

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

IN RE:

SENTINEL TRUST COMPANY

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NO. 4781

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

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On March 9, 2006, Laurence Pilgeram filed 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. Pilgeram’s March 9, 2006 filing attached as **Exhibit 1**.

Mr. Pilgeram is the holder of bonds from the defaulted Washington County/Greenville Mississippi Bond Issue (“Washington County Bond Issue”). His Objection, which was filed well after the due date of February 21, 2006, requests reconsideration of the denial of his claim regarding the Washington County Bond Issue. He requests an explanation as to why his bond was noted as being of “No Value” in the Schedule of Claim Determination; he requests an explanation as to the disposition of \$2.0 million of original proceeds from the bond issue which was placed in a Washington County Bond Issue Debt Service Reserve Fund account; and he asks for an explanation relating to the disposition of the \$2.5 million being held in the Pooled Fiduciary Account.

A. **Mr. Pilgeram’s Objections are Untimely and, Thus, May be Overruled on That Basis**

The Motion plainly stated that any claimant objecting to the Schedule of Claim Determinations “must file an objection in the Receivership Court within twenty (20) days of the

date of this filing” -- the filing occurring on January 31, 2006. This deadline was not chosen arbitrarily by the Commissioner-in-Possession or the Receiver. Rather, the “20 days from filing” is mandated pursuant to T.C.A. § 45-2-1504(g). Notice of the filing of the Schedule of Claim Determinations, which was sent to all claimants, including Mr. Pilgeram, via first class mail from the Receiver’s office on January 27, 2006. See Exhibit D to Motion. Mr. Pilgeram states that he received this notice on March 6, 2006, but makes no effort to explain what had occurred, if he knew, to cause the delay of his receiving it (e.g., wrong address, his being out of town, etc). Absent an explanation, the Commissioner-in-Possession and Receiver rely on their January 27, 2006 mailing of the Notice to all of the claimants, including Mr. Pilgeram. Mr. Pilgeram’s Objection was due, under T.C.A. § 45-2-1504(g), twenty (20) days after the filing of the Motion. Because the Objection is late, it should be overruled.

**B. Mr. Pilgeram’s Objections Should be Overruled in Any Event**

If the Court determines that Mr. Pilgeram’s late filing of Objection is excusable, that Objection should, nevertheless, be overruled.

The simple reason why Mr. Pilgeram’s claim on the Washington County Bond Issue was denied (as well as other claims on that bond issue) was that proceeds realized from the sale of the defaulted bond collateral did not yield enough to allow a distribution to the bondholders. This was set forth specifically in the Receiver’s December 6, 2004 Motion for Approval of Distribution of Funds Realized Upon Washington County, Mississippi Bond Issue. See copy attached as **Exhibit 2** (“Washington County Distribution Motion”).<sup>1</sup> The Washington County Distribution Motion was granted through Order of this Court on December 15, 2004.

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<sup>1</sup> Exhibit D to the Washington County Distribution Motion is a Notice to Bondholders that was sent to all Washington County Bond Issue bondholders informing them of that motion and when it was to be heard.

