



State of North Carolina

Roy Cooper
Attorney General

October 13, 2003

North Carolina Senate President *Pro Tempore* Marc Basnight
North Carolina House of Representatives Co-Speaker James Black
North Carolina House of Representatives Co-Speaker Richard T. Morgan
Co-Chairs, Joint Legislative Commission on Governmental Affairs

Senator Scott Thomas
Representative R. Phillip Haire
Representative Joe L. Kiser
Co-Chairs, Appropriations Subcommittees on Justice and Public Safety

North Carolina General Assembly
Raleigh, North Carolina 27601-1096

RE: N.C.G.S. § 114-2.5; Report of Court Orders in Favor of the State
In re: Currituck Resort Shores, L.L.C.
U.S. Bankruptcy Court for the Eastern District of North Carolina, Wilson Division
Case No. 98-03451-8-JRL

Gentlemen:

N.C.G.S. § 114-2.5 requires that not less than thirty (30) days prior to disbursement of funds received by the State or State agency pursuant to a settlement agreement or final orders of judgment of the case where the amount of funds exceed \$75,000, the Attorney General shall report to the Joint Committee on Governmental Operations and the Chairs of the Appropriations Subcommittees on Justice and Public Safety on the payments received by the State. Pursuant to that statute, I am writing to report as follows:

On September 19, 2003, the North Carolina Department of Justice received \$217,109.37 from Randy Doub, Trustee in *In re: Currituck Resort Shores, L.L.C.*, a Chapter 11 case filed in the United States Bankruptcy Court for the Eastern District of North Carolina, Wilson Division.

Currituck Resort Shores operated a campground in North Carolina in which it owned the majority interest of the real property. The remaining undivided interests in the campground were sold to individual consumers, who each purchased deeds for 1/4000th interest in the real property at the campground. After Currituck Resort Shores filed for bankruptcy, the counsel for the trustee filed an adversary proceeding in the Bankruptcy Court naming as defendants all of the approximately 300 consumers who held deeds for a 1/4000th undivided interest.



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In an attempt to resolve the adversary proceeding without further litigation, the Bankruptcy Court ordered the Consumer Protection Division to take part in a mediation among the major creditors and the consumers holding 1/4000th interests in the property to assist in protecting the interests of the consumers in the mediation. The mediation resulted in a settlement among the parties through which the 1/4000th deed holders are to receive a total of \$217,109.37 to be divided among them. Pursuant to the mediation agreement, which was entered by the Bankruptcy Court as an order on May 16, 2003, the Consumer Protection Division received the payment on behalf of the consumers and will be disbursing the money to the owners on a pro rata basis.

We will be happy to respond to any questions you may have regarding this report. Please feel free to contact me at (919) 716-0042. With warm regards, I am

Very truly yours,



Julia White
Chief of Staff

JW/dlm

cc: Nels Roseland, Chief Fiscal Officer, NC DOJ
Chloe Gossage, Fiscal Research Division, NCGA
Greg McLeod, Legislative Counsel, NC DOJ