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16 UNITED STATES BANKRUPTCY COURT
17 DISTRICT OF ARIZONA

18 In re:

19 MATHON FUND, L.L.C., et al,
20 Debtors.

Chapter 11 Proceedings

Case No: 05-27993 PHX GBN

(Jointly Administered with Case Nos.
05-27994 PHX-SSC and
05-27995 PHX- JMM)

21 THIS FILING APPLIES TO:

- 22 ALL DEBTORS
23 SPECIFIED DEBTORS

(Post-Confirmation)

**DEBTORS' FIFTH OMNIBUS
APPLICATION TO DISALLOW CLAIMS
OF DUANE SLADE AND GUY
WILLIAMS**

24 Mathon Fund, L.L.C. ("Fund"), and the other above captioned post-confirmation debtors
25 (collectively, the "Debtors"), by their undersigned attorneys, as and for their Fifth Omnibus
26 application for an Order disallowing and expunging the all Claims filed by Duane Slade and Guy
27 Williams, (the "Application"), respectfully allege as follows:

28 **I. INTRODUCTION:**

1 The Debtors seek to disallow and expunge all Claims filed by Duane Slade and Guy
2 Williams as such claims were waived as part of the Settlement Agreement and Stipulation in Aid
3 of Plan of Reorganization, annexed as Exhibit “A” to the Confirmed Plan.

4 This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334.
5 The statutory predicates for the relief sought herein are section 502 of title 11 of the United States
6 Code (the “Bankruptcy Code”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure the
7 “Bankruptcy Rules”).

8

9 **II. RELEVANT FACTUAL AND PROCEDURAL BACKGROUND:**

10

11 These Bankruptcy Cases are inextricably intertwined with a pending Receivership Action,
12 commenced by the Arizona Corporation Commission.

13

14 Specifically, on April 1, 2005, the Arizona Corporation Commission caused to be filed, in
15 the Superior Court in and for the State of Arizona, a Verified Complaint in the above-captioned
16 matter against numerous individual defendants and entities (the Receivership Entities collectively,
17 “Mathon”) - including the Debtors - seeking the appointment of a Receiver over the named
18 Defendants (the “Receivership Action”).

19

20 The gravamen of the Receivership Action sounded in violations of the Arizona Securities
21 Laws and fraud. The ACC alleged that the individual named defendants perverted Mathon into a
22 scheme to obtain investors’ monies under false pretenses, and use such funds for other than their
23 stated purpose.

24

25 On April 5, 2005, the State Court issued its Order appointing James C. Sell Receiver for
26 the approximately 30 entities named in the Receivership Complaint.

27

28 Subsequently, after notice and hearing, the Court on April 14, 2005 issued its Order
approving the Stipulation Regarding Order Appointing Conservator, in which the title of James C.
Sell was changed from Receiver to Conservator (hereinafter, the “Conservatorship Order”). The
rights and obligations of the Conservator remained identical to those of the Receiver.

1 Pursuant to an Order entered in the State Court proceeding on October 25, 2005, that
2 Court authorized the filing of Bankruptcy for three Conservatorship Entities, Mathon Fund I,
3 LLC, Mathon Fund, LLC and W.S.F. – World Sports Fans, LLC.

4 On January 12, 2006, this Court entered an Order allowing for the Joint Administration of
5 these Bankruptcy Estates. The Conservator was allowed to remain in place and act as the
6 Responsible Party in these Bankruptcy Cases.

7 During the pendency of these Bankruptcy Cases the Conservator worked closely with the
8 Official Committee of Unsecured Creditors to formulate a fair and equitable framework for
9 distribution of the Debtors' assets to the defrauded Mathon Creditors. An integral basis of such
10 framework focused on the goal of equitably treating creditors in light of Mathon's operation as a
11 Ponzi scheme.

12 The framework for such distributions was based upon the Net Investment of each Mathon
13 Creditor/Investor and was detailed in the Disclosure Statement and Plan of Reorganization (as
14 amended, the "Plan"). The Plan was also based upon a pooling of all of the assets of the Debtors'
15 Estates for distribution.

16 The Plan was confirmed on October 27, 2006.

17 **III. ALL CLAIMS OF SLADE AND WILLIAMS CLAIMS MUST BE DENIED.**

18 The Debtors seek to disallow all Claims filed by Duane Slade and Guy Williams as such
19 claims were waived as part of the Settlement Agreement and Stipulation in Aid of Plan of
20 Reorganization, annexed as Exhibit "A" to the Confirmed Plan.

21 Section 502 of the Bankruptcy Code, governing objections to claims provides, in relevant
22 part, that:

23 A claim or interest, proof of which is filed under section 501 of this
24 title, is deemed allowed, unless a party in interest . . . objects.

25 Additionally, Bankruptcy Rule 3007 provides, in relevant part that:

26 An objection to the allowance of a claim shall be in writing and
27 filed. A copy of the objection with notice of the hearing thereon
28 shall be mailed or otherwise delivered to the claimant, the debtor in
possession and the trustee at least 30 days prior to the hearing.

