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5 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA  
6  
7 IN AND FOR MARICOPA COUNTY

8 STATE OF ARIZONA ex rel. LAUREN ) Cause No. CV2009-020595  
KINGRY, Superintendent of the Arizona )  
Department of Financial Institutions, ) PETITION NO. 91  
9 Plaintiff, )  
RECEIVER'S PETITION FOR ORDER  
TO APPROVE REIMBURSEMENT OF  
10 v. ) DFI RECEIVERSHIP FUND FOR 2012  
LANDMARC CAPITAL & ) 4TH QUARTER ADMINISTRATIVE  
INVESTMENT COMPANY, ) EXPENSES  
11 Defendant. ) (Assigned to the Honorable Patricia Starr)  
12 )  
13 )

14 Lauren W. Kingry, as the court appointed Receiver, respectfully petitions the Court as  
15 follows:

16 1. On June 24, 2009, this Court entered its *Order Appointing Receiver and Order*  
17 *To Show Cause*, which appointed the Superintendent of the Arizona Department of Financial  
18 Institutions as Receiver of Landmarc Capital & Investment Company (“Landmarc”). On July  
19 10, 2009, this Court entered its *Order Appointing Permanent Receiver and Injunction*. On  
20 February 27, 2010, the Court entered is *Order placing Hayden Investments, LLC, Desert*  
21 *Trails Holdings, LLC and Arizona Valuation Company, LLC in Receivership*. On May 12,

1 2010, the Court entered its *Amended Order Appointing Permanent Receiver and Injunction*  
2 (Collectively “Receivership Order”). The Receivership Order appointed Thomas Giallanza  
3 as Deputy Receiver and authorized the Receiver to engage and employ Special Deputy  
4 Receivers to carry on the day to day business of Landmarc.

5 2. Pursuant to A.R.S. §6-131.01 the Arizona Department of Financial Institutions  
6 (“DFI”) is authorized to fund the operations of a receivership in which the Superintendent is  
7 the receiver and to be reimbursed for those expenditures upon order of the receivership Court.

8 3. Specifically, A.R.S. §6-131.01 provides as follows:

9 A. The superintendent may be appointed as a receiver of a financial  
10 institution or enterprise under his supervision. No bond is required of the  
11 superintendent for acting as a receiver.

12 B. All reasonable expenses of the department relating or apportioned to  
13 a receivership, including receiver fees and attorney fees, costs of preliminary or  
14 other examinations of the person placed into receivership and expenses relating  
15 to the management of any office or other asset of the person placed in  
16 receivership, shall be awarded by the court for payment to the department out of  
17 the assets of the receivership. The department shall assess those expenses  
18 against the receivership quarterly and shall deposit those amounts in the  
19 department receivership revolving fund, as provided in section 6-135.01. Those  
20 assessments have priority over the other creditors of the receivership.  
21 Notwithstanding the other provisions of this subsection, on request by the  
superintendent, the court may award personal property of the receivership to the  
department as partial compensation for the services rendered during the  
administration of the receivership.

C. The superintendent shall maintain a complete accounting of each  
receivership in which he is appointed as receiver.

4. A.R.S. §6-135.01, which establishes the DFI Receivership Revolving Fund,  
provides as follows:

1           A. A department receivership revolving fund is established to be  
2 administered by the superintendent. The fund shall consist of monies from the  
3 following sources:

4           1. Monies awarded and received as fees and costs in receiverships in  
5 which the superintendent was the receiver, as provided in section 6-131.01.

6           2. Monies received from the department revolving fund, as provided in  
7 section 6-135, subsection B.

8           B. Monies in the fund may be used to pay any costs incurred by the  
9 department arising out of the administration of a receivership in which the  
10 superintendent is the receiver.

11           C. The superintendent shall submit to the legislature with the  
12 department's annual budget request a full and complete account of the  
13 department receivership revolving fund through the end of its most recent fiscal  
14 year.

15           5. On August 26, 2009, the Court entered its *Order Re: Petition No. 2, Order*  
16 *Governing the Administration of the Receivership* (“Order No. 2”), which provides in  
17 pertinent part as follows:

18           9. Petitions for Payment of Fees. Pursuant to A.R.S. § 6-131.01(B),  
19 and notwithstanding the Receivership Order, the Receiver may seek an award  
20 from the Court for all reasonable expenses of the Department of Financial  
21 Institutions relating or apportioned to this receivership, including the fees of the  
Special Deputy Receiver, attorneys and accountants, costs of preliminary or  
other examinations of the person or persons in receivership and expenses  
related to the management of offices or assets of the person or persons in  
receivership by filing a petition, which petition shall not be required to include  
as exhibits the itemized statements of services rendered to, and costs incurred or  
expended on behalf of, the Receivership, provided that the petition includes a  
statement that anyone desiring additional information concerning the services  
and costs to be paid under the pay petition may obtain redacted information  
from the Receiver by delivering to the Receiver and the Receiver’s general  
counsel, Guttilla Murphy Anderson, P.C., a written request specifying the  
additional information requested at least three days prior to the date set for  
hearing on the pay petition. Upon request of the Court, the Receiver shall make  
available for in camera review by the Court, the itemized statements and

1 supporting documentation for the services and costs to be paid under the pay  
 2 petition.

6.

3 7. In accordance with *Order No. 2*, anyone desiring additional information  
 4 concerning the services and costs paid by DFI for which reimbursement is sought in this  
 5 petition may obtain redacted information from the Receiver by delivering to the Receiver and  
 6 the Receiver's general counsel, Guttilla Murphy Anderson, P.C., a written request specifying  
 7 the additional information requested at least three days prior to the date set for hearing on this  
 8 petition.

9 8. For the fourth quarter of 2012 ending December 31, 2012, DFI incurred and  
 10 paid a total of \$204,893.96 apportioned to this receivership for receiver fees and attorney fees  
 11 and expenses relating to the management of Landmarc.

12 9. A summary of those fees and expenses incurred and paid by the DFI is set forth  
 13 below:

<u>Vendor</u>	<u>Service Dates</u>	<u>Paid by DFI</u>			<u>Total</u>
		<u>Oct. 2012</u>	<u>Nov. 2012</u>	<u>Dec. 2012</u>	
<u>Management &amp; Accounting</u>					
Warfield & Co.	9/16 –11/30	\$56,369.64	\$63,445.42	\$25,595.51	\$145,410.57
<u>Attorney Fees</u>					
Guttilla Murphy Anderson	9/1 – 11/30	\$14,278.25	\$20,355.70	\$24,849.44	<u>\$59,483.39</u>
<b>Total 4<sup>th</sup> Quarter 2012 Administrative Expenses</b>					<b>\$204,893.96</b>

19 10. Once approved by the Court, these administrative expenses will be paid from  
 20 the general unsecured assets of Landmarc and the other receivership entities. No funds held  
 21

1 in trust for the benefit of borrowers or investors and no funds or other assets which are the  
2 subject of a security interest or a potential ownership or equitable claim will be used to pay  
3 these administrative expenses.<sup>1</sup>

4 WHEREFORE, the Receiver respectfully requests that the Court enter an order:

5 1. Awarding to the Arizona Department of Financial Institutions Two Hundred  
6 Four Thousand Eight Hundred Ninety Three and 96/100 (\$204,893.96) as reimbursement for  
7 administrative expenses incurred and paid during the quarter ending December 31, 2012; and

8 2. Authorizing the Receiver to transfer Two Hundred Four Thousand Eight  
9 Hundred Ninety Three and 96/100 (\$204,893.96) as reimbursement for administrative  
10 expenses incurred and paid during the quarter ending December 31, 2012 as funds become  
11 available from the general unsecured assets of the receivership estate in this action to the  
12 Arizona Department of Financial Institutions Receivership Revolving Fund established under  
13 A.R.S. §6-135.01.

14 Respectfully submitted this 13<sup>th</sup> day of January, 2016.

15 GUTTILLA MURPHY ANDERSON, P.C.

16 /s/Patrick M. Murphy  
17 Patrick M. Murphy  
18 Attorneys for the Receiver

19 1157-001(227648)

20 \_\_\_\_\_  
21 <sup>1</sup> Although A.R.S. §6-131.01 would permit the Court to award reimbursement from trust funds or  
other assets subject to the beneficial ownership or security claims of others, the Receiver does not  
seek that authority here and does not anticipate that it will be necessary at any time in this case.