

**IN THE CHANCERY COURT OF DAVIDSON COUNTY, TENNESSEE FOR THE
20TH JUDICIAL DISTRICT AT NASHVILLE
PART II**

STATE OF TENNESSEE,
ex rel. JULIE MIX MCPEAK, solely in her
official capacity as Commissioner of
Commerce & Insurance,

Plaintiff,

v.

GALILEE MEMORIAL GARDENS,
JM&M SERVICES, INC.,
LAMBERT MEMORIAL CO., aka
LAMBERT MEMORIALS, INC.
LAMBERT & SONS, INC.
JEMAR LAMBERT, MARJE LAMBERT,
and MARY H. LAMBERT, and ALL
PERSONS ACTING IN CONCERT
WITH THEM,

Defendants.

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D.C.M.
No. 14-102-II

**FIRST INTERIM REPORT OF THE SPECIAL DEPUTY RECEIVER FOR
GALILEE MEMORIAL GARDENS**

COMES NOW, David Kustoff, as Special Deputy Receiver for Galilee Memorial Gardens (here and after "Galilee") and states as follows:

1. Pursuant to the Court's Order, as Special Deputy Receiver my first priority has been to discern the ownership status, financial status and wherewithal of the Defendants.
2. As part of the investigation, I am in contact with the District Attorney General for Shelby County, her deputy Assistant District Attorney General and her investigators through meetings, phone calls and emails on a frequent and regular basis.

3. Pursuant to a search warrant authorized by the Shelby County Criminal Court, the District Attorney General seized most of the records of Galilee and and/or the Defendants, including but not limited to their financial records. This seizure included financial information which might be available on the cemetery computer's hard drive. While I have begun to examine the records in possession of the District Attorney General pursuant to the Court's Order, I have not yet had an opportunity to examine whatever data that might exist on the computer's hard drive. It appears there is limited financial information that was recovered by the District Attorney General. For example, there are few bank statements and no tax returns that were seized. As authorized by the Court, I have made a request of financial records from counsel for the Defendant, Mr. William J. Haynes, III. By letter dated to me March 7, 2014, Mr. Haynes told me that he hoped to have records stored on a wireless "cloud" system to me on or before March 24, 2014.

4. Through the examination of records, Regions Bank and possibly Commercial Bank & Trust are the only financial institution which I can determine at this time where Galilee conducted its banking. In addition, after a limited examination of the records and receipt books, Galilee received checks for payment from funeral homes, including but not limited to N.J. Ford Funeral Home and M.J. Edwards Funeral Home. In order to make a thorough report to the Court concerning the Defendants' financial condition, we are issuing subpoenas to the following banks:
 - a. Regions Bank
 - b. Trustmark Bank
 - c. Wells Fargo Bank
 - d. Bank of Bartlett

- e. First Tennessee Bank
- f. Paragon Bank
- g. Metropolitan Bank
- h. Independent Bank
- i. Magna Bank
- j. Renasant Bank
- k. Sun Trust Bank
- l. Tri-State Bank
- m. Triumph Bank
- n. Bancorpsouth
- o. Commercial Bank & Trust

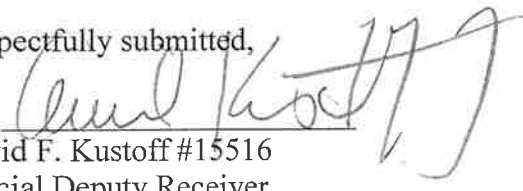
As Galilee/Defendants also received payment from funeral homes for services rendered, we are issuing subpoenas to the following funeral homes for checks written to Defendants:

- a. Christian Funeral Homes
 - b. N.J. Ford and Son Funeral Homes Inc.
 - c. M.J. Edwards Son and Funeral Home Inc.
 - d. M.J. Edwards Whitehaven Funeral Chapel Inc.
5. The condition of the business office at Galilee was in disarray, although my examination of the office occurred after the execution of the search warrant obtained by the District Attorney General. Nevertheless, records not seized by the District Attorney General are unorganized and in disarray. On my inspection, in the midst of a pile of papers,

Defendants had at least two unpaid or late insurance premiums that appear to have lapsed. At the time of this report, it is uncertain what type of insurance, if any, was afforded to the Defendants.

6. I have been working with the District Attorney General regarding the status of vehicles currently at Galilee. As Galilee is a crime scene, the District Attorney General wanted to maintain possession of the cars. I believe that the vehicles may be able to be released to their rightful owners within the next two weeks.

Respectfully submitted,

BY: 
David F. Kustoff #15516
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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing First Interim Report of the Special Deputy Receiver has been mailed First Class Postage prepaid to the following interested parties and attorneys requesting notice and transmitted via email this 24th day of March, 2014:

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