

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION

IN THE MATTER OF THE POSSESSION	§	
AND CONTROL OF THE COMMISSIONER	§	
OF BANKS AND REAL ESTATE OF	§	Cause No. 00CH05905
INDEPENDENT TRUST CORPORATION	§	
a/k/a INTRUST, an Illinois corporate	§	
fiduciary	§	

**MOTION FOR APPROVAL OF RECEIVER'S REPORT ON INITIAL INVESTIGATION
OF PRECLOSING TRUST ASSETS**

Now comes PricewaterhouseCoopers LLP, as Receiver, pursuant to 205 ILCS 620/6-1 et seq., and states as follows:

Background

1. On April 14, 2000, the Commissioner of Banks and Real Estate ("Commissioner") took possession and control of Independent Trust Corporation a/k/a Intrust ("Independent"), pursuant to Article VI of the Illinois Corporate Fiduciary Act, 205 ILCS 620/6-1 et seq. ("Corporate Fiduciary Act"). An examination by the Commissioner revealed that there was a significant shortage of cash trust funds which Independent is holding for the benefit of its beneficiaries, and that Independent was unable to meet all of its obligations to such beneficiaries.
2. Independent is an Illinois trust company that administers trust assets of approximately \$1.75 billion for the benefit of approximately 17,000 account holders and beneficiaries. Independent serves as trustee for primarily self-directed individual retirement accounts ("IRAs"), in addition to other qualified plans, land trusts, 1031 trusts, personal trusts, and other trust arrangements.
3. On April 14, 2000, the Commissioner appointed PricewaterhouseCoopers LLP as Receiver ("Receiver") to liquidate Independent through receivership in accordance with section 6-9 of the Corporate Fiduciary Act.

4. Pursuant to sections 6-4, 6-9, and 6-11 of the Corporate Fiduciary Act, this Court is vested with jurisdiction to determine issues and matters pertaining to or connected with the liquidation and receivership of Independent. Further, pursuant to the Order entered by the Court on April 14, 2000 on the Commissioner's Verified Complaint, the jurisdiction of the Court was invoked under the Corporate Fiduciary Act for considering petitions for aid, relief, or authority as the Commissioner or the Receiver deems appropriate.

5. Upon Emergency Motion filed by the Receiver with the consent of the Commissioner, the Court entered an Order for Administration on April 14, 2000, which this Court supplemented with a Supplemental Order for Administration on April 18, 2000 ("Order of Administration").

6. Paragraph 27 of the Order of Administration provides that:

As soon as possible, the Receiver shall conduct an initial investigation of the existence and any shortage in cash trust funds that existed as of the date of Closing ("Preclosing CTF") and other trust assets that existed as of the date of Closing (collectively "Preclosing Trust Assets"). . . . In conducting such investigation, the Receiver may rely upon the information provided and statements made by the financial institutions, brokers, and other entities that hold or maintain funds and assets that make up the Preclosing Trust Assets, the books and records of Independent, and its own judgment.

Consistent with the foregoing, the Receiver has conducted an initial investigation and prepared a report on initial investigation of preclosing trust assets ("Report"). A copy of this Report is attached as Exhibit A hereto.

7. As more fully outlined in the Report, the Receiver has completed a preliminary investigation of the cash trust fund shortage that led to the commencement of this receivership, both to determine the origins of the shortage and its impact on Independent. The Receiver has likewise now concluded a preliminary investigation of the non-cash trust funds to determine the recordkeeping related thereto and a variety of other matters, as more fully detailed in the report. This investigation has led to the

testing of the accounts at several levels to assess, on a preliminary basis, some of the weaknesses, if any, in the recordkeeping systems at Independent. As a result of that investigation, the Receiver has taken certain actions and anticipates taking others in the future. For example, the Receiver on June 1, 2000, on behalf of Independent, commenced litigation against certain former directors of Independent and related entities, which litigation is styled Independent Trust Corp. v. Capriotti et al., Case No. CH08270 (Circuit Court of Cook County, Chancery Div.). On June 23, 2000 the Receiver filed a recommendation related to allocation of the cash trust fund shortage at Independent.

Relief Requested

8. The Court is requested to approve the Report and determine that the Receiver has discharged its obligations under section 27 of the Order of Administration. The Receiver understands that it has continuing obligations under the Corporate Fiduciary Act and other provisions of the Order of Administration, and it is committed to performing those obligations.

Notice

9. Notice of this Motion has been sent to all parties that have entered an appearance in these proceedings. It has not been sent to account holders generally. Given the expense involved in notifying thousands of persons, and in light of the nature of the relief requested, the Receiver believes that this Notice is sufficient under the circumstances. The Receiver is posting the Report on Independent's website and intends to post this Motion on the website.

10. The Receiver has reviewed this Motion with the Commissioner, which supports this Motion and the relief it requests.

WHEREFORE, the Receiver respectfully requests that this Court enter an order in the form of Exhibit B hereto approving the Report, determining that the Receiver has fulfilled its obligations under section 27 of the Order of Administration, and granting all other just and proper relief.

Dated: July 13, 2000

Respectfully submitted,

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EXHIBIT B

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**ORDER APPROVING RECEIVER'S REPORT ON INITIAL INVESTIGATION OF
PRECLOSING TRUST ASSETS**

On this day the Court considered the Motion for Approval of Report on Initial Investigation ("Motion") filed by PricewaterhouseCoopers LLP, as Receiver ("Receiver"), with the consent of the Commissioner of Banks and Real Estate for the State of Illinois, in connection with INDEPENDENT TRUST CORPORATION a/k/a INTRUST. The Court finds that notice was appropriate and sufficient under the circumstances. The Court further finds that the Motion should be granted.

Therefore, it is hereby ordered, adjudged and decreed as follows:

1. The Receiver's report on initial investigation of preclosing trust assets be and is hereby approved and confirmed.
2. The Receiver has discharged its responsibilities to conduct an initial investigation as contemplated by section 27 of the Order of Administration dated April 14, 2000, filed in this case.

SIGNED AND ENTERED this ____ day of July, 2000.

CIRCUIT COURT JUDGE PRESIDING