

# **Quarterly Report to the Court**

## **As of September 30, 2001**

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

**Submitted October 31, 2001**

This is the fourth 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, 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 September 30, 2001, forty-seven properties had been sold and escrows closed. These properties originally cost \$10,712,106, had capital additions totaling \$1,412,390 and were sold for an aggregate gross price of \$14,220,375. After paying direct expenses of sale, extinguishing liens against the properties and other costs, the net selling price of \$13,357,424 resulted in a profit of \$1,232,928.

Additionally, there were eighteen properties in escrow as of September 30, 2001. These properties originally cost \$4,813,557, had capital additions totaling \$227,145, and it is anticipated they will produce net sale proceeds of approximately \$6,538,000 with a profit of approximately \$1,497,000.

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 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.

### **Update Regarding Issues Previously Addressed**

#### **Intangible Assets**

Since April 2001, the Receiver has made demand on 151 sales agents requesting return of commissions and bonuses paid them. After an initial period during which demand letters were sent and extensive settlement discussions took place with many agents, on July 25, 2001 the Receiver filed seven lawsuits against 76 agents or entities that received commissions or bonuses.

As a result of these activities, twelve agents have paid the Receiver's demand in full. To date, approximately \$95,000 has been received and approximately \$347,000 is expected pursuant to a number of settlement agreements. These figures only include consummated settlements or settlements where an agreement in principle has been reached. These numbers also include actual and estimated recoveries from some agents who were also investors and who have resolved all or a portion of the Receiver's demand by agreeing to allow the

Receiver to apply funds otherwise due to be paid to them on their allowed claims to repay commissions and bonuses. The total dollar value of actual and prospective recoveries pursuant to these payments and agreements is approximately \$442,000.

### **Sienna Financial Ltd.**

In previous reports, the Receiver advised the Court of a series of transactions involving Sienna Financial Ltd. As reported, TLC invested \$20 million of investor funds in a so-called Prime Bank Trading Scheme operated by James F. Garro ("Garro"). Garro repaid \$10 million to TLC prior to the Receiver's appointment and conveyed a residence in La Jolla, California to the Receiver in arrangements made between Garro and Mr. Cossey shortly before the Court's October 5, 2000 Order.

The Receiver's colleagues traced TLC funds totaling about \$2.4 million that were routed through a number of shell companies owned by Garro to the purchase of a single-family residence in Santa Fe, New Mexico. A Summary of Sienna Financial, Ltd. Transactions is under Tab 2.

On July 27, 2001, the Receiver filed a complaint in the Central District of California against James F. Garro, Paul Chovanec, David Price, and others for fraud and conversion. The complaint alleges that Chovanec and Price assisted Garro in transferring misappropriated investor funds through their bank accounts. All defendants have been served and a scheduling conference has been set for December 17, 2001 before this Court.

The Receiver also filed a separate action in New Mexico against the shell companies used to purchase and finance the house, Camelot International, LLC, Merlin Financial, LLC and Corfu International, LLC.

This lawsuit was filed to ensure that the Receiver could record a lien on the property to prevent a sale of the property before the California case is resolved. Settlement discussions with Garro were not productive and the Receiver filed suit in the New Mexico District Court to appoint a receiver over the residence and its furnishings. On October 3, 2001, the New Mexico District Court granted the Receiver's application and an attorney from Sante Fe, New Mexico, was appointed Receiver over the property. The New Mexico Receiver has taken an inventory of the contents of the home and has secured the premises. This is to ensure that expensive furnishings purchased with investor funds are not removed from the home. The Court recommended that Garro be required to pay rent to the Receiver if he wishes to remain in the residence pending the outcome of this case.

### **Marina Coves on the Colorado River**

In the June 30, 2001 Quarterly Report, the Receiver informed the Court that an agreement had been reached with Tiffany Construction for the design change to the lake, which expanded the surface area from 388,000 square feet to 1,100,000 square feet. The lake expansion has been completed with all pumps and aerators installed. The lake is now scheduled to be filled. It will take several weeks to complete that process. The remaining construction projects have proceeded well. Landscaping, irrigation systems, decorative rock, traffic signs, security gates and pedestrian walkways have been installed. Several minor items remain, such as, roadway lane striping and sealant to preserve the pavement.

In the June 30, 2001 Quarterly Report, the Court was advised that negotiations had commenced with Heritage Homes to construct four model homes on Marina Coves. Heritage Homes is funding all costs associated with construction of the four model homes. Construction of the models has started and all foundations and plumbing have been completed. Two of the homes have been framed and are scheduled for completion in January 2002. The Receiver selected a local realtor to market the lots and homes.

The final issue involving Marina Coves raised in the June 30, 2001 Quarterly Report was the existence of a cloud on title. An individual in Las Vegas, Nevada (NV Claimant) had an adverse claim based on a Treasury Deed obtained from Mohave County, which overlapped a portion of our property. As reported to the Court in the hearing on September 10, 2001, this claim was successfully resolved by obtaining a Quit Claim Deed from the NV Claimant, which has been recorded. The consideration paid by the Receiver to resolve this adverse claim has been repaid to the Receiver pursuant to a claim we filed with Chicago Title.

The final plat has now been prepared and can be submitted to the Mohave County Board of Supervisors as soon as the "as constructed" plans for the water and sewer systems are obtained. Prior to the appointment of the Receiver, the water and sewer system was installed by a construction company in Mohave Valley, Arizona (MV Contractor). The local utility district, Fort Mohave Tribal Utility Association (FMTUA), is owned by the local Indian tribe and operated by an independent management company.

During the last two months, Mr. Kendall Spooner, Director of FMTUA, has expressed some concerns about the quality of work performed by the MV Contractor. As a result, the Receiver was required to replace a 3-inch force main line, which failed standard testing requirements. On September 11, 2001, Mr. Spooner advised the Receiver that all sewer and water lines, installed by the MV Contractor, would need to be retested before FMTUA would approve the "as constructed" plans which are required before the final plat can be submitted.

The Receiver agreed to retest all of the water and sewer lines and has been required to expend additional monies to correct certain construction deficiencies. The Receiver is concerned about other construction deficiencies, which may be discovered in the water and sewer lines during the testing process. Retesting and repairing or replacing the existing water and sewer lines are a condition precedent to recording the final plat. Therefore, if sections of the sewer line need to be replaced or repaired, this work must be done immediately rather than wait recovery from and likely litigation with the MV Contractor. These construction defects have caused a substantial adverse impact on the project development budget and projected marketing commencement.

Our projected date for filing the final plat was December 2001, and the Public Report in January 2002. If testing reveals additional construction defects, these dates will certainly be delayed. Our ability to maintain this schedule is completely dependent upon when we obtain approval of the "as constructed" plans from FMTUA.

Since September 11, 2001, the number of visitors to the Marina Coves sales office has diminished noticeably. Previously, staff would distribute 30 to 40 information packets each week. During the past month, that number has diminished by approximately 50%. Nevertheless, the level of excitement and support from the local real estate community has grown with the visible progress of the construction phase. We expect the filling of the lake with water will serve to heighten this interest. While our real estate experts believe that the recent tragedy may slow the rate of sales, they remain optimistic about the product and their ability to develop interest in the project. We have over 1,500 names of potential buyers that have visited the project or the Marina Coves website. Eight families have deposited \$5,000 with a local title company to hold a reservation for lots. Once our final plat has been recorded and the Public Report approved, we will actively target these leads in our initial marketing campaign.

### **The Norco Property**

In the June 30, 2001 Quarterly Report, he informed the Court that he intended to meet with Riverside County officials to discuss the County's interest in purchasing the Norco property. Subsequent to September 30, 2001, the Receiver's Deputies met with John Tavagloine, Supervisor Second District/County of Riverside. The meeting was productive and constructive negotiations are ongoing.

### **Properties in Atlanta, Georgia**

#### **Century Lofts Project, 505 Whitehall Street S.W.**

The Receiver previously identified two primary issues affecting the completion of the Century Lofts project, the requirement to replace the roof and our recommendation to complete the build out of the six remaining units on the fourth floor.

Replacement of the roof started during the third week in September and is estimated to take approximately three months to complete. The Receiver's contractor and architect are working to obtain the necessary permits for the fourth floor build out. The contractor is storing the necessary materials and equipment at the site in preparation for the build out, which will be completed within the next five months. The marketing campaign will be dramatically expanded after the first of the year to coincide with completion of the roof construction.

## **Toby Sexton Tire Building, 470 & 488 Glenn Street**

In the June 30, 2001 Quarterly Report, the Receiver informed the Court that a third appraiser had been engaged to complete an "as is" appraisal and a completion of construction appraisal of this property. The purpose of the third appraisal was to help the Receiver reconcile the discrepancy of "as is" values reported in the first two appraisals and to provide the Receiver with a second completion of construction appraisal to evaluate. The stated values in the third appraisal confirm that the highest and best use of this property would be to sell it "as is." Although these appraisal values contain a degree of variance, it is the Receiver's conclusion that both completion of construction appraisals confirm the Receiver's initial viewpoint that the development of this property is impractical for the Receiver to undertake.

The Receiver has obtained three "as is" offers and is currently reviewing and analyzing the terms in preparation for negotiations. The Receiver expects that one of these offers will convert to a contract. In the event that a contract does not materialize from these offers, the Receiver is prepared to then list this property for sale.

## **Holly Street Apartments, 370 Holly/1600 Carlisle**

In earlier reports to the Court, the Receiver stated the goal was to stabilize occupancy rates at or above 75% at this project to optimize the prospects for sale. This threshold has been achieved for the second consecutive quarter.

In the June 30, 2001 Quarterly Report, the Receiver informed the Court that negotiations were underway with a prospective purchaser. Those negotiations have been finalized and a contract has been signed. The contract is currently in its due diligence phase. In the event the contract is not consummated, the Receiver will then list this property for sale.

## **Investor Claims Process**

On September 26, 2001, this Court approved a stipulated order to make a distribution of \$8 million to the undisputed investor claims. The distribution was completed on October 2, 2001.

## **Other Issues**

### **Properties in Birmingham, Alabama**

In his initial report, the Receiver discussed that the real estate portfolio included detached single-family residences and some duplexes in the North, East, and West areas of Birmingham, Alabama. In that report, prepared early in the administration of the Estate, the Receiver discussed the possibility that the portfolio could be sold at retail values. However, he cautioned that the sales would require seller financing that would subsequently be sold to the sub prime financial market for a 20 to 25 per cent discount.

Currently, the inventory of Birmingham houses includes 135 houses, recently reduced from 140. All are old, and most were built between 1920 and 1960. Many are small, between 800 and 1,500 SF, and generally are blighted by moderate to extreme deferred maintenance. Three of the units are either condemned by the city, or are virtually destroyed. Demographic information shows that almost all the houses are located in low income and low-moderate income census tracts. The per capita income of the census tracts in which the 135 houses are located is \$11,772 and the median household income is \$24,678. The 1999 national median household income was \$40,816. The median home value of the same census tracts is \$32,551. Some of the subject neighborhoods experience higher than average crime rates, resulting in chronic property theft and vandalism.

The Receiver's deputies recently inspected more than 60 of the Birmingham houses, a representative sample of the portfolio, which numbered 140 units at that time. During the inspection tour, it became clear that there are

three segments of the portfolio that will require three different resolution strategies. In all cases, given the nature of these properties, our objective should be to close out TLC rental operations as quickly as possible.

The portfolio can be divided into the following segments:

- Houses That Can Be Sold To Retail Buyers, possibly in connection with a program sponsored by a local housing agency or an association with the Community Reinvestment Act interests of a Birmingham bank. These houses will need inspections and repairs to bring them to a market condition. Additional details are presented later. 90 houses are in this segment.
- Houses That Should Be Sold In Bulk Or Wholesale Lots, probably with a national or regional advertising program supervised by an auction firm or an organization experienced in bulk or lot dispositions. Most of these properties are in poor physical condition and will not be inspected or repaired because there is no cost/benefit justification. In addition to the physical problems with the houses, it is unlikely that the immediate impoverished neighborhoods would attract qualified retail buyers. Additional details are presented later. 42 houses are in this segment.
- Houses That Are Condemned By The City Or Virtually Destroyed, should be sold or donated to local non-profit organizations, churches, or the city as soon as possible. These properties are worth between zero and a few thousand dollars. Three houses are in this segment, reduced from eight. Five were recently sold for a total of \$7,000 compared to a combined appraised value of \$10,000. Because of either fire damage or a condemnation order by the city, the only option to accepting the offered prices would have been to demolish the houses at a cost of about \$5,000 each. Additional details are presented later.

#### Houses That Can Be Sold To Retail Buyers

This segment includes 90 houses, 69 of which are rented and 21 are vacant. The demographic data for this group of houses is slightly better than the portfolio as a whole. The per capita income of the census tracts in which these 90 houses are located is \$12,317 and the median household income is \$25,603. The median home value of the same census tracts is \$33,679.

The Receiver's staff believes nearly all these units are in acceptable condition, that is, in the context of their immediate neighborhood environment. However, many of these houses need new exterior painting and some porch/entry stairway repair work, along with minor to moderate interior repairs. Subject to an evaluation by the Receiver's real estate staff, and confirmation by bids from contractors, the cost to bring each of these properties to minimum market condition will be between \$1,000 and \$10,000, probably averaging \$5,000 to \$7,000. Many of the current tenants, on month-to-month rental agreements, will not qualify as purchasers. However the repaired and repainted properties, and their neighborhoods, should attract qualified retail buyers.

The Receiver's Deputies have concluded that a licensed Home Inspection Service should inspect these 90 houses. The inspection will look for health, safety, and significant habitation issues that should be addressed immediately. The Receiver's real estate staff will then prepare an estimate for the cost of repairs needed to fix any health, safety, and significant habitation issues, and the additional cost to bring the properties to minimum market condition. These estimates will be further confirmed by bids from contractors. Additionally, this resolution process will include appraisals prepared on the U. S. Housing and Urban Development Form 1004 appraisal document, providing a Stabilized Appraised Value.

With the repairs completed that were indicated by the Receiver's real estate staff and a licensed inspected service, and an appropriate retail sales price, the Receiver hopes to sell most of these houses to local qualified buyers. A most important element of this strategy is the cooperation of local housing agencies, or an association with the Community Reinvestment Act interests of a Birmingham bank. Without such cooperation or an association, some or all these houses may have to be sold to investors or included in a wholesale bulk or lot sale process with other units in the portfolio.

#### Houses That Should Be Sold In Bulk Or Wholesale Lots

This segment includes 42 houses, 10 of which are rented and 32 are vacant. Nine of the 10 tenants are currently on month-to-month tenancy, and will vacate the houses as needed during the disposition process. The demographic data for this group of houses is lower than the portfolio as a whole. The per capita income of the

census tracts in which these 42 houses are located is \$11,079 and the median household income is \$22,795. The median home value of the same census tracts is \$30,697. Many of the immediate neighborhoods experience higher than average crime rates, resulting in chronic property theft and vandalism.

The current condition of these 42 houses would require non-recoverable repair expense to render them presentable for retail sale. Many of these units are filled with trash and debris, have considerable interior damage, and need door, window, ceiling, wall, and floor repairs. Without exception all need interior and exterior painting. Many roofs are in poor condition. Some have outbuildings that must be demolished. Yards are in poor condition.

In order to market these houses for a bulk or wholesale disposition the following issues will need to be addressed:

- Most properties will require trash and debris to be removed from the interiors and yards.
- Many interiors will require some minimal cleaning after trash removal.
- Many yards will require extensive trimming.
- Many properties will need the doors and windows repaired. All open houses must be boarded-up.
- Access must be available for inspections by potential buyers.

The Receiver's real estate staff is gathering bids for these requirements. Because of the known and unknown condition of these properties we do not believe they are suitable, individually or as a group, for a negotiated arrangement with a government agency or a non-profit organization. The Receiver is seeking interest and marketing strategies from local and national auction and marketing organizations for these units. The Receiver expects to be able to dispose of these properties in a reasonable time frame, but it is too early to describe the ultimate successful disposition process, or the final net sale proceeds.

#### Houses That Are Condemned By The City Or Virtually Destroyed

These three houses, reduced from a total of eight, have little, if any, value and may represent a liability because of the potential initiation of condemnation proceedings by the city. This type of condemnation order would require the Receiver to tear the houses down or bring them completely up to current code requirements. The Receiver's staff is working to sell them for appraised value, which in most cases does not consider the cost of pending demolition expense. If the houses cannot be sold the cost to demolish each is about \$5,000, and there is limited demand for cleared lots in these census tracts. The liability to the Estate can be extinguished by donating these properties to local churches, non-profit agencies, or the city, and the Receiver intends to pursue that course if no buyers appear.

#### **Recommendations and Conclusions for the Properties in Birmingham, Alabama**

The Receiver believes there is no upside potential with this portfolio, other than the potential retail program with the 90 properties designated as possible sales to retail buyers. There is no identified justified cost-benefit analysis that will support any other disposition other than this recommended process. The 90 properties that are designated as retail sales will require at least \$600,000 in repairs and improvements. However, the same properties should generate \$2.5 million to \$3.0 million in net proceeds.

This realization assumes the cooperation of local housing agencies, or an association with the Community Reinvestment Act interests of a Birmingham bank, and that such an association will benefit the Birmingham community as well as the beneficiaries of this Estate. Overall, the resolution proceeds will be lower than the Receiver's initial discussion. That was based on a belief that the Birmingham portfolio could be sold at retail values, after repairs, for about \$6.0 million with 100% seller financing, netting about \$4.5 million after selling the mortgages at a discount.

#### **Assets Turned Over by Mr. Cossey**

Mr. Cossey cooperated with the Receiver in turning over possession of the Diamond Bar home in which he was living. The property has been appraised and listed for sale.

Mr. Cossey also turned over possession of four automobiles, household furnishings, and jewelry. Disposition strategies for these assets are being developed.

The Receiver took control over approximately 175 greyhound racing dogs. The Receiver has ensured that monthly care and maintenance payments for all of the dogs have been kept current. A proposed stipulated agreement for sale or placement of the dogs was circulated to the parties for signature and has been filed with this Court.

### **Administrative Expenses**

Under Tab 3 are the financial reports for the period of July 1, 2001 through September 30, 2001. The Court is respectfully requested to approve these reports, including fees and expenses of the Receiver totaling \$21,499.25.

### **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 July 1, 2001 through September 30, 2001, including fees and expenses of the Receiver detailed under Tab 3.

Respectfully submitted,

<signed>

Robb Evans  
Receiver

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TAB 1

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

<b>#</b>	<b>Property Address</b>	<b>SFR, Multi, Comm'l, Land, Lots</b>	<b>City</b>	<b>State</b>	<b>Purchase Date</b>	<b>Property Status as of 6/30/01</b>
1	The Coves Project Phase 1	Land	Mohave Valley	AZ	07/01/99	Construction of the enlarged lake is complete and is scheduled to be filled by December 10. All 99 lots in Phase A will have lake frontage. Construction is underway for the four model houses on arm 5. A listing agreement has been entered into with a local broker to market and sell the lots. The repair of recently discovered pre-receivership construction defects will delay the recordation of the final plat.

2	235 S Flower	Comm'l	Brea	CA	12/15/98	Status Sales Price Average Appraisal Value Sale as a % of Appraisal	<b>Sold</b> 495,000.00 422,500.00 117.16%
3	212 S Orange Ave	Multi	Brea	CA	01/01/99	Status Sales Price Average Appraisal Value Sale as a % of Appraisal	<b>Sold</b> 1,850,000.00 1,580,000.00 117.09%
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; meeting with government entities to discuss marketing strategies. 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; meeting with government entities to discuss marketing strategies. Scheduled for sale in 2002. First appraisal completed and second appraisal is in process.	
6	736 N. State St. Plaza	Comm'l	Hemet	CA	09/30/99	Status Sales Price Average Appraisal Value Sale as a % of Appraisal	<b>Sold</b> 550,000.00 487,500.00 112.82%
7	302 Vista de la Playa	SFR	La Jolla	CA	10/06/00	7500 Sq. ft. oceanfront home. Listed with The Willis Allen Co. Updated appraisals confirm that the expensive-home market has weakened considerably. The listing price has been reduced accordingly.	
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. Anchor credit tenant recently agreed to change from month-to-month to long term tenancy. A fire occurred to adjacent property temporarily delaying decision to select a listing broker.	

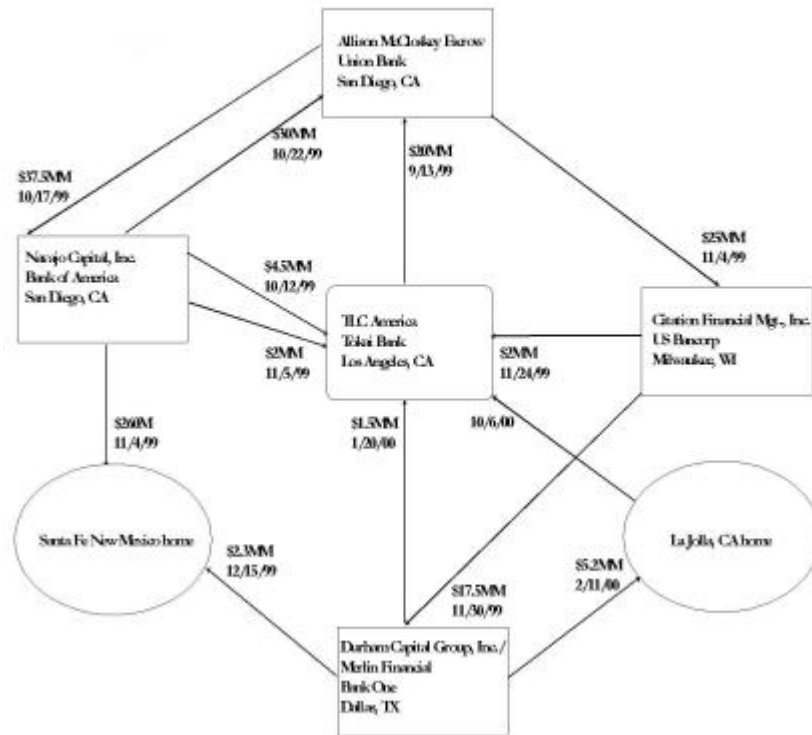
10	9240-60 Harness (Spring Valley)	SFR/Land	San Diego	CA	11/01/98	4 houses occupied and rented plus 7 acres of vacant land. Fair market value has been evaluated and confirmed, and further supported by two appraisals indicating the same value. Negotiating with three parties and preparing to accept an offer.								
11	3276 El Cajon Blvd.	Comm'l	San Diego	CA	05/01/00	Vacant retail gas station. Currently discussing settlement of litigation against Lessee and guarantor. Phase 1 Environmental Survey appears satisfactory. Slated for sale in 2002.								
12	510 Turfwood Lane	SFR	Solana Beach	CA	05/15/00	<table> <tr> <td>Status</td> <td><b>Sold</b></td> </tr> <tr> <td>Sales Price</td> <td>267,500.00</td> </tr> <tr> <td>Average Appraisal Value</td> <td>265,000.00</td> </tr> <tr> <td>Sale as a % of Appraisal</td> <td>100.94%</td> </tr> </table>	Status	<b>Sold</b>	Sales Price	267,500.00	Average Appraisal Value	265,000.00	Sale as a % of Appraisal	100.94%
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13	1245 Jasmine Circle	SFR	Weston	FL	12/01/98	<table> <tr> <td>Status</td> <td><b>Sold</b></td> </tr> <tr> <td>Sales Price</td> <td>310,000.00</td> </tr> <tr> <td>Average Appraisal Value</td> <td>312,500.00</td> </tr> <tr> <td>Sale as a % of Appraisal</td> <td>99.20%</td> </tr> </table>	Status	<b>Sold</b>	Sales Price	310,000.00	Average Appraisal Value	312,500.00	Sale as a % of Appraisal	99.20%
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14	370 Holly & 1600 Carlisle	Multi	Atlanta	GA	12/01/98	95 unit apartment in difficult area. Currently in escrow and scheduled to close by 12/31/01. If escrow does not close Receiver is prepared to sign listing agreement.								
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 +/- . Three MAI appraisals and Phase 1 Environmental Survey are completed. A Letter of Intent is converting to a Sale Contract. If the pending sale fails to close the Receiver will list the property as a retail or commercial loft development project.								
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. Contract for new roof and fourth floor build-out has been signed. Roof replacement is 20% complete. Waiting for permits to begin fourth floor build-out.								

17	1908 Judd Hillside	SFR	Honolulu	HI	10/06/99	5,500 SF residence. Rent option contract failed to close and tenant forfeited earnest money deposit. Property relisted for sale.								
18	715 S Kihei Rd #128	SFR	Kihei	HI	08/01/98	<table border="0"> <tr> <td>Status</td> <td><b>Sold</b></td> </tr> <tr> <td>Sales Price</td> <td>65,000.00</td> </tr> <tr> <td>Average Appraisal Value</td> <td>58,500.00</td> </tr> <tr> <td>Sale as a % of Appraisal</td> <td>111.11%</td> </tr> </table>	Status	<b>Sold</b>	Sales Price	65,000.00	Average Appraisal Value	58,500.00	Sale as a % of Appraisal	111.11%
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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. Property is in escrow and scheduled to close 11/20/01 pending removal of contingencies and Court approval.								
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 Cherrywood Ct	SFR	Houston	TX	12/01/98	12,000 sq. ft. home on a lake. Listed with three different national brokers for two years @ \$595M to \$750M with no offers. Recently countered unsolicited offer of \$400,000. 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 70% occupied. Listed for lease with Office Buildings of Houston. Anticipated increase of occupancy to 100% has been setback by unexpected termination of leases. To improve occupancy prospects, rehab has been completed on anchor tenant/owner-user suite of approximately 3,200 SF. The property will be appraised and listed for sale.								

24	3000 Bering Dr.	Comm'l	Houston	TX	08/31/99	A 28,000 sq. ft. office bldg. that is 14% occupied. A new contract is in escrow but buyer is asking for significant repair allowances. Sale is scheduled to close pending removal of contingencies and Court approval.
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. Currently in escrow for all units and land and scheduled to close 1/31/02.
26	5414 Elm St	Multi	Houston	TX	11/01/98	91 unit apt. bldg. that is 100% occupied. Listed with Hendricks and Partners. Rain damage is repaired and marketing efforts resumed.
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. Increasing efforts to develop interest among government agencies and non-profit entities.
28	15 N. Chenevert	Comm'l/Loft	Houston	TX	07/14/99	Vacant 85,000 sq. ft. loft bldg. downtown. Listed with Grubb & Ellis. In process of updating appraisals, and ordering a third appraisal because of recent shocks to the local and national economy.
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. A listing agreement has been entered into with a local firm.
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. Receiver's staff will meet with contractors to finalize bid prices and contracts.								
33	1625 East G St. (55 units)	Multi	Ontario	CA	06/22/99	<table> <tr> <td>Status</td> <td><b>Sold</b></td> </tr> <tr> <td>Sales Price</td> <td>4,930,000.00</td> </tr> <tr> <td>Average Appraisal Value</td> <td>4,250,000.00</td> </tr> <tr> <td>Sale as a % of Appraisal</td> <td>116.00%</td> </tr> </table>	Status	<b>Sold</b>	Sales Price	4,930,000.00	Average Appraisal Value	4,250,000.00	Sale as a % of Appraisal	116.00%
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Average Appraisal Value	4,250,000.00													
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34	129-177 Palm Ave.	Multi	Imperial Beach	CA	04/01/99	<table> <tr> <td>Status</td> <td><b>Sold</b></td> </tr> <tr> <td>Sales Price</td> <td>2,400,000.00</td> </tr> <tr> <td>Average Appraisal Value</td> <td>2,225,000.00</td> </tr> <tr> <td>Sale as a % of Appraisal</td> <td>107.87%</td> </tr> </table>	Status	<b>Sold</b>	Sales Price	2,400,000.00	Average Appraisal Value	2,225,000.00	Sale as a % of Appraisal	107.87%
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.	.	.	.	.	.	<p style="text-align: center;"><b>TOTALS</b></p> <table> <tr> <td>Sales Price</td> <td>10,867,500.00</td> </tr> <tr> <td>Average Appraisal Value</td> <td>9,601,000.00</td> </tr> <tr> <td>Sales as a % of Appraisal</td> <td>113.19%</td> </tr> </table>	Sales Price	10,867,500.00	Average Appraisal Value	9,601,000.00	Sales as a % of Appraisal	113.19%		
Sales Price	10,867,500.00													
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Summary of Sienna Financial, Ltd. Transactions



TAB 3

**Robb Evans, Receiver of TLC Investments & Trade Co., et al.  
Summary of Income  
October 31, 2000 (Inception of Permanent Receivership) through September 30, 2001**

	October 31, 2000 to December 30, 2000	January 1, 2001 to June 30, 2001	July 1, 2001 to September 30, 2001	Total
Proceeds from Sales of Properties	292,169.66	3,684,092.26	8,209,288.51	12,185,550.43
Rental Income	407,288.41	1,637,852.03	648,453.98	2,693,594.42
Proceeds from Sales of Horses and Horse Races	105,945.35	1,918,099.53	-	2,024,044.88
Receipts of Assets Surrendered by Ernest Cossey Under the Court Judgement	-	-	1,475,000.00	1,475,000.00
<b>Interest Income:</b>				
Mortgage Notes	49,559.90	65,159.01	46,069.56	160,788.47
Bank Deposits	230.64	20,968.44	49,507.04	70,706.12
Bridge Loan	-	-	68,269.71	68,269.71
Hardship Loans	-	-	24,153.93	24,153.93
<b>Total Interest Income</b>	<b>49,790.54</b>	<b>86,127.45</b>	<b>188,000.24</b>	<b>323,918.23</b>

Revenues Resulting from Activities that Occurred in Pre-Receivership Period	103,900.00	41,040.00	154,257.27	299,197.27
Commission Repayments from Agents	-	78,473.15	16,417.00	94,890.15
Proceeds from Dog Races	-	-	58,104.70	58,104.70
Receipts of cash from Ernest Cossey Under the Court Judgement	-	-	21,836.08	21,836.08
Miscellaneous Income	2,806.01	2,222.08	10,311.45	15,339.54
Proceeds from Granting of Easements	-	6,000.00	7,200.00	13,200.00
Proceeds from Disposition of Auto, Furniture & Equipment	-	-	11,578.47	11,578.47
Receipts of cash from Gary Williams Under the Court Judgement	-	-	2,843.16	2,843.16
<b>Total Income</b>	<b>961,899.97</b>	<b>7,453,906.50</b>	<b>10,803,290.86</b>	<b>19,219,097.33</b>

**Robb Evans, Receiver of TLC Investments & Trade Co., et al.**  
**Summary of Expenses**  
**October 31, 2000 (Inception of Permanent Receivership) through September 30, 2001**

	<u>October 31, 2000 to June 30, 2001</u>	<u>July 1, 2001 to September 30, 2001</u>	<b>Total</b>
<b><u>CASH EXPENSES</u></b>			
<b>Business Operating Expenses</b>			
Property Expenses			
Repairs & Maintenance	1,098,612.74	280,463.42	1,379,076.16
Property Taxes	753,941.37	90,293.33	844,234.70
Engineering & Architecture	622,219.74	1,050.00	623,269.74
Appraisal & Survey	239,935.49	9,876.67	249,812.16
Insurance	387,424.39	7,143.50	394,567.89
Management Fees	301,372.34	48,879.87	350,252.21
Security, Alarm & Protection	250,086.60	12,188.92	262,275.52
Utilities	402,823.17	97,016.74	499,839.91
Legal Fees	95,456.17	12,424.67	107,880.84
Development Expenditures	34,579.54	-	34,579.54
Other	672,709.87	96,170.02	768,879.89
<b>Total Property Expenses</b>	<b>4,859,161.42</b>	<b>655,507.14</b>	<b>5,514,668.56</b>

Field Office Operating Expenses	651,843.69	255,792.24	907,635.93
Racehorse Expenses	266,355.87	-5,236.34	261,119.53
Dog Expenses	-	8,682.35	8,682.35
	<hr/>	<hr/>	<hr/>
Total Business Operating Expenses	5,777,360.98	914,745.39	6,692,106.37

**Receivership Administrative Expenses**

Receiver's Fees & Expenses

Receiver's Fees	98,450.00	21,395.00	119,845.00
Out of Pocket Expenses	4,047.23	104.25	4,151.48

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Total Receiver's Fees & Expenses	102,497.23	21,499.25	123,996.48

Staff Expenses

Accounting & Support / Financial Reconstruction	362,818.47	113,310.35	476,128.82
Project Coordinators / Portfolio Management	229,102.14	70,035.00	299,137.14
Employer Tax	32,160.50	11,499.55	43,660.05
Out of Pocket Staff Expenses	55,334.87	9,851.27	65,186.14

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Total Staff Expenses	679,415.98	204,696.17	884,112.15

Other Receivership  
Administrative Expenses

Legal Fees & Costs	243,449.13	271,598.75	515,047.88
Copying & Records Reproduction	50,890.85	16,020.61	66,911.46
Interest Expense	11,361.11	8,059.88	19,420.99
Other Expenses	66,142.59	22,960.60	89,103.19

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Total Other Receivership Administrative Expenses	371,843.68	318,639.84	690,483.52

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Total Receivership Administrative Expenses	1,153,756.89	544,835.26	1,698,592.15

<b>Total Cash Expenses Previously Approved</b>	<b>6,931,117.87</b>		<b>6,931,117.87</b>
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<b>Total Cash Expenses to be Approved</b>		<b>1,459,580.65</b>	<b>1,459,580.65</b>
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