

ROBB EVANS & ASSOCIATES LLC
Receiver of
Longboat Global Funds Management, LLC, et al.
11450 Sheldon Street
Sun Valley, California 91352-1121
Telephone No.: (818) 768-8100
Facsimile No.: (818) 768-8802

Commodity Futures Trading Commission v. Longboat Global Funds Management, LLC
CASE No. 05-CV-2142 PJH

Receiver's Report of Assets for the Period
October 1, 2007 Through October 31, 2008

Filed November 12, 2008

ROBB EVANS & ASSOCIATES LLC
Receiver of
Longboat Global Funds Management, LLC, et al.

RECEIVER'S REPORT OF ASSETS
October 1, 2007 through October 31, 2008

This is the final Report to the Court on the progress of the receivership. It does not constitute an audit of financial condition and is intended only to provide information for use by the Court in assessing progress of the receivership.

Introduction

The Receiver's Fifth Report was filed on November 26, 2007 and discussed efforts to sell real property in Montana and to enforce liens recorded against those properties in favor of the Receiver, and the status of a claim in the bankruptcy proceedings against Branford Partners LLC and the Fornaciari Family Trust. This Report is to provide an update on the liquidation of assets and to support the Receiver's Motion for approval of a claims distribution procedure and payment of investor claims, filed concurrently herewith.

Promissory Notes:

As set out in the prior reports, Piranha Offshore, Piranha Capital LP and Longboat Global Funds transferred funds to entities controlled by Robert J. Beasley (Beasley), and to other entities controlled and managed by Jonathan Brake and Mark Boucher, including Pinnacle West LLC (Pinnacle) and Sunquest Development LLC (and its successors Sunquest Development II LLC and Branford Partners LLC). Shortly after its

appointment, the Receiver demanded repayment of all of the Promissory Notes, which were in default. No notes to Pinnacle West or Sunquest Development LLC have been repaid. As indicated in prior reports, with the exception of the Branford property, discussed below, the loans to Pinnacle West and Sunquest were not secured by real property. Options for the projects purportedly being managed by Pinnacle West and Sunquest have expired. Collection on these notes is at a standstill because the Receiver has not been able to identify other assets of either Pinnacle West or Sunquest. Promissory Notes to Sterling Capital were paid at a discount, and no interest was paid on these notes. A Sterling Capital note payable to Piranha Capital Investments Ltd. in the principal sum of \$30,000 was settled for a \$21,000 cash payment which was made on December 18, 2007. A copy of this payment is attached hereto as Exhibit A. Other Sterling Capital notes made by Piranha Capital LP were previously repaid at a discount. The Receiver received a payment of \$28,000 on August 23, 2006.

Montana Properties:

As set out in previous reports, Beasley caused Piranha to loan money to his wholly-owned entities to purchase property in Montana. Based on the entry of the Final Judgment and Settlement Agreement, the Receiver conducted further investigation as to the current value of these properties and the claims and priority of other liens against the properties. The Receiver also retained local counsel in Montana to initiate foreclosure actions.

241 North Shooting Star Circle, Whitefish, Montana

Record Owners: Joe Beasley and Anne G. Beasley as joint tenants

Liens: \$1,820,000 plus accrued interest, in favor of Metrocities Mortgage LLC (now Indymac Bank) recorded 4/25/2005;

\$500,000, plus accrued interest, in favor of First Interstate Bank on a Deed of Trust recorded July 29, 2005 (priority discussed below);

\$3,885,944.70 in favor of the Receiver recorded June 20, 2006.

The Receiver was served with a Notice of Foreclosure initiated on February 19, 2008 by the first mortgage holder, Indymac Bank, (formerly held by Metrocities Mortgage.) The total amount due includes a principal balance of \$1,708,855.71 (as of February 1, 2008) and interest totaling \$55,537.82. The trustee's sale was scheduled for June 30, 2008 at the Flathead County Justice Center in Kalispell, Montana. That sale was withdrawn. A new Notice of Trustee Sale was filed August 13, 2008 and the foreclosure sale for this property is now scheduled for December 15, 2008 at 11:00 A.M. at the Flathead County Justice Center in Kalispell, Montana. A copy of the Trustee's Notice of Sale is attached hereto as Exhibit B. An appraisal two years ago placed the estimated value of the property at \$2,500,000. There are currently a number of similar properties for sale in the Iron Horse development, ranging in price from \$1.6 million to \$3-\$4 million. The Receiver has discussed the proposed sale with the Trustee and is not objecting to the sale as the Trustee has assured the Receiver that in the event sales proceeds exceed the amount due Indymac Bank the residual balance will be paid into court pursuant to Montana law. The Receiver and First Interstate Bank would then have an opportunity to file a claim against the residual to seek enforcement of their respective liens.

The lien in favor of First Interstate relates to the residual balance of a \$2,000,000 loan made by First Interstate Bank on the Angel Point property and cross collateralized by this property. The sale of the Angel Point property on December 15, 2006 was to have paid First Interstate in full. Documents subpoenaed by the Receiver show that Beasley submitted loan payoff instructions to the escrow company at the time of sale. A copy of the Settlement Sheet showing a loan payoff to First Interstate Bank in the amount of \$2,238,167.40 is attached as Exhibit C. Beasley subsequently asked First Interstate to keep the loan open and First Interstate advanced a total of \$500,000 using the same deed of trust and a modification of the note. The Receiver subpoenaed the First Interstate loan documents and after conferring with local counsel demanded First Interstate they subordinate their position to the Receiver's note and deed of trust. They refused to do so. While the Receiver feels it would prevail in litigation, there is no need to pursue this unless there are residual funds from the Trustee's sale.

980 Wagner Lane, Whitefish Montana

Record Owner: Robert J. Beasley

Liens: \$562,000 in favor of Whitefish Credit Union

\$341,000 in favor of Mountain West Bank

\$3,885,944.70 in favor of the Receiver

This property was purchased by Beasley on April 23, 2004 for a total purchase price of \$725,000. At the time of purchase, Beasley obtained a first mortgage from the Whitefish Credit Union in the amount of \$562,266. No payments were made on this mortgage and a Notice of Foreclosure was filed by the Whitefish Credit Union on

November 15, 2007. A copy is attached hereto as Exhibit D. The Foreclosure Sale took place on April 10, 2008. The Receiver entered into a Stipulation with the Whitefish Credit Union that any funds in excess of the lien amount to Whitefish Credit Union would be held for the Receiver. However, the Receiver is advised by the Trustee that there were no bidders at the sale and the title to the property reverted to the Whitefish Credit Union. A copy of the Trustee's Deed showing the transfer to the Whitefish Credit Union is attached as Exhibit E.

3248 Farm to Market Road, Kalispell, Montana

Record Owner: Robert J. Beasley

Liens: \$2,360,000 in favor of Whitefish Credit Union recorded 4/8/2005

\$916,320 in favor of Whitefish Credit Union recorded 4/8/2005

\$6,000,000 in favor of Piranha Capital recorded October 13, 2005

The property was purchased by Beasley on April 8, 2005 for a total purchase price of \$3,276,320. It consists of two parcels (76.36 acres and 194.75 acres) totaling approximately 271 acres. Beasley obtained two mortgages in the amounts of \$2,360,000 and \$916,320 from the Whitefish Credit Union to purchase these parcels. These mortgages are ahead of the Deed of Trust in favor of Piranha Capital L.P. In January 2006, the appraised values of the two parcels were stated at \$940,000 (76.36 acres) and \$2,340,000 (194.75 acres), for a total of \$3,280,000. Based on the appraised value of \$3,280,000 and the recorded debt due to Whitefish Credit Union, which is superior to the lien in favor of Piranha Capital L.P. for \$6,000,000, it does not appear that there is any

equity in this property. According to a Title Report obtained by the Receiver in November, 2007, the property was “struck off” the County for failure to pay real estate taxes in the amount of \$3,878.37 for 2005 and the County’s interest was assigned to Mooring Tax Asset Group LLC.

A foreclosure action was commenced by the Whitefish Credit Union against Robert J. Beasley and Piranha Capital L.P., Cause No. DV-07-859A, Montana Eleventh Judicial District, Flathead County. On June 6, 2008, the Court granted the Motion for Summary Judgment filed by Whitefish Credit Union. The Court noted that Beasley had failed to file an answer to the Complaint. A copy of the Order is attached as Exhibit F. The Receiver accepted service of the Amended Complaint on behalf of Piranha Capital L.P. and stipulated that the Receiver would allow the Whitefish Credit Union to proceed with foreclosure provided that any funds received in excess of the amounts owed to the Whitefish Credit Union would be paid to the Receiver in satisfaction of the lien in favor of Piranha Capital L.P. However, given that the current estimated value of the property is less than the amount due and owing to the Whitefish Credit Union of \$2,910,298.98, with interest accruing at a rate of 7.75%, the Receiver believes there will be no recovery on the Piranha lien against this property.

1000 Kuhns Road, Montana

Record Owner: B.W. Ranchland LLC

Liens: \$500,086 in favor of Whitefish Credit Union

\$2,400,000 in favor of Whitefish Credit Union (note, this is cross-collateralized with Sleeping Child Property.)

\$3,625,746.09, recorded October 13, 2005 in favor of Lewis and Clark Capital and assigned to Piranha Capital LP the same date.

Estimated Value: \$3.5 million for entire 320 acre parcel, 200 acres was sold for \$2 million on October 24, 2006.

The property was purchased by BW Ranchland LLC (BW Ranchland) in November 2003 for \$2,600,000. It consisted of four parcels totaling approximately 320 acres bordering the Kuhns Wildlife Preserve. A 200-acre parcel was sold on October 24, 2006 for a purchase price of \$2,000,000. The first mortgage to Whitefish Credit Union in the amount of \$1,596,213.46 was paid from the sales proceeds. The sum of \$250,000 was paid to the Receiver. The sum of \$87,801.53 was paid to First Interstate Bank. The remaining parcels are the subject of a foreclosure action brought by the Whitefish Credit Union in Case No. DV-07-858A, filed in the Montana Eleventh Judicial District, Flathead County. The Court granted Summary Judgment in favor of the Whitefish Credit Union on June 6, 2008. (see Exhibit F.) The Amended Complaint dated November 30, 2007 named Beasley, BW Ranchland LLC, Lewis and Clark Capital LLC, and Piranha Capital LP as Defendants. The Receiver accepted service on behalf of Piranha Capital LP and entered into Stipulation with Whitefish Credit Union that allows the foreclosure sale to proceed and the Receiver to claim any and all excess proceeds and to seek judicial determination of the priority of interests of any other claimants. The Amended Complaint seeks repayment of the sum of \$500,086 on a mortgage dated October 6, 2004. The mortgage in favor of Piranha is inferior to a second

mortgage recorded July 18, 2005 in the amount of \$2,400,000. This mortgage was to secure property known as the Sleeping Child Hot Springs, purchased by Lewis and Clark Capital, LLC (by Beasley as a Member) on July 18, 2005. The Whitefish Credit Union Mortgages are superior to the mortgage in favor of Piranha Capital LP and the current appraised value of the Kuhns road property does not appear to exceed the amounts owed to the Whitefish Credit Union. The Receiver believes there will be a shortfall at the foreclosure sale and no proceeds will be available to the Estate.

2970 Sleeping Child Road, Hamilton, Montana

Buyer: Lewis and Clark Capital LLC

Seller: Sleeping Child Hot Springs, L.L.C.

This property reverted to the seller on or about September 19, 2007 based on the buyer's failure to pay the balance of the purchase price. Under the terms of the Contract of Sale, \$2,975,000 was paid at closing on or about July 20, 2005. Lewis and Clark made a \$575,000 down payment and obtained a Mortgage from the Whitefish Credit Union for \$2.4 million. \$3,000,000 in annual installments was also due under the terms of the Contract of Sale with the Seller. The Seller repossessed the property based on the failure of Lewis and Clark Capital LLC to make the annual installment payments. The Receiver has a lien against this property which the Seller, Sleeping Child Hot Springs, L.L.C. is seeking to extinguish. The Seller filed an action to quiet title against Whitefish Credit Union, Lewis and Clark Capital LLC, Beasley, Robb Evans and Associates LLC as Receiver of Longboat Global Funds Management LLC, Piranha Capital LP and Longboat Global Funds Management LLC. The complaint was served on the Receiver on or about January 14, 2008. The

Receiver filed a Motion to Dismiss and a Motion for Summary Judgment on the grounds that leave of Court was required pursuant to the August 27, 2007 Order of Permanent Injunction entered by this Court before bringing suit against the Receiver. Beasley retained his own counsel and filed an Answer in those proceedings on behalf of himself and Lewis and Clark Capital. On August 28, 2008 Montana District Court denied the Receiver's Motion to Dismiss and Motion for Summary Judgment. The Court held that the Receiver submitted to the jurisdiction of the Montana Court by filing a Junior Trust Indenture against the property (filed on June 20, 2006). The Court further held that while the federal court at best has general concurrent jurisdiction, the Montana State Court has specific original jurisdiction over and constructive possession of the disputed interests involved in the Sleeping Child property. The Court concluded that the Montana Court is best suited to determine the parties' respective rights in the Sleeping Child Property and to prevent a financial windfall or harsh forfeiture to any of the parties. The Whitefish Credit Union has filed an affirmative defense against Sleeping Child, alleging that Sleeping Child had notice of its mortgage lien, as well as a cross claim of foreclosure against Beasley and Lewis and Clark Capital and Third Party Complaint against the Title Company. The Receiver has determined there is likely no recovery on its Junior Trust Indenture.

733 and 741 Angel Point Road, Flathead Lake, Lakeside, MT

This property was purchased by Beasley on July 29, 2005 for a total purchase price of \$2,500,000. It was sold on December 15, 2006 for a sales price of \$3,000,000. Proceeds of sale were used to pay mortgages to First Interstate Bank in the amount of \$2,238,167.40. After payment of real estate commissions and overdue property taxes on the Sleeping Child property in the amount of \$25,000, the balance of \$519,355.02 was paid to the Receiver and is being held for distribution to the investors of Piranha Capital LP., less costs associated with this investigation.

Plutus Note/Branford Property:

The other remaining asset the Receiver has been actively pursuing is collection of a Promissory Note signed by Plutus Alternative Strategies, a company owned and controlled by Mark Boucher, which was secured by real property known as the Branford landfill property, located in Sun Valley, California. Mark Boucher and Jonathan Brake and Gary Johnson have all been charged by the Securities and Exchange Commission (SEC) in connection with the solicitation of investments in Pinnacle West, Sunquest and related entities. Mr. Boucher recently agreed to a settlement with the SEC.

The specifics of the Plutus note have been discussed in previous reports. The investment involves loans made in August and September of 2002, by Piranha Capital LP and other lenders to Plutus Alternative Strategies (PAS) to buy out a loan to the Sunquest/Branford (Sunquest) project by the Genesis L.A. Real Estate Fund (Genesis) that held a First Deed of Trust on the Branford property. PAS became the holder of the

Genesis security interest pursuant to an assignment, which was recorded on September 17, 2002. Sunquest was the beneficiary of the negotiations between PAS and Genesis because it avoided a foreclosure on the Genesis loan. Accordingly, Sunquest agreed to pay back the money that PAS obtained to purchase the Genesis loan and agreed to execute a promissory note (referred to as the "Pass Through Note") to document this agreement. On September 17, 2002, Sunquest executed the Pass Through Note in favor of PAS in the sum of \$2.7 million. This sum was based on the amount PAS paid for the Genesis loan (which included the funds advanced by Piranha Capital and two other lenders) plus an amount to cover attorney's fees and other expenses. The notes in favor of Piranha were in the amount of \$1.6 million. When Branford sought additional construction funding from the California Environmental Redevelopment Fund, PAS removed its First Deed of Trust and instead entered into an agreement with the Second Deed of Trust Holder, the Fornaciari Trust, for priority repayment. This agreement was entitled the Second Amendment to the Operating Agreement of Sunquest Development II, LLC, dated December 29, 2003.

The Bankruptcy Court ruled that the Second Amendment did not give the Receiver the right to payment ahead of the secured creditors, including the Fornaciari Trust, which held a Second Deed of Trust. The Receiver appealed this ruling to the United States District Court, based on the language of the Second Amendment regarding priority of payment of funds to be disbursed to the members of Sunquest. Specifically, Paragraph 3(b) of the Second Amendment provided for "Distributions of Operating Cash Flow." Paragraph 3(b)(i) provided that Operating Cash Flow shall be distributed *first* to PAS,

until PAS has received the PAS Principal plus any PAS Preferred Return. Any remaining Operating Cash Flow is then to be distributed to the Fornaciari Trust to repay the Fornaciari loan (plus its "preferred return" as defined in paragraph 3(a)(v) of the Second Amendment), and thereafter in accordance with the priorities otherwise set forth in the Sunquest II Operating Agreement.

On August 13, 2008, the District Court denied the Receiver's appeal. The District Court based its decision on an interpretation of "Operating Cash Flow". The Receiver argued that this included the proceeds of the sale of the assets of the company in bankruptcy, based on language in the Sunquest II Operating Agreement which included "the proceeds of any sale, transfer, disposition or refinancing of [Sunquest II's] assets". The District Court disagreed, holding that "the plain meaning of "operating cash flow" is the cash a company acquires from the revenue generated through its operations. The Court concluded that "in other words, 'Operating Agreement' simply does not include proceeds derived by a company from the sale of assets in winding down." The District Court declined to consider any other documents or extrinsic evidence, pursuant to the parol evidence rule. The Receiver has concluded that it is not cost effective to seek further review of this decision.

Pershing Funds:

As previously reported, the Receiver was holding a \$1 million deposit transferred by Pershing Securities. This deposit was the subject of a Writ of Attachment in an action filed by four Plaintiffs against Beasley and Longboat in Illinois prior to the Receiver's appointment. The United States District Court for the Northern District of Illinois granted summary judgment in favor of the Plaintiffs on March 22, 2006, and entered judgment in their favor in the amount of \$903,631.59, plus interest. The Seventh Circuit

Court of Appeals upheld this Order and denied the Receiver's claim to these funds on behalf of all Piranha Capital LP investors. The sum of \$1,054,115.11, representing the balance of the account with accrued interest, was paid to the Illinois plaintiffs on November 19, 2007, pursuant to the Seventh Circuit Order and an Order of this Court.

Pershing Securities Offshore Funds:

Based on the August 27, 2007 Order of Appointment over Piranha Capital Investment (Bahamas), the Receiver has taken custody of a deposit held at Pershing for the Piranha Capital Bahamas in the amount of \$742,684.89. These funds are being held in a segregated account pending approval of a Motion for Distribution to the investors of Piranha Capital Investment (Bahamas).

Timing of Distributions:

The Receiver is submitting a proposed Motion for Approval of the first and final Claims Distribution Procedure and Proposed Distribution to Investors filed concurrently with the filing of this Report.

Respectfully submitted,

/s/

Robb Evans & Associates LLC
Receiver

EXHIBIT A

ROBB EVANS AND ASSOCIATES

MEMORANDUM

Date: December 21, 2007
 To: Anita Jen
 Cc:
 From: Earl Lanna, Deputy to the Receiver
 RE: Longboat

AJ -

Sterling note settlement proceeds attached.

Thanks -

Earl

SolutionsBank
 Overland Park, KS 66223

023428

83-1475
1010

Remitter: Sterling Capital, LLC


PAY ***21,000 DOLLARS AND 00 CENTS***

DATE	AMOUNT
December 18, 2007	\$21,000.00

TO
THE
ORDER
OF

Robb Evans, Rcvr. of Piranha Cap. Invest

CASHIER CHECK



200004

⑈023428⑈ ⑆101014759⑆

EXHIBIT A

EXHIBIT B

3

0003292

When recorded return to:
Mackoff Kellogg Law Firm
PO Box 1097
Dickinson, ND 58602-1097



Paula Robinson, Flathead County MT by TM

200800004486
Page: 1 of 2
Fees: \$14.00
2/20/2008 2:43 PM

246722-CT

NOTICE OF TRUSTEE'S SALE

★ TO BE SOLD FOR CASH AT TRUSTEE'S SALE on June 30, 2008, at 11:00 o'clock A.M. at
★ the East door of the Flathead County Justice Center located at 920 South Main in Kalispell,
MT 59903, the following described real property situated in Flathead County, Montana:

Lot 105 of Iron horse, Phase 3, according to the map or plat thereof on file and of record on the office of the Clerk and Recorder of Flathead County, Montana. Less and expecting therefrom any right, title or interest in any minerals, mineral rights, or related matters, including but not limited to oil, gas, coal, and other hydrocarbons.

Joe Beasley and Anne G Beasley, as Grantor(s), conveyed said real property to Fidelity National Loan Portfolio Solutions, as Trustee, to secure an obligation owed to Mortgage Electronic Registration Systems, Inc, as Beneficiary, by Deed of Trust Dated April 25, 2005 and Recorded May 2, 2005 at 9:22 o'clock A.M. under Document No. 200512209220. The beneficial interest is currently held by Indymac Bank. Charles J. Peterson, is the Successor Trustee pursuant to a Substitution of Trustee dated February 14, 2008, and recorded in the office of the Clerk and Recorder of Flathead County, Montana.

A default has occurred in the performance of said Deed of Trust by failing to make the monthly payments due in the amount of \$6,919.68, beginning October 1, 2007, and each month subsequent, which monthly installments would have been applied on the principal and interest due on said obligation and other charges against the property or loan. The total amount due on this obligation as of February 1, 2008 is \$1,708,855.71 principal, interest at the rate of 7.625% now totaling \$55,537.82, late charges in the amount of \$2695.42, escrow advances of \$24,555.50, suspense balance of \$0.00 and other fees and expenses advanced of \$97.50, plus accruing interest at the rate of \$351.13 per diem, late charges, and other costs and fees that may be advanced.

The Beneficiary anticipates and may disburse such amounts as may be required to preserve and protect the property and for real property taxes that may become due or delinquent, unless such amounts of taxes are paid by the Grantors. If such amounts are paid by the Beneficiary, the amounts or taxes will be added to the obligations secured by the Deed of

EXHIBIT B

PI 49

Form No. 22 (9/9/94)
Trustee's Sale Guarantee (ID/MT)

Guarantee No.: 246722-CT
Page 1 of 9

GUARANTEE

Issued by

First American Title Company
704 South Main/P.O. Box 1310, Kalispell, MT 59901
Title Officer: Tracy Martin
Phone: (406)752-5388
FAX: (406)752-9617

EXHIBIT B

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Form No. 22 (9/9/94)
Trustee's Sale Guarantee (ID/MT)

Guarantee No.: 246722-CT
Page 2 of 9

TRUSTEE'S SALE GUARANTEE

Issued from the office of

First American Title Company
704 South Main/P.O. Box 1310, Kalispell, MT 59901

SUBJECT TO THE EXCLUSIONS FROM COVERAGE. THE LIMITS OF LIABILITY AND OTHER PROVISIONS OF THE CONDITIONS AND STIPULATIONS HEREOF, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called the Company, guarantees the Assured against loss not exceeding the liability amount stated in Schedule A which the assured shall sustain by reason of incorrectness in the assurance which the Company hereby gives that, according to the public records, on the date stated in Schedule A.

1. The title to the herein described estate or interest was vested in the vestee named in Paragraph 2 of Schedule A, subject to the matters shown as Exceptions in Schedule B, which Exceptions are not necessarily shown in the order of their priority.
2. For purposes of foreclosing the deed of trust referenced in Schedule C the persons to whom notice to the trustee's sale must be given pursuant to Section 71-1-315 Montana Code are those identified in said Schedule C.

IN WITNESS WHEREOF, First American Title Insurance Company has caused this Guarantee to be signed and sealed by its duly authorized officers as of Date of Policy shown in Schedule A.

First American Title Insurance Company

BY *Carl B. Johnson* PRESIDENT

ATTORNEY *Marilyn Kelly* SECRETARY



First American Title Company

By: *[Signature]*

AUTHORIZED SIGNATORY

EXHIBIT B

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Form No. 22 (9/9/94)
Trustee's Sale Guarantee (ID/MT)

Guarantee No.: 246722-CT
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SCHEDULE A

TRUSTEE'S SALE GUARANTEE

LIABILITY: **\$ 1,708,855.71**

GUARANTEE NO.: **246722-CT**

FEE: **\$ 3,528.40**

ORDER NO.: **246722-CT**

Dated: **January 23, 2008 at 7:30 AM**

1. Name of Assured:

✓ **Indymac Bank, Charles J. Peterson, Trustee, Mackoff Kellogg Law Firm**

2. Title to the estate or interest in the Land is vested in:

✓ **Joe Beasley and Anne G. Beasley as joint tenants**

3. The estate or interest in the land which is covered by this guarantee is:
Fee Simple

4. The Land referred to in this Guarantee is described as follows:

**LOT 105 OF IRON HORSE, PHASE 3, ACCORDING TO THE MAP OR PLAT THEREOF ON
FILE AND OF RECORD IN THE OFFICE OF THE CLERK AND RECORDER OF FLATHEAD
COUNTY, MONTANA.**

EXHIBIT 13

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Form No. 22 (9/9/94)
Trustee's Sale Guarantee (ID/MT)

Guarantee No.: 246722-CT
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SCHEDULE B

EXCEPTIONS

1. 2008 taxes and special assessments are a lien; amounts not yet determined or payable. The first one-half becomes delinquent after November 30th of the current year, the second one-half becomes delinquent after May 31st of the following year.

General taxes as set forth below. Any amounts not paid when due will accrue penalties and interest in addition to the amount stated herein:

Year	1st Half	2nd Half	Parcel Number
2007	\$11,631.46 (PAID)	\$11,631.43 (NOT PAID)	74-0003292

2. Resolution No. 1213A regarding the Iron Horse Neighborhood Plan, recorded October 17, 1996, as Doc. No. 96-291-15240.
3. Articles Of Incorporation of Iron Horse Homeowners Association, Inc., recorded June 25, 1998, as Doc. No. 1998-176-10520.
4. By-Laws Of Iron Horse Homeowners Association, Inc., recorded June 25, 1998, as Doc. No. 1998-176-10530.
5. Covenants, Conditions and Restrictions recorded March 22, 1999 as Instrument No. 1999-081-15510, but omitting any covenant, condition or restriction based on race, color, religion, sex, handicap, familial status, or national origin to the extent that such covenants, conditions or restrictions violate 42 USC 3604(c).

Amendment to said Covenants recorded August 14, 2007 as Instrument No. 2007-00024350 .
6. All matters, covenants, conditions, restrictions, easements and any rights, interest or claims which may exist by reason thereof, disclosed by Certificate of Survey(s) No. 12383, 13469 and 13470, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restriction violate 42 USC 3604 (c).
7. All matters, covenants, conditions, restrictions, easements and any rights, interest or claims which may exist by reason thereof, disclosed on the recorded plat of Iron Horse, Phase 3, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
8. Provisions contained in that Certificate, executed by the State of Montana, Department of Health and Environmental Services.
9. Declaration Of Annexation For Iron Horse, Phase 3, recorded January 7, 2000, as Doc. No. 2000-007-11080.

EXHIBIT B

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Form No. 22 (9/9/94)
Trustee's Sale Guarantee (ID/MT)

Guarantee No.: 246722-CT
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10. Deed of Trust dated April 25, 2005, to secure an indebtedness in the principal sum of
AMOUNT : \$1,620,000.00, and any other amounts and/or obligations secured thereby.
RECORDED : May 2, 2005, as Doc. No. 2005-122-09220
GRANTOR : Joe Beasley and Anne G. Beasley
TRUSTEE : Fidelity National Loan Portfolio Solutions
BENEFICIARY: Mortgage Electronic Registration Systems, Inc. (MERS) as nominee for Metrocities
Mortgage, LLC

11. Deed of Trust dated April 25, 2005, to secure an indebtedness in the principal sum of
AMOUNT : \$200,000.00, and any other amounts and/or obligations secured thereby.
RECORDED : May 2, 2005, as Doc. No. 2005-122-09230
GRANTOR : Joe Beasley and Anne G. Beasley
TRUSTEE : Fidelity National Loan Portfolio Solutions
BENEFICIARY: Mortgage Electronic Registration Systems, Inc. (MERS) as nominee for Metrocities
Mortgage, LLC

12. Deed of Trust dated July 29, 2005, to secure an indebtedness in the principal sum of
AMOUNT : \$2,000,000.00, and any other amounts and/or
obligations secured thereby.
RECORDED : August 3, 2005, as Doc. No. 2005-215-15480
GRANTOR : Joe Beasley, aka Robert J. Beasley and Anne G. Beasley
TRUSTEE : Citizen's Title & Escrow
BENEFICIARY: First Interstate Bank

13. Junior Trust Indenture, Assignment of Rents, Security Agreement and Fixture Filing to secure an
original indebtedness of \$3,885,944.70, dated May 24, 2006 and any other amounts and/or
obligations secured thereby
Recorded: June 20, 2006, Instrument No. 2006-171-15010
Grantor: Robert Joseph Beasley and Anne G. Beasley
Trustee: First American Title Company
Beneficiary: Robb Evans & Associates, as Receiver for Longboat Global Funds Management, LLC,
and any affiliates or subsidiaries thereof including as General Partner of Piranha Capital,
L.P.

14. Judgment for amounts due thereunder.
Debtor: Joe Beasley
Creditor: Discover Bank
Amount: \$ 24,744.27
Filed: January 8, 2008
Case No: DV-07-818B, in the Montana Eleventh Judicial District Court, Flathead County.

EXHIBIT B

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Form No. 22 (9/9/94)
Trustee's Sale Guarantee (ID/MT)

Guarantee No.: 246722-CT
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SCHEDULE C

Relative to the Deed of Trust shown as Item No. 10 of Schedule B:

1. The names of the Grantor(s) in the Deed of Trust and of the persons whose interests appear of record as successors in the interest of said Grantor(s) are as follows:

Joe Beasley and Anne G. Beasley, Grantor in the Deed of Trust to be foreclosed and as record title holder, whose address appears of record as **241 N. Shooting Star Circle, Whitefish, Montana, 59937.**

ANY PERSONS HAVING NON-RECORD INTEREST, OF WHICH INTEREST EITHER THE TRUSTEE OR BENEFICIARY HAS ACTUAL NOTICE, AND PARTIES IN POSSESSION.

2. The names of persons having a lien or interest appearing of record subsequent to the interest of the Trustee, other than those persons identified in (1) above, and of any persons having filed a request for notice pursuant to Section 71-1-314 Montana Code are as follows:

Metrocities Mortgage, LLC
15301 Ventura Blvd., D300
Sherman Oaks, CA 91403

Mortgage Electronic Registration Systems, Inc. (MERS)
P.O. Box 2026
Flint, MI 48501-2026

First Interstate Bank
2 Main Street
P.O. Box 7130
Kalispell, MT 59904

Robb Evans & Associates
11450 Sheldon Street
Sun Valley, CA 91352-1121

Holland & Hart
P.O. Box 639
Billings, MT 59103

Discover Bank
c/o Bruce M. Spencer
Craig D. Charlton
Smith Law First, P.C.
Attorney at Law
26 West Sixth Ave - Box 1691
Helena, MT 59624
(406)449-8718 - (406)449-3817 fax
email collection@smithlawmt.com
Attorneys for Discover Bank

3. Attention is directed to the fact that strict compliance must be had with respect to Section 71-1-313, 71-1-314, and 71-1-315 Montana Code including but not limited to proper mailing, publication, and posting.

EXHIBIT B

P. 8 of 9

Form No. 22 (9/9/94)
Trustee's Sale Guarantee (ID/MT)

Guarantee No.: 246722-CT
Page 7 of 9

4. Attention is directed to the fact that the pendency of an action, suit or proceeding to recover any portion of the debt remaining secured by the Trust Deed

OR

the pendency of proceeding under the Bankruptcy Code involving a party having an interest in the property to be affected by the foreclosure of the Trust Deed which proper relief from the automatic stay has not yet been secured will constitute impediments to the commencement OR maintenance of the contemplated trustee's sale. Except as noted hereafter we find no such proceedings pending in the public records.

5. Attention is called to the Federal Tax Lien Act of 1966, which among other things, provides for the giving of written notice of sale in a specified manner to the District Director of IRS as a requirement for the divestment of a Federal Tax Lien in a non-judicial sale, including any Federal Tax Lien filed at least 30 days prior to the scheduled sale date, and establishes with respect to such lien a right in the United States to redeem the property within a period of 120 days from the sale.
6. Attention is called to Soldiers' and Sailors' Civil Relief Act of 1940 and amendments thereto which contain inhibitions against the sale of land under a Deed of Trust if the owner is entitled to the benefits of said Act.

NOTE: Should you have any questions regarding items referred to herein, please contact **Tracy Martin**, Title Officer, of **First American Title Company at 704 South Main/P.O. Box 1310, Kalispell, MT 59901, or call (406)752-5388.**

EXHIBIT B

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EXHIBIT C

SELLER'S CLOSING STATEMENT
Estimated

Escrow Number: 2060606009
Escrow Officer: Sarah A. Tennant

Title Order Number: 2060606009
Date: 12/15/2006 -10:56:25AM
Closing Date: 12/15/2006

Buyer/Borrower: Michael H. Ankeny

Seller: Robert J. Beasley

Property: 741 Angel Point Rd, Lakeside, MT 59922

DESCRIPTION	DEBITS	CREDITS
TOTAL CONSIDERATION		3,000,000.00
PRORATIONS/ADJUSTMENTS:		
Property Tax @ 7,987.96 per 12 month(s) 12/15/2006 to 1/01/2007		372.04
COMMISSION(S):		
Listing Broker: Coldwell Banker Wachholz & Co.- LK	60,000.00	
Selling Broker: Riverbend Realty	90,000.00	
Other Broker: Montana Land Office	45,000.00	
TITLE CHARGES		
Owner's Premium for 3,000,000.00: Alliance Title & Escrow Corp.	4,441.25	
Reconveyance Fee: Alliance Title & Escrow Corp.	44.00	
ESCROW CHARGES TO: Alliance Title & Escrow Corp.		
Escrow Fee	150.00	
LOAN PAYOFF: First Interstate Bank		
Payoff Thru 12/15/06	2,238,167.40	
Total Loan Payoff	2,238,167.40	
LOAN PAYOFF: Robb Evans & Associates LLC		
Net Proceeds	519,355.02	
Total Loan Payoff	519,355.02	
TAXES:		
Property Tax to: Flathead County Treasurer 2006 Full Year Taxes #29-0386900	8,101.75	
ADDITIONAL DISBURSEMENTS:		
Survey, Seller Portion: Sands Surveying, Inc	1,303.90	
Tax Redemption: Flathead County Treasurer	8,758.72	
Water Right Transfer Fee: DNRC	50.00	
Sleeping Child Property Taxes: Ravalli County Treasurer	25,000.00	
TOTALS	3,000,372.04	3,000,372.04

Robert J. Beasley

EXHIBIT 

EXHIBIT D

Hedman, Hileman & LaCosta
204 Central Avenue
Whitefish, MT 59937-2662

237119-FT

200700035371 Fees: \$22.00 by: JL
NOTICE OF TRUSTEE SALE by IT
Date 11/20/2007 Time 12:04 PM Page: 1 of 2
Paula Robinson, Flathead County Montana

**NOTICE OF TRUSTEE'S SALE OF
REAL PROPERTY
(#940571-702)**

Notice of the sale of real property which is secured by a Trust Indenture is hereby given by William E. Hileman, Jr., of the law firm of Hedman, Hileman & Lacosta, Successor Trustee, pursuant to the provisions of the "Small Tract Financing Act of Montana" (Section 71-1-301, et. seq., Montana Code Annotated).

The names of the Grantor(s), Trustee, any successor Trustee(s), the Beneficiary in the Trust Indenture and any of the Successor(s) in Interest to the Beneficiary, are:

Grantor(s): Robert J. Beasley
Trustee: Flathead County Title Services
Beneficiary: Whitefish Credit Union Association
Successor Trustee: William E. Hileman, Jr., Esq.

0977695
★

The description of the property covered by the Trust Indenture is: The real property and its appurtenances in Flathead County, Montana, more particularly described as follows:

That portion of the North Half, Section 25, Township 28 North, Range 21 West, Flathead County, Montana, described as follows:

Commencing at Point "C" referred to in description of Parcel 5 of Certificate of Survey No. 1641; thence North 49°47'34" West, a distance of 986.25 feet to the Point of Beginning; thence retracing South 49°47'34" East, a distance of 986.25 feet to Point "C"; thence North 80°03'20" East, a distance of 253.42 feet to the beginning of a 308.66 foot radius curve to the right; thence Easterly, along the curve thru the central angle of 32°36'18", a distance of 175.65 feet; thence North 22°39'38" East, a distance of 320.00 feet, more or less, to the low water mark of the Flathead River; thence Northwesterly, Westerly and Southwesterly and Southeasterly, along the low water mark, a distance of 3000.00 feet, more or less, to a point therein which bears South 74°54'02" West from the Point of Beginning; thence North 74°54'02" East, a distance of 520.00 feet; more or less, to the Point of Beginning.

Parcel 7 of Certificate of Survey No. 1641.

Recording Data: The following instruments and documents have been recorded in the Clerk and Recorder's Office in Flathead County, Montana on the date and in the place indicated.

Trust Indenture dated April 20, 2004, and recorded April 23, 2004 under Recorder's Fee No. 2004-114-16250, records of Flathead County, Montana.

The default for which the foreclosure is made is: The nonpayment of the amounts due pursuant to the Note and Trust Indenture both dated April 20, 2004, referred to above, including but not limited to the nonpayment of principal, interest, taxes, and reserves therefor.

The sum owing on the obligation secured by the Trust Indenture is:

Principal: \$562,266.00 (the entire remaining balance of the aforesaid Note being declared immediately due and payable).

EXHIBIT D
p. 1 of 2
Page 1

EXHIBIT E

RETURN TO:
REDMAN, HILEMAN, LACOSTA
204 CENTRAL AVENUE
WHITEFISH, MT 59937

200800009780
Page: 1 of 2
Fee: \$14.00
4/11/2008 12:02 PM
Paula Robinson, Flathead County MT by JL

237119-FT

TRUSTEE'S DEED
(#702)

WILLIAM E. HILEMAN, JR., Attorney at Law, 204 Central Avenue, Whitefish, Montana 59937, hereinafter referred to as Trustee, as Trustee under the Trust Indenture hereinafter particularly described, does hereby bargain, sell and convey, without warranty to WHITEFISH CREDIT UNION, PO Box 37, Whitefish, Montana 59937, hereinafter referred to as Grantee, all of the real property situated in the County of Flathead, State of Montana, described as follows:

That portion of the North Half, Section 25, Township 28 North, Range 21 West, Flathead County, Montana, described as follows:

Commencing at Point "C" referred to in description of Parcel 5 of Certificate of Survey No. 1641; thence North 49°47'34" West, a distance of 986.25 feet to the Point of Beginning; thence retracing South 49°47'34" East, a distance of 986.25 feet to Point "C"; thence North 80°03'20" East, a distance of 253.42 feet to the beginning of a 308.66 foot radius curve to the right; thence Easterly, along the curve thru the central angle of 32°38'18", a distance of 175.85 feet; thence North 22°39'38" East, a distance of 320.00 feet, more or less, to the low water mark of the Flathead River; thence Northwesterly, Westerly and Southwesterly and Southeasterly, along the low water mark, a distance of 3000.00 feet, more or less, to a point therein which bears South 74°54'02" West from the Point of Beginning; thence North 74°54'02" East, a distance of 520.00 feet; more or less, to the Point of Beginning.

Parcel 7 of Certificate of Survey No. 1641.

This conveyance is made pursuant to the powers conferred upon Trustee by the Trust Indenture between Robert J. Beasley, as Grantor, to Flathead County Title Services, as original Trustee, and Whitefish Credit Union Association, as Beneficiary; recorded on the 23rd day of April, 2004, under Recorder's Fee No. 2004-114-16250, records of Flathead County, Montana; and Substitution of Trustee recorded November 20, 2007, under Recorder's Fee No. 2007-00035370, records of Flathead County, Montana, substituting William E. Hileman, Jr., Attorney at Law, Whitefish, Montana, for the original Trustee; and after the fulfillment of the conditions specified in said Trust Indenture authorizing this conveyance as follows:

APPROVED Hileman 0977695

A. Default occurred in the obligations for which such Trust Indenture was given as security and the Beneficiary made demand upon the said Trustee to sell said property pursuant to the terms of said Trust Indenture. Notice of Trustee's Sale was recorded November 20, 2007, under Document No. 2000-00035371, records of Flathead County, Montana, the county in which the property described in said Trust Indenture or any part thereof, is situated, the nature of such default being as set forth in said Notice of Sale; such default still existed at the time of sale.

B. After recordation of said Notice of Sale, Trustee gave notice of the time and place of the sale of said property by registered or certified mail, by personal service upon the occupants of said real property, by posting in a conspicuous place on said premises and by publishing in a newspaper of general circulation in each of the counties in which the property is situated as more fully appears in affidavits recorded prior to date of sale.


C. The provisions, recitals and contents of the Notice of Sale referred to in Paragraph A supra and of the Affidavits referred to in Paragraph B supra shall be and they are hereby incorporated herein and made an integral part hereof for all purposes as though set forth herein at length.

D. All requirements of law regarding the mailing, personal service, posting, publication and recording of Notice of Sale and of all other notices have been complied with.

E. Not less than 120 days elapsed between the giving of Notice of Sale by registered or certified mail and the sale of said property.

F. Trustee, at the time and place of sale fixed by said Notice, at public auction (in one parcel) struck off to Grantee being the highest bidder therefore, the property herein described, subject however to all prior liens and encumbrances.

IN WITNESS WHEREOF, the Trustee named above, hereunto sets his hand this 10th day of April, 2008.



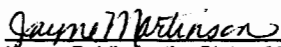
WILLIAM E. HILEMAN, JR.

STATE OF MONTANA)
 :ss
County of Flathead)

On this 10th day of April, 2008, before me, the undersigned, a Notary Public in and for the state aforesaid, personally appeared WILLIAM E. HILEMAN, JR., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year last above written.





Notary Public for the State of Montana
Printed Name: Jayne Martinson
Residing at Whitefish, Montana
My commission expires 1/10/2011

 20080009789
Page: 2 of 2
Fee: \$14.00
Paula Robinson, Flathead County MT by JL 4/11/2008 12:02 PM

EXHIBIT F

Piranha

COPY JUN 11 2008

Ted O. Lympus
District Judge, Department 1
Flathead County Justice Center
920 South Main Street
Kalispell, MT 59901
Telephone: (406)758-5906

MONTANA ELEVENTH JUDICIAL DISTRICT, FLATHEAD COUNTY

WHITEFISH CREDIT UNION,

Plaintiff,

-vs-

ROBERT J. BEASLEY; BW RANCLAND, LLC
LEWIS AND CLARK CAPITAL, LLC, and
PIRANHA CAPITAL, LP,

Defendants.

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Cause No. DV-07-858A

**ORDER AND RATIONALE
ON PLAINTIFF'S MOTION
FOR SUMMARY JUDGMENT**

THIS MATTER is before the Court on Plaintiff's Motion for Summary Judgment, to which Defendants Robert J. Beasley, BW Ranchland, LLC, and Lewis and Clark Capital, LLC have failed to respond. The Plaintiff has fully briefed the issues, no party has requested oral argument, and the matter is now ready for determination. The Court, having considered the arguments submitted, and therefore being fully advised in the premises, now enters the following:

ORDER

Plaintiff's Motion for Summary Judgment is GRANTED.

RATIONALE

This is an action to foreclose two mortgages. Defendants Robert J. Beasley, BW Ranchland, LLC, and Lewis and Clark Capital, LLC entered into loans with Whitefish

EXHIBIT E
p. 143

Credit Union, as evidenced by their Promissory Notes and recorded Mortgages. These Defendants failed to pay the Whitefish Credit Union loans, and this lawsuit ensued on November 20, 2007.¹

Defendants Lewis and Clark Capital, LLC and Piranha Capital, LP claim an interest in the subject property by virtue of subsequent mortgages thereon. Plaintiff and Defendant Piranha Capital, LP have entered into a Stipulation and Consent to Entry of Judgment, Decree of Foreclosure, and Order of Sale filed herein.

On February 12, 2008, Plaintiff served Defendants with Requests for Admission, Interrogatories, and Requests for Production. None of the Defendants have responded to the discovery requests.

On April 15, 2008, Plaintiff filed a Motion for Summary Judgment and supporting Brief. No party has filed a response to the Motion, nor requested oral argument.

On April 24, 2008, the Court received Notice of Withdrawal of Tammi Fisher as counsel for Defendants. Plaintiff, through its counsel, served Notice pursuant to Rule 10 Uniform District Court Rules upon Defendants on April 29, 2008. Defendants have made no further appearance in this action.

MRCivP Rule 56(c) provides that a motion for summary judgment "shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact, and the moving party is entitled to a judgment as a matter

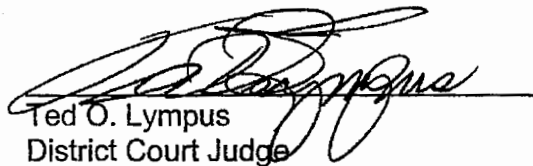
¹ As additional security for the second loan, Defendant Lewis and Clark Capital, LLC (Robert J. Beasley, Member) gave the Whitefish Credit Union a mortgage upon property located in Ravalli County, Montana. That property is presently the subject of litigation to quiet title/foreclosure captioned *Sleeping Child LLC, et al v. Lewis and Clark Capital, LLC, et al*, Montana Twenty-First Judicial District Court, Ravalli County, Cause No. DV-07-615. Whitefish Credit Union reserves all rights relative to said Ravalli County mortgage, to be adjudicated in said litigation.

of law." MRCivP Rule 36 provides generally that by reason of a defendants' failure to respond to the plaintiff's written requests for admissions, the truth of each matter is admitted and conclusively established as fact. Based upon the pleadings, Whitefish Credit Union is entitled, as a matter of law, to a judgment against Defendants as prayed for in the Complaint.

NOW, IT IS ORDERED:

1. Whitefish Credit Union's Motion for Summary Judgment is granted.
2. Whitefish Credit Union shall present a proposed Judgment and Decree for the Court's review.

DATED this 6th day of June, 2008.


Ted O. Lymus
District Court Judge

cc: William E. Hileman, Jr., Esq.
Robert J. "Joe" Beasley
BW Ranchland, LLC
Lewis and Clark Capital, LLC
Piranha Capital, LP