

**IN THE CHANCERY COURT FOR LEWIS COUNTY
AT HOHENWALD, TENNESSEE**

IN RE:)
)
 SENTINEL TRUST COMPANY) NO. 4781
)
)

**ACTING COMMISSIONER-IN-POSSESSION’S AND SENTINEL TRUST RECEIVER’S
REPLY TO OBJECTION BY HARRY BUSHMAN REGARDING MOTION SEEKING
APPROVAL OF THE SCHEDULE OF CLAIM DETERMINATIONS**

On February 21, 2006, Harry Bushman filed an Objection to the Commissioner-in-Possession’s and Receiver’s January 31, 2006 Motion Seeking Approval of the Schedule of Claim Determinations and Approval of the Methodology Proposed to Calculate Distributions on Accepted Claims (“Motion”). See Mr. Bushman’s February 21, 2006 filing attached as Exhibit 1.¹

A. Nature of Mr. Bushman’s Claim in Sentinel Trust Receivership Estate

Mr. Bushman’s claim in the Sentinel Trust Receivership estate sought payment of a \$10,000.00 Gilcrest, Florida Bond Issue Vault Check. The “Vault Checks,” as set forth in the Motion, were checks found in the vault at Sentinel Trust when the Commissioner-in-Possession took over the company. These checks represented payments that were owed to the “payees” of the Vault Checks regarding principal and/or interest payments on bonds (typically previously redeemed bonds). These “Vault Checks” were in the Sentinel Trust vault because of a variety of reasons but, mainly because they had been returned through the mail or because the bondholder had yet to send in the bond issue certificate to trigger the sending of the check. See Motion at

¹ The Notices that were sent to all Sentinel Trust Receivership claimants (which is attached as Exhibit D to the Motion) set forth a deadline of February 20, 2006 for the filing of objections. Monday, February 20, 2006 was President’s Day. And while the Lewis County Clerk & Master’s Office was open that day, in order to avoid confusion as to whether a claimant thought such to be the case or not, the acting Commissioner-in-Possession and Receiver have deemed any objection filed on February 21, 2006 as timely filed.

p. 9, footnote 9. Funds to cover these “Vault Checks” were supposed to be on deposit in the Pooled Fiduciary Account.

B. Nature of Commissioner-in-Possession’s and Receiver’s Treatment of Mr. Bushman’s Claim

In the Schedule of Claim Distributions, Mr. Bushman’s claim is accepted as a “Class 5” claim, and the amount of the claim is set at the full \$10,000.00 amount of the Gilchrest, Florida Bond Issue Vault Check.

By way of example, and as a way of setting forth the methodology recommended to be used to calculate distributions, the Motion then discussed what an interim distribution would be on the accepted and approved claimants, if the \$3.7 million in the Pooled Fiduciary Account were distributed. Again, by way of example, it was set forth that such a distribution would yield an interim payment of \$3,799.18 on Mr. Bushman’s \$10,000.00 Gilchrest, Florida Bond Issue Vault Check claim.

C. Nature of Mr. Bushman’s Objection to Schedule of Claim Determinations

Mr. Bushman’s Objection is that he should be paid the full \$10,000.00, not \$3,799.18. Mr. Bushman asserts, and attaches evidence illustrating, that he did everything reasonable in trying to tender his Gilchrest, Florida Bond Issue Certificate to Sentinel Trust prior to the May 18, 2004 institution of the Sentinel Trust Receivership. The bond certificate, however, was not actually delivered to Sentinel Trust until after the institution of the Receivership. Mr. Bushman states that all the other owners of the matured Gilchrest, Florida bonds were paid in full² and it would be unfair for him to not receive full payment on the bond, particularly since the only

² Mr. Bushman is not correct on this point. There were several Gilchrest, Florida Vault Checks, aside from his, that were found in the Sentinel Trust vault when the Commissioner-in-Possession took possession. At least one other of this Gilchrest, Florida Vault Check group filed a claim in the Sentinel Trust Receivership. See Exhibit A to the Motion at p. 7. That individual, however, has not filed an objection to the Schedule of Claim Determinations.

reason he did not receive payment was because no one was at the Sentinel Trust Bellevue Office in April 2004 when the U.S. Postal employees were trying to deliver the certified letter from Mr. Bushman that contained his bond certificate.


D. Reply to Mr. Bushman's Objection

The Commissioner-in-Possession and Receiver maintain that, while Mr. Bushman's position is appealing from an equitable perspective, his Objection is premature. The \$3,799.18 amount Mr. Bushman objects to was set forth as an example of an interim distribution if the \$3.7 million in the Pooled Fiduciary Account were distributed. Moreover, the nature of Mr. Bushman's Objection of "I should be paid in full," does not have resonance until the time of final distributions from the Sentinel Trust Receivership estate. Only at that point will it be known whether and to what amount the total distribution to Mr. Bushman falls short of the \$10,000.00 amount.

Because Mr. Bushman's case has equitable appeal, the Commissioner-in-Possession and Receiver would not oppose the renewal of this Objection at the time notice is given of the final distribution and closing of the receivership -- which, admittedly, will not be any time soon. The final distribution is envisioned to include the transfer of funds from the Sentinel Trust Receiver (i.e., the excess of funds held by the Receiver not used in operations of the Receivership and/or pursuit of assets and causes of action). Upon renewal of Mr. Bushman's Objection at that juncture, and in particular because Mr. Bushman's situation seems to have been created because a Sentinel Trust office was not open for business during "mail delivery hours," the equities of the situation might compel a different result in relation to whatever amount of Mr. Bushman's \$10,000.00 claim has not been paid.

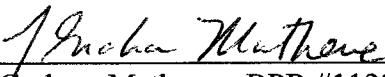
Accordingly, the Commissioner-in-Possession and Receiver request that Mr. Bushman's Objection be overruled without prejudice to renew at the time of the final distributions from, and closing of, the Sentinel Trust Receivership estate.

Respectfully submitted,



Janet M. Kleinfelter (by J. Matherne
Attorney General's Office of possession)
425 5th Avenue North
P.O. Box 20207
Nashville, TN 37243
(615) 741-7403

Counsel for Acting Commissioner Greg Gonzales



J. Graham Matherne, BPR #11294
Wyatt, Tarrant & Combs, LLP
2525 West End Avenue, Suite 1500
Nashville, TN 37203-1423
(615) 244-0020

*Counsel for Receivership Management, Inc.,
Receiver of Sentinel Trust Company*

NOTICE OF HEARING OF MOTION

THE COMMISSIONER-IN-POSSESSION'S AND RECEIVER'S MOTION SEEKING APPROVAL OF THE SCHEDULE OF CLAIM DETERMINATIONS AND APPROVAL OF THE METHODOLOGY PROPOSED TO CALCULATE DISTRIBUTIONS ON ACCEPTED CLAIMS IS SET TO BE HEARD ON WEDNESDAY, THE 12TH DAY OF APRIL, 2006, AT 1:00 P.M. AT THE LEWIS COUNTY COURTHOUSE IN HOHENWALD, LEWIS COUNTY, TENNESSEE.

CERTIFICATE OF SERVICE

This is to certify that on March 24th, 2006 a copy of the foregoing Reply has been sent by First Class U.S. Mail, postage paid, and also by facsimile as noted, to:

James S. Chase
John A. Decker
Hunton & Williams LLP
900 South Gay Street, Suite 2000
P.O. Box 951
Knoxville, TN 37901

Carrol D. Kilgore
Attorney at Law
95 White Bridge Road
Suite 509, Cavalier Building
Nashville, TN 37205-1427
also via fax (615-356-8138)

Donald Schwendimann
12 East Fourth Avenue
P.O. Box 366
Hohenwald, TN 38462
also via fax (931-796-5692)

Larry Stewart
Stokes, Bartholomew, Evans & Petree
424 Church Street, Suite 2800
Nashville, TN 37219

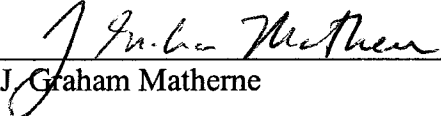
David D. Peluso
P.O. Box 250
Hohenwald, TN 38462-0250

James S. Hereford, Jr.
310 W. College Street
P.O. Box 802
Fayetteville, TN 37334-0802

William B. Hubbard
Weed, Hubbard, Berry & Doughty
SunTrust Bank Bldg., Suite 1420
201 Fourth Avenue North
Nashville, TN 37219

Diana M. Thimmig
Roetzel & Andress
1375 East Ninth Street
One Cleveland Center, Ninth Floor
Cleveland, OH 44114

Harry Bushman
8881 County Road C
Wittenburg, WI 54499



J. Graham Matherne

15 February 2006

SENTINEL TRUST CO. CLAIM OBJECTIONS
CLERK AND MASTER OF LEWIS COUNTY, TENNESSEE
LEWIS COUNTY COURTHOUSE, ROOM 208
110 PARK AVENUE NORTH
HOHENWALD, TN 38462

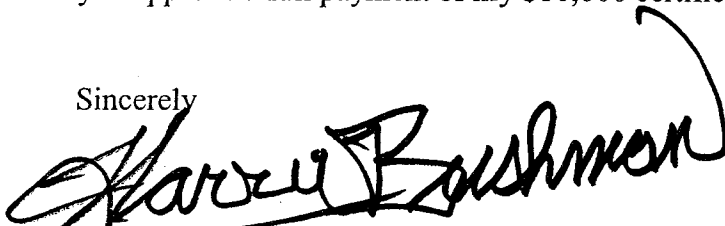
Claim Number 172705 Bushman Gilchrist County. Fl.

To Whom It May Concern

Reference is made to your notice enclosed as exhibit A. I understand that the amount Approved is \$10,000.00 with an interim distribution of \$3,799.18. My bond Matured on 1 May prior to the receiver taking possession on May 18th. My bank "Associated Bank" sent the matured bond to Sentinel Trust "certified mail" on April 20th after repeated attempts to deliver the bonds they were forwarded to Lawson Financial who in turn forwarded them to Mr. Paul Williams for payment.

All owners of Gilchrest matured bonds, except myself, were paid in full. I believe we have met the prudently test, as our enclosure outlines. I therefore respectfully submit that you approve a full payment of my \$10,000 certificate.

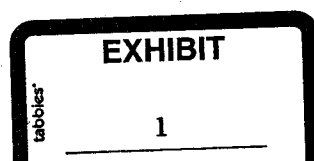
Sincerely


Harry Bushman

FILED _____
AT 10:37 O'CLOCK A. M.

FEB 21 2006

JANET WILLIAMS, CLERK & MASTER
BY Selena Wix



LAWSON
FINANCIAL
CORPORATION

INVESTMENT BANKERS
SECURITY BROKERS
Member: NASD • SIPC • MSRB

June 28, 2004

To: Paul Williams

From: Robert Lawson

REF: Harry Bushman


Gilcrest County Taxable First Mortgage Revenue Bond.

Dear Paul,

Thank you for the opportunity to communicate this information with you. As you are aware Bushman had a Maturing Bond, Gilcrest (10,000) to which you now have in your possession. On April 20, 2004 Associated Bank forwarded the maturing bonds with written communication to wire said amount back to them. The documents were sent by certified mail U S Mail. Certificate number 70022410000149704016. After repeated attempts by the US Mail to deliver to Sentinel Trust Company the certificate was returned to the owner. (see enclosure). All of this was prior to May 18, 2004. Lawson Financial sent them to you again and we understand you now hold them.

Enclosed you will find the certified copies of attempted delivery, as exhibits to this letter. We appreciate any assistance you can give in attempting to resolve this matter.

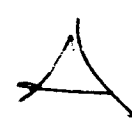
Regards,


Robert Lawson
President

cc. Mr. Harry Bushman

encl: certified copies of attempted delivery
letter dated April 20, 2004 from Associated Bank

EXHIBIT





Associated Bank

Date: April 20, 2004

Sentinel Trust Co
B122 Sawyer Brown Road Suite 201
Nashville, TN 37221-0558

Re: Gilcrest County Taxable First Mortgage Revenue Bond

Registered Holder: Harry B. Bushman, Trustee

To Whom It May Concern:

As per letter of instruction, enclosed find certificate (s) for redemption. Please have the funds wired to:

Federal Reserve Bank of Chicago
Credit: Associated Bank NA
Short Name: Assoc North-Wausau
ABA: 075900575
Final Credit: Harry Bushman
Account Number: 0005322797

If you have any questions or concerns, please contact me at (715-454-6875) or Patricia Boldig at Associated Bank (715-253-2127).

Sincerely yours,

Harry Bushman
Harry Bushman *by PAB*

enc

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Sentinel Trust Co.
 1122 Sawyer Brown Rd.
 Suite 201
 Nashville, TN 37221-0558

COMPLETE THIS SECTION ON DELIVERY

A. Signature X
 Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number
 Transfer from service label

7002 2410 0001 4970 4016

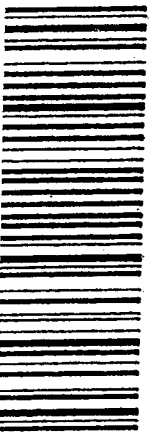
PS Form 3811 August 2001

Domestic Return Receipt

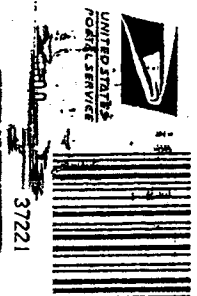
102595-02-N-1540

Associated Bank

502 Webb St., P.O. Box 289
Wittenberg, WI 54499-0289



7002 2410 0001 4970 4016



37221

U.S. POSTAGE
PAID
WITTENBERG, WI
APR 21, 04
AMOUNT
\$4.65
00017840-021

Close 2
4-24 2nd
5/14
Def
5/24
5-28

57221+1411 63

REASON CHECKED

Unclaimed Attempted - Not Known Insufficient Address No Such Street Do Not Remail in This Envelope

Refused

Number _____

**IN RE: SENTINEL TRUST COMPANY IN RECEIVERSHIP
NOTICE TO ALL SENTINEL TRUST RECEIVERSHIP CLAIMANTS
OF CLAIM DETERMINATIONS**

**HARRY B BUSHMAN TRUSTEE
8881 COUNTY ROAD C
WITTENBURG, WI 54499**

~~PURSUANT TO TENNESSEE CODE ANN. 45-2-1504, NOTICE IS HEREBY GIVEN THAT THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL INSTITUTIONS, AS THE COMMISSIONER-IN-POSSESSION OF SENTINEL TRUST COMPANY, HAS COMPLETED THE DETERMINATIONS OF CLAIMS MADE AGAINST SENTINEL TRUST COMPANY.~~

YOUR CLAIM HAS BEEN DETERMINED AS OUTLINED BELOW:

**CLAIM#: 172705
BOND ISSUE: GILCHRIST CO., FL (VAULT CHECK)
EXPLANATION:
AMOUNT APPROVED: \$10,000.00
AMOUNT RECOMMENDED FOR INTERIM DISTRIBUTION: \$3,799.18**

PLEASE NOTE THAT THE AMOUNT RECOMMENDED IS NOT THE AMOUNT THAT YOU SHOULD ANTICIPATE BEING PAID BECAUSE OF ADJUSTMENTS TO AVAILABLE FUNDS AS A RESULT OF INTEREST EARNINGS OR RESOLUTIONS OF OBJECTIONS LODGED AGAINST THE CLAIM DETERMINATIONS.

THIS INFORMATION IS CONTAINED IN A SCHEDULE OF CLAIM DETERMINATIONS THAT WILL BE FILED WITH THE CHANCERY COURT OF LEWIS COUNTY, TENNESSEE ON JANUARY 31, 2006. THAT SCHEDULE WILL BE FILED AS AN EXHIBIT TO A NOTICE AND MOTION THAT SEEKS APPROVAL OF THE SCHEDULE OF CLAIM DETERMINATIONS AND THE METHODOLOGY UTILIZED IN CALCULATING DISTRIBUTIONS ON ACCEPTED CLAIMS.

YOU MAY VIEW THE SCHEDULE OF CLAIM DETERMINATIONS AND OTHER COURT FILINGS RELATED TO SENTINEL TRUST ON THE TENNESSEE DEPARTMENT OF FINANCIAL INSTITUTIONS WEBSITE AT <http://www.tennessee.gov/tdfi/> AND FOLLOW THE LINK "Sentinel Trust Company."

~~ANY OBJECTION YOU MAY HAVE TO THIS DETERMINATION, INCLUDING OBJECTIONS TO DENIAL OF A CLAIM, APPROVED AMOUNT OF A CLAIM, CLASSIFICATION OF A CLAIM AND/OR METHODOLOGY OF COMPUTING DISTRIBUTION UPON ACCEPTED CLAIMS, WILL NEED TO BE FILED IN WRITING WITHIN 20 DAYS AFTER JANUARY 31, 2006 (FEBRUARY 20, 2006) WITH THE CHANCERY COURT OF LEWIS COUNTY, TENNESSEE. YOUR OBJECTIONS SHOULD BE ADDRESSED TO:~~

**SENTINEL TRUST CO. CLAIM OBJECTIONS
CLERK AND MASTER OF LEWIS COUNTY, TENNESSEE
LEWIS COUNTY COURTHOUSE, ROOM 208
110 PARK AVENUE NORTH
HOHENWALD, TENNESSEE 38462**

**cc: JEANNE B. BRYANT, RECEIVER
RECEIVERSHIP MANAGEMENT, INC.
215 CENTERVIEW DR., STE 133
BRENTWOOD, TN 37027**

ONCE ALL OBJECTIONS HAVE BEEN RESOLVED, A PROCESS EXPECTED TO TAKE SEVERAL MONTHS, THE COMMISSIONER-IN-POSSESSION AND RECEIVER WILL MOVE THE COURT TO AUTHORIZE AN INTERIM DISTRIBUTION. ALL QUESTIONS SHOULD BE DIRECTED TO JEANNE BARNES BRYANT AT (615) 370-0051.

**Jeanne Barnes Bryant
Receiver-Sentinel Trust Company in Receivership
Dated: 1-27-06**