

ORIGINAL

LOGGED

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FILED  
 SEP 11 2004  
 CLERK U.S. BANKRUPTCY COURT  
 CENTRAL DISTRICT OF CALIFORNIA  
 Deputy Clerk

5 RICHARD L. WYNNE (Bar No. 120349)  
 R. ALEXANDER PILMER (Bar No. 166196)  
 6 TIMOTHY B. JAFEK (Bar No. 214066)  
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 7 777 South Figueroa Street, 34<sup>th</sup> Floor  
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ENTERED  
 SEP 13 2004  
 CLERK U.S. BANKRUPTCY COURT  
 CENTRAL DISTRICT OF CALIFORNIA  
 Deputy Clerk

10 Counsel for R. Todd Neilson, Trustee of the  
 "Estate of Reed E. Slatkin and Substantively Consolidated  
 11 Affiliates Topsight Oregon Inc. and the Reed Slatkin  
 Investment Club, L.P. Liquidating Trust"

13 **UNITED STATES BANKRUPTCY COURT**  
 14 **CENTRAL DISTRICT OF CALIFORNIA**  
 15 **NORTHERN DIVISION**

16 **REED E. SLATKIN**, and Substantively  
 Consolidated Affiliates TOPSIGHT  
 17 OREGON, INC. and REED SLATKIN  
 INVESTMENT CLUB, LP,  
 18  
 19 Reorganized Debtors.

**CASE NO. ND 01-11549-RR**  
 [Substantively consolidated with former  
 Case No. ND 01-12990-RR]

**CHAPTER 11**

**A.P. NO. 02-01177-RR**

20 R. TODD NEILSON, Trustee of the  
 21 "Estate of Reed E. Slatkin and  
 Substantively Consolidated Affiliates  
 22 Topsight Oregon Inc. and the Reed Slatkin  
 Investment Club, L.P. Liquidating Trust"

**[PROPOSED] JUDGMENT**

Date: June 25, 2004  
 Time: 10:00 a.m.  
 Place: 1415 State Street  
 Courtroom 201  
 Santa Barbara, CA 93101  
 [Judge Riblet]

23  
 24 Plaintiff,  
 v.

25 MICHAEL J. KANANACK and ANNE  
 26 KANANACK, individuals; and Does 1-  
 50,

27 Defendants.  
 28

1 On June 25, 2004, on the 10:00 a.m. calendar in courtroom 201 of the United  
2 States Bankruptcy Court, 1415 State Street, Santa Barbara, California, the Honorable  
3 Robin L. Riblet, United States Bankruptcy Judge, conducted a hearing on the motion  
4 of plaintiff R. Todd Neilson, trustee of the "Estate of Reed E. Slatkin and  
5 Substantively Consolidated Affiliates Topsight Oregon, Inc. and Reed Slatkin  
6 Investment Club, L.P. Liquidating Trust" (the "Trustee") for summary judgment on  
7 the Trustee's first and second claims for relief asserted in the Complaint against  
8 defendants Michael J. Kananack and Anne Kananack (the "Kananacks"). All  
9 appearances were as stated on the record.

10 The Court, having considered the memoranda of points and authorities,  
11 declarations, exhibits, all other pleadings and papers on file in this action, and the oral  
12 argument presented, and good cause appearing, hereby grants summary judgment on  
13 the Trustee's first and second claims for relief against the Kananacks as follows:

14 IT IS ORDERED, ADJUDGED AND DECREED that:

15 **On the Second Claim For Relief:**

16 1. On the Trustee's second claim for relief for the avoidance and recovery of  
17 intentional fraudulent transfers pursuant to 11 U.S.C. §§ 544(b) and 550, and Cal. Civ.  
18 Code §§ 3439.04(a) and 3439.07, judgment is entered against the Kananacks and in  
19 favor of the Trustee in the following amounts:

- 20 a. The principal amount of \$2,001,922.11;
- 21 b. Pre-judgment interest in the sum of \$243,027.86 (calculated on  
22 \$2,001,922.11, at the rate of 7% per annum, from October 2, 2002 through the date of  
23 the hearing on the Trustee's motion for summary judgment); and
- 24 c. Post-judgment interest at the rate of 2.22 %, on all unpaid amounts  
25 awarded in paragraphs 1(a) and (b) of this judgment from the date this judgment is  
26 entered until all such amounts are paid.

27 ///

1 **On the Third Claim For Relief:**

2 2. On the Trustee's third claim for relief for the avoidance and recovery of  
3 constructively fraudulent transfers pursuant to 11 U.S.C. §§ 544(b) and 550, and Cal.  
4 Civ. Code §§ 3439.05 and 3439.07, judgment is entered against the Kananacks and in  
5 favor of the Trustee in the following amounts:

- 6 a. The principal amount of \$2,001,922.11;
- 7 b. Pre-judgment interest in the sum of \$243,027.86 (calculated on  
8 \$2,001,922.11, at the rate of 7% per annum, from October 2, 2002 through the date of  
9 the hearing on the Trustee's motion for summary judgment); and
- 10 c. Post-judgment interest at the rate of 2.22 % per annum (as  
11 determined in accordance with 28 U.S.C. § 1961), compounded annually, on all unpaid  
12 amounts awarded in paragraphs 4(a) and (b) of this judgment from the date this  
13 judgment is entered until all such amounts are paid.

14 3. The amounts awarded pursuant to paragraph 2 are included in the  
15 amounts awarded pursuant to paragraph 1.

16 **On the First, Fourth, Fifth, and Sixth Claim for Relief:**

17 4. The Trustee's first, fourth, fifth, and sixth claim for relief is dismissed  
18 without prejudice as to all parties.

19 **Dismissal of Doe Defendants:**

20 5. As to all Doe defendants, each claim for relief alleged in the Compliant  
21 are dismissed without prejudice.

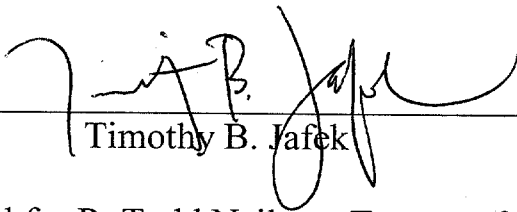
22 **Final Judgment:**

23 6. This Judgment is a final judgment adjudicating all of the claims and the  
24 rights and liabilities of all of the parties.

25  
26 DATED: Sept 11, 2004

Robin Riblet  
HONORABLE ROBIN L. RIBLET  
UNITED STATES BANKRUPTCY COURT

1 Presented by:  
2 KIRKLAND & ELLIS LLP

3  
4 By:   
5 Timothy B. Jafek

6 Counsel for R. Todd Neilson, Trustee of the  
7 "Estate of Reed E. Slatkin and Substantively Consolidated  
8 Affiliates Topsight Oregon Inc. and the Reed Slatkin  
9 Investment Club, L.P. Liquidating Trust"  
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1 **PROOF OF SERVICE**

2 I, Karol Tshabourian, declare as follows:

3 I am employed in the County of Los Angeles, State of California. I am  
4 over the age of 18; my business address is Kirkland & Ellis LLP, 777 S. Figueroa  
5 Street, Los Angeles, CA 90017.

6 On August 23, 2004, I served the foregoing document(s) described as:

7 **[PROPOSED] JUDGMENT**

8 on the interested parties in this action at the addresses set forth below:

9  **[VIA U.S. MAIL]** By placing the documents listed above in a sealed envelope  
10 with postage thereon fully prepaid, in the United States mail at Los Angeles,  
11 California addressed as set forth below. I am familiar with the firm's practice of  
12 collection and processing correspondence for mailing by depositing with the  
U.S. postal service on that same day with postage thereon fully prepaid in the  
ordinary course of business.

13 **ATTYS TO TRUSTEE OF LIQUIDATING TRUST**

14 John P. Reitman  
15 Gumport Reitman & Montgomery  
550 S. Hope Street, Suite 825  
Los Angeles, CA 90071

16 **UNITED STATES TRUSTEE**

17 Brian Fittipaldi  
18 Office of the United States Trustee  
Staff Attorney  
128 East Carrillo Street  
Santa Barbara, CA 93101

19 **ATTY FOR DEBTOR**

20 Jay L. Michaelson, Esq.  
21 Joseph M. Sholder, Esq.  
Michaelson Susi & Michaelson  
7 West Figueroa Street, 2<sup>nd</sup> Floor  
Santa Barbara, CA 93101

22 **ATTY FOR NET DEBTOR**

23 Kevin P. O'Brien  
24 500 East Kennedy Blvd., Suite 300  
Tampa, Florida 33602

**TRUSTEE OF LIQUIDATING TRUST**

R. Todd Neilson  
Neilson Elggren LLP  
10100 Santa Monica Blvd., Suite 410  
Los Angeles, CA 90067

**ATTY FOR DEBTOR**

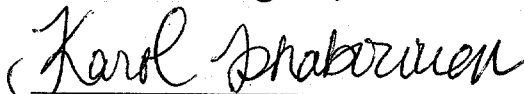
Richard Pachulski, Esq.  
Eric S. Kurtzman, Esq.  
Pachulski, Stang, Ziehl Young Jones  
10100 Santa Monica Blvd., Suite 1100  
Los Angeles, CA 90067

**ATTY FOR NET DEBTOR**

George W. Murgatroyd  
12100 Wilshire Blvd., Suite 950  
Los Angeles, CA 90025

25  **(FEDERAL)** I declare that I am employed in the office of a member of the bar  
of this court at whose direction the service was made.

26 Executed on August 23, 2004, at Los Angeles, California.

27   
28 Karol Tshabourian

NOTE TO USERS OF THIS FORM:  
Physically attach this form as the last page of the proposed Order or Judgment.  
Do not file this form as a separate document.

In re REED E. SLATKIN, and Substantively Consolidated Affiliates TOPSIGHT OREGON and REED SLATKIN INVESTMENT CLUB, L.P.,  DEBTOR.	CHAPTER 11 CASE NUMBER: ND 01-11549-RR ADVERSARY NUMBER: 02-1177
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**NOTICE OF ENTRY OF JUDGMENT OR ORDER  
AND CERTIFICATE OF MAILING**

TO ALL PARTIES IN INTEREST ON THE ATTACHED SERVICE LIST:

1. You are hereby notified, pursuant to Local Bankruptcy Rule 9021-1 (a)(1)(E), that a judgment or order entitled,  
(*specify*):

**[PROPOSED] JUDGMENT**

was entered on (*specify date*):

SEP 13 2004

2. I hereby certify that I mailed a copy of this notice and a true copy of the order or judgment to the persons and entities on the attached service list on (*specify date*):

SEP 13 2004

DATED:

SEP 13 2004

JON D. CERETTO  
Clerk of the Bankruptcy Court

by: KAM RUST

1 SERVICE LIST

2 UNITED STATES TRUSTEE

3 Brian Fittipaldi  
4 Office of the United States Trustee  
5 Staff Attorney  
6 128 East Carrillo Street  
7 Santa Barbara, CA 93101

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15 Joseph M. Sholder, Esq.  
16 Michaelson Susi & Michaelson  
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24 ATTY FOR DEBTOR

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