

**IN THE CHANCERY COURT FOR LEWIS COUNTY
AT HOHENWALD, TENNESSEE**

IN RE:)
)
 SENTINEL TRUST COMPANY) NO. 4781
)
)

**ACTING COMMISSIONER-IN-POSSESSION’S AND SENTINEL TRUST RECEIVER’S
REPLY TO OBJECTION BY HARRY BUSHMAN REGARDING MOTION SEEKING
APPROVAL OF THE SCHEDULE OF CLAIM DETERMINATIONS**

On February 21, 2006, Harry Bushman filed an Objection to the Commissioner-in-Possession’s and Receiver’s January 31, 2006 Motion Seeking Approval of the Schedule of Claim Determinations and Approval of the Methodology Proposed to Calculate Distributions on Accepted Claims (“Motion”). See Mr. Bushman’s February 21, 2006 filing attached as Exhibit 1.¹

A. Nature of Mr. Bushman’s Claim in Sentinel Trust Receivership Estate

Mr. Bushman’s claim in the Sentinel Trust Receivership estate sought payment of a \$10,000.00 Gilcrest, Florida Bond Issue Vault Check. The “Vault Checks,” as set forth in the Motion, were checks found in the vault at Sentinel Trust when the Commissioner-in-Possession took over the company. These checks represented payments that were owed to the “payees” of the Vault Checks regarding principal and/or interest payments on bonds (typically previously redeemed bonds). These “Vault Checks” were in the Sentinel Trust vault because of a variety of reasons but, mainly because they had been returned through the mail or because the bondholder had yet to send in the bond issue certificate to trigger the sending of the check. See Motion at

¹ The Notices that were sent to all Sentinel Trust Receivership claimants (which is attached as Exhibit D to the Motion) set forth a deadline of February 20, 2006 for the filing of objections. Monday, February 20, 2006 was President’s Day. And while the Lewis County Clerk & Master’s Office was open that day, in order to avoid confusion as to whether a claimant thought such to be the case or not, the acting Commissioner-in-Possession and Receiver have deemed any objection filed on February 21, 2006 as timely filed.

p. 9, footnote 9. Funds to cover these “Vault Checks” were supposed to be on deposit in the Pooled Fiduciary Account.

B. Nature of Commissioner-in-Possession’s and Receiver’s Treatment of Mr. Bushman’s Claim

In the Schedule of Claim Distributions, Mr. Bushman’s claim is accepted as a “Class 5” claim, and the amount of the claim is set at the full \$10,000.00 amount of the Gilchrest, Florida Bond Issue Vault Check.

By way of example, and as a way of setting forth the methodology recommended to be used to calculate distributions, the Motion then discussed what an interim distribution would be on the accepted and approved claimants, if the \$3.7 million in the Pooled Fiduciary Account were distributed. Again, by way of example, it was set forth that such a distribution would yield an interim payment of \$3,799.18 on Mr. Bushman’s \$10,000.00 Gilchrest, Florida Bond Issue Vault Check claim.

C. Nature of Mr. Bushman’s Objection to Schedule of Claim Determinations

Mr. Bushman’s Objection is that he should be paid the full \$10,000.00, not \$3,799.18. Mr. Bushman asserts, and attaches evidence illustrating, that he did everything reasonable in trying to tender his Gilchrest, Florida Bond Issue Certificate to Sentinel Trust prior to the May 18, 2004 institution of the Sentinel Trust Receivership. The bond certificate, however, was not actually delivered to Sentinel Trust until after the institution of the Receivership. Mr. Bushman states that all the other owners of the matured Gilchrest, Florida bonds were paid in full² and it would be unfair for him to not receive full payment on the bond, particularly since the only

² Mr. Bushman is not correct on this point. There were several Gilchrest, Florida Vault Checks, aside from his, that were found in the Sentinel Trust vault when the Commissioner-in-Possession took possession. At least one other of this Gilchrest, Florida Vault Check group filed a claim in the Sentinel Trust Receivership. See Exhibit A to the Motion at p. 7. That individual, however, has not filed an objection to the Schedule of Claim Determinations.

