

The Honorable Frank E. Cuthbertson
Hearing Date: March 11, 2011
Hearing Time: 9:00 a.m.
With Oral Argument

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF PIERCE

In Re:

MCUBE PETROLEUM, INC., a Washington
corporation;

BASILAM PETROLEUM, LLC, a
Washington limited liability company;

DISKI PETROLEUM, LLC, a Washington
limited liability company;

HALMAHERA - REMBANG, LLC, a
Washington limited liability company;

LARAMIE PETROLEUM, INC., a
Washington corporation; and

ORNA INTERNATIONAL, LTD, a British
Virgin Islands company.

Case No. 09-2-08315-6

**NOTICE TO CREDITORS AND
INTERESTED PARTIES OF HEARING
ON RECEIVER'S MOTION TO
APPROVE SETTLEMENTS**

TO: THE CLERK OF THE COURT
AND TO: THE HONORABLE FRANK E. CUTHBERTSON
AND TO: ALL PARTIES-IN-INTEREST

Hearing Date: Friday, March 11, 2011
Hearing Time: 9:00 a.m.
Response Due: Tuesday, March 8, 2011
Location: Pierce County Superior Court
Judge Cuthbertson, Department 21
930 Tacoma Avenue South, Tacoma, WA 98402

1 PLEASE TAKE NOTICE that William L. Beecher, in his capacity as Receiver for the
2 entities identified in the above-captioned Receivership proceeding (the "Receiver"), will be
3 filing a Motion with the Court seeking entry of an Order approving the settlements with the
4 following defendants in the adjunct proceedings: Beecher v. Aboulhosn, et al., Pierce County
5 Superior Court Case No. 10-2-07692-7; and Beecher v. Alchemy Investments LLC, et al., Pierce
6 County Superior Court Case No. 10-2-14453-1.

- 7 1. Adel and Hyatt Aboulhosn. The Aboulhosn Defendants invested in both Diski
8 Petroleum LLC and Basilam Petroleum LLC and received a total profit of
9 \$67,260.43. The Receiver and the Aboulhosn Defendants have agreed to settle
10 the claim for disgorgement of profits for a payment to the Receiver of
11 \$40,000.00, in three equal installments with the final installment due August 15,
12 2011. The Aboulhosn Defendants also incurred a loss in a subsequent
13 Halmahera - Rembang LLC investment and would be allowed to retain an
14 approved claim for the net amount of that loss after consideration of payments
15 received on the Halmahera - Rembang LLC investment.
- 16 2. David Bishop. Mr. Bishop invested in Diski Petroleum LLC and received a total
17 profit of \$49,616.18. The Receiver and Mr. Bishop have agreed to settle the
18 claim for disgorgement of profits for a payment to the Receiver of \$35,000.00.
19 Mr. Bishop also incurred losses in a Halmahera - Rembang LLC and a Laramie
20 Petroleum investment and would be allowed to retain an approved claim for the
21 net amount of that loss after consideration of payments received on the
22 Halmahera - Rembang LLC investment.
- 23 3. Dr. F. Michael and Cheryl D. Farley. The Farley Defendants invested in Basilam
24 Petroleum LLC and received a total profit of \$23,526.02. The Receiver and the
25 Farley Defendants have agreed to settle the claim for disgorgement of profits for
26 a payment to the Receiver of \$4,000.00. The Farley Defendants invested an
27 additional \$125,000.00 in Halmahera - Rembang LLC and MCube Petroleum Inc.
28 As part of the settlement, the Farley Defendants also waive any right to
participate in a distribution from the Receivership Estate except to the extent
revenues are generated from the Production Sharing Contracts.
4. Mathew and Jane Doe Welch. The Welch Defendants invested in both Diski
Petroleum LLC and Basilam Petroleum LLC and received a total profit of
\$61,379.19. The Receiver and The Welch Defendants have agreed to settle the
claim for disgorgement of profits for a payment to the Receiver of \$35,000.00, in
three equal installments with the final installment due August 15, 2011. The
Welch Defendants also incurred a loss in a subsequent Halmahera - Rembang
LLC investment and would be allowed to retain an approved claim for the net
amount of that loss after consideration of payments received on the Halmahera -
Rembang LLC investment.

1 5. Alchemy Investments LLC, Gabriel and Jane Doe Rosenshine and Jason and Jane
2 Doe Miller (collectively "Alchemy"). Alchemy invested \$100,000.00 in
3 Halmahera - Rembang LLC and received payments from or on behalf of
4 Halmahera - Rembang LLC totaling \$145,821.90 for a total profit of \$45,821.90.
5 The Receiver and Alchemy have agreed to settle the claim for disgorgement of
6 profits for a payment to the Receiver of \$12,000.00.

7 All payments made in conjunction with a "Ponzi" scheme are presumptively fraudulent
8 conveyances. With respect to a "good faith" recipient of payments from a Ponzi scheme, the
9 Receiver is entitled to recover only "profits."

10 With respect to settlements 1 through 4, the Receiver has developed no information
11 which would allow recovery of any amounts from the Settling Defendants in excess of the
12 "profits" each received from the Diski Petroleum LLC and Basilam Petroleum LLC investments.
13 With respect to Alchemy, there is some highly-disputed evidence which would support a claim
14 for disgorgement of principal in addition to profits.

15 While these settlements take into consideration the cost and risk of continuing litigation,
16 the controlling factor in each case was the capacity of the Defendants to satisfy a Judgment in
17 the event the matters were to proceed to trial. In this regard, the Receiver was provided with and
18 reviewed financial information regarding the settling Defendants substantiating that the amount
19 agreed to be paid in settlement was appropriate in light of all the settlement factors. The
20 Receiver considers the settlement amounts to be fair and reasonable.

21 The total amount of these settlements is \$126,000.00. In addition to the approval of
22 these settlements, the Receiver is seeking approval for the payment of professional
23 compensation arising from these settlements as follows: (1) \$27,654.48 to the Brain Law Firm
24 PLLC; (2) \$10,145.52 to the Anderson Law Firm PLLC; and (3) \$3,780.00 to the Receiver. Net
25 proceeds to the Receivership Estate from these settlements will be \$84,420.00.

26 The professional fees are based on fee agreements already approved by the Court. Total
27 professional compensation, including the contingent component of the compensation to the
28 Receiver, is based on a total contingent fee of 33%. This is a standard rate for this market area.

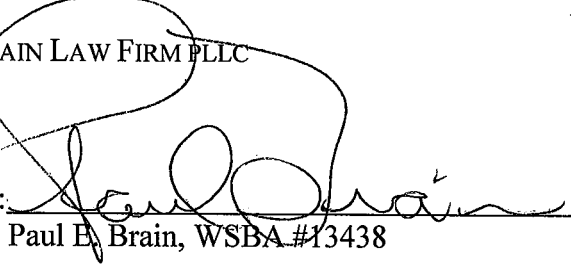
 Any party desiring information as to the details of the proposed settlements may request
 same from the Clerk of the Court or from the undersigned counsel.

1 IF YOU OPPOSE the Motion, you must file your written response with the Clerk of the
2 Court, serve two copies on the Judge's chambers and deliver copies to the undersigned NOT
3 LATER THAN THE RESPONSE DATE, which is **March 8, 2011**.

4 IF NO RESPONSE IS TIMELY FILED AND SERVED, the Court may, in its discretion,
5 GRANT THE MOTION PRIOR TO THE HEARING, WITHOUT FURTHER NOTICE, and
6 strike the hearing.

7 DATED this ^{9th} day of February, 2011.

8 BRAIN LAW FIRM PLLC

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11 By: 
Paul E. Brain, WSBA #13438

12 Counsel for Plaintiff William L. Beecher, Receiver
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