

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

IN RE:

SENTINEL TRUST COMPANY

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NO. 4781

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

On February 14, 2006, John Mele 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. Mele's February 14, 2006 filing attached as **Exhibit 1**. Mr. Mele was a bondholder of a bond issue known as the Jose Eber Salons bond issue. This bond issue had been addressed to pragmatic finality prior to the May 18, 2004 institution of the Sentinel Trust Receivership. The bonds in this issue were not secured, and the losses to the bondholders, as the Receiver understood the situation from prior Sentinel Trust management, were total in scope. It was also the Receiver's understanding 1) that information concerning the bonds being of "no value" and 2) the fact that all efforts to recover on collateral had not yielded amounts for payment to bondholders had been communicated to the Jose Eber bondholders long before the May 18, 2004 institution of the Sentinel Trust Receivership.

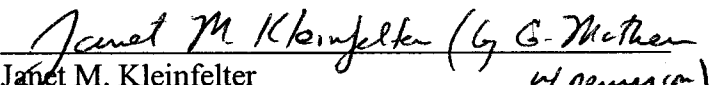
Against this backdrop, Mr. Mele filed a claim against the Sentinel Trust Receivership estate claiming the full amount of his \$50,000 Jose Eber bond. The Schedule of Claim Determinations recommends denial of his claim. Mr. Mele objects, the basis of his Objection being the alleged "theft of the Jose Eber bond fund money."

The reason given in the Schedule of Claim Determinations for the denial of Mr. Mele's claim is that collateral proceeds had been exhausted and, thus, there were, as of May 18, 2004, no funds on deposit in the Pooled Fiduciary Account regarding the Jose Eber bond issue. The main focus of the proof of claim process is to address those claimants whose claims relate to bond issues for which there were supposed to be funds on deposit in the Pooled Fiduciary Account.

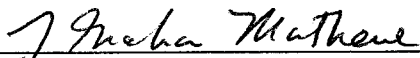
Both the acting Commission-in-Possession and Receiver are sympathetic to Mr. Mele's situation. The loss of a \$50,000 investment can be devastating. But, the hard fact is that there were no collateral proceeds nor any other funds being held by Sentinel Trust regarding the Jose Eber bond issue and, thus, Mr. Mele's claim should be denied. The Objection filed by Mr. Mele provides no reason to alter that determination.

Accordingly, the acting Commissioner-in-Possession and Receiver request that the Court overrule Mr. Mele's Objection.

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 29th, 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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