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Dated: August 03, 2005

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Robert A. Russell

CHARLES G. CASE, II
U.S. Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
DISTRICT OF ARIZONA

In Re:
ROBERT A. RUSSELL
Debtor,
SSN: XXX-XX-7895

Chapter 7
Case No. 2-03-12950-PHX-CGC

FINDINGS OF FACT,
CONCLUSIONS OF LAW RE
GLENN R. JONES AND G.
SCHNEIDER HOLDINGS, LLP
SETTLEMENT

Hearing Date: July 13, 2005
Hearing Time: 1:30 p.m.
Location: Courtroom 601, Phoenix,
Arizona

The Court having considered the motion for order determining propriety of
settlement of Robert A. Russell with Glenn R. Jones ("Jones") and G. Schneider Holdings,
LLLP ("Schneider"), the objections thereto of the Trustee, Georgia and Walter Imhoff,
Walt and Georgia Imhoff Investments, LLC, Ronald Yaros, Bruce and Judith Moore, and
Camilla and Chester Stone, and the testimony of Mr. Russell and the exhibits introduced
through Mr. Russell's testimony as to the source of funds, the Court finds and concludes
as follows:

FINDINGS OF FACT

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2 1. Mr. Russell was the owner and controlling party of RFG Management, Inc.,
3 a Colorado corporation, which was the owner of Russell Equity II, LLC, a Colorado
4 limited liability company, which was the general partner of RFG Industrial Equity Fund I,
5 LLLP, a Colorado limited liability limited partnership.
6

7 2. Jones and Schneider were partners of RFG Industrial Equity Fund I.

8 3. Jones and Schneider each invested \$160,000 in the partnership and each
9 acquired a 4.7761% economic interest in the partnership.
10

11 4. Distributions were made to a number of partners in the partnership, but no
12 distributions were made to Jones and Schneider. As a result, litigation ensued in the
13 Colorado state courts. Jones and Schneider have added as defendants in the litigation the
14 other partners of RFG Industrial Equity Fund I who received distributions.
15

16 5. Robert A. Russell, the Debtor herein, desires to avoid additional litigation,
17 especially litigation involving the other limited partners. In order to do so, Mr. Russell has
18 negotiated a settlement with Jones and Schneider which provides for, among other things,
19 a payment by Mr. Russell of \$210,000 to Jones and \$210,000 to Schneider. The
20 Settlement Agreement executed by Mr. Russell and Mr. Gene Schneider on behalf of
21 G. Schneider Holdings, LLLP and Mr. Glenn R. Jones is attached to the motion. Pursuant
22 to the settlement, upon payment of the agreed amounts from the sources identified by
23 Mr. Russell, the claims of Jones and Schneider filed in Mr. Russell's bankruptcy case will
24 be considered assigned to Mr. Russell, subject to any and all defenses available to the
25
26

1 Trustee, and the lawsuit in the State Court of Colorado will be dismissed and releases
2 among the parties will become effective.

3
4 6. One of the conditions precedent to the settlement taking effect was that Mr.
5 Russell introduce evidence sufficient to persuade this Court that the funds he would use to
6 settle were not assets of the Estate and were from postpetition earnings or loans.

7 Mr. Russell's testimony and exhibits have convinced the Court that the sources of the
8 funds to be used to pay the agreed amounts to Jones and Schneider are postpetition
9 earnings and a postpetition loan and not assets of Mr. Russell's Bankruptcy Estate.
10

11 CONCLUSIONS OF LAW

12 7. The conditions to the proposed settlement have been met and the objections
13 raised to the settlement of some claims and not all claims are not valid objections. The
14 Settlement Agreement attached to Mr. Russell's Motion for Order Determining Propriety
15 of Settlement, Source of Funds, and Waiver of Rights Under § 523(c) of the Bankruptcy
16 Code is approved in its entirety as an appropriate settlement of litigation.
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18 DATED: _____, 2005

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22 _____
23 Honorable Charles G. Case, II
24 United States Bankruptcy Judge
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