

The Honorable Frank E. Cuthbertson
Hearing Date: September 30, 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, September 30, 2011
Hearing Time: 9:00 a.m.
Response Due: Tuesday, September 27, 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. Steve B. and Hedy E. Barrat. The Barrat Defendants received total profits of
7 \$11,763.01 on an investment in Basilam Petroleum LLC. The Barrat Defendants
8 have agreed to settle the claims of the Receiver and abandon their \$50,000.00
9 claim submitted in this Receivership Estate. The Receiver has determined that
10 the Barrat Defendants do not possess any assets and are unable to tender any
11 funds to the Receivership Estate. The controlling factor in this case was the
12 capacity of the Barrat Defendants to satisfy a Judgment in the event the matter
13 was to proceed to trial. In this regard, the Receiver was provided with and
14 reviewed financial information regarding the Barrat Defendants substantiating
15 that they would lack the capacity to satisfy any Judgment ultimately obtained.
16 The Receiver considers the settlement terms to be fair and reasonable under this
17 circumstance. Therefore, the Receiver has elected to voluntarily dismiss the
18 Barrat Defendants from the Aboulhosn action.
- 19 2. Paul R. and Nadine Byckowski. The Byckowski Defendants received total
20 profits of \$134,521.39 on investments in Diski Petroleum LLC and
21 Basilam Petroleum LLC. The Byckowski Defendants have agreed to settle the
22 claims of the Receiver for payment to the Receivership Estate of \$18,000.00 to be
23 paid within 10 days of approval of this settlement by the Court, and has elected to
24 abandon their \$175,802.86 claim submitted in this Receivership Estate. The
25 controlling factor in this case was the capacity of the Byckowski Defendants to
26 satisfy a Judgment in the event the matter was to proceed to trial. In this regard,
27 the Receiver was provided with and reviewed financial information regarding the
28 Byckowski Defendants substantiating that they would lack the capacity to satisfy
any Judgment ultimately obtained. The Receiver considers the settlement terms
to be fair and reasonable under this circumstance.
3. James T. and Nancy Lee Cornell. The Cornell Defendants received total profits
of \$24,808.11 on an investment in Diski Petroleum LLC. The Cornell
Defendants have agreed to settle the claims of the Receiver for payment to the
Receivership Estate of \$10,000.00 to be paid within 10 days of approval of this
settlement by the Court. The Receiver considers the settlement amount to be fair
and reasonable under this circumstance.
4. Barry P. and Susan C. Marshall. The Marshall Defendants received total profits
of \$42,644.53 on an investment in Basilam Petroleum LLC. The Marshall
Defendants have agreed to settle the claims of the Receiver and abandon their
\$300,000 claim for unpaid wages submitted in this Receivership Estate. The
Receiver has agreed to allow the Marshall Defendants a \$100,000 claim for the

1 Marshall Defendants' losses associated with their investment in Halmahera -
2 Rembang LLC, and to seek approval for the immediate payment of the Marshall
3 Defendants' \$36,787.79 claim for unreimbursed expenses incurred during the
4 operation of MCube Petroleum, Inc. The Receiver considers the settlement terms
5 to be fair and reasonable under this circumstance.

- 6 5. Joyce Murakami. Ms. Murakami received total profits of \$19,845.89 on an
7 investment in Diski Petroleum LLC. Ms. Murakami has agreed to settle the
8 claims of the Receiver and abandon her \$25,000.00 claim submitted in this
9 Receivership Estate. The Receiver has determined that Ms. Murakami does not
10 possess any assets and is unable to tender any funds to the Receivership Estate.
11 The controlling factor in this case was the capacity of Ms. Murakami to satisfy a
12 Judgment in the event the matter was to proceed to trial. In this regard, the
13 Receiver was provided with and reviewed financial information regarding
14 Ms. Murakami substantiating that she would lack the capacity to satisfy any
15 Judgment ultimately obtained. The Receiver considers the settlement terms to be
16 fair and reasonable under this circumstance. Therefore, the Receiver has elected
17 to voluntarily dismiss Ms. Murakami from the Aboulhosn action.

18 With respect to the Settling Defendants who have elected to waive all or some of their
19 Claim in this Receivership Action, those Defendants who made an investment in Halmahera -
20 Rembang LLC will retain the rights to a pro-rata share of any future distribution made in
21 connection with the Orna International Ltd. and Halmahera Petroleum Ltd. Production Sharing
22 Contracts, if any.

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

These settlements take into consideration the cost and risk of continuing litigation. In the
case of the Byckowski Defendants, they are residents of Texas, a factor which would
significantly increase the cost of enforcing any Judgment obtained against them. These costs
would not be collectible against the Byckowski Defendants.

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

6 **A. Professional Fees.**

7 The total payment to the Receivership Estate from these settlements is \$28,000. In
8 addition to the approval of these settlements, the Receiver is seeking approval for the payment
9 of professional compensation arising from these settlements as follows: (1) \$8,400 to Brain Law
10 Firm; and (2) \$840 to the Receiver. Net proceeds to the Receivership Estate from these
11 settlements will be \$18,760.

12 In addition, the release of claims against the Receivership Estate, because it has the same
13 ultimate effect as a payment to the Receivership Estate, creates an obligation to pay additional
14 fees. Because the amount of fees is dependent on the dividend to creditors and not the amount
15 of debt released, the amount of fees is not determinable at this time. Notice will be given as to
16 any application for the payment of fees on this basis.

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

21 **B. Objections.**

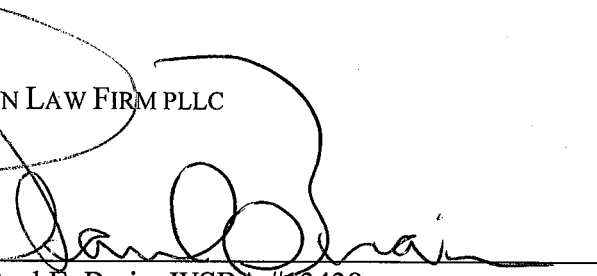
22 Any party desiring further information regarding the proposed settlements may request
23 same from the Clerk of the Court or from the undersigned counsel.

24 IF YOU OPPOSE the Motion, you must file your written response with the Clerk of the
25 Court, serve two copies on the Judge's chambers and deliver copies to the undersigned
26 NOT LATER THAN THE RESPONSE DATE, which is **September 27, 2011**.

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

4 DATED this 18th day of August, 2011.

5 BRAIN LAW FIRM PLLC

6
7
8 By: 
9 Paul E. Brain, WSBA #13438

10 Counsel William L. Beecher, Receiver