place us in the possibly untenable position of having assigned everything of value ( including the interest in the Inland entity that owes the Debtor \$13 million plus) to a third party assignee to operate with little oversight and outside the jurisdiction of the bankruptcy court. There was significant concern that such a proposal would be "dead on arrival" and might even lead to a Motion by the UST to appoint a Trustee, which would not benefit the creditors.

This leaves what all at the meeting thought was the original plan for Obsidian -- to take an assignment of the individual's assets for the benefit of creditors and liquidate those assets. The principals want to do that, but with a direct assignment or assignments to a trust or trusts, and David Foraker had some further thoughts on how they want it structured to minimize tax consequences so that it will be neutral for all concerned. There may be some non-Inland related personal assets they want to place in a separate trust that would not be liquidated until the Inland-related assets are liquidated. If financial needs arise in managing the properties, the Trustee could borrow from SAI, subject to court approval. Obviously, SAI will facilitate if Obsidan needs to foreclose or make demand upon an Inland Note or Trust Deed. All thought these checks and balances appropriate and necessary. There was also discussion that there needs to be a structure for Obsidian to earn 15% only in the event that 100% of the assets transferred are in fact administered and liquidated. If it is something less than that, a lower percentage would apply. The other fee/cost limitations previously negotiated by the UCC with Obsidian would also apply. There was some discussion about a couple of carve-outs for property that is already getting offers without Obsidian's involvement, because those have Inland loans and the estate needs operating funds very soon.

We are undertaking the task of drafting this and obviously there will be more details, but this is the gist of it. We hope to accomplish everything except the Obsidian trust assignment prior to the PI hearing next Wednesday. Realistically, the meetings, exchange of drafts etc. to accomplish that will take more time. The principals are willing to extend the TRO to accommodate this and we can Move to continue the PI hearing to allow us to get this accomplished.

I wanted to let you know where the other parties to the transaction are on this. We will plan to move forward and continue working together to achieve a result that all can support.

Let me know if you want to discuss this weekend.

Thanks,  
Susan

**an S. Ford - Attorney**  
503.243.1657 (Direct)  
susanf@sussmanshank.com

**Sussman Shank LLP** | 1000 SW Broadway, Suite 1400 | Portland, OR 97205-3089 | 503.227.1111 |  
503.248.0130 (Fax)

--- Visit our WEB site at [www.sussmanshank.com](http://www.sussmanshank.com) ---

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# **Exhibit 7**

# SUMMIT 1031 BK JUSTICE

A PUBLIC UPDATE FOR INTERESTED PARTIES

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Subi

## Summit 1031 Exchangers

### To Summit 1031 Exchangers:

I am so sorry your money has been caught up in the Summit 1031 Bankruptcy. You have reason to be very upset. You trusted Summit 1031 with your money and suddenly the company is in bankruptcy court. It is an unfortunate situation for all, but mostly for the exchangers. Summit 1031 owed exchangers \$27.8 Million, but they only had \$13.6 Million in cash. There shortfall was \$14.2 Million. How could this have happened? It is upsetting and you want answers, but mostly you want all your money back! I can understand the anger you have. Who wouldn't be angry? You have every right. You also deserve to hear the truth about what has happened.

MY GOAL: \_ Are there better solutions to getting your money back to you? I want to know and I want to do what I can to make that happen. If you want to save yourself almost \$1 Million, then listen up! On September 2, 2009, there is a hearing on the fee applications. The fees haven't been authorized by the court yet. Make sure your money is being used wisely and in your best interest.



Who am I? My name is Stephanie Studebaker-DeYoung. Unwillingly, I have acquired an interest in, and more knowledge on bankruptcy (BK) than I ever wanted to know because Summit Accommodators, Inc. (Summit 1031) filed Chapter 11 bankruptcy in December 2008. I am affected by the results of this action two-fold...

1. I am an investor in 4 of the LLC's where the principals' interest has been transferred to the Trustee of the Summit Bankruptcy.
2. I am the daughter of Mark Neuman, one of the principals of Summit 1031. This situation has been challenging, but has brought me much closer to my dad, and I am grateful for that.

Did you know the principals of Summit 1031 always wanted to turn over their assets to help pay off their debt to you? They never intended for this to happen and have always wanted to do what was right by their clients. However, since the company filed for Chapter 11 Bankruptcy, this has been practically impossible. All that seems to be going on is rising professional and attorney fees. I just submitted an objection to fees amounting to almost \$1 Million. A short form of this objection can be found in a complaint I filed with the [Complaints Board](#). I am doing this to help minimize the cost, help maximize the value back to the exchangers because it is what the principals and I want.

I know you have no reason to trust me, but if you want to know more about what is happening to your money, I will post the information on this website.

I don't think the principals of Summit are not to blame. Their business was not able to pay you back. They should have to deal with whatever consequences they get, but based on

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[Kevin Padrick -- Complaint I Filed](#)

[Kevin Padrick, Joseph Stilwell & Oregon Trail Financial Corp](#)

[Kevin Padrick, Obsidian Finance,](#)



the truth or at least the complete facts and circumstances that led to their bankruptcy. They did not intend for this to happen and they just want you to get your money back. They have been, since DAY 1, wanting to give all they had to cover the shortfall. They transferred practically everything they owned personally to help pay you back, but with the outrageous legal fees and the falling market it will be tough.

Please know that if they could go back and do a better job at getting your money to you they would, but now your money is in the hands of Kevin Padrick and I want you to be aware of what he is doing to get your money back. I think Terry Vance was doing a better job and would do a better job and maybe you would not have to pay Kevin Padrick and his team of professionals the \$1 Million of professional and legal fees they have submitted in their fee application. This is only for 5 months worth of work. Kevin Padrick is supposed to have this job for 5-7 years. At this rate, it will be at least \$11 Million for the duration of his tenure as bankruptcy trustee.

Please read for your information only.

*I have become an advocate for awareness, the truth, and a person's right to know. I believe that in the absence of the truth, all of us stand helpless to defend ourselves, our families and our health, which is the greatest gift we have. Often times we don't think about or worry about or understand what is happening to another until it happens to us. Deceits have no boundaries. When it comes to cover-ups and the legal system, we are all up for grabs. It is through communication with you, applying our common sense, searching for information and documents, finding the right lawyer and standing united that we can fight back against an enemy we can't always see, until it is too late. The purpose of this website is to shed some light on the Summit 1031 bankruptcy events, so that our community can obtain more awareness on what has happened, as well as finding what it can do to address the problems in ways that are more constructive and less costly.*

I think you should know that your money is being used to pay attorneys to navigate through our legal system. I have been told many times by the legal professionals that there is a "process" we don't understand, but they do. This process involves a large amount of legal fees. Summit 1031 was in trouble, but they still had \$13.6 Million in cash. The principals were directed to retain the following attorneys using this cash:

- o Hiring Sussman Shank – Corporate Bankruptcy Attorney – Retainer \$250,000
- o Hiring Obsidian Finance Group, LLC – "Liquidation Experts" – Retainer \$100,000

**Summit 1031 contracted with Obsidian Finance because Kevin Padrick, Obsidian's Senior Principal, told the 4 Summit principals that their company could "...move quickly, engage the insurance companies almost immediately, work fast enough perhaps so [they] could preserve some exchanges."**

Summit Accommodators' principals explained the whole situation to Obsidian in detail, including specifics on many individual properties and LLC's that had significant value. Kevin Padrick told Mark Neuman, Brian Stevens, Tim Larkin, and Lane Lyons that he understood exactly how to handle the situation. Padrick said his company had been very successful handling situations like Summit's with a large investment portfolio to liquidate. He understood the complex services like exchanges and their related tax consequences, mitigating costs and funding issues.

Padrick said his company had extensive knowledge on exchanges and would be able to

Cambell Group & Longview Fibre

Our Objection to Fees

Sub Exhibits for Exhibit F  
Exhibit F – Kevin Padrick,  
Tonkon Torp, & Obsidian  
Finance List of Atrocities  
Hearing is Scheduled for  
September 2, 2009

Rule 2004 Examination Request –  
Waste of Time & Money!

US Trustees Office Ignores Concerns!

Who is Crystal L. Cox?

Is it David Aman, Kevin  
Padrick's Attorney's Right to  
Interfere with the Objection  
to Fees

Open letter to the  
Department of Justice:  
US Trustee's Office Pamela  
Griffith picked Kevin Padrick  
even though he had not  
done the job he was  
contracted to do.  
What is the Spat Between  
Kevin Padrick and Stephanie  
Studebaker-DeYoung Really  
About?

Bankruptcy Abuse  
Prevention and Consumer  
Protection Act of 2005  
(BAPCPA) – Blah .. Blah..  
Blah.. No Accountability..  
Montana Victims are  
Affected – what does NEAL  
G. JENSEN, ASSISTANT U.S.  
TRUSTEE have to Say?  
Report Suspected  
Bankruptcy Fraud

David Aman Communications...

David Aman at Tonkon Torp  
Request I remove video and  
transcript  
David Aman – Check your  
facts!  
Do they have a law class  
that teaches you how to lie  
or do you learn it from on  
the job training?  
No one in the Justice  
System keeps you  
Accountable!

Economic Tsunami

How much does Annie Buell & the  
Tennant Family have to do with this?

Did Martin Hansen get  
thrown out as a partner ?  
Martin Hansen, the Tennant  
Family Lawsuit, and the  
COST you Paid to Fight  
Them... yet THEY Still are  
Running the Show.

handle completion of the in-process exchanges. Of course, this was an important issue to the principals. They had a specific interest in getting exchanges completed quickly in order to help the exchangers, as well as avoid additional liability. Padrick stated he had connections to all sorts of financial resources from which he believed he could arrange funds to take care of exchange fund shortages in the interim, until the hard assets could be liquidated. Getting interim cash would help complete the exchanges on a timely basis. Wouldn't you hire him if he told you this if you were in a similar situation?

["Click here to view the types of services Obsidian agreed to do for Summit"](#)

Sussman Shank advised the Summit 1031 (Corp) to hire the following additional attorneys:

- o Hiring Hovet and Boise - Summit 1031's Criminal Attorney – Retainer \$35,000

Summit Accommodators, Inc. needed a criminal attorney in case the corporation was charged with a crime. [Susan Ford, partner in Sussman Shank](#), told the principals not to worry. She said that as soon as bankruptcy was declared, everything would become transparent. Hovet and Boise said there was only a 50% chance that this would get on the radar with the US attorneys. Even if it did, their goal would be to get any charges stopped at the corporate level. That would keep those principals out of harm's way. Mark, Brian, Tim and Lane didn't realize they were in criminal trouble. They thought they were in bankruptcy trouble...but that's what the criminal counsel told them!

- o Terry Vance - CRO (Chief Restructuring Officer) - Retainer \$50,000

In entirety, Sussman thought \$435,000 would cover the cost of this whole ordeal. Where would this money come from? Sussman looked at the cash balances in Inland Capital, the lending company that owed Summit 1031 money, and instructed the principals to wire the funds to the attorneys ASAP instead of paying Summit 1031 back. The principals have not authorized any more professional or legal fees. It is now up to you and I to make sure these fees don't go through the roof.

Now we are 6 months into the Bankruptcy and the total fees incurred and to be paid out of exchanger funds is \$2.2 MILLION. This is \$370,000 per month in legal fees. Wow, the monthly amount is more than most families make in a 5 years!

It took \$2.2 Million to wrestle away assets these principals were willing to hand over since Day One. "Click here to find out why this cost is so high."

Apparently, the cost is typical in cases like this, which is why the creditors are estimated by Padrick to eventually only get 20 cents on the dollar, if that. This is hard to understand when the number Summit 1031 started with was a "hole" of \$13 million. Now Padrick says the "hole" is \$40 million.

A rough accounting of the "shortfall" is as follows:

- o Summit owed 27.8M to exchangers.
- o Summit had 13.6M of this in cash.
- o Principals turned over approximately 11.8M of liquidation equity on their investment properties in today's economy after 6% commissions to realtors.
- o Summit has 10M Bond and 3M E&O Insurance.
- o Outside loans owed to Inland are 1M.

Total dollar amount the principals & Summit 1031 pledged to the bankruptcy estate is approximately \$25.4 Million. This amount is 2.4 Million less than the original "hole" and

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[Who is Annie Buell In Relationship to the Summit 1031 Bankruptcy ?](#)

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does not include the \$10 Million Bond and the \$3 Million E&O Insurance.

Most of you are probably not into accounting, like me, but if you break it down to simple math, I am not sure why the exchangers would not get most, if not all of their money back. Maybe it is because Padrick wants a large chunk of the "hole". Maybe this is what he has wanted since the very beginning. I don't know what happened, but everyone is spending money on attorneys and no one is being paid back. Many of the LLC members have had negative dealings with Obsidian and have had to hire attorneys in an attempt to get some communication from them. Since neither I nor anyone else seems to be able to communicate with the people in charge of this (Obsidian), I thought I would try to talk to you, the people to whom my dad's company, Summit 1031, owes money. All my dad and his partners want to do is to pay you back. I want to help wherever possible because I know these men never meant for you to not get your money back. However, I alone cannot keep the fees reasonable, you need to be aware of what is going on in the case and help make the attorneys and professionals who have taken over accountable for their time and their charges. It is too late to change what has happened, but it is not too late for you to get your money back.

If you have questions, concerns, or need further information, you should contact the counsel for the Creditors' Committee. The legal counsel is Perkins Coie. Their contact person is named below:

- o Jeanette Thomas at Perkins Coie "[Click here for her contact information](#)"

You could also contact the US Trustee's office. They would be able to answer any other questions you may have.

- o [Robert D. Miller Jr., Acting United States Trustee - Jake.D.Miller@usdoj.gov](#)
- o Pamela J. Griffith, Assistant US Trustee - [Pamela.Griffith@usdoj.gov](#)

If you don't know how you are going to get your money back, you should inquire. You are why we are here. YOU are owed money and the "other side", the principals, would more than anything love to get that to YOU.

Please choose where you would like to go next...

1. [Click here to view a taping of the Kevin Padrick & Obsidian's presentation](#)
2. [Click here to view the Objection to Fees I filed in an attempt to save the bankruptcy estate almost \\$1 Million dollars](#)
3. [Click here to view the postings of the events taking place in this case since December 2008](#)
4. [Click here to see what has been reported on the front page of the Bend Bulletin](#)
5. [Click here to learn how Summit 1031's business plan failed](#)
6. [Click here to find out what has happened since Summit 1031 declared Chapter 11 Bankruptcy](#)

7. [Click here to view the matrix of attorney and professional fees](#)

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# **Exhibit 8**

**Stephanie Studebaker**

---

**From:** Tim Larkin [tim.larkin8@gmail.com]  
**Sent:** Tuesday, January 27, 2009 12:55 PM  
**To:** Stephanie Studebaker  
**Subject:** Re: Klondike

Steph, I do not see any problem with your position. It makes perfect sense to me. Thanks

On Tue, Jan 27, 2009 at 12:35 PM, Stephanie Studebaker <[stephanie@tylerstudebaker.com](mailto:stephanie@tylerstudebaker.com)> wrote:

Hi Guys,

I have been working on selling this property. Charlie Ringo, the attorney, I have been speaking with is going to make an offer that he says we will like. At the same time, he is saying that our 1.1 M price is too high because all of the leases are coming up this year. He wants to value based on 2 suites being empty forever which is about 840,000. We have already paid this much for the building and improvements. I also offered him a lease guarantee for the lease that is coming up in March. This is the same buyer that was speaking with Terry. The reason I am bringing this up is because Charlie thinks that as long as he can please the bankruptcy attorney that he has a deal. Barb and I will sell the whole building for 1.1M. But we are not willing to discount our ownership. We would rather purchase your interest in the building ourselves and refinance it. We would like to exercise our first right of refusal on any real offers that come in. If I don't hear back from Charlie, we are going to list it with Dan Steelhammer and Bret (they are working as a team) for 1.1M on Friday. If someone is offering discounted prices on your guy's interest then I have some partners that would be interested in matching these. Since Barb and I would have to partner with them, then we need to be able to work with them. I would choose the person I want to work with. We need to let you know within 10 days of a receipt of a written offer or transfer notices that we would like to exercise our first refusal rights. Therefore, upon our receipt of offers we will let you know our intentions within this timeframe. Please be sure to forward any offers being presented to you or the bankruptcy court directly to me upon receipt.

Barb and I have looked at our investment in the property and do not feel any urgency to settle for a fire sale price. We could have a fire sale price on your interest, but I don't want to even do that unless it is necessary and/or you OK it because that means less money to the exchangers. This year the leases are coming up and Bret is working with me to make some minimal changes to the suites and to get them leased and renewed. Once we get all the leases renewed, then we won't have to put up with these ridiculous prices that people are giving us. Since we are the anchor tenant and our lease is month to month with 10 1-year options at this point we have no intentions of having an undesirable buyer benefit from our lease in any way.

Please confirm you are in agreement with Barb and my position on this investment.

Thanks,

Stephanie

**SSDY000175**

7/14/2009

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PS. I have attached my email communications with Charlie Ringo for your review.

Stephanie Studebaker, CPA

Tyler & Studebaker CPA's LLP  
265 NW Franklin Avenue  
Bend, OR 97701  
541.382.5020 541.382.2923 fax

[www.tylerstudebaker.com](http://www.tylerstudebaker.com)

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----- Forwarded message -----

From: "Stephanie Studebaker" <[stephanie@tylerstudebaker.com](mailto:stephanie@tylerstudebaker.com)>  
To: "Charlie Ringo Attorney" <[charlie@ringolaw.com](mailto:charlie@ringolaw.com)>  
Date: Tue, 27 Jan 2009 13:32:54 -0500  
Subject: RE: Intent to move forward on building purchase

Hi Charlie,

We will be willing to take a look at your offer. However, Barb and I are not willing to sell our interest in the building at any fire sale or discounted price. We have other interested partners that will be interested at looking at the property with discounted prices. If we have to sell due to Mark and Brian's situation we will, but before Barb and I will discount it, we would rather refinance the property and keep it ourselves.

I was already informed that you spoke with the bankruptcy attorney. I already told you that they would have the final approval; however Barb and I will also have authority on any transactions that are not in favor of supporting the FMV of our interest.

I don't know what more you would like to discuss at a meeting. I think we should just wait for your offer and

7/14/2009

SSDY000176

Exhibit 8  
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plan accordingly.

As of Friday this week, we are going to list the property for sale at 1.1M and we won't be taking any discounted offers.

Thanks,

Stephanie

Stephanie Studebaker, CPA

Tyler & Studebaker CPA's LLP  
265 NW Franklin Avenue  
Bend, OR 97701  
541.382.5020 541.382.2923 fax

[www.tylerstudebaker.com](http://www.tylerstudebaker.com)

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**From:** Charlie Ringo Attorney [mailto:[charlie@ringolaw.com](mailto:charlie@ringolaw.com)]  
**Sent:** Tuesday, January 27, 2009 9:59 AM  
**To:** Stephanie Studebaker  
**Cc:** 'Barbara Tyler'  
**Subject:** RE: Intent to move forward on building purchase

Hi Stephanie and Barb,

I think this is a little premature. As a starting point, I would not agree to your asking price, as that is based on cash flows/occupancies that do not exist, but I do think I could make an offer to purchase the entire building under terms you would find attractive. Also, I still need to carry out some analysis and due diligence on this. I want to assure you, though, that my intention would be to maintain the building to at least the same standards that currently exist.

7/14/2009

SSDY000177

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Incidentally, I have checked with the attorney for Summit Accomodators, who informed me that court approval will be necessary to complete the transaction.

I would like to arrange to meet to discuss this later this week. If it's okay with you, I'll call Gail to put get something on the calendar.

Thanks.

Charlie

---

**From:** Stephanie Studebaker [mailto:[stephanie@tylerstudebaker.com](mailto:stephanie@tylerstudebaker.com)]  
**Sent:** Monday, January 26, 2009 3:01 PM  
**To:** Charlie Ringo Attorney  
**Cc:** Barbara Tyler  
**Subject:** Intent to move forward on building purchase

Hi Charlie,

I am sending this email to you to specifically identify the transaction points we need to address to move forward. They are as follows...

1. Confirmation of Purchase Price.
2. Earnest Money.
3. Is your intent to purchase the entire building or a partial interest?
4. If your intent is to buy partial interest, we need to make a few changes to the operating agreement.
  - a. First to substitute the managers in section 4.1 to you and Barb in exchange for Tim Larkin. I am already a manager and want to remain a manager.
  - b. Second to change section 4.2...Managers shall be elected and removed by a vote of members owning not less than a 60% ownership in the Company to 80% vote.
  - c. There may be some other items. If so, I will let you know.
5. Agreement on Property Management. I would like Bret DeYoung to be the property manager.
6. Timeline of the purchase.
7. Your lease and T&S lease need to be written.

7/14/2009

SSDY000178

Exhibit 8  
Page 4 of 10

8. Our understanding is that the purchase of partial interest would be subject to the existing financing and lender approvals.
9. Confirm your understanding of the information regarding price and discounts in my last email.

**Purchase Price for Entire Building = \$1,109,925.17**

**Purchase of partial 63.34% Interest \$1,109.925.17 \* 63.34% = \$696,340**

Less discount for lease guarantee = <\$11,565> \* 63.34% = <\$7,325>

Less 15% partial interest discount = <\$44,835>

Purchase Price = \$644,180

Less 63.34% Debt = <\$405,416>

Equals a Cash Purchase of \$238,764

10. We will take care of the brokerage fees at the above price. If you desire to engage another broker, that would be at your expense.
11. We would prefer to use Terry Ausbrooks at Amerititle as the escrow officer.

After we meet with Barb on the philosophy of the partnership, we should meet with our broker, Dan Steelhammer to structure the offer.

Please understand that all of these discussions anticipate working towards a purchase and sell agreement, but none of these individual terms are binding until there is a signed agreement.

Thanks,

Stephanie

*Stephanie Studebaker, CPA*

**Tyler & Studebaker CPA's LLP  
265 NW Franklin Avenue  
Bend, OR 97701  
541.382.5020 541.382.2923 fax**

**[www.tylerstudebaker.com](http://www.tylerstudebaker.com)**

7/14/2009

**SSDY000179**

Exhibit 8  
Page 5 of 10

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----- Forwarded message -----

From: "Stephanie Studebaker" <[stephanie@tylerstudebaker.com](mailto:stephanie@tylerstudebaker.com)>  
To: "Charlie Ringo Attorney" <[charlie@ringolaw.com](mailto:charlie@ringolaw.com)>  
Date: Sun, 25 Jan 2009 21:44:53 -0500  
Subject: RE: Building purchase

Hi Charlie,

Yes, Barb and I would consider signing a five-year lease, but of course that would be contingent upon the terms of the offer.

Thanks,

Stephanie

Stephanie Studebaker, CPA

Tyler & Studebaker CPA's LLP  
265 NW Franklin Avenue  
Bend, OR 97701  
541.382.5020 541.382.2923 fax

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---

**From:** Charlie Ringo Attorney [<mailto:charlie@ringolaw.com>]

7/14/2009

**SSDY000180**

Exhibit 8  
Page 6 of 10

**Sent:** Sunday, January 25, 2009 5:18 PM  
**To:** Stephanie Studebaker  
**Cc:** 'Barbara Tyler'  
**Subject:** Building purchase

Hi Stephanie and Barb,

Julie and I are considering making an offer to purchase the building, but it would be contingent upon your signing a five-year lease. Assuming, of course, that the rest of the terms are acceptable, would you consider such a lease?

Thanks.

Charlie

----- Forwarded message -----

From: "Stephanie Studebaker" <[stephanie@tylerstudebaker.com](mailto:stephanie@tylerstudebaker.com)>  
To: "Charlie Ringo Attorney" <[charlie@ringolaw.com](mailto:charlie@ringolaw.com)>  
Date: Fri, 23 Jan 2009 21:40:48 -0500  
Subject: Here is the attachment I was going to send with the last email

Stephanie Studebaker, CPA

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7/14/2009

SSDY000181

Exhibit 8  
Page 7 of 10

----- Forwarded message -----

From: "Stephanie Studebaker" <[stephanie@tylerstudebaker.com](mailto:stephanie@tylerstudebaker.com)>  
To: "Charlie Ringo Attorney" <[charlie@ringolaw.com](mailto:charlie@ringolaw.com)>  
Date: Fri, 23 Jan 2009 19:35:46 -0500  
Subject: RE: Klondike Operating Agreement

Hi Charlie & Julie,

I spoke with the commercial broker I have been working with and he said that the standard vacancy rate is 10% with reserves of 3%. I have updated the projected 2009 P&L with these amounts subtracted from the gross rents and cams. The prior estimated P&L had actual vacancies. We are looking for an end user buyer who will lease upstairs. This gives us an anchor tenant both upstairs and downstairs. This will reduce the risk of vacancies. With using the 10% vacancy and 3% reserves, the net income from operations is \$83,244.38. At a 7.5% cap, the value of the 63.34% interest is then \$1.1 Million less debt of 640K equals 460K times 63.34% or 291K Value. After a 15% partial interest purchase discount, the value would be 247K. I cannot guarantee the leases will be there, but I can't discount for leases that will most likely be renewed or replaced due to the fact that this is a B building in an A location. I would take into consideration guaranteeing the chiropractors lease for the remainder of 2009. By doing this, we would reduce the price by 9 months times 1282.05 equals \$11,565. This would bring the price down to 236K. With the end user buying into the property and leasing the mortgage suite we would be considered 100% leased in 2009 because the mortgage guy will move into Suite 103.

Hope this helps,

Stephanie

Stephanie Studebaker, CPA

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**From:** Charlie Ringo Attorney [mailto:[charlie@ringolaw.com](mailto:charlie@ringolaw.com)]  
**Sent:** Friday, January 23, 2009 10:37 AM  
**To:** Stephanie Studebaker  
**Cc:** 'Barbara Tyler'  
**Subject:** RE: Klondike Operating Agreement

Hi Stephanie and Barb,

Thanks again for meeting with Julie and me yesterday. I have a question on the overall value placed on the building. If the value is determined by the stream of income divided by the cap rate, shouldn't this be based on the income after March, when the chiropractor leaves and the mortgage business moves to the basement? By my calculation, after these moves, the new annual net income will be approximately \$63,900 per year, not \$84,177 as stated on the 2009 projected cash flow spread sheet. What are your thoughts on this?

Thanks.

Charlie

---

**From:** Stephanie Studebaker [mailto:[stephanie@tylerstudebaker.com](mailto:stephanie@tylerstudebaker.com)]  
**Sent:** Thursday, January 22, 2009 2:39 PM  
**To:** [charlie@ringolaw.com](mailto:charlie@ringolaw.com)  
**Subject:** Klondike Operating Agreement

Let me know if you need additional information. FYI – Steven Ford was an initial member, but we all purchased his shares from him a couple years ago so he is no longer a member.

Stephanie Studebaker, CPA

Tyler & Studebaker CPA's LLP  
265 NW Franklin Avenue  
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7/14/2009

SSDY000183

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CERTIFICATE OF SERVICE

I hereby certify that I served the foregoing **DECLARATION OF KEVIN D. PADRICK IN RESPONSE TO OBJECTION TO ATTORNEY & PROFESSIONAL FEES OF OBSIDIAN FINANCE GROUP, LLC; TRUSTEE, KEVIN PADRICK; AND TONKON TORP LLC AND WRITTEN REQUEST FOR A HEARING** on the parties indicated as "ECF" on the attached List of Interested Parties by electronic means through the Court's Case Management/Electronic Case File system on the date set forth below.

In addition, I served the foregoing on the parties indicated as "Non-ECF" on the attached List of Interested Parties:

by mailing a copy thereof in a sealed, first-class postage prepaid envelope, addressed to each attorney's last-known address and depositing in the U.S. mail at Portland, Oregon on the date set forth below;

by causing a copy thereof to be hand-delivered to said attorneys at each attorney's last-known office address on the date set forth below;

by sending a copy thereof via overnight courier in a sealed, prepaid envelope, addressed to each attorney's last-known address on the date set forth below; or

by faxing a copy thereof to each attorney at his last-known facsimile number on the date set forth below.

DATED this 17th day of August 2009.

TONKON TORP LLP

By /s/ David S. Aman

Leon Simson, OSB No. 753429 (Lead Attorney)

David S. Aman, OSB No. 962106

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Attorneys for Chapter 11 Trustee



**LIST OF INTERESTED PARTIES**

***In re: Summit Accommodators, Inc. dba Summit 1031 Exchange  
U.S. Bankruptcy Court Case No. 08-37031-rld11***

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