

*The Honorable Frank E. Cuthbertson*  
Hearing Date: June 24, 2011  
Hearing Time: 9:00 a.m.  
Without 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, June 24, 2011  
Hearing Time: 9:00 a.m.  
Response Due: Tuesday, June 21, 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 proceeding: Beecher v. Aboulhosn, et al., Pierce County  
5 Superior Court Case No. 10-2-07692-7.

- 6 1. Janine Abrue. Ms. Abrue received a total profit of \$61,385.19 on investments in  
7 Diski Petroleum LLC and Basilam Petroleum LLC. The Receiver has  
8 determined that Ms. Abrue is unemployed, does not possess any assets and is  
9 unable to tender any funds to the Receivership Estate. Ms. Abrue has not yet  
10 made a Claim arising from her investment in Halmahera - Rembang LLC.  
11 Therefore, the Receiver has elected to abandon the claim against Ms. Abrue and  
12 voluntarily dismiss her from the Aboulhosn action.
- 13 2. Jodeen Arensberg. Ms. Arensberg received a total profit of \$99,232.36 on her  
14 investment in Diski Petroleum LLC. Ms. Arensberg has agreed to settle the  
15 claims of the Receiver for payment to the Receivership Estate of \$49,500. The  
16 amount of this settlement is based on a number of factors including the financial  
17 capacity of Ms. Arensberg to respond to a Judgment.
- 18 3. Joel Arensberg. Mr. Arensberg received a total profit of \$99,232.36 on his  
19 investment in Diski Petroleum LLC. Mr. Arensberg has agreed to settle the  
20 claims of the Receiver for payment to the Receivership Estate of \$70,500 to be  
21 paid within 10 days of approval of this settlement by the Court. The amount of  
22 this settlement is based on a number of factors including the financial capacity of  
23 Ms. Arensberg to respond to a Judgment.
- 24 4. Emily Bort and Dominic Bort, together with their marital community. The Bort  
25 Defendants received a total profit of \$11,736.01 on an investment in  
26 Basilam Petroleum LLC. The Bort Defendants have agreed to settle the claims of  
27 the Receiver for payment to the Receivership Estate of \$1,765 to be paid within  
28 10 days of approval of this settlement by the Court. The amount of this  
settlement is based on a number of factors including the financial capacity of the  
Bort Defendants to respond to a Judgment.
5. Gail Cunningham. Ms. Cunningham received a total profit of \$61,385.19 on  
investments in Diski Petroleum LLC and Basilam Petroleum LLC.  
Ms. Cunningham has agreed to settle the claims of the Receiver for payment to  
the Receivership Estate of \$10,000 to be paid within 10 days of approval of this  
settlement by the Court. Ms. Cunningham is retired, living on a fixed income and  
has limited resources.
6. Patrick Cunningham. Mr. Cunningham received a total profit of \$61,379.19 on  
investments in Diski Petroleum LLC and Basilam Petroleum LLC.  
Mr. Cunningham has agreed to settle the claims of the Receiver for payment to  
the Receivership Estate of \$2,100 to be paid within 10 days of approval of this

1 settlement by the Court. Mr. Cunningham and Ms. Muller run an escrow service  
2 on Vashon Island. The amount of this settlement is based on a number of factors  
3 including the financial capacity of Mr. Cunningham to respond to a Judgment.

- 4 7. Carol Lake. Ms. Lake received a total profit of \$30,689.61 on investments in  
5 Diski Petroleum LLC and Basilam Petroleum LLC. The Receiver has  
6 determined that Ms. Lake is unemployed and is unable to tender any funds to the  
7 Receivership Estate. Therefore, the Receiver has elected to abandon the claim  
8 against Ms. Lake and voluntarily dismiss her from the Aboulhosn action and  
9 Ms. Lake's Claim in the amount of \$20,000 based on her Halmahera - Rembang  
10 LLC investment will be disallowed.
- 11 8. Jorge C. and Lucita S. Manalang, together with their marital community. The  
12 Manalang Defendants received a total profit of \$5,881.52 on an investment in  
13 Basilam Petroleum LLC. The Manalang Defendants have agreed to settle the  
14 claims of the Receiver for payment to the Receivership Estate of \$2,500 to be  
15 paid within 10 days of approval of this settlement by the Court. The amount of  
16 this settlement is based on a number of factors including the financial capacity of  
17 the Manalang Defendants to respond to a Judgment.
- 18 9. Dayna Muller. Ms. Muller received a total profit of \$61,379.19 on investments in  
19 Diski Petroleum LLC and Basilam Petroleum LLC. Rather than tender funds to  
20 the Receiver to settle the Receiver's claims against her, Ms. Muller has elected to  
21 abandon her \$143,500 claim submitted in this Receivership Action. The  
22 Receiver has examined financial records relating to this business and the financial  
23 status of each Defendant in concluding that the settlement terms are appropriate,  
24 as discussed in relation to Mr. Cunningham above.
- 25 10. Victor J. Orlando and Aline Orlando, together with their marital community. The  
26 Orlando Defendants received a total profit of \$24,808.06 on an investment in  
27 Diski Petroleum LLC. The Orlando Defendants have agreed to settle the claims  
28 of the Receiver for payment to the Receivership Estate of \$5,000 to be paid  
within 10 days of approval of this settlement by the Court and abandon their right  
to submit a Claim in the approximate amount of \$75,000 in this Receivership  
Action. The amount of this settlement is based on a number of factors including  
the financial capacity of the Orlando Defendants to respond to a Judgment.
11. Mark and Lennie Paul, together with their marital community. The Paul  
Defendants received a total profit of \$5,881.52 on an investment in  
Basilam Petroleum LLC. The Paul Defendants have agreed to settle the claims of  
the Receiver for payment to the Receivership Estate of \$2,500 to be paid within  
10 days of approval of this settlement by the Court. The amount of this  
settlement is based on a number of factors including the financial capacity of the  
Paul Defendants to respond to a Judgment.

With respect to the Settling Defendants who have elected to waive all or some of their  
Claim in this Receivership Action, those Defendants who made an investment in Halmahera -

1 Rembang LLC will retain the rights to a pro-rata share of any future distribution made in  
2 connection with the Orna International Ltd. and Halmahera Petroleum Ltd. Production Sharing  
3 Contracts.

4 All payments made in conjunction with a "Ponzi" scheme are presumptively fraudulent  
5 conveyances. With respect to a "good faith" recipient of payments from a Ponzi scheme, the  
6 Receiver is entitled to recover only "profits." The Receiver has developed no information which  
7 would allow recovery of any amounts from the Settling Defendants in excess of the "profits"  
8 each received from their Diski Petroleum LLC and Basilam Petroleum LLC investments. While  
9 it is possible that such information could be developed, it is unlikely and the costs to do so  
10 significant.

11 These settlements take into consideration the cost and risk of continuing litigation. In the  
12 case of the Jody Arensberg, Lake, Manalang and Paul Defendants, Ms Arensberg is a resident of  
13 California, Ms. Lake is a resident of Utah, the Manalang Defendants are residents of Michigan,  
14 and the Paul Defendants are residents of Texas, factors which would significantly increase the  
15 cost of enforcing any Judgment obtained against them. These costs would not be collectible  
16 against the Jody Arensberg, Lake, Manalang and Paul Defendants.

17 The controlling factor in each case was the capacity of the Settling Defendants to satisfy  
18 a Judgment in the event the matters were to proceed to trial. In this regard, the Receiver was  
19 provided with and reviewed financial information regarding the Settling Defendants  
20 substantiating that the amount agreed to be paid in settlement was appropriate in light of all the  
21 settlement factors. The Receiver considers the settlement amounts to be fair and reasonable.

22 The total amount of these settlements is \$143,865.00. However, the settlements involve  
23 a waiver of claims against the estate totaling approximately \$238,500. Because the waiver of  
24 these claims will reduce the amount of claims against sums collected by the Receiver, a larger  
25 amount of proceeds will be available to remaining claimants, although the precise value of the  
26 waivers cannot be determined until all claims have been resolved.

27 In addition to the approval of these settlements, the Receiver is seeking approval for the  
28 payment of professional compensation arising from these settlements as follows: (1) \$38,843.55

1 to the Brain Law Firm PLLC; (2) \$4,315.95 to the Anderson Law Firm PLLC; and (3) \$4,315.95  
2 to the Receiver. Net proceeds to the Receivership Estate from these settlements will be  
3 \$96,389.55.

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

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

9 IF YOU OPPOSE the Motion, you must file your written response with the Clerk of the  
10 Court, serve two copies on the Judge's chambers and deliver copies to the undersigned  
11 NOT LATER THAN THE RESPONSE DATE, which is **June 21, 2011**.

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

15 DATED this 20th day of May, 2011.

16 BRAIN LAW FIRM PLLC

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19 By: 

Paul E. Brain, WSBA #13438

20 Counsel William L. Beecher, Receiver  
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