

**Robb Evans & Associates, Receiver of
Western United Service Corporation d/b/a
Titan Business Solutions**

**REPORT OF RECEIVER'S ACTIVITIES
October 31, 2000 through January 19, 2001**

Since I filed my initial Report of Receiver's Activities through October 31, 2000, I have activated and preserved the information detailing the purchases by consumers, which were maintained in several programs and formats. This activity has helped us respond to several hundred consumer inquiries and complaints. It has also provided a foundation for a redress program should sufficient assets become available for such a program. We are pursuing or have completed the liquidation of cash assets. We have also attempted to control credit card chargebacks against the credit card reserve accounts to provide some redress funds for a greater number of consumers, instead of full restitution for a few. We are attempting to collect a pending settlement of \$60,000, and respond to an inquiry about the sale of certain litigation. We have completed a public auction and sale of the non-leased office equipment.

Information Provided to Consumers

I have activated and maintained the database of about 14,000 purchases by consumers that was held on specialized software titled Mail Order Management (MOM). I have also activated and maintained the database of credit charges that was held on specialized software titled PCC Charge, which included the last day of credit card sales. The MOM database did not include the last day of activity. Reviewing and using this information has helped us to respond to about 450 consumers and about 100 creditors. We have also determined that we have sufficient personal information, including credit card or bank account numbers, to complete an efficient redress program if sufficient funds become available.

Our responses have been transmitted in several ways. My staff caused Titan's web site to transfer inquiries to the Receiver's web site. The consumers were directed to several documents including copies of Court orders and filings, the Receiver's initial report, and a link to the Federal Trade Commission's telephone hotline. The documents also included my letter describing past actions, expected future outcomes, and instructions to communicate with the Receiver. The letter also listed the address of the clearinghouse for electronic billing that also offers fee-based technical assistance. My staff also sent this letter, and others dealing with unshipped product, by broadcast e-mail to 115 consumers and by regular mail to another 335. Finally, my staff has personally answered many telephone calls from consumers. After answering questions and providing an update, we direct the consumers to the web site for future updates.

Liquidation of Assets and Current Position

My initial report concluded that the company had few assets and large liabilities. The initial evaluation included identified free cash of \$23,351. There were also other claimed non-cash assets including a settlement receivable of \$60,000, credit card reserves of \$203,354 and fixed assets valued at \$5,000. Following is a schedule of cash flow from inception and the estate's current position.

Cash Turned Over:

Three Financial Institutions

76,474.78

(Subject to Pre Receiver Expenses of \$40,673)

ADD:

<i>Pre Receivership Income:</i> Final Credit Sales		30,286.53
<i>Post Receivership Income:</i>		
Contribution from Defendant	4,500.00	
Net Proceeds from Sale of Fixed Assets	13,612.16	
		18,112.16

LESS:

Pre Receivership Expenses:

Company Final Payroll & Returned Checks		(40,673.40)
Receivership Expenses Paid: (Refer to Tab 1)		(34,345.79)

Ending Cash **49,854.28**

LESS:

<i>Receivership Accounts Payable and Accruals</i>		(46,234.28)
(Refer to Tab 1)		

Net Estate Cash Assets as of 1/19/2001 **3,620.00**

Other Assets Claimed but not Turned Over:

Balance of Merrill Lynch Account		27,463.89
Credit Card Reserve Accounts:		
Electronic Clearing House Inc.	**	194,043.82
Humbolt Bank		15,430.75

Total Assets Claimed but not Turned Over: **236,938.46**

Total Estate Cash and Claimed Assets **240,558.46**

***There are approved refunds of \$33,650 that will be removed from the balance, reducing it to \$160,394. Refer to the section below describing efforts to control chargebacks.*

The only possible source of funds for a meager consumer redress fund is to recover as much as possible from the claimed assets totaling \$236.9 thousand, the unbooked CrossCheck settlement receivable of \$60 thousand, and the possible sale of certain litigation.

The largest asset in this group, the Electronic Clearing House, Inc. (ECHO) reserve account, is subject to approved and future claims for chargebacks, and priorities to certain consumers for unshipped merchandise. Refer to the section below describing efforts to control chargebacks.

Merrill Lynch has refused the Receiver's repeated requests to turn over the \$27.4 thousand remaining in Titan's account. We have confirmed the balance as of October 30, four days after the Restraining Order was served. To contain legal expenses, we have asked the Federal Trade Commission to discuss the Receiver's request with officers of Merrill Lynch. I will pursue this matter to conclusion.

In my initial report I discussed locating a pending settlement with CrossCheck for \$60 thousand. The Receiver engaged Titan's bankruptcy counsel, Levene, Neale, et al, to prepare the final order and conclude the settlement. My attorney learned that Titan's former counsel, Christensen, Miller et al, was holding the settlement proceeds and he asked for the \$60 thousand to be forwarded. To date, the Christensen Miller firm has not forwarded the funds and has not responded to my attorney's repeated follow-up requests. I will pursue this matter to conclusion.

I have also instructed my attorney to follow up an unsolicited offer to purchase rights to the pending litigation against former shareholder and officer, Matt Rubin, and others. It is too early to estimate any potential sale value and not appropriate to speculate about a resolution considering the pending discussions.

Chargebacks and Credit Card Reserve Accounts

Consumer requests for a chargeback to Titan for the full purchase price (usually \$469.00) of the *MEDS 2000* software have been accumulating since the first days of the Receivership. Titan processed the greatest volume of credit card sales through ECHO and in November and December 2000, ECHO processed 180 chargebacks for \$84,431. The frozen credit card reserve account of \$194 thousand was established as a requirement for Titan's credit card processing. I maintain that claims of consumers are superior, or at least equal to, the claims of the card processor. Additionally, I believe that, with certain exceptions, consumers should not exercise self-help to get a complete refund, but should share any redress fund pro-rata with other approved claimants.

My staff has been communicating closely with ECHO to properly administer the chargeback requests. If my staff locates a signed License Agreement from the purchasing consumer, they are instructed to direct ECHO to return the chargeback request to the issuing bank. If the chargeback request is returned to ECHO a second time my staff will not authorize a charge to the credit card reserve account.

I have instructed my staff to authorize a charge to the credit card reserve account in the following situations:

1. Consumers whose credit cards were charged for the *MEDS 2000* software on October 25th or October 26th, and were not shipped any product.
2. Consumers for whom my staff cannot locate a signed License Agreement.
3. Consumers who document that Titan acknowledged the return of the merchandise before October 26, 2000.

In connection with these guidelines I have authorized charges to the credit card reserve account held for ECHO for the following:

1. 52 consumer chargeback requests totaling \$23,801.55. These 52 requests met at least one of the listed guidelines.
2. 21 credit authorizations totaling \$9,849 for consumers who met guideline a) and were not shipped any product.

If my efforts to limit consumer-initiated chargebacks help to create a consumer redress fund, I will consider requesting priority for 155 consumers totaling \$69,205. These consumers paid for *MEDS 2000* software by electronic check. However, on October 26, 2000 the software products were being held to allow the checks to clear, and, consequently, none of the shipments was completed.

Summary of Potential Redress for Consumers

As I mentioned earlier, the only possible source of funds for a meager consumer redress fund is to recover as much as possible from the claimed assets totaling \$236.9 thousand, the unbooked CrossCheck settlement receivable of \$60 thousand, and the possible sale of certain litigation. However, as noted above, there are already approved deductions totaling \$33,650 that will be removed from the credit card reserve account. There are also unknown additional potential chargeback requests from consumers, and possible priority claims for unshipped products.

Receivership Fees and Expenses

This Receivership will continue to require staff time to provide information for the chargeback process and supervise the actions of ECHO. I am also required to prepare income tax returns for 2000 and a closing return for 2001. Nevertheless, the expenses will be lower than the levels required for entry and control, review, reconstruction, and clarification of financial and business records, sale of assets, and initial heavy volume of communication with consumers and credit card processors. Refer to Tab 1 for details of the Receivership's paid and unpaid expenses.

Conclusion

I request that:

- This Report be approved.
- I be authorized to pay the indicated accrued fees and expenses, including those owed to me.
- My actions in making other payments and taking such other actions described in this Report be confirmed, including the liquidation and sale of all personal property.

<signed>

Robb Evans

for Robb Evans and Associates

Receiver

Western United Service Corporation d/b/a Titan Business Solutions
Receivership Administration Expenses
October 25, 2000 through January 19, 2001

	Paid	Accrued but Unpaid	Total
Receiver's expenses			
Receiver's fees	0.00	4,450.00	4,450.00
Staff Expenses	0.00		
Project coordinators	0.00	13,098.00	13,098.00
Accounting and staff	17,241.32	4,742.81	21,984.13
On-site coordinators	7,012.50	1,937.50	8,950.00
Employer taxes	3,839.78	2,000.00	5,839.78
Out-of-pocket exp.	1,205.55	0.00	1,205.55
Total Staff Expenses	29,299.15	21,778.31	51,077.46
Sun Valley rent	474.19	0.00	474.19
Equipment maintenance	122.68	0.00	122.68
Equipment rental	18.16	0.00	18.16
Legal Fees & Costs			
Legal fees - Fees	0.00	19,998.17	19,998.17
Total Legal Fees & Costs	0.00	19,998.17	19,998.17
Telephone and Office Supplies			
Office supplies	118.20	0.00	118.20
Telephone and Office Supplies - Other	3,525.05	0.00	3,525.05
Total Telephone and Office Supplies	3,643.25	0.00	3,643.25
Postage and delivery	26.52	7.80	34.32
Miscellaneous Expenses			
Miscellaneous exp.	524.84	0.00	524.84
Bank charges	37.00	0.00	37.00
Payroll processing charges	0.00	0.00	0.00
Moving expense	200.00	0.00	200.00
Total Miscellaneous Expenses	761.84	0.00	761.84
Total Receivership Administrative Expenses	34,345.79	46,234.28	80,580.07