

FILED

JUN 09 2006

U.S. BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA**

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9 In re:) Chapter 7
10 EDWARD KILE,)
11 _____) Debtor.) Adv. No. 4-05-ap-00009-JMM
12 M. KENNETH MUDGE and LEORA) **MEMORANDUM DECISION RE:**
13 MUDGE, TRUSTEE OF THE MUDGE) **JOINT MOTION TO DISTRIBUTE (DKT. 58)**
14 TRUST DATED MAY 29, 2002, AS TO) (Opinion to Post)
15 AN UNDIVIDED 48.6322% INTEREST;)
16 LINCOLN TRUST COMPANY,)
17 TRUSTEE FBO M. KENNETH MUDGE)
18 AS TO AN UNDIVIDED 21.2766%; and)
19 FEDERAL HOME LOANS)
20 CORPORATION AS TO AN)
21 UNDIVIDED 30.0912% INTEREST,)
22 _____)
23 Plaintiffs,)
24 vs.)
25 EDWARD KILE and ROBYN KILE,)
26 husband and wife; RIBSY)
PRODUCTIONS, LLC, a California)
limited liability company; STATEWIDE)
GROUP, INC., dba STATEWIDE)
FORECLOSURE SERVICES,)
_____)
Defendants.)

On December 9, 2005, the Trustee filed a "Joint Motion to Approve Proposed Distribution of Interplead Funds" ("Joint Motion"). This Joint Motion was filed in a pending adversary proceeding,

1 but in fact relates to an administrative distribution of essentially all of the assets of the case. Accordingly,
2 the clerk shall file this Memorandum Decision and accompanying Order in both:

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- 4 • Adversary file 05-09, and
- 5 • Administrative file 04-2237
- 6

7 The resolution of the Joint Motion was complicated by what were, at the time, two
8 unresolved monetary motions, to wit:

- 9
- 10 1. The application of the Mudge Group for fees and costs, and
- 11 2. Debtor's counsel's application for fees and costs.
- 12

13 The court has now ruled on both matters. With the ruling on this matter, the interlocutory nature of the
14 Mudge's Group's request is now rendered final and appealable, as is the ruling on Debtor's counsel's
15 request for fees and costs.

16 Turning to the Trustee's present Joint Motion, it would appear that this court's two new
17 rulings, set forth above, turn the Joint Motion's distribution scheme on its head.

18 Therefore, the Joint Motion will be DENIED. The Trustee is directed to reconsider any
19 distribution scheme or settlement with an eye toward how the recent court rulings have impacted the
20 proposed distribution, the treatment of community claims, and, to the extent Robyn Kile and/or Ribsby

1 Productions claim entitlement to any funds, the impact of any fraudulent conveyance or other avoidance
2 actions may be applicable. A separate order will be entered. FED. R. BANKR. P. 9021.

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4 DATED: June 8, 2006.

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6 
7 JAMES M. MARLAR
8 UNITED STATES BANKRUPTCY JUDGE

9 COPIES served as indicated below this 8
10 day of June, 2006, upon:

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By /s/ M.B. Thompson
Judicial Assistant