

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

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

**COMMISSIONER-IN-POSSESSION'S AND SENTINEL TRUST RECEIVER'S REPLY
TO DANNY BATES' OBJECTION TO MOTIONS SEEKING APPROVAL OF
RECEIVER, OUTSIDE COUNSEL AND THIRD PARTY CONTRACTORS FEES**

I. INTRODUCTION

Danny Bates' Objection (filed February 27, 2006) to the two pending motions¹ which seek approval of receivership fees and expenses a) is based on the erroneous assumption that trust funds are being used to pay Sentinel Trust receivership expenses and b) is in disregard to previous rulings of this Court that have decided the issue with finality.

**II. BATES' OBJECTION IS WITHOUT MERIT
AND SHOULD BE OVERRULED**

Bates' Objection is based upon his position that trust funds cannot be used to pay Sentinel Trust receivership fees and expenses. On this point there, is no disagreement. Long ago in this receivership, it was agreed that no funds held in trust would be used to pay receivership expenses, absent order of this Court. Where the disagreement arises is that Bates accuses the Commissioner-in-Possession and Receiver of using trust funds to pay for receivership fees and expenses. But, the record is undisputed that the funds which Bates contends are "trust assets" being used by the Receiver to pay fees and expenses are the amounts retained, through Court orders, by the Receiver when collateral proceeds of defaulted bond issues are collected. These

¹ These Fee Approval Motions were filed on January 17, 2006 and February 8, 2006, respectively.

amounts represent what is owed to Sentinel Trust for the pre-receivership and post-receivership Sentinel Trust fees and expenses relating to the particular defaulted bond issue.

This Court, in numerous final orders which Bates chose not to appeal, has consistently held that Bates' position on this issue is incorrect. See e.g., May 23, 2005 Order Granting Motion to Alter or Amend; May 23, 2005 Order Approving Fort Pierce, Florida Bond Issue Distribution; May 23, 2005 Order Approving Hernando County, Florida Bond Issue Distribution and May 23, 2005 Order Approving Tarrant County, Texas Bond Issue Distribution. By virtue of these and other Court orders, the Receiver has retained funds from the sale of collateral of numerous defaulted bond issues because those funds have been found to be owing to, and, thus, assets of Sentinel Trust Company. By so finding, the Court has also found that the funds retained by the Receiver are not funds owed to the Pooled Fiduciary Account and, thus, are not trust funds. Since those funds that have, pursuant to Court order, been retained by the Receiver are assets of Sentinel Trust Company, then those funds may be used to pay the expenses of the receivership. T.C.A. § 45-2-1502(f). That having been said, it has always been the position of the Commissioner-in-Possession and the Receiver that, at the close of the Sentinel Trust receivership estate, all excess funds held by the Receiver would be used to make further distributions to the claimants upon the Pooled Fiduciary Account shortfall.

As long ago as July 19, 2004, this Court had entered on the docket an order -- the form of which was approved by Bates' counsel -- that approved "payment of Sentinel receivership expenses from recovery of Sentinel fees arising from recoveries on defaulted bond issues" See Court's July 19, 2004 Order Allowing Payment of Sentinel Receivership Fees, copy attached as **Exhibit A**. As long ago as May 23, 2005, when the Court granted the Commissioner-in-Possession's Motion to Reconsider and when the Court, through separate orders, approved the

distribution of collateral proceeds in the Fort Pierce, Florida, Hernando County, Florida and Tarrant County, Texas defaulted bond issues, it has been clear that the Sentinel fees relating to the defaulted bond issues included pre-receivership fiduciary fees, default administration fees and interest expense fees accrued by Sentinel Trust Company as well as the post-receivership amounts expended or incurred by the Receiver regarding each defaulted bond issue. Simply put, Bates' argument in opposition to the pending Fee Approval Motions ignores these clear orders of the Court.

The following amounts have been approved, through orders of the Court, for the Receiver to retain²:

1)	Washington County, Mississippi (Order entered on 12/15/04)	\$189,186.17
2)	Lee County, Alabama (Order entered on 12/15/04)	320,729.21
3)	Maplecrest - Metro Nashville (Order entered on 12/15/04)	38,778.67
4)	Thompson Place - Metro Nashville (Order entered on 3/1/05)	34,511.53
5)	Fort Pierce, Florida (Order entered on 5/23/05)	296,020.35
6)	Hernando County, Florida (Order entered on 5/23/05)	443,470.41
7)	Tarrant County, Texas (Order entered on 5/23/05)	433,619.73
8)	Houston County, Georgia (Order entered on 8/1/05)	51,028.02

² These amounts also include the amounts that were specifically approved by the Court to be retained and paid for various pre-receivership expenses, such as pre-receivership attorney or consultant work on the particular defaulted bond issue. These amounts also include the post-receivership charges and fees incurred by the Sentinel Trust receivership. Payment of those post-receivership charges and expenses was further approved as part and parcel of the monthly Fee Approval Motions.

9) Jefferson County, Alabama
(Order entered on 8/29/05)

97,028.29

Total \$1,904,372.10

Under the orders of this Court, approximately \$1.9 million has been, over time, available to be used to pay receivership expenses pursuant to T.C.A. § 45-2-1502(f). Moreover, this \$1.9 million amount approved for the Receiver to retain (as opposed to being paid to the Pooled Fiduciary Account -- and, thus, not being a “trust asset”) far exceeds the amounts that the Commissioner-in-Possession and Receiver have, over time, requested be approved in their monthly Fee Approval Motions -- that total, excluding the two pending motions, being \$1,127,041.40. See Collective Exhibit B. Therefore, it is clear and undisputed that, under the previous orders of this Court, the Commissioner-in-Possession and Receiver, who have had at least \$1.9 million available³ to pay receivership expenses and who have been approved to pay \$1,127,041.40 relating to those expenses, have not paid receivership expenses from trust assets. The two pending Fee Approval Motions request approval of an aggregate of \$85,221.78 in receivership fees and expenses. Based on the above, payment of those fees and expenses would not be from trust assets, but, rather, would be from the amounts being held by the Receiver, under the Court’s orders, to pay exactly those types of fees and expenses. Such being the case, Bates’ Objection is without merit, and the Court should overrule it and grant the Fee Approval Motions which were filed on January 17, 2006 and February 8, 2006.

³ The approximately \$1.9 million does not include other non-trust funds earned or realized by the Receiver -- for example, the proceeds from the sale of the Bellevue Property and the fees paid by bond issue borrowers for paying agent/transfer agent services provided by the Sentinel Trust Receiver prior to the December 2004 transfer of fiduciary positions to successor trustees.

III. BATES' EXACT OBJECTION HAS BEEN PREVIOUSLY OVERRULED BY THE COURT

On December 5, 2005, the Commissioner-in-Possession and Receiver filed a Motion for Approval of Receiver, Outside Counsel and Third Party Contractors Fees which sought approval for Sentinel Trust receivership expenses for October 2005. See copy attached as **Exhibit C**. On December 12, 2005, Bates filed an Objection to that Motion -- see copy attached as **Exhibit D** -- which raised the exact objection Bates now raises regarding the two pending Fee Approval Motions -- that issue being whether or not trust funds were being used to pay receivership expenses. This Court (Judge Bivins presiding) heard argument on December 19, 2005 and, after considering the Motion, Objection and argument of counsel, overruled Bates' Objection and granted the Motion for Approval of Fees. See copy of Order attached as **Exhibit E**.

IV. BATES' POSITION IS CONTRADICTED BY PREVIOUS BATES FILINGS

In at least two other instances, the position taken by Bates in his Objection is contradicted by the record in this action and by other Bates filings. First, it is clear that Bates' position here is that the Receiver is improperly retaining funds, realized from the sale of defaulted bond issue collateral, that, according to Bates, should be paid to the Pooled Fiduciary Account and should not be used to pay receivership expenses. But, in Bates' February 24, 2006 Application for Permission to Appeal to the Tennessee Supreme Court a Court of Appeals ruling that affirmed the Receiver's sale of the Sentinel Bellevue Property, Bates argues that the Receiver should not have sold that property because "the Receiver has received sufficient moneys from collateral liquidations so as not to justify its determination to alienate Sentinel's [Bellevue property]" -- i.e., the Receiver had enough money from the defaulted bond issue collateral proceeds to operate the receivership and, thus, did not need to sell the Bellevue Property. Bates Application for

Permission to Appeal at pp. 2-3; copy attached as **Exhibit F**. It appears that Bates is playing both sides against the middle -- in the instant Objection he complains that funds from the sale of defaulted bond issue collateral should not be retained by the Receiver, while in his Application for Permission to Appeal he complains that the Sentinel Bellevue Property should not have been sold because the Receiver did not need the funds to pay operating expenses because it had the funds from the sale of defaulted bond issue collateral to pay those expenses. The Court should not tolerate such self-serving, chameleon-like taking of positions.

Second, Bates maintains in this action that he has “consistently opposed the use of trust funds for payment of the receiver’s fees and expenses.” Bates Objection at p. 2. This position is belied by the fact that, other than the Fee Approval Motion filed on February 17, 2005 (which gave rise, in part, to the Motion to Reconsider) and the Fee Approval Motion filed on December 5, 2005 (in which Judge Bivins overruled the objection -- see Exhibit E), the two pending Fee Approval Motions are the only ones that Bates had objected to -- which means that some sixteen Fee Approval Motions were not contested by Bates . See Collective Exhibit B. In other words, of the eighteen Fee Approval Motions filed prior to the two pending Motions, Bates has chosen to object to only two -- which hardly demonstrates the position of “consistent” opposition he wants the Court to believe he has taken.

V. BATES’ MOTIVATION FOR OBJECTING IS CLEAR

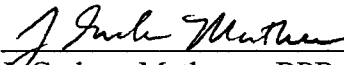
Bates is the sole objector to the pending Fee Approval Motions. He speaks of the interests of the “trust grantors and beneficiaries” who would receive more money if the amounts retained by the Receiver were paid to the Pooled Fiduciary Account. But, none of those trust grantors or beneficiaries are objecting -- perhaps because they feel it is correct for the Receiver to retain and pay expenses from the amounts that Court orders have approved it to retain. What

is clear is that Bates wants the Receiver to have limited ability to pursue him regarding the multi-million dollar shortfall in the Pooled Fiduciary Account. His objection to fees is an effort to do just that. Accordingly, the motivations behind Bates' Objection are clear and further reflect on the lack of merit regarding his Objection.

VI. CONCLUSION


For these reasons, Bates' Objection should be overruled and the two pending Fee Approval Motions should be granted.

Respectfully submitted,



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*Counsel for Jeanne Barnes Bryant and Receivership
Management, Inc., Receiver of Sentinel Trust
Company*



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permission)
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Counsel for Acting Commissioner Greg Gonzales

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This is to certify that on March 6th, 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:

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J. Graham Matherne

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IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE

In Re: Sentinel Trust Company

)
)
) Case No. 4781
)

ORDER ALLOWING PAYMENT OF SENTINEL RECEIVERSHIP EXPENSES
FROM RECOVERY OF SENTINEL FEES FROM DEFAULTED BOND ISSUES
AND SENTINEL FEES FROM PROCESSING BOND PAYMENTS

On July 2, 2004, the Receiver filed a Motion for Permission to Pay Operating Expenses of Receivership from Pre-May 18, 2004 Funds in SunTrust "Pooled" Account. That motion came for hearing before the Court on July 12, 2004.

Upon call of the motion, the Receiver modified the same by announcing that the Receiver currently hold adequate moneys from Sentinel Fees received in recoveries from defaulted bond issues to pay the current operating expenses for which immediate payment approval was sought by the motion. Upon objections raised by Sentinel Trust Company and by some of the bond issuers which appeared through counsel, objecting to ever paying any receivership expenses from the "Pooled" account, the Court pretermitted any determination of whether any receivership expenses would be payable from such source until such time as the question might arise if and when application is made to pay receivership expenses from the "Pooled" account.

Pursuant to T.C.A. §45-2-1502(f), the Court approves payment of Sentinel receivership expenses from recovery of Sentinel fees arising from recoveries on defaulted bond issues and from Sentinel fees arising from processing bond payments.

EXHIBIT
_____ A _____

10:05 AM FILED JUL 19 2004 PM

JANET WILLIAMS, CLERK & MASTER
BY: *Janet Williams*

It is so ORDERED, this the 16 day of July, 2004.

R. E. Lee Davies
Hon. R.E. Lee Davies

Agreed to and Submitted for Approval

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J. Graham Matheme

**SENTINEL TRUST RECEIVERSHIP
SUMMARY OF FEE AND EXPENSE APPROVALS**

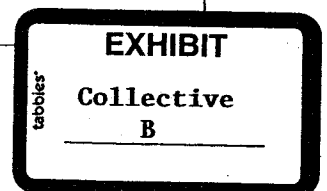
Date Motion Was Filed	Fees Incurred During Month of:	Amount of Fees	Date of Entry of Order Approving Fees
1. 7/2/04	May 2004	\$58,582.72	7/13/04
2. 8/16/04	June 2004	80,784.07	8/23/04
3. 9/15/04	July 2004	100,076.97	9/23/04
4. 10/11/04	August 2004	92,998.19	10/18/04
5. 11/8/04	September 2004	61,948.19	11/15/04
6. 12/7/04	October 2004	74,659.80	12/15/04
7. 1/14/05	November 2004	95,346.27	1/21/05
8. 2/17/05*	December 2004	93,005.68	5/26/05
9. 4/1/05	January 2005	73,159.11	6/21/05
10. 4/18/05	February 2005	46,338.99	6/21/05
11. 6/9/05	March 2005	61,457.46	6/21/05
12. 6/9/05	April 2005	51,331.84	6/21/05
13. 7/15/05	May 2005	54,711.74	8/1/05
14. 8/15/05	June 2005	47,155.52	8/29/05
15. 9/28/05	July 2005	44,336.80	10/12/05
16. 9/28/05	August 2005	42,518.50	10/12/05
17. 11/7/05	September 2005	31,943.01	11/21/05
18. 12/5/05*	October 2005	<u>16,686.64</u>	1/4/06
	Total	\$1,127,041.40	

*Bates objected to these two Fee Approval Motions. Bates did not lodge objections to any of the other listed Fee Approval Motions.

**SENTINEL TRUST RECEIVERSHIP
PENDING MOTIONS FOR FEE AND EXPENSE APPROVALS**

Date Motion Was Filed	Fees Incurred During Month of:	Amount of Fees	Date of Entry of Order Approving Fees
19. 1/17/06**	November 2005	47,040.07	Pending
20. 2/8/06**	December 2005	<u>38,181.71</u>	Pending
	Total	\$85,221.78	

** Bates has objected to these two pending Fee Approval Motions.



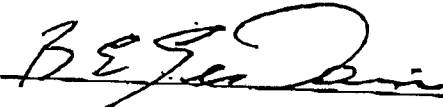
In Re: Sentinel Trust Company

)
)
) Case No. 4781
)

**ORDER APPROVING FEES AND EXPENSES CHARGED BY RECEIVER,
OUTSIDE COUNSEL AND THIRD-PARTY CONTRACTORS**

Upon Motion filed on July 2, 2004 by the Receiver and upon hearing held on July 12, 2004, the Court approves the fees and expenses submitted by the Receiver (Jeanne Barnes Bryant - \$12,809.19); Receivership Management, Inc. staff (\$12,712.34); and outside counsel (\$33,059.19). A review of the individual detail, submitted under seal by virtue of previous Order of Court, indicates the fees and expenses to be reasonable and necessary.

It is so ORDERED, this the 13 day of July, 2004.

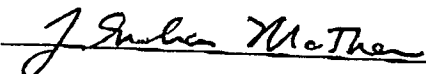


Hon. R.E. Lee Davies

Submitted for Approval

8:57 **FILED**
AM JUL 13 2004 **PM**

JANET WILLIAMS, CLERK & MASTER
BY: Selena Wix D.C.



J. Graham Matherne, #11294

WYATT, TARRANT & COMBS, LLP

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45266999.1

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CERTIFICATE OF SERVICE

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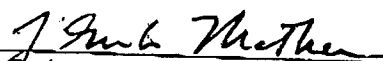
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IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE

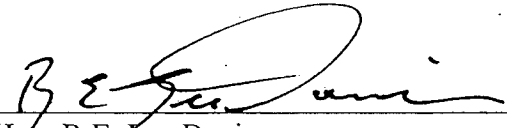
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JANET WILLIAMS, CLERK & MASTER
BY: Selena Wix D.C.

In Re: Sentinel Trust Company)
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) Case No. 4781
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ORDER APPROVING FEES AND EXPENSES CHARGED BY RECEIVER,
OUTSIDE COUNSEL AND THIRD-PARTY CONTRACTORS

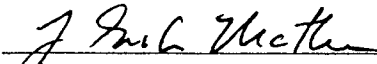
Upon Motion filed on August 16, 2004 by the Receiver and upon hearing held on August 23, 2004, the Court approves the fees and expenses submitted by the Receiver (Jeanne Barnes Bryant - \$19,184.50); Receivership Management, Inc. staff (\$23,092.81); and outside counsel (\$38,506.76). A review of the individual detail, submitted under seal by virtue of previous Order of Court, indicates the fees and expenses to be reasonable and necessary.

It is so ORDERED, this the 23 day of August, 2004.



Hon. R.E. Lee Davies

Submitted for Approval



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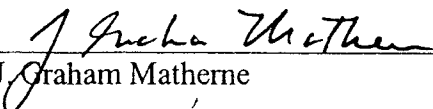
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IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE

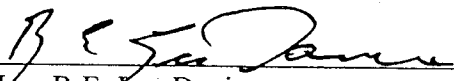
In Re: Sentinel Trust Company)
)
)
) Case No. 4781
)

11:16
AM FILED
SEP 24 2004 PM
JANET WILLIAMS, CLERK & MASTER
BY: Selena Wix D.C.

**ORDER APPROVING FEES AND EXPENSES CHARGED BY RECEIVER,
OUTSIDE COUNSEL AND THIRD-PARTY CONTRACTORS**

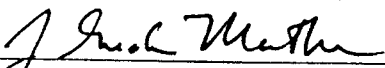
Upon Motion filed on September 15, 2004 by the Receiver and upon hearing held on September 22, 2004, the Court approves the fees and expenses submitted by the Receiver (Jeanne Barnes Bryant - \$18,222.75); Receivership Management, Inc. staff (\$20,142.28); and outside counsel (\$61,711.94). A review of the individual detail, submitted under seal by virtue of previous Order of Court, indicates the fees and expenses to be reasonable and necessary.

It is so ORDERED, this the 22 day of September, 2004.



Hon. R.E. Lee Davies

Submitted for Approval



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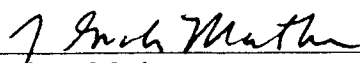
William B. Hubbard
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Diana M. Thimmig
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James S. Chase
John A. Decker
Hunton & Williams LLP
900 South Gay Street, Suite 2000
P.O. Box 951
Knoxville, TN 37901



J. Graham Matherne

IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE


In Re: Sentinel Trust Company)
)
)
) Case No. 4781
)

9:45
FILED
AM OCT 18 2004 **PM**
JANET WILLIAMS, CLERK & MASTER
BY: Selena Wix D.C.

**ORDER APPROVING FEES AND EXPENSES CHARGED BY RECEIVER,
OUTSIDE COUNSEL AND THIRD-PARTY CONTRACTORS**

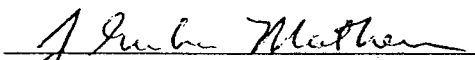
Upon Motion filed on October 11, 2004 by the Receiver and upon hearing held on October 18, 2004, the Court approves the fees and expenses submitted by the Receiver (Jeanne Barnes Bryant - \$19,778.25); Receivership Management, Inc. staff (\$22,477.81); and outside counsel. (\$50,742.13). A review of the individual detail, submitted under seal by virtue of previous Order of Court, indicates the fees and expenses to be reasonable and necessary.

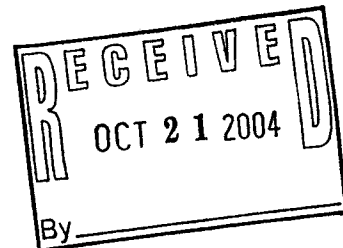
It is so ORDERED, this the 18 day of October, 2004.



Hon. R.E. Lee Davies

Submitted for Approval


J. Graham Matherne, #11294
WYATT, TARRANT & COMBS, LLP
2525 West End Avenue, Suite 1500
Nashville, Tennessee 37203-1423
(615) 251-6708



MINUTE BOOK A-7 PAGE 576

CERTIFICATE OF SERVICE

This is to certify that on October 18th, 2004 a copy of the foregoing Order has been sent by First Class U.S. Mail, postage paid, to:

Janet M. Kleinfelter
Senior Counsel
Office of the Attorney General
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425 5th Avenue North
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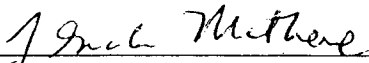
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J. Graham Matherne

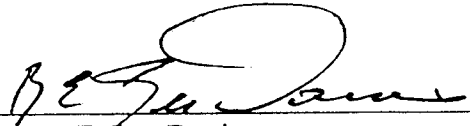
IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE

In Re: Sentinel Trust Company)
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) Case No. 4781
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ORDER APPROVING FEES AND EXPENSES CHARGED BY RECEIVER,
OUTSIDE COUNSEL AND THIRD-PARTY CONTRACTORS

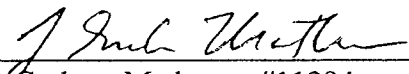
Upon Motion filed on November 8, 2004 by the Receiver and upon hearing held on November 15, 2004, the Court approves the fees and expenses submitted by the Receiver (Jeanne Barnes Bryant - \$14,680.15); Receivership Management, Inc. staff (\$19,208.22); and outside counsel (\$28,059.82). A review of the individual detail, submitted under seal by virtue of previous Order of Court, indicates the fees and expenses to be reasonable and necessary.

It is so ORDERED, this the 15 day of November, 2004.

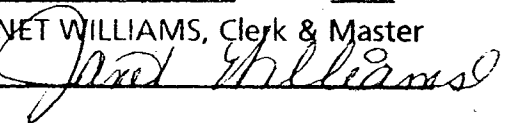


Hon. R.E. Lee Davies

Submitted for Approval



J. Graham Matherne, #11294
WYATT, TARRANT & COMBS, LLP
2525 West End Avenue, Suite 1500
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FILED Nov 15 2004
at 10:07 o'clock A. M.
JANET WILLIAMS, Clerk & Master
BY 

CERTIFICATE OF SERVICE

This is to certify that on November 15th, 2004 a copy of the foregoing Order has been sent by First Class U.S. Mail, postage paid, to:

Janet M. Kleinfelter
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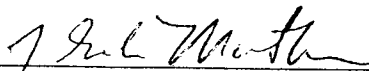
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J. Graham Matherne

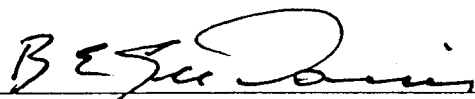
IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE

In Re: Sentinel Trust Company)
)
) Case No. 4781
)

ORDER APPROVING FEES AND EXPENSES CHARGED BY RECEIVER,
OUTSIDE COUNSEL AND THIRD-PARTY CONTRACTORS


Upon Motion filed on December 7, 2004 by the Receiver and upon hearing held on December 15, 2004, the Court approves the fees and expenses submitted by the Receiver (Jeanne Barnes Bryant - \$11,824.00); Receivership Management, Inc. staff (\$17,895.52); and outside counsel (\$44,940.28). A review of the individual detail, submitted under seal by virtue of previous Order of Court, indicates the fees and expenses to be reasonable and necessary.

It is so ORDERED, this the 15 day of December, 2004.

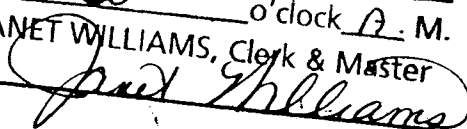


Hon. R.E. Lee Davies

Submitted for Approval



J. Graham Matherne, #11294
WYATT, TARRANT & COMBS, LLP
2525 West End Avenue, Suite 1500
Nashville, Tennessee 37203-1423
(615) 251-6708

FILED December 15, 2004
at 9:30 o'clock A. M.
JANET WILLIAMS, Clerk & Master
BY 

CERTIFICATE OF SERVICE

This is to certify that on December 15th, 2004 a copy of the foregoing Order has been sent by First Class U.S. Mail, postage paid, to:

Janet M. Kleinfelter
Senior Counsel
Office of the Attorney General
Financial Division
425 5th Avenue North
P.O. Box 20207
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Larry Stewart
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Nashville, TN 37219

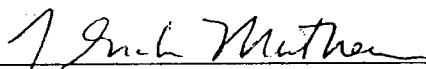
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900 South Gay Street, Suite 2000
P.O. Box 951
Knoxville, TN 37901



J. Graham Matherne

IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE

In Re: Sentinel Trust Company)
)
)
) Case No. 4781
)

FILED
AM 1:49 PM
JANET WILLIAMS, CLERK & MASTER
BY: Selena Wix D.C.

ORDER APPROVING FEES AND EXPENSES CHARGED BY RECEIVER,
OUTSIDE COUNSEL AND THIRD-PARTY CONTRACTORS

Upon Motion filed on January 14, 2005 by the Commissioner-in-Possession and the Receiver and upon hearing held on January 21, 2005, the Court approves the fees and expenses submitted by the Receiver (Jeanne Barnes Bryant - \$12,194.75); Receivership Management, Inc. staff (\$23,006.91); and outside counsel and third-party contractors (\$60,144.61). A review of the individual detail, submitted under seal by virtue of previous Order of Court, indicates the fees and expenses to be reasonable and necessary.

It is so ORDERED, this the 21ST day of January, 2005.

Donald P. Harris
Hon. Donald P. Harris

Submitted for Approval

J. Graham Matherne
J. Graham Matherne, #11294
WYATT, TARRANT & COMBS, LLP
2525 West End Avenue, Suite 1500
Nashville, Tennessee 37203-1423
(615) 244-0020

Janet M. Kleinfelter (by G. McNamee
w/permission)

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(615) 741-7403

CERTIFICATE OF SERVICE

This is to certify that on January 21st, 2005 a copy of the foregoing Order has been sent by First Class U.S. Mail, postage paid, to:

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Hunton & Williams LLP
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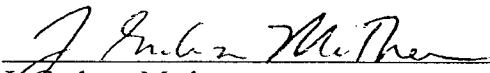
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1375 East Ninth Street
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Cleveland, OH 44114



J. Graham Matherne

IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE

FILED
AT 2:05 O'CLOCK P. M.

IN RE: SENTINEL TRUST COMPANY)
)
)
)

Case No. 4781


MAY 26 2005

JANET WILLIAMS, CLERK & MASTER
BY Jelena Wix

**ORDER RECONSIDERING PREVIOUS MARCH 14, 2005 ORDER, OVERRULING
OBJECTIONS TO FEBRUARY 17, 2005 MOTION FOR APPROVAL OF FEES AND
APPROVING FEBRUARY 17, 2005 MOTION FOR APPROVAL OF RECEIVER,
OUTSIDE COUNSEL AND THIRD PARTY CONTRACTORS FEES**

Upon reconsideration of the Court's March 14, 2005 Order Scheduling Hearing on Objections, the Court overrules the objections made as to the Commissioner-in-Possession's and the Receiver's February 17, 2005 Motion for Approval of Receiver, Outside Counsel and Third Party Contractors Fees ("Fee Approval Motion").¹ Upon further consideration of the Receiver's February 17, 2005 Fee Approval Motion, the Court approves the fees and expenses submitted by the Receiver (Jeanne Barnes Bryant - \$15,918.25); Receivership Management, Inc. staff (\$22,670.99); and outside counsel and third-party contractors (\$54,416.44) as set forth in that February 17, 2005 filing. A review of the individual detail, submitted under seal by virtue of previous Order of Court, indicates the fees and expenses to be reasonable and necessary.

It is so ORDERED, this the 26th day of May, 2005.



Hon. Jeffrey S. Bivins
Circuit Court Judge Sitting as Chancellor

¹ The Fee Approval Motion was filed on February 17, 2005 and seeks approval of fees and expenses incurred during the December 2004 timeframe.

Submitted for Approval

J. Graham Matherne

J. Graham Matherne, #11294
WYATT, TARRANT & COMBS, LLP
2525 West End Avenue, Suite 1500
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(615) 244-0020

Janet M. Kleinfelter (by G. Matherne
of permission)

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(615) 741-7403

CERTIFICATE OF SERVICE

This is to certify that on May 26th, 2005 a copy of the foregoing Order has been sent by First Class U.S. Mail, postage paid, and also by facsimile as noted, to:

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



J. Graham Matherne

RECEIVED
6/15/05

IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE

In Re: Sentinel Trust Company)
)
)
)

Case No. 4781

FILED
AT 10:30 O'CLOCK A.M.

JUN 21 2005

JANET WILLIAMS, CLERK & MASTER
BY Selena Wix

ORDER APPROVING JANUARY AND FEBRUARY, 2005 FEES
AND EXPENSES CHARGED BY RECEIVER, OUTSIDE
COUNSEL AND THIRD-PARTY CONTRACTORS

Upon Motions filed by the Commissioner-in-Possession and the Receiver seeking approval of January and February 2005 fees and expenses,¹ upon review by the Court of the material submitted under seal supporting the January and February 2005 fees and expenses, and upon entry of the Court's Memorandum Opinion (entered May 17, 2005²) which approved the fees and expenses and granted the pending motions, it is hereby ORDERED as follows:

1) For January 2005, the Court approves the following fees and expenses:

a)	Jeanne Barnes Bryant	\$11,304.50
b)	Receivership Management, Inc.	16,261.52
c)	Outside Counsel and Third Party Contractors	45,593.09

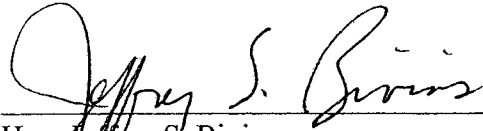
2) For February 2005, the Court approves the following fees and expenses:

a)	Jeanne Barnes Bryant	\$ 6,572.25
b)	Receivership Management, Inc.	12,369.36
c)	Outside counsel and Third Party Contractors	27,397.38

¹ The Motion seeking approval of the January 2005 fees and expenses was filed on April 1, 2005. The Motion seeking approval of the February 2005 fees and expenses was filed on April 18, 2005.


² The Court signed its Memorandum Opinion on May 13, 2005, and it was filed with the Lewis County Chancery Court Clerk & Master on May 17, 2005.

It is so ORDERED, this the 20th day of June, 2005.

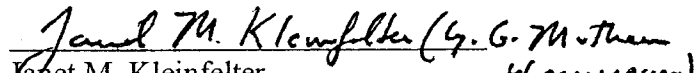


Hon. Jeffrey S. Bivins
Circuit Judge Sitting as Chancellor

Submitted for Approval


J. Graham Matherne, #11294
WYATT, TARRANT & COMBS, LLP
2525 West End Avenue, Suite 1500
Nashville, Tennessee 37203-1423
(615) 244-0020

*Counsel for Jeanne Barnes Bryant
and Receivership Management, Inc.,
Receiver of Sentinel Trust Company*


Janet M. Kleinfelter *(G. G. Matherne
of permiss.com)*
Senior Counsel
Office of the Attorney General
Financial Division
425 5th Avenue North
P.O. Box 20207
Nashville, TN 37243
(615) 741-7403

Counsel for Commissioner Kevin P. Lavender

CERTIFICATE OF SERVICE

This is to certify that on June 13th, 2005 a copy of the foregoing Order has been sent by First Class U.S. Mail, postage paid, and also by facsimile as noted, to:

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J. Graham Matherne

*Janet M. Kleinfelter (by G. McPherson
of counsel)*

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Counsel for Commissioner Kevin P. Lavender

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J. Graham Matherne

*Janet M. Kleinfelder (G. Co. Mathews
Kleinfelder)*

Senior Counsel
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(615) 741-7403

Counsel for Commissioner Kevin P. Lavender

CERTIFICATE OF SERVICE

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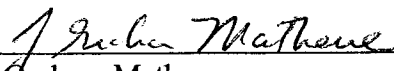
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J. Graham Matheme

*Janet M. Kleinfelter (G. G. Mathen
at permission)*

Janet M. Kleinfelter

Senior Counsel

Office of the Attorney General

Financial Division

425 5th Avenue North

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Counsel for Commissioner Kevin P. Lavender

CERTIFICATE OF SERVICE

This is to certify that on August 1st, 2005 a copy of the foregoing Order has been sent by First Class U.S. Mail, postage paid, and also by facsimile transmission as noted, to:

James S. Chase
John A. Decker
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Hohenwald, TN 38462
also via fax (931-796-5692)

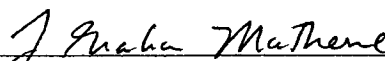
Larry Stewart
Stokes, Bartholomew, Evans & Petree
424 Church Street, Suite 2800
Nashville, TN 37219

David D. Peluso
106 East Main Street
Hohenwald, TN 38462

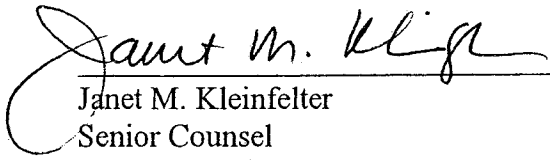
James S. Hereford, Jr.
310 W. College Street
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J. Graham Matherne



Janet M. Kleinfelter

Senior Counsel

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Financial Division

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Nashville, TN 37243

(615) 741-7403

Counsel for Commissioner Kevin P. Lavender

CERTIFICATE OF SERVICE

This is to certify that on August 25th, 2005 a copy of the foregoing Order has been sent by First Class U.S. Mail, postage paid, and also by facsimile transmission as noted, to:

James S. Chase
John A. Decker
Hunton & Williams LLP
900 South Gay Street, Suite 2000
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J. Graham Matherne

Submitted for Approval


J. Graham Matherne, #11294
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*Counsel for Jeanne Barnes Bryant
and Receivership Management, Inc.,
Receiver of Sentinel Trust Company*


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Counsel for Commissioner Kevin P. Lavender

CERTIFICATE OF SERVICE

This is to certify that on September 27th, 2005 a copy of the foregoing Order has been sent by First Class U.S. Mail, postage paid, and also by facsimile transmission as noted, to:

James S. Chase
John A. Decker
Hunton & Williams LLP
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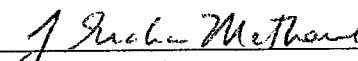
Larry Stewart
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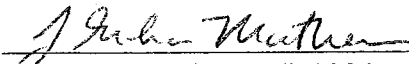
William B. Hubbard
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Nashville, TN 37219

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Roetzel & Andress
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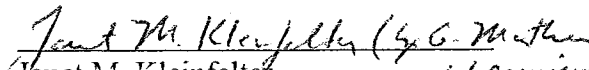
J. Graham Matherne

Submitted for Approval



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(615) 741-7403

Counsel for Commissioner Kevin P. Lavender

CERTIFICATE OF SERVICE

This is to certify that on September 28th, 2005 a copy of the foregoing Order has been sent by First Class U.S. Mail, postage paid, and also by facsimile transmission as noted, to:

James S. Chase
John A. Decker
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also via fax (931-796-5692)

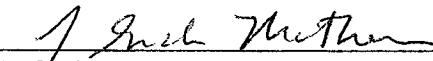
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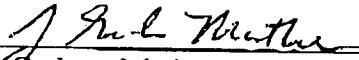
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Nashville, TN 37219

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Roetzel & Andress
1375 East Ninth Street
One Cleveland Center, Ninth Floor
Cleveland, OH 44114




J. Graham Matherne

Submitted for Approval


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and Receivership Management, Inc.,
Receiver of Sentinel Trust Company*


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Counsel for Commissioner Kevin P. Lavender

CERTIFICATE OF SERVICE

This is to certify that on November 4th, 2005 a copy of the foregoing Order has been sent by First Class U.S. Mail, postage paid, and also by facsimile transmission as noted, to:

James S. Chase
John A. Decker
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900 South Gay Street, Suite 2000
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Cleveland, OH 44114



J. Graham Matherne

IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE

IN RE: SENTINEL TRUST COMPANY)
)
) Case No. 4781
)

FILED
AT 10:38 O'CLOCK A.M.

JAN 06 2006

JANET WILLIAMS, CLERK & MASTER
BY Selena Wix

SUBSTITUTE ORDER APPROVING OCTOBER 2005 FEES AND EXPENSES
CHARGED BY RECEIVER, OUTSIDE COUNSEL AND THIRD-PARTY
CONTRACTORS AND WITHDRAWING PREVIOUS ORDER
ENTERED ON DECEMBER 21, 2005

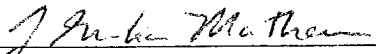
On December 5, 2005, the Commissioner-in-Possession and the Receiver filed a Motion for Approval of Fees. Objections to that Motion were filed on December 12, 2005 by counsel for Danny N. Bates. The Motion was heard on December 19, 2005. Upon consideration of the Motion, the Objections and argument of counsel presented, the Court overrules the Objections and grants the Motion. Accordingly, the Court approves the fees and expenses submitted by the Receiver: Jeanne Barnes Bryant (\$3,513.25); Receivership Management, Inc. staff (\$5,403.40); and outside counsel and third-party contractors (\$7,769.99). A review of the individual detail, submitted under seal by virtue of previous Order of Court, indicates the fees and expenses to be reasonable and necessary.

The Court inadvertently had entered an Order in this matter which indicated that no opposition had been filed to the Motion. Therefore, that previous Order (which was signed on December 20, 2005 and entered on December 21, 2005) is WITHDRAWN.

It is so ORDERED, this the 4th day of January, 2006, entered in name pro tunc to December 21, 2005. JSB


Jeffrey S. Bivins
Hon. Jeffrey S. Bivins
Circuit Judge Sitting as Chancellor

Submitted for Approval



J. Graham Matherne, #11294
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*Counsel for Jeanne Barnes Bryant
and Receivership Management, Inc.,
Receiver of Sentinel Trust Company*



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Counsel for Commissioner Kevin P. Lavender

CERTIFICATE OF SERVICE

This is to certify that on December 28th, 2005 a copy of the foregoing Substitute Order has been sent by First Class U.S. Mail, postage paid, and also by facsimile transmission as noted, to:

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Donald Schwendimann
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P.O. Box 366
Hohenwald, TN 38462
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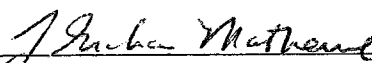
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424 Church Street, Suite 2800
Nashville, TN 37219

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Nashville, TN 37219

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



J. Graham Matherne

Institutions on a monthly basis for approval prior to payment. These invoices are reviewed and paid after approval of the Commissioner and his staff.

4. The Receiver, Jeanne Barnes Bryant, performed work for this receivership, as shown on the attached Exhibit for the period of October 1, 2005 – October 31, 2005 in the amount of \$3,513.25 (detailed invoices of which are filed Under Seal). Those working under Ms. Bryant (Mr. Spaulding, Ms. Batey, Mr. Moore and Ms. Forton) have performed work for the receivership and have incurred expenses as shown in the attached material for the period October 1, 2005 – October 31, 2005 in the amount of \$5,403.40 (detailed invoices of which are filed Under Seal). The Commissioner and his staff have determined these fees to be reasonable, appropriate and necessary for the services rendered for the receivership. These fees have been approved for payment. See also Affidavits of Jeanne Barnes Bryant and Commissioner Kevin P. Lavender filed herewith.

5. The fee arrangements with outside counsel and the third party contractors were originally negotiated between the parties pursuant to the Notice of Possession dated May 18, 2004. The hourly rate agreed to regarding services performed by the outside counsel of Wyatt, Tarrant & Combs has been \$175/hour. In support of this Motion, the Receiver would rely upon her affidavit filed herewith, the affidavit of Commissioner Lavender filed herewith and the billing statements attached hereto (detailed invoices of which are filed Under Seal).

6. The Receiver, the Commissioner and his staff have reviewed all of the Wyatt, Tarrant & Combs outside counsel's billings, and have found the fees to be fair, reasonable and proper for the services provided. The Receiver, the Commissioner and his staff have also reviewed the billings and charges of Receivership Management, Inc. and have found these fees and charges to be fair, reasonable and proper for the services provided.

7. There are counsel and other independent contractors both previously engaged by Sentinel Trust and engaged by the Receiver after the institution of this receivership which are pursuing various defaulted bond issues and other matters in several states. As believed to be necessary by the Receiver, counsel retained prior to the institution of the Sentinel Trust receivership have been instructed to continue work on a number of default issues. Depending on the work completed during each monthly reporting period to the Court, the counsel will be listed separately, and approval requested for payment. The counsel work for which approval for payment for invoices presented to the Receiver during this time period is listed below. The Receiver has reviewed the invoices submitted by Chesser & Barr, PA (detailed invoices being filed Under Seal). The Receiver believes this work to have been necessary and reasonable concerning the matters completed.

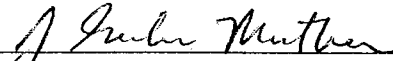
8. The billings so reviewed, and for which Court approval is sought, are as follows:

- A. Invoices for Jeanne Barnes Bryant for October 1, 2005 through October 31, 2005 in the amount of \$3,513.25.
- B. Invoices for Receivership Management, Inc. for October 1, 2005 through October 31, 2005 in the amount of \$5,403.40.
- C. Invoices for Wyatt, Tarrant & Combs, LLP for October 1, 2005 through October 31, 2005 in the amount of \$6,140.87 (\$5,366.25 on general Sentinel receivership estate and litigation work; \$110.60 on the Pine Bluff, Arkansas defaulted bond matter; \$141.90 on the Thompson Place/Nashville defaulted bond matter; and \$522.12 on the Niceville, Florida defaulted bond matter).

D. Invoice for Chesser & Barr, PA for September 1, 2005 through October 31, 2005 in the amount of \$1,629.12 on the Niceville, Florida defaulted bond matter.

Accordingly, the Commissioner and Receiver respectfully move this Court for an Order approving the fees set forth in the attached schedule as indicated pursuant to T.C.A. Section 45-2-1504(h)(1)(A).

Respectfully submitted,



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(615) 244-0020

*Counsel for Jeanne Barnes Bryant and Receivership
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Company*

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w/ permission)
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Counsel for Commissioner Kevin P. Lavender

**THIS MOTION IS SET TO BE HEARD ON THE 19TH DAY OF DECEMBER, 2005
AT 9:00 A.M. IN HOHENWALD, LEWIS COUNTY, TENNESSEE.**

However, pursuant to previous Order of Court (entered September 9, 2005), if no written objections are filed and served by December 12, 2005, movants are relieved from being present in Hohenwald, Lewis County, Tennessee on December 19, 2005, and the Motion will be granted, absent timely filed written objections, absent concern of the Court or absent material oral objections made on December 19, 2005.

CERTIFICATE OF SERVICE

This is to certify that on December 2nd, 2005 a copy of the foregoing Motion 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

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also via fax (615-250-3937)

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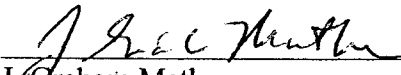
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1375 East Ninth Street
One Cleveland Center, Ninth Floor
Cleveland, OH 44114



J. Graham Matherne

IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE

In Re: Sentinel Trust Company

)
)
)
)

Case No. 4781

FILED

11:56
AM

June 30, 2004

PM

JANET WILLIAMS, CLERK & MASTER

BY: Selena W. W. D.C.


ORDER ALLOWING THE FILING OF FEE SUMMARY
STATEMENTS OF RECEIVER, OUTSIDE COUNSEL AND
THIRD PARTY LITIGATION SUPPORT CONTRACTORS AND
ALLOWING THE FILING UNDER SEAL OF INVOICES CONTAINING
DETAILED DESCRIPTION OF SERVICES RENDERED

Through Motion filed on June 18, 2004, the Receiver of Sentinel Trust Company has requested that in relation to reporting fee information to the Court 1) the detailed invoices relating to fees of herself, outside counsel and third party litigation support contractors be filed under seal, and 2) summaries of such fees be filed publicly. This Motion was heard on June 30, 2004. The Court is persuaded the Motion has merit and the relief requested should be granted.

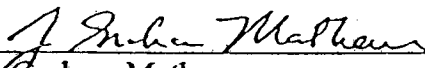
Accordingly, the instant Motion is granted and the Court hereby ORDERS the following:

- a) Public filing regarding fees of the Receiver, outside counsel and third party litigation support contractors shall be limited to summaries of such information -- i.e., name of recipient, time over which services were rendered and amount billed, and
- b) Filing of the detailed invoices of services of the Receiver, outside counsel and third party litigation support contractors shall be UNDER SEAL and are to be free from public dissemination, distribution and circulation.

It is so ORDERED, this the 30 day of June, 2004


Chancellor

Submitted and Approved for Entry:


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

Counsel for Jeanne Barnes Bryant and
Receivership Management, Inc.
Receiver of Sentinel Trust Company

CERTIFICATE OF SERVICE

This is to certify that on June 18, 2004 a copy of the foregoing Notice has been sent by First Class U.S., postage paid, and/or by facsimile transmission to:

Danny Bates
205 Bastin Road
Hohenwald, TN 38462

Bradley S. Lancaster
8448 Indian Hills Drive
Nashville, TN 37221

Howard W. Cochran
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Spring Hill, TN 37174

Danny N. Bates
Registered Agent for Sentinel Trust Company
29 West Main Street
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Gary L. O'Brien
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Hohenwald, TN 38462

Donald Schwendimann
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William H. Farmer
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Cecil D. Branstetter
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Graham Matherne

