

**WAYNE KLEIN, RECEIVER FOR
FFCF Investors, Ascendus Capital Management, Smith Holdings**

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September 22, 2010

Hand Delivered

Honorable Denise P. Lindberg
Utah Third District Court
450 South Main
Salt Lake City, UT 84114

Re: *Barnes v. FFCF Investors, et al., Civ. No. 080922273*

Dear Judge Lindberg:

Pursuant to the Court's Amended Minute Entry dated September 20, 2010, enclosed is a proposed order approving the allowable claim amounts and instructing me, as Receiver, to disburse funds to investors. Exhibit A to the proposed order lists the amounts to be paid to each claimant (by claim number) as part of this first distribution.

Please note the proposed language regarding the administrative payment to Dr. Barnes. In an effort to avoid holding up distribution payments to the investors in light of his confusion about conditions on his payment, I am agreeing not to foreclose his ability to make a future application to the Court seeking reimbursement of the remainder of the costs he incurred in this litigation.

I am also mailing copies of this letter and the proposed order to the parties and to those who filed objections relating to the claims process and the proposed distribution plan. I ask that the Court wait ten days before signing the proposed order, in the event any objections are filed to the language in the proposed order.

I apologize to the Court for the confusion I created in my response to the objections. I could and should have been much clearer in distinguishing between the two distribution plans that were discussed.

Sincerely,



WAYNE KLEIN, Receiver

Enc. Proposed Order
cc: Parties of Record (w/ enc.)
Lee Curtis, Esq.

Proposed order prepared by:
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IN THE THIRD DISTRICT COURT, SALT LAKE COUNTY

STATE OF UTAH

A. DAVID BARNES, M.D., P.C., Plaintiff, vs. FFCF INVESTORS, LLC, et al. Defendants.	[PROPOSED] ORDER APPROVING ALLOWABLE CLAIM AMOUNTS, DISTRIBUTION PLAN, AND INITIAL DISTRIBUTIONS BY RECEIVER
FFCF INVESTORS, LLC, Plaintiff, vs. RICHARD SMITH, et al. Defendants.	Case No. 080922273 Judge: Denise P. Lindberg

The Court has considered the Receiver's recommendations on the claims process, including a determination of the Allowable Claim Amounts for each eligible Claimant and selection of a distribution plan. The Court signed Minute Entries on September 10, 2010 and September 20, 2010 finding that oral argument will not aid in its consideration of the issues and finding that due process rights have been provided to all Claimants. Accordingly,

IT IS HEREBY ORDERED THAT:

1. The objections of the Lighted Candle Society (“LCS”) and SuetWan Chan Bostrom Young to the Receiver’s recommendations on the Allowable Claimants and Allowable Claim amounts are overruled.
2. The Allowable Claims and Allowable Claim Amounts listed in column G of the attached Exhibit A are approved.
3. The objections of LCS and Annette Kay Donnell to the target distribution plan are overruled. The Receiver is to implement the “target” distribution plan he proposed.
4. The Receiver shall pay \$16,032.92 to Plaintiff, Dr. Barnes, as a priority administrative claim. This payment is without prejudice to Dr. Barnes making a future application for payment of the remaining legal fees he expended in seeking appointment of a Receiver.
5. The Receiver shall distribute \$400,000.00 in Receivership funds on a targeted pro-rata basis among Allowable Claimants, after taking into account distributions that investors received previously from Receivership Entities. This initial distribution shall be paid to the Allowable Claimants in the amounts set forth in column K of Exhibit A. This will result in recovery for investors of 30.11% of their Allowable Claim Amounts.
6. The remaining funds in the Receivership bank account are to be retained for ongoing expenses of the Receivership. When the Receiver has recovered additional funds, he may make application to the Court for approval to make subsequent distributions to investors.

DATED this ____ day of October, 2010.

BY THE COURT:

Denise P. Lindberg
Third District Court Judge

CERTIFICATE OF SERVICE

I hereby certify that on the ____ day of October, 2010, copies of the foregoing Order Approving Allowable Claim Amounts, Distribution Plan, and Initial Distributions by Receiver were mailed to:

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Receiver

FFCF/Ascendus "Target" Distribution Plan

Claim #	Investor Name	E Verified Investment Amount	F Total Distributions	G Allowable Claim Amount	H % Return on Verified Investment	K "Target" Distribution Plan	L Target % After Partial Distribution
3006		904,015.09	772,210.00	122,220.00	85.42%	0.00	85.42%
3020		16,371.78	12,000.00	0.00	73.30%	0.00	73.30%
3002		77,500.00	51,000.00	26,500.00	65.81%	0.00	65.81%
3013		200,000.00	119,346.23	80,653.77	59.67%	0.00	59.67%
3017		380,000.00	210,000.00	170,000.00	55.26%	0.00	55.26%
3012		57,461.08	26,743.84	30,717.24	46.54%	0.00	46.54%
3009		36,071.27	15,000.00	21,071.27	41.58%	0.00	41.58%
3003		68,700.00	25,000.00	43,700.00	36.39%	0.00	36.39%
3014		539,989.43	177,338.83	362,650.60	32.84%	0.00	32.84%
3019		1,007,305.62	264,566.92	742,738.70	26.26%	38,774.80	30.11%
3004		910,995.85	229,784.78	681,211.07	25.22%	44,554.05	30.11%
3011		100,000.00	25,000.00	75,000.00	25.00%	5,114.17	30.11%
3010		500,000.00	86,333.33	413,666.67	17.27%	64,237.51	30.11%
3016A		300,000.00	40,055.00	259,945.00	13.35%	50,287.51	30.11%
3005		300,000.00	35,997.60	264,002.40	12.00%	54,344.91	30.11%
3008		46,184.08	917.89	45,266.19	1.99%	12,990.06	30.11%
3001		332,309.76	0.00	332,309.76	0.00%	100,072.32	30.11%
3007		47,118.49	0.00	47,118.49	0.00%	14,189.34	30.11%
3015		51,256.04	0.00	51,256.04	0.00%	15,435.33	30.11%
3018		101,554.64	168,721.92	0.00	0.00%	0.00	0.00%
Totals		5,976,833.13	2,260,016.34	3,770,027.20		400,000.00	
3016B				16,032.92			

Created by Jake Hennessy 5/18/2010, using FFCF Claim Analysis Summary updated 9/21/10