

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

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)	Civ. No. 08-5348 ADM/JSM
United States of America,)	
)	
Plaintiff ,)	
)	
vs.)	
)	
Frank E. Vennes, Jr., et al.,)	
)	
Defendants.		

**ORDER APPROVING AND CONFIRMING THE SALE OF CERTAIN REAL
PROPERTY LOCATED AT 3515 SECOND AVENUE SOUTH, MINNEAPOLIS,
MINNESOTA AND DIRECTING DELIVERY OF DEED**

Upon consideration of THE STIPULATION, together with its Exhibits, by and between Plaintiff United States of America, Defendant Frank E. Vennes, Jr., (“Defendant Vennes”), and Receiver Gary Hansen (the “Receiver”) [Docket No. 932], who stipulate to the approval of the sale of the property located at 3515 2nd Avenue South, Minneapolis, Minnesota (the “Property”), the Court finds:

1. The Property is currently owned by 3515 2nd Avenue South, LLC (“Seller”). Seller is an entity formed by Defendant Vennes to hold title to the Property.¹
2. The Property is located at 3515 2nd Avenue South in Minneapolis,

¹ 3515 2nd Avenue South, LLC is not specifically named as a Defendant in this action. The Court’s October 16, 2008 Order for Entry of Preliminary Injunction, Appointment of Receiver, and Other Equitable Relief (Docket No. 59), however, commands the Receiver to “assume control over all ongoing business operations in which Defendant as herein defined has a controlling interest, including, but not limited to, [a list of Defendant Vennes controlled entities named in the complaint]. (Order dated Oct. 16, 2008, at 8.) Defendant Vennes has a controlling interest in 3515 2nd Avenue South, LLC. Therefore, it is under the control of the Receiver.

Minnesota and more fully described as:

Lot 11, and North ½ of Lot 10, Block 5, Hawkins Addition to Minneapolis, Hennepin County, Minnesota.

3. The Property is a rectangular shaped lot consisting of a total land area of 8,123.22 square feet. The Property contains a 2.5 story boarding house constructed in 1923. The Property is in need of a substantial rehabilitation and is currently vacant. The City of Minneapolis conducted a Code Compliance Inspection of the Property and noted several deficiencies that must be corrected before the Property may be deemed code compliant and habitable.

4. On September 28, 2007, Defendant Metro Development Properties, LLC entered into a Loan Participation and Servicing Agreement with Inter Savings Bank, fsb, (“Inter Savings Bank”), which held a first and second mortgage on the Property. The then-owner of the Property was in default of the mortgages and Inter Savings Bank was in the process of foreclosing on the Property. Defendant Metro Development Properties, LLC paid Inter Savings Bank \$350,000 as part of the Loan Participation and Servicing Agreement. In exchange, Inter Savings Bank was to complete the foreclosure process and transfer title to the Property to Defendant Metro Development Properties, LLC.

5. Instead of transferring title to Defendant Metro Development Properties, LLC, Inter Savings Bank transferred title to the Property to Defendant Grace Offerings of Florida, LLC on June 9, 2008 via Limited Warranty Deed. Defendant Grace Offerings of Florida, LLC transferred the Property to Seller via quit claim deed on July 15, 2008. Defendant Vennes is the sole manager of Seller.

6. The Property has been marketed for sale with Steve Mueller of The Mueller Group at RE/MAX Results since July 2009. The Property was listed for sale at \$285,000.

7. The Receiver and the potential purchaser, Avalon Home Investments, LLC (“Buyer”), signed a Purchase Agreement and related addendums, dated October 22, 2009 and finally executed as of November 2, 2009 for the sale of the Property and an Amendment to Purchase Agreement dated January 12, 2010 and finally executed as of January 13, 2010. Buyer agreed to purchase the Property for \$225,000. All Buyer contingencies have been removed and the only remaining contingency of Seller is for the Receiver to obtain Court approval by March 3, 2010.

8. The Receiver received no other written offers on the Property, but has received two oral offers. An interested purchaser made an oral offer to purchase the Property for \$200,000. The Receiver requested that the interested purchaser reduce the offer to writing, but the interested purchaser did not. A second interested purchaser indicated that it would pay \$150,000 for the Property. The party did not submit a written offer. Other parties have toured the Property, but the Receiver has not received any other offers.

9. The Receiver retained an independent appraiser, Larry A. Hempler of Newcombe, Hansen, Hempler, Inc., to provide an Appraisal for the Property, which the Court has reviewed.

10. The United States of America, Defendant Vennes and the Receiver agree that the sale is an arm’s length transaction for fair market value and that the sale of the

Property as stated in the Purchase and Sale Agreement and the Amendment should proceed.

Therefore, IT IS ORDERED that the sale of the Property under the terms of the Purchase and Sale Agreement and the Amendment is approved and confirmed. The proceeds from the sale of the Property, after payment of any settlement charges and closing costs, will be paid to the Receiver at closing and deposited into the Receivership account.

IT IS FURTHER ORDERED that the Receiver has the power and authority to sell and convey the Property, and the Receiver or the attorney for the Receiver is hereby authorized and directed to execute and deliver all deeds, bills of sale, closing statements, or other documents necessary to sell and convey the Property.

IT IS SO ORDERED.

BY THE COURT:

s/Ann D. Montgomery

ANN D. MONTGOMERY
U.S. DISTRICT JUDGE

Dated: February 17, 2010.