

**Robb Evans & Associates LLC**  
**Temporary Receiver of**  
**Denise Mowbray Tree Company, Inc.**  
**Arrowhead Tree Service, Inc.**  
**M. J. Equipment, LLC, et al.**

**Report of Temporary Receiver's Activities**

**Equipment Auction**

On January 19, 2006, RL Spear Company (Spear) conducted an auction of equipment and vehicles owned by Denise Mowbray Tree Company, Arrowhead Tree Company, and related entities.

While the majority of the vehicles were unencumbered, many, including several large and valuable pieces were subject to existing loans or leases. The liens notwithstanding, the Receiver placed all vehicles in the auction setting minimum bids at the payoff amount of those pieces. The Receiver entered into agreements with the lien holders that the vehicles sold for a price above the minimum would be paid off and the certificates of title forwarded to the Receiver. The vehicles that did not sell for the minimum would be returned to the lender.

In all, 228 lots were auctioned grossing \$2,373,940. One buyer failed to perform reducing the gross to \$2,308,940, and Spear is attempting to resell this vehicle. Two leasing companies were paid a total of \$741,877, \$489,377 and \$252,500 respectively for their liens against the equipment, reducing the gross auction proceeds to approximately \$1,567,063. From this figure, the \$150,000 advance payment previously received from Spear will be deducted, resulting in gross proceeds of \$1,417,063.00 Many of the buyers financed the purchase of the vehicles. Funds from the lenders will not be advanced until the certificates of title are received from the above referenced secured lenders.

The condition of vehicle titles and registration certificates was in complete disarray when the Receiver took over operations of the companies. Very few certificates of title were located and the registration of many of vehicles was significantly delinquent. The issue was so severe that it was the companies' common practice to tow a chipper behind a vehicle to shield the expired license plates from law enforcement officers.

In consultation with the auctioneer, it was determined that the vehicles would bring a higher price if the registration was current. The Temporary Receiver worked with the available documents to pay past due registrations and obtain missing certificates of title prior to the auction. Due to delays at the Department of Motor Vehicles, the

Temporary Receiver was not able to secure all titles and bring all of the registrations current prior to the auction. To receive the higher sales price current registrations would bring, the Temporary Receiver agreed to reimburse buyers for the cost to bring past due fees current. The Temporary Receiver is currently working with buyers to obtain titles and pay the registration fees. The dollar amount to complete the process has not yet been determined and will be deducted from the gross proceeds detailed above.

### **Real Properties**

The Temporary Receiver reviewed the status of the real property owned by defendants, Richard and Denise Mowbray. The Mowbrays own two adjacent parcels in Norco, CA. The first parcel, 3079 Temescal, is the family residence. There are no liens on the property; however, a lis pendens has been filed against the property pursuant to a lawsuit filed by former employee, James Williams. The second parcel, 3141 Temescal, served as the yard where the companies' vehicles were stored and maintained. The property is vested in the name of the Mowbray Family Trust. There is \$500,000 loan in favor Wells Fargo secured by a deed of trust against the property. The loan is past due and a notice of default has been filed.

### **Outstanding Accounts Receivable**

There are currently outstanding accounts receivable from various entities, including PG&E, Asplundh, and Philips & Jordan. The Temporary Receiver estimates, based upon initial efforts to collect these outstanding receivables, a recovery in excess of \$300,000 from these outstanding receivables.

### **Financial Report**

Under Tab 1 is a statement of collections and administrative expenses from September 28, 2005 through January 31, 2006. These figures do not include the proceeds from the auction, as the majority of those funds are still being collected by the Temporary Receiver. In addition, the statement does not include estimated collections from outstanding receivables as described above or estimated expenses for wrapping up the receivership estate.

Respectfully submitted,

Robb Evans & Associates LLC  
Temporary Receiver