SO ORDERED.



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Dated: August 03, 2005

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Attorneys for Debtor Robert A. Russell CHARLES G. CASE, II U.S. Bankruptcy Judge

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DISTRICT OF ARIZONA

UNITED STATES BANKRUPTCY COURT

In Re:) Chapter

ROBERT A. RUSSELL) Case No. 2-03-12950-PHX/CGC

Debtor,

,

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

Hearing Tate: 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 stestimony as to the source of funds, the Court finds and concludes

as follows:



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FINDINGS OF FACT

- 1. Mr. Russell was the owner and controlling party of RFG Management, Inc., a Colorado corporation, which was the owner of Russell Equity II, LLC, a Colorado limited liability company, which was the general partner of RFG Industrial Equity Fund I, LLLP, a Colorado limited liability limited partnership.
 - 2. Jones Schneider were partners of RFG Industrial Equity Fund I.
- 3. Jones and Schneider each invested \$160,000 in the partnership and each acquired a 4.7761% economic interest in the partnership.
- 4. Distributions were made to a number of partners in the partnership, but no distributions were made to Jones and Schneider. As a result, litigation ensued in the Colorado state courts. Jones and Schneider have added as defendants in the litigation the other partners of RFG Industrial Equity Fund I who received distributions.
- 5. Robert A. Rusself, the Debtor herein, desires to avoid additional litigation, especially litigation involving the other limited partners. In order to do so, Mr. Russell has negotiated a settlement with Jones and Schneider which provides for, among other things, a payment by Mr. Russell of \$210,000 to Jones and \$210,000 to Schneider. The Settlement Agreement executed by Mr. Russell and Mr. Gene Schneider on behalf of G. Schneider Holdings, LLLP and Mr. Glenn R. Jones is attached to the motion. Pursuant to the settlement, upon payment of the agreed amounts from the sources identified by Mr. Russell, the claims of Jones and Schneider filed in Mr. Russell's bankruptcy case will be considered assigned to Mr. Russell, subject to any and all defenses available to the

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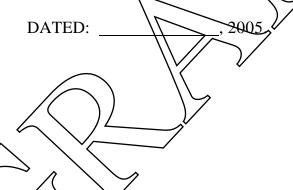
Trustee, and the lawsuit in the State Court of Colorado will be dismissed and releases among the parties will become effective.

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

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

CONCLUSIONS OF LAW

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



Honorable Charles G. Case, II United States Bankruptcy Judge

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