

**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 DORIS K. LONGINOTTI REGARDING MOTION
SEEKING APPROVAL OF THE SCHEDULE OF CLAIM DETERMINATIONS**

On February 20, 2006, Doris K. Longinotti 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 Ms. Longinotti’s February 20, 2006 filing attached as **Exhibit 1**.¹ Ms. Longinotti is a bondholder of the defaulted Charlotte, North Carolina/Roseland Bond Issue and the defaulted City of Pearsall/Harvest Communities Bond Issue and is also the holder of a claim as one of the Pearsall, Texas Vault Check group. The basic problem is that the three Proofs of Claim from Ms. Longinotti were not timely filed by the claims bar date of July 31, 2005. The Proofs of Claim were postmarked after July 31, 2005 and were received by the Sentinel Trust Receiver on August 4, 2005. Accordingly, the claims were denied as being late-filed.


Ms. Longinotti’s Objection is one which requests reconsideration of the denial because, as pled by her daughter, Ms. Longinotti is elderly, unable to attend to her affairs and is in need of whatever funds might be made available to her regarding her claims. The Objection points out

¹ Ms. Longinotti’s Objection came in the form of a letter written by Ms. Longinotti’s daughter, Cathy Ann Longinotti. That letter makes reference to an August 4, 2005 letter which was supposedly attached to the Objection. The Receiver’s copy of the Objection did not include the August 4, 2005 letter.

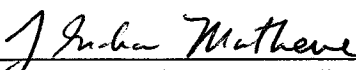
that the Proofs of Claim were sent in as soon as Ms. Longinotti's daughter became aware of the situation.

The acting Commissioner-in-Possession and Sentinel Trust Receiver are not unsympathetic to Ms. Longinotti's circumstances. However, the timely filing of Proofs of Claim is critical to the orderly progression of any receivership, and to agree to relax the situation regarding Ms. Longinotti would establish bad precedent. That having been said, Ms. Longinotti's Objection is the only instance in which a claimant, whose claim has been denied as late-filed, has objected and asked for reconsideration. There is no dispute that Ms. Longinotti's equitable position is strong and the Commissioner-in-Possession and Sentinel Trust Receiver stand ready to treat the three Longinotti claims as timely and to include them as such in the Schedule of Claim Determinations, if so ordered by the Court.

Respectfully submitted,


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NOTICE OF HEARING OF MOTION

THE COMMISSIONER-IN-POSSESSION'S AND RECEIVER'S MOTION SEEKING APPROVAL OF THE SCHEDULE OF CLAIM DETERMINATIONS AND APPROVAL OF THE METHODOLOGY PROPOSED TO CALCULATE DISTRIBUTIONS ON ACCEPTED CLAIMS IS SET TO BE HEARD ON WEDNESDAY, THE 12TH DAY OF APRIL, 2006, AT 1:00 P.M. AT THE LEWIS COUNTY COURTHOUSE IN HOHENWALD, LEWIS COUNTY, TENNESSEE.

CERTIFICATE OF SERVICE

This is to certify that on March 24th, 2006 a copy of the foregoing Reply has been sent by First Class U.S. Mail, postage paid, and also by facsimile as noted, to:

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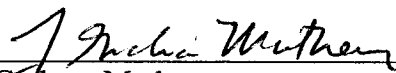
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