

Quarterly Report to the Court As of June 30, 2001

Robb Evans, Receiver of TLC Investments & Trade Co., et al.

Submitted July 31, 2001

This is the third quarterly report to the Court. The purpose of this report is to:

- Provide a current summary of major issues confronted by the Receivership Estate.
- Update the Court regarding the status of various issues addressed in previous reports.
- Request confirmation or approval of the Receiver's activities to date.

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 Real Property Assets

During the period from October 5, 2000 (commencement of Receivership) through June 30, 2001, thirty-three properties had been sold and escrows closed. These properties originally cost \$3,587,315, had capital additions totaling \$838,114 and were sold for an aggregate gross price of \$5,534,200. After paying expenses of sale, extinguishing liens against the properties and other costs, the net selling price of \$5,148,135 resulted in a profit of \$722,706.

Additionally, there were eight properties in escrow as of June 30, 2001. These properties originally cost \$7,742,740, had capital additions totaling \$514,668, and it is anticipated they will produce net sale proceeds of approximately \$8,887,000 with a profit of approximately \$630,000.

The properties that have been sold or put in escrow so far are primarily those with the least problems and whose fair market value is most easily achieved. The fact that their sales price exceeds cost should not necessarily be taken as an indication that similar results will be possible with future sales.

A status report of the major properties is under Tab 1.

Investor Communications

The Receiver has continued to respond to many questions posed by investors on the telephone, by U.S. mail, by facsimile and by e-mail.

On June 21st the Receiver convened a meeting in Fresno, which was attended by over 100 investors. This was the fourth meeting with investors.

As previously reported, the Receiver suggested to the Internal Revenue Service that it would be quite helpful if an agent could be made available to respond to general and specific inquiries. At the request of the Internal Revenue Service, the Receiver submitted, subsequent to the reporting period, a list of questions that had been posed by investors. A response is anticipated in the near future.

Update Regarding Issues Previously Addressed

Emergency Advances to Distressed Investors

On June 19th the Court approved the stipulated motion to extend additional hardship advances. The Receiver has reviewed requests from four investors totaling approximately \$112,000. Three requests have been approved and advances of approximately \$77,000 have been made. The Receiver has requested additional information from one investor, whose request is pending. Approximately \$623,000 has been disbursed to investors.

Intangible Assets

As previously reported, a major potential source of recovery is the return of money paid from investor funds to a variety of parties. They include:

- Agent commissions and bonuses
- Other investors
- Bonuses paid for the acquisition and sale of property
- Expenses paid for which no value was received
- Return of personal assets purchased by Mr. Cossey with investor funds
- Loans for automobiles or other purposes

In April the Receiver's counsel sent letters to 151 sales agents requesting return of commissions and bonuses paid to them. As a result of that letter, the Receiver's counsel has communicated with 57 agents. Ten agents have paid the Receiver's demand in full. To date approximately \$82,000 has been received and another \$136,000 is expected pursuant to six agreements. Three agents, who are also investors, have resolved the payment demand by executing "offset agreements" totaling \$50,000. The total dollar value of recoveries is approximately \$268,000.

Subsequent to the reporting period, the Receiver filed seven lawsuits against 76 agents or entities that received commissions or bonuses, and anticipates the filing of additional lawsuits.

The Receiver continues to analyze possible other claims the Estate may have against third parties.

Marina Coves on the Colorado River

In the March 31, 2001 Quarterly Report the Receiver recommended a change to the design for the temporary dike to provide a filled lakebed for all 99 lots, plus expanded water frontage

to 47 Phase 1B lots and access to the filled lakebed for 62 lots in Phase 2. The new design allows the lake surface to expand in later stages by removing dike arms, rather than the lengthy temporary dike. More important, the area of the lakebed will immediately expand to 1,100,000 square feet, an increase of 712,000 square feet from the current design. These changes will dramatically improve the presentation of the lake and the project.

Pursuant to this Court's Order approving the March 31, 2001 report, the Receiver finalized an agreement with Tiffany Construction to commence the approved design change. Construction commenced on July 16, 2001 and is scheduled to be completed within eight weeks.

Negotiations continue with The Coves at River Terrace, Ltd. and Frank Curcio, the developer of Marina Coves, and Heritage Homes, the developer of the four model homes for the project, with respect to each of their roles in developing Marina Coves (see Tab 2).

A problem has recently surfaced regarding a cloud on title on part of the property arising from the boundary changes between California and Arizona. As a result, the County of Mohave has been unwilling to approve the final plat, a pre-requisite for subdividing the property into buildable lots and undertaking marketing efforts beyond obtaining preliminary reservations. A claim has been made to the title company insuring the property and discussions have begun with the County of Mohave and a potential claimant to settle this matter. This issue should be resolved in the near future either with the county or by settlement with the claimant.

The Norco Property

On June 29, 2001 the Receiver's colleagues met with officials from the City of Norco to explore the City's interest in purchasing this property. The City of Norco was represented by the Mayor, the City Manager, and the Economic Development Director. The meeting explored several options for potential usage including, but not limited to, a park, a preserve, a buffer zone for nearby residential development, and a racetrack. The city officials expressed an interest in continuing to evaluate the purchase of this property and stated that they would slate this issue as a special discussion item on the City Council agenda for the July 5, 2001 meeting. The Receiver recently received a letter dated July 6, 2001, written by the City Manager, which stated that the Norco City Council had considered the proposal for the City to acquire the property, but expressed some reservations, because the property is located outside the city limits and declined to make a purchase proposal at this time. The letter did leave open the possibility for future discussions.

As a result of the City of Norco's initial response, the Receiver intends to request a meeting with Riverside County officials to discuss the County's interest in purchasing the property, if any.

The Receiver has hired an MAI appraiser and is awaiting the results of the appraisal to further evaluate the potential market for this property. In the interim, the Receiver is maintaining the property.

Donations for Construction of a High School Stadium

The Receiver's counsel met with the school district's counsel to determine the district's position on the donated funds. Based on the Receiver's opinion from his meeting with district officials last year and an opinion from counsel after his meeting, it does not appear that there are any cost effective opportunities for recovery in this situation. The Receiver is exploring methods of recouping some tax advantage for the benefit of victims, but is not optimistic about that possibility.

Investor Claims Process

Account statements were mailed to most investors during the month of April. The Receiver's staff continued to review the records and located a few additional accounts and mailed statements to those investors subsequent to April.

To date, approximately 280 investors have responded and requested reconsideration of their approved claim(s). The Receiver provided additional information to each of these requests and resolved most disputes.

Account statements sent to 24 investors were incorrect and, based on information supplied by the investors, the account statements were revised and the disputes resolved.

The Receiver has been unable to resolve disputes from 14 investors. Generally, the disputes fall into three broad categories:

- Objections to adjustments reducing the claim to the original amount invested by subtracting any "rolled over" interest.
- Objections to adjustments reducing the claim by any "interest" or other payments made from accounts.
- Objections to voiding warranty deeds.

The Receiver will soon present these and any other unresolved disputes in the form of a motion seeking instructions from the Court.

Other Issues

Properties in Atlanta, Georgia

Century Lofts Project, 505 Whitehall St. S.W.

In November 1998, TLC purchased a four-story 42,317 square foot masonry warehouse building for \$1,300,000. TLC has spent in excess of \$3,500,000 converting this warehouse into a 31-unit loft development. The property is located in Southwest Atlanta approximately 1 mile from the downtown area. This location is on the periphery of Atlanta's loft district.

Since the inception of the Receivership, construction of Century Lofts has continued and has been substantially completed. All units on the first three floors are complete and eight of the 31 units have been sold.

Two primary issues remain with respect to the completion of this loft project. The first involves replacement of the roof. Prior to the Receiver's appointment, TLC hired a roofing contractor to replace the roof. As a result of poor workmanship and subsequent penetrations in the roof by two owners of units on the fourth floor, water leakage through the roof has continued. The Receiver has hired a roofing expert and is considering filing a construction defect action against the roofing company. The Receiver has been advised by a construction expert that replacement of the roof is not merely an option, it is a requirement. The Receiver has obtained bids from various contractors pursuant to a "Scope of Work" prepared by the expert consultant. The bids to replace the roof are in the range of \$220,000 to \$250,000. The Receiver anticipates letting a bid within the next two weeks.

The second issue involves the advisability of completing the build out of six units on the fourth floor. In total, there are eight units on the fourth floor. Two of the better units were sold in a raw unfinished condition for an average of \$107 per square foot. The Receiver estimates the value of the remaining unfinished six units, if sold individually, to be approximately \$1,000,000. The Receiver also estimates the "finished" value of the six units, based on the assumption that they were built out according to floor plans prepared by the Receiver's architect, to be approximately \$1,800,000. The Receiver obtained bids for the fourth floor build out from contractors that were recommended by the Receiver's architect and construction expert. The bids currently being considered are in the range of \$431,110 to \$517,752. Building out the remaining fourth floor units could result in a net return of several hundred thousand dollars.

The project team has made a strong recommendation that the Receiver approve building out the six fourth floor units for the following reasons. Selecting a general contractor to complete the fourth floor will allow the Receiver to maintain control over the construction process. Maintaining control over the construction process is the only way to protect the significant amount of resources required to build the new roof. Otherwise, there is a risk of the independent contractors causing damage to the roof, which would void the manufacturer's warranty. The Receiver is unable to secure a final certificate of occupancy on the building until the fourth floor is completed. The homeowners lodged numerous complaints to TLC about the hours of construction, condition of common areas and damage to the building during the prior construction of the finished units on the fourth floor by two independent contractors. The Receiver's real estate professionals have requested that the fourth floor build out be completed, because, in their opinion, the units will be easier to sell. The project team would recommend completion of the fourth floor even if there were no possibility of a net return from the sale of the finished units.

Consequently, the Receiver concurs with the project team's recommendation that the build out of the six unfinished fourth floor units be approved and intends to do so upon approval of this report.

Toby Sexton Tire Building, 470 & 488 Glenn Street

In April 1999, TLC purchased a 3.69 acre industrial warehouse site consisting of three older brick and/or concrete building shells, and a metal storage building. TLC paid \$1,460,000 for this property and stated that it intended to develop it into a loft or apartment complex. TLC has spent approximately \$135,000 on architectural plans and some demolition work. This property is located in a low income, high crime area of Atlanta, directly across the street from a large city housing project.

The potential market for this property in its present condition appears very limited. The Receiver's initial investigation indicated that this project would not be a candidate for development. This preliminary evaluation was based on the excessive cost of conversion/renovation and the uncertain resultant market value due to its undesirable location. The Receiver has received two completed MAI appraisals on this property. The preliminary results of these appraisals confirm the Receiver's initial viewpoint that the development of a loft or apartment building may be impractical from a financial perspective. The one appraiser that analyzed the development option, using TLC's original architectural plans, indicated that the cost of the build out would be equal to the resultant market value of the developed property. This appraiser estimates that the cost of development would be approximately \$10,200,000 and the resultant market value would be \$10,400,000. Both appraisers analyzed the property's "as is" market value and there was a significant discrepancy in their resultant "as is" values. Therefore, the Receiver has hired a third appraiser to complete an "as is" appraisal and a development appraisal to help the Receiver fully evaluate the property's potential. This third appraisal will help the Receiver confirm that the highest and best use of this property is to sell it "as is" and will average out the fair market value to help determine the proper listing price.

Holly Street Apartments, 370 Holly/1600 Carlisle

In December 1998, TLC purchased a 95-unit apartment building for \$788,800. This complex is located in a low income, high crime area of Southwest Atlanta. TLC records reflect that in excess of \$1,700,000 was spent to renovate this property. Due to the location of the property, it is difficult to attract creditworthy tenants. Therefore, the property suffers a high vacancy and turnover rate. By way of example, the property has had 30 new tenants in the last six months. At the time that the Receiver was appointed, the property's occupancy rate was approximately 50%. The Receiver has worked diligently with the property manager to increase the occupancy rate to its present level of 76%. In earlier reports to the Court, the Receiver stated the need to increase the occupancy rate to 75% to maximize the property's marketability and value. Since this threshold rate has been achieved, the Receiver is interviewing prospective listing candidates.

The property has been appraised by three licensed appraisers. The choice of licensed appraisers rather than MAIs was necessitated by the fact that the Receiver found no MAI candidates willing to appraise this property apparently due to its location in a high crime area. The average of the three appraisals indicates the market value of the property to be approximately 55% of the total cost of purchase and renovations. Currently, the Receiver is negotiating with a prospective purchaser at a sale price that exceeds the appraisals, but would be substantially lower than the current total investment of approximately \$2,500,000. It appears likely that the sale of this property will result in a loss of some of the original investment.

Administrative Expenses

Under Tab 3 are the financial reports for the period of April 1, 2001 through June 30, 2001. The Court is respectfully requested to approve these reports, including fees and expenses of the Receiver totaling \$40,391.89.

Requests of the Court

The Court is respectfully requested to:

1. Approve this Report and confirm the actions of the Receiver described herein.
2. Authorize or confirm all expenses of the Receivership from April 1, 2001 through June 30, 2001, including fees and expenses of the Receiver detailed under Tab 3.

Respectfully submitted,

/S/

Robb Evans
Receiver

TAB 1

**Robb Evans, Receiver of TLC Investments & Trade Co., et al.
 Status of Major Properties
 As of June 30, 2001**

#	Property Address	SFR, Multi, Comm'l, Land, Lots	City	State	Purchase Date	Property Status as of 6/30/01
1	The Coves Project Phase 1	Land	Mohave Valley	AZ	07/01/99	Construction of the enlarged lake has commenced and will result in all 99 lots in Phase A having lake frontage. Final stages of work are progressing for recordation of final plat.
2	235 S Flower	Comm'l	Brea	CA	12/15/98	Currently in escrow. Scheduled to close on or before 8/15/01 pending Court approval.
3	212 S Orange Ave	Multi	Brea	CA	01/01/99	Currently in escrow. Scheduled to close on or before 8/15/01 pending Court approval.
4	7500 Hamner Ave	Land	Norco	CA	11/05/99	(Silverlakes) 28 acres of horse ranch property with 1 house and several out bldgs. Not listed, addressing legal issues. Scheduled for sale in 2002.
5	7556 Hamner Ave.	Land	Corona	CA	11/05/99	(A-Bar Ranch) 98 acres of horse ranch property with 1 house and several out bldgs. Not listed, addressing legal issues. Scheduled for sale in 2002.
6	736 N. State St. Plaza	Comm'l	Hemet	CA	09/30/99	Currently in escrow. Scheduled to close on or before 8/15/01 pending Court approval.
7	302 Vista de la Playa	SFR	La Jolla	CA	10/06/00	7500 Sq. ft. oceanfront home. Listed with The Willis Allen Co. The large-home market may be softening.
8	10541 Monte Vista (Corral)	Comm'l	Montclair	CA	06/22/99	Used as an outdoor storage facility for recreational vehicles. Adjacent to #9, listing deferred.
9	4939-49 Holt Blvd	Comm'l	Montclair	CA	06/22/99	A retail strip center with 6 units recently increased to 100% occupancy. Conferring with anchor credit tenant to change from month-to-month tenancy. Listing deferred.
10	9240-60 Harness (Spring Valley)	SFR/Land	San Diego	CA	11/01/98	4 houses occupied and rented plus 7 acres of vacant land. Appraisals have raised questions about development rights. Too soon to determine if average value and an offer are the fair value. Seeking

						more data.
11	3276 El Cajon Blvd.	Comm'l	San Diego	CA	05/01/00	Vacant retail gas station. Currently in litigation against Lessee and guarantor. Obtaining a Phase 1 Environmental Survey. Slated for sale in 2002.
12	510 Turfwood Lane	SFR	Solana Beach	CA	05/15/00	Status Sold Sales Price 267,000.00 Average Appraisal Value 265,000.00 Sale as a % of Appraisal 100.75%
13	1245 Jasmine Circle	SFR	Weston	FL	12/01/98	Status Sold Sales Price 310,000.00 Average Appraisal Value 312,500.00 Sale as a % of Appraisal 99.20%
14	370 Holly & 1600 Carlisle	Multi	Atlanta	GA	12/01/98	95 unit apartment in difficult area. Property manager has increased rental occupancy to 75%. Now interviewing broker candidates.
15	470 & 488 Glen St	Comm'l/Loft	Atlanta	GA	04/08/99	Currently vacant 100,000 sq. ft. warehouse bldg. on 3.6 acres . Two MAI Appraisals and Phase 1 Environmental Survey are completed. Will be listed as a retail or commercial loft development project. Sale may be pushed into 2002.
16	Century Lofts 505 Whitehall St SW	Loft	Atlanta	GA	11/01/98	31 units of which 8 units are sold. The remaining 23 units are listed with Coldwell Banker. New roof required.
17	1908 Judd Hillside	SFR	Honolulu	HI	10/06/99	5,500 SF residence. Tenant recently exercised its Option to Purchase for \$2,500,000 and is required to close on or before September 30, 2001. We have a current appraisal.
18	715 S Kihei Rd #128	SFR	Kihei	HI	08/01/98	Condominium that may be part of the sale that is currently being negotiated. See # 19 below.
19	715 S Kihei Rd	Land Lease	Kihei	HI	01/01/99	2/3 owner of land lease with 118 condo units. Currently negotiating the sale of our ownership in coordination with G.E. Capital, who is the owner of the remaining 1/3 of the land lease. Not listed because the HOA is the most likely buyer. The Receiver's in-house counsel is negotiating directly with counsel for the HOA.
20	4420 Makena Rd.	SFR	Makena	HI	10/13/99	1 acre on the ocean. Listed with Coldwell Banker.
21	4323 Bowser	Multi	Dallas	TX	03/17/00	5 unit apt. bldg. Currently rented @ 100% occupancy. Listed for sale with Century 21.
22	57	SFR	Houston	TX	12/01/98	12,000 sq. ft. home on a lake. Listed

	Cherrywood Ct					with three different national brokers for two years @ \$595M to \$750M with no offers. Currently investigating firms capable of conduct a nation-wide auction.
23	10100 E. Freeway	Comm'l	Houston	TX	04/22/99	A 17,000 sq. ft. office bldg. that is currently 80% occupied. Listed for lease with Office Buildings of Houston. Anticipate increasing occupancy to 100% within the next 3-6 months and then appraising and listing for sale.
24	3000 Bering Dr.	Comm'l	Houston	TX	08/31/99	A 28,000 sq. ft. office bldg. that is 14% occupied. Currently in escrow. Contingencies are scheduled to be removed by 7/23/01.
25	2002 Gentryside Dr.	Multi & Land	Houston	TX	03/31/00	24 unit townhouse development that recently became 100% leased, plus an additional 2.4 acre of land that already has streets and utilities. Appraisals have been completed. Listing deferred pending decision for marketing direction.
26	5414 Elm St	Multi	Houston	TX	11/01/98	91 unit apt. bldg. that is 100% occupied. Listed with Hendricks and Partners. Negotiating with two parties.
27	Whitney Place Lots 37,39,40&41	Multi	Houston	TX	04/22/99	70 individual single family homes that are currently 7% leased. Listed with Marcus & Millichap. Received an offer and negotiations are in process.
28	15 N. Chenevert	Comm'l/Loft	Houston	TX	07/14/99	Vacant 85,000 sq. ft. loft bldg. downtown. Listed with Grubb & Ellis.
29	21 Chenevert	Comm'l/Loft	Houston	TX	07/13/99	Vacant lot adjacent to the warehouse bldg. at 15 N. Chenevert-see # 28 above for description.
30	1331 - 1339 S Flores	Comm'l	San Antonio	TX	01/01/99	2 adjacent bldgs., totaling 85,000 sq. ft. near downtown, with 80,000 sq. ft. vacant. Building is in a very raw state. Currently negotiating with a local firm, Hogan Real Estate, to list the property.
31	Lake Livingston	SFR & Land	San Jacinto	TX	02/01/99	18 acres of lakefront property with 2 homes that are currently rented. Property manager is seeking easement correction and solution to water supply to complete a 16 lot subdivision. Current value about 50% to 60% lower until subdivision is ready. Listing deferred.
32	1809-17 Douglas Ave	Multi	Racine	WI	12/01/98	31 unit apt. bldg. that is currently 70% leased, but experiencing

						delinquency. Property needs extensive repairs and could not be sold for present appraised value. Bids have been requested for repair work. Listing deferred.
33	1625 East G St. (55 units)	Multi	Ontario	CA	06/22/99	Currently in escrow. Scheduled to close on or before 8/1/01 subject to court approval.
34	129-177 Palm Ave.	Multi	Imperial Beach	CA	04/01/99	Status Sold Sales Price 2,400,000.00 Average Appraisal Value 2,225,000.00 Sale as a % of Appraisal 107.87%
.	TOTALS Sales Price 2,997,000.00 Average Appraisal Value 2,802,500.00

TAB 2

Additional Discussion: Marina Coves on the Colorado River

The Receiver was recently notified of an adverse claim on the property arising from the issuance of Mohave County Arizona Treasurer's Deeds. Mohave County notified the Receiver that it would not permit recordation of the final plat until these adverse claims are resolved. Without the recordation of the final plat, the property cannot be subdivided into legal lots for development.

The facts as the Receiver understands them at this date are as follows:

The Receiver was advised by employees of Mohave County, Arizona and by employees of Chicago Title Company's office in Kingman, Arizona, that the Marina Coves properties were formerly located in Riverside County, California, but were physically shifted to the Arizona river bank as a result of historical changes in the course of the river. The official "change of state" took place as part of the 1963 Arizona-California Boundary Compact. Chicago Title insures the Receiver's title to the property.

Prior to the change in designation, the legal description used for the Marina Coves properties was a metes and bounds legal description based upon the San Bernardino Base Meridian in California. When the property was reclassified as Arizona property, apparently the Mohave County Arizona assessor's office adopted those California based legal descriptions, and established separate tax assessor parcels (the "San Bernardino Meridian Based Assessors Parcels"). Thereafter, it appears that someone in the chain of title established, and began using, new legal descriptions for the Marina Coves properties, based upon a "Gila & Salt River Base Meridian", which is used for Arizona legal descriptions. Those new legal descriptions, in turn, led Mohave County to create new assessor's parcel numbers based on those new legal descriptions (the "G&SR Meridian Based Assessors Parcels"). In so doing, the Mohave County, Arizona assessor apparently "forgot" to cancel the old San Bernardino Meridian Based Assessor Parcels, and continued to issue tax bills with respect to those parcels.

The Receiver was advised that, as a result, certain disparate property owners were receiving and paying tax bills for the same piece of real estate in Arizona. Some property owners resolved that issue. Others did not. As a result, the State of Arizona sold several of the San Bernardino Meridian Based Assessors Parcels to Mohave County for unpaid taxes.

Then Mohave County re-sold those properties by County Treasurer's Deed to third parties.

The land covered by one such County Treasurer's Deed is now claimed by an individual from Las Vegas, Nevada ("NV claimant").

In the meantime, the owners of the real property holding title to the G&SR Meridian Based Parcels continued to pay their tax bills and continued to own, control and sell their properties. Apparently, one such owner was the individual that sold the property to TLC America, Inc.

A portion of TLC America's property is covered by the County Treasurer's Deed given to the NV claimant. That County Treasurer's Deed predated the issuance of Title Insurance Policies by Chicago Title.

Mohave County's Board of Supervisors has approved the preliminary subdivision plat, but refuses to allow it to be recorded as final unless and until the Receiver clears title of the NV claimant's claim, and the claims of any County Treasurer's Deed purchasers similarly situated.

The Receiver has filed a formal claim with Chicago Title Company and has retained the services of a local attorney to file a quiet title action against the NV claimant. Pursuant to Arizona law, the Receiver sent a demand letter to the NV claimant asking that he execute a Quit Claim deed conveying the subject property back to TLC America. The NV claimant has twenty days to respond to the demand letter before the Receiver files the quiet title action. The NV claimant contacted the Receiver's local counsel and is currently negotiating the conveyance of his interest in the property.

It is the Receiver's opinion that Mohave County's insistence that the Receiver resolve, not only the claims of the NV claimant, but potentially other unidentified claims of individuals that purchased County Treasurer's Deeds, is arbitrary and capricious and outside the scope of its authority. The Receiver has directed his associates to schedule a meeting with officials of Mohave County to attempt to resolve this dispute.

As a result of the adverse claims on the property by holders of County Treasurer's Deeds and the current position of Mohave County officials, recordation of the final plat has been delayed. The Receiver is working diligently to resolve these issues. The Receiver is hopeful that a resolution of the NV claimant's claim is forthcoming and that a meeting with Mohave County officials should result in approval to record the final plat, subject to the standard conditions typical for a project of this type. Once the final plat is recorded, the Public Report will be filed with the Arizona Department of Real Estate. The Receiver is revising the marketing schedule to correspond to the timing of the resolution of these issues.

This cloud on title has also delayed the Receiver's ability to finalize an agreement with Heritage Homes, the prospective builder of the four model homes for the Marina Coves Project. Negotiations continue with Heritage Homes as the Receiver attempts to fashion an arrangement by which the construction of the model homes can commence concurrently with the resolution of the above-described title problems.

TAB 3

Robb Evans, Receiver of TLC Investments & Trade Co., et al.

Total Expenditures

April 1 through June 30, 2001

Previously Approved

Oct 30, 00 - Mar 31, 01 Apr 1 - June 30, '01

Business Operating Expenses

Property Expenses

Engineering & Architecture	322,306.39	299,913.35
Repairs/Maintenance	765,719.10	332,893.64
Utilities	306,575.35	96,247.82
Insurance	295,471.54	91,952.85
Development Expenditure	-	34,579.54
Management Fees	222,815.14	78,557.20
Property Taxes	671,746.73	82,194.64
Security/Alarm/Protection	146,275.57	103,811.03
Appraisal / Survey Expense	178,229.89	61,705.60
Legal Fees	48,423.81	47,032.36
Property Expenses - Other	500,506.64	172,203.23
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Total Property Expenses	3,458,070.16	1,401,091.26
Brea Operating Expenses	387,596.81	264,246.88
Racehorse Expenses	265,956.67	399.20
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Total Business Operating Expenses	4,111,623.64	1,665,737.34

Receivership Administrative Expenses

Receiver's Fees & Expenses

Receiver's Fees	61,435.00	37,015.00
Out of Pocket Expenses	1,735.99	3,376.89
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Total Receiver's Fees & Expenses	63,170.99	40,391.89
<u>Staff Expenses</u>		
Project Coordinators/Portfolio Management	155,938.14	73,164.00
Accounting & Support/Financial reconstruction	204,409.22	158,409.25
Employer Tax	17,668.55	14,491.95
Out of Pocket Staff Expenses	36,145.81	19,189.06
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Total Staff Expenses	414,161.72	265,254.26
Legal Fees & Costs	117,330.55	126,118.58
Copying & Records Reproduction	40,598.42	10,292.43
Interest Expense	11,361.11	-
Other Expenses	45,696.28	20,446.31
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Total Receivership Administrative Expenses	692,319.07	462,503.47
Total Expenses	4,803,942.71	2,128,240.81