

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

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

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**ACTING COMMISSIONER-IN-POSSESSION'S AND RECEIVER'S FILING  
CONCERNING 1) WHETHER BATES HAS STANDING TO OBJECT AND  
2) WHETHER BATES' OBJECTIONS IMPACT UPON THE PROPOSED  
METHODOLOGY TO CALCULATE DISTRIBUTIONS**

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**I. INTRODUCTION**

On April 12, 2006, the Court heard argument upon and considered various Objections that had been filed concerning 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 ("Motion Seeking Approval"). Regarding the Objections lodged by Danny N. Bates ("Bates"),<sup>1</sup> the Court reserved decision and ordered from the bench that the parties had until April 21, 2006 to submit further briefing on two points:

- 1) Whether Bates' has standing to lodge objections to the Schedule of Claim Determinations and to the proposed methodology of calculating distributions; and
- 2) What, if any, impact do Bates' objections have regarding the proposed methodology of calculating distributions.<sup>2</sup>

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<sup>1</sup> On February 6, 2006, Bates filed Objections to the Motion Seeking Approval. On March 21, 2006, Bates filed a Notice which withdrew various unspecified Objections. On March 27, 2006, the Acting Commissioner-in-Possession ("Commissioner") and Receiver filed a Reply to Bates' Objections. On April 11, 2006, Bates filed a Response to that Reply.

<sup>2</sup> At the April 12, 2006 hearing, counsel for Bates requested permission to place Bates on the stand to testify concerning his Objections. The Court did not allow Bates to testify at that time, but, rather, ordered that, by April 21, 2006, Bates was to submit a document to the Court that would set forth all matters upon which he wanted to present testimony. The Commissioner and Receiver were allowed two (2) business days from the receipt of that filing to respond.

This submission is the Commissioner's and Receiver's further briefing on these two issues.

## II. BATES STANDING ISSUE

The Commissioner and Receiver have asserted that Bates lacks standing to maintain objections to the determination of claims and to the proposed methodology for calculating distributions to claimants. In this submission, the Commissioner and Receiver reaffirm their position that Bates lacks proper standing to make the Objections he has made. In the alternative, however, the Commissioner and Receiver assert that Bates' standing, if such standing exists, would be limited strictly to objecting only to the Schedule of Claim Determinations and not to the proposed methodology of calculating distributions.

a) **Bates Lacks Standing Because He Is Not A Claimant of the Sentinel Trust Receivership Estate and He Has Not Demonstrated that He Will Suffer Injury in Fact**

It is undisputed that Bates has not filed or submitted a claim against the Sentinel Trust Receivership estate. He bases his position of proper standing, however, upon T.C.A. § 45-2-1504(g) which states that, after all the claims have been filed and after the Commissioner and Receiver have filed with the Court their determinations of those claims, then "any creditor, depositor or stockholder may file an objection to any determination made." Copy of T.C.A. § 45-2-1504 is attached as **Exhibit 1**. The Commissioner and Receiver assert, however, that the "creditors, depositors or stockholders" language of the statute is simply another way of saying "all claimants" because those groupings are the non-administrative claimants listed in T.C.A. § 45-2-1504(h) and (i). Moreover, it makes no sense to give a creditor or a depositor or a stockholder the ability to object to claim determinations when he/she/it has not filed a claim. To allow a single creditor, who has not taken the time nor expressed interest enough to file a claim, to interject himself/herself/itself into the proceedings through objecting to claim determinations

