

IN THE CHANCERY COURT OF THE STATE OF TENNESSEE
TWENTIETH JUDICIAL DISTRICT, DAVIDSON COUNTY

LESLIE A. NEWMAN,)
Commissioner of the Tennessee)
Department of Commerce and Insurance,)
)
Petitioner,)
)
v.)
)
NATIONAL FOUNDATION OF)
AMERICA, a Tennessee corporation,)
RICHARD K. OLIVE, an individual,)
SUSAN L. OLIVE, an individual,)
BREANNA MCINTYRE, an individual,)
)
Respondents.)

No. 07-1163-IV

FILED
2008 NOV -7 PM 2:24
CLERK & MASTER
DAVIDSON CO. CHANCERY CT.
D.C. & M.

COPY

AFFIDAVIT OF PAUL EGGERS

STATE OF TENNESSEE)
)
COUNTY OF DAVIDSON)

I, Paul Eggers, being duly sworn, hereby state as follows:

1. I am a certified public accountant, duly licensed in the State of Tennessee since 1983. I have served as a Special Deputy Receiver for the rehabilitation and liquidation of insurance companies in Tennessee.
2. I have served as Special Deputy Receiver for the Rehabilitation of National Foundation of America ("NFOA") and as Special Deputy Liquidator for the Liquidation of NFOA.
3. Pursuant to the Court's May 21, 2008 Order, I mailed by first class U.S. mail the partial interim distribution checks to Class 2 claimants on or around June 25, 2008.
4. Pursuant to the Court's August 6, 2008 Order, I have not distributed the partial interim distribution in the amount of \$31,695.98 to Thomas S. Baconrind. Mr. Baconrind invested personal assets with NFOA and also received commissions totaling \$41,904.99 from NFOA for the NFOA illegal annuity contracts that he marketed to his clients and other persons. I am maintaining the \$31,695.98 amount as a separate entry on the NFOA financial reports and have not included this amount as part of the available cash assets of NFOA.

5. Since the partial interim distribution in June, the remaining real estate owned by NFOA has been sold and the proceeds have been deposited into NFOA's bank account.

6. Based in part upon the receipt of these funds, it is my recommendation that a second partial interim distribution be made pro rata to the Class 2 claimants.

7. The NFOA Liquidation estate currently has \$3,870,663.55 in cash assets. Of this amount, \$25,000.00 is reserved to cover estimated administrative expenses through October 31, 2008, and \$47,067.31 is reserved to cover the first interim distribution on the Baconrind claim (see explanation in paragraph 4 above) and the Seissner claim (for which the check remains outstanding and uncashed). Thus, at the time of this proposed second partial interim distribution, NFOA has \$3,798,596.24 available in cash assets for distribution. Exhibit 2 which is attached hereto sets forth the schedule of assets and liabilities as of October 2008.

8. The average age of individuals who invested money in NFOA's illegal annuity contracts is seventy-six (76) years old. I talk regularly with these individuals who are in need of distributions to pay for living expenses.

9. It is my recommendation that approximately \$2,718,577.30 of the Liquidation estate be immediately distributed to the Class 2 claimants using a pro rata percentage of an additional 14% of the total approved claim amount (i.e., "Total Claim" column) as set forth in Exhibit 1, which is attached hereto.

10. After making the proposed second partial interim distribution, the Class 2 claimants will have received a pro rata percentage totaling 79% of the total approved value of the claim as set forth in Exhibit 1 (i.e., "Total Claim" column).

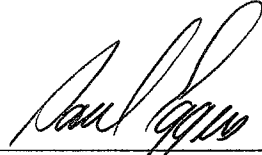
11. Upon making the proposed second partial interim distribution, NFOA will have remaining available cash assets totaling approximately \$1,080,018.94. Exhibit 3 which is attached hereto sets forth the cash available after the proposed second partial interim distribution is made.

12. The Liquidation continues to seek the disgorgement of commissions paid to the approximately sixty-five agents and investment advisors who were unjustly enriched and benefited improperly from the issuance of NFOA's illegal insurance contracts. The Liquidation has also filed a complaint for damages pursuant in part to the Tennessee Nonprofit Corporation Act, Tenn. Code Ann. § 48-51-101, *et seq.*, against Richard and Susan Olive, the President and Vice President respectively of NFOA.

13. The proposed second partial interim distribution plan ensures that adequate funds have been retained to pay Class 1 administrative costs and expenses of the Liquidation going forward and to pay the same pro rata distribution to any future claimants determined to have Class 2 payment priority. In the future, I will seek an order to make a final distribution from estate assets once the Liquidator determines that either all of the available estate assets have been marshaled or that the costs of continuing to marshal any additional assets are greater than any additional assets that might be recovered.

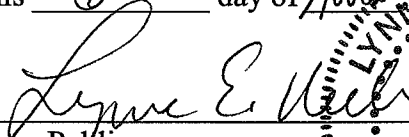
14. In addition to the service list, I will cause the motion for second partial interim distribution and this affidavit along with its exhibits (collectively the "pleadings") to be served on the claimants of the estate. I will also post the pleadings on the websites of the NFOA Liquidation and the Tennessee Department of Commerce and Insurance.

FURTHER AFFIANT SAITH NOT.

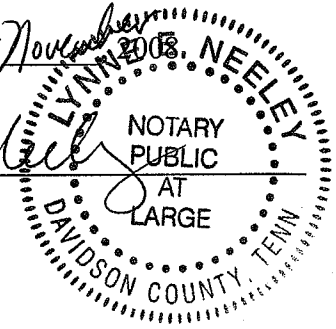


Special Deputy Liquidator Paul Eggers

SWORN TO AND SUBSCRIBED before me this 6th day of November, 2008.

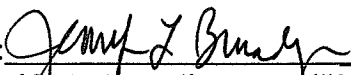


Notary Public



My Commissioner Expires: 1/9/2012

Respectfully submitted,

By: 
Jennifer L. Brundige, Esq. (#020673)
FARMER & LUNA, PLLC
333 Union Street, Suite 300
Nashville, TN 37201
(615) 254-9146
Special Counsel to Liquidator

CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing has been forwarded via U.S. Mail, postage pre-paid, to the parties and interested entities listed below on this the 7th day of November, 2008.

Sarah Hiestand, Esq.
Lyndsay Fuller, Esq.
Laura T. Kidwell, Esq.
Office of the Attorney General and Reporter
P.O. Box 20207
Nashville, TN 37202-0207

Robert M. Garfinkle, Esq.
Garfinkle, McLemore & Walker, PLLC
2000 Richard Jones Rd., Suite 250
Nashville, TN 37215-8249
Special Counsel to Liquidator

H. Richard Bisbee (Class 5 Claimant)
Bill Reeves
H. Richard Bisbee, P.A.
1882 Capitol Circle N.E., Suite 206
Tallahassee, FL 32308
Attorneys for Creditor H. Richard Bisbee, P.A.

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King, Turnbow and Brisby
203 Third Avenue South
Franklin, TN 37064
Attorney for Richard and Susan Olive and King, Turnbow, and Brisby

Phillip G. Young, Jr.
T. Stephen C. Taylor
Bass, Berry & Sims, PLC
315 Deaderick Street, Suite 2700
Nashville, TN 37238-3001
Attorneys for American Equity Investment Life Insurance Company

Thomas Baconrind (agent)
1212 Davis Court
El Dorado, KS 67042

Breanna McIntyre (Class 4 Claimant)
8658 Gauphin Place
Nashville, TN 37211

Kenneth Marks (Class 4 Claimant)
439 Essex Park Circle
Franklin, TN 37069

American Equity Investment Life Insurance Company (Class 5 Claimant)
5000 Westown Parkway, Suite 440
West Des Moines, IA 50266-3589

CIT Technology Financing Service, Inc. (Class 5 Claimant)
c/o Weltman Weinberg & Reis Co.
175 S. Third Street, Suite 900
Columbus, OH 43215

Kaufman & Canoles, P.C. (Class 5 Claimant)
P.O. Box 3037
Norfolk, VA 23514-3037

Locke Lord Bissell & Liddell LLP (Class 5 Claimant)
111 South Wacker Drive
Chicago, IL 60606

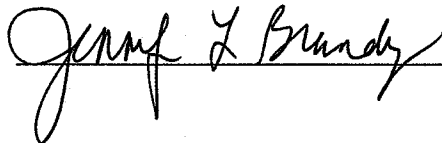
Mercedes Benz Financial (Class 5 Claimant)
4600 Touchton Rd., Bldg. 200
Suite 400
Jacksonville, FL 32246

Summit Business Media, LLC (Class 5 Claimant)
6000 Lombardo Ctr., Suite 420
Seven Hills, OH 44131

Toyota Financial Services (Class 5 Claimant)
P.O. Box 5236
Carol Stream, IL 60197-5236

City of Franklin, TN (Class 6 Claimant)
109 Third Ave. S., Suite 143
Franklin, TN 37064

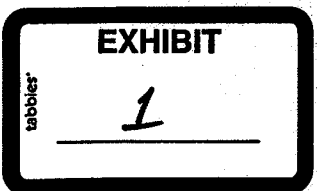
And all of the Class 2 Claimants Listed on Exhibit 1 to P. Eggers' Affidavit whose addresses are filed with the Court under seal.



Handwritten signature of Jennifer L. Brandy, written in black ink over a horizontal line.

National Foundation of America in Liquidation
Exhibit 1 - Schedule of Proposed Second Interim Distribution to only Class 2 claimants

Claimant	Address	City, State Zip	Total claim	First Interim Distribution at 65%	Total claim less First Interim Distribution	Proposed Second Interim Distribution at 14%	Balance of Total claim less First and Second Interim Distribution
Aames J. Burns			\$316,706.63	\$205,859.31	\$110,847.32	\$44,338.93	\$65,508.39
Aethna S. Landin			\$91,312.40	\$52,853.06	\$28,459.34	\$11,383.74	\$17,075.60
Alexander & Helen Klimash			\$98,727.68	\$64,172.98	\$34,554.69	\$13,821.88	\$20,732.81
Alfred H. Kruse			\$73,156.29	\$47,551.59	\$25,604.70	\$10,241.88	\$15,362.82
Alice Whitehead			\$157,041.98	\$102,077.29	\$54,964.69	\$21,985.89	\$32,978.81
Allen Kerr			\$25,574.83	\$16,623.64	\$8,951.19	\$3,580.48	\$5,370.71
Amrose H. Hellmann			\$15,068.20	\$9,794.33	\$5,273.87	\$2,109.55	\$3,164.32
Annie D. Johnson			\$64,213.43	\$41,738.73	\$22,474.70	\$8,989.88	\$13,484.82
Asher & Mildred Schanck			\$65,911.02	\$36,342.16	\$19,568.86	\$7,827.54	\$11,741.32
Audrey D. Swilia			\$90,359.34	\$58,733.57	\$31,625.77	\$12,650.31	\$18,975.46
Audrey J. Piel Revocable Trust			\$20,982.82	\$13,645.33	\$7,347.49	\$2,938.99	\$4,408.50
Beatrice K. Harpt			\$25,018.73	\$16,282.17	\$8,756.56	\$3,502.62	\$5,253.94
Bernard J. Bourdeau			\$20,000.00	\$13,000.00	\$7,000.00	\$2,800.00	\$4,200.00
Bernice Cooper			\$351,206.83	\$228,284.44	\$122,822.39	\$49,168.96	\$73,653.43
Betselane W. Sullivan			\$85,455.65	\$55,546.17	\$29,909.48	\$11,963.79	\$17,945.69
Boyd W. Wanner			\$66,594.24	\$36,279.76	\$30,304.48	\$12,121.79	\$18,182.69
Bruce K. Bakalan			\$35,908.21	\$23,340.34	\$12,567.87	\$5,027.15	\$7,540.72
Carl J. & Karan K. Melford			\$48,660.70	\$31,629.48	\$17,031.24	\$6,812.50	\$10,218.74
Carol E. Johnson			\$14,999.56	\$9,749.71	\$5,249.85	\$2,099.94	\$3,149.91
Catherine M. Chardon			\$326,541.95	\$212,262.27	\$114,289.68	\$45,715.87	\$68,573.81
Cathy Carter			\$59,730.98	\$38,825.14	\$20,905.85	\$8,362.34	\$12,543.51
Cecile A. Mallias			\$94,080.59	\$61,162.38	\$32,928.21	\$13,171.28	\$19,756.93
Charles M. Mantrails			\$210,566.17	\$136,861.51	\$73,684.66	\$29,477.86	\$44,216.80
Clarneca Walters			\$44,103.84	\$28,667.50	\$15,436.34	\$6,174.54	\$9,261.80
Curtis H. Wilson			\$16,878.08	\$11,035.76	\$5,942.33	\$2,376.93	\$3,566.40
Daina J. Mahner			\$175,632.36	\$114,161.03	\$61,471.33	\$24,588.53	\$36,882.80
Daniel Olin Atkinson			\$371,522.05	\$241,489.33	\$130,032.72	\$52,013.99	\$78,019.63
Darlene Busen			\$13,384.38	\$8,689.85	\$4,684.53	\$1,873.81	\$2,810.72
Darlene Zimmerli			\$68,621.70	\$38,104.11	\$20,517.59	\$8,207.04	\$12,310.55
David W. Walker			\$22,324.19	\$12,020.71	\$6,408.29	\$2,416.27	\$3,991.52
Dina Margot Tilton			\$151,544.81	\$98,504.13	\$53,040.68	\$21,216.27	\$31,824.41
Diane K. Hamner			\$45,936.41	\$29,658.67	\$16,077.74	\$6,431.10	\$9,646.64
Dolores Sklodowski			\$27,638.91	\$14,965.29	\$23,673.62	\$9,469.45	\$14,204.17
Donald A. Demmer			\$5,613.44	\$3,648.74	\$1,984.70	\$785.88	\$1,178.82
Donald D. Lovett			\$36,484.30	\$23,721.30	\$12,773.00	\$5,109.20	\$7,663.80
Dorothy E. Demers			\$13,218.98	\$8,592.34	\$4,626.64	\$1,850.66	\$2,775.98
Eileen G. Neave			\$108,854.31	\$72,295.30	\$39,599.01	\$27,839.60	\$41,759.41
Eileen V. and Grant R. Allen			\$315,059.81	\$204,788.88	\$110,270.93	\$44,109.37	\$66,162.56
Edith Shear			\$85,440.82	\$42,536.53	\$22,904.29	\$9,161.71	\$13,742.58
Elmer S. Thomsen			\$95,190.90	\$55,574.09	\$29,816.81	\$11,926.73	\$17,890.08
Elaine C. Steffensmeier			\$51,577.53	\$33,525.39	\$18,052.14	\$7,220.85	\$10,831.29
Elmer E. Creswell			\$13,448.06	\$8,741.25	\$4,706.93	\$1,862.73	\$2,824.10
Elizabeth Buchanan			\$429,913.60	\$279,443.84	\$150,469.76	\$60,187.90	\$90,281.86
Elizabeth J. Finley			\$142,445.60	\$92,589.64	\$49,885.96	\$19,942.38	\$29,913.58
Elizabeth Sandy			\$5,371.93	\$3,481.75	\$1,880.18	\$752.07	\$1,128.11
Ermlen Couture			\$21,534.17	\$13,997.21	\$7,356.96	\$3,014.78	\$4,342.18
Emma L. Kale			\$35,664.45	\$23,181.89	\$12,482.56	\$7,793.02	\$11,689.54
Enoch Swanson			\$167,379.66	\$109,796.78	\$58,582.88	\$23,433.15	\$35,148.73
Esther L. Huenke			\$10,285.58	\$6,685.83	\$3,599.95	\$1,436.98	\$2,162.97
Eva Helms			\$142,000.00	\$92,500.00	\$49,700.00	\$19,880.00	\$28,820.00
Eva M. Nelson			\$32,242.82	\$20,867.83	\$11,284.98	\$4,513.99	\$6,771.00
Evelyn Mckerney			\$17,204.48	\$50,182.91	\$27,021.57	\$10,808.63	\$16,212.94
Fairy Jean Boyd-Ross			\$30,042.62	\$19,827.70	\$10,514.92	\$4,205.97	\$6,308.95
			\$116,856.13	\$75,943.48	\$40,892.65	\$16,357.06	\$24,535.59



National Foundation of America in Liquidation
Exhibit 1 - Schedule of Proposed Second Interim Distribution to only Class 2 claimants

Claimant	Address	City, State Zip	Total claim	First Interim Distribution at 65%	Total claim less First Interim Distribution	Proposed Second Interim Distribution at 14%	Balance of Total claim less First and Second Interim Distribution
Fannie Trust			\$28,380.57	\$18,447.37	\$9,933.20	\$3,973.28	\$5,959.92
Fay A. Clark			\$200,000.00	\$130,000.00	\$70,000.00	\$28,000.00	\$42,000.00
Francine Vienne			\$50,000.00	\$32,500.00	\$17,500.00	\$7,000.00	\$10,500.00
Fred Louis & Phyllis E. Moser			\$10,000.00	\$6,500.00	\$3,500.00	\$1,000.00	\$2,500.00
Freida B. Stewart			\$18,241.39	\$11,856.90	\$6,384.49	\$2,553.79	\$3,830.70
Genevieve J. McCann			\$19,190.19	\$12,473.62	\$6,736.81	\$2,686.63	\$4,029.94
George P. Theobald			\$50,000.00	\$32,500.00	\$17,500.00	\$7,000.00	\$10,500.00
Geraldine E. Hicks			\$229,243.21	\$149,008.08	\$80,235.12	\$32,094.05	\$48,141.07
Gerry R. Dunlap			\$164,094.83	\$106,661.64	\$57,433.19	\$22,973.28	\$34,459.91
Gladys U. Sabin			\$67,878.35	\$44,120.93	\$23,757.42	\$9,502.97	\$14,254.45
H. Kirby Smith			\$88,455.53	\$58,498.08	\$29,959.44	\$9,583.77	\$14,375.67
Henry G. Watkins			\$336,528.13	\$218,743.93	\$117,785.20	\$47,114.08	\$70,671.12
Helen M. Martin			\$140,874.44	\$91,568.39	\$49,306.05	\$19,722.42	\$29,583.63
Helen M. Seimig			\$292,322.88	\$190,009.87	\$102,313.01	\$40,925.20	\$61,387.81
Henry J. Van Baken			\$36,136.43	\$23,488.68	\$12,647.75	\$5,059.10	\$7,588.65
Herbert J. Owens			\$89,648.75	\$57,621.69	\$31,027.06	\$12,410.83	\$18,616.23
Herbert Juenemann			\$49,635.12	\$32,262.83	\$17,372.29	\$6,948.92	\$10,423.37
Hilda Harvill			\$55,182.31	\$32,868.50	\$12,313.81	\$4,925.62	\$7,388.29
Horace E. Barnburg			\$143,213.30	\$93,088.65	\$50,124.65	\$20,049.86	\$30,074.79
Idella B. Bailey			\$223,740.08	\$145,431.05	\$78,309.03	\$31,323.61	\$46,985.42
Ivy M. Ralbour			\$54,733.60	\$35,076.84	\$29,656.76	\$11,862.70	\$17,794.06
Jack E. Mendenhall			\$40,795.36	\$26,510.48	\$14,274.88	\$5,709.95	\$8,564.93
Jack W. Woodruff			\$244,597.56	\$158,988.41	\$85,609.15	\$34,243.66	\$51,365.49
Jacob H. Bisch			\$239,448.45	\$155,641.49	\$83,806.96	\$33,522.78	\$50,284.18
James G. Stimpson			\$45,221.51	\$29,393.98	\$15,827.53	\$6,331.01	\$9,496.52
Janel M. Summersel			\$251,908.71	\$163,240.66	\$98,668.05	\$39,467.22	\$59,200.83
Janice Walkers			\$180,160.96	\$117,104.62	\$63,056.34	\$25,222.53	\$37,833.81
Jean A. Schneiderman			\$21,278.16	\$13,830.80	\$7,447.36	\$2,978.94	\$4,468.42
Jeffrey E. and Bonilla J. Foster			\$50,391.16	\$27,799.08	\$14,968.74	\$5,987.48	\$8,981.25
Jerry R. Perry			\$42,767.82	\$27,799.08	\$14,968.74	\$5,987.48	\$8,981.25
Joan A. Hoelscher			\$119,994.83	\$77,996.64	\$41,998.19	\$16,799.28	\$25,198.91
Joseph C. and Gailor L. Bennett			\$416,089.25	\$270,662.08	\$145,824.24	\$58,249.70	\$87,374.54
Joseph J. & Mary Krulwicz			\$189,341.35	\$123,071.88	\$66,269.47	\$26,507.19	\$39,761.68
Joseph P. Braud			\$180,920.59	\$117,598.38	\$63,322.21	\$25,328.88	\$37,993.33
Julie A. Rembousek			\$25,866.57	\$16,826.27	\$9,060.30	\$3,624.12	\$5,436.18
Kathleen H. Couch			\$23,067.83	\$14,984.08	\$8,073.74	\$3,229.50	\$4,844.24
L. Kristofer Mantke			\$16,484.19	\$10,701.72	\$5,762.47	\$2,304.99	\$3,457.48
Laurita A. Tucker			\$50,000.00	\$32,500.00	\$17,500.00	\$7,000.00	\$10,500.00
Lillian J. Leitza			\$25,074.66	\$16,298.53	\$8,776.13	\$3,510.45	\$5,265.68
Lloyd Franklin McDonnell			\$404,836.96	\$263,144.02	\$141,692.94	\$56,677.17	\$85,015.77
Lois Studemann			\$3,747.03	\$2,435.57	\$1,311.46	\$524.58	\$786.88
Louis F. and Barbara P. Hejlik, Jr.			\$113,000.00	\$73,450.00	\$39,550.00	\$15,820.00	\$23,730.00
Louis F. Hejlik, Jr.			\$139,575.84	\$90,724.30	\$48,851.54	\$19,540.62	\$29,310.92
Mabel S. Matthews			\$166,439.44	\$108,185.64	\$58,253.80	\$23,301.62	\$34,952.28
Marcel L. Heibert			\$46,597.95	\$30,988.62	\$16,691.57	\$6,676.63	\$10,014.94
Martha J. Vaughn			\$47,690.19	\$30,988.62	\$16,691.57	\$6,676.63	\$10,014.94
Margaret C. Conner			\$75,126.69	\$48,832.35	\$26,284.34	\$10,517.74	\$15,776.60
Marian L. Kalensky			\$80,905.92	\$52,588.88	\$28,317.07	\$11,326.83	\$16,990.24
Marie B. Milne			\$25,397.36	\$16,468.13	\$8,889.08	\$3,555.63	\$5,333.45
Marie L. Ruzich			\$189,562.01	\$123,208.61	\$66,343.20	\$26,537.28	\$39,805.92
Marie Moyer			\$33,955.54	\$22,071.10	\$11,864.44	\$4,753.78	\$7,107.66

**National Foundation of America In Liquidation
Exhibit 1 - Schedule of Proposed Second Interim Distribution to only Class 2 claimants**

Claimant	Address	City, State, Zip	Total claim	First Interim Distribution at 65%	Total claim less First Interim Distribution	Proposed Second Interim Distribution at 14%	Balance of Total claim less First and Second Interim Distribution
Margotie M. Durfy			\$265,542.38	\$172,602.55	\$92,939.83	\$37,775.93	\$55,763.90
Mariette Myers			\$109,616.90	\$71,260.99	\$38,365.91	\$15,345.37	\$23,019.54
Mary A. Mason			\$30,304.78	\$19,698.11	\$10,606.67	\$4,242.67	\$6,364.00
Mary Ann Nicholson			\$24,993.10	\$16,245.52	\$8,747.58	\$3,499.03	\$5,248.55
Mary Ann Sessler			\$23,648.21	\$15,371.34	\$8,276.87	\$3,310.75	\$4,966.12
Mary Bingham Teece			\$93,891.22	\$60,980.29	\$32,840.93	\$13,136.37	\$17,704.56
Mary D. Mantemach			\$104,210.07	\$67,736.55	\$36,473.52	\$14,589.41	\$21,884.11
Mary E. Hossack			\$312,215.65	\$202,940.17	\$109,275.48	\$43,710.19	\$65,565.29
Mary Jane Cook			\$20,000.00	\$13,000.00	\$7,000.00	\$2,800.00	\$4,200.00
Mary June Heesemann			\$31,505.88	\$20,478.82	\$11,027.06	\$4,410.82	\$6,616.24
Mary R. Vanden Braden			\$108,112.93	\$70,273.40	\$37,839.53	\$15,135.81	\$22,703.72
Marvann Marshall			\$50,000.00	\$32,500.00	\$17,500.00	\$7,000.00	\$10,500.00
Mathews Living Trust DTD 7-15-1995			\$21,657.02	\$14,077.06	\$7,579.96	\$3,031.98	\$4,547.98
Maurice G. McDonald			\$20,544.05	\$13,353.63	\$7,190.42	\$2,876.17	\$4,314.25
Mildred Freeman McKnight			\$25,230.45	\$16,399.79	\$8,890.66	\$3,532.26	\$5,298.40
Mildred Hartman			\$42,252.94	\$27,464.41	\$14,798.53	\$5,915.41	\$8,733.12
Mildred L. Christopher			\$208,208.63	\$135,335.61	\$72,873.02	\$29,149.21	\$43,723.51
Mildred R. Ireland			\$33,669.39	\$21,881.20	\$11,782.19	\$4,712.87	\$7,069.32
Myri Dean Howell			\$35,628.33	\$23,158.41	\$19,469.92	\$7,787.97	\$11,681.95
Nancy L. Gollis			\$146,027.18	\$94,917.67	\$51,109.51	\$20,443.81	\$30,665.70
Nealson G. Phillips			\$80,000.00	\$59,000.00	\$41,000.00	\$16,660.70	\$24,991.05
Otto Erffe			\$119,005.00	\$77,353.25	\$41,651.75	\$16,660.70	\$24,991.05
Pauline Bruner			\$136,673.73	\$88,837.92	\$47,835.81	\$19,134.32	\$28,701.49
Perry Vander Pleats			\$17,021.10	\$11,005.00	\$6,000.00	\$2,097.07	\$3,145.50
Phillip Buckland			\$21,232.47	\$13,801.11	\$7,431.36	\$2,972.55	\$4,458.51
Prentice W. Rainbourn			\$93,250.33	\$60,612.71	\$32,637.62	\$13,055.05	\$19,583.57
Ramona Syllie			\$27,617.38	\$17,961.30	\$9,668.08	\$3,866.43	\$5,799.65
Regina Polich			\$272,085.91	\$176,842.84	\$95,223.07	\$38,089.23	\$57,133.84
Richard C. Bowers			\$27,617.38	\$17,961.30	\$9,668.08	\$3,866.43	\$5,799.65
Richard Corcoran			\$100,042.61	\$65,027.70	\$35,014.91	\$14,005.87	\$21,008.94
Richard G. Lannan			\$30,000.00	\$19,500.00	\$10,500.00	\$4,200.00	\$6,300.00
Richard J. Solomon			\$180,349.80	\$123,727.37	\$66,622.43	\$26,648.97	\$39,973.46
Richard Moritz			\$126,485.75	\$82,215.74	\$44,270.01	\$17,708.01	\$28,562.00
Robert A. James			\$53,865.86	\$35,012.81	\$18,853.05	\$7,541.22	\$11,311.83
Rollo Myer			\$90,355.85	\$58,731.30	\$31,624.55	\$12,649.82	\$18,974.73
Ronald J. Burns			\$44,325.72	\$28,811.72	\$15,514.00	\$6,205.60	\$9,308.40
Rosalie S. Franklin			\$307,787.39	\$200,061.80	\$107,725.59	\$43,090.23	\$64,633.36
Rose A. Funk			\$113,369.78	\$73,690.38	\$39,679.42	\$15,871.77	\$23,807.65
Rosie Daniels			\$99,361.25	\$68,084.81	\$31,276.44	\$12,510.58	\$18,765.86
Rubye W. Sched			\$20,543.87	\$13,353.52	\$7,190.35	\$2,876.14	\$4,314.21
Russell E. Griffin			\$50,000.00	\$32,500.00	\$17,500.00	\$7,000.00	\$10,500.00
Sarah A. Hurnefeld			\$41,000.00	\$26,650.00	\$14,350.00	\$5,740.00	\$8,610.00
Shirley Florio			\$119,923.33	\$77,950.16	\$41,873.17	\$16,789.27	\$25,183.90
Silvio Henry Palombi			\$865,000.00	\$562,250.00	\$302,750.00	\$121,100.00	\$181,650.00
The Leonard S. Krone and Rheta Krone Jr Rev Tr			\$8,869.49	\$5,765.17	\$3,104.32	\$1,241.73	\$1,862.59
Theodore J. Wickoren			\$23,730.82	\$15,425.03	\$8,305.78	\$3,322.31	\$4,983.48
Thomas Gilmore			\$48,376.71	\$31,444.86	\$16,931.85	\$6,772.74	\$10,159.11
Thomas L. Cole			\$405,699.98	\$263,704.99	\$141,984.99	\$56,798.00	\$85,196.99
Thomas S. & Brenda S. Baconfrid			\$48,763.04	\$31,695.98	\$17,067.05	\$6,826.83	\$10,240.23
Tommie Haden			\$0.31	\$0.20	\$0.11	\$0.04	\$0.07
Vaneta Theola Durcan			\$298,237.40	\$193,954.31	\$104,383.09	\$41,753.24	\$62,628.85
Vera Kulkis			\$107,281.79	\$69,733.16	\$37,548.63	\$15,019.45	\$22,529.18

National Foundation of America in Liquidation
Exhibit 1 - Schedule of Proposed Second Interim Distribution to only Class 2 claimants

Claimant	Address	City, State Zip	Total claim	First Interim Distribution at 65%	Total claim less First Interim Distribution	Proposed Second Interim Distribution at 14%	Balance of Total claim less First and Second Interim Distribution
Victor Leppke			\$11,615.44	\$7,550.04	4,065.40	1,626.16	2,439.24
Vince Lieber & Jerry Copeland			\$79,841.43	\$51,896.93	27,944.50	11,177.80	16,766.70
Viola R. Barrt			\$191,734.76	\$124,627.58	67,107.17	28,842.87	40,264.30
Virginia Lee Marshall Jamison			\$30,625.60	\$19,906.84	10,718.76	4,287.38	6,431.38
Virginia Lucas			\$71,504.62	\$46,478.00	25,026.62	10,010.65	15,015.97
Wanda Bollenin			\$95,988.24	\$62,379.36	33,588.88	13,435.55	20,153.33
Wanda J. Daniels			\$34,804.66	\$61,688.03	33,216.63	13,286.65	19,929.98
Wanda L. Shepp			\$8,699.30	\$5,684.55	3,014.75	1,217.90	1,826.85
William A. McLaughlin			\$34,912.74	\$22,693.28	12,219.46	4,887.78	7,331.68
William C. Drummer			\$156,521.84	\$101,739.20	54,782.64	21,913.06	32,868.58
William M. & Yoshiko F. Sugiyama			\$594,887.22	\$386,683.69	208,203.53	83,281.41	124,922.12
William M. Nickel			\$133,344.10	\$86,673.67	46,670.43	18,668.17	28,002.26
Willie Boull Clark			\$203,407.41	\$132,214.82	71,192.59	28,477.04	42,715.45
Yvette Potvin			\$37,278.20	\$24,230.83	13,047.37	5,218.95	7,828.42
TOTALS			\$19,418,409.40	\$12,621,966.11	\$6,796,443.29	\$2,718,577.30	\$4,077,865.99

**National Foundation of America in Liquidation
Exhibit 2-Schedule of Assets and Liabilities
October 31, 2008**

ASSETS ⁽¹⁾

CASH

LOCAL GOVERNMENT INVESTMENT POOL (LGIP) ⁽²⁾	\$ 3,696,843.13
REGIONS BANK	\$ 158,550.35
WACHOVIA BANK	\$ 15,270.07
	<u>\$ 3,870,663.55</u>

LIABILITIES

CLASS 1 EXPENSES THROUGH OCTOBER, 2008 ⁽³⁾	\$ 25,000.00
CLASS 2 CLAIMANTS (NET OF FIRST INTERIM DISTRIBUTION)	\$ 6,796,443.29
CLASS 2 OUTSTANDING FIRST DISTRIBUTION CHECKS ⁽⁴⁾	\$ 47,067.31
CLAIMANTS LOWER IN PRIORITY THAN CLASS 2 ⁽⁵⁾	\$ 130,308.92
	<u>\$ 6,998,819.52</u>
 EXCESS OF LIABILITIES OVER CASH ON HAND	 <u>\$ (3,128,155.97)</u>
	<u>\$ 3,870,663.55</u>

⁽¹⁾ DOES NOT INCLUDE REFUNDS OF COMMISSIONS FROM AGENTS (APPROXIMATELY \$2,000,000) OR POTENTIAL RECOVERY OF LOSSES IN THIRD PARTIES ACTIONS

⁽²⁾ INCLUDES ESTIMATE FOR INTEREST EARNED DURING OCTOBER 2008

⁽³⁾ CLASS 1 EXPENSES INCLUDES AN ESTIMATE OF SERVICES PROVIDED BY SPECIAL DEPUTY, LEGAL COUNSEL AND CONTRACTORS UNPAID THROUGH OCTOBER 2008

⁽⁴⁾ INCLUDES AMOUNT OWED TO CLAIMANT SEISSNER. ALSO INCLUDES CLAIMANT BACONRIND AMOUNT IN CONFORMITY WITH COURT ORDER

⁽⁵⁾ THESE CLAIMANT CLAIMS HAVE NOT BEEN ADJUDICATED SINCE IT IS UNLIKELY ANY ASSETS WILL BE AVAILABLE FOR THESE CLAIMS

EXHIBIT

2

tabbles

**National Foundation of America in Liquidation
Exhibit 3-Schedule of Cash available after Proposed
Second Interim distribution and other liabilities
October 31, 2008**

LESS	AVAILABLE CASH OCTOBER 31, 2008		\$ 3,870,663.55
	CLASS 1 ESTIMATED EXPENSES THROUGH OCTOBER, 2008	\$ 25,000.00	
	CLASS 2 OUTSTANDING FIRST DISTRIBUTION CHECKS	\$ 47,067.31	
	PROPOSED SECOND INTERIM DISTRIBUTION	<u>\$ 2,718,577.30</u>	\$ 2,790,644.61
	CASH AVAILABLE TO PAY ONGOING CLASS 1 ADMINISTRATIVE COSTS (ONGOING LITIGATION WITH THIRD PARTIES AND AGENTS) AND POTENTIAL FUTURE DISTRIBUTIONS TO CLASS 2 CLAIMANTS		<u><u>\$ 1,080,018.94</u></u>

EXHIBIT

3

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