

IT IS SO ORDERED.



**Dated: May 18, 2007
03:46:26 PM**

**Honorable Kay Woods
United States Bankruptcy Judge**

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO**

IN RE:

**RANDALL JOSEPH HAKE and
MARY ANN HAKE,**

Debtors.

*
* **CASE NUMBER 04-41352**
*
* **CHAPTER 7**
*
* **HONORABLE KAY WOODS**
*

M E M O R A N D U M O P I N I O N

This cause is before the Court on Motion to Enforce the Sale of Substantially All Debtors' Non-Exempt Assets to Buckeye Retirement Company. LLC, Ltd. or, in the Alternative, for the Award of Attorney's Fees Under 11 U.S.C. § 105 ("Motion to Enforce") (Doc. # 649) filed by Chapter 7 Trustee Mark M. Gleason ("Trustee") on March 26, 2007. Buckeye Retirement Co., L.L.C., Ltd. ("Buckeye") filed Buckeye's Response to Trustee's Motion to Enforce Sale ("Buckeye's Response") (Doc. # 676) on April 17, 2007. On April 23, 2007, Trustee filed Trustee's Response to Buckeye's Response to Trustee's Motion to Enforce Sale ("Trustee's Reply")

(Doc. # 679). The Court held a hearing on April 25, 2007 (the "Hearing") at which Trustee and Buckeye appeared and were heard.

I. FACTS

On March 25, 2004, Debtors Randall J. Hake and Mary Ann Hake ("Debtors") filed a voluntary petition pursuant to chapter 11 of title 11 of the United States Code. This case was converted to a case under chapter 7 case on April 26, 2006. Trustee is the duly appointed chapter 7 trustee. Buckeye is the largest creditor of the bankruptcy estate and a party in interest.

Debtors filed a second amended disclosure statement (Doc. # 343) on February 22, 2006, which was approved by this Court pursuant to Order dated February 27, 2006 (Doc. # 348). To resolve one of Buckeye's objections to the original disclosure statement, Debtors included in the second amended disclosure statement information concerning Buckeye's offer to purchase all of Debtor's non-exempt assets for \$650,000.00 (the "Purchase Price"). Subsequently, Buckeye and Debtors agreed to the following: (i) Debtors agreed to convert their chapter 11 case to one under chapter 7; (ii) Debtors would sell and Buckeye would purchase all of Debtors' non-exempt assets for the Purchase Price; and (iii) Debtors would redeem certain household goods for \$7,130.00 and all jewelry for \$16,000.00, which amounts would be deducted from the Purchase Price (collectively, the "Agreement"). The Agreement was reduced to writing and signed by Buckeye and Debtors. (See April 20, 2006 Letter from Mark A. Beatrice (counsel for Debtors) to Victor O. Buente, Jr. and F. Dean Armstrong (collectively, counsel for Buckeye), attached as Ex. A to Motion to Enforce.) In order to finalize the Agreement, Debtors sought Court approval of the

Agreement by filing, on April 21, 2006, Debtors' Motion for an Order Approving the Compromise of Disputes Between Debtors and Buckeye Retirement Co., L.L.C., Ltd. Including Offer of Buckeye to Buy All Assets for \$650,000 ("Motion to Compromise")(Doc. # 433).

The Court held a hearing on April 25, 2006. The original purpose of this hearing was: (i) confirmation of Debtors' second amended plan of reorganization; and/or (ii) the motion of the United States Trustee ("UST") to convert or dismiss the case. Debtors failed to obtain the necessary affirmative votes to confirm their plan. As a consequence, Debtors and Buckeye put the terms of their Agreement on the record. Counsel for Debtors explained that he had filed the Motion to Compromise because he was concerned that, after converting the case, Buckeye would attempt to withdraw its offer to purchase Debtors' non-exempt assets. The UST expressed concern that, upon conversion, a chapter 7 trustee (who was yet to be appointed) should have an opportunity to determine if the Agreement was in the best interest of the estate and, if so, to conclude the Agreement. Counsel for Buckeye expressly represented on the record that Buckeye would not withdraw the offer and that the offer would be extended to Trustee. Mr. Buenete stated, "And also at Mr. Beatrice's request I would confirm on behalf of Buckeye that upon conversion of this case to a Chapter 7, that there is a standing offer to a Chapter 7 Trustee to purchase the Debtors' nonexempt assets for \$650,000." (Trans. of April 25, 2006 hearing at 8.) Based upon Buckeye's representation, and with the concurrence of the UST, Debtors agreed to voluntarily convert their chapter 11 case to chapter 7. An order to this effect was entered by the Court on April 26, 2006 (Doc. # 443).

Trustee represents that, prior to taking on his role and responsibilities as trustee, he met with Buckeye. At that meeting Buckeye extended the offer to purchase the non-exempt assets for \$650,000.00 and Trustee accepted that offer. (Trustee's Reply at 5.)

At a hearing on August 22, 2006, Buckeye repeated its representation that it stood behind the Agreement and that Buckeye was willing to conclude the Agreement with Trustee. Buckeye stated, "We had submitted an offer for \$650,000 for specified assets. . . . [W]e would submit that any determination on that offer is a matter that's left for a Trustee . . . to look over the assets that are for sale and to accept or decline an offer. It's an offer for \$650,000 to buy the assets that are stated in the offer." (Trans. of August 22, 2006 hearing at 11-12.) Additionally, Buckeye repeated the terms of the Agreement in Reply by Buckeye Retirement Co., L.L.C. LTD. to Debtors' Limited Opposition to Buckeye's Motion to Resolve Disputed Election of Trustee (Doc. # 502), at paragraph 2, wherein Buckeye stated: "Buckeye reaffirms its \$650,000 offer to purchase the assets stated in its offer, under the terms and conditions stated in its offer, subject to verification by the Chapter 7 trustee that the specified assets still exist and that they are subject to sale by such Chapter 7 trustee."

Despite Buckeye's position at the August 22, 2006 hearing and in writing regarding its offer to Trustee, at a hearing on November 28, 2006, Buckeye inexplicably took the position that, because

Debtors had failed to perform under the Agreement¹ by not tendering \$7,130.00 for the household goods and \$16,000.00 to redeem jewelry, Debtors had breached the Agreement and Buckeye did not have to perform. (Trans. of November 28, 2006 hearing at 37-38.) Buckeye conceded that it was not in a position to assert that the Agreement had been breached, but that only Trustee could determine if the Agreement was breached. (*Id.*) Trustee expressly stated that he did not believe the Agreement to be breached, and, indeed, that the parties had an agreement in principal. (*Id.* at 49-50, 22.)

On August 21, 2006, Buckeye filed Adversary Proceeding No. 06-4153 ("Adversary Proceeding"), which seeks to deny Debtors a discharge on the basis that Debtors (i) "made false statements under oath in writing or testimony" (Complaint, ¶ 13), (ii) "fraudulent[ly] . . . concealed their property" (*Id.*, ¶ 14), (iii) stated "false values for their disclosed assets" (*Id.*, ¶ 16), and (iv) made "false claims . . . for their liabilities" (*Id.*, ¶ 17). On February 5, 2007, Debtors filed Motion for Leave to File Counterclaim Seeking Declaratory Judgment (Adv. Proc. Doc. # 37), which was granted by the Court on February 8, 2007 (Adv. Proc. Doc. # 38). On February 8, 2007, Debtors filed Counterclaim Seeking Declaratory Judgment (Adv. Proc. Doc. # 39), which sought a determination that certain items set forth in paragraphs 5 and 6 therein did not constitute property of the estate. On March 15, 2007, Debtors filed Amended Counterclaim Seeking Declaratory Judgment ("Counterclaim") (Adv. Proc. Doc. # 52), which was substantially the same as the original counterclaim.

¹ Throughout the November 28, 2006 hearing Buckeye referred to the Agreement - not merely an offer to purchase.

After Debtors filed the original counterclaim, Buckeye sent a letter to Trustee dated February 28, 2007, in which Buckeye stated that it "decided to terminate the negotiation process over Buckeye's efforts to acquire all of the Chapter 7 Debtors' non-exempt assets." (Motion to Enforce, Ex. C.) Buckeye further stated that it would "not negotiate with a gun at its head" and described Debtors' Counterclaim as "an effort to limit what Buckeye was purchasing" and as "wrongful and precipitous conduct." (*Id.*)

On April 4, 2007, Buckeye filed Plaintiff's Motion to Dismiss Defendants' Amended Counterclaim (Adv. Proc. Doc. # 62), in which Buckeye stipulated that the items Debtors listed in paragraphs 5 and 6 of the Counterclaim are not property of Debtors' estate that can be sold or transferred by Trustee. Buckeye stated, "Indeed, to remove any possible doubt about the issue, Buckeye hereby stipulates that the so-called 'Disputed Interests' - - the 'various interests identified in paragraphs 5 and 6 [of the Amended Counterclaim]' - - are not property of the estate subject to the Trustee's right to sell or over which the Trustee has a transferable interest." (*Id.* at 6.) At the Hearing and subsequently, in Plaintiff's Response to Defendants' Motion to Enter Judgment Upon Stipulation ("Buckeye's Response Regarding Stipulation") (Adv. Proc. Doc. # 73), Buckeye clarified the scope of its previously unqualified stipulation by stating that the "so-called 'disputed interests' identified in ¶¶5 and 6 (sic) of the Amended Counterclaim are not property of the estate subject to the Trustee's right to sell or over which the Trustee has transferable interest because the statute of limitations available to the Trustee to pursue the fraudulent transfer and/or equitable

ownership of those assets has lapsed, and the Sixth Circuit BAP has ruled that Buckeye can pursue the claims against those assets themselves in its own name and for its own benefit." (Buckeye's Response Regarding Stipulation at 1-2, (emphasis in original).)

II. ANALYSIS

Buckeye's Response sets forth four arguments for denying the Motion to Enforce, as follows: (i) the merits of the dispute must be resolved in connection with a separate adversary proceeding; (ii) there was no final agreement between Buckeye and Trustee for the sale of substantially all of the Debtors' non-exempt assets; (iii) the alleged agreement is void for vagueness, and (iv) there is no Court order approving the proposed agreement between Buckeye and Trustee. The Court will deal with each of these arguments, in turn.

A. Resolution of Dispute in Adversary Proceeding

Buckeye argues that Trustee's motion "seeks affirmative relief within the purview of Rule 7001" and "requires an examination of common law contract issues which are non-core in nature." (Buckeye's Response at 1.) As a consequence, Buckeye argues that the merits of Trustee's position must be pursued in an adversary proceeding. FED. R. BANKR. P. 7001 sets forth ten specific types of matters that must be brought as adversary proceedings. The relief Trustee seeks herein, *i.e.*, enforcement of an agreement for the purchase and sale of substantially all of the bankruptcy estate assets, is not within the scope of Rule 7001.

Buckeye argues that Trustee's Motion to Enforce "involves disputed issues of fact, which invoke the due process requirements of the Federal Rules of Civil Procedure," but due process has been

fully provided in this case. (*Id.*) Buckeye never requested an evidentiary hearing on the Motion to Enforce² and Buckeye failed to identify any deficiency in due process.³

The two cases cited by Buckeye in support of this argument are not applicable because both deal with matters that are expressly covered in Rule 7001. *In re Ace Industries, Inc.*, 65 B.R. 199 (Bankr. W.D. Mi. 1986) held that an adversary proceeding was necessary because the movant was seeking turnover of property that was in the hands of an entity other than the debtor. Likewise, *In re The Lionel Corporation*, 23 B.R. 224 (Bankr. S.D. NY 1982) held that a motion to recover money, property or an interest in property was procedurally defective and had to be brought as an adversary proceeding. In both of these cases, the proceedings were expressly covered in Rule 7001(1). Trustee's Motion to Enforce is not a motion to recover money or property, as set forth in Rule 7001(1) and, accordingly, is not procedurally defective. Thus, Buckeye's first argument has no merit and is overruled.

B. No Final Agreement Between Buckeye and Trustee

Buckeye next argues that Buckeye and Trustee did not reach final agreement for the sale of substantially all of Debtors' non-exempt assets. Buckeye maintains that, after conversion of this case to chapter 7, Trustee never accepted Buckeye's offer; Buckeye maintains that Trustee submitted numerous counteroffers instead. Buckeye contends that "[w]hile Buckeye and the Trustee were

² Buckeye has frequently requested evidentiary hearings regarding other issues in this case. Buckeye has been fully apprised of this Court's practice in allocating time for evidentiary hearings.

³ By failing to identify any due process deficiency, Buckeye did not provide an opportunity for this Court to address the issue.

involved in this negotiation process, the Debtors sued Buckeye for declaratory judgment . . . in an effort to limit what Buckeye was purchasing." (Buckeye's Response at 3.) Buckeye represented on several occasions that the offer to purchase substantially all of Debtors' non-exempt assets for \$650,000.00 was extended to Trustee. Trustee maintains that he accepted the offer and that it was only details (not substance) that were being negotiated. (Motion to Enforce, ¶¶ 21, 22-26.)

It appears that Buckeye and Trustee had an Agreement for Buckeye to purchase substantially all of Debtors' non-exempt assets, but a document memorializing that Agreement had not been signed. John Steiner, attorney for Trustee, at the April 25, 2007 hearing stated, "I think there is more than one or two times in hearings where we made it known to the Court that there was a deal and we were just trying to put the agreement together, the proverbial the devil's in the details, but there was never any contemplation of change of material terms, et cetera." (Trans. of April 25, 2007 hearing at 45.) Counsel for Trustee continued by stating, "Again, there was never any change in any material terms. There was an agreement on the record. There was a signed agreement that was submitted into the record on a pleading. Various representations on the record." (*Id.* at 47.) Counsel for Buckeye agreed with Trustee that there was an agreement in principle, by stating, "There is no dispute about the fact that an agreement in principle was reached between the Debtors and Buckeye." (*Id.* at 59.)

Even Buckeye's rhetoric belies that an Agreement did not exist. Buckeye argued at the November 28, 2007 hearing that

Debtors had "defaulted on the [A]greement" and that it would be up to Trustee and the Court to determine if Debtors had lost the right to "perform under this [A]greement." (Trans. of November 28, 2007 hearing at 37-38.) Buckeye argued that Debtors might have lost the right to perform; Buckeye never raised the issue of whether Trustee could perform the Agreement. Indeed, by recognizing that it was within the purview of Trustee to determine if the Agreement had been breached, Buckeye acknowledged that Trustee could perform the Agreement. (*Id.*)

A review of Buckeye's course of conduct reveals that it was looking for any excuse to refuse to perform the Agreement.

Buckeye construes Debtors' Counterclaim as an "effort to limit what Buckeye was purchasing." (Buckeye's Response at 3.) Yet this statement is wholly inconsistent with Buckeye's stipulation (even as "clarified") that the items for which Debtors seek a declaratory judgment are not property that Trustee can sell or over which Trustee has a transferrable interest. Since these items cannot be sold by Trustee - as conceded by Buckeye - Debtors' Counterclaim cannot be an effort to limit what Buckeye was purchasing. Buckeye's argument is not only illogical, it is a good example of Tweedledee's commentary on logic. "'Contrariwise,' continued Tweedledee, 'if it was so, it might be; and if it were so, it would be: but as it isn't, it ain't. That's logic.'" Lewis Carroll, *Through the Looking-Glass and What Alice Found There*, 4 (1872).

Since conversion of this case, nothing has occurred to impact the assets covered by the Agreement. This case was converted and Trustee was appointed more than two years after the petition date. At all times since conversion of this case to chapter 7, Buckeye

has taken the position that the alleged fraudulent conveyance state court actions can no longer be pursued by Trustee on behalf of the bankruptcy estate. The Sixth Circuit BAP entered an Order to this effect on August 23, 2006 (Doc. # 534).

Buckeye tried to confuse the issue at the Hearing by arguing that Debtors' Counterclaim was an attempt to stop Buckeye from asserting certain alleged fraudulent conveyance causes of action. However, Buckeye acknowledged that nothing in paragraphs 5 and/or 6 of the Counterclaim constitutes a cause of action. (Trans. of April 25, 2007 hearing at 66-68.) Counsel for Buckeye specifically stated, "[s]o they're not causes of action" and, upon the Court's inquiry, further stated, "[b]ut yes, in and of itself the listing of those items are not in and of themselves a cause of action but they seek a declaratory judgment that those so-called disputed interests are not assets of the bankruptcy estate." (*Id.* at 68.)

Buckeye revealed at the Hearing that it was Debtors' attempt to have this Court determine what constitutes property of the bankruptcy estate that caused Buckeye to terminate the Agreement. (*Id.* at 63.) The Agreement is wholly silent about how disputes over what may constitute "Debtors' non-exempt assets" would be resolved.⁴ Based upon the fact that Debtors' case is pending in this Court, the most logical assumption of the parties should have been that this Court would resolve any such issue.

Buckeye's argument at the Hearing that Debtors' Counterclaim was an "end run on the State Court fraudulent transfer suits" and

⁴ If this issue were, indeed, an essential element of the Agreement, at some time in the year since Buckeye originally made the offer to purchase, Buckeye would have sought to include this term in the Agreement. However, to the contrary, Buckeye never raised the issue.

an "end run on the Sixth Circuit BAP opinion" entirely misses the mark. (*Id.* at 68.) Buckeye has misread the BAP opinion. The BAP did not confer any substantive rights upon Buckeye; it merely made a remand to this Court to vacate an order that had extended the automatic stay to certain state court actions on the basis that, since the two year statute of limitations had passed, the Trustee could not pursue those actions for the benefit of the estate. (August 23, 2006 Sixth Circuit BAP Order at 1-2.)(Doc. # 534.) Buckeye's argument is misplaced because it is premised upon the faulty impression that, in finding that Buckeye could pursue the state court actions for its own benefit, the BAP made some kind of substantive ruling regarding the merits or appropriateness of Buckeye's ability to continue those state court actions. This is simply not the case. The BAP did not - and, indeed, could not - address the merits of those state court actions because only the limited issue of the stay order was before the BAP.

Whether or not Buckeye agreed to have this Court determine the extent of the property in the bankruptcy estate, such determination is clearly not only within this Court's province, it is the type of determination that this Court is uniquely situated to make. (See 28 U.S.C. §§ 157(b)(1) and (2)(A),(H),(J) and (O) and 11 U.S.C. § 541.) Because Buckeye stipulates and concedes that the items in Debtors' Counterclaim cannot be encompassed within the Agreement, Debtors' Counterclaim can in no way limit or affect the Agreement. Buckeye understands and understood that its offer of \$650,000.00 did not encompass those items that are not encompassed within the bankruptcy estate. Thus, Buckeye's stated reason in the February

28, 2007 letter for terminating negotiations provides no justifiable reason for refusing to perform the Agreement.

Based upon the entire record, including the many representations by Buckeye to this Court, this Court finds that Buckeye and Trustee had a final Agreement for the purchase and sale of substantially all of Debtors' non-exempt assets to Buckeye for \$650,000.00. Accordingly, Buckeye's second objection is overruled.

C. Vagueness

The third argument raised by Buckeye is that the Motion to Enforce should be denied because the Agreement is void for vagueness. Buckeye cites this Court's statement at the end of the April 25, 2006 hearing regarding conversion that it was not clear to the Court what was actually being purchased. The Court had requested that the Agreement be "clarified" because, from the Court's perspective, it was "a little too vague." (Trans. of April 25, 2006 hearing at 10.) Although this Court continues to desire a more definitive form of the Agreement, this does not mean an Agreement does not exist or that the Agreement is so vague that it is void.

Buckeye originally drafted the Agreement in the broad sweeping terms that it now argues are so vague that the Agreement is void. At no time prior to the Motion to Enforce has Buckeye contended that the Agreement was too vague to be enforceable. Indeed, Buckeye repeatedly represented to the Court, Trustee, UST and Debtors that it stood behind its Agreement. To the extent the "vagueness" currently exists, the same vague terms existed at the time Debtors and Buckeye signed the Agreement (see Motion to Enforce, Ex. A) and presented such Agreement to the Court for

approval in the Motion to Compromise. If, as Buckeye now argues, it believed that the Agreement was unenforceable, its actions in entering into the Agreement, inducing Debtors to convert the case, and representing that it stood behind the Agreement can only be construed as a fraud upon this Court, Trustee, UST and Debtors. This Court will not permit Buckeye to shift positions concerning the validity of the Agreement like a weathervane.

Buckeye does not argue that the Agreement is ambiguous; Buckeye only argues that it is vague. Although vagueness may prevent the creation of a contract, such vagueness must go to an essential term of the agreement for the contract to be prevented. That outcome is not required in this situation. A contract is enforceable if it is reasonably certain and clear. (*See Arthur L. Corbin, et al., Corbin on Contracts*, § 4.1 (Matthew Bender 2006) *Cf. Rulli v. Fan Company*, 79 Ohio St.3d 373 at 376, 683 N.E.2d 337 (1997) (Agreement on the record settling litigation remanded for evidentiary hearing where parties legitimately disputed the substance of the agreement).)

As Professor Corbin has stated,

The courts must take cognizance of the fact that the argument that a particular agreement is too indefinite to constitute a contract frequently is an afterthought excuse for attacking an agreement that failed for reasons other than the indefiniteness.

The fact that the parties have left some matters to be determined in the future should not prevent enforcement, if some method of determination independent of a party's mere "wish, will, and desire" exists, either by virtue of the agreement itself or by commercial practice or other usage or custom. This may be the case even though the determination is left to one of the contracting parties, if this party is required

to make it "in good faith" in accordance with some existing standard or with facts capable of objective proof.

Arthur L. Corbin, et al., Corbin on Contracts, § 4.1 (Matthew Bender 2006). Professor Cobin's comment summarizes the instant situation. Buckeye is experiencing "buyer's remorse" and is seeking to avail itself of any and all arguments to relieve it of the obligation to perform the Agreement.⁵ The Court finds that the Agreement, although not an ideal model, is not so vague to be void or unenforceable.

D. No Prior Bankruptcy Court Order Approving Agreement

Last, Buckeye argues that the Motion to Enforce should be denied because this Court has not previously entered an order approving the Agreement. This argument is circular, at best. As the parties (including Buckeye) acknowledged when this case was converted, it was inappropriate for the Court to entertain the Motion to Compromise at that time; a trustee needed to be appointed and have time to review the Agreement. Since the conversion hearing, Buckeye has repeatedly represented to the Court, Trustee, UST, and Debtors that it stood behind the Agreement and wanted to finalize the Agreement with Trustee. It is precisely because Buckeye sent the February 28, 2007 letter (Motion to Enforce, Ex. C) that Trustee was forced to file the instant Motion to Enforce. If an order of this Court approving the Agreement already existed,

⁵Counsel for Trustee expressed this same concern during the April 25, 2007 hearing when he said, "It seems to me in my four or five months that I've been involved in this case that there has been a pattern by Buckeye to try and manipulate this process to gain either leverage or advantage on this claim. . . . I simply just think that at some point Buckeye decided it was making a bad deal and was trying to get out of it." (Trans. of April 25, 2007 hearing at 44-45.)

there would be no need for the instant motion. Trustee's only recourse was to file the Motion to Enforce.

This Court finds no merit to this argument and overrules it.

III. CONCLUSION

For the reasons set forth above, the Motion to Enforce is granted and Buckeye's Response is overruled in all respects.

An appropriate order will follow.

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Ltd., or, in the Alternative, for the Award of Attorney's Fees Under 11 U.S.C. § 105 ("Trustee's Motion") (D.N. 649), for cause shown, and after hearing held on April 25, 2007 (the "Hearing"),

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that for the reasons and upon the findings announced by this Court on the record at the conclusion of the Hearing, the Trustee's Motion is GRANTED.

Based upon the pleadings filed by the parties, the argument of counsel held on April 25, 2007, and a review of the record, this Court finds that the terms of the sale shall be as follows:

- (i) Pursuant to the terms set forth in their letter agreement with Buckeye dated April 20, 2006 (attached hereto as Exhibit A), the Debtors shall tender certified funds in the amount of \$23,130 to the Trustee on, or before, the eleventh day following the entry of this Order for the redemption of all of their household goods, as appraised as household goods, in the Roman Appraisal (attached hereto as Exhibit B) and the jewelry described in the Komara Jewelry Appraisals (attached hereto as Exhibit C) (Exhibits B and C shall collectively be referred to as the "Redeemed Property"). Immediately upon the tender of payment by the Debtors to the Trustee, title to the Redeemed Property shall vest in the Debtors;
- (ii) Buckeye shall tender certified funds in the amount of \$650,000 ("Buckeye's Payment"), less those amounts paid to the Trustee by the

Debtors for the Redeemed Property, on, or before, the eleventh day following the entry of this Order;

- (iii) In consideration of Buckeye's Payment and subject to the Debtors' right to redeem the Redeemed Property, Buckeye shall receive all non-exempt assets of the Debtors' Estate, listed and not listed in the petition and schedules, and transferable under the law, including but not limited to, all rights, claims, and causes of action, scheduled and unscheduled, known and unknown (the "Estate Assets");
- (iv) The Trustee does not make any representation or warranties as to the value of the Estate Assets or the extent and validity of the Estate's ownership interest or rights in the Estate Assets. Furthermore, the Trustee has not made any statement, representation, or legal conclusion that Buckeye has relied upon regarding any property interest contemplated herein, whether the Trustee can effectively transfer ownership of the Estate Assets, or whether Buckeye can establish independent standing to bring those causes of action contemplated as being Estate Assets. All transfers of property, ownership interests, or causes of action contemplated in this sale are taken by Buckeye "AS IS, WHERE IS" and may be subject to or limited by applicable bankruptcy or state law; and
- (v) Pursuant to 11 U.S.C. §363, the Redeemed Assets and the Estate Assets shall be sold free and clear of all liens, claims, and encumbrances.

IT IS FURTHER ORDERED that, based upon this Court's finding that Buckeye acted in bad faith and committed fraud, the Trustee and his counsel shall be entitled to

file a separate application for attorney fees seeking to reimburse the estate for the costs and expenses incurred by the Trustee and his counsel directly attributable to Buckeye's bad faith and fraud.

###

EXHIBIT A

MANCHESTER, BENNETT, POWERS & ULLMAN

A LEGAL PROFESSIONAL ASSOCIATION

STEPHEN T. BOLTON
TIMOTHY J. JACOB
CHARLES SCOTT LANZ
MARK A. BEATRICE
JOSEPH R. YOUNG, JR.
JOSEPH M. HOUSER
JEFFREY D. HEINTZ
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April 20, 2006

VIA FAX & REGULAR U.S. MAIL

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Fax: (330) 872-5367

F. Dean Armstrong
1324 Dartmouth Road
Flossmoor, Illinois 60422

Fax: (708) 798-1597

Re: Randall J. and Mary Ann Hake, Chapter 11; Case No. 04-41352

Dear Sirs:

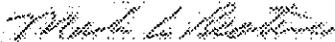
I am writing to confirm the arrangements for the Debtors accepting the Buckeye Retirement Co., L.L.C., Ltd. ("Buckeye") offer to buy all of the Debtors' nonexempt assets, rights and claims, scheduled or unscheduled, known or unknown, set forth in the January 16, 2006 letter of Victor Buente attached hereto, but not including Debtors' postpetition personal earnings held not to be property of the estate, for the sum of \$650,000.00 (the "Buckeye Offer") to the bankruptcy estate pursuant to Debtors either moving to convert or not contesting the U.S. Trustee's request for conversion of their case to a chapter 7 liquidation. At the end of last week we offered to enter an agreed order whereby Debtors would voluntarily convert to a chapter 7 proceeding, and Buckeye would be required to pay the \$650,000.00 to the Trustee appointed in the Chapter 7 case. The only condition we requested in such order was that Debtors have the option of paying the difference between the appraised liquidated values for their household goods and jewelry over their exemptions, reducing Buckeye's payment accordingly.

Pursuant to the subsequent discussions, this letter will set forth the terms and conditions agreed to, subject to Debtors promptly filing a Motion for Authority to Compromise seeking authority to enter into an Order incorporating these conditions, and the parties filing a joint motion to continue the Confirmation hearing pending the notice period and approval of this compromise. Debtors and Buckeye agree to enter an Agreed Order pursuant to the U.S. Trustee's motion to convert and an Order authorizing such Agreed Order, which shall provide that:

Debtors accept the Buckeye Offer to convert this case to a chapter 7 liquidation, and upon conversion, the Chapter 7 Trustee shall sell, assign, and transfer to Buckeye all right, title and interest of the bankruptcy estate in and to all nonexempt assets, rights and claims upon the following terms and conditions:

- (a) Debtors shall have the right to redeem all of their household goods, as appraised as household goods by Ronald Roman ("Roman"), for the sum of \$7,130.00, (being Roman's appraised value plus \$3,000 less Debtors' exemption thereof of \$3,000.00), and all of their jewelry including costume jewelry for \$ 16,000, (being Buckeye's Komura appraisal plus \$250.00 less Debtors' exemption of \$1,000.00) by paying such sums to the Trustee within twenty days of the Trustee's appointment in the chapter 7 case, and such household goods and jewelry shall be free of all further claims of the Trustee or Buckeye;
- (b) Buckeye shall pay to such Chapter 7 Trustee, within twenty days of the Debtors exercising their rights under subparagraph (a) above, the sum of \$650,000.00, less the amounts paid by Debtors under subparagraph (a), and the Trustee will sell and transfer all of Debtors nonexempt assets, but not including Debtors' postpetition personal earnings, to Buckeye as set forth in the Buckeye Offer and herein in reasonable due course, with the reasonable cooperation of the Debtors;
- (c) Buckeye's payment under subparagraph (b) above, whether reduced by Debtors exercising their rights under subparagraph (a), shall constitute a full and good faith performance of its offer to buy all assets of Debtors set forth herein;
- (d) Neither this Agreement, nor the Motion seeking an Order approving it, shall be deemed an admission by the Debtors or Buckeye as to the value of any of the assets of the Debtors, and neither Buckeye nor the Debtors waive any other rights that they may have under the law.

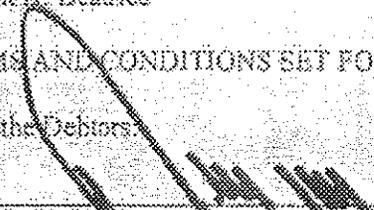
Very truly yours,



Mark A. Bearice

THE UNDERSIGNED AGREE TO THE TERMS AND CONDITIONS SET FORTH ABOVE:

For the Debtors:


Randall J. Hake

Buckeye Retirement Co. L.L.C., Ltd.

Peter F. Barin

MA/B/ig
cc: Maria D. Giannirakis
11/01/1992 11

Debtors accept the Buckeye Offer to convert this case to a chapter 7 liquidation, and upon conversion, the Chapter 7 Trustee shall sell, assign, and transfer to Buckeye all right, title and interest of the bankruptcy estate in and to all nonexempt assets, rights and claims upon the following terms and conditions:

- (a) Debtors shall have the right to redeem all of their household goods, as appraised as household goods by Ronald Roman ("Roman"), for the sum of \$7,130.00, (being Romans' appraised value plus \$3,000 less Debtors' exemption therein of \$5,000.00), and all of their jewelry including costume jewelry for \$ 16,000, (being Buckeye's Komara appraisal plus \$250.00 less Debtors' exemption of \$1,000.00) by paying such sums to the Trustee within twenty days of the Trustee's appointment in the chapter 7 case, and such household goods and jewelry shall be free of all further claims of the Trustee or Buckeye;
- (b) Buckeye shall pay to such chapter 7 Trustee, within twenty days of the Debtors exercising their rights under subparagraph (a) above, the sum of \$650,000.00, less the amounts paid by Debtors under subparagraph (a), and the Trustee will sell and transfer all of Debtors nonexempt assets, but not including Debtors' postpetition personal earnings, to Buckeye as set forth in the Buckeye Offer and herein in reasonable due course, with the reasonable cooperation of the Debtors.
- (c) Buckeye's payment under subparagraph (b) above, whether reduced by Debtors exercising their rights under subparagraph (a), shall constitute a full and good faith performance of its offer to buy all assets of Debtors set forth herein.
- (d) Neither this Agreement, nor the Motion seeking an Order approving it, shall be deemed an admission by the Debtors or Buckeye as to the value of any of the assets of the Debtors, and neither Buckeye nor the Debtors waive any other rights that they may have under the law.

Very truly yours,

Mark A. Beatrice
Mark A. Beatrice

THE UNDERSIGNED AGREE TO THE TERMS AND CONDITIONS SET FORTH ABOVE:

For the Debtors:

Randall J. Hake

Buckeye Retirement Co. L.L.C., Ltd.

Peter T. Barta
Peter T. Barta, ACCOUNT OFFICER

MAB/dg
cc. Maria D. Giannirakis
100171996.11

Debtors accept the Buckeye Offer to convert this case to a chapter 7 liquidation, and upon conversion, the Chapter 7 Trustee shall sell, assign, and transfer to Buckeye all right, title and interest of the bankruptcy estate in and to all nonexempt assets, rights and claims upon the following terms and conditions:

- (a) Debtors shall have the right to redeem all of their household goods, as appraised as household goods by Ronald Roman ("Roman"), for the sum of \$7,130.00, (being Romans' appraised value plus \$3,000 less Debtors' exemption therein of \$5,000.00), and all of their jewelry including costume jewelry for \$ 16,000, (being Buckeye's Komara appraisal plus \$250.00 less Debtors' exemption of \$1,000.00) by paying such sums to the Trustee within twenty days of the Trustee's appointment in the chapter 7 case, and such household goods and jewelry shall be free of all further claims of the Trustee or Buckeye;
- (b) Buckeye shall pay to such chapter 7 Trustee, within twenty days of the Debtors exercising their rights under subparagraph (a) above, the sum of \$650,000.00, less the amounts paid by Debtors under subparagraph (a), and the Trustee will sell and transfer all of Debtors nonexempt assets, but not including Debtors' postpetition personal earnings, to Buckeye as set forth in the Buckeye Offer and herein in reasonable due course, with the reasonable cooperation of the Debtors.
- (c) Buckeye's payment under subparagraph (b) above, whether reduced by Debtors exercising their rights under subparagraph (a), shall constitute a full and good faith performance of its offer to buy all assets of Debtors set forth herein.
- (d) Neither this Agreement, nor the Motion seeking an Order approving it, shall be deemed an admission by the Debtors or Buckeye as to the value of any of the assets of the Debtors, and neither Buckeye nor the Debtors waive any other rights that they may have under the law.

Very truly yours,

Mark A. Beatrice

Mark A. Beatrice

THE UNDERSIGNED AGREE TO THE TERMS AND CONDITIONS SET FORTH ABOVE:

For the Debtors:

[Signature]
Randall J. Haze

Buckeye Retirement Co. L.L.C., Ltd.

[Signature]
Peter T. Barta

ACCOUNT OFFICER
ACCOUNT OFFICER

MAB/dg
cc. Maria D. Giannirakis
(140)7199611

EXHIBIT B



GEORGE ROMAN AUCTIONEERS, LTD.
ROMAN REALTY, LTD.

GEORGE ROMAN III, CAG#
RONALD ROMAN, CAI
CHRISTOPHER ROMAN

July 26, 2005

Randall & Mary Ann Hake
2724 Oak Forest
Niles, Ohio 44446

Re: Personal Property Appraisal

Dear Randall:

Enclosed is the inventory of personal property, furniture, and furnishings located at the above address.

It is my opinion these assets have a liquidation value of approximately \$9,130.00 (nine thousand, one hundred thirty dollars). Also, the four pieces of jewelry have a liquidation value of approximately \$7,975.00 (seven thousand, nine hundred seventy-five dollars).

Please call if you have any questions. Thank you.

Respectfully,


Ronald Roman 





GEORGE ROMAN AUCTIONEERS, LTD.
ROMAN REALTY, LTD.

GEORGE ROMAN III, CAGA

RONALD ROMAN, CAI

CHRISTOPHER ROMAN

PERSONAL PROPERTY

Chiminera
Bamboo style glass top table and (5) chairs with (3) matching stools
Matching shelf
Lot fish, decorations
(2) oil on canvas paintings
Lot vases, urn on cabinets
RCA TV
Lot usual pots, pans, kitchen items
Samsung computer
Hanna-Barbara cartoon screen
Maytag washer and dryer
Upright freezer
Chrome bath stand
Tony Awards print
Gray area rug
Marble/pewter ½ round wall table
Metal bird sculpture
(2) City frames photos
Glass/brass ½ round table
Bernhardt modern teakwood/oak dining table, (6) chairs and breakfront
(2) upholstered side chairs
(2) modern prints
Lot glassware, etc. in breakfront
Tile top round table
Blue urn
Metal/glass stand
Black oriental style arm chair
Lot paper weights, etc.
(3) Faux marble and glass top tables
Black sofa, loveseat, arm chair
Upholstered arm chair
(2) modern decorator lamps
White/gray area rug
Black lacquer entertainment cabinet
Lot Christmas, etc. décor
Modern style floor lamp



409 Millbrook St., Canfield, Ohio 44406, 330/533-4071
www.georgeromanauctioneers.com





GEORGE ROMAN AUCTIONEERS, LTD.
ROMAN REALTY, LTD.

GEORGE ROMAN III, CAGA
RONALD ROMAN, CAI
CHRISTOPHER ROMAN

Christian R. Lassen triple water scene prints/framed
Lot decorator urns, etc.
Wrought iron sofa table
Lot small lamp, decorator pieces
Wood box
Panasonic TV
Glass door cabinet
Globe on stand
(3) wood bookcases
Lot books, encyclopedia
L-shaped desk, chair
Desk lamp
Small TV
Brown chair and ottoman
(2) autographed baseball prints
Wall mirror
Rattan table and (4) chairs
Bob Parks "A Difference of Opinion" bronze sculpture
"A Strong" lattice framed art
Southwestern print/frame
Bob Parks "Expectin Trouble" bronze sculpture
Wall table
Olhausen pool table
Sofa and loveseat
Chair and ottoman
(3) glass top pedestal tables
Sony large TV
Glass top table
Lot glass decorations
Brass floor lamp
Lot Southwest décor
Lot Pioneer/Sony stereo equipment
Full size bed, chest and nightstand
White floor lamp
(2) framed art
Blue/beige area rug



409 Millbrook St., Canfield, Ohio 44406, 330/533-4071
www.georgeromanauctioneers.com



346



GEORGE ROMAN AUCTIONEERS, LTD.
ROMAN REALTY, LTD.

GEORGE ROMAN III, CAGA
RONALD ROMAN, CAI
CHRISTOPHER ROMAN

Brass/glass shelf
Beige sofa
Zenith TV
Black stereo stand
Decorator lamp
Pewter finish torchier lamp
Full size bed
(2) glass top end tables
(2) modern table lamps
Lot dresser base/mirror
Lot umbrella table and (4) stools
Round picnic table
Ducane gas grill
Lot (4) Christmas trees
Lot sports prints, etc.
Lot collectible sports newspapers
Globe and stand



409 Millbrook St., Canfield, Ohio 44406, 330/533-4071
www.georgeromanauctioneers.com



3470

EXHIBIT C

Komara Jewelers

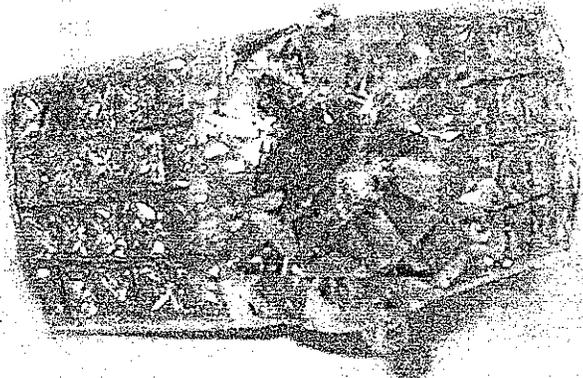
Established 1948

Jewelry Appraisal

Randall & Maryann Hake

FAIR MARKET VALUE ESTATE

When appraising at a Fair Market Value Estate the following is required to be true: Buyer and sellers are typically motivated, both are well informed and acting in their best interest, a reasonable time is allowed for exposure to the open market, the transaction takes place at "arms length" usually for cash and the sale is unaffected by special financing or sales concessions. We appraise at approximate cost of the following article of jewelry providing values and descriptions based on our experience and best judgment, with no intent to influence the purchase or sale of the article described. Mountings prohibit the full and accurate observation of color, clarity & weight of diamonds. No diamond can be assigned the grade of D, 0 or AAA or clarity of VVS1, or 0 unless it is graded unmounted. The weight is estimated and approximate, as mounting prohibits an accurate measurement. Colored gemstones may have been enhanced without our knowledge, as this is standard procedure in the jewelry industry. We assume no financial responsibility whatsoever in the appraisal, which fact is understood and accepted by the party for who made. Instruments used: AD Leveridge, Presidium & Vigor gauges, 10-30x Gem Scope II #792, Verilux Gem Light, Bausch & Lomb 5 & 10x loupes, Duo-View Darkfield Loupe, Crescale digital & Dedrictics gem scales, color test stones, GemDialogue Color Charts, DUPLEX II Refractometer, and we use the "GUIDE" for research and pricing.



Primary Stone: Diamond

Primary Stone Wt. (ct.): 3.80ct

Total Wt. (ct.): 5.80ctw

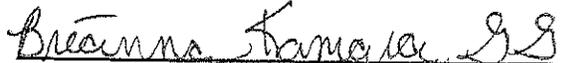
Metal: 18kt yellow gold

Fair Market Value Estate: \$20,500.00

One lady's 18kt yellow gold diamond ring weighing 14.2 grams with band measuring 6.0mm wide at the base. Ring contains one center approximately 3.80ct round brilliant cut diamond set with six white gold prongs. Center diamond has clarity: SI2, color: H, measurements: 9.8 x 9.8 x 6.3mm and a thick girdle. Set next to center diamond are four rows of five (39 total, one is missing) approximately 0.05ct princess cut diamonds invisible set. Total diamond weight of side diamonds is 2.00ctw. Side diamonds have clarity: VS2-SI1 and color: H. Total diamond weight of ring is approximately 5.80ctw. Weights and grades are approximate as stones were set.

Prices were determined with present gold price at \$614.90 per ounce.

This appraisal is given in good faith by,


Appraiser April 18, 2006
Brianna Komara, Graduate Gemologist

Komara Jewelers

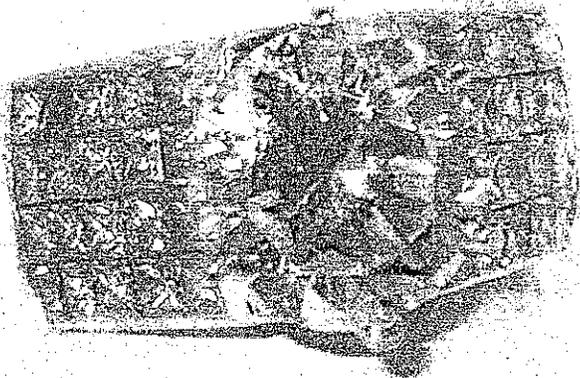
Established 1948

Jewelry Appraisal

Randall & Maryann Hake

JEWELRY LIQUIDATION APPRAISAL

For a Liquidation Value we appraise jewelry at an approximate cost for what the owner would receive if converted items into cash providing values and descriptions based on our experience and best judgment, with no intent to influence the purchase or sale of the article described. Liquidation may be held under forced conditions such as under court order or bankruptcy. Liquidation may also be in an orderly manner. When this happens the liquidation is voluntary where any secondary market such as auction or consignment to a jewelry store may be applicable, and time is not a factor. Mountings prohibit the full and accurate observation of color, clarity & weight of diamonds. No diamond can be assigned the grade of D, 0 or AAA or clarity of VVS1, or 0 unless it is graded unmounted. The weight is estimated and approximate, as mounting prohibits an accurate measurement. Colored gemstones may have been enhanced without our knowledge, as this is standard procedure in the jewelry industry. We assume no financial responsibility whatsoever in the appraisal, which fact is understood and accepted by the party for who made. Instruments used: AD Leveridge, Presidium & Vigor gauges, 10-30x Gem Scope II #792, Verilux Gem Light, Bausch & Lomb 5 & 10x loupes, Duo-View Darkfield Loupe, Crescale digital & Dedrietics gem scales, color test stones, GemDialogue Color Charts, DUPLEX II Refractometer, and we use the "GUIDE" for research and pricing.



Primary Stone: Diamond

Primary Stone Wt. (ct.): 3.80ct

Total Wt. (ct.): 5.80ctw

Metal: 18kt yellow gold

Liquidation Value: \$14,250.00

One lady's 18kt yellow gold diamond ring weighing 14.2 grams with band measuring 6.0mm wide at the base. Ring contains one center approximately 3.80ct round brilliant cut diamond set with six white gold prongs. Center diamond has clarity: SI2, color: H, measurements: 9.8 x 9.8 x 6.3mm and a thick girdle. Set next to center diamond are four rows of five (39 total, one is missing) approximately 0.05ct princess cut diamonds invisible set. Total diamond weight of side diamonds is 2.00ctw. Side diamonds have clarity: VS2-SI1 and color: H. Total diamond weight of ring is approximately 5.80ctw. Weights and grades are approximate as stones were set.

Prices were determined with present gold price at \$614.90 per ounce.

This appraisal is given in good faith by,

Brianna Komara, G.S.

Appraiser

April 18, 2006

Brianna Komara, Graduate Gemologist

Komara Jewelers

3649 Canfield Rd. / Coal Creek Plaza / Canfield, Oh 44406

Phone: 330-793-9048

Fax: 330-793-1104

Komara Jewelers

Established 1948

Jewelry Appraisal

Randall & Maryann Hake

FAIR MARKET VALUE ESTATE

When appraising at a Fair Market Value Estate the following is required to be true: Buyer and sellers are typically motivated, both are well informed and acting in their best interest, a reasonable time is allowed for exposure to the open market, the transaction takes place at "arms length" usually for cash and the sale is unaffected by special financing or sales concessions. We appraise at approximate cost of the following article of jewelry providing values and descriptions based on our experience and best judgment, with no intent to influence the purchase or sale of the article described. Mountings prohibit the full and accurate observation of color, clarity & weight of diamonds. No diamond can be assigned the grade of D, 0 or AAA or clarity of VVS1, or 0 unless it is graded unmounted. The weight is estimated and approximate, as mounting prohibits an accurate measurement. Colored gemstones may have been enhanced without our knowledge, as this is standard procedure in the jewelry industry. We assume no financial responsibility whatsoever in the appraisal, which fact is understood and accepted by the party for who made. Instruments used: AD Leveridge, Presidium & Vigor gauges, 10-30x Gem Scope II #792, Verilux Gem Light, Bausch & Lomb 5 & 10x loupes, Duo-View Darkfield Loupe, Crescale digital & Dedricics gem scales, color test stones, GemDialog Color Charts, DUPLEX II Refractometer, and we use the "GUIDE" for research and pricing.



Primary Stone: Diamond

Primary Stone Wt. (ct.): 0.97ct

Total Wt. (ct.): 0.97ctw

Metal: 14kt yellow gold

Fair Market Value Estate: \$1,860.00

One lady's 14kt yellow gold diamond pendant weighing 17.1 grams. Pendant contains one center approximately 0.97ct round brilliant cut diamond set with six yellow gold prongs. Center diamond has clarity: VS2, color: G, Girdle: Slightly thick and measurements: 6.2 x 6.19 x 4.03mm. Pendant hangs on a 14kt yellow gold 16inch chain. Weights and grades are approximate as stone was set.

Prices were determined with present gold price at \$614.90 per ounce.

This appraisal is given in good faith by,

Brianna

Appraiser

April 18, 2006

Brianna Komara, Graduate Gemologist

Komara Jewelers

3649 Canfield Rd. / Coal Creek Plaza / Canfield, Oh 44406

Phone: 330-793-9048

Fax: 330-793-1104

Komara Jewelers

Established 1948

Jewelry Appraisal

Randall & Maryann Hake

JEWELRY LIQUIDATION APPRAISAL

For a Liquidation Value we appraise jewelry at an approximate cost for what the owner would receive if converted items into cash providing values and descriptions based on our experience and best judgment, with no intent to influence the purchase or sale of the article described. Liquidation may be held under forced conditions such as under court order or bankruptcy. Liquidation may also be in an orderly manner. When this happens the liquidation is voluntary where any secondary market such as auction or consignment to a jewelry store may be applicable, and time is not a factor. Mountings prohibit the full and accurate observation of color, clarity & weight of diamonds. No diamond can be assigned the grade of D, F or AAA or clarity of VVS1, or G unless it is graded unmounted. The weight is estimated and approximate, as mounting prohibits an accurate measurement. Colored gemstones may have been enhanced without our knowledge, as this is standard procedure in the jewelry industry. We assume no financial responsibility whatsoever in the appraisal, which fact is understood and accepted by the party for who made. Instruments used: AD Leveridge, Presidium & Vigor gauges, 10-30x Gem Scope II #792, Veritax Gem Light, Bausch & Lomb 5 & 10x loupes, Duo-View Darkfield Loupe, Crescale digital & Dedricics gem scales, color test stones, GemDialogue Color Charts, DUPLEX II Refractometer, and we use the "GUIDE" for research and pricing.



Primary Stone: Diamond

Primary Stone Wt. (ct.): 0.97ct

Total Wt. (ct.): 0.97ctw

Metal: 14kt yellow gold

Liquidation Value: \$1,175.00

One lady's 14kt yellow gold diamond pendant weighing 17.1 grams. Pendant contains one center approximately 0.97ct round brilliant cut diamond set with six yellow gold prongs. Center diamond has clarity: VS2, color: G, Girdle: Slightly thick and measurements: 6.2 x 6.19 x 4.03mm. Pendant hangs on a 14kt yellow gold 16inch chain. Weights and grades are approximate as stone was set.

Prices were determined with present gold price at \$614.90 per ounce.

This appraisal is given in good faith by,

Brianna Komara, GJ
Appraiser April 18, 2006
Brianna Komara, Graduate Gemologist

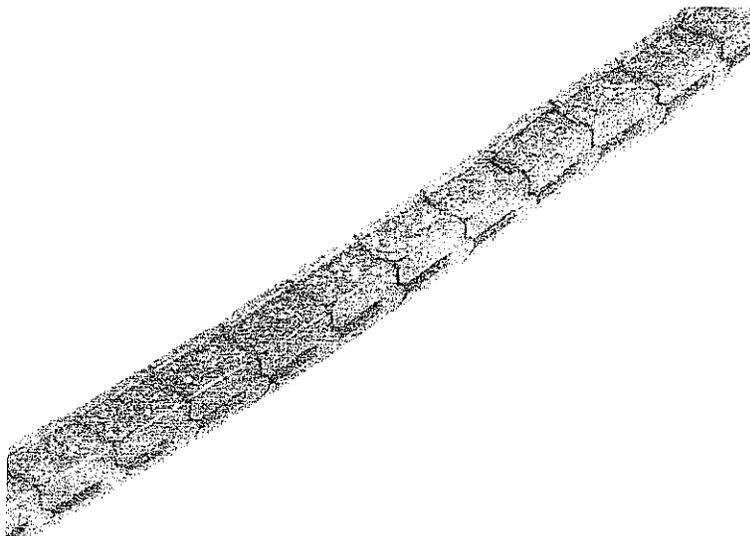
Komara Jewelers

Established 1948
Jewelry Appraisal

Randall & Maryann Hake

FAIR MARKET VALUE ESTATE

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Primary Stone: Diamond

Primary Stone Wt. (ct.): 0.07ct

Total Diamond Wt. (ct.): 5.00ctw

Metal: 14kt yellow gold

Fair Market Value Estate: \$1,250.00

One lady's 14kt yellow gold diamond bracelet weighing 13.0 grams and measuring 7.0 inches long. Bracelet contains 33 links with two approximately 0.07ct princess cut diamonds and one link with four approximately 0.07ct princess cut diamonds. There are 70 princess cut diamonds for a total diamond weight of approximately 5.00ctw. Diamonds have clarity: SI1-II and color: J-K. Weights and grades are approximate as stones were set.

Prices were determined with present gold price at \$614.90 per ounce.

This appraisal is given in good faith by,


Appraiser April 18, 2006
Brianna Komara, Graduate Gemologist

Komara Jewelers

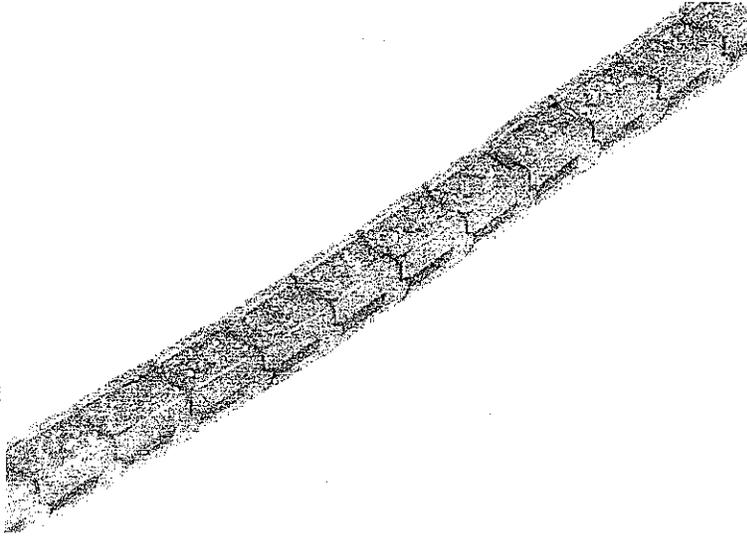
Established 1948

Jewelry Appraisal

Randall & Maryann Hake

JEWELRY LIQUIDATION APPRAISAL

For a Liquidation Value we appraise jewelry at an approximate cost for what the owner would receive if converted items into cash providing values and descriptions based on our experience and best judgment, with no intent to influence the purchase or sale of the article described. Liquidation may be held under forced conditions such as under court order or bankruptcy. Liquidation may also be in an orderly manner. When this happens the liquidation is voluntary where any secondary market such as auction or consignment to a jewelry store may be applicable, and time is not a factor. Mountings prohibit the full and accurate observation of color, clarity & weight of diamonds. No diamond can be assigned the grade of D, G or AAA or clarity of VVS1, or G unless it is graded unmounted. The weight is estimated and approximate, as mounting prohibits an accurate measurement. Colored gemstones may have been enhanced without our knowledge, as this is standard procedure in the jewelry industry. We assume no financial responsibility whatsoever in the appraisal, which fact is understood and accepted by the party for who made instruments used: AD Leveridge, Presidium & Vigor gauges, 10-30x Gem Scope II #792, Verilux Gem Light, Bausch & Lomb 5 & 10x loupes, Duo-View Darkfield Loupe, Crescale digital & Dedricics gem scales, color test stones, GemDialogue Color Charts, DUPLEX II Refractometer, and we use the "GUIDE" for research and pricing.



Primary Stone: Diamond

Primary Stone Wt. (ct.):0.07ct

Total Diamond Wt. (ct.):5.00ctw

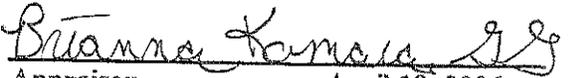
Metal: 14kt yellow gold

Liquidation Value:\$800.00

One lady's 14kt yellow gold diamond bracelet weighing 13.0 grams and measuring 7.0 inches long. Bracelet contains 33 links with two approximately 0.07ct princess cut diamonds and one link with four approximately 0.07ct princess cut diamonds. There are 70 princess cut diamonds for a total diamond weight of approximately 5.00ctw. Diamonds have clarity:SI1-II and color: J-K. Weights and grades are approximate as stones were set.

Prices were determined with present gold price at \$614.90 per ounce.

This appraisal is given in good faith by,


Appraiser April 18, 2006
Brianna Komara, Graduate Gemologist

Komara Jewelers

3649 Canfield Rd. / Coal Creek Plaza / Canfield, Oh 44406

Phone: 330-793-9048 Fax: 330-793-1104

Kamara Jewelers

3649 Canfield Road - Canfield, Oh 44406

330-793-9048 - Fax: 330-793-1104

JEWELRY LIQUIDATION APPRAISAL

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Name: **Randall & Maryann Hake**

1. Gray Pearl and metal necklace
2. Sterling silver pink stone and turquoise ring
3. Silver Turquoise Triangle ring
4. Silver bead bracelet
5. Silver mother of pearl ring
6. Sterling large hoop earrings
7. Silver hoop earrings
8. Mexico silver pink stone ring
9. Large silver hoop earrings
10. Silver pink stone ring
11. Large silver circle hoop
12. Small bead silver necklace
13. Stainless Gloria Vanderbilt watch
14. SK AGEN watch
15. Pearl and cross necklace
16. Express silver cross necklace
17. Silver snake necklace with pendant
18. Small Gold bead necklace 18 penny weights--\$30.00

Total Fair Market Value Estate: \$100.00

Robert S. Hama

APPRAISER

April 18, 2006

DATE

Komara Jewelers

3649 Canfield Road - Canfield, Oh 44406

330-793-9048 - Fax: 330-793-1104

FAIR MARKET VALUE ESTATE

When appraising at a Fair Market Value Estate the following is required to be true: Buyer and sellers are typically motivated, both are well informed and acting in their best interest, a reasonable time is allowed for exposure to the open market, the transaction takes place at "arms length" usually for cash and the sale is unaffected by special financing or sales concessions. We appraise at approximate cost of the following article of jewelry providing values and descriptions based on our experience and best judgment, with no intent to influence the purchase or sale of the article described. Mountings prohibit the full and accurate observation of color, clarity & weight of diamonds. No diamond can be assigned the grade of D, 0 or AAA or clarity of VVSI, or 0 unless it is graded unmounted. The weight is estimated and approximate, as mounting prohibits an accurate measurement. Colored gemstones may have been enhanced without our knowledge, as this is standard procedure in the jewelry industry. We assume no financial responsibility whatsoever in the appraisal, which fact is understood and accepted by the party for who made. Instruments used: AD Levette, Presidium & Vigor gauges, 10-30x Gem Scope II #792, Verilux Gem Light, Bausch & Lomb 5 & 10x loupes, Duo-View Darkfield Loupe, Crescale digital & Dedricities gem scales, color test stones, GemDialogue Color Charts, DUPLEX II Refractometer, and we use the "GUIDE" for research and pricing.

Name: **Randall & Maryann Hake**

1. Gray Pearl and metal necklace
2. Sterling silver pink stone and turquoise ring
3. Silver Turquoise Triangle ring
4. Silver bead bracelet
5. Silver mother of pearl ring
6. Sterling large hoop earrings
7. Silver hoop earrings
8. Mexico silver pink stone ring
9. Large silver hoop earrings
10. Silver pink stone ring
11. Large silver circle hoop
12. Small bead silver necklace
13. Stainless Gloria Vanderbilt watch
14. SKAGEN watch
15. Pearl and cross necklace
16. Express silver cross necklace
17. Silver snake necklace with pendant
18. Small Gold bead necklace 1.8 penny weights-\$30.00

Total Fair Market Value Estate: \$125.00

Robert S. Hume

APPRAISER

April 18, 2006

DATE