

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE

IN RE:)
)
ROBERT W. McLEAN) **CASE NO. 07-05054-GP3-7**
)
Debtor)

INTERIM REPORT OF TRUSTEE
PRIOR TO §341 HEARING

Comes now the Trustee in the above-captioned matter, and files this Preliminary Interim Report immediately prior to the §341 hearing on September 26, 2007.

The recent death of Mr. McLean on September 25, 2007 does not affect the administration of this bankruptcy estate. All assets will continue to be sold or administered, and all causes of action will be reviewed, and pursued, where appropriate. Although Mr. McLean will not be able to present testimony concerning any of the matters in this case, the Trustee does have the books and records of Mr. McLean, which should allow this case to be administered without that testimony.

After the appointment of the Trustee on July 25, 2007, the Trustee took possession of the assets of the Debtor. All known banks of the Debtor were notified to freeze funds in the accounts, and to turn those funds over to the Trustee. The personal property at the Debtor's home, office, and other real property was secured and inventoried. An itemized inventory is included within the Schedules which have been filed with the Court. Certain books and records, including the computers with Quickbooks accounts and ledgers, were moved to the Trustee's office; other records are in the possession of Federal authorities.

The Schedules on file with the Court were prepared by the Trustee, not the Debtor, However, they were reviewed by the Debtor, with no errors being noted. There may be other assets or liabilities which have not yet been located or identified. Further, the amount of any liabilities listed in the Schedules does not prejudice the rights of claimants to assert a different amount due from the Debtor. (The amount stated on any Proof of Claim filed by the particular creditor is the initial relevant amount, subject to review by the Court.)

The Trustee has already begun to liquidate assets of this bankruptcy estate. A motion to sell the vehicles of the Debtor (including the limousine, the Jeep, and the MG) is pending, and numerous items of personal property will be sold at auction on October 20. Other items of personal property (such as the musical instruments and the Steinway grand piano, are being sold privately. The Debtor's 1/11th interest in the Murfreesboro Post is being sold to the other owners, and his stock interest in Mid-South Bank is also being sold.

The trustee has separate contracts to sell the real property on Northfield Blvd and on Lascassas Road, in Murfreesboro, and an auction of the office building on Church Street is

scheduled for October 11, 2007. The personal residence, and the property in Destin, Florida may not have sufficient equity to sell, and motions to allow the secured creditors to foreclose are currently pending. The house at Center Hill Lake has not yet been sold, but is being marketed.

The Trustee has begun the process of reviewing the books and records of the Debtor, and has a fairly complete itemization of the deposits and disbursements from all of the Debtor's bank accounts, from January, 2002 through July, 2007. (All records prior to 2002 were not on computer, and will require additional effort to compile and evaluate.) Although this analysis is continuing (with the assistance of the Trustee's accountant, and input from the Debtor's former bookkeeper), the Trustee can report the following partial conclusions. (These numbers are subject to being supplemented or modified, as additional information becomes available.):

--- From January, 2002 through July, 2007, the trustee has identified loans from individuals totaling over \$40 million.

---- During that same period, Mr. McLean borrowed at least \$10 million from banks, credit cards, or other institutions, on an unsecured basis. (This number does not include money borrowed from Banks or mortgage companies to acquire real property, although disbursements to make mortgage payments on those loans are reflected below.)

---- During this time, Mr. McLean did not "earn" or "generate" any income, other than rental income from his property at Lascassas Road, and bank interest income, all of which does not exceed \$20,000 total over the 5 year period.

---- Essentially all of these funds were paid out during the period from January, 2002 through July, 2007 to various sources (These payees have been "grouped" for purposes of this report, but the records will allow the Trustee to identify disbursements specifically, by date, payee, and amount.)

| | |
|---|-------------------------|
| Payments to Lenders for Interest on their loans | > \$21.2 million |
| Payments to Lenders to Pay or reduce principal | > \$3.1 million |
| Payments to Banks, credit cards or other loans | > \$6.6 million |
| Payments to/for Charitable Institutions | > \$2.2 million |
| "Loans", mostly to individuals (including support for students) . | > \$4.0 million |
| Payments for upkeep of office (employees/expenses) | > \$1.6 million |
| Payroll Taxes | > \$1.0 million |
| Payments for mortgage and upkeep of six (6) houses/condos..... | > \$1.1 million |
| Movie/Film | > \$1.3 million |
| Music equipment purchases | > \$1.5 million |
| Payments to [REDACTED] and/or his company | > \$3.6 million ** |
| [REDACTED] | > \$0.9 million |
| Misc. other expenses | > \$1 million |
| Flowers, Gifts (Baby, birthday, weddings), Limo Services, Pools, Personal expenses/items, Skysuites, Taxes/Licenses, Tickets, Dues & Subscriptions, Insurance, Storage Rent | |
| Sub-Total | > <u>\$49.1 million</u> |

These numbers do not include numerous additional debits for various expenses and disbursements, which are still being reviewed.

** The payments to Mr. [REDACTED] are alleged (by Mr. McLean) to be a part of an investment, but there do not appear to be any contractual rights established through any documents to establish the nature or the extent of the interest. Therefore, the Trustee cannot conclude that Mr. McLean received any benefit from these disbursements.

There were no disbursements during this period to any investment accounts or brokers. Mr. McLean did have investment accounts with Rosenthal Collins Group, e-trade, Charles Schwab, and Saul Stone, but the records do not reflect any transfers of money into those accounts in the last five years. Further, there was no substantial activity within those accounts during the past several years, and those accounts do not have any assets, other than some minimal balances.

The Trustee has already considered possible actions against MTSU and the Country Music Foundation, to recover transfers ("gifts") to those institutions, which appear to constitute fraudulent conveyances under applicable bankruptcy and state law. (Counsel for both entities have already begun discussions with the Trustee concerning these claims.) It is likely that other actions will be considered and filed in this case, but the Trustee will await further analysis from accountants before determining what further actions should be filed.

The Debtor executed a Waiver of Discharge in this case, which indicated that he would not be seeking to discharge his obligations through this bankruptcy proceeding. However, his recent death renders issues of discharge and dischargeability moot.

RESPECTFULLY SUBMITTED,

/s/ Robert H. Waldschmidt

ROBERT H. WALDSCHMIDT

Trustee

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