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6

7 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
8 IN AND FOR THE COUNTY OF MARICOPA
9

10 ARIZONA CORPORATION
COMMISSION,
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Plaintiff,
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13 vs.
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NO. CV 2005-005484

THE OFFICIAL COMMITTEE OF
MATHON INVESTORS' OBJECTION
TO MOTION TO AUTHORIZE
CONSERVATOR TO SELL AND
ASSIGN THE CONSERVATORSHIP'S
INTERESTS IN NEW STANSBURY
LOAN

(Assigned to the Honorable
Barry C. Schneider)

17 MATHON MANAGEMENT COMPANY,
L.L.C., fka an Arizona limited liability
18 company now dba a Delaware limited
liability company, SLADE WILLIAMS
19 AND ASSOCIATES, L.L.C., an Arizona
limited liability company, MATHON
20 FUND I, L.L.C., an Arizona limited
liability company, MATHON FUND,
21 L.L.C., fka an Arizona limited liability
company, INTEGRITY 101, L.L.C., an
22 Arizona limited liability company,
INTEGRITY 201, L.L.C., an Arizona
23 limited liability company,
INTEGRITY 301, L.L.C., an Arizona
24 limited liability company,
INTEGRITY 401, L.L.C., an Arizona
25 limited liability company,
INTEGRITY 501, L.L.C., an Arizona
26 limited liability company,

Hearing Date: September 19, 2005
Hearing Time: 2:00 p.m.

1 INTEGRITY 601, L.L.C., an Arizona
limited liability company,
2 INTEGRITY 701, L.L.C., an Arizona
limited liability company,
3 INTEGRITY 801, L.L.C., an Arizona
limited liability company,
4 INTEGRITY 901, L.L.C., an Arizona
limited liability company, ROUND
5 VALLEY CAPITAL, L.L.C., an Arizona
limited liability company, W.S.F. –
6 WORLD SPORTS FANS, L.L.C., an
Arizona limited liability company, MILL
7 CREEK, L.L.C., an Arizona limited
liability company, BELLEVUE
8 HOLDINGS, L.L.C., an Arizona limited
liability company, OAK HARBOR
9 FINANCIAL, L.L.C., an Arizona limited
liability company, SW STRATEGIC,
10 WEALTH ADVISORS, L.L.C., an
Arizona limited liability company,
11 EVERETT CAPITAL, L.L.C., an Arizona
limited liability company, CRE CAPITAL,
12 L.L.C., an Arizona limited liability
company, MEZZANINE
13 MANAGEMENT, L.L.C., an Arizona
limited liability company, MEZZANINE
14 FUND I, L.L.C., an Arizona limited
liability company, JONAS FUND I,
15 L.L.C., an Arizona limited liability
company, TEMPLAR FUND L.L.C., fka
16 an Arizona limited liability company now
dba a Delaware limited liability company,
17 MERCER ISLAND, L.L.C., an Arizona
limited liability company,
18 CONNECTICUT PROPERTIES, L.L.C.,
an Arizona limited liability company,
19 FIRST ATLANTA INVESTMENTS,
L.L.C., a Georgia limited liability
20 company, MM COLONIAL FUND,
L.L.C., a Delaware limited liability
21 company, SLADE CONSTRUCTION,
L.L.C., an Arizona limited liability
22 company, DUANE SLADE and
JENNIFER SLADE, husband and wife,
23 GUY ANDREW WILLIAMS and LISA
WILLIAMS, husband and wife,
24

Defendants.

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1 The Official Committee of Mathon Investors (“Committee”), through
2 undersigned counsel, objects to the Conservator’s “Motion to Authorize Conservator to
3 Sell and Assign the Conservatorship’s Interests in New Stansbury Loan” (“Motion”).

4 The Committee opposes the Motion for a number of reasons. First, the
5 Conservator does not discuss in the Motion whether the estate’s interest in the \$3,846,154
6 loan between New Stansbury Coal Company, L.L.C. (“NSCC”) and Mathon Fund, L.L.C.
7 (“New Stansbury Loan”) has been properly marketed to ensure a commercially reasonable
8 sale. The Committee would prefer that the asset be subject to competitive bidding or to a
9 public auction so that higher and better bids may be sought and obtained.

10 Additionally, the Committee has not had the opportunity to obtain
11 information concerning the marketability of the estate’s interest in the New Stansbury
12 Loan except during meetings with a representative of the prospective purchaser, Steve
13 Robson (“Robson”). The Committee had been working with William Weinstein of B-
14 Line, Inc. to engage in due diligence so that it could determine the value of and options
15 for the asset. As part of that due diligence effort, Weinstein sent an agent to the NSCC
16 site, but NSCC denied the agent admittance. The Conservator attempted to obtain
17 authorization from NSCC for entrance onto the site, but ultimately no such inspection
18 occurred.

19 The Committee is also concerned about the illusory nature of the Robson
20 Offer; in addition to being able to recoup its down payment within 60 days, beyond that
21 period the prospective purchaser is not compelled to do anything or expend any additional
22 monies so that the proposed royalties can be realized. Further, the proposed purchaser
23 will have a minimum of 60 days to engage in additional due diligence and to request a
24 refund of its \$500,000 down payment if it chooses not to go forward. The Committee
25 suggests that no harm will come to Robson if Robson is offered a breakup fee equal to
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1 documented due diligence costs in the event that competitive bidding leads to a higher and
2 better bid for the asset.


3 Further, as set forth in a Motion filed on September 12, 2005, the
4 Committee has requested the entry of a court order (i) authorizing the filing of a
5 consolidated bankruptcy case so that the Mathon assets may be administered in
6 bankruptcy, (ii) relieving the current conservator, James C. Sell, of any further duties, and
7 (iii) placing Alvarez & Marsal ("A&M") in control of the Mathon companies prior to and
8 after the filing of the anticipated Chapter 11 case. The Committee is willing to have
9 A&M take the role of Mathon fiduciary. This decision has been made only recently, and
10 thus A&M has not been able to engage in the due diligence necessary to opine on the
11 highest and best use of this asset.

12 In the context of this case, no one party should be given an exclusive "free
13 look." Instead, an opportunity for competitive bidding should be created to assure that
14 any interested party has the opportunity to assess the asset and to make a higher and better
15 bid on it. This will maximize the benefit for the estate and its investors.

16 For the reasons stated herein, the Committee objects to the entry of an order
17 approving the Robson Offer.

18 DATED this 13th day of September, 2005.

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21 Two North Central Avenue
22 Phoenix, AZ 85004-2391

23 By 
24 Gerald L. Shelley
25 Hilary Barnes

26 Attorneys for The Official Committee of
Mathon Investors

1 **ORIGINAL** filed and **COPY**
2 of the foregoing hand-delivered the
3 **13th** day of September, 2005 to:

4 The Honorable Barry C. Schneider
5 MARICOPA COUNTY SUPERIOR COURT
6 101 West Jefferson, CCB 13A
7 Phoenix, Arizona 85003-2243

8 **COPIES** of the foregoing mailed and
9 e-mailed the **13th** day of September, 2005 to:

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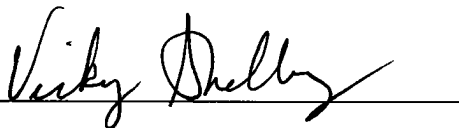
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