

Statement of Diversified Committee Regarding Commencement of Involuntary Bankruptcy of USA Investment Partners

- Investment Partners Receivership Case. The Diversified Board held its first meeting on March 14, two days after the Effective Date. One of the first agenda items was whether, in light of the complicity of Investment Partners and its owners, Messrs. Milanowski and Hantges in the fraud on DTDF investors, and in light of the defaulted 10-90 Note, DTDF should join with the USACM Trust, which also had emerged from bankruptcy on the Effective Date, in filing an involuntary chapter 11 petition against Investment Partners. The Board determined to do so, and the DTDF professionals immediately began working with the USACM Trust professionals on the involuntary petition and the other necessary pleadings, including a motion for the emergency appointment of a chapter 11 trustee to immediately take control of Investment Partners and its business. The pleadings were drafted and other loose ends were tied up, and the filings were scheduled for Thursday, March 29th. But on March 28th, DTDF and the USACM Trust learned that a United States District Judge in Riverside, California, had entered an order that day appointing a receiver for Investment Partners and prohibiting the filing of any lawsuit against Investment Partners, including the filing of an involuntary bankruptcy case.

- Investment Partners Chapter 11 Case And Trustee Upon learning about the receivership order – which was granted without *any* notice to DTDF or the USACM Trust – the professionals employed by Diversified and the USACM Trust immediately sprang into action, drafting pleadings until after 1:30 that morning. The next day, they filed an emergency motion in Riverside seeking permission to file an involuntary and seek the appointment of a trustee. The pleadings alleged that the receivership action was collusive, and was little more than an attempt by Investment Partners and its owners to avoid having to face the music in Las Vegas, where they had done their damage. Investment Partners opposed the emergency motion, arguing that a receivership run out of Riverside was the appropriate vehicle for a recovery by DTDF investors and USACM creditors. The judge disagreed, and at the conclusion of the hearing, signed an order presented by Diversified and the USACM Trust. The involuntary petition was electronically filed that afternoon, as were the motion for the appointment of a trustee and a supporting declaration. Judge Riegle conducted a hearing the next morning, granting the trustee motion. The next day, the United States Trustee appointed Lisa Poulin of Corporate Revitalization Partners to serve as interim trustee. Both Diversified and the USACM Trust strongly supported such appointment. Ms. Poulin immediately took control of Investment Partners’ assets, and, along with her counsel, has been working night and day since that time. At the conclusion of a hearing on May 4th, Judge Riegle agreed with Diversified and the USACM Trust and overruled the objections filed by Messrs. Milanowski and Hantges to the involuntary petition, ruling that Investment Partners would stay in bankruptcy. Ms. Poulin is now the permanent, rather than the interim, trustee in control of Investment Partners’ assets.