

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION**

**SECURITIES AND EXCHANGE COMMISSION**  
**Plaintiff,**

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**Civil Action No. 4:11-cv-655**

**v.**

**JAMES G. TEMME, and**  
**STEWARDSHIP FUND, LP,**  
**Defendants.**

**RECEIVER’S UNOPPOSED MOTION FOR AUTHORIZATION**  
**TO PAY ESCROW FUNDS AND RELEASE TITLES**

COMES NOW Keith M. Aurzada as Receiver (the “Receiver”) for James G. Temme (“Temme”), Stewardship Fund, LP, and all other entities directly or indirectly controlled by Temme or Stewardship Fund, LP, including, but not limited to Stewardship Advisors, LLC, d/b/a Stewardship Advisors, LP, Stewardship Asset Management Genpar I, LLC, Stewardship Group, LLC, Destiny Fund, LP, and Stewardship Management, LP (collectively, the “Receivership Entities”), and hereby files his Unopposed Motion for Authorization to Pay Escrow Funds and Release Titles (the “Motion”), in and support hereof respectfully states as follows:

1. On October 14, 2011, the Securities and Exchange Commission (the “Commission”) instituted the above-captioned action, and the Receiver was appointed as receiver for the Receivership Entities through the Court’s entry of the Agreed Order Appointing Receiver Over Entities Under Control of James G. Temme (Dkt. No. 24); Agreed Order Appointing Receiver Over Stewardship Fund, LP, and Related Entities (Dkt. No. 25); and Order Appointing Receiver Over James Temme (Dkt. No. 30) (together, the “Receiver Orders”).

Pursuant to the Receiver Orders, the Receiver is to take exclusive custody and control of all assets and records of, or traceable to, the Receivership Entities.

2. This matter was initiated on October 14, 2011, when the Commission filed its Complaint alleging that during the three years prior to filing suit, Temme defrauded investors out of at least \$35 million by promising to purchase distressed and non-performing residential mortgage loans that the Receivership Entities would restructure into performing loans that would be resold at a profit. The Commission further alleges that the Receivership Entities represented to investors that they would receive returns based on either payments from the homeowners or from the resale of the repackaged mortgages or underlying properties. Based on those representations, the Commission alleges that Temme and the Receivership Entities misappropriated investor funds through a “web of deceit,” in which they: “falsely represented that investor funds would be used to purchase certain mortgages or property when in fact the investor funds were used to payoff other investors; falsely claimed to own mortgages or other loans they did not; and falsely promised different investor groups that he had purchased the same loans on their behalf.” Complaint ¶ 4 (Dkt. No. 1).

3. The Receiver’s investigation has discovered approximately 6,900 notes that the Receivership Entities have in the past owned, serviced, or contracted to purchase (the “Notes”). The master servicer for the Notes is Halo Companies, Inc (“Halo”), which is responsible for management of the assets, including holding escrow accounts for the properties. Funds are collected from the homeowners by LenderLive Network, Inc. (“LenderLive”), Halo’s sub-servicer.

4. At this time, Halo and/or LenderLive possess or control escrow accounts that hold funds reserved for the payment of *ad valorem* taxes and/or insurance premiums on the properties

underlying many of the Notes. Halo and Lenderlive have indicated to the Receiver that the funds held in escrow have not been released to their designated beneficiaries because ownership of the Notes is uncertain and the Court has not authorized the release of funds that may be assets of the Receivership Estate.

5. In the event *ad valorem* taxes are not paid, the properties securing the Notes may be foreclosed upon by the taxing authorities to the detriment of the Receivership Estate and any other party with an interest in the Notes. Indeed, on a daily basis the Receiver receives myriad notices of foreclosure on properties underlying the Notes for failure to pay *ad valorem* taxes.

6. Likewise, failure to pay casualty insurance premiums on the properties underlying the Notes may result in losses to the Receivership Estate and any other party with an interest in the Notes. Accordingly, although ownership of the Notes is uncertain, it is in the best interest of the Receivership Estate and all parties claiming an interest in the Notes for the *ad valorem* taxes and insurance premiums held in escrow to be paid to the parties designated in the escrow agreements.

7. Moreover, some of the Notes have been paid in full by the borrowers. In some instances, the Notes and other loan documents indicate that upon payment in full by the borrowers, title or other ownership documents to the underlying property – which are being held by Halo or LenderLive - should be provided to the borrower. As with the escrowed funds, Halo and LenderLive have indicated to the Receiver that, out of an abundance of caution, they will not release title or other ownership documents to borrowers without authorization from the Court. To the extent borrowers have paid their mortgage or Note in full, and are otherwise entitled to receive their title or other ownership documents from Halo or LenderLive, the Receiver requests that the Court authorize the release of such ownership documents.

8. By this Motion, the Receiver does not seek a determination of the ownership of the Notes. Rather, the Receiver merely seeks to preserve potential assets of the Receivership Estate pending final determination of the owner of the Notes.

WHEREFORE, in the interest of preserving potential assets of the Receivership Estate, the Receiver requests an order from the Court authorizing Halo, Lenderlive, and any other entity in possession or in control of an escrow account attributable to the Notes to pay out all funds held in escrow to the designated beneficiaries. Moreover, the Receiver requests that the Court authorize Halo and LenderLive to release any title or other ownership documents to borrowers entitled to receive the same.

Dated: February 7, 2012.

Respectfully submitted:

**BRYAN CAVE LLP**

By: /s/ Jay L. Krystinik

Jay L. Krystinik

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*Counsel for Keith Miles Aurzada, Receiver*

**CERTIFICATE OF CONFERENCE**

I hereby certify that counsel for the Receiver has conferred with David Reece, counsel for the Commission, regarding the foregoing motion and the Commission is not opposed to the relief requested herein.

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/s/ Jay L. Krystinik  
Jay L. Krystinik

**CERTIFICATE OF SERVICE**

I certify that on February 7, 2012, a true and correct copy of the foregoing was served *via* electronic mail through the Court’s CM/ECF system to all parties consenting to service through the same, including to the following:

David Reece  
United States Securities and Exchange Commission  
Burnett Plaza, Suite 1900  
801 Cherry Street, Unit 18  
Fort Worth, Texas 76102

John Helms, Jr.  
Helms, Roberts & Diaz LLP  
6060 N. Central Expressway, Suite 560  
Dallas, Texas 75206

COUNSEL FOR JAMES G. TEMME

I further certify that the foregoing was served *via* first-class mail to all known parties claiming an interest in any residential mortgage loan associated with Receivership Entities, including those parties listed on the below service list.

| <b><u>Entity Name</u></b>    | <b><u>Address</u></b>   |
|------------------------------|---|
| Cavco Holdings, LLC          | 8117 Preston Road, Suite 160, Dallas, TX 75225                            |
| Equitas Housing Fund III, LP | Halo Asset Management, LLC 700 Central Expy S, Suite 500, Allen, TX 75013 |
| Equitas Housing Fund, LLC    | Halo Asset Management, LLC 700 Central Expy S, Suite 500, Allen, TX 75013 |
| ER, LLC                      | Robert Asa Boyce Jr. 4016 Centenary Lane, Dallas, TX 75225                |

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|--------------------------------------|---|
| Harbour High Yield Fund, LLC         | Charles A. Vose III 8214 Westchester Dr., Suite 635, Dallas, TX 75228                               |
| Harbour Internal Fund, LP            | Charles A. Vose III 8214 Westchester Dr., Suite 635, Dallas, TX 75228                               |
| Harbour Portfolio I, LLC             | Charles A. Vose III 8214 Westchester Dr., Ste. 635, Dallas, TX 75225-6124                           |
| Harbour Portfolio II, LLC            | Charles A. Vose III 8214 Westchester Dr., Ste. 635, Dallas, TX 75225-6124                           |
| Harbour Portfolio III, LLC           | Charles A. Vose III 8214 Westchester Dr., Ste. 635, Dallas, TX 75225-6124                           |
| Harbour Portfolio IV, LLC            | Charles A. Vose III 8214 Westchester Dr., Ste. 635, Dallas, TX 75225-6124                           |
| Harbour Portfolio V, LLC             | Charles A. Vose III 8214 Westchester Dr., Ste. 635, Dallas, TX 75225-6124                           |
| Harbour Portfolio VI, LP             | Charles A. Vose III 8214 Westchester Drive, Suite 635, Dallas, TX 75225                             |
| Harbour Portfolio VII, LP            | Charles A. Vose III 8214 Westchester Drive, Suite 635, Dallas, TX 75225                             |
| Home Solutions Partners I REO, LLC   | Charles A. Vose III 8214 Westchester Dr., Ste. 635, Dallas, TX 75225                                |
| Home Solutions Partners I, LP        | Charles A. Vose III 8214 Westchester Dr., Ste. 635, Dallas, TX 75225-6124                           |
| Home Solutions Partners II REO, LLC  | Charles A. Vose III 8214 Westchester Dr., Ste. 635, Dallas, TX 75225-6124                           |
| Home Solutions Partners II, LP       | Charles A. Vose III 8214 Westchester Dr., Ste. 635, Dallas, TX 75225-6124                           |
| Home Solutions Partners III REO, LLC | Charles A. Vose III 8214 Westchester Dr., Ste. 635, Dallas, TX 75225-6124                           |
| Home Solutions Partners III, LP      | Charles A. Vose III 8214 Westchester Dr., Ste. 635, Dallas, TX 75225-6124                           |
| Home Solutions Partners IV REO, LLC  | Charles A. Vose III 8214 Westchester Dr., Ste. 635, Dallas, TX 75225                                |
| Home Solutions Partners IV, LP       | Charles A. Vose III 8214 Westchester Dr., Ste. 635, Dallas, TX 75225                                |
|                                      | Jim L. Flegle<br>Loewinsohn Flegle Deary L.L.P.<br>12377 Merit Drive, Suite 900<br>Dallas, TX 75251 |
| Halo Asset Management, LLC           | 700 Central Expy S, Suite 500, Allen, TX 75013  |
| LenderLive                           | CT CORPORATION SYSTEM, 350 N. St. Paul St., Ste. 2900, Dallas, Texas 75201                          |

Moreover, the foregoing will be uploaded to [www.stewardshipfundreceivership.com](http://www.stewardshipfundreceivership.com)

/s/ Jay L. Krystinik  
Jay L. Krystinik