

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF ALABAMA, SOUTHERN DIVISION**

In Re:)	Case No: 11-12254-WRS-11
)	
SMALL LOANS, INC., et al.)	Chapter 11
)	
Debtors.)	Jointly Administered

CHAPTER 11 TRUSTEE’S THIRD INTERIM STATUS REPORT

S. Gregory Hays, the chapter 11 trustee (the "Trustee") appointed in the above captioned case, hereby submits this status report (the "Third Interim Status Report") covering approximately the period from September 2012 through October 2012. The Trustee’s first status report (the "First Interim Status Report") was filed on June 4, 2012 [ECF Docket No. 374] approximately thirty (30) days after the Trustee’s appointment. The Trustee’s second status report (the "Second Interim Status Report") was filed September 14, 2012 [ECF Docket No. 550]. The purpose of this Third Interim Status Report is to provide the Court, the Debtors' creditors, and other parties in interest with an update regarding the actions taken by the Trustee to administer the Debtors' estates in a manner that will maximize the payout to creditors on their claims and otherwise fulfill the Trustee's duties pursuant to Section 1106 of Title 11 of the United States Code (as amended, the “Bankruptcy Code”).

Chapter 11 Bankruptcy Cases Filed by Debtors

1. On December 16, 2011 (the “Petition Date”), Small Loans, Inc., The Money Tree, Inc., The Money Tree of Louisiana, Inc., The Money Tree of Florida Inc., and The Money Tree of Georgia Inc., (collectively, the "Debtors") filed voluntary chapter 11 bankruptcy cases in this Court.¹

¹The Money Tree, Inc. filed Case No. 11-12255-WRS-11; The Money Tree of Louisiana, Inc. filed Case No. 11-12256-WRS-11; The Money Tree of Florida Inc. filed Case No. 11-12257-WRS-11; and The Money Tree of Georgia Inc. filed Case No. 11-12258-WRS-11. These cases and the chapter 11 case filed by Small Loans, Inc. are

Appointment of Trustee

2. On April 30, 2012, the Court ordered the appointment of the Trustee pursuant to Section 1104(a) of the Bankruptcy Code.

Operation of Debtors' Businesses by Trustee

3. The Debtors were in the business of making consumer loans. Their most valuable asset, other than causes of action, was a loan portfolio which consists of debts owed to the Debtors for money loaned by the Debtors to their customers. As described in the Trustee's Notice of Disposition Regarding October 5, 2012 Auction of Store Branches, Furniture, Fixtures, Equipment, and Charged Off Paper Owned by Debtors [ECF Docket No. 603], the Trustee sold virtually all of the Debtors' operating assets on October 5, 2012. Western Shamrock Corporation ("Western Shamrock") purchased the assets located at the branch stores including the customer credit accounts and personal property, the computer equipment from the home office location, and the charged-off accounts for a total of \$5,216,800. In addition the Trustee sold vehicles used in the operations of the businesses to Automotive Capital Corporation for \$28,000.

Next Steps in the Bankruptcy Case

4. As a result of these sales, the Debtors' estates currently have approximately \$10.8 Million in cash. The only remaining hard assets are an insignificant amount of office furniture and equipment which will be sold after the Debtors' home office closes. In addition there are pending recoveries for certain contracts, refunds and possible deposit recoveries, as well as various litigation claims against third parties.

5. The Debtors continue to have eight employees who are busy winding down operations, preparing final accounting reports, working on pending recoveries for commissions

being jointly administered by this Court pursuant to the Order for Joint Administration entered by the Court on January 4, 2012.

on insurance contracts, terminating phone and utility series, researching claims issues, finalizing all employee issues, terminating benefits plans, preparing information for the September 30, 2012 tax returns, organizing and storing records, canceling insurance, and working on refunds and final audit of workers compensation. The Debtors' staff will be reduced over the next few weeks as remaining issues are resolved.

6. The Trustee and his professional team are proceeding to the next steps of the bankruptcy process as follows; a) the Trustee will be filing objections to filed claims to resolve issues so that an accurate claims register is available to make a distribution and to vote on a chapter 11 plan, b) the Trustee and the Omnibus Official Committee of Unsecured Creditors will focus on potential third party litigation claims, c) the Trustee and Committee are currently drafting a Joint Chapter 11 Plan of Liquidation (the "Plan") to provide the terms for distributions to creditors, d) the Trustee will cause the filing of the final income tax returns, and e) address remaining issues concerning records retention and disposal of minor equipment.

7. The Trustee anticipates that the claims objections will be filed by November 30, 2012.

8. The Trustee is hopeful the Plan will be finalized and filed with the Court by November 30, 2012.

9. The Trustee anticipates that the initial distribution to investors who are general unsecured creditors of the Debtors will not exceed ten cents (\$0.10) on the dollar. In other words, investors are likely to receive an initial distribution for an amount equal to or less than 10% of the amount of their respective claims.

Respectfully submitted,

/s/ Bradley R. Hightower

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CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing pleading upon the following via the ECF system or by placing a copy of same in the United States mail, postage prepaid, addressed as follows on this the 23rd day of October, 2012:

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/s/ Bradley R. Hightower
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