

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

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

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v.

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

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

**STATUS REPORT REGARDING: (i) MOTION FOR AUTHORITY TO SELL  
PROPERTIES TO LAKESIDE PORTFOLIO MANAGEMENT, LLC and (ii) MOTION  
FOR AUTHORITY TO SELL PROPERTY AND TO APPROVE SALES PROCEDURES**  
**[Regarding Docket No. 103 and Docket No. 104, respectively]**

COMES NOW, Keith M. Aurzada, as receiver in the above-captioned matter (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 submits this Status Report Regarding: (i) Motion for Authority Sell Properties to Lakeside Portfolio Management, LLC (the “Lakeside Sales Motion”) [Dkt. No. 103] and (ii) Motion for Authority to Sell Property and to Approve Sales Procedures (the “Barrier Sales Motion”) [Dkt. No. 104] (together, the “Sales Motions”). In support of this Status Report, the Receiver would respectfully show the Court as follows:

**I.**  
**SUMMARY OF THE SALES MOTIONS**

**A. The Lakeside Sales Motion**

1. On July 20, 2012, Lakeside Portfolio Management, LLC (“Lakeside”) submitted a Letter of Intent to the Receiver to buy 127 of the Lakeside Assets for \$195,437.30. The sale price offered by Lakeside represented approximately 3.4 cents on the dollar of the outstanding principal balance of the Lakeside Assets. In the Receiver’s business judgment, the sale price offered by Lakeside was fair and reasonable and represented the highest and best offer received on the Lakeside Assets at the time.

2. As a result, on August 6, 2012, the Receiver filed a Motion for Authority Sell Properties to Lakeside Portfolio Management, LLC [Dkt. No. 103] (the “Lakeside Sale Motion”). The Receiver intended to close the transaction with Lakeside in August 2012. Based on certain investors’ objections to the Lakeside Sale Motion, including the Stewardship Receivership Claimants Association (the “Association”),<sup>1</sup> the Receiver delayed the sale from August 2012 to December 2012 and continued marketing the Lakeside Assets.

3. Shortly after delaying sale of the Lakeside Assets, Lakeside contacted the Receiver to amend their purchase price downward to \$105,000.

4. While continuing to market the Lakeside Assets, some of the investors expressed a desire for the Receiver to determine whether it is in the Estate’s best interest to conduct an immediate outright sale of the Lakeside Assets (as well as other Receivership assets described below) or whether it is better to service the Lakeside Assets for a period of time and conduct a sale at a later date.

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<sup>1</sup> It is the Receiver’s understanding that the Association represents the interests of approximately forty (40) investors in the Receivership Entities.

5. In order to make that determination, the Receiver employed Wingspan Portfolio Advisors, LLC (“Wingspan”) [Dkt. No. 160]. The Receiver is familiar with Wingspan and believes that it is qualified to assist in his determination of whether it is in the Estate’s best interest to conduct an immediate outright sale of the Lakeside Assets.<sup>2</sup> Moreover, Wingspan was recommended to the Receiver by the investors.

6. Wingspan has provided the Receiver with a preliminary draft of its report and is working with the Receiver to finalize it.

7. After delaying the sale of the Lakeside Assets, the Receiver continued to discuss the Lakeside Assets with interested parties. Based on the continued efforts to market the Lakeside Assets, on November 27, 2012, the Receiver received a non-binding expression of interest from HP Debt Exchange, LLC (“HP”) to purchase the Lakeside Assets for a purchase price of \$250,000. HP proposes to purchase from the Receivership Estate the same 127 Lakeside Assets that Lakeside offered to purchase. The Receiver has consulted with the Association regarding the expression of interest by HP and the Association has approved the price provided therein. On information and belief, HP has not completed its due diligence.

8. An investor has expressed an interest in purchasing the Lakeside Assets as well.

9. On November 13, 2012, the Court entered an Order setting the Sales Motions for hearing at 7:30 a.m. on Tuesday, December 12, 2012 and ordering the Receiver to provide the Court with a status update [Dkt. No. 158]. Because Wingspan had not yet concluded its report and the Receiver had not had an opportunity to further pursue the Letter of Intent, on December 10, 2012, the Receiver delayed the hearing on the Lakeside Sale Motion.

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<sup>2</sup> As compensation for its services, Wingspan will receive a payment of \$100 per asset analyzed. The proposed scope of work will likely result in a payment to Wingspan of approximately \$60,000. The Receiver believes that this rate is consistent with the industry standard for these types of transactions and is reasonable.

10. At this time, the Receiver is continue to pursue the HP expression of interest and is in discussions with Lakeside to determine whether it will meet or exceed the HP offer. As soon as the Receiver obtains Wingspan's final report regarding the Lakeside Assets, he will attempt to finalize a sale of the Lakeside Assets to HP, Lakeside, or any other purchaser that submits a higher bid.

**B. The Barrier Sales Motion**

11. Since his appointment, the Receiver has identified more than 450 promissory notes secured by liens on residential homes or fee interests in property obtain by deeds in lieu in which the Receivership Entities claim an interest (the "Legacy Assets"). The Receiver has taken control and possession of the Legacy Assets and has taken reasonable efforts to preserve them from further loss or deterioration. However, they have not been formally serviced because of the Estate's lack of funds and the economic impracticability of doing so/

12. The Receiver has employed Barrier Advisors as an investment banker to assist with sales of Legacy Assets and other Receivership assets [Dkt. No. 59]. Barrier spent several months conducting due diligence on the Legacy Assets and, in September 2012, listed them for sale on the Carlton Debt Exchange with an expected closing date in late October 2012. Barrier received hundreds of inquiries regarding the Legacy Assets as a result of listing them on the Carlton Debt Exchange, however, the Receiver did not receive any offers to purchase the Legacy Assets.

13. After delaying consideration of the Barrier Sales Motion (along with the Lakeside Sales Motion) until December 2012, Barrier continued to market the Legacy Assets on the Carlton Debt Exchange.

14. On November 15, 2012, the Receiver received a Letter of Intent regarding the Legacy Assets from JC Gemini Asset Management (the “Gemini Letter”). The Gemini Letter proposes to: (i) conduct 160 day due diligence to determine which properties Gemini would like to purchase at an undisclosed price derived from an undisclosed purchase price matrix; or (2) enter into an asset management agreement whereby Gemini will service the Legacy Assets in exchange for thirty percent of the net revenues generated thereby. The Receiver is in discussion with Gemini but is not prepared to move forward at this time.

15. As with the Lakeside Assets, certain of the investors have expressed a desire for the Receiver to determine whether it is in the Estate’s best interest to conduct an immediate outright sale of the Legacy Assets or whether it is better to service them for a period of time and conduct a sale at a later date. The Receiver has employed Wingspan to conduct this evaluation. The Receiver has not yet received a report from Wingspan regarding its analysis of the Legacy Assets.

16. On November 13, 2012, the Court entered an Order setting the Sales Motions for hearing at 7:30 a.m. on Tuesday, December 12, 2012 and ordering the Receiver to provide the Court with a status update [Dkt. No. 158]. Because Wingspan had not yet concluded its report and because the Receiver has not received an offer that it believes is reasonable, the Receiver delayed the hearing on the Barrier Sale Motion.

## **II.**

### **CONCLUSION AND RECOMMENDATIONS**

17. The Receiver recommends that the Court approve a sale of the Lakeside Assets to either HP, Lakeside, or any other third-party that can close in a reasonable time (to be

determined by the Receiver) at the highest price, conditioned only on an opinion from Wingspan that such a price is reasonable.

18. The Receiver will file a subsequent sales motion when ready to proceed with either sale.

19. All information stated above is based on the knowledge of the Receiver at this point in time and later developments and discoveries may cause the information reported herein to be outdated or incorrect.

Dated: December 20, 2012

**BRYAN CAVE LLP**

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*Receiver*

**CERTIFICATE OF SERVICE**

I certify that on December 20, 2012, I served a true and correct copy of the foregoing pleading by electronic mail through the Court's CM/ECF system to all parties consenting to service through same, including to counsel for the SEC, the Defendants, and the Objectors.

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

//s// Bradley Purcell  
Bradley Purcell