

ROBB EVANS
Receiver of
Assets of James P. Lewis, Jr.,
Financial Advisory Consultants,
Income Fund, Ltd. & Growth Fund, Ltd.

11450 Sheldon Street
Sun Valley, California 91352-1121
Telephone No.: (818) 768-8100
Facsimile No.: (818) 768-8802

Securities and Exchange Commission v. James P. Lewis, et al.
CASE No. CV 03-9354 ABC (VBKx)

Report of Receiver's Activities
January 1, 2005 Through June 30, 2005

Filed August 4, 2005

1 Gary Owen Caris (State Bar No. 088918)
Lesley Anne Hawes (State Bar No. 117101)
2 FRANDZEL ROBINS BLOOM & CSATO, L.C.
6500 Wilshire Boulevard
3 Seventeenth Floor
Los Angeles, California 90048-4920
4 Telephone: (323) 852-1000
Facsimile: (323) 651-2577

5 Attorneys for Receiver, ROBB EVANS
6

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CLERK U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIF.
LOS ANGELES

FILED

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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

10 SECURITIES AND EXCHANGE
11 COMMISSION,

12 Plaintiff,

13 v.

14 JAMES P. LEWIS, JR., individually and
doing business as FINANCIAL
15 ADVISORY CONSULTANTS, INCOME
FUND, LTD. AND GROWTH FUND,
16 LTD.,

17 Defendant.

CASE NO. CV 03-9354 ABC (VBKx)

**REPORT OF RECEIVER'S
ACTIVITIES (JANUARY 1, 2005
THROUGH JUNE 30, 2005)**

[NO HEARING ASSIGNED]

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FRANDZEL ROBINS BLOOM & CSATO, L.C.
6500 WILSHIRE BOULEVARD, 17TH FLOOR
LOS ANGELES, CALIFORNIA 90048-4920
(323) 852-1000


1
2
3
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TO: THE HONORABLE AUDREY B. COLLINS, UNITED STATES
DISTRICT JUDGE:

Robb Evans, permanent receiver in the above-entitled matter, submits his fourth report to the Court, covering the period from January 1, 2005 through June 30, 2005. Within the next few weeks, the Receiver intends to file a motion to approve the report, along with other motions dealing with receivership estate issues.

DATED: August 4, 2005

FRANDZEL ROBINS BLOOM & CSATO, L.C.
GARY OWEN CARIS
LESLEY ANNE HAWES

By: 
GARY OWEN CARIS
Attorneys for Receiver, ROBB EVANS

ROBB EVANS
Receiver of the
Assets of James P. Lewis, Jr. individually and DBA
Financial Advisory Consultants, Income Fund, Ltd. &
Growth Fund, Ltd.

REPORT OF RECEIVER'S ACTIVITIES
JANUARY 1, 2005 THROUGH JUNE 30, 2005

This is the fourth report to the Court. The purpose of this report is to update the Court on the progress of the receivership. This report does not constitute an audit of the financial condition of the receivership; it is intended only for the information of the Court and should not be relied upon for other purposes.

Status of Assets

Properties held jointly by James P. Lewis, Jr. and Sally Lewis

As previously reported, the Receiver¹ has been in communication with attorneys for Sally Lewis, who is listed with James Lewis (Lewis) as a co-owner of four parcels of real property located in Southern California; her primary residence located at 24 Newcastle Lane, Laguna Niguel, a vacation home located at 348 Tomahawk Dr. in Palm Desert, a residential rental property located at 817 Coronado Ct. in San Diego and FAC's business office located at 22972 El Toro Rd. in Lake Forest.

After a series of meetings and conversations with Sally Lewis' attorney, the Receiver has reached an agreement with Sally Lewis, which will result in a substantial recovery to the receivership estate and avoid expensive and prolonged litigation. This Court approved that agreement. Under the agreement, the Receiver will obtain all net proceeds from the liquidation of the Palm Desert, Lake Forest (including the office furnishings), and San Diego properties, and one-half of the proceeds from the liquidation of the Laguna Niguel property.

Upon Court approval of the settlement agreement, the Receiver began to make the necessary preparations to market and sell each of the properties. The Receiver made site visits to the properties to meet with prospective realtors. Two realtors were selected to submit broker's opinions of value (BOVs) and listing proposals for the

¹ Reference to the Receiver in this report means the Receiver, the Receiver's deputies, his staff, and his counsel.

marketing and sale of the properties. The selected realtors also recommended local appraisers, who were engaged to provide valuations for the properties.

After analysis of the appraisals and BOVs, a listing price was determined and the properties in Laguna Niguel, Palm Desert and San Diego were listed for sale. Buyers were obtained for the Palm Desert and San Diego properties, and on July 11, 2005 the Court approved the sales. The sales closed in late July. The Receiver continues to supervise and monitor the Laguna Niguel listing.

The El Toro property was handled differently due to the large number of unsolicited inquiries from prospective purchasers. After meeting with consultants from a national real estate company, it was determined that a sealed bid auction process would maximize the value of this property. The sealed bid process was completed. The Receiver is reviewing the offers to select a contract which will be submitted to the Court for approval.

Property held jointly by Lewis and Blakney Boggs

The Receiver has been in communication with counsel for Blakney Boggs (Boggs), who is listed as a co-owner of the house in Villa Park. The Receiver previously reported the parties reached a tentative interim agreement allowing the Receiver to sell the property and hold net sale proceeds pending a further order of this Court. That interim agreement was not completed. Recently, negotiations were renewed and an agreement has been reached subject to documenting it and Court approval. Under the agreement, the Receiver will obtain all net proceeds from the sale of the property. The Receiver is taking possession of the property pursuant to the agreement.

Property held jointly by Lewis and Sharon Lefevers

The Receiver has been in communication with counsel for Sharon Lefevers (Lefevers), who is listed as a co-owner of the house in Greenwich, Connecticut. The Receiver is still attempting to negotiate a settlement with Lefevers.

Other Assets

The Receiver has taken possession of seven automobiles owned by Lewis, including the automobile garaged at the Villa Park home, which was mentioned in the third report. Five automobiles have been sold in conformance with procedures approved by this Court, resulting in net proceeds of approximately \$90,500. The other two automobiles are being marketed for sale.

Investor Issues

Claims Against the "Winning" Investors

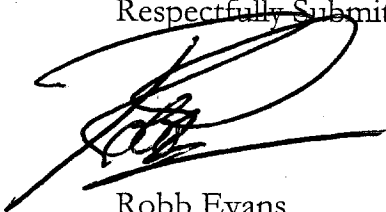
As previously reported, the Receiver has made demand on over 400 investors to return amounts received that were in excess of their investment. While it is still too early in the process to predict how much the estate will ultimately recover from the winning investors, significant progress has been made. To date, the Receiver has negotiated settlements of about \$2.5 million which have been approved by the Court. Several additional settlements have been reached which have not yet been submitted for Court approval. Negotiations with many other winning investors are ongoing.

Claims Procedure

On February 17, 2005 this Court approved the Receiver's Proposed Claims Filing and Allowance Procedures. Letters have been sent to all investors with their proposed claim amount. The letters gave the investors 30 days to object to their proposed claim amount. A number of investors replied to the letters with questions and/or disputes. The Receiver responded to about 150 investors. The Receiver has resolved substantially all of the disputes and currently anticipates completing the claims process no later than August 31, 2005. Preliminarily, the Receiver has claims totaling about \$156 million.

With the completion of the claims process and account reconciliation, the Receiver anticipates making application to this Court to make the first distribution on approved claims. While there remain a number of variables that may impact the amount of the initial distribution, it is currently estimated that it will be about 3% of approved claims, or about \$5 million.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Robb Evans', with a large, sweeping flourish extending to the left and underlining the name.

Robb Evans
Receiver

PROOF OF SERVICE

I, the undersigned, declare and certify as follows:

I am over the age of eighteen years, not a party to the within action and employed in the County of Los Angeles, State of California. I am employed in the office of FRANDZEL ROBINS BLOOM & CSATO, L.C., members of the Bar of the above-entitled Court, and I made the service referred to below at their direction. My business address is 6500 Wilshire Boulevard, Seventeenth Floor, Los Angeles, California 90048-4920.

On August 4, 2005, I served true copy(ies) of the **REPORT OF RECEIVER'S ACTIVITIES (JANUARY 1, 2005 THROUGH JUNE 30, 2005)**, the original(s) of which is(are) affixed hereto, to the party(ies) listed on the attached service list.

BY MAIL: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing with the United States Postal Service. Under that practice, it would be deposited with the United States Postal Service that same day in the ordinary course of business. Such document(s) were placed in envelopes addressed to the person(s) served hereunder for collection and mailing with postage thereon fully prepaid at Los Angeles, California, on that same day following ordinary business practices.

BY FACSIMILE: At approximately _____, I caused said document(s) to be transmitted by facsimile. The telephone number of the sending facsimile machine was (323) 651-2577. The name(s) and facsimile machine telephone number(s) of the person(s) served are set forth in the service list. The document was transmitted by facsimile transmission, and the sending facsimile machine properly issued a transmission report confirming that the transmission was complete and without error.

BY OVERNIGHT DELIVERY: I deposited such document(s) in a box or other facility regularly maintained by the overnight service carrier, or delivered such document(s) to a courier or driver authorized by the overnight service carrier to receive documents, in an envelope or package designated by the overnight service carrier with delivery fees paid or provided for, addressed to the person(s) served hereunder.

BY EXPRESS MAIL: I deposited such document(s) in a box or other facility regularly maintained by the United States Postal Service, in an envelope or package designated by the United States Postal Service with delivery fees paid or provided for, addressed to the person(s) served hereunder.

BY PERSONAL SERVICE: I personally delivered such document(s) to the person(s) served hereunder.

I certify under penalty of perjury under the laws of the State of California and the United States of America that the foregoing is true and correct.

Executed on August 4, 2005, at Los Angeles, California.


HELEN FLAX

SERVICE LIST

- 1
- 2 Gregory C. Glynn, Esq. Attorneys for Plaintiff Securities and
Peter F. Del Greco, Esq. Exchange Commission
3 Securities and Exchange Commission
Randall R. Lee, Regional Director
4 Sandra J. Harris, Associate Regional Director
5670 Wilshire Blvd., 11th Floor
5 Los Angeles, CA 90036-3648
Tel.: (323) 965-3998
6 Fax: (323) 965-3908
- 7 Thomas H. Bienert, Jr., Esq. Attorneys for Sally Lewis
Steven L. Krongold, Esq.
8 Bienert & Krongold
107 Avenida Miramar, Suite B
9 San Clemente, California 92672-6713
Tel.: (949) 369-3700
10 Fax: (949) 496-6753
- 11 Kerry L. Steigerwalt, Esq. Attorneys for Blakney Boggs
The Law Offices of
12 Kerry L. Steigerwalt, A.P.L.C.
3555 Fourth Avenue
13 San Diego, California 92103
Tel.: (619) 297-2800
14 Fax: (619) 908-3836
- 15 Joseph G. Dicks, Esq. Attorneys of Blakney Boggs
Law Offices of
16 Joseph G. Dicks, APC
2720 Symphony Towers
17 750 B Street
San Diego, CA 92101-8129
18 Tel.: (619) 685-6800
Fax: (619) 557-2735
19
- 20 Michael Handwerker, Esq. Attorneys for Byron Lefevers and
Hankin, Handwerker & Mazel, PLLC Sharon Lefevers
7 Penn Plaza, Suite 904
21 New York, NY 10001
Tel.: (212) 349-1668
22 Fax: (212) 227-7317
- 23 George H. David, Esq. Attorneys for Leonard and
George H. David Law Corporation Charmaine Mackenzie
24 19800 Macarthur Blvd., Ste. 500
Irvine, CA 92612
25 Tel.: (949) 757-4153
Fax: (949) 726-4770
26
27
28

- 1 Dean T. Kirby, Jr., Esq. Attorney for Harlan Loomas
Kirby & McGuinn,
2 600 B Street, Suite 1950
San Diego, California 92101
3 Tel.: (619) 685-4000
Fax: (619) 685-4004
4
- 5 Michael Wischkaemper, Esq. Attorney for Harlan Loomas
Law Offices of Michael Wischkaemper
1808 Aston Avenue, Suite 240
6 Carlsbad, CA 92008
Tel.: (760) 438-1222
7 Fax: (760) 438-7888
- 8 David M. Robinson, Esq. Attorneys for Janet Goldblatt
Robinson & Schmidt
9 12121 Wilshire Blvd., Suite 1400
Los Angeles, CA 90025
10 Tel: (310) 914-2444
Fax: (310) 207-6308
11
- 12 Edward W. Cochran, Esq. Attorneys for Janet Goldblatt
Cochran & Cochran
2872 Broxton Road
13 Shaker Heights, Ohio 44120
Tel.: (216) 751-5546
14 Fax: (216) 751-6630
- 15 Frank H. Tomlinson, Esq. Attorneys for Janet Goldblatt
Pritchard, McCall & Jones, L.L.C.
16 505 North 20th Street, Suite 800
Birmingham, AL 35203
17 Tel.: (205) 328-9190
Fax: (205) 458-0035
18
- 19 Paul S. Rothstein Attorney for Janet Goldblatt
626 NE First Street
Gainesville, FL 32601
20 Tel.: (352) 376-7650
Fax: (352) 352-374-7133
21
22
23
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Sean A. OKeefe, Esq.
Winthrop Couchot, PC
660 Newport Center Drive, Ste. 400
Newport Beach, CA 92660
Tel.: (949) 720-4100
Fax: (949) 720-4111

Counsel to Timothy Robinson
Eames, Cari Eames, Garth Geddes
Eames, Edna Lou Eames, Barry H.
Lloyd, Jill Lloyd, Kent Mathis
Harman, Tamara Harman, Jack
Merrill Harman, Shelley Harman,
Bob Merrill Harman, Twila Harman,
Brent Maurice Harman, Kristin
Harman, Kurt Ivie Harman and
Robin Harman and other investors

James P. Lewis, Jr.
c/o Santa Ana City Jail
62 Civic Center Plaza
Santa Ana, CA 92701-4060

Defendant

James J. Warner, Esq.
James S. Brasher, Esq.
Law Offices of James J. Warner
3233 Third Avenue
San Diego, CA 92103
Tel.: (619) 243-7333
Fax: (619) 243-7343

Attorney for James P. Lewis, Jr.

Kenneth I. Gross, Esq.
Perliss & Gross
555 S. Flower Street, Ste. 4520
Los Angeles, CA 90071
Tel.: (213) 627-0218
Fax: (213) 623-4628

Attorneys for Investor and Interested
Party John Kovak