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UNITED STATES DISTRICT COURT
DISTRICT OF OREGON
EUGENE DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

SUNWEST MANAGEMENT, INC.,
CANYON CREEK DEVELOPMENT,
INC., CANYON CREEK FINANCIAL,
LLC, AND JOHN M. HARDER,

Defendants,

DARRYL E. FISHER, J. WALLACE
GUTZLER, KRISTIN HARDER,
ENCORE INDEMNITY
MANAGEMENT, LLC, SENENET
LEASING COMPANY, FUSE
ADVERTISING, INC., KDA
CONSTRUCTION, INC., CLYDE
HAMSTREET, AND CLYDE A.
HAMSTREET & ASSOCIATES, LLC,,

Relief Defendants.

MICHAEL GRASSMUECK, Receiver,

Plaintiff,

vs.

Case No. 09-6056-HO

NOTICE OF:

(1) MOTIONS FOR APPROVAL OF
SETTLEMENTS WITH

(A) DAVIS WRIGHT TREMAINE LLP
AND TIMOTHY M. DOZOIS;

(B) K&L GATES LLP; and,

(C) THOMPSON & KNIGHT LLP

(2) PROPOSED FINAL CLAIM BAR
ORDER

(3) HEARING DATE AND DEADLINE
FOR OPPOSITION TO MOTIONS

Case No. 09-0651-HO

NOTICE OF: (1) MOTION TO APPROVE SETTLEMENT;
(2) PROPOSED FINAL CLAIM BAR ORDER; (3) HEARING
AND DEADLINE FOR OPPOSITION TO MOTION

DAVIS WRIGHT TREMAINE LLP, a
Washington limited liability partnership,
Defendant.

MICHAEL GRASSMUECK, Receiver,
Plaintiff,

vs.

K&L GATES LLP, a Delaware limited
liability partnership,
Defendant.

Case No. 09-CV-06202-HO

MICHAEL GRASSMUECK, Receiver,
Plaintiff,

vs.

THOMPSON & KNIGHT LLP, a Texas
limited liability partnership,
Defendant.

Case No. 09-CV-06199-HO

THIS IS A LEGAL NOTICE THAT MAY AFFECT YOUR RIGHTS

Michael A. Grassmueck, the duly appointed receiver ("Receiver") in the above-captioned action entitled *SEC v. Sunwest Mgmt., Inc.*, Case No. 09-CV-6056-HO (the "SEC Action") for Sunwest Management, Inc., Canyon Creek Development, Inc., Canyon Creek Financial, LLC, Fuse Advertising, Inc., KDA Construction, Inc., and other entities (collectively, "the Receivership Entities"), hereby gives **NOTICE** of the following:

I. MOTION FOR APPROVAL OF SETTLEMENTS

The United States District Court for the District of Oregon, Eugene Division, the Honorable Michael Hogan presiding ("District Court"), has entered its Procedures Orders establishing procedures for the motions ("**Settlement Approval**

Motions") brought by the Receiver for an order approving the settlements and settlement agreements (the "Settlements" and the "Settlement Agreements") entered into between the Receiver, certain represented Investor Claimants,¹ and a putative class of the Investor Claimants, on the one hand, and the following, on the other hand: (1) the law firm of Davis Wright Tremaine LLP and Timothy M. Dozois (together, "DWT"), in connection with the action entitled *Michael A. Grassmueck v. Davis Wright Tremaine LLP*, Case No. CV09-0651-HO (the "DWT Action") and the SEC Action; (2) the law firm of K&L Gates LLP ("K&L"), in connection with the action entitled *Michael A. Grassmueck v. K&L Gates LLP*, Case No. CV09-06202-HO (the "K&L Action") and the SEC Action; and (3) the law firm of Thompson & Knight LLP and Kevin Thomason ("T&K") in connection with the action entitled *Michael A. Grassmueck v. Thompson & Knight LLP*, Case No. 09-CV-06199-HO (the "T&K Action"), and the SEC Action (together, DWT, K&L and T&K are the "Settling Defendants"). The Procedures Orders set a hearing date on the Settlement Approval Motions and a date by which any objections or opposition to the Settlement Approval Motions must be filed

¹ The Settlement Agreements contain a number of defined terms, including: "Claim" or "Claims" means claims for relief, actions, causes of action, suits, cause of suits, demands, liens, administrative proceedings, governmental investigations, fines, penalties, sanctions, and any other basis for legal liability. "Investor Claimants" means entities, owners of such entities, and other persons or their successors who invested or formerly invested in one or more Sunwest Affiliates. This definition includes all persons who have asserted or have grounds to assert Claims against Settling Defendants arising from or relating to their investments in Sunwest Affiliates. Investor Claimants includes persons whose investment consisted of a TIC or other interest in real property intended to be used by or provide a benefit to a Sunwest Affiliate. Investor Claimants also include all persons whose investment consisted of a membership interest in a limited liability company that was utilized in connection with a Sunwest Affiliate. "Sunwest Affiliates" refers to Sunwest Management, Inc., Canyon Creek Development, Inc., and Canyon Creek Financial, LLC, and all business entities affiliated with or having common ownership with those firms. Sunwest Affiliates include all entities placed under the control of the Receiver in the SEC Action. "The Litigation" means all lawsuits referred to in the Settlement Agreements, including the DWT Action, K&L Action and T&K Action,

with the District Court and served on Receiver's counsel, and includes a proposed **Final Claim Bar Order** as set forth below.

The Receiver, on behalf of the Receivership Entities, and DWT, for itself and with respect to the released DWT persons,² intend through the Settlement Agreement to fully and finally resolve any and all claims in the DWT Action, to dismiss the DWT Action with prejudice, and to enter into mutual releases. In consideration for the mutual releases and other actions as defined in the Settlement Agreements, DWT will pay \$30 million to the Litigation Trust established under the terms of the Distribution Plan adopted by the Court in the SEC Action.

The Receiver, on behalf of the Receivership Entities, and K&L, for itself and with respect to the released K&L persons, intend through the Settlement Agreement to fully and finally resolve any and all claims in the K&L Action, to dismiss the K&L Action with prejudice, and to enter into mutual releases. In consideration for the mutual releases and other actions as defined in the Settlement Agreement, K&L will pay \$15 million to the Litigation Trust established under the terms of the Distribution Plan adopted by the Court in the SEC Action.

The Receiver, on behalf of the Receivership Entities, and T&K, for itself and with respect to the released T&K persons, intend through the Settlement Agreement to fully and finally resolve any and all claims in the T&K Action, to dismiss the T&K Action with prejudice, and to enter into mutual releases. In consideration for the mutual releases and other actions as defined in the Settlement Agreement, T&K will pay \$7.5 million to the Litigation Trust established under the terms of the Distribution Plan adopted by the Court in the SEC Action.

The Distribution Plan requires assignment to the Receiver of a Claimant's right to assert claims against, among others, third parties including attorneys as a

² The releases in the Settlement Agreements include (1) the firm DWT and Timothy M. Dozois, (2) K&L and R. Gibson Masters, and (3) T&K and Kevin Thomason, and include their current and former partners, employees, insurers, marital communities, assigns, heirs, predecessors and successors.

condition to receiving any Plan Distribution. Claimants seeking to "opt out" of a Settlement and pursue their own claims against DWT, K&L or T&K will not be entitled to receive Plan Distributions. The Settlement Agreements require the Receiver to obtain written acknowledgment of the assignment of claims against DWT, K&L or T&K, as applicable, and the persons released in the Settlement Agreements by Investor Claimants. Providing that acknowledgment and assignment will be a condition to receipt of a payment from settlement proceeds.

Copies of the Procedures Orders and the Settlement Approval Motions are available at the Receiver's website at www.grassmueckgroup.com/sunwest.php; through the District Court's Pacer/ECF/CM website (registration and fee required); or, by requesting a copy from the Receiver at the address below:

By US mail: Michael Grassmueck, Receiver Attn: DWT/K&L/T&K Settlement P.O. Box 3649 Portland, OR 97208	By Overnight Delivery or Courier <u>only</u>: Michael Grassmueck, Receiver Attn: DWT/K&L/T&K Settlement 2120 SW Jefferson, Suite 300 Portland, OR 97201 Phone: (866) 674-6791
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II. FINAL CLAIM BAR ORDER

The Settlements call for, and the Settlement Approval Motions seek, a "**Final Claim Bar Order.**" Such an order would bar or enjoin certain persons from asserting Claims against Settling Defendants arising from or relating to the legal services Settling Defendants provided, and any other conduct of Settling Defendants in connection with, one or more of the Receivership Entities. Specifically, the Final Claim Bar Order will be binding on the Receiver, on all Investor Claimants, on all defendants in the Litigation other than DWT, K&L and/or T&K, on all Sunwest Affiliates, on all investors and creditors of Sunwest Affiliates, on all other professionals who provided services to Sunwest Affiliates, and on all other interested parties such as broker-dealers who sold securities on behalf of the Receivership Entities.

"The Litigation" refers to all lawsuits referenced in the Settlement Agreements.

III. HEARING DATE ON SETTLEMENT APPROVAL MOTIONS AND DEADLINE FOR OPPOSITION TO MOTIONS

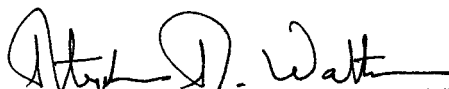
On February 4, 2011, at 10:00 a.m. the District Court will conduct a hearing on the Receiver's Settlement Approval Motions, including the entry of Final Claim Bar Orders. The District Court is located at 405 East Eighth Avenue, Suite 2100, Eugene, Oregon 97401-2712.

Depending on developments, it is possible that the hearing date may be continued to a later date. You are welcome to attend the hearing, but you are not required to do so.

If you wish to oppose any or all of the Settlement Approval Motions, you must file your opposition(s) with the District Court at United States District Court, District of Oregon, Eugene Division, 405 East Eighth Avenue, Suite 2100, Eugene, Oregon 97401-2712 and serve it on counsel for the Receiver at Allen Matkins Leck Gamble Mallory & Natsis LLP, Attn: Stephen S. Walters, Esq., Three Embarcadero Center, 12th Floor, San Francisco, California 94111-4074 on or before January 7, 2011. Oppositions must be received by that date to be timely.

Dated: November 3, 2010

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

By 
STEPHEN S. WALTERS (OSB No. 80120)
Attorneys for Michael A. Grassmueck,
Court Appointed Receiver