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4 Attorneys for Receiver

5 IN THE SUPERIOR COURT FOR THE STATE OF ARIZONA

6 IN AND FOR THE COUNTY OF MARICOPA

7 State of Arizona, ex rel Terry Goddard, )  
8 Plaintiff, )

9 vs. )

10 C.P. Direct, Inc., dba Nutritional )  
Supplements Inc.; Michael Consoli; )  
11 Geraldine Consoli; Vincent Passafiume; )  
Nutritionals Direct Inc.; dba Nutritional )  
Supplements Inc.; Opulent Property )  
12 Investments, Inc.; MAC Investments, )  
Inc.; VJP Investments, Inc.; Suzanne )  
Rye; Judy Anderson; Michael )  
Kwadecius; and Laura Hughes;, et al )

13 Defendants, )

14 And Various Bank Accounts and Other )  
Property, )

15 Defendants In Rem. )

16 \_\_\_\_\_ )  
Michael A. Consoli and Geraldine )  
Consoli, )

17 Plaintiffs, )

18 v. )

19 Travis McKeever and Lois Bishop, )  
husband and wife, Jeremy Booher, and )  
20 Claudia Thomas, )

21 \_\_\_\_\_ )  
Defendants. )

Cause No. CV 2002-011275/  
CV 2003-021237 Consolidated

ORDER ESTABLISHING PROCEDURES  
FOR THE ADJUDICATION OF  
REQUESTS FOR COMPENSATION

RE: PETITION NO. 55

(Assigned to Judge Paul A. Katz)

1           Petition No. 55, having come before this Court and the Court having considered the  
2 motions and memoranda filed by various interested parties in this petition proceeding and the  
3 *Receiver's Motion for Entry of Order Establishing Procedures for the Adjudication of*  
4 *Requests for Compensation by General Creditors Re: Petition No. 55:*

5           The Court finds that Arizona Nutritional Supplements, Inc. ("ANS"), Scoville Press,  
6 Inc. ("Scoville"), and VL Clark Chemical Co. ("Clark") (collectively "Petitioners") are the  
7 only petitioners in the instant proceeding to have actually filed Requests for Compensation  
8 that are subject to the Court's minute entry of May 12, 2005 in this proceeding.

9           The Court finds as a matter of law that Petitioners are trade creditors of C.P. Direct,  
10 Inc. ("C.P. Direct") and to the extent that C.P. Direct owed trade debts lawfully due and  
11 payable to them at the time of the State's seizure of C.P. Direct on May 22, 2002, they qualify  
12 under A.R.S. §13-4301(3) "as a person who has sustained economic loss . . . as a result of  
13 injury to his person, business or property, by the conduct giving rise to the forfeiture of  
14 property."

15           The Court further finds that, without prejudice to the right of any person to appeal any  
16 subsequent determination by this Court based on the above finding and the Court's minute  
17 entry dated May 12, 2005 and this order, the Court finds that it is appropriate that this order  
18 not be treated as a final appealable judgment and that Rule 54(b) language not be added to  
19 this order.

20 . . .  
21 . . .

1 NOW, THEREFORE, IT IS HEREBY ORDERED:

2 1. The Receiver shall review the Requests for Compensation filed by Petitioners  
3 and shall, within 30 days of the entry of this order, advise them in writing of the additional  
4 information that the Receiver deems necessary in order to properly consider their respective  
5 Requests. Petitioners shall provide the information requested by the Receiver within 30 days  
6 of the request.

7 2. In order to qualify for compensation from forfeited property, Petitioners shall  
8 prove by a preponderance of the evidence that, in accordance with A.R.S. §13-4301(3), 13-  
9 4311(N)(3) and other applicable laws, each of them:

- 10 a. Has sustained an economic loss and the amount of that loss;
- 11 b. Is not an Owner of or Interest Holder in the property as those terms are  
12 defined in A.R.S. §13-4301;
- 13 c. Is not responsible for the conduct giving rise to forfeiture; and
- 14 d. Is not a person whose interest would not be exempt from forfeiture if the  
15 person were an owner of or interest holder in the property.

16 3. The Receiver shall reduce and offset against any Request for Compensation the  
17 amount of any funds or other thing of value received by the Petitioner who filed the Request  
18 for Compensation, or for his or her benefit, from any original defendant in personam named  
19 in the Complaint in CV2002-011275 (“Defendant”), to the extent such amounts are not  
20 accounted for in the Request for Compensation. In addition, the Receiver shall offset against  
21

1 any Request for Compensation any amount owed to the Receiver or any Defendant by the  
2 Petitioner who filed the Request for Compensation.

3 4. Not later than ninety days of the date of this order, the Receiver shall file with  
4 the Court the Receiver's Report on each Request for Compensation filed by Petitioners  
5 setting forth the Receiver's recommendations regarding each such Request. The Request for  
6 Compensation Report will also include the Receiver's findings as to whether the requesting  
7 Petitioner qualifies for compensation from the forfeited property, and the Receiver's  
8 recommendation concerning each Request.

9 5. A copy of the Requests for Compensation Report shall be served on Petitioners  
10 and all other persons appearing on the Master Service List.

11 6. All objections to any part of the Request for Compensation Report by any  
12 interested party or any person filing a Request for Compensation shall be filed with the  
13 Receiver and not with the Court. The objections shall be set forth in writing and deposited in  
14 the United States mail within 30 days of the date of the Receiver's Report, postage pre-paid,  
15 first class, addressed to the Receiver at:

16 Lawrence J. Warfield, Receiver,  
17 CP Direct Receivership  
18 P.O. Box 14050  
19 Scottsdale, Arizona 85267

20 7. Within 60 days of the date of the Receiver's Report, the Receiver shall file with  
21 the Court a copy or summary of timely objections received by the Receiver together with the  
Receiver's response to those objections and shall serve a copy of same on all persons  
appearing on the Master Service list and on all persons who served the Receiver with

1 objections as provided above. The Receiver's response shall be served by deposit in the U.S  
2 mail, first class postage pre-paid, addressed to the recipient at his last known address  
3 according to the Receiver's records.

4 8. A status conference will be held by the Court on the Receiver's Requests for  
5 Compensation Report and any objections thereto, on \_\_\_\_\_ at \_\_\_\_\_ for the  
6 purpose of scheduling evidentiary hearings mandated by A.R.S. 13-4311(J) and setting  
7 briefing schedules as may be necessary.

8 9. Following such hearings and briefing as the Court shall set, the Court shall  
9 enter a final appealable judgment approving or disapproving the Requests for Compensation  
10 filed with the Receiver by Petitioners ("Final Order"). It is the intention of this Court that this  
11 order and the Court's minute entry dated May 12, 2005, are not appealable judgments and  
12 that any issue decided in this order or pursuant to this order or decided in this Court's minute  
13 entry dated May 12, 2005, may be raised on appeal following the entry of the Court's Final  
14 Order.

15 10. Distributions on Approved Requests for Compensation filed by Petitioners shall  
16 be made only upon further order of this Court and shall be made only from the proceeds of  
17 forfeited property remaining after paying or reserving for the payment of all approved  
18 Requests for Compensation filed by Consumers, as that term is defined in this Court's *Order*

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21 . . .

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*Re Petition No. 49, Order Establishing Procedures For The Adjudication Of Requests For Compensation, dated June 21, 2004.*

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

\_\_\_\_\_  
Judge of the Superior Court