

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 91-14561-BKC-PGH

CHAPTER 7

In re)
)
SOUTHEAST BANKING CORPORATION,)
)
Debtor.)
_____)

**ORDER AUTHORIZING EIGHTH INTERIM DISTRIBUTION TO PAY
FIRST INSTALLMENT OF POST-PETITION INTEREST AND
MAKE ALLOCATION TO DISPUTED CLAIMS RESERVE**

THIS CAUSE came before the Court for hearing in Fort Lauderdale on Monday, November 3, 2003 at 1:00 p.m., upon the Trustee's Motion for Order Authorizing Eighth Interim Distribution to Pay First Installment of Post-Petition Interest and Make Allocation to Disputed Claims Reserve (the "Eighth Interim Distribution Motion"), filed by Jeffrey H. Beck as Chapter 7 Trustee (the "Trustee") on October 10, 2003 .

By separate Order of even date herewith (the "Global Settlement Order"), the Court has approved in its entirety the Trustee's Motion for Entry of Order Approving and Implementing Global Settlement of Issues Affecting Calculation and Payment of Post Petition Interest and Attorneys' Fees and Related Priority and Subordination Issues, and Procedure for Interim Distributions of Post Petition Interest on Negative Notice Without Hearing (C.P. 4216) (the "Global Settlement Motion"). Pursuant to the Global Settlement Order, the Trustee seeks by way of the Eighth Interim Distribution Motion to make an Eighth Interim Distribution of \$30 million in accordance with Section 726(a)(5) of the Bankruptcy Code, payable to creditors and bondholders holding Qualified

Claims,¹ including an allocation to the Disputed Claims Reserve established and maintained by the Trustee in respect of the seven prior Interim Distributions in this case.

The Court having read and considered the Eighth Interim Distribution Motion and other relevant matters of record, heard the argument of counsel for the Trustee and other parties in interest, and otherwise been duly advised in the premises, finds and determines as follows:

A. The essential facts governing the Court's consideration of the Eighth Interim Distribution Motion are not in dispute, are set forth in both the Motion itself and in the series of Orders authorizing prior Interim Distributions in this case, and are hereby adopted and incorporated by reference as if fully set forth herein.

B. In calculating the proposed amount of the Eighth Interim Distribution, the Trustee has given due consideration to all of the relevant financial components: the existing cash on hand in both the bankruptcy estate and the Southeast Bank, N.A. Receivership (the "SEBNA Receivership"); the value of the interests owned by non-debtor subsidiaries of the estate in certain real property located in the area of Jacksonville, Florida, defined and described in the Global Settlement Motion as the Jacksonville Property; the amounts allocated to the Disputed Claims Reserve from prior Interim Distributions; the payment obligations to be imposed under the Global Settlement Order; the post-petition interest which creditors may be entitled to receive; and the amounts deemed reasonably necessary to maintain as a reserve to pay trustee and professional fees, including the amount of \$13 million in trustee fees, expenses and indemnification claims placed in issue by the Response and Limited Objection filed to

¹ All capitalized terms used in this Order that are not otherwise defined in this Order shall have the meanings specified in the Eighth Interim Distribution Motion.

the Global Settlement Motion by Former Trustee William A. Brandt, Jr. (the "Brandt Objection"), and other administrative expenses.

C. Based upon this analysis, the Trustee believes, and the Court so finds, that an Eighth Interim Distribution in the amount of \$30 million is prudent and appropriate, and will leave not less than \$20 million in cash to meet these other expenses and obligations.

D. Having now paid or allocated to the Disputed Claims Reserve amounts sufficient to pay all claims in full, without post-petition interest, and continually evaluated the contingent liabilities of the estate and the SEBNA Receivership, the Trustee is satisfied, and the Court so finds, that the payment of the proposed Eighth Interim Distribution in the amount of \$30 million is feasible and in the best interests of creditors and the estate.

E. Good and sufficient notice has been afforded, and cause exists to authorize the Trustee to make an Eighth Interim Distribution upon the terms and conditions set forth below. Accordingly, it is

ORDERED AND ADJUDGED as follows:

1. That the Trustee's Motion for Order Authorizing Eighth Interim Distribution to Pay First Installment of Post-Petition Interest and Make Allocation to Disputed Claims Reserve is **GRANTED**;

2. That the Trustee is **AUTHORIZED** and **DIRECTED** to make an Eighth Interim Distribution in the amount of \$30 million as reflected on the attached **Exhibit A** to creditors holding Qualified Claims, including a pro rata allocation to the Disputed Claims Reserve for interest payable in respect of unresolved claims for which

amounts have previously been allocated to such Reserve. Such Disputed Claims Reserve shall be maintained until the resolution of the claims in respect of which the Reserve is held;

3. That in addition to the Disputed Claims Reserve, the Trustee shall create a separate book reserve in the amount of \$13 million in respect of potential trustee fees and indemnification claims (the "Trustee Reserve"), which Reserve shall be maintained until the claims for fees and indemnification described in the Brandt Objection are resolved by separate Order, and applied in accordance with such Order, including, if applicable, first to payment of such fees and indemnification claims as may be awarded and allowed;

4. That the interest calculations reflected on the attached **Exhibit A** are **APPROVED**, subject to the Trustee's final determination of whether certain of the non-bondholder claimants are entitled to receive post-petition interest. The Trustee shall reserve in the manner of the Disputed Claims Reserve the post-petition interest attributable to such claimants, pending resolution of their entitlement to receive such interest;

5. That at the option of each Indenture Trustee, the Eighth Interim Distribution shall be payable as of a Record Date to be agreed upon and fixed by the Trustee and such Indenture Trustee. As soon as practicable after such Record Date is fixed and determined, the Trustee shall file a Notice of Record Date of Eighth Interim Distribution with the Court, and serve copies upon all persons identified on the service list attached to this Order;

6. That all of the funds remaining in the Chapter 7 estate, including the amounts allocated by book entry to the Disputed Claims Reserve and Trustee Reserve, shall remain property of the Chapter 7 estate, and shall remain invested by the Trustee in conformity with the requirements of 11 U.S.C. § 345; and

7. That the Trustee is **AUTHORIZED** and **DIRECTED** to take such action as may reasonably be necessary to effectuate the Eighth Interim Distribution in conformity with the foregoing terms of this Order and, to the extent not inconsistent, the Eighth Interim Distribution Motion, without necessity of further notice, hearing or Order of this Court.

ORDERED in the Southern District of Florida on NOV - 3 2003.

PAUL HYMAN

HONORABLE PAUL G. HYMAN, JR.
UNITED STATES BANKRUPTCY JUDGE

Copies furnished to:

Mark D. Bloom, Esq.
Jeffrey H. Beck, Chapter 7 Trustee

(Attorney Bloom is directed to serve conformed copies of this Order upon all parties identified on the Service List attached to the original of the Motion filed with the Court, immediately upon receipt thereof, and to file a Certificate of Service with the Court confirming such service.)

Southeast Banking Corporation
Summary Table of Recoveries
Estimated Share of Post-Petition Interest at a \$30 Million Distribution Level
(Amounts in Dollars)

Item Description	Total Claim Amount	Undistributed Principal Amount (See 10)	Estimated Post-Petition Interest	Percent of Total PPI	Pro Rata PPI Distribution of \$30,000,000	Senior/Junior Reallocation of \$30,000,000	Post-Reallocation Distribution of \$30,000,000
Bondholder Claims							
Senior Debt							
11.25% Issue	60,031,774.63	0.00	8,008,076.69	6.03%	1,807,689.25	4,710,238.76	6,517,928.01
Subordinated Debt							
BNY 4.34% Issue	12,334,529.00	0.00	4,514,198.87	3.40%	1,018,004.82	(227,180.14)	791,824.68
BNY 10.50% Issue	104,870,884.82	0.00	38,244,740.58	28.78%	8,633,108.87	(1,824,692.95)	6,708,417.22
Subtotal - BNY	117,005,413.82	0.00	42,758,939.28	32.17%	9,652,114.69	(2,151,872.79)	7,500,241.91
US\$ FRN due 1998	45,609,909.73	0.00	16,889,138.14	12.56%	3,788,186.47	(840,093.56)	2,928,102.80
US\$ FRN due 1997	78,759,981.25	0.00	28,094,003.65	21.14%	6,341,750.99	(1,413,648.80)	4,927,901.09
US\$ 6 1/2% Issue	50,049,885.14	0.00	18,518,153.18	13.78%	4,136,018.41	(921,873.55)	3,213,142.85
Subtotal - US\$	172,419,766.12	0.00	63,105,294.97	47.48%	14,244,983.87	(3,175,817.02)	11,069,148.85
Subtotal - Subordinated Bondholder Claims	289,425,170.04	0.00	105,864,234.23	79.66%	23,897,078.56	(5,327,689.80)	18,569,388.76
48% Guarantee Reserve	0.00	0.00	0.00	0.00%	0.00	617,451.04	617,451.04
Total Bondholder Claims	349,456,944.87	0.00	113,872,310.83	85.68%	25,704,767.81	0.00	25,704,767.81
Non-Bondholder Claims							
Allowed Unsecured Timely Filed Priority and Non-priority Claims	9,633,946.15	768.02	4,788,771.66	3.90%	1,080,985.03	0.00	1,080,985.03
Remaining Disputed Timely Filed Claims	110,178.44	110,178.44	65,690.47	0.05%	14,828.52	0.00	14,828.52
Allowed Unsecured Late Filed Priority and Non-priority Claims	486,502.00	318,250.00	296,023.88	0.22%	66,822.44	0.00	66,822.44
Remaining Disputed Late Filed Claims	23,275,720.00	23,275,720.00	13,877,424.27	10.42%	3,132,598.20	0.00	3,132,598.20
Total Non-Bondholder Claims	33,516,346.59	23,704,914.46	19,027,910.28	14.32%	4,295,232.19	0.00	4,295,232.19
Grand Total Claims	382,973,291.26	23,704,914.46	132,890,221.21	100.00%	30,000,000.00	(0.00)	30,000,000.00
Notes:							
1.	Post-petition interest is calculated using simple interest at an annual rate of 5.57% based on a 365 day year.						
2.	Estimated post-petition interest for each bond issue is based on the amount actually distributed for each bond issue (after claw backs) and before reduction for indenture trustee fees and reserves.						
3.	The Second Interim Distribution was based on the amount necessary to pay the remaining Principal balance of the Senior Notes without claw back.						
4.	Principal reductions pertaining to the 1st, 2nd, and 6th Interim Distributions to bondholders are based on the check dates of lump sum payments to the respective Indenture Trustees.						
5.	Principal reductions pertaining to the 3rd, 4th, and 5th Interim Distributions to bondholders are based on the dates of the first batch of payments made to individual bondholders for each respective Interim Distribution.						
6.	Principal reductions pertaining to allowed unsecured timely and late filed priority and non-priority claims are based on the dates of payments made to each individual claimant.						
7.	Post-petition interest has been calculated through May 31, 2002.						
8.	Post-petition interest amounts for non-bondholder claims are estimates. A claim by claim review has not yet occurred for the purpose of determining which claimants waived their rights to the payment of post-petition interest as a condition of their settlement.						
9.	A reconciliation is currently being completed of over 1100 claims listed on the claims register of this case to the court orders resolving each claim. The purpose of the analysis is to ensure that all claims have been properly accounted for. The numbers in this schedule are subject to adjustment based on the results of this reconciliation.						
10.	Undistributed principal amounts reflect current balances.						
11.	Assumes no Chapter 11-attributable distributions.						

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