

SUPERIOR COURT OF WASHINGTON FOR CLARK COUNTY

In re:

Case No. 19-2-01458-06

AMERICAN EAGLE MORTGAGE 100, LLC; AMERICAN EAGLE MORTGAGE 200, LLC; AMERICAN EAGLE MORTGAGE 300, LLC; AMERICAN EAGLE MORTGAGE 400, LLC; AMERICAN EAGLE MORTGAGE 500, LLC; AMERICAN EAGLE MORTGAGE 600, LLC; AMERICAN EAGLE MORTGAGE MEXICO 100, LLC; AMERICAN EAGLE MORTGAGE MEXICO 200, LLC; AMERICAN EAGLE MORTGAGE MEXICO 300, LLC; AMERICAN EAGLE MORTGAGE MEXICO 400, LLC; AMERICAN EAGLE MORTGAGE MEXICO 500, LLC; AMERICAN EAGLE MORTGAGE MEXICO 600, LLC; AMERICAN EAGLE MORTGAGE I, LLC; AMERICAN EAGLE MORTGAGE II, LLC; and AMERICAN EAGLE MORTGAGE SHORT TERM, LLC.

RECEIVER’S NOTICE OF PROPOSED SETTLEMENT WITH ODIN, LLC, SPARTAN, INC., TOM GARBARINO, ROBERT GARBARINO, JEFF GARBARINO, JONATHAN GARBARINO, JUDY GARBARINO, CORVEL LLC, AND TG1 LLC

Clyde A. Hamstreet & Associates, LLC, the duly appointed general receiver herein (the “Receiver”), gives this notice in accordance with paragraph 1 of the Order Establishing Procedures for Seeking Approval of Proposed Settlements dated March 5, 2021 (the “Settlement Procedures Order”).

The Receiver proposes to enter into a Settlement Agreement (the “Agreement”)

1 with Odin, LLC, Spartan, Inc., Tom Garbarino, Robert Garbarino, Jeff Garbarino, Jonathan
2 Garbarino, Judy Garbarino, James Garbarino, Corvel LLC, and TG1 LLC (collectively, the
3 “Garbarinos”), in order to resolve the case known as *Clyde A. Hamstreet & Associates, LLC v.*
4 *Odin, LLC, et al.*, Clark County Superior Court Case No. 20-2-01773-06 (the “Litigation”).

5 The following information regarding the proposed settlement is provided pursuant
6 to the Settlement Procedures Order:

7 1. **Description of the Relationship.** On May 10, 2019, the Receiver was
8 appointed as the general receiver for the above-captioned Washington limited liability companies
9 (the “Pools”) pursuant to the terms of the Order Appointing General Receiver dated May 10,
10 2019 (as amended to date, the “Receivership Order”). The Receiver contends that the Pools are
11 insolvent and have been insolvent since at least January 1, 2007. In the Litigation, the Receiver
12 has alleged that, after January 1, 2007, the Pools made cash transfers, for the benefit of Tom
13 Garbarino, to Odin, LLC of \$2,631,016.00 and Spartan, Inc. of \$1,446,616.07 and that such
14 transfers should be avoided and judgment entered in favor of the Receiver for such amounts
15 under RCW 19.40.041(1)(a).

16 2. **Relationship to the Pools, American Equities, Inc., or Ross Miles.**
17 Other than the Garbarinos’ investments in the Pools, the Receiver is unaware of any relationship
18 between the Pools, American Equities, Inc., or Ross Miles and the Garbarinos.

19 3. **Amount to Be Received by the Receiver.** The Garbarinos will pay the
20 Receiver \$650,000.00 (the “Payment”). The Receiver believes that settlement for this amount is
21 fair and reasonable under the circumstances. The Garbarinos have alleged certain defenses in the
22 Litigation, and an award of this amount to the Receiver is within the range of potential outcomes
23 were the matter to go to trial.

24 4. **Summary of the Material Terms and Conditions of the Settlement.**
25 The material terms and conditions of the settlement, as set forth more fully in the Agreement,
26 include the following:

1 a. Payment to be made by the Garbarinos to the Receiver by wire
2 transfer within five business days after entry of an order of Clark County Superior Court
3 approving the Agreement (the “Effective Date”);

4 b. Release to be granted by the Garbarinos of the Receiver, the Pools,
5 and the Estate (as defined in the Receivership Order), along with any and all of the Receiver’s
6 present and former members, managers, employees, attorneys, and other agents, subject to the
7 limitations set forth in the Agreement, upon court approval;

8 c. Release to be granted by the Receiver of the Garbarinos, along
9 with any and all of their present and former directors, officers, members, managers, transferees,
10 employees, attorneys, and other agents subject to the limitations set forth in the Agreement, on
11 the date on which the Payment is made by the Garbarinos to the Receiver;

12 d. The Garbarinos to retain their proofs of claim against the Estate,
13 subject to allowance and treatment pursuant to further order of the court in this proceeding ;

14 e. The Receiver to move to dismiss the Litigation with prejudice
15 within five business days after the Receiver’s receipt of the Payment; and

16 f. Agreement to become effective only upon court approval.

17 YOU ARE NOTIFIED that unless a creditor or other party in interest notifies the
18 Receiver and the Receiver’s attorneys, in writing within 14 calendar days after the date of this
19 notice, that such party objects to the proposed settlement, the Receiver will apply for an *ex parte*
20 order approving the settlement described above. Objections to the proposed settlement must
21 refer to this notice and be delivered or sent, so as to be actually received by the Receiver within
22 14 calendar days after the date of this notice, as follows:

23 AEM Receiver
24 c/o Miller Nash LLP
25 Attn: John R. Knapp, Jr.
26 2801 Alaskan Way, Suite 300
Seattle, Washington 98121
Email: john.knapp@millernash.com
Email: AEMReceiver@Hamstreet.net

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DATED this 24th day of May, 2021.

MILLER NASH LLP

/s/ John R. Knapp, Jr.
John R. Knapp, Jr., P.C., WSB No. 29343

Attorneys for Receiver
Clyde A. Hamstreet & Associates, LLC