

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

IN RE: )  
 )  
 SENTINEL TRUST COMPANY ) NO. 4781  
 )  
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**ACTING COMMISSIONER-IN-POSSESSION’S AND SENTINEL TRUST RECEIVER’S  
REPLY TO OBJECTION BY LANA M. FRYE REGARDING MOTION SEEKING  
APPROVAL OF THE SCHEDULE OF CLAIM DETERMINATIONS**

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**I. INTRODUCTION AND FACTUAL BACKGROUND**

On May 22, 2006, the Clerk & Master received and filed a letter -- which, ostensibly, was dated some four (4) months prior on January 30, 2006 -- from Lana M. Frye which objected to the determination of her claim in the Sentinel Trust Receivership (“Objection”). On that same day (May 22, 2006), the Sentinel Trust Receiver (“Receiver”) received a copy of Ms. Frye’s Objection. The envelope containing the Objection had a post-marked date of May 20, 2006; again, the letter, itself, was dated January 30, 2006. See Exhibit 1. The thrust of Ms. Frye’s Objection is that the entire amount of her “Vault Check” claim -- \$231.25 -- should be paid at the interim distribution,<sup>1</sup> instead of any prorated amount.

**II. SUMMARY OF REASONS TO OVERRULE OBJECTION**

Ms. Frye’s Objection should be overruled for three basic reasons: 1) it has been filed over three (3) months late, 2) it does not object to the matters for which approval has been sought in the Motion Seeking Approval and 3) it presents no reason why Ms. Frye’s Vault Check claim

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<sup>1</sup> While nowhere mentioned in her Objection, the Vault Check claim arises from a Liberty County, Georgia Series 1992 Bond Issue. Ms. Frye’s Vault Check is the only one held by the Receiver on that bond issue. See Exhibit A at p. 9 of the January 31, 2006 Motion Seeking Approval of the Schedule of Claim Determinations (“Motion Seeking Approval”).

should be treated any differently than claims of other claimants holding the same priority classification.

### III. ARGUMENT

#### a) Frye Objection Was Filed Late

Ms. Frye's Objection should be overruled because it was filed over three (3) months after it was due and over one and one-half months after the Court held oral argument on all objections to the Schedule of Claim Determinations.

The Motion Seeking Approval specifically referenced T.C.A. § 45-2-1504(g) which established a deadline for filing objections to claim determinations of twenty (20) days after the Schedule of Claim Determinations was filed with the Court. See Motion Seeking Approval at p. 2; see also T.C.A. § 45-2-1504(g). Additionally, the Receiver, on January 27, 2006, mailed, to every claimant of the Sentinel Trust Receivership estate, a notice informing each claimant of the determination of his/her/its claim and informing each claimant of the twenty (20) day deadline for filing objections. See Exhibit D to Motion Seeking Approval for form notice. Indeed, Ms. Frye's own Objection (which, again, was post-marked on May 20, 2006 and received on May 22, 2006) acknowledges receipt of the Receiver's January 27, 2006 mailing. See **Exhibit 1.**<sup>2</sup> Yet, there is no explanation in her Objection as to why her filing is over three (3) months late.<sup>3</sup> Moreover, there has been no explanation of the odd circumstance of the Objection

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<sup>2</sup> Ms. Frye's Objection references the "1-27-06" document as being attached to her Objection. The mailing to the Receiver did not include any attachment. Undersigned counsel has contacted the Lewis County Clerk & Master's Office, and the Frye Objection that was filed with the Court did not have any attachment either.

<sup>3</sup> Ms. Frye's Objection was also filed just short of one and one-half months after the April 12, 2006 hearing that the Court conducted on objections. As the Court will recall, after the February 20, 2006 deadline for filing objections had passed, the Acting Commissioner-in-Possession ("Commissioner") and Receiver requested a hearing date for those objections, and April 12, 2006 was established. Notice of that hearing date was given in March 2006 to every claimant that filed an objection. Of course, since Ms. Frye did not file her Objection until May 22<sup>nd</sup>, she was not provided notice of the April 12, 2006 setting of the hearing.

ostensibly dated January 30, 2006 not being mailed until May 20, 2006 and/or filed with the Court and received by the Receiver until May 22, 2006 -- some four (4) months later.

The statutory language of T.C.A. § 45-2-1504(g) is clear and without exceptions -- objections to claim determinations are due to the Court twenty (20) days after those determinations have been filed with the Court -- which, in this instance, established a February 20, 2006 deadline for filing objections. Ms. Frye's May 22<sup>nd</sup> Objection is woefully late; she offers no explanation for the late filing; and, thus, her Objection should be overruled.

b) **Ms. Frye's Objection Does Not Object to Matters for Which Approval is Sought**

The Motion Seeking Approval requests approval of a) the acceptance or denial of claims, b) the establishment of an approved amount of accepted claims, c) the assignment of priority classification for each accepted claim and d) the methodology proposed to calculate distributions/payments on accepted claims.

Ms. Frye, obviously, does not object to her claim being accepted; she does not object as to the approved amount of her claim nor to the priority classification assigned to it. Her Objection also raises no issue with the proposed methodology for calculating distributions. What Ms. Frye complains of is that the entire \$231.25 of the approved amount for her Liberty County, Georgia Bond Issue Vault Check claim is not being paid in an interim distribution.

As such, Ms. Frye's Objection is no different than similar objections made by others, those objections having been overruled by the Court. See e.g., Order Overruling Objection of Kenneth L. Mayer attached as **Exhibit 2**. Because Ms. Frye does not challenge the approved amount or priority classification of her claim nor the proposed methodology of calculating distributions, her Objection should be overruled.

c) **Ms. Frye Presents No Reason to Treat Her Claim Differently**

In her Objection, Ms. Frye requests preferential treatment -- immediate payment of her claim. Yet, in so objecting, Ms. Frye does not provide any reason to reject the concept of pro rata distributions as to claims of equal priority, and she provides no reason why her claim should be considered anything other than a "Class 5" claim as designated in the Schedule of Claim Determinations. Accordingly, her Objection should be overruled on that basis as well.

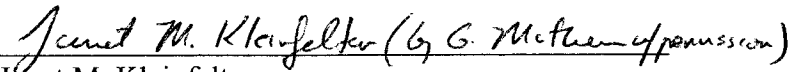
**IV. REQUEST THAT ORDER ADDRESSING  
MS. FRYE'S OBJECTION BE CERTIFIED AS A FINAL ORDER**

As the Court is aware, once all issues concerning the Schedule of Claim Determinations and the proposed methodology for calculating distributions have been worked out, the Commissioner and Receiver will be moving the Court to approve an interim distribution. In order to move forward with an interim distribution of funds to claimants, finality as to decisions on the lodged objections is needed. Therefore, the Commissioner and Receiver request that the Order addressing Ms. Frye's Objection be certified as a final Order under Rule 54.02 Tenn.R.Civ.P. and be entered as such on the docket.

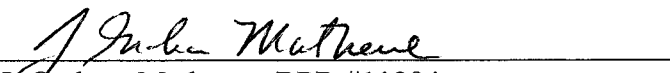
**V. ORAL ARGUMENT NOT NEEDED;  
PROPOSED ORDER IS SUBMITTED HEREWITH**

The Commissioner and Receiver do not request oral argument on Ms. Frye's Objection, but stand ready to present it at a hearing set by the Court, if the Court so desires. A proposed Order Overruling Objection by Lana M. Frye is submitted for the Court's use, if the Court determines that such disposition of Ms. Frye's Objection is appropriate.

Respectfully submitted,

  
Janet M. Kleinfelter  
Attorney General's Office  
425 5<sup>th</sup> Avenue North  
P.O. Box 20207  
Nashville, TN 37243  
(615) 741-7403

*Counsel for Acting Commissioner Greg Gonzales*

  
I. 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*

**THIS MATTER IS NOT PRESENTLY SET FOR HEARING**

**Submitted herewith is a proposed Order which, if signed by the Court, will be entered on the Court's docket as a final, appealable Order, pursuant to Rule 54.02, without the necessity of a hearing on this matter. If the Court establishes a hearing date for this matter, then further notice of that hearing will issue.**

**CERTIFICATE OF SERVICE**

This is to certify that on May 31<sup>st</sup>, 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:

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

Carrol D. Kilgore  
Attorney at Law  
95 White Bridge Road  
Suite 509, Cavalier Building  
Nashville, TN 37205-1427

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

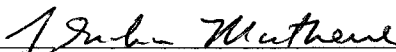
Larry Stewart  
Stokes, Bartholomew, Evans & Petree  
424 Church Street, Suite 2800  
Nashville, TN 37219

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

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

Lana M. Frye  
222 Citrus Avenue  
Dunedin, FL 34698-7525

  
\_\_\_\_\_  
J. Graham Matherne

January 30, 2006

RECEIVED  
MAY 22 2006

BY:.....

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

Gentlemen: Reference Claim 172856 Amount Approved \$231.25

Attached is your Claim dated 1-27-06

This claim verifies that the check issued several months ago (long before bankruptcy) was never delivered. (vault check)

We object to this determinations of this claim and ask that the full amount of \$231.25 be paid at the interim distribution.

Sincerely,

*Lana M. Frye*  
\_\_\_\_\_  
Lana M. Frye

222 Citrus Avenue  
Dunedin, FL 34698-7525

cc: Jeanne B. Bryant Receiver

EXHIBIT  
tabbles  
1

Lana M. Frye  
222 Citrus Avenue  
Dunedin, FL 34698

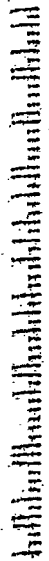
NORTH METRO GA 300  
20 MAY 2006 PM 9 T



RECEIVED  
MAY 22 2006

BY:.....

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



3702743246

IN THE CHANCERY COURT OF LEWIS COUNTY  
AT HOHENWALD, TENNESSEE

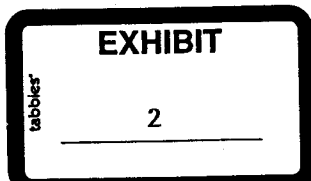
IN RE: SENTINEL TRUST COMPANY )  
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Case No. 4781

ORDER OVERRULING OBJECTION BY KENNETH L. MAYER  
REGARDING MOTION SEEKING APPROVAL OF THE SCHEDULE  
OF CLAIM DETERMINATIONS

On January 31, 2006, the Commissioner-in-Possession and the Receiver filed a Notice of Filing of Schedule of Claim Determinations and Motion Seeking Approval of the Schedule of Claim Determinations and Approval of the Methodology Proposed to Calculate Distributions On Accepted Claims ("Motion Seeking Approval"). On February 16, 2006, Kenneth L. Mayer ("Mayer") filed an Objection to the Motion Seeking Approval. On March 27, 2006, the Acting Commissioner and Receiver filed their Reply to Mayer's Objection to the Motion Seeking Approval. This matter came before the Court for hearing on April 12, 2006.

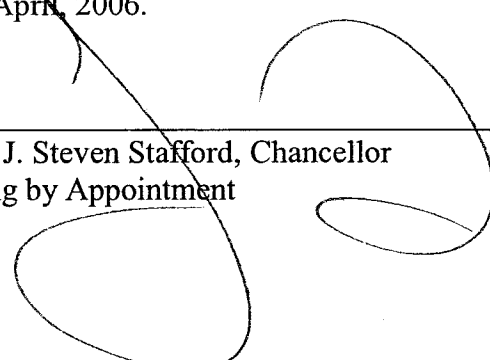
The Court has considered the Motion Seeking Approval, the Objection, the Reply, the record in this action and argument of counsel presented. Mayer objects that the full amount of his claims on three separate matters are not being paid. In so objecting, Mayer does not challenge the two matters before the Court -- 1) approval of the Schedule of Claim Determinations and 2) approval of the methodology used to calculate distributions. Also, in so objecting, Mayer does not provide any reason to reject the concept of pro rata distributions as to claims of equal priority so as to compel payment in full of his claims. Accordingly, the Court overrules Mayer's Objection to the Motion Seeking Approval.



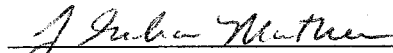
FILED April 12 2006  
at 2:27 o'clock P. M.  
JANET WILLIAMS, Clerk & Master  
BY Janet Williams

In conjunction with the entry of this Order, the Court will enter a separate order directly addressing the ~~Commissioner-in-Possession's and Receiver's Motion Seeking Approval of the~~ Schedule of Claim Determinations. That separate order will be certified as final, pursuant to Rule 54.02 Tenn.R.Civ.P. in order to provide certainty as to the Schedule of Claim Determinations and the distribution calculation methodology. Thus, and for the same reason and to make this Order parallel to the Court's separate order, the Court finds that there is no reason or just cause for delay and directs that this Order be entered by the Clerk and Master as a final appealable order on the matters addressed herein. Rule 54.02 Tenn.R.Civ.P.

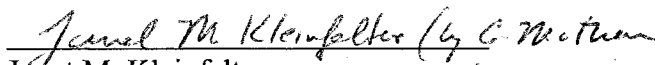
It is so ORDERED, this the 12<sup>th</sup> day of April, 2006.

  
\_\_\_\_\_  
Hon. J. Steven Stafford, Chancellor  
Sitting by Appointment

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

  
\_\_\_\_\_  
Janet M. Kleinfelter *(by G. Matherne  
of permission)*  
Attorney General's office  
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Nashville, TN 37243  
(615) 741-7403

*Counsel for Acting Commissioner Greg Gonzales*

**CERTIFICATE OF SERVICE**

This is to certify that on April 12<sup>th</sup>, 2006 a copy of the foregoing Order has been sent  
by First Class U.S. Mail, postage paid, and also by facsimile as noted, to:

James S. Chase  
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Attorney at Law  
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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)

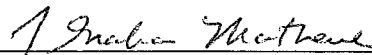
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