UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. DETROIT MEMORIAL PARTNERS, LLC and MARK MORROW, Defendants.	)	Civil Action File No. 1:13-CV-01817-WSD

OBJECTION OF CLAIMANT LEONARD J. WALTER TO RECEIVER'S PROPOSED PLAN OF DISTRIBUTION

Claimant Leonard J. Walter ("Walter"), by and through his undersigned attorneys, respectfully submits his objection (the "Objection") to the Receiver's proposed plan of distribution (the "Proposed Plan") filed with his Motion for Approval of Plan of Distribution [Doc. 166], and in support thereof, states as follows:

I. OVERVIEW

Walter obtained a judgment against Defendant Detroit Memorial Partners ("DMP") and then a charging order in a proceeding in the United States District Court for the Eastern District of Michigan. The Receiver seeks to disregard the charging order, which explicitly established Walter's status as lien creditor, and to

relegate Walter to the position of an unsecured creditor. As demonstrated below, Walter is fully entitled to legal status as a secured lien creditor.

II. FACTUAL BACKGROUND

Walter was among those who purchased promissory notes in DMP. On or around February 14, 2008, Summit Wealth Management, Inc. ("Summit Wealth") sold Walter $100,000 of DMP promissory notes through his IRA account, and on or around October 2, 2009, Summit Wealth sold Walter another $100,000 of DMP promissory notes, again through his IRA account. (In addition to the $200,000 invested through his IRA, Walter purchased $100,000 of DMP notes through an individual account, but he redeemed these investments at some point prior to October 2012.) DMP defaulted on the $200,000 of promissory notes in 2013.

Walter Files Suit, Obtains Judgment and Becomes a Lien Creditor

On or around April 12, 2013, Walter brought suit against DMP in the United States District Court for the Eastern District of Michigan, alleging that DMP had defaulted on the promissory notes. Walter asserted a single claim for breach of contract in this action, and sought a judgment against DMP for $204,875.00, which represented the principal amount due and owing under the notes ($200,000.00), along with accrued and unpaid interest ($4,875.00).

Walter obtained a default judgment against DMP, attached hereto as Exhibit

A, in the amount of $204,875.00 on June 21, 2013. Walter then requested and obtained a charging order under Michigan state law, attached hereto as Exhibit B, against DMP's membership interest in Midwest Memorial Group, LLC ("MMG") on September 11, 2013. The federal judge's charging order explicitly held that Walter "shall be deemed a lien creditor of Defendant." Pursuant to this charging order, Walter was entitled to any distributions made by MMG to DMP, in accordance with DMP's membership interest, until Walter's judgment was satisfied in full.

The SEC Files Suit and this Court Appoints a Receiver

On or around May 30, 2013, the Securities and Exchange Commission ("SEC") initiated the present action, alleging, among other things, that the DMP promissory notes that Walter had purchased were fraudulent. On or around September 24, 2013, after Walter had obtained the charging order in the Eastern District of Michigan, the SEC filed a motion for the appointment of a receiver for DMP. On November 22, 2013, the Court entered an order appointing the Receiver for DMP.

On January 6, 2014, the Receiver obtained DMP's share of settlement funds in the case Midwest Memorial Group v. Singer, No. 10-000025-CR (Ingham Mich. Cir. Ct.). These funds totaled $7,776,363.00, and were distributed to the Receiver

pursuant to DMP's membership interest in MMG. (At the time, the Receiver was also in the process of marketing and selling DMP's only other asset, the MMG membership interest itself.) Pursuant to Walter's charging order and the resulting lien on DMP's interest in MMG, Walter is entitled to $204,875.00 of these proceeds to satisfy his default judgment.

The Receiver Instructs Walter Not to Raise the Issue of His Priority Status until the Receiver Filed a Plan of Distribution

On February 2, 2015, one of Walter's undersigned attorneys wrote the Receiver about Walter's claim of entitlement to be paid in full. On February 12, 2015, the Receiver wrote to one of Walter's attorneys that "the right time to raise the argument is after our proposed distribution plan, and we will not claim that Mr. Walter waived the argument by waiting until that time."

The Receiver Files a Plan of Distribution on August 30, 2016

On December 21, 2015, the Receiver filed a Notice of Sale of DMP's interest in MMG. (Doc. 138.) On March 9, 2016, the Receiver filed a Supplement to that Notice of Sale, stating that the sale had closed on March 8, that all proceeds of the sale had been wired to the Receivership account, and that DMP no longer had an interest in MMG. (Doc. 154.)

On August 30, 2016, the Receiver filed his Proposed Plan. (Doc. 166.) In the Proposed Plan, the Receiver acknowledges that Walter "claims that he is

entitled to a priority position because he obtained the judgment before the Receiver was appointed." (Id. at p. 22.) However, the Receiver states that he "does not believe giving Mr. Walter a priority position is warranted. Instead, the Receiver believes that Mr. Walter should be treated on an equal footing with the other DMP investors." (Id.)

Later in the Proposed Plan, the Receiver acknowledges that Walter obtained his default judgment—*and a charging order and resulting lien against the MMG interest—before* the Receiver was appointed. (Id. at p. 50.) Nonetheless, the Receiver concludes that it is somehow appropriate to "treat Mr. Walter's claim on par with all the other noteholder claimants"—claimants who have no lien or other security or property interest in the funds held by the Receiver. (Id. at p. 52.)

III. ARGUMENT

Walter has waited for over a year and a half for the Receiver to announce his Proposed Plan. Now the Receiver has done so, but he proposes to relegate Walter to the status of an unsecured creditor with no lien. Walter objects to the Proposed Plan to the extent that it does not provide for payment of his lien-secured judgment in full. For the reasons that follow, Walter's rights to the funds previously disbursed, to any other distributions received from MMG or on account of DMP's interest in MMG, and to the proceeds of the sale of DMP's interest in MMG itself

(up to the amount of his judgment), is superior to all other claimants to the receivership estate. Accordingly, Walter is entitled to have his judgment paid in full before general unsecured creditors are paid. Because the Proposed Plan provides otherwise, the Proposed Plan must be denied or amended so as to provide for payment to Walter in full.

A. The Receiver's Authority and Court's Equitable Power Are Subject to Existing Legal Rights

In the seminal case of Marshall v. New York, 254 U.S. 380, 385 (1920), the United States Supreme Court held that "a receiver appointed by a federal court takes property subject to all liens, priorities, or privileges existing or accruing under the laws of the state." Federal courts have followed Marshall for nearly a century. See, e.g., Lankenau v. Coggeshall & Hicks, 350 F.2d 61, 66-67 (2d Cir. 1965) ("The receiver takes custody of the property subject to any rights previously acquired by the attachment."); S.E.C. v. Stanford Intern. Bank, Ltd., 551 Fed. Appx. 766, 770 (5th Cir. 2014) (the receiver's "receipt of the Stanford funds formerly on deposit with Trustmark is subject to whatever pre-existing security interest Trustmark may have therein").

In S.E.C. v. Credit Bancorp, Ltd., 279 F. Supp. 2d 247, 261 (S.D.N.Y. 2003)[1], the Southern District of New York affirmed the principle that the equitable powers of a receiver appointed by a federal court do not trump pre-existing "at-law" claims to property in the receiver's possession. The court rejected a third-party's contention "that in the context of an SEC enforcement action in which a federal equity receivership has been created, equitable principles apply, and the Receiver, or the Court on behalf of the receiver, may set aside 'at law' claims such as [an adverse claimant's security interest] if necessary." Id. at 260. On appeal, the Second Circuit affirmed, quoting the U.S. Supreme Court's longstanding rule that "a receiver appointed by a federal court takes property subject to all liens, priorities, or privileges existing or accruing under the laws of the State." Credit Bancorp, Ltd., 386 F.3d at 446 (quoting Marshall, 254 U.S. at 385).

One federal district court recently faced a situation in which a secured creditor asked the court for relief from an order appointing a receiver and freezing assets, specifically so that it could enforce its lien rights against certain properties under the receiver's control. S.E.C. v. Management Solutions. Inc., 2:11-cv-01165-BSJ, 2013 WL 594738 (D. Utah Feb. 15, 2013). The secured creditor argued that

[1] This brief cites two other opinions in the S.E.C. v. Credit Bancorp, Ltd. case: S.E.C. v. Credit Bancorp, Ltd., 386 F.3d 438 (2d Cir. 2004) (pp. 7, 17, 19 *infra*); and S.E.C. v. Credit Bancorp, Ltd., 290 F.3d 80 (2d Cir. 2002) (p. 16 *infra).*

"claims in a receivership are defined by state law," and that its lien claims were valid and enforceable under state law. Id. at *1. The receiver argued in opposition, as the Receiver essentially contends in his Proposed Plan here (Doc. # 166, pp. 50-52), that the "Court has broad equitable powers in determining relief and in determining the distribution in an equitable receivership," and that enforcing the claims of the secured creditor would be unfair and inequitable in the context of the receivership estate. Id. Although the Management Solutions court denied the secured creditor's motion as premature, it agreed with the secured creditor's position. The court acknowledged that it could not ignore legal rights: "[C]ourts sitting in equity are not allowed to disregard the law in its entirety. It is well established that 'legal rights are as safe in chancery as they are in a court of law.'" Id. at *3 (quoting Manufacturers' Finance Co. v. McKey, 294 U.S. 442, 449 (1935)).

Moreover, the Management Solutions court explained, "to the extent that one debt is secured and another is not there is manifestly an inequality of rights between the secured and unsecured creditors, which cannot be affected by the principal of equality of distribution." Id. (quoting Ticonic Nat'l Bank v. Sprague, 303 U.S. 406, 412 (1938)). The court quoted a previous case in that district for the proposition that "[s]tate lien priority law is not an 'equitable remedy' of a creditor,

but a legal status." Id. (quoting In re Real Property Located at [Redacted] Jupiter Drive, 2007 U.S. Dist. LEXIS 65276 (D. Utah)). As such, the receiver had to respect lien priority even if it purportedly conflicted with equitable principles. Id.

Under these long-settled principles, the Receiver here cannot disregard legal rights and property interests just because he feels that doing so would produce a more equitable result. The Court must enforce Walter's preexisting legal right.

B. Prior and Perfected Lien Created by Walter's Charging Order

After obtaining his judgment against DMP in the Eastern District of Michigan, Walter diligently proceeded to enforce that judgment, and he did so before this Receiver was appointed or even requested by the SEC to be appointed. Under Federal Rule of Civil Procedure 69(a), "[t]he procedure on execution—and in proceedings supplementary to and in aid of judgment or execution—must accord with the procedure of the state where the court is located[.]" The Eastern District of Michigan therefore applied Michigan law to the enforcement of the judgment. Walter employed the only remedy available under Michigan law with respect to DMP's interest in MMG—a charging order. Mich. Comp. Laws § 450.4507(6) ("This section provides the exclusive remedy by which a judgment creditor of a member may satisfy a judgment out of the member's membership interest in a limited liability company").

Michigan's statute on limited liability companies provides, in relevant part, as follows:

> If a court of competent jurisdiction receives an application from any judgment creditor of a member of a limited liability company, the court may charge the membership interest of the member with payment of the unsatisfied amount of judgment with interest. . . . A charging order is a lien on the membership interest of the member that is the subject of the charging order.

Mich. Comp. Laws § 450.4507(1), (5) (emphasis added).

Although there is no Michigan precedent on the subject, courts in this Circuit have held that the lien created by a charging order against an LLC or partnership interest is perfected as of the date the charging order is entered. See, e.g., In re Jaffe, 235 B.R. 490, 491-92 (Bankr. S.D. Fla. 1999) (citing to, *inter alia*, Continental Nat. Bank of Miami v. Tavormina (In re Masvidal), 10 F.3d 761, 763 (11th Cir.1993)) (applying charging order provisions of Florida's Uniform Partnership Act); In re Stocks, 110 B.R. 65, 67 (Bankr. N.D. Fla. 1989) ("On December 15, 1986, the date the charging order was issued, Leisure's lien on Stock's partnership interest was perfected") See also Raiton v. G&R Properties (In re Raiton), 139 B.R. 931, 935-36 (9th Cir. B.A.P. 1992) (stating and applying the "general rule" that "issuance of a charging order creates a lien on the debtor partner's partnership interest," and concluding that "the bankruptcy court erred

when it avoided Appellant's security interest in Debtor's partnership interest"). This conclusion is consistent with the Michigan's LLC Act, which requires no additional steps for perfection of the lien granted in a charging order. See Mich. Comp. Laws § 450.4507.

On the issue of priority, neither Michigan's LLC Act nor its case law provides rules or guidance, but case law from other jurisdictions is instructive: "Although the Limited Liability Company Act does not detail the priorities to be given to multiple judgment creditors that obtain charging orders directed to the same limited liability company interest, generally, 'a lien that is first in time has priority and is entitled to prior satisfaction out of the property it binds.'" First Mid-Illinois Bank & Trust v. Parker, 933 N.E.2d 1215, 1223 (Ill. App. Ct., 5th Dist., 2010) (quoting Wagemann Oil Co. v. Marathon Oil Co., 714 N.E.2d 107, 111 (Ill. App. Ct., 1st Dist., 1999)). This conclusion, again, is consistent with the longstanding general rule on lien priority, as explained by the bankruptcy court in this district:

> The U.S. Supreme Court, through a series of cases, has defined the principles to be applied in determining such priority. An early case defines the cardinal principle of "the first in time is the first in right." Rankin v. Scott, 25 U.S. 177, 12 Wheat. 177, 6 L.Ed. 592 (1827) (Chief Justice Marshall): "The principle is believed to be universal, that a prior lien gives a prior claim, which is entitled to prior satisfaction, out of the subject it binds,

> unless the lien be intrinsically defective, or be displaced by some act of the party holding it, which shall postpone him in a court of law or equity to a subsequent claimant."
>
> This principle of "first in time, first in right" has been reiterated in all subsequent U.S. Supreme Court cases dealing with the subject. . . . In applying the "first in time, first in right" principle, the U.S. Supreme Court established that the priority of liens depends upon the time such lien attaches to the property in question and becomes choate. . . . A lien is choate when the identity of the lienor, the property subject to the lien and the amount of the lien is established.

In re McTyre Grading & Pipe, Inc., 193 B.R. 983, 986-87 (Bankr. N.D. Ga. 1996).

Additionally, it is axiomatic that lienholders and secured creditors are entitled to recovery (at least up to the value of the property securing their claims) before unsecured creditors. See, e.g., SMP Sales Mgmt., Inc. v. Fleet Credit Corp., 960 F.2d 557, 560 (5th Cir. 1992). In SMP Sales Mgmt., Inc., the Fifth Circuit Court of Appeals affirmed a ruling against a plaintiff seeking recovery based on the equitable theory of unjust enrichment, on the basis that the defendant had a security interest in the property at issue. Id. The court explained, "Allowing unsecured creditors to recover on a theory of unjust enrichment would render the secured creditor status useless. *The secured creditor is entitled to be paid first*." Id. (emphasis added).

Here, the Receiver's Motion to Approve Plan of Distribution reflects that that there are no other liens against or security interests in DMP's membership interest in MMG. (Doc. 166, p. 52 ("Other than the claim asserted by Mr. Walter, the Receiver is not aware of any other claims regarding receivership property asserted outside the receivership").) It is thus indisputable that Walter's lien against that interest is superior to all other claims against DMP's receivership estate.

Michigan's LLC statute provides that an assignment of a membership interest "entitles the assignee to receive . . . the distributions to which the assignor would be entitled." Mich. Comp. Laws § 450.4505(2) (emphasis added). Michigan's LLC statute defines distributions as "a direct or indirect transfer of money or other property or the incurrence of indebtedness by a limited liability company to or for the benefit of its members or assignees of its members in respect of the members' membership interests." 450.4102(2)(g). Thus, both the funds from the Singer settlement and the sale of the MMG interest itself constitute distributions. Consequently, since the Receiver had possession of DMP's membership interest in MMG subject to Walter's lien, the Receiver and the class of general creditors on whose behalf he acts are only entitled to payment *after* Walter's judgment and lien are satisfied.

Moreover, since the lien created by the charging order is attached to the right to receive distributions, it follows that the lien would also attach to the proceeds of a sale of said right. See In re Jaffe, 235 B.R. 490, 491-92 (Bankr. S.D. Fla. 1999) (suggesting that if the creditor had obtained a charging order before the judgment debtor filed for bankruptcy, it would also have a lien against the proceeds of the sale of the debtor's partnership interest). This is, after all, the traditional common law rule on proceeds of lien-encumbered property. See, e.g., Phelps v. United States, 421 U.S. 330, 334-35 (1975) ("The owner and the lien holder, whose claims have been wrongfully displaced, may follow the proceeds wherever they can distinctly trace them") (quoting Sheppard v. Taylor, 30 U.S. 675 (1831)). Thus, the funds received by the Receiver as payment for DMP's interest in MMG are also encumbered by Walter's lien.

C. The Receiver's Position

Notwithstanding that his interest was in promissory notes (*i.e.*, loans to DMP) rather than shares of stock or other equity investments, the Receiver has characterized Walter as an "investor" who "raced to the courthouse" and who has engaged in "legal gamesmanship." (Doc 66, p. 51.) These are gross mischaracterizations, unsupported by any of the facts. Walter in fact filed his lawsuit against DMP on the promissory notes before the SEC initiated the present

action alleging that the DMP notes were fraudulent. Further, Walter obtained his default judgment and charging order in the Eastern District of Michigan before the SEC even filed its motion in this Court seeking appointment of a Receiver for DMP. At the time that Walter obtained his charging order, whether the SEC might eventually seek appointment of a receiver, and whether Walter would recover on his claim without enforcing his default judgment, were matters of speculation. Walter pursued his legal rights diligently rather than sitting on them and hoping that the government might eventually come to his aide.

The Receiver also conflates mere judgments with *liens* based upon judgments, such as Walters' charging order. The Receiver relies principally on S.E.C. v. Amerindo Inv. Advisors Inc., No. 05 CIV 5231 RJS, 2014 WL 2112032, at *15-17 (S.D.N.Y. May 6, 2014). (Doc. 166, p. 51 ("the court held that it does not matter if the Receiver [sic] is bound by the prior state court *judgment* or not. . ." (emphasis added)).) In Amerindo, the objecting creditors merely had judgments. Id. Unlike Walter, they had not used that judgment to obtain a lien or other secured interest in property.

The other opinions cited by the Receiver are also readily distinguishable. None of the objecting parties in those cases was a lien creditor. See Young v. Higbee Co., 324 U.S. 204 (1945); Credit Bancorp, Ltd., 290 F.3d at 80; S.E.C. v.

Byers, 637 F. Supp. 2d 166 (S.D.N.Y. 2009). Young, a case under the former Bankruptcy Act, involved a shareholder of a particular class challenging other shareholders of the same class, who initially objected to confirmation of a reorganization plan but then sold their stock and their rights to object to the very directors who they alleged to have unfairly benefitted from the plan. Young, 324 U.S. at 205-08. No one had a lien or other property interest beyond the stock in the bankrupt corporation itself. Walter, on the other hand, possesses a lien on specific and valuable property—DMP's membership interest in MMG.

The objecting investor/creditor in Credit Bancorp, Ltd., 290 F.3d at 80, argued that it had an ownership interest in the shares of stock it transferred to the business in receivership, and that it was therefore a violation of its legal rights to include those shares (or their value) in the receivership estate and only issue to it a pro rata distribution. Id. at 87. The Second Circuit Court of Appeals began its substantive analysis by considering the objector's claim of ownership interest, determining that it had in fact transferred legal title to the defunct corporation. Id. at 87-88. Thus, the very basis upon which the objector claimed full (rather than *pro rata*) restitution was faulty—it did not have the ownership interest it claimed.

In fact, in a later opinion in the Credit Bancorp, Ltd. case, the Second Circuit repudiated an argument that a secured creditor's claim "should be rejected as a

matter of equity," holding instead that the "district court correctly ruled that the U.C.C. and the language of the agreements, rather than the law of federal equity receivership, govern the dispute." Credit Bancorp, Ltd., 386 F.3d at 446. As mentioned above, the court quoted Marshall, 254 U.S. 380, 385 (1920), for the long-established rule of law that a receiver appointed by a federal court takes property subject to pre-existing legal rights such as liens.

Byers also fails to support the Receiver's position. There, the objecting investors argued for preferential treatment on the basis of the numerous investors' differing "level of risk, timing of investment, tracing analysis, or some other factor." 637 F. Supp. 2d at 176. The investors there did not have or claim any legal right or property interest; rather, they essentially argued that the distribution schemes they had proposed were more equitable than the plan proposed by the receiver. Id. at 176-77. In fact, in Byers, the court even acknowledged that the "secured creditors have recourse against specific collateral, and must be paid out of the proceeds of that collateral." Id. at 171. This is analogous to the circumstance present here, where the "collateral" secured by Walter's charging order and lien is DMP's membership interest providing for distributions from MMG.

In Byers, the receiver himself acknowledged the priority to which lien-holders were entitled vis-à-vis the property securing their claims. In his Response

to Objections to the Receiver's Proposed Plan of Distribution (attached hereto as Exhibit C[2]), the receiver first decided that disparate treatment of different similarly-situated unsecured claimants was unwarranted. Then, with respect to *secured* creditors, the receiver explained as follows:

> Unlike Wextrust investors and unsecured creditors, however, secured creditors . . . are not similarly situated with respect to their relationships with Wextrust. . . . [T]hose secured creditors hold debts secured by Wextrust assets. . . . **[T]he secured creditors have liens which were granted and perfected under state law, that constitute protected property interests in those assets.**
>
> **By virtue of their security interests, the secured creditors are entitled to payment out of the proceeds of sales of collateral.** Because the Receiver is in the process of selling or otherwise disposing of properties pursuant to the Receiver's Plan . . . , secured creditors will be paid before other victims, and will receive a higher return.
>
> (Exhibit C, p. 29 (emphasis added).)

In short, Walter is a lienholder and has secured creditor status like the secured creditors in Stanford Intern. Bank, Ltd., 551 Fed. Appx. 766 at 770-71, Management Solutions, Inc., 2013 WL 594738, at *3-4, and Credit Bancorp, Ltd., 386 F.3d at 446. Walter does not merely have a judgment like the objecting creditors in Amerindo, 2014 WL 2112032, at *15-17, and like the creditors in the

[2] Omitted from Exhibit C are the declaration and attachments which are irrelevant to the present discussion.

other cases cited by the Receiver. Walter's legal rights as a secured creditor may not be disregarded, the Receiver's unilateral opinion as to the equity of the result notwithstanding.

IV. CONCLUSION

The Receiver's Proposed Plan provides for Walter to be treated exactly like other, entirely unsecured investors and creditors of DMP, despite the fact that he has a prior, perfected lien and they do not. The Receiver's Proposed Plan thus ignores the charging order and the statutory lien it created, in contravention of settled law. That lien encumbered DMP's right to receive any funds on account of its MMG membership interest. All of the funds in the Receiver's possession—DMP's share of settlement funds in the case Midwest Memorial Group v. Singer, as well as the funds from the sale of the interest itself—are distributions, or proceeds, of the very asset encumbered by Walter's lien. Before any other investors or other unsecured, general creditors are paid, the established law requires that Walter's lien-secured judgment be satisfied in full.

Treatment of Walter as a mere general unsecured creditor would violate almost a century of U.S. Supreme Court precedent. Accordingly, the Proposed Plan, to the extent it does not provide for the payment of Walter's judgment in full, should be denied.

WHEREFORE, Claimant Leonard J. Walter respectfully requests that his Objection be sustained, and that this Honorable Court enter an Order denying the Proposed Plan of Distribution as proposed by the Receiver; requiring that the Receiver pay and satisfy Walter's $204,875.00 judgment and lien in full before distributions are made to general unsecured creditors; and providing Walter with such other relief as the Court determines to be just and proper.

Dated: October 5, 2016

Respectfully Submitted,

ARNALL GOLDEN GREGORY LLP

/s/ Darryl S. Laddin
Darryl S. Laddin (GA Bar No. 460793)
Edward A. Marshall (GA Bar No. 471533)
Frank N. White (GA Bar No. 753377)
171 17th Street, NW, Suite 2100
Atlanta, Georgia 30363
Telephone: (404) 873-8500
E-Mail: darryl.laddin@agg.com

BLAU & MALMFELDT
Paul D. Malmfeldt (*pro hac vice* admission pending)
203 N. Lasalle Street, Suite 1620
Chicago, Illinois 60601
Telephone: (312) 443-1600
E-Mail: pmalmfeldt@blau-malmfeldt.com

Attorneys for Claimant Leonard J. Walter

CERTIFICATE OF SERVICE

I hereby certify that the foregoing OBJECTION OF CLAIMANT LEONARD J. WALTER TO RECEIVER'S PROPOSED PLAN OF DISTRIBUTION has been prepared with one of the font and point selections approved by the Court, and that it has been filed electronically with the Clerk of Court using the CM/ECF system, which will send notification of such filing to all attorneys of record. The foregoing has also been served upon the Receiver, Jason S. Alloy, by e-mail to Jason.Alloy@robbinsfirm.com, and by Federal Express overnight delivery addressed to:

Jason S. Alloy, Esq.
Robbins Ross Alloy Belinfante Littlefield LLC
999 Peachtree Street NE, Suite 1120
Atlanta, Georgia 30309

This 5th day of October, 2016.

ARNALL GOLDEN GREGORY LLP

/s/ Darryl S. Laddin
Darryl S. Laddin