

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
GAINESVILLE DIVISION**

| | | |
|------------------------|---|---------------------|
| IN RE: |) | BANKRUPTCY CASE NO. |
| |) | 08-20355 |
| CORNERSTONE MINISTRIES |) | |
| INVESTMENTS, INC., |) | Chapter 11 |
| |) | |
| Debtor. |) | JUDGE BRIZENDINE |
| _____ |) | |

**MOTION FOR AUTHORITY TO SETTLE AND COMPROMISE CLAIMS
AGAINST BERMAN, HOPKINS, WRIGHT & LAHAM,
CPAs AND ASSOCIATES, LLP**

Ronald L. Glass in his capacities as Plan Administrator in the above-referenced bankruptcy case of Cornerstone Ministries Investments, Inc. (the “Plan Administrator”) and as Private Actions Trustee of the CMI Private Actions Trust (the “Private Actions Trustee”) and, together as the “Settling Plaintiffs’ Representative”), by his counsel, hereby files this motion (“Motion”), pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), requesting that this Court: (i) approve the terms of compromise described herein, and more specifically set forth in the Settlement Agreement, Mutual Release and Covenants attached hereto as Exhibit A (the “Settlement Agreement”); and (ii) enter an Order, substantially in the form attached hereto as Exhibit B authorizing the Settling Plaintiffs’ Representative to settle and compromise claims against Berman, Hopkins, Wright & LaHam, CPAs and Associates, LLP (“BH”). In support of the Motion, the Settling Plaintiffs’ Representative shows the Court the following:

Jurisdiction and Venue

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334(b), the Standing Order of Reference of the United States District Court for the Northern District of Georgia, Article X.C of the Plan (undefined capitalized terms are defined below), and Section 11.4 of the Private Actions Trust Agreement.

2. This is a core proceeding as defined by 28 U.S.C. § 157(b)(2)(A) insofar as it seeks to compromise and settle causes of action held by the bankruptcy estate of the above-captioned debtor. This is a non-core proceeding insofar as it seeks to compromise and settle causes of action held by the Private Actions Trust. All non-core proceedings are otherwise related to the above-captioned case under chapter 11 of the Bankruptcy Code.

3. Venue is proper in this district in accordance with 28 U.S.C. § 1409(a).

Background

4. Cornerstone Ministries Investments, Inc. (the “Debtor” or “CMI”) filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Northern District of Georgia (the “Bankruptcy Court”) on February 10, 2008, docketed as Bankruptcy Case No. 08-20355 (the “Bankruptcy Case”).

5. On April 9, 2009, the Court entered an order confirming the Plan of Liquidation proposed by the Debtor and the Official Committee of Creditors Holding Unsecured Claims (the “Plan”). All conditions required for the Plan to become effective have

been satisfied or waived in accordance with the Plan and the Plan became effective as of September 25, 2009 (the “Effective Date”).

6. Pursuant to Article VII.B.5., this Court must approve the settlement of any Estate Litigation Claim (as defined in the Plan) where the Face Amount (as defined in the Plan) of the Estate Litigation Claim is more than \$200,000. As discussed below, the Face Amount of the Estate Litigation Claims the Plan Administrator seeks to settle in this Motion are greater than \$200,000.

7. The Plan Administrator was duly appointed in accordance with the terms of the Plan. Among other things, the Plan charges the Plan Administrator to liquidate claims of the Debtor’s estate.

8. The Plan created the CMI Private Actions Trust (the “Private Actions Trust”) that is governed by the CMI Private Actions Trust Agreement (the “Private Actions Trust Agreement”). The Trust holds claims, rights, and causes of action assigned to the Trust. The Private Actions Trustee is the duly appointed trustee of the Private Actions Trust.

9. Pursuant to Section 3.12(j) of the Private Actions Trust Agreement, the Private Actions Trustee, in consultation with and subject to the Private Actions Trust Committee (as defined in the Private Actions Trust Agreement), may compromise and settle any causes of action held by the Private Actions Trust.

10. The Settling Plaintiffs’ Representative has evaluated certain claims that may be held by the Debtor’s estate and/or the Private Actions Trust against BH arising out of BH’s engagement by CMI to perform accounting and auditing services. Based on his review, the Settling Plaintiffs’ Representative believes these claims, including professional

malpractice, negligence, and negligent misrepresentation claims, have merit and initiated pre-suit settlement negotiations with BH. BH denies that it has any liability to the Debtor's estate, the Private Actions Trust, or any other person or entity arising from its pre-petition or post-petition engagement by CMI.

The Compromise and Settlement

11. The Settling Plaintiffs' Representative and BH wish to avoid the uncertainties and expense of litigation and desire to settle, compromise, and forever resolve the claims the Debtor's estate and the Private Actions Trust may have against BH. The Settling Plaintiffs' Representative and BH have engaged in arms-length, good faith negotiations in reaching an acceptable resolution of all such disputes, with such negotiations culminating in this settlement being submitted for this Court's approval.

12. The material term of the parties' agreement which could impact the Debtor's bankruptcy estate and the Private Actions Trust is that in exchange for release of the claims held by the Debtor's estate and the Private Actions Trust against BH, BH has agreed to pay to the Settling Plaintiffs' Representative, collectively as administrator of the Plan and trustee of the Trust, the sum of One Million Two Hundred Ninety Thousand and 00/100 Dollars (\$1,290,000.00) (the "Settlement Amount"). The allocation of the Settlement Amount between the Debtor's estate and the Private Actions Trust will be the subject of a separate motion to be brought contemporaneous herewith by the Plan Committee established by the Plan. The terms of settlement are expressly conditioned upon this Court's prior approval of the Settlement Agreement pursuant to Bankruptcy Rule 9019.

13. The terms of settlement are more specifically described in the attached Settlement Agreement (Exhibit A) that is submitted contemporaneously for this Court's review and approval.

Legal Authority and Analysis

14. Bankruptcy Rule 9019 provides that upon the filing of a motion, and after appropriate notice and a hearing thereon, the court may approve a compromise and settlement. Fed. R. Bankr. P. 9019. A compromise should be approved if the court determines, after considering all of the facts, that the compromise is in the best interest of the estate. *See In re Feifer Industries, Inc.*, 155 B.R. 256, 260 (Bankr. N.D. Ga. 1993).

15. In the Eleventh Circuit, courts evaluating a proposed settlement under Bankruptcy Rule 9019 must consider: (a) the probability of success in the litigation; (b) the difficulties, if any, to be encountered in the matter of collection; (c) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; and (d) the paramount interest of the creditors and a proper deference to their reasonable views in the premises. *Chira v. Salkin (In re Chira)*, 567 F.3d 1307, 1312 (11th Cir. 2009) (citing *In re Justice Oaks II, Ltd.*, 898 F.2d 1544, 1549 (11th Cir. 1990) (quoting *Martin v. Kane (In re A & C Prop.)*, 784 F.2d 1377, 1381 (9th Cir. 1986)). Courts should consider these factors to determine "the fairness, reasonableness and adequacy of a proposed settlement agreement." *Id.* at 1312-13 (citing *In re A & C Prop.*, 784 F.2d at 1381).

16. The Settling Plaintiffs' Representative has asserted that the Debtor's estate has viable claims and causes of action against BH for, *inter alia*, professional negligence and

procuring breaches of fiduciary duties. The Settling Plaintiffs' Representative has also asserted that the Private Actions Trust has viable claims and causes of action against BH for fraudulent and/or negligent misrepresentations to the CMI bondholders that assigned their claims to the Private Actions Trust.

17. BH has asserted numerous potentially available defenses to the potential claims and causes of action to be asserted by the Settling Plaintiffs' Representative. BH also has limited insurance proceeds available to settle or pay a judgment.

18. The Settling Plaintiffs' Representative, after investigation, believes that some, but not all, of BH's assertions may have merit, and that to the extent such assertions prevail after costly and time-consuming litigation, the net benefit to the Debtor's estate and the Private Actions Trust in this matter may be materially diminished. Although the Settling Plaintiffs' Representative believes that his claims have substantial merit, the Settling Plaintiffs' Representative acknowledges that issues of auditor liability and associated causation are rarely certain. Further, the Plan Administrator's prosecution of claims against BH would involve complicated questions of professional standards of conduct, requiring extensive investigation and testimony by expert witnesses. The prosecution of such claims would likely be expensive and protracted.

19. A pre-suit settlement will also save the Estate's creditors and Trust beneficiaries significant attorneys' fees. Under the contingency arrangement the Settling Plaintiffs' Representative has negotiated with post-confirmation special counsel, Reid Davis LLP ("Reid Davis"), Reid Davis has agreed to charge half its normal contingency fee rate for

services that produce a pre-suit settlement.¹ Thus, a pre-suit settlement provides significantly more net value to the Estate's creditors and Trust beneficiaries than a post-suit resolution in the same amount.²

20. Moreover, the Settling Plaintiffs' Representative believes that there would be difficulties in collecting any final judgment on his claims against BH. BH has a professional liability insurance policy with an aggregate limit of \$2,000,000.00 in coverage. Thus, the Settlement Amount represents approximately 65% of the BH's insurance proceeds available to settle or satisfy a judgment in this case – a substantial portion of what the Settling Plaintiffs' Representative believes to be the maximum recovery available, assuming successful litigation against BH over a number of years.

21. The Settling Plaintiffs' Representative submits that approval of the compromise and settlement described herein is in the best interest of the Debtor's bankruptcy estate, the Debtor's creditors, the Private Actions Trust, and the beneficiaries of the Private Actions Trust. The settlement described herein eliminates all litigation risks, costs and delays, and ends this dispute.

22. The Settling Plaintiffs' Representative and BH reserve the right to assert additional support for the relief requested herein at any hearing on this joint motion.

¹ Reid Davis, subject to the terms of its letter of engagement, has agreed to accept a contingency fee of 20% of gross recoveries for matters which are settled pre-suit and 40% of gross recoveries for certain matters in which litigation is commenced.

² Net proceeds of this settlement after payment of Reid Davis' contingency fee will be approximately \$1.032 million (*i.e.*, \$1.29 million * 0.80). If suit were actually filed, the Settling Plaintiffs' Representative would need to realize \$1.72 million in proceeds from the action to create the same net proceeds based upon the higher contingency rate (*i.e.*, \$1.72 million * 0.60 = \$1.032 million).

23. The Settlement Amount, less a fee equal to \$258,000 to be paid by the Settling Plaintiffs' Representative to Reid Davis as post-confirmation contingency fee counsel in this matter promptly upon entry of an order approving this Motion, will be held in trust by the Settling Plaintiffs' Representative pending the Court's approval of an allocation of the Settlement Amount between the Debtor's estate and the Trust. Such allocation will be requested by the Plan Committee, as defined in the Plan, by separate motion.

WHEREFORE, PREMISES CONSIDERED, the Settling Plaintiffs' Representative respectfully requests that the Court grant this Motion, thereby approving and consenting to the terms and conditions of the Settlement Agreement attached as Exhibit A, and enter an order substantially in the form of that attached hereto as Exhibit B. The Settling Plaintiffs' Representative further requests authorization to execute any and all other documents necessary to effectuate the terms of the proposed settlement, and for such other relief as is just and necessary.

Dated: July 23, 2010

/s/ David J. Marmins
David J. Marmins
BALCH & BINGHAM LLP
30 Ivan Allen Jr. Blvd, NW, Suite 700
Atlanta, Georgia 30308
Telephone: (404) 261-6020
Facsimile: (866) 320-6793

Attorney for Ronald L. Glass

CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing MOTION FOR AUTHORITY TO SETTLE AND COMPROMISE CLAIMS AGAINST BERMAN, HOPKINS, WRIGHT & LAHAM, CPAs AND ASSOCIATES, LLP and PROPOSED ORDER with the Clerk of the Court using the CM/ECF system, which sent notification to all counsel of record via the CM/ECF filing system on the 23rd day of July, 2010.

This 23rd day of July, 2010.

s/ David J. Marmins
David J. Marmins
Georgia Bar No. 470630
BALCH & BINGHAM LLP
30 Ivan Allen Jr. Blvd., Suite 700
Atlanta, Georgia 30308
Telephone: (404) 261-6020
Facsimile: (404) 261-3656

SETTLEMENT AGREEMENT, MUTUAL RELEASE, AND COVENANTS

This SETTLEMENT AGREEMENT, MUTUAL RELEASE, AND COVENANTS (this "Agreement") is made and entered into by Ronald Glass in his capacities as Plan Administrator of Cornerstone Ministries Investments, Inc. and as Trustee of the CMI Private Actions Trust, and Berman, Hopkins, Wright & LaHam, CPAs and Associates, LLP ("BH") (collectively, the "Parties").

Recitals

A. Cornerstone Ministries Investments, Inc. ("CMI" or the "Debtor") filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Georgia (the "Bankruptcy Court") on February 10, 2008, which is being administered as Case No. 08-20355 (the "CMI Bankruptcy Case").

B. On January 27, 2009, CMI and the Official Committee of Creditors Holding Unsecured Claims filed their Joint Disclosure Statement [Docket #489] (the "Disclosure Statement") for CMI's Joint Amended Chapter 11 Plan of Liquidation [Docket # 488] (the "Plan"), which was confirmed by the Bankruptcy Court by Order dated April 9, 2010 [Docket #562] (the "Confirmation Order") and the Findings of Fact and Conclusions of Law Regarding the Plan of Liquidation Proposed by Cornerstone Ministries Investments, Inc., and the Official Committee of Creditors Holding Unsecured Claims [Docket #560] (the "Findings of Fact and Conclusions of Law") dated April 9, 2009.

C. Pursuant to the Plan, the Debtor has continued in existence as the Post-Effective Date Debtor [Plan Art. VI. ¶ A. 1.] with the Plan Administrator succeeding to all rights and powers of the directors and officers of the Debtor [Plan Art. VI. ¶ B.]. As set forth in the Findings of Fact and Conclusions of Law, Ronald Glass of GlassRatner Advisory & Capital Group LLC was appointed as the Plan Administrator of CMI [Findings of Fact and Conclusions of Law ¶ N.]. The Plan retained the Debtor's Estate Litigation Claims [Plan Art. V. ¶ B.] for enforcement by the Plan Administrator [Plan Art. IV ¶ D. 3(j); Plan Art. VII. ¶ B. 1.]. Pursuant to the Plan, its beneficiaries include the holders of all allowed Bondholder Unsecured Claims and Other Unsecured Claims against CMI as defined in Plan Art. III, ¶ B. 9-10.

D. Additionally, the CMI Private Actions Trust was created pursuant to the Plan [Plan Art. VI. ¶ G. 1.], and is governed by the provisions of the CMI Private Actions Trust Agreement (the "CMI Private Actions Trust Agreement") dated September 25, 2009. Ronald Glass was appointed as trustee of the CMI Private Actions Trust pursuant to Article 1, Section 1.1(b) of the CMI Private Actions Trust Agreement, and has the power to prosecute, compromise, and settle all claims, rights, and causes of action assigned or transferred to the CMI Private Actions Trust [CMI Private Actions Trust Agreement Art. 3, Section 3.11(a)].

E. The Debtor holds any and all potential claims and causes of action, whether arising pre-petition or post petition that the Debtor may have or may at any time have had against

BH. Additionally, the CMI Private Actions Trust holds any and all assignable claims and causes of action against BH that were the property of or could be asserted by those bondholders who assigned such claims into the CMI Private Actions Trust.

F. Ronald Glass in his capacities as Plan Administrator of Cornerstone Ministries Investments, Inc. and Private Actions Trustee of the CMI Private Actions Trust represents that he has exclusive power to assert and settle all claims on behalf of the Debtor and the CMI Private Actions Trust including, but not limited to, claims held directly by the Debtor and the CMI Private Actions Trust, and any and all derivative claims which might be asserted on behalf of, or by, their respective creditors.

G. The Debtor and the CMI Private Actions Trust (collectively the "Settling Debtors") have jointly evaluated and asserted all of their potential claims against BH arising from its engagement by CMI, both pre-petition and post-petition, and believe that their claims have merit. BH denies that it has any liability to the Settling Debtors or any other person or entity arising from its pre-petition engagement by CMI.

H. In order to avoid the costs and uncertainty of litigation, the Parties have agreed to settle all disputes and controversies between them on the terms set forth in this Agreement, without admitting any liability or wrongdoing and without resort to litigation between them.

Terms and Conditions

NOW, THEREFORE, in consideration for the covenants, promises and releases set forth herein, and in full settlement of all such claims, the Parties hereby agree on behalf of themselves and any and all of their predecessors, successors, assigns, insurers, and any other parties or persons claiming by, through or under any of the Parties hereto, as follows:

1. On or before the Payment Date defined in paragraph 7 of this Agreement, BH shall pay to the Settling Debtors the sum of one million, two hundred and ninety thousand dollars (\$1,290,000.00), by wire transfer (the "Settlement Payment") to Reid Davis LLP, as counsel for the Settling Debtors, as follows: Plains Capital Bank, ABA No. 111322994, Credit Account No. 4200008136 *for* Reid Davis (IOLTA). The Settlement Payment represents consideration for this Agreement, and the compromise and release of all potential claims which the Settling Debtors may have or may have had against BH, as set forth in paragraph 2 below. The Settlement Payment represents a material contribution to Settling Debtors.

2. Subject to the conditions set forth in paragraph 4 below, the Settling Debtors fully release and discharge BH, and all of its present and former principals, employees, staff, predecessors and successors, and their respective attorneys, consultants, adjustors and insurers in their capacities as such (collectively, the "BH Released Parties"), from any and all claims, demands, damages, liabilities, actions, causes of action or suits at law or in equity of whatever kind, state or federal, known or unknown that the Settling Debtors ever had or now have against

the BH Released Parties, including but not limited to, claims in tort or contract, avoiding power claims under the Bankruptcy Code or any other statute, process claims related to this Agreement and settlement, claims related in any manner to any professional engagement or services performed by BH or any directly or indirectly related entities, and claims for professional malpractice, negligence, aiding and abetting, breaches of fiduciary duty, and breach of contract. Settling Debtors acknowledge that they may have claims which they do not know or suspect to exist, or claims that they may not know or suspect to be assertable on behalf of other persons or entities who are not Settling Debtors (the "Settling Debtor Unknown Claims"). Settling Debtors acknowledge that the Settling Debtor Unknown Claims may be material and that the Settling Debtor Unknown Claims would, if known to Settling Debtors, materially affect their settlement with BH. Settling Debtors waive any Settling Debtor Unknown Claims and any right to invalidate this Agreement based on any Settling Debtor Unknown Claims. Further, Settling Defendants waive their rights under any statute or common law rule providing that unknown claims are not compromised or released. The Settling Debtors agree that this Agreement be interpreted to effectuate the broadest discharge of BH, to the maximum extent allowed by law and equity, of any and all claims which might be asserted by the Settling Debtors against BH arising from its engagement by CMI.

3. Subject to the conditions set forth in paragraph 4 below, BH, for itself and on behalf of the BH Released Parties, fully releases and discharges CMI, the CMI Private Actions Trust, Ronald Glass in his capacity as the Plan Administrator of CMI and as Trustee of the CMI Private Actions Trust, and all of their present and former trustees, managers, employees, agents, consultants, attorneys, directors, and officers, and their respective insurers in their capacities as such (collectively, the "CMI Released Parties"), from any and all claims, demands, damages, liabilities, actions, causes of action or suits at law or in equity of whatever kind, state or federal, known or unknown, which BH ever had or now has against the CMI Released Parties arising from or relating to any matter involving CMI or the CMI Private Actions Trust. BH acknowledges that it may have claims which it does not know or suspect to exist, or claims that it may not know or suspect to be assertable on behalf of other persons or entities who are not BH (the "BH Unknown Claims"). BH acknowledges that the BH Unknown Claims may be material and that the BH Unknown Claims would, if known to BH, materially affect its settlement with the Settling Debtors. BH waives any BH Unknown Claims and any right to invalidate this Agreement based on any BH Unknown Claims. Further, BH waives its rights under any statute or common law rule providing that unknown claims are not compromised or released. This Agreement and BH's release of the CMI Released Parties shall not prohibit BH from asserting the facts underlying the Released Claims as a bar, defense, affirmative defense, or otherwise in defense of any litigation; provided however, notwithstanding anything to the contrary, under all circumstances, BH shall be barred from pursuing any claims or seeking any relief against the CMI Released Parties with respect to the claims released herein.

4. The releases set forth in paragraph 2 and 3 above shall become effective only when both (a) an order by the Bankruptcy Court approving this Agreement (the "Approval

Order”) becomes a Final Order, and (b) the Settling Debtors irrevocably receive the Settlement Payment in good funds.

5. Upon the releases becoming effective as set forth in paragraph 4 above, the Parties agree not to institute litigation or assert claims against one another with respect to any matters released herein.

6. The term “Final Order” as used herein means (i) an Order of the Bankruptcy Court as to which the time to appeal, or move for re-argument or rehearing has expired, and as to which no appeal, or other proceedings for re-argument or rehearing shall then be pending; or (ii) in the event that an appeal, re-argument, or rehearing thereof has been sought, such order of the Bankruptcy Court has been affirmed in material respects by the highest court to which such order may be appealed, and the time to take any further appeal, move for re-argument, or rehearing shall have expired; provided however, notwithstanding the foregoing, an Order that is subject to appeal may be treated as a Final Order if no stay of the Order has been obtained and the Parties consent to treating such Order as a Final Order.

7. The term “Payment Date” as used herein means the date that is ten (10) calendar days after the Approval Order becomes a Final Order.

8. Except for the written warranties, representations, covenants, terms and conditions specifically set forth herein, in executing this Agreement, no party has received nor relied upon any oral or written representation, statement or communication of any other party or party representative regarding any past or present fact, circumstance, condition, state of affairs, legal effect, or promise of future action.

9. Notice of this Agreement and application for the Approval Order shall be given to: (a) all creditors, equity holders, and other parties in interest in the CMI Bankruptcy Case listed on the master mailing list associated with such case; and (b) all existing and prospective defendants to any suits brought or to be brought by CMI and/or the CMI Private Actions Trust.

10. Any notice in connection with this Agreement to each of the Parties shall be given, by facsimile and by certified mail, to the following individuals:

For CMI and the CMI Private Actions Trust:

Ronald Glass
GlassRatner Advisory & Capital Group LLC
3391 Peachtree Road, Suite 110
Atlanta, Georgia 30326
Telephone: (404) 835-8843
Facsimile: (678) 904-1991

with copy to:

P. Jason Collins
REID DAVIS LLP
4301 Westbank Drive, Suite B230
Austin, Texas 78746
Telephone: (512) 647-6106
Facsimile: (512) 647-6129

For BH:

James S. LaHam
BERMAN HOPKINS WRIGHT & LAHAM CPAs and ASSOCIATES, LLP
8035 Spyglass Hill Road
Melbourne, Florida 32940
Telephone: (321) 757-2020
Facsimile: (321) 242-4844

with copy to:

Robert E. O'Quinn Jr.
COLE, SCOTT & KISSANE, P.A.
4686 Sunbeam Road
Jacksonville, FL 32257
Tel: (904) 672-4030
Fax: (904) 672-4050

11. The Parties agree to engage in a reasonable, good faith effort to: (a) seek entry of the Approval Order; and (b) support this Agreement in all material ways including in its application and enforcement against any and all persons or entities seeking to prohibit approval of this Agreement, entry of the Approval Order, or to avoid or limit the applicability or scope of the Agreement in any manner. The Settling Debtors agree to support the broadest and most liberal interpretation of this Agreement to effectuate the broadest discharge, to the maximum extent allowed by law and equity, of any and all claims owned by the Settling Debtors against BH.

12. The Parties agree to keep the terms of this Agreement confidential, and to avoid disclosing the terms of this Agreement to third parties except to the extent: (a) as is reasonably necessary to obtain approval of the Bankruptcy Court to enter into the Agreement; (b) as may be required by law, statute, court, or regulation, provided however, that such disclosing party shall give notice describing the proceeding and information so requested to the non-disclosing party sufficiently in advance of such disclosure to afford the non-disclosing party a reasonable opportunity to either contest the disclosure entirely or seek appropriate confidentiality restrictions in connection therewith; (c) as may be required to be disclosed on a confidential basis to the auditors, officers, directors, shareholders, creditor-beneficiaries, equity holders of CMI and/or the CMI Private Actions Trust, regulators, accountants, attorneys, or other advisors of the

Parties or their parent or affiliated corporations, with assurances of confidentiality from any such person; (d) as may be required to prepare and file tax returns and tax reporting information by a Party; or (e) as is reasonably necessary to enforce rights with respect to payments made or releases provided under this Agreement. Notwithstanding the foregoing, the Parties hereto are permitted to disclose "that the parties have resolved their dispute on confidential terms satisfactory to all parties" or words to that effect.

13. This Agreement is entered into as a good faith compromise among the Parties for the complete and final settlement of any and all claims, disputes and causes of action among them. By this settlement, no Party admits liability to any other Party in any respect, or makes any admission as to factual or legal contentions relating to the matters settled herein.

14. This Agreement shall be treated as jointly drafted, and will not be construed against either party as drafter. This Agreement provides no rights to any third party except to the extent expressly set forth herein.

15. This Agreement constitutes the entire agreement among the Parties on the subjects addressed herein, save and except the terms of that certain Tolling Agreement dated January 20, 2010, concerning the tolling of the of the Parties' claims pending the final resolution of the conditions set forth in paragraph 4, and the various extensions of that Tolling Agreement, including the letter agreement executed on May 5, 2010, and such further extensions of the Tolling Agreement that may be executed by the Parties until the conditions set forth in paragraph 4 are met. No supplement, modification, amendment, waiver or termination of this Agreement shall be binding unless executed in writing by the Parties to be bound thereby. This Agreement is executed without reliance upon any representations by any person or entity concerning the nature, cause or extent of injuries, or legal liability therefore, or any other representations of any type or nature except as set forth herein. No contrary or supplementary oral agreement shall be admissible in a court to contradict, alter, supplement, or otherwise change the meaning of this Agreement. THE PARTIES ALSO ACKNOWLEDGE THE CONTESTED AND ADVERSARIAL NATURE OF THE CMI AND CMI PRIVATE ACTIONS TRUST CLAIMS AND UNDERLYING DISPUTES AND STIPULATE THAT IN EXECUTING THIS AGREEMENT THEY ARE NOT RELYING ON ANY REPRESENTATION BY ANY OTHER PARTY OR ITS/HIS AGENTS, REPRESENTATIVES OR ATTORNEYS, WITH REGARD TO (1) FACTS UNDERLYING THE LAWSUIT, (2) THE SUBJECT MATTER OR EFFECT OF THIS AGREEMENT, AND (3) ANY OTHER FACTS OR ISSUES WHICH MIGHT BE DEEMED MATERIAL TO THE DECISION TO ENTER INTO THIS AGREEMENT, OTHER THAN AS SPECIFICALLY SET FORTH IN THIS AGREEMENT.

16. If any term or provision of this Agreement shall be determined to be unenforceable or invalid or illegal in any respect, the unenforceability, invalidity or illegality shall not affect any other term or provision of this Agreement, but this Agreement shall be construed as if such unenforceable, invalid or illegal term or provision had never been contained herein.

17. This Agreement may be executed in any number of counterparts each of which, when executed and delivered, shall be deemed an original and all of which together shall constitute but one and the same agreement. The signatories executing this Agreement represent and warrant that they are authorized to execute this Agreement on behalf of the Parties and entities for whom they sign. Signatures obtained by facsimile or email in PDF format shall be deemed to be an original signature.

18. Each Party agrees to bear its own fees and costs with respect to any duties required of the party under this Agreement; in any matter involving, referring, or relating to the interpretation and enforcement of this Agreement; and in connection with any disputes that may arise between the Parties relating to this Agreement.

19. This Agreement is to be governed by the laws of the State of Georgia. The Bankruptcy Court shall retain exclusive jurisdiction over the interpretation and enforcement of this Agreement, as well as any disputes that may arise between the Parties relating to this Agreement, and the Parties consent to the exclusive jurisdiction of the Bankruptcy Court for these purposes.

20. This Agreement is subject to approval by the Bankruptcy Court.

June
DATED: ~~May 24~~ 2010

CORNERSTONE MINISTRIES INVESTMENTS,
INC.

By: *Ronald Glass*

Ronald Glass, solely in his capacity as
Plan Administrator of CMI

June
DATED: ~~May 24~~ 2010

CMI PRIVATE ACTIONS TRUST

By: *Ronald Glass*

Ronald Glass, solely in his capacity as Trustee of
the CMI Private Actions Trust

DATED: ~~May~~ 2010

June 17, 2010

BERMAN HOPKINS WRIGHT & LAHAM CPAs
and ASSOCIATES, LLP

By: *James S. LaHam*

James S. LaHam, Partner

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
GAINESVILLE DIVISION**

| | | |
|------------------------|---|---------------------|
| IN RE: |) | BANKRUPTCY CASE NO. |
| |) | 08-20355 |
| CORNERSTONE MINISTRIES |) | |
| INVESTMENTS, INC., |) | Chapter 11 |
| |) | |
| Debtor. |) | JUDGE BRIZENDINE |
| _____ |) | |

**ORDER GRANTING MOTION FOR AUTHORITY TO
SETTLE AND COMPROMISE CLAIMS AGAINST BERMAN,
HOPKINS, WRIGHT & LATHAM, CPAs AND ASSOCIATES, LLP**

THIS CAUSE came before the Court at a hearing on September 14, 2010 at 1:30 p.m. (the "Hearing") to consider the Motion for Authority to Settle and Compromise Claims Against Berman, Hopkins, Wright & Latham, CPAs and Associates, LLP (the "Motion")¹ filed by Ronald L. Glass as plan administrator in the above-styled bankruptcy case and as private actions trustee of the CMI Private Actions Trust (the "Settling Plaintiffs' Representative") regarding the settlement and compromise reached with Berman, Hopkins, Wright & Latham, CPAs and Associates, LLP ("BH"). The Court having considered the Motion and the statements of counsel at the Hearing determines as follows:

- A. The Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334;
- B. The relief requested in the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b);
- C. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409;
- D. Notice of the Motion is proper and no further notice is needed;
- E. The relief sought by the Motion is in the best interests of the estate of Cornerstone Ministries Investments, Inc., its creditors and beneficiaries of the Private Actions Trust; and
- F. There is an appropriate legal and factual basis for the relief granted in this Order.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

1. The Motion is **GRANTED**.
2. The compromise and settlement detailed in the Motion is hereby approved and the parties are authorized to take all steps necessary to complete the settlement.
3. This Court shall retain exclusive jurisdiction over all claims arising out of the compromise and settlement detailed in the Motion and the Settling Plaintiffs' Representative, BH and all creditors and parties in interest are hereby enjoined from asserting any such claims in any court other than this Court.
4. Pursuant to Federal Rule of Bankruptcy Procedure 6004(g), this Order shall and is hereby deemed to be effective, operative and enforceable immediately upon entry, and no stay shall apply.

[END OF DOCUMENT]

Submitted by:

David J. Marmins
BALCH & BINGHAM LLP
30 Ivan Allen Jr. Boulevard, NW, Suite 700
Atlanta, Georgia 30308
Telephone: (404) 261-6020
Facsimile: (866) 320-6793

Attorney for Ronald L. Glass

¹ Capitalized terms not herein defined shall have the same meaning assigned to them in the Motion.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
GAINESVILLE DIVISION**

In re:)
CORNERSTONE MINISTRIES) Case No.08-20355-REB
INVESTMENTS, INC.,) CHAPTER 11
Debtor.) JUDGE BRIZENDINE

**NOTICE OF HEARING ON PLAN ADMINISTRATOR'S MOTION FOR AUTHORITY
TO SETTLE AND COMPROMISE CLAIMS AGAINST BERMAN, HOPKINS,
WRIGHT & LAHAM, CPAs AND ASSOCIATES, LLP**

Plan Administrator Ronald Glass (the "Plan Administrator"), by and through counsel, have filed papers on July 23, 2010 with the Court to obtain an order approving the Motion For Authority To Settle And Compromise Claims Against Berman, Hopkins, Wright & Laham, CPAs And Associates, LLP (the "Motion"). A copy of the Motion can be found at the Claim Agent's website, www.bmcgroup.com/cornerstoneministries, and is incorporated herein by reference. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.)**

If you do not want the court to approve the Motion, or if you want the court to consider your views on the Motion, then you or your attorney must file an objection to the Motion on or before September 7, 2010. A hearing on the Motion is scheduled to be held on September 14, 2010, at 1:30 p.m., U. S. Bankruptcy Northern District of Georgia, Gainesville Division, Courtroom 103, U. S. Courthouse, 121 Spring Street, S.E., Gainesville, Georgia.

If you or your attorney do not take these steps, the court may decide that you do not oppose the Motion and may enter an order granting the Motion.

This 23rd day of July, 2010.

s/ David J. Marmins
David J. Marmins
Georgia Bar No. 470630
BALCH & BINGHAM LLP
30 Ivan Allen Jr. Blvd., Suite 700
Atlanta, Georgia 30308
Telephone: (404) 261-6020
Facsimile: (404) 261-3656

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
GAINESVILLE DIVISION**

In re:)
) Case No.08-20355-REB
CORNERSTONE MINISTRIES)
INVESTMENTS, INC.,) CHAPTER 11
)
Debtor.) JUDGE BRIZENDINE

CERTIFICATE OF SERVICE

I, David J. Marmins, certify under penalty of perjury that I am over the age of 18 and that on July 23, 2010, I filed the MOTION FOR AUTHORITY TO SETTLE AND COMPROMISE CLAIMS AGAINST BERMAN, HOPKINS, WRIGHT & LAHAM, CPAs AND ASSOCIATES, LLP together with a copy of the foregoing NOTICE, with the Clerk of Court using the CM/ECF system on July 23, 2010, which will automatically send e-mail notification of such filing to all attorneys of record.

Additionally, I hereby certify that on July 23, 2010, a copy of the foregoing MOTION FOR AUTHORITY TO SETTLE AND COMPROMISE CLAIMS AGAINST BERMAN, HOPKINS, WRIGHT & LAHAM, CPAs AND ASSOCIATES, LLP was sent to BMC Group, Inc, the Official Claims and Noticing Agent for the Clerk of Court who will post the MOTION FOR AUTHORITY TO SETTLE AND COMPROMISE CLAIMS AGAINST BERMAN, HOPKINS, WRIGHT & LAHAM, CPAs AND ASSOCIATES, LLP on its website and will serve the foregoing NOTICE by U.S. First Class Mail, properly addressed and postage prepaid, on all creditors, and upon completion, the claims agent will prepare and file a secondary

certificate of service with the Clerk of Court.

/s/ David J. Marmins

David J. Marmins

Georgia Bar No. 470630

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