

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF OKLAHOMA

**FILED**

In Re:

B & B WORM FARMS, INC.,

Debtor.

No. 03-14379-BH  
(Chapter 7)

JUN 15 2004

TRUSTEE'S STATUS REPORT

GRANT PRICE  
CLERK, U.S. BANKRUPTCY COURT  
WESTERN DISTRICT OF OKLAHOMA  
BY \_\_\_\_\_ DEPUTY

Janice D. Loyd, Trustee herein, hereby submits this report of the status of the administration of this proceeding. On April 22, 2003, the Debtor filed a voluntary petition for Chapter 7 relief under the United States Bankruptcy Code and Janice D. Loyd was appointed that date as Trustee to administer any assets of the Debtor corporation.

The Trustee commenced her duties by gathering all available records of the Debtor corporation and interviewing various parties with knowledge of the business affairs of the Debtor. The Trustee determined based on her preliminary investigation that the Debtor appears to have been operated as a "ponzi scheme". The Trustee met with various members of the Oklahoma Dept of Securities, which was conducting an independent evaluation at the time. She had various discussions with other State's agencies which likewise had commenced investigations into the business affairs of this company as it affected citizens of those states. The conclusion drawn from these various discussions was that an in-depth evaluation of the Debtor's bank accounts was necessary.

A complete evaluation of all known bank accounts was conducted in an effort to trace all funds coming into this company's accounts and going out to various parties. Based on this analysis, the Trustee has discovered that approximately 29 Million

dollars was received by the Debtor over a period of approximately 3 years. The money all appears to have come from the sale of "worm contracts". The Trustee's review further shows approximately 18 Million dollars was paid back to worm growers or worm distributors as part of this ponzi scheme. The remaining 11 Million dollars was paid over to various officers, directors, employees, insiders and other entities and used to purchase various assets. Many of these payments appear suspect.

The Trustee took possession of all known assets held in the name of B & B Worm Farms, Inc and began a liquidation of same. The Trustee, through numerous public and private sales, has sold all known real and personal property titled in the name of the Debtor estate. The Trustee has recovered over \$745,000.00 gross for the estate since its inception. The Trustee also commenced a Probate action involving the estate of Greg Bradley, in an effort to recover various assets held in his name individually, but belonging to the debtor estate.

In addition to the tangible assets, the Trustee commenced approximately thirty (30) Adversary proceedings against various parties in an effort to recover a portion of the approximately 11 Million dollars referenced above. Of those thirty (30) lawsuits, the Trustee has taken default judgments in four (4) cases and default is pending in three (3) more. Additional lawsuits are contemplated and will be filed within the next six(6) to eight (8) months.

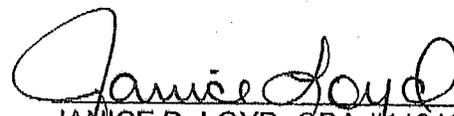
The following is a list of the lawsuits filed thus far and the current status of each:

<u>Name/Case Number</u>	<u>Amount</u>	<u>Date Filed</u>	<u>Status</u>
Allen, Dana Guy	\$1,274,335.00	01/30/04	

American Entertainment, Inc.	\$ 175,062.00	02/05/04	Default Judgment pending.
Basterholt, Rebecca & Heath	\$ 135,000.00	01/30/04	
Bateman, Lawrence	\$ 125,581.00	01/30/04	Default Judgment pending
Bay Hill Investments	\$ 431,606.44	01/30/04	Answer filed April 28, 2004
Bradley, Anthony S.	\$ 236,510.00	01/30/04	Trustee's Objection to Defendant's Motion to Dismiss filed May 7, 2004
Bradley, Richard A.	\$ 22,500.00	01/30/04	Settled. Adversary withdrawn.
Bromley, Candace Sue ("Candy")	\$ 230,948.00	02/05/04	
Caputo, Holly Marie	\$ 922,062.00	02/05/04	Defendant filed Voluntary Chapter 7 Petition #04-6862, U. S. Bankruptcy Court, Eastern District of Texas, April 26, 2004
Danley, Carolyn	\$ 10,000.00	01/30/04	Trial set August 18, 2004
Danley, Michael	\$ 37,500.00	01/30/04	
Danley Companies	\$ 26,958.08	01/30/04	Answer filed April 28, 2004
Full Circle Productions	\$ 20,000.00	02/05/04	
Full Circle, L.L.C.	\$ 315,095.17	02/05/04	
Haley Group	\$ 436,000.00	01/30/04	Judgment by Default entered May 26, 2004
Haley, Lauren E.	\$ 94,500.00	01/30/04	Judgment by Default entered May 26, 2004
Hammonds, Margie	\$ 235,855.44	02/05/04	Trustee's Objection to Defendant's Motion for Change of Venue filed May 7, 2004
Hughes, Amanda L.	\$ 358,350.00	01/30/04	Certified mail returned "Moved, No Forwarding Address"

Jimenez, Nancy R. and Joe Alfred	\$ 334,250.00	02/05/04	Judgment by default entered April 28, 2004
L.E.H. Enterprises	\$ 148,000.00	01/30/04	Default Judgment pending
Midwest Turf & Compost, Inc.	\$ 283,000.00	02/05/04	Answer filed April 28, 2004
N2Worms, Inc.	\$ 610,508.76	01/30/04	
Novan Enterprises	\$ 445,000.00	01/30/04	Trustee Objection to Defendant's Motion to Dismiss filed May 7, 2004
Stillwell, Trenton	\$ 135,000.00	01/30/04	
Klatt, Brandy	\$ 35,100.00	01/30/04	
Rapuano, Ashley	\$ 15,125.00	02/06/04	
Stanton, Benjamin R.	\$ 92,950.00	02/06/04	
Park 2000 Associates	\$ 5,388.00	02/05/04	Judgment by Default entered April 28, 2004
BCT (Business Cards Tomorrow)	\$ 18,652.80	02/06/04	Answer filed April 28, 2004
Cassel, John M.	\$ 22,500.00	02/06/04	

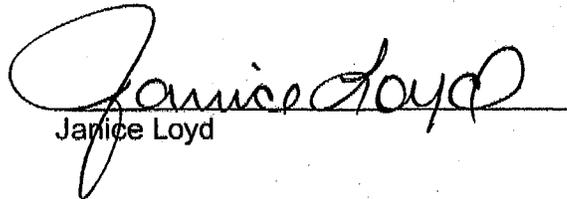
The Trustee will continue her efforts to collect the assets of this estate for the benefit of the creditors. A bar date of filing claims was set in this case, and currently there are over 1100 claims on file. The Trustee has not commenced an evaluation of these claims at this time.



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 ATTORNEY FOR TRUSTEE

CERTIFICATE OF SERVICE

I certify that on this 15<sup>th</sup> day of June, 2004, a true and correct copy of the above and foregoing was mailed by U.S. mail, postage prepaid, to the matrix attached to the original pleading filed herein and posted on the website identified as [www.turnaroundpro.com](http://www.turnaroundpro.com).

  
Janice Loyd