

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

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

Report of Receiver's Activities July 1, 2006 Through January 31, 2007

Filed February 13, 2007

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8 **ROBB EVANS**

9 **UNITED STATES DISTRICT COURT**

10 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 v.

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

18 Defendants.

CASE NO. CV 03-9354 ABC (VBKx)

**REPORT OF RECEIVER'S
ACTIVITIES JULY 1, 2006
THROUGH JANUARY 31, 2007**

[NO HEARING REQUIRED]

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22 TO THE HONORABLE AUDREY B. COLLINS, UNITED STATES
23 DISTRICT JUDGE:

24 Robb Evans, Receiver of the assets of James P. Lewis, Jr., individually and
25 doing business as Financial Advisory Consultants, Income Fund, Ltd. and Growth

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CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

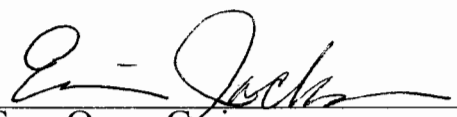
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1 Fund, Ltd., herewith submits his Report of Receiver's Activities for the period from
2 July 1, 2006 through January 31, 2007, constituting the seventh report to the Court.

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Dated: February 13, 2007

Respectfully submitted,
MCKENNA LONG & ALDRIDGE LLP

By: 
Gary Owen Caris
Lesley Anne Hawes
Erin M. Jackson

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
JULY 1, 2006 THROUGH JANUARY 31, 2007

This is the seventh 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 Receiver developed a disposition strategy for each of the four real properties in conformance with the criteria and procedures approved by the Court.

Property held jointly by Lewis and Sharon Lefevers

In early 2006 the Receiver began settlement negotiations with Sharon Lefevers and Bryan Lefevers (collectively, "Lefevers") to resolve their claims and disputes, including certain claims and disputes regarding their respective rights and interests in the Greenwich Property previously held in the name of James Lewis and Sharon Lefevers as joint tenants. The Greenwich Property is Lefevers' former residence and consists of a single-family residence located in an upscale neighborhood in Greenwich, Connecticut. The proposed settlement reached between the Receiver and Lefevers was the result of extensive settlement negotiations over approximately seven months as the Receiver discovered new information concerning the state of the Greenwich Property and the liens recorded against it. Contrary to representations made to the Receiver, the Receiver learned that the Greenwich Property had been abandoned for over a year and was in a state of disrepair. As a result, the Receiver required Sharon Lefevers to turn over immediate possession and control of the Greenwich Property to the Receiver, which occurred on July 18, 2006.

The Receiver then took steps to make basic repairs to the Greenwich Property in preparation for its eventual sale. The Receiver has reached a Settlement Agreement and Release with Lefevers ("Settlement"), which will be presented to the Court for approval on February 12, 2007. The Receiver has also located a buyer for the Greenwich Property, and the motion to be heard February 12, 2007 also seeks approval of the sale as detailed below.

Under the Settlement, Sharon Lefevers has agreed to relinquish all of her rights, claims and interest in the Greenwich Property. The Settlement also grants the Receiver the full power and discretion to market and sell the Greenwich Property. Sharon Lefevers is to receive \$50,000 from the net proceeds of the Greenwich Property less any amounts paid to judgment lien holders. Other than the right to receive \$50,000 less any amounts paid to judgment lien holders, Lefevers waives and relinquishes all rights, claims, interests and demands against the receivership estate under the Settlement.

Proposed Sale of the Greenwich Property

When the Receiver took possession and control of the Greenwich Property on July 18, 2006, it had been abandoned for over a year and was in need of extensive repairs. The Receiver contracted with local contractors to undertake basic repairs to preserve the value of the home, but upon investigating the cost of further repairs and renovations, and upon the advice of local brokers and builders, the Receiver decided to sell the Greenwich Property “as is” in order to maximize the net proceeds from the sale.

On September 1, 2006, the Receiver entered into a six-month listing agreement with Greenwich Fine Properties. The real estate agent with Greenwich Fine Properties worked closely with the Receiver for several months before the listing agreement was signed. The agent has substantial knowledge and expertise in the high-end residential real estate market in Greenwich, Connecticut. The agent assisted in evaluating the property and coordinated with local contractors to undertake the basic repairs needed to preserve the value of the home.

The agent listed the Greenwich Property on the Multiple Listing Service, notified other brokers and started advertising in newspapers and real estate magazines. In mid-September, the Receiver received the first offer on the Greenwich Property in the amount of \$1.8 million. This offer was subsequently increased to \$1.85 million. Two other parties expressed interest in the Greenwich Property and the Receiver initiated an informal overbid procedure. The Receiver has executed a sale contract with the highest bidder for \$2.26 million, which is subject to Court approval.

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 \$7.4 million. Settlements of about \$7.3 million have been approved by this Court. The Receiver intends to seek this Court's approval of the additional settlements in the near future. Negotiations with many other winning investors are ongoing.

Investor and Creditor Distributions

To date, two distributions totaling about \$9 million or 5.7% of approved claims have been made. The Receiver anticipates requesting the Court's approval for a third distribution by June 30, 2007.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Robb Evans for". The signature is written in a cursive style with a long horizontal stroke at the end.

Robb Evans
Receiver