

IN THE DISTRICT COURT OF OKLAHOMACOUNTY
STATE OF OKLAHOMA

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

Oklahoma Department of Securities)
ex rel. Irving L. Faught, Administrator,)
)
)
 Plaintiff,)

MAR 31 2016

TIM RHODES
COURT CLERK

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v.)

Case No. CJ-2014-4515

Seabrooke Investments, LLC, an Oklahoma)
limited liability company;)
Seabrooke Realty LLC, an Oklahoma)
limited liability company;)
Oakbrooke Homes LLC, an Oklahoma)
limited liability company;)
Bricktown Capital LLC, an Oklahoma)
limited liability company;)
KAT Properties, LLC, an Oklahoma)
limited liability company;)
Cherry Hill LLC, an Oklahoma limited liability)
Company doing business as Cherry Hill Apartments;)
Tom W. Seabrooke, individually and as trustee of)
Tom Seabrooke 2007 Revocable Trust and J.)
Karyn Seabrooke 2007 Revocable Trust; and)
Judith Karyn Seabrooke, individually and as trustee)
of Tom Seabrooke 2007 Revocable Trust and)
J. Karyn Seabrooke 2007 Revocable Trust,)
)
)
 Defendants.)

**RECEIVER'S INTERIM REPORT REGARDING STATUS
OF FUNDS AVAILABLE FOR DISTRIBUTION**

COMES NOW the Receiver, Ryan Leonard ("Receiver") and, pursuant to this Court's directive on March 1, 2016, submits this interim Report regarding the status of funds available for distribution through this receivership:

OVERVIEW

Funds currently held by the Receiver as of March 29, 2016, in various bank accounts total \$1,678,737.23. Additionally, there remains \$22,538.00 held in escrow with Stewart Title from the sale of the Cherry Hill apartments which is claimed by the Receiver, as well as approximately \$2,200.00 claimed by the Receiver which is held in accounts at Midfirst Bank under the name of Karyn Seabrooke.

TAX ISSUES

Several tax issues remain which preclude the Receiver's immediate ability to determine a final tax liability on the gains obtained through the receivership. Namely, the defendant entities are either "flow through" entities (limited liability companies taxed as partnerships with income or loss passing through to their owners, i.e. defendants Tom and Karyn Seabrooke (the "Seabrookes")) or entities disregarded for income tax purposes (limited liability companies wholly-owned by the Seabrookes and/or a trust with income or loss directly reported on the Seabrookes' individual income tax returns) that do not directly pay state and federal income tax. Instead, gains and losses from these entities flow through to the personal tax returns of the Seabrookes.

In 2014, gains earned through the receivership were included in the personal returns of the Seabrookes and the defendant entities. As a result of then-existing loss-carry forwards claimed by the defendants, no tax liability was incurred by the receivership in 2014. In 2015, it is estimated that net gains from property sales exceed the income tax basis for the properties by approximately \$2,155,000. After utilizing the defendants' remaining loss-carry forwards, the estimated tax consequences from the sale

of properties in 2015 is estimated to be approximately \$100,000. However, until the defendants' final 2015 income tax returns are prepared in the coming weeks, the exact amount of tax liability is not known.

POSSIBLE APPEAL

The Receiver has been made aware that Wayne Doyle may appeal the Court's Order approving the Receiver's Report on Claims and Recommendation for Classification of Same ("Receiver's Report"). In light of the factual and legal issues that may be raised in a potential appeal and, in light of the substantial claim to receivership assets made by Doyle, the Receiver does not recommend that a distribution be made until the issues surrounding a potential appeal are resolved.

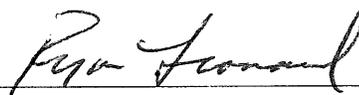
RECEIVERSHIP FEES AND EXPENSES

Fees and expenses of the receivership have been paid through December 31, 2015. The Court has approved fees and expenses for January 2016 as follows: Receiver (\$3,433), Receiver's counsel (\$678.50) and Barbara Ley, P.C., accountants for the Receiver (\$3,649.20). There is a pending application for fees and expenses for February 2016 as follows: Receiver (\$15,015.46), Receiver's counsel (\$4,307) and Barbara Ley, P.C., (\$3,999.60). Total outstanding fees and expenses due and owing, not including March 2016, are \$31,082.26.

Prospective fees and expenses of the Receiver and Receiver's counsel will depend entirely on whether or not an appeal to the Court's Order approving the Receiver's Report is filed. If an appeal is filed, the Receiver would estimate that an additional \$20,000-\$35,000 in fees and expenses may be incurred. If an appeal is not filed, upon

resolution of the pending tax issues in the coming weeks, the Receiver would recommend that an immediate distribution be made to claimants consistent with the Receiver's recommendations and Order of this Court, and that an Order be entered discharging the Receiver and closing this estate.

Respectfully submitted,



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RECEIVER

CERTIFICATE OF SERVICE

The undersigned certifies that on this 31st day of March, 2016, a copy of this pleading was served via First Class Mail, postage prepaid, to the following counsel of record:

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