

Warren Norred, State Bar No. 24045094  
Eggleston Flowers & King, LLP  
102 Houston Avenue, Weatherford, TX 76086  
Ph: 817-596-4200; Fax: 817-546-4269  
Attorneys for Adams Family Irrevocable Trust, et al.

**UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION**

**In re ARCHER DALE BONNEMA,  
Debtor**

**§ No. 11-41606  
Chapter 11**

**ADAMS FAMILY IRREVOCABLE  
TRUST, MIKE ADAMS, , TROY  
AUSTIN, FRED BARBER, JOE BASS,  
JC BASS ENTERPRISES, LTD.,  
JONATHAN BEUKELMAN, ROBERT  
AND ERIN BOTSFORD, DAVID  
BOURQUEIN, WILLIAM S. BROWN,  
ROBERT BURLESON, BURLESON  
INVESTMENTS, LLC, WAYNE  
CHRISTIAN, PENSICO TRUST  
COMPANY (fbo WAYNE  
CHRISTIAN), EARL KING, KING  
INVESTMENTS, LTD., PHIL KING,  
TED KLOVSTAD, CORY  
LAWRENCE, RON LOCKARD,  
KJRL, LLC, MARK NAUGLE, KEN  
PAXTON, JR., TY RICHARDSON,  
LINDA ROBERTS, RAY ROBERTS,  
DANIEL ROWELL, ROWELL  
VENTURES CORP., RICHARD  
SCHULTE, JON SHERMAN, and BILL  
ZEDLER,**

**Movants,**

**v.**

**ARCHER DALE BONNEMA,  
Defendant.**

**Weatherford Plaintiffs'  
Objection to Homestead Exemption  
pursuant to 11 USC § 522(q)(1)(B)**

**WEATHEFORD PLAINTIFFS'**  
**OBJECTION TO HOMESTEAD EXEMPTION UNDER 11 USC § 522(q)(1)(B)**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

**NOW COMES, ADAMS FAMILY IRREVOCABLE TRUST, ET AL.,** Creditors and Movants in the above-numbered and styled case, and files this Objection to Homestead Exemption (“Objection”) under 11 USC § 522(q)(1)(B), seeking to limit Debtor’s homestead exemption to \$146,450 because Debtor owes a debt arising from violations of securities laws.

**I. JURISDICTION**

1. This Court has jurisdiction of this Objection pursuant to 28 USC § 1334 and 11 USC § 522 in the pending above-numbered and styled bankruptcy proceeding under Chapter 11 of Title 11 of the United States Bankruptcy Code. This is a core proceeding under 28 USC § 157(b)(2)(B).

2. Bankruptcy Rule 4003(b)(3) allows an objection to exemption pursuant to 11 USC § 522(q) to be filed until the bankruptcy case in question is closed.

**II. LEGAL BACKGROUND**

3. 11 USC § 522(q) limits a homestead exemption to \$146,450 under certain circumstances, which include, but are not limited to, a determination by the court, after notice and a hearing, that the debtor owes a debt arising from any violation of the Federal securities laws, including the Securities Act of 1933, any State securities laws, or any regulation or order issued under Federal securities laws or State securities laws or fraud, deceit, or manipulation in a fiduciary capacity.

4. The Securities Act of 1933 at 15 USC § 77(b)(a)(1) defines “security” as:

“any note, stock, treasury stock, security future, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a

*Weatherford Plaintiffs’ 11 USC § 522(q)(1)(B) Obj. to Homestead Exemption –*

security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing."

5. The Federal Energy Regulatory Commission (FERC) is authorized by federal security regulation 18 CFR Part 34 to authorize entities to sell energy based on market rates in real time, and to trade on the NYISO electricity market. Thus, a bankruptcy court can limit a homestead exemption when a debtor has debt resulting from violations of FERC's regulations by an individual or entity operating under the authority and regulation of FERC.

6. The language of 11 USC § 522(q)(1)(B)(ii) requires that the "fraud, deceit, or manipulation" must have occurred while the debtor was acting either in a fiduciary capacity or in connection with the purchase or sale of any registered security. For example, the Southern District of Texas Bankruptcy Court sustained an objection to a debtor's homestead exemption under 11 USC § 522(q)(1) in *In re Presto*, 376 B.R. 554 (Bankr. S.D. Tex. 2007), where he breached his fiduciary duty to his ex-wife by concealing tax refund proceeds. In that case, TEX. FAM. CODE ANN. § 9.011(b) created a fiduciary duty and constructive trust between the two parties.

7. The objecting party must establish that the exemption is improper by a preponderance of the evidence. *Id.*

8. A mere homestead designation is not an "interest" under 11 USC § 522(p). *Id.* The plain meaning of the statute indicates that "interest" refers to some legal or equitable interest that can be quantified by a monetary figure. *Id.*

9. The language of 11 USC § 522(q) has both a deterrent and punitive effect. The statute sends a message to debtors who have violated securities law or other fiduciary duties, or caused serious physical injury to another: not only will such debts not be discharged in bankruptcy, but homesteads may be in jeopardy due to the actions giving rise to these debts. As it is used in § 522(q)(1)(B), “owes” means that the debt was owed on the date of the petition without regard to any payments on the debt that were made post-petition. The effect of § 522(q) is to limit a debtor's homestead exemption. If the right to an exemption is determined on the petition date, then whether a debt is owed for purposes of § 522(q) should be viewed on that same date. *Id.*

### **III. FACTUAL BACKGROUND**

10. Movants/Creditors Adams Family Irrevocable Trust, et al., are individuals and entities who hold a final judgment against Debtor in the state court proceeding styled Adams Family Irrevocable Trust, et al., vs. Arch Bonnema and Danny Bannister, No. CF10-1871, 43<sup>rd</sup> Judicial District of Parker County, Texas (herein the “Lawsuit”), as further described below and as described in the Final Judgment attached hereto as Exhibit “A” and incorporated herein by reference (the “Final Judgment”). The addresses, counties and states of residence of Movants are recited in the Original Petition of record in the Lawsuit in the 43<sup>rd</sup> Judicial District Court of Parker County, Texas. Virtually all of the Movants are residents of the State of Texas.

#### **Organization and Purpose of Pirin Electric, LLC (“Pirin Electric”), Defendant Bonnema’s Vehicle for Defrauding Movants**

11. Pirin Electric was organized by Danny Bannister as a Texas limited liability company on August 8, 2008. Its certificate of formation stated that it was to be managed by its managers.

12. Pirin Electric's sole manager at the time of its formation and continuously since then is Pirin Solutions, Inc., a Texas corporation (hereinafter "Solutions"). Bryant Ingram was sole director at the time of the formation of Pirin Electric.

13. Solutions was formed in 2006 by Ingram to develop software and data services to assist individuals and small businesses who participate in the electricity markets. The software and services were specifically designed to consolidate data and automate routine tasks associated with the daily regimen of trading electricity.

14. On or about May 2, 2007, Solutions was issued an order by the Federal Energy Regulatory Commission (Docket No. ER07-594-000) for market-based rate authority. Such order authorized Solutions to provide for the sale of energy, capacity and ancillary services at market-based rates. The effect of this order was to allow Solutions (using the capital later invested by Movants and others) to trade on the NYISO electricity market and other markets.

15. During 2008, Debtor Bonnema and Danny Bannister purchased, in equal shares, all of the common stock of Solutions from Ingram and thereafter became the sole shareholders, officers and directors of Solutions. Upon the subsequent formation of Pirin Electric, Defendant Bonnema managed, controlled and operated Pirin Electric (and thereby the invested capital of Movants and others) through Solutions, the sole manager of Pirin Electric.

**Investors Solicited by Defendant Bonnema**  
**Beginning in 2008 and Trading Activity Begins**

16. Shortly after the formation of Pirin Electric, Debtor Bonnema began to solicit investors in Pirin Electric. Upon the investment, such investors purchased securities in Pirin Electric as defined in 15 USC §

77(b)(a)(1) and became "members" of such entity as defined under Texas law.

*Weatherford Plaintiffs' 11 USC § 522(q)(1)(B) Obj. to Homestead Exemption –*

*Adams Family Irrevocable Trust, et al. v. Archer Dale Bonnema*

*Page 5*

17. Debtor Bonnema represented to Movants that Pirin Electric would take their invested capital and create individual investor accounts on behalf of each person or entity investing in Pirin Electric.

18. Debtor Bonnema further represented to Movants that the purpose of the business and invested capital was to utilize (a) the intellectual property and services purportedly developed and owned by Solutions and (b) the investor funds in Pirin Electric solicited by Debtor Bonnema. Trades would be placed by Debtor Bonnema and Danny Bannister using the invested capital of Movants and others, in the electricity markets (i.e., NYISO), and gains/losses would be reported to Pirin Electric's investors on a monthly basis as reflected in on-line statements regarding each individual investor's account. The business of trading in the electricity market using the capital of Movants and others through Pirin Electric is sometimes hereinafter referred to as the "Trading Activity."

19. Debtor Bonnema further represented to Movants that any management fees paid to Debtor Bonnema and Danny Bannister would only be paid when the Trading Activity resulted in profits to the investors in Pirin Electric.

20. At all times during the solicitation of investors in Pirin Electric, Debtor Bonnema was not a licensed securities broker-dealer under federal securities laws or any state securities laws.

21. During September 2008, the first month of Trading Activity using the invested capital of Movants and others, Debtor Bonnema raised \$1,450,000.00 from investors, including a number of Movants, and deposited into one or more bank accounts of Pirin Electric.

**2008-2010 – Debtor Bonnema Raises Additional  
Investor Capital To Cover Substantial Losses Incurred**

22. During the second month of Trading Activity (October 2008), Pirin Electric and its investors sustained losses exceeding \$900,000.00 due to the Trading Activity managed and overseen by Debtor Bonnema and Danny Bannister.

23. Notwithstanding such losses, in November 2008, Bonnema raised additional investment capital in Pirin Electric of \$650,000.00, and in December 2008, raised additional investment capital in Pirin Electric of \$175,000.00. Bonnema continued to solicit new investor capital from Movants and others without disclosing the actual losses sustained by Pirin Electric's existing investors. Such new investors purchased securities which were neither registered nor exempt from registration under Federal or Texas securities laws.

24. During the first quarter of 2009, Pirin Electric and its investors sustained losses of \$149,487.42 due to the Trading Activity managed and overseen by Debtor Bonnema.

25. Notwithstanding such losses, Debtor Bonnema raised in excess of \$200,000.00 in new investor capital during the first quarter of 2009 and continued to solicit new investor capital from Movants and others without disclosing the actual losses sustained by Pirin Electric's existing investors. Such new investors purchased securities which were neither registered nor exempt from registration under Federal or Texas securities laws.

26. During the second quarter of 2009, investors in Pirin Electric sustained losses in excess of \$700,000.00 due to the Trading Activity managed and overseen by Debtor Bonnema.

27. Notwithstanding such losses, Bonnema raised in excess of \$200,000.00 in new investor capital during the second quarter of 2009 and continued to solicit new investor capital from Movants and others without disclosing the actual losses sustained by Pirin Electrics' investors.

28. During the third quarter of 2009, Pirin Electric realized an approximately break-even performance. However, Debtor Bonnema continued to solicit new investors and deposited in excess of \$1,000,000.00 in new investor capital during this time period. Such capital was raised by Debtor Bonnema from Movants and others without disclosing the actual losses sustained by Pirin Electric's existing investors. Such new investors purchased securities which were neither registered nor exempt from registration under Federal or Texas securities laws. During such period, Bonnema concealed from investor prospects the true extent of such losses.

29. During the fourth quarter of 2009, investors in Pirin Electric sustained losses of \$101,659.66 due to the Trading Activity managed and overseen by Bonnema. Notwithstanding such losses and the growing awareness by Bonnema of the risks associated with the trading activity, he continued to solicit new investor capital from Movants and others without disclosing the actual losses sustained by Pirin Electric's existing investors. Such new investors purchased securities which were neither registered nor exempt from registration under Federal or Texas securities laws.

30. During the first quarter of 2010, investors in Pirin Electric sustained losses of \$230,659.46 due to the Trading Activity managed and overseen by Bonnema. Notwithstanding such losses, Bonnema continued to solicit new investor capital from Movants and others without disclosing the actual losses sustained by Pirin Electric's existing investors. Such new investors purchased securities which were neither registered nor exempt from registration under Federal or Texas securities laws.

31. From September, 2008, when Bonnema began to use investor funds in Pirin Electric for trading, through June, 2010, investors in Pirin Electric sustained losses from operations, expenses, trading charges and other unaccounted for losses of \$2,536,001.90. All of such Trading Activity was managed, controlled

and overseen exclusively by Bonnema with assistance from Danny Bannister. Such losses represent more than 50% of the total capital raised by Bonnema.

32. At all times during this period, Bonnema, with assistance from Danny Bannister, solely and exclusively managed, controlled and operated Solutions and thereby controlled and directed all of the activities of Pirin Electric, including the Trading Activity. Additionally, at all times during this period, Bonnema concealed from Movants and investor prospects the true extent of such losses.

**Overpayments and Underpayments by Bonnema to Withdrawing Investors, Payment of Management Fees and Withdrawal of Defendants' Capital.**

33. In addition to the losses described immediately above, virtually every investor who withdrew money from the individual accounts maintained by Bonnema (in Pirin Electric) were either overpaid or underpaid by Bonnema when they liquidated their accounts. These substantial inaccuracies were due to the wholly inadequate and grossly negligent record keeping and accounting records of Bonnema. The overpayments totaled \$89,752.48, and the underpayments totaled \$53,033.47.

34. Bonnema frequently disbursed funds to withdrawing investors without any allocation to such investors of losses actually sustained in their individual accounts.

35. Bonnema's overpayments (including those made under threat of litigation by investors) represent disbursements of funds to former investors to which those investors were not entitled. The underpayments by Bonnema have also caused damage to Movants in that their remaining investment funds (in Pirin Electric itself) are subject to claims of investors who are not Movants and have long since ceased participating in the Trading Activity of Pirin Electric.

36. In addition to the forgoing losses and despite such losses, Bonnema paid himself and Danny Bannister management fees in the amount of \$58,037.98. According to Bonnema's representations, such fees were only to be earned in the event of profitable trading activity by Pirin Electric.

37. Despite significant losses suffered by investors in Pirin Electric and obvious problems with its accounting and reporting, Danny Bannister withdrew in excess of \$65,000.00 of his own invested capital in April 2009 (when Pirin Electric lost over \$700,000.00) without allocating to himself any of the losses sustained by all remaining investors in Pirin Electric during that month and the preceding months. Movants believe such withdrawals are at least \$34,000.00 more than Danny Bannister was entitled to receive and that this was known to Bonnema at the time of such withdrawal.

38. Bonnema withdrew in excess of \$145,000.00 during the period of November 2008 to February 2009, the same period when Pirin Electric's investors were sustaining significant losses. Additional funds were withdrawn by Bonnema in September of 2009.

39. Bonnema made or allowed to be made such withdrawals even though he had no accurate accounting or record keeping for Pirin Electric or Bonnema's individual account.

#### **Demand for Information and Investigation**

40. Prior to May 16, 2010, several Movants made numerous demands for financial information, accurate accounting reports and accountability by Bonnema in managing the affairs and operations of Pirin Electric. When such demands were not addressed, several individual Movants undertook an investigation of Bonnema's activities and the investment and accounting history of Pirin Electric.

41. On May 16, 2010, Movants received initial information concerning the true state of the financial affairs of Pirin Electric and its investors. The information involved, *inter alia*, Bonnema's removal of Pirin

Electric funds in a manner that was contradictory to the terms of the organizational documents and previous representations and warranties made by Bonnema to investors and prospective investors in Pirin Electric. Several Movants learned that a significant sum of money belonging to the investors in Pirin Electric could not be accounted for and/or was represented by personal property purchased with investor funds, which property was then in the possession of Bonnema, which he had concealed at his personal residence.

42. On or about May 25, 2010, in response to Movants' demands, Bonnema resigned all positions he held in Solutions and agreed to transfer or pay to Pirin Electric certain assets and funds on hand.

43. Solutions is now governed by an interim board of directors, which continued to investigate the activities of Pirin Electric and Bonnema, to reconstruct the books and records of Pirin Electric and its individual investors, and to determine the amount of funds properly distributable to each investor.

**Distributions to Investors in Pirin Electric and Summary of Losses Sustained**

44. On or about October 8, 2010, the interim board of Solutions authorized the distribution of a prorata share of a portion of the recovered cash and assets to each of the current investors in Pirin Electric based on their then current cash balances.

45. After taking into account all such distributions, the following losses were sustained by Movants (not including losses sustained by other investors and inclusive of unreimbursed management fees, NYISO assessment charges, gains/losses, expenses incurred and other unaccounted for or unallocated losses or disbursements) until the filing of the Original Petition in the Lawsuit in the total amount of \$1,322,240.01. Movants believe that the total of all losses sustained by all investors in Pirin Electric exceeds \$2,500,000.00.

**Causes of Action Alleged in Lawsuit**

46. Movants brought the Lawsuit against Bonnema alleging the following:

a. Bonnema made representations to Movants to induce their investments and purchase of securities and regarding the use of their investment capital, and the financial performance, ability and status of Pirin Electric including, but not limited to, the following:

- (1) representations to Movants regarding the nature of the investments;
- (2) representations to Movants regarding the return that Movants could expect from their investments;
- (3) representations that Pirin Electric was adequately capitalized and profitable;
- (4) representations that Bonnema had the knowledge, experience and capability to operate a business engaged in electricity trading; and
- (5) representations that Movants' investor accounts were of a certain balance.

b. These representations were material and false, and, at the time they were made, Bonnema was either aware of their falsity or reckless as to their veracity.

c. Bonnema made the representations for the purpose of inducing Movants to rely upon them and invest initial or additional capital with Defendants.

d. Movants relied on Bonnema's representations and would not have invested initial or additional capital but for Bonnema's representations.

e. Movants' reliance on Bonnema's false representations caused Movants to suffer damages as described elsewhere in the Lawsuit.

47. Movants also alleged in the Lawsuit that Bonnema was liable for the acts of Danny Bannister and others who he supervised and/or involved in the activities of Pirin Electric under the theory of civil conspiracy, as evidenced by the following:

- a. Bonnema was a member of a combination of two or more persons, particularly, Danny Bannister;
- b. Bonnema's intent for this combination had an unlawful purpose and/or a lawful purpose by unlawful means;
- c. Bonnema and Danny Bannister had a meeting of the minds on their intended purpose and/or course of action;
- d. Bonnema and/or Danny Bannister committed an unlawful, overt act to further the intended purpose and/or course of action; and
- e. As a proximate and direct result of Bonnema's wrongful actions, Movants suffered substantial economic damages as described elsewhere herein.

48. Movants also alleged in the lawsuit that Bonnema concealed from or failed to disclose certain facts to the Movants and had certain duties as follows:

- a. Bonnema's concealment and nondisclosure included, but was not limited to the following:
  - (1) the facts, circumstances and information regarding the Movants' investments that Bonnema knew or reasonably should have known would have been material and relevant to a reasonably prudent investor considering investing;
  - (2) the material and known risks associated with such investments;

- (3) the inexperience of Debtor in engaging in the Trading Activity and in managing, controlling and operating businesses such as Pirin Electric and Solutions;
  - (4) that Bonnema did not establish adequate accounting and financial controls for the Movants' invested capital and maintenance of their individual trading accounts;
  - (5) that Bonnema and Danny Bannister withdrew their own invested capital in amounts in excess of that to which they were lawfully entitled;
  - (6) that Bonnema failed to accurately disburse to withdrawing investors correct amounts for each withdrawing investor's account balance, thereby exposing Pirin Electric to claims of such investors subsequent to such withdrawal and/or the date on which the new investor's capital was deposited into Pirin Electric;
  - (7) the extent of the losses being sustained by each Plaintiff as a result of the Trading Activity; and
  - (8) why the Trading Activity causes such substantial losses.
- b. Defendants had a duty to disclose the facts and circumstances to Movants.
- c. The facts and circumstances concealed and/or not disclosed by Bonnema to Movants were material, in that reasonably prudent investors standing in the shoes of Movants would have deemed such facts and circumstances to have been material to their investment decisions prior to engaging in such investments.
- d. Bonnema knew Movants were ignorant of the facts and circumstances that were concealed by and/or not disclosed to Movants by Bonnema. Furthermore, Movants did not have an equal opportunity to discover the facts or circumstances concealed by and/or not disclosed by Bonnema.

e. Bonnema was deliberately silent when he had a duty to speak.

f. By failing to disclose the facts, Bonnema intended to induce the Movants to take some action or refrain from acting.

g. Movants reasonably and justifiably relied on Bonnema's nondisclosures. Such reliance manifested itself in the purchase of securities in Pirin Electric, securities which were neither registered nor exempt from registration under Federal or Texas securities laws.

h. As a direct result of taking certain actions and/or refraining from taking certain actions without the knowledge of the undisclosed facts, Movants have suffered substantial economic damages as described elsewhere herein.

49. Movants also alleged in the Lawsuit that Bonnema did the following:

a. Bonnema made representations to Movants in the course of Bonnema's business or in a transaction in which Bonnema had interests.

b. Bonnema supplied false information for the guidance and/or inducement of Movants as previously described.

c. Bonnema failed to exercise reasonable care and/or competence in obtaining or communicating the information supplied to Movants.

d. Movants reasonably and justifiably relied on Bonnema's misrepresentations, misstatements and false promises.

e. Bonnema's negligent and fraudulent misrepresentations proximately caused Movants to suffer substantial economic damages as described elsewhere herein.

**Final Judgment Awarded Against Bonnema**

50. On March 7, 2011, the Final Judgment was granted to Movants in the Lawsuit. The Final Judgment provides that on January 19, 2011, the Court entered a judgment against Bonnema based on Bonnema's liability for Movants' claims of common law fraud, civil conspiracy, fraud by nondisclosure, negligent misrepresentation, breach of fiduciary duty, negligence and breach of contract.

51. In the Final Judgment, the Court awarded actual damages in favor of Movants and against Bonnema in the amount of \$1,330,770.34.

52. In the Final Judgment, the Court awarded exemplary damages in favor of Movants and against Bonnema in the amount of \$1,330,770.34 based upon its finding of fraud, among other reasons.

53. In the Final Judgment, the Court awarded prejudgment interest in favor of Movants and against Bonnema in the amount of \$23,516.37 and continuing thereafter at the rate of five percent (5%) per annum until the Final Judgment is paid.

54. In the Final Judgment, the Court awarded attorneys' fees in favor of Movants and against Bonnema in the amount of \$125,569.28 together with certain awards for post-judgment actions by Bonnema and required actions by attorneys for Movants.

55. In the Final Judgment, the Court awarded costs in favor of Movants and against Bonnema.

**Failure to follow FERC Regulations limits Debtor's Homestead Exemption**

56. 11 USC § 522(q)(1)(B)(i) limits the bankruptcy homestead exemption to \$146,450 when a debtor owes debts that are a result of the violation of securities laws and results from any judgment, order, consent order or decree entered in any judicial or administrative proceeding.

57. Pirin Solutions requested and received authorization to sell securities in accordance with FERC

regulations, as shown in the FERC Submittal Acknowledgement and FERC Notice of Issuance of Order, attached as Exhibit B and C, attached.

58. As shown in the August 18, 2011 letter attached as Exhibit D from FERC to Pirin Solutions, Debtor failed to file required quarterly reports that would have alerted both FERC and Pirin investors that Pirin Solutions was not financially sound.

59. The Final Judgment granted to Movants in the Lawsuit established a liquidated debt of more than \$2,800,000 as a direct result of these and other similar failures.

60. Debtor directly controlled many of the decisions to violate security regulations and make decisions resulting in losses by Movants, and leading to the debt as liquidated in the Final Judgment, triggering the \$146,450 maximum homestead limitation found in 11 USC § 522(q)(1)(B)(i).

**Debtor's Fraud limits Debtor's Homestead Exemption**

61. 11 USC § 522(q)(1)(B)(ii) limits the bankruptcy homestead exemption to \$146,450 when a debtor owes debts that are a result of common law fraud, deceit, or manipulation in connection with the purchase or sale of any securities and results from any judgment, order, consent order or decree entered in any judicial or administrative proceeding.

62. Movants purchased interests (securities) in Pirin Electric in reliance upon Defendant Bonnema's representations and documentation, which he knew (and the Court in the Lawsuit found) were fraudulent and worked a deceit upon Movants. Such representations and documentation were found in the Lawsuit to be common law fraud among other things.

63. Debtor's debts to Movants fit squarely within the language of 11 USC § 522(q)(1)(B). Besides finding that the Debtor had committed common law fraud, and breached his fiduciary duties with respect to

Movants and others, the Final Judgment awarded exemplary damages specifically finding that Debtor had committed actual fraud in relation to the above actions.

**IV. PRAYER**

64. WHEREFORE, Movants pray that this Court will limit Debtor's homestead exemption to \$146,450, and provide for such other and further relief as this Court deems just and proper.

By: /s/ Warren V. Norred  
Warren V. Norred, TX Bar 24045094  
Eggleston Flowers & King, LLP  
102 Houston Avenue, Weatherford, Texas 76086  
Ph: 817-596-4200, Fax: 817-596-4269  
Attorneys for Creditors, Adams Family  
Irrevocable Trust, et al.

**CERTIFICATE OF CONFERENCE** - I certify that I made a good faith effort to negotiate a settlement of this matter with Debtor's Counsel but no settlement was reached.

/s/ Warren V. Norred  
Warren Norred

**CERTIFICATE OF SERVICE** - I HEREBY CERTIFY that a true and correct copy of the above and foregoing document was served on this the 11<sup>th</sup> day of November, 2011, by first class mail, postage prepaid, upon Defendant and Debtor at the address below, and by ECF to all others parties in interest, including Debtor's counsel and Chapter 11 Trustee.

/s/ Warren V. Norred

Warren Norred

Name	Address	City	State	Zip
Adms Family Irrev. Trust	315 N. College	McKinney	TX	75069-3825
AlixPartners LLP	2000 Town Center Ste 2400	Southfield	MI	48075-1250
Ally Financial	PO Box 380901	Bloomington	MN	55438-0901
Archer Dale Bonnema	604 Kings Lake Drive	McKinney	TX	75070-8779
Bill Zelder	5502 Hidden Trails Dr.	Arlington	TX	76017-1168
Burleson Investments, LLC	404 Crossland Dr.	Georgetown	TX	78628-3802
Collin Cnty Tax Ass- Collector, c/o David McCall	777 East 15th Street	Plano	TX	75074-5799
Collin County Tax Ass. Collector, c/o Kenneth L. Maun	PO Box 8046	McKinney	TX	75070-8046
Daniel Rowell	4126 Kansas Ave.	Kenner	LA	70065-2303
David Bourquein	4845 Littlewood	Beaumont	TX	77706-8700
Fred Barber	5000 Boat Club Road	Fort Worth	TX	76135-1804
Jay K. Gray	4514 Travis St. Ste. 300	Dallas	TX	75205-4186
JC Bass Enterprises, Ltd.	6738 Brookshire Dr.	Dallas	TX	75230-4107
Joe Bass	Rt. 4 Box 258	Big Sandy	TX	75755
Jonathan Gitlin	8140 Walnut Hill Ln. St. 301	Dallas	TX	75231-4328
King Investments, Ltd.	2110 Ft. Worth Hwy 1800 Preston Park Blvd., Suite 101	Weatherford	TX	76086-4833
Kings Lake HOA	101	Plano	TX	75093-5198
KRJL, LLC	PO Box 2828	McKinney	TX	75070-8177
Linda Roberts	2136 Chinn Road	Denton	TX	76207-5106
Marcella Bonnema	1505 Country Club Dr.	Willman	MN	56201-2180
Mark Naugle	6820 River Park Circle	Fort Worth	TX	76116-0515
Pavillion Bank	1200 West Campbell Road	Richardson	TX	75080-2945
Pensco Trust Co.(FBO Wayne Christian)	PO Box 26903	San Francisco	CA	94126-6903
Phil King	2110 Ft. Worth Hwy	Weatherford	TX	76086-4833
Richard Schulte	803 Creekline Way	McKinney	TX	75070-5583
Robert Botsford	513 Creekside	McKinney	TX	75071-4838
Roger Bonnema	1505 Country Club Dr.	Willman	MN	56201-2180
Steadfast Insurance Company, c/o Robert D. Allen	10000 N. Central Exp, Ste. 1450	Dallas	TX	75231-2330
Tedd Klovstad	1141 Three Rivers Dr.	Prosper	TX	75078-8419
The Guardian Life Ins. Comp. of America	7 Hanover Square	New York	NY	10004-2616

*Weatherford Plaintiffs' 11 USC § 522(q)(1)(B) Obj. to Homestead Exemption –*

*Adams Family Irrevocable Trust, et al. v. Archer Dale Bonnema*

*Page 19*

**UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION**

<b>In re ARCHER DALE BONNEMA, Debtor</b>	<b>§</b>	<b>No. 11-41606 Chapter 11</b>
<hr/>		
<b>ADAMS FAMILY IRREVOCABLE TRUST, et al, Movants,</b>	<b>§</b>	
	<b>§</b>	
	<b>§</b>	
<b>v.</b>	<b>§</b>	<b>Weatherford Plaintiffs’</b>
	<b>§</b>	<b>Objection to Homestead Exemption</b>
<b>ARCHER DALE BONNEMA, Defendant.</b>	<b>§</b>	<b>pursuant to 11 USC § 522(q)(1)(B)</b>
	<b>§</b>	
	<b>§</b>	

**EXHIBITS**

Exhibit A - Final Judgment

Exhibit B - FERC Submittal Acknowledgement

Exhibit C - FERC Notice of Issuance of Order

Exhibit D - Letter from FERC to Pirin Solutions