

**COPY  
ORIGINAL FILED  
NOV 22 2022**

Scott G. Weber, Clerk, Clark Co.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20

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.

DECLARATION OF JOHN R. KNAPP, JR. IN SUPPORT OF EX PARTE MOTION TO APPROVE RECEIVER’S PROPOSED SETTLEMENT WITH KENNETH GEORGE MCQUHAE AND DIANA CAROLINE MCQUHAE, IN THEIR CAPACITIES AS TRUSTEES OF THE KENNETH GEORGE MCQUHAE FAMILY TRUST AND THE DIANA CAROLINE MCQUHAE FAMILY TRUST

I, John R. Knapp, Jr., state and declare as follows:

1. I am a partner with the law firm of Miller Nash LLP in Seattle, Washington, and counsel to Clyde A. Hamstreet & Associates, LLC, the duly appointed general receiver herein (the “Receiver”). I am a citizen of the United States, over the age of 18 years, and competent to testify herein. I make this declaration from my personal knowledge in support of the Ex Parte Motion to Approve Receiver’s Proposed Settlement with Kenneth George McQuhae and Diana

1 Caroline McQuhae, in Their Capacity as Trustees of the Kenneth George McQuhae Family Trust  
2 and the Diana Caroline McQuhae Family Trust (the “Motion”).

3 2. On November 4, 2022, on behalf of the Receiver, I caused the Receiver’s Notice  
4 of Proposed Settlement with Kenneth George McQuhae and Diana Caroline McQuhae, in Their  
5 Capacity as Trustees of the Kenneth George McQuhae Family Trust and the Diana Caroline  
6 McQuhae Family Trust (the “Notice”) to be posted to the Receiver’s website in accordance with  
7 the Settlement Procedures Order (as defined in the Motion). A copy of the Notice is attached  
8 hereto as Exhibit A. No objections to the Notice were received within 14 days after the Notice  
9 was posted.

10 I declare under penalty of perjury under the laws of the State of Washington that the  
11 foregoing is true and correct.

12 EXECUTED this 22<sup>nd</sup> day of November, 2022, at Seattle, Washington.

13  
14 

15 \_\_\_\_\_  
16 John R. Knapp, Jr.  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

Honorable David E. Gregerson

4 Pages

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 KENNETH GEORGE MCQUHAE AND DIANA CAROLINE MCQUHAE, IN THEIR CAPACITIES AS TRUSTEES OF THE KENNETH GEORGE MCQUHAE FAMILY TRUST AND THE DIANA CAROLINE MCQUHAE FAMILY TRUST

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”).

1           The Receiver proposes to enter into a Settlement Agreement and Release (the  
2 “Agreement”) with Kenneth George McQuhae and Diana Caroline McQuhae (collectively, the  
3 “Trustees”), in their capacity as trustees of the Kenneth George McQuhae Family Trust (the  
4 “Kenneth Trust”) and the Diana Caroline McQuhae Family Trust (the “Diana Trust”), in order to  
5 resolve the Receiver’s claims relating to certain real property in Cowlitz County, Washington,  
6 which is bare land in Kelso, Washington, with an abbreviated legal description of 35-8N-1W T-  
7 16A, and tax parcel no WE3416002 (the “Real Property”).

8           The following information regarding the proposed settlement is provided pursuant to the  
9 Settlement Procedures Order:

10           1.       **Description of the Relationship.** On May 10, 2019, the Receiver was appointed  
11 as the general receiver for the above-captioned Washington limited liability companies (the  
12 “Pools”) pursuant to the terms of the Order Appointing General Receiver dated May 10, 2019 (as  
13 amended to date, the “Receivership Order”). In the case known as *Clyde A. Hamstreet &*  
14 *Associates, LLC v. American Securities, Inc.*, Clark County Superior Court Case No. 20-2-  
15 00626-06, on May 8, 2020, the Receiver obtained an Order of Default and Default Judgment  
16 Against American Securities, Inc. (the “Receiver’s Judgment”), in the amount of \$95,080.08 as  
17 of May 7, 2020. The Receiver is also the beneficiary under a deed of trust, dated April 25, 2019,  
18 and recorded May 8, 2019, under auditor’s file no. 36157957, on the Real Property. On June 3,  
19 2020, the Receiver’s Judgment attached to the Real Property. By Warranty Deed recorded in  
20 Cowlitz County, Washington, on November 2, 2021, American Securities, Inc. transferred its  
21 right, title, and interest in the Real Property to the Trustees of the Kenneth Trust. The Diana  
22 Trust is the beneficiary of a deed of trust on the Real Property.

23           2.       **Relationship to the Pools, American Equities, Inc., or Ross Miles.** The  
24 Kenneth Trust had a prior investment with American Equities, Inc., and the Kenneth Trust and  
25 the Diana Trust are investors in certain other entities in which Ross Miles has an interest.  
26

1 American Securities, Inc. is an administratively dissolved Oregon corporation, whose  
2 “governors” included Maureen Wile, Robert Wile, Beverly Miles, and Ross Miles.

3       **3. Amounts to Be Received by the Receiver.** The Trustees will pay the Receiver  
4 \$50,000 (the “Payment”). The Receiver believes that settlement for this amount is fair and  
5 reasonable under the circumstances. The Receiver’s Judgment is in the amount of \$95,080.08 as  
6 of May 8, 2020, and a recovery of \$50,000 is within the range of outcomes after collection  
7 activity and resolution of priority and title issues with respect to the Trustees and the Real  
8 Property

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

12               a. Payment to be made by the Trustees to the Receiver by wire transfer  
13 within three business days after entry of an order of Clark County Superior Court approving the  
14 Agreement;

15               b. Release to be granted by the Trustees of the Receiver and the Receiver’s  
16 agents, subject to the limitations set forth in the Agreement, upon court approval;

17               c. Release to be granted by the Receiver of the Trustees, subject to the  
18 limitations set forth in the Agreement, notice of satisfaction of the Receiver’s Judgment to be  
19 recorded in Cowlitz County, Washington, and reconveyance of the Receiver’s Deed of Trust to  
20 be requested, effective upon the 91<sup>st</sup> day after the Receiver’s receipt of the Payment and the  
21 Trustees, the Kenneth Trust, and the Diana Trust not having filed voluntary petition or being  
22 named the debtor in an involuntary petition under Title 11 of the United States Code;

23               d. Agreement to become effective only upon court approval.

24       YOU ARE NOTIFIED that unless a creditor or other party in interest notifies the  
25 Receiver and the Receiver’s attorneys, in writing within 14 calendar days after the date of this  
26 notice, that such party objects to the proposed settlement, the Receiver will apply for an *ex parte*

1 order approving the settlement described above. Objections to the proposed settlement must  
2 refer to this notice and be delivered or sent, so as to be actually received by the Receiver within  
3 14 calendar days after the date of this notice, as follows:

4 AEM Receiver  
5 c/o Miller Nash LLP  
6 Attn: John R. Knapp, Jr.  
7 2801 Alaskan Way, Suite 300  
8 Seattle, Washington 98121  
9 Email: john.knapp@millernash.com  
10 Email: AEMReceiver@Hamstreet.net

11 DATED this 4<sup>th</sup> day of November, 2022.

12 MILLER NASH LLP

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

15 Attorneys for Receiver  
16 Clyde A. Hamstreet & Associates, LLC