

# **Quarterly Report to the Court**

**As of March 31, 2004**

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

This is the fourteenth 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 March 31, 2004, 323 properties have been sold and escrows closed. These properties originally cost \$39,604,443, had capital additions totaling \$18,288,593, and were sold for an aggregate gross price of \$56,439,380. After paying direct expenses of sale, extinguishing liens against the properties and other costs, the net selling price of \$53,250,027 resulted in a loss of \$4,643,009. During this quarter, the Whitney Place property in Houston was sold with a loss of \$2,284,291. As stated in the previous report, this property was suffering from inadequate due diligence and poor valuation analysis at purchase. But for this property, the cumulative loss would have been decreased to \$2,358,718.

Additionally, there were 47 properties in escrow as of March 31, 2004, including 32 lots of the Marina Coves property and 11 single family residences in Birmingham, Alabama sold as a group to one buyer. These properties originally cost \$639,489, had capital additions totaling \$1,948,305, and it is anticipated they will produce net sale proceeds of approximately \$2,324,000 resulting in a loss of approximately \$264,000. Poorly planned capital improvements and ill-conceived purchase decisions during the pre-receivership period were the cause of the anticipated loss. A status report of the major properties is under Tab 1.

The Receiver previously foreshadowed the losses that were likely to surface as the remaining difficult properties were sold. The last six reports described losses from the sale of properties carried at costs on TLC's books well above documented market value. These carrying costs had ballooned beyond market value because of inadequate due diligence and poor valuation analysis at purchase, or from completing improvements far in excess of the value gained. Most of these properties also required multi-year marketing efforts because of specialized use, limited appeal, physical defects, or a combination of these issues. Several properties were bought to carry out poorly conceived, unrealistic, and impractical development plans.

The Receivership Estate now has two major properties in its remaining assets: Marina Coves on the Colorado River and 15 & 21 Chenevert in Houston, Texas.

Marina Coves is now paying back the required additional investment made by the Receivership Estate, which was previously recommended and approved. The project is also poised to not only recover the amount originally spent by the TLC principals, but also to recover an additional profit. The current status of Marina Coves is described in detail in a following section.

The Chenevert Property, a former Nabisco factory bought to convert to a residential loft complex, will probably generate a loss upon sale in excess of \$2.0 million.

## **Update Regarding Issues Previously Addressed**

### **Intangible Assets**

Since April 2001, demand has been made on 151 sales agents requesting return of commissions and bonuses paid to them. After the demand letters were sent, extensive settlement discussions took place with many of the agents. As a result of those demand letters, and subsequent negotiations, 19 agents agreed to repay in full the claims made against them, totaling approximately \$260,000. On July 25, 2001, seven lawsuits against 76 agents or entities were filed. On November 28, 2001 and December 27, 2001, another three lawsuits against 25 agents or entities were filed.

As a result of the above actions, 59 agents have completed an agreed repayment schedule. Another 15 settlement agreements have been entered into providing for periodic payments over time, which have not yet been completed. Approximately \$2,511,000 has been collected and approximately \$681,000 is expected pursuant to all of the settlements, including those settlements entered prior to filing lawsuits. 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 have their allowed claims offset to fully or partially return commissions and bonuses previously paid by TLC. The total dollar value of actual and prospective recoveries pursuant to these payments and agreements now stands at approximately \$3,192,000. With only a few exceptions, the defendants are meeting their scheduled repayment programs in a timely manner.

The Receiver does not anticipate that any of the pending lawsuits will proceed to trial against any defendant, with the possible exception of two corporate defendants presently in Chapter 7 bankruptcy proceedings.

To date, the Receiver has obtained 29 judgments against agents for an aggregate amount of approximately \$9,471,000. Of these 29 judgments, monies have been received from 18 of the agents (either voluntarily or through garnishments, levies, etc.), with 6 accounts being settled in full. Post judgment efforts have resulted, so far, in the collection of approximately \$293,000.

As previously reported, 16 agents have filed Chapter 7 or Chapter 13 bankruptcy petitions. The aggregate claim amount the Receiver seeks against these agents is \$3,572,940. The Receiver filed non-dischargeability lawsuits against two large balance agents who filed Chapter 7 petitions. One suit has been settled with this Court's approval and the agreed amount has been paid. The other continues to be in litigation with settlement discussions in process.

### **Sienna Financial Ltd.**

Prior reports have extensively addressed the litigation and title issues involved in the sale of the real property assets transferred by Defendants James Garro (Garro), Navajo Capital, Inc., Sienna Financial Ltd., Corfu International LLC, Camelot International LLC, Merlin Financial, LLC, and The Lancelot Foundation. The defendants transferred two properties that the Receiver alleged had been purchased with TLC investor funds.

The sale of one home in Encinitas, California was detailed in a previous report. The remaining property, a Santa Fe, New Mexico home has closed. The sale price negotiated for the real property was increased to include the purchase of the home furnishings.

As previously reported, the Receiver is continuing his efforts to enforce the Settlement Agreement against certain assets of Garro, in particular, a \$260,000 promissory note signed by La Piazza, LLC and its officers and directors that was assigned to the Receiver for collection. To date, the principal and interest remain unpaid.

### **David Price and Durham Capital Group**

The Receiver is continuing his efforts to enforce the judgment against David Price and Durham Capital Group. In reference to the Price's former property at 7843 Marquette, Dallas, Texas, the Receiver continues to diligently pursue attempts to resolve the title issues in an effort to close this sale. David Price and Carol Price have refused to comply with this Court's Order of June 24, 2003, approving the sale of the property with liens and claims attaching to the proceeds. David Price has not been located. Carol Price has been located and served, but continues in her refusal to execute documents to effect the transfer of title. The Receiver has hired counsel in Dallas to file a Motion against the Prices pursuant to the constructive trust order to compel adherence to this Court's Order for the purpose of resolving any competing claims to title. In the interim, the property remains rented by the purchaser and the contract has been extended to allow the necessary time for the legal and related title issues to be resolved.

## **Property in Atlanta, Georgia**

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

The Receiver is pleased to report that a final settlement has been reached with the insurance company resolving all remaining claims associated with the Century fire. The settlement recovered all building-related construction expenses and a significant portion of the relatively minor non-construction expenses. The final settlement is scheduled to be completed on or before the end of May 2004.

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

One of the most challenging priorities of the Receivership has been crafting a satisfactory resolution of TLC's investment in the Marina Coves home site development project. The TLC principals originally spent \$3,986,282 on the Marina Coves project prior to the appointment of the Receiver. Shortly after the Receivership Estate was created, the Receiver learned that he had two options for the future of the project. The first option was to abandon it and recover about \$300,000 of the TLC investment. The second option was to immediately purchase needed adjoining land for \$1,400,000.

With the purchase, the Receiver was also committed to inject an additional \$4,000,000 just to meet government subdivision requirements to sell home sites to the public and for other expenses. However, this second option, which the Receiver recommended, and this Court approved, was the only path to recover any of the substantial TLC investment for its victims. When selecting and recommending the option to invest additional money in the Coves project, the Receiver's objective was to rehabilitate and advance the Coves project to a level that would allow the Receivership Estate to recover all its approved investment and as much as possible of the original TLC investment.

The Receiver has never intended to divert distribution funds for claimants into the risk of complete lot construction and a long term retail home site sales program. The Receiver's goal has been to complete enough repairs and improvements to make the Coves project viable and legally entitled to sell home sites to the public. The sales program was put into place to recover the Receiver's additional investment and to create consumer demand for the project, thereby demonstrating the potential value of the project for an investor or developer, the ultimate purchaser from the Receivership estate.

The Receiver completed sufficient improvements to construct a lake reduced in size from the original TLC plan, replaced defective utilities, and completed other required home site improvements, including authorization for boat access to the Colorado River. In July 2002, the Receivership estate began to sell home sites to the retail public.

Beginning in September 2003, retail sales of home sites have increased well beyond any previous levels. The sale of the first 99 entitled lots, now more than half completed, will recover all the additional \$5,400,000 investment made by the Receivership Estate. Equally important, the pace of retail sales and the level of demand add strong support to the appeal and potential value of the project to a potential buyer, creating the potential to recover the original TLC investment and an additional profit.

In September 2003, the Receiver engaged an experienced land sales consultant to develop a plan to sell the project in bulk. Since then, land planning and development consultants, working with the Receiver's staff and the land sales consultant, have prepared a higher density development plan with detailed construction and development cost figures and further supported by extensive marketing research. The Receiver authorized spending in excess of \$85,000 for this development plan because it was the final requirement, after finishing the needed construction and repairs, to have the project ready for a nationwide marketing presentation to investors and developers. All professionals associated with the development plan believe it has increased the value, appeal, and marketability of the Coves project to its target market. They also agree that retail sales since September 2003 have added strong support to the projections and assumptions in the cost and marketing studies.

With the development plan in hand, the land consultant is ready to begin an aggressive marketing campaign to locate bulk buyers for the project. The consultant and other professionals providing guidance and direction for the project

believe the Receivership Estate will recover the original TLC investment, and possibly a meaningful profit, when a bulk sale is concluded.

With the full support of the land sale consultant, the Receiver has begun the next phase of government entitlement, called the Pre-Application Conference, to provide continuity to the project, and also increased value for a potential buyer. The development plans prepared by the Receiver's consultants indicate a three-year period from government approval to complete the construction of future home sites beyond the existing entitled 99 home sites. At some future phase in the entitlement process, the Receiver, or a buyer of the project, could sell reservations for home sites if the existing entitled site inventory were to sell out.

Since home site sales commenced in July 2002, 20 lots have been sold and closed for \$1,269,515, and an additional 32 lots are under contract for \$2,165,250. Most of the sales were written after September 2003 and, at the present sales rate, the 99 entitled home sites could be sold out by the end of 2004. The increased sales activity documents a new and higher level of consumer demand for the project. Without the ability to at least market site reservations, the project could lose sales momentum and impact the appeal to the potential investor or developer buyer. Moving ahead with the next phase of entitlement is therefore important to the best resolution of this project for the TLC investors.

### **Remaining Properties (Not Including The Coves)**

The Receiver is now pursuing the resolution of the remaining 48 individual properties located in Alabama and Texas. There are five commercial properties and 43 residential properties remaining from the original inventory of properties.

The real estate brokers engaged to sell the remaining properties believe that all will sell within three to 12 months. The 48 properties have been valued and are aggressively marketed. The Receiver is monitoring the efforts and results of current marketing programs and will implement additional marketing and resolution plans if needed.

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

The remaining 11 properties in Birmingham have either been sold or are scheduled to close on or before the end of April 2004.

One small property may come into the Receivership Estate through a foreclosure of seller-provided financing. If title is acquired, the property will be marketed for sale.

#### **Properties in San Antonio, Texas**

There has been little activity on the four remaining residential properties in San Antonio. As a result of the limited activity, the Receiver is researching alternative disposition options. The Receiver anticipates having a final disposition plan in place by the middle of May 2004.

#### **Properties in Houston, Texas**

At the end of March 2004, the remaining Houston portfolio of 33 properties was comprised of five commercial properties, 20 residential single-family homes, seven lots, and one piece of acreage.

A contract has been entered into on the largest remaining commercial property located at 15 and 21 Chenevert. The contract is currently in escrow and once the due diligence expires, the Receiver will submit a Motion to the Court for sale approval.

A commercial property located at 6220 Jensen was subject to a contest of ownership and determined to have no value. The Receiver abandoned the property to the contesting party under a Settlement and Release.

All of the remaining 20 residential properties are listed for sale. Two of them are under contract and in escrow and scheduled to close in the second quarter of 2004.

All of the remaining seven lots are either listed for sale or in the process of completing title clearance work prior to listing these properties for sale. The one piece of acreage is currently listed for sale. These properties are more difficult to sell due to location and as a result, may take longer to sell. The Receiver anticipates that these properties will be sold by the end of 2004.

### **Investor Distributions**

On March 11, 2004, this Court approved a Stipulated Order to distribute between \$2 million and \$4 million to the undisputed investor claims. A distribution of \$3 million was completed by March 25, 2004. To date, \$46.5 million, or approximately 39.8% of approved claims has been distributed to investors. An additional distribution of \$3 to \$5 million is planned in June 2004.

### **Criminal Proceedings**

The Receiver has been advised that on January 7, 2004 Terrence Kettenhofen was sentenced to 30 months in prison. Mr. Kettenhofen was the founder of TLC. On March 3, 2004 Frank Manfred was sentenced to 21 months in prison. Mr. Manfred was a TLC sales agent and was involved in some property acquisitions.

### **Administrative Expenses**

Under Tab 2 are the financial reports for the period of period of January 1, 2004 through March 31, 2004. The Court is respectfully requested to approve these reports, including fees and expenses of the Receiver.

### **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 October 1, 2003 through December 31, 2003, including fees and expenses of the Receiver detailed under Tab 2.

Respectfully submitted,

<signature>

Robb Evans  
Receiver

---

**Robb Evans, Receiver of TLC Investments & Trade Co., et al.**  
**Status of Major Properties**  
**As of March 31, 2004**

	Property Address	SFR, Multi, Comm'l, Land, Lots	City	State	Purchase Date	Property Status as of 3/31/04	Carrying Cost as of 10/4/00	Acquisition & Capital Additions from 10/5/00 to 3/31/04	Sales Price	Average Appraisal Values	Sales Price as a % of Average Appraisal Value
1	The Coves Project 'Phase 1' & 'Phase 2'	Land	Mohave Valley	AZ	\$ 36,342.00	Since sales commenced in July 2002, a total of 20 lots have been sold for \$1,269,515 and an additional 32 lots are under contract for \$2,165,250. Seven homes have been completed with five additional homes under construction. According to the builder, 17 building permits have been issued. Although the property continues to be listed for sale as individual lots with a local Realtor, the Receiver has also listed the property with an experienced land sale specialist to market and sell the entire project in bulk. The company handling the bulk sale is in the process of preparing their marketing materials and the bulk marketing campaign is expected to begin by the end of April 2004.		\$ 5,644,417.86			
2	235 S Flower	Comm'l	Brea	CA	12/15/98	SOLD	\$ 546,007.98	4,900.00	\$ 495,000.00	\$ 422,500.00	117.16%
3	212 S Orange Ave	Multi	Brea	CA	01/01/99	SOLD	1,864,984.00	8,000.00	1,850,000.00	1,580,000.00	117.09%
4	7500 Hammer Ave	Land	Norco	CA	11/05/99	SOLD	4,465,278.54	161,574.06	5,500,000.00	2,658,500.00	206.88%
5	7556 Hamner Ave. (See # 4, 7500 Hamner)	Land	Corona	CA	11/05/99	SOLD					
6	736 N. State St. Plaza	Comm'l	Hemet	CA	09/30/99	SOLD	470,245.69	6,000.00	550,000.00	487,500.00	112.82%
7	302 Vista de la Playa	SFR	La Jolla	CA	10/06/00	SOLD	-	-	5,550,000.00	6,100,000.00	90.98%
8	10541 Monte Vista (Corral) - See #9 Holt Blvd	Comm'l	Montclair	CA	06/22/99	SOLD					
9	4939-49 Holt Blvd	Comm'l	Montclair	CA	06/22/99	SOLD	393,012.81	6,625.56	805,000.00	633,500.00	127.07%
10	9240-60 Harness (Spring Valley)	SFR/Land	San Diego	CA	11/01/98	SOLD	380,217.76	8,200.00	400,000.00	335,000.00	119.40%
11	3276 El Cajon Blvd.	Comm'l	San Diego	CA	05/01/00	SOLD	1,300,180.00	59,932.71	792,500.00	827,500.00	95.77%
12	510 Turfwood Lane	SFR	Solana Beach	CA	05/15/00	SOLD	261,046.00	-	267,500.00	265,000.00	100.94%
13	1245 Jasmine Circle	SFR	Weston	FL	12/01/98	SOLD	316,014.10	-	310,000.00	312,500.00	99.20%
14	370 Holly & 1600 Carlisle	Multi	Atlanta	GA	12/01/98	SOLD	2,259,780.99	66,839.00	1,710,000.00	1,391,666.67	122.87%
15	470 & 488 Glen St	Comm'l/Loft	Atlanta	GA	04/08/99	SOLD	2,082,669.86	502,328.04	2,000,000.00	1,460,000.00	136.99%
16	Century Lofts, 505 Whitehall St SW (remaining units)	Loft	Atlanta	GA	11/01/98	SOLD	3,541,149.72	2,422,991.06	3,430,500.00	3,600,000.00	95.29%
16A	Century Lofts, 505 Whitehall St SW (sold units)	Loft	Atlanta	GA	11/01/98	SOLD	886,087.85	-	849,000.00	900,000.00	94.33%
17	1908 Judd Hillside	SFR	Honolulu	HI	10/06/99	SOLD	2,220,169.82	989.58	2,300,000.00	2,450,000.00	93.88%
18	715 S Kihei Rd #128	SFR	Kihei	HI	08/01/98	SOLD	33,437.50	580.78	65,000.00	58,500.00	111.11%
19	715 S Kihei Rd	Land Lease	Kihei	HI	01/01/99	SOLD	402,965.30	14,300.00	1,187,867.00	1,263,965.00	93.98%

**Robb Evans, Receiver of TLC Investments & Trade Co., et al.**  
**Status of Major Properties**  
**As of March 31, 2004**

	Property Address	SFR, Multi, Comm'l, Land, Lots	City	State	Purchase Date	Property Status as of 3/31/04	Carrying Cost as of 10/4/00	Acquisition & Capital Additions from 10/5/00 to 3/31/04	Sales Price	Average Appraisal Values	Sales Price as a % of Average Appraisal Value
20	4420 Makena Rd.	SFR	Makena	HI	10/13/99	SOLD	2,809,999.40	500.00	4,000,000.00	4,025,000.00	99.38%
21	4323 Bowser	Multi	Dallas	TX	03/17/00	SOLD	275,479.63	5,082.50	330,000.00	280,000.00	117.86%
22	57 Cherrywood Ct	SFR	Houston	TX	12/01/98	SOLD	429,613.78	52,009.36	450,000.00	510,000.00	88.24%
23	10100 E. Freeway	Comm'l	Houston	TX	04/22/99	SOLD	448,718.31	12,190.22	575,000.00	450,000.00	127.78%
24	3000 Bering Dr.	Comm'l	Houston	TX	08/31/99	SOLD	1,199,638.45	50,860.32	1,475,000.00	960,000.00	153.65%
25	2002 Gentryside Dr.	Multi & Land	Houston	TX	03/31/00	SOLD	1,622,312.79	13,750.00	1,550,000.00	1,340,000.00	115.67%
26	5414 Elm St	Multi	Houston	TX	11/01/98	SOLD	2,511,811.94	31,367.63	2,150,000.00	2,150,000.00	100.00%
27	Whitney Place 'Lots 37,39,40&41	Multi	Houston	TX	04/22/99	SOLD	3,130,109.55	1,293,369.37	2,246,000.00	2,122,500.00	105.82%
28	15 N. Chenevert	Comm'l/Loft	Houston	TX	07/14/99	Vacant 85,000 sq. ft. loft bldg. downtown. This property is currently under contract and in escrow with the title company. The Buyer is presently conducting the due diligence phase of the contract. Upon successful completion of the due diligence phase, the Receiver will submit a motion to the Court requesting approval to sell the property pursuant to the terms of the contract.		336,419.44			
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.		70,657.55			
30	1331 - 1339 S Flores	Comm'l	San Antonio	TX	01/01/99	SOLD	2,714,374.15	42,655.00	1,995,000.00	1,675,000.00	119.10%
31	Lake Livingston	SFR & Land	San Jacinto	TX	02/01/99	SOLD	652,014.58	193,947.00	684,500.00	477,500.00	143.35%
32	1809-17 Douglas Ave	Multi	Racine	WI	12/01/98	SOLD	425,593.57	3,800.00	440,000.00	460,000.00	95.65%
33	1625 East G St. (55 units)	Multi	Ontario	CA		SOLD	3,944,942.20	14,754.85	4,930,000.00	4,250,000.00	116.00%
34	129-177 Palm Ave.	Multi	Imperial Beach	CA		SOLD	1,823,525.86	20,000.00	2,400,000.00	2,225,000.00	107.87%
35	21880 Golden Canyon Court	SFR	Diamond Bar	CA		SOLD	-	-	1,385,000.00	1,300,000.00	106.54%
36	1114, 1116, and 1118 Murray Hill	Multi	Houston	TX		SOLD	442,631.77	5,198.00	525,000.00	442,000.00	118.78%
37	Hana Highway	Land	Hana	HI		SOLD	187,806.89	572.91	265,000.00	252,500.00	104.95%
38	48 lots in Quail Bridge Gardens	Land	Houston	TX		SOLD	222,839.54	43,881.92	263,000.00	267,500.00	98.32%
	<b>For Major Properties -</b>						<b>\$ 44,264,660.33</b>	<b>\$ 11,098,694.72</b>	<b>\$ 53,725,867.00</b>	<b>\$ 47,933,131.67</b>	<b>112.09%</b>

**Robb Evans, Receiver of TLC Investments & Trade Co., et al.**  
**Summary of Income**  
**October 31, 2000 (Inception of Permanent Receivership) through March 31, 2004**

	<u>October 31, 2000 to December 31, 2003</u>	<u>January 1, 2004 to March 31, 2004</u>	<u>Total</u>
Proceeds from Sales of Properties	\$ 49,484,395.63	\$ 2,661,656.48	\$ 52,146,052.11
Rental Income	5,686,971.75	79,821.99	5,766,793.74
Commission Repayments from Agents	2,726,646.20	44,193.17	2,770,839.37
Proceeds from Sales of Horses and Horse Races	2,024,044.88	-	2,024,044.88
Receipts of Assets Surrendered by Ernest Cossey			
Under the Court Judgment	1,475,000.00	-	1,475,000.00
Additional Income from Sales of Ernest Cossey Assets	55,761.40	-	55,761.40
Restitutions Received from Cossey	175.00	75.00	250.00
Interest Income:			
Mortgage Notes	490,831.98	30,405.33	521,237.31
Bank Deposits	191,904.70	8,371.83	200,276.53
Bridge Loan	68,269.71	-	68,269.71
Hardship Loans	38,110.25	-	38,110.25
Other	1,785.65	-	1,785.65
Total Interest Income	<u>790,902.29</u>	<u>38,777.16</u>	<u>829,679.45</u>
Receipts of Cash from Tom G. Cloud and Cloud & Associates			
Under the Court Judgment	374,578.75	-	374,578.75
Revenues Resulting from Activities that Occurred in Pre- Receivership Period	299,197.27	-	299,197.27
Proceeds from Sales of Dogs and Dog Races	136,688.62	-	136,688.62
Receipts of Cash from Ernest Cossey Under the Court Judgment	21,836.08	-	21,836.08
Receipts of Cash from Gary Williams Under the Court Judgment	15,736.92	4,688.64	20,425.56
Proceeds from Dispositions of Auto, Furniture & Equipment	15,098.47	-	15,098.47
Proceeds from Granting of Easements	13,200.00	-	13,200.00
Miscellaneous Income	90,143.79	700.33	90,844.12
<b>Total Income</b>	<b>\$ 63,210,377.05</b>	<b>\$ 2,829,912.77</b>	<b>\$ 66,040,289.82</b>

**Robb Evans, Receiver of TLC Investments & Trade Co., et al.**  
**Summary of Expenses**  
**October 31, 2000 (Inception of Permanent Receivership) through March 31, 2004**

	<u>October 31, 2000 to December 31, 2003</u>	<u>January 1, 2004 to March 31, 2004</u>	<u>Total</u>
<b>Business Operating Expenses:</b>			
<b>Property Expenses:</b>			
Repairs & Maintenance	\$ 2,924,007.49	\$ 5,115.32	\$ 2,929,122.81
Property Taxes	1,821,437.55	8,042.91	1,829,480.46
Insurance	982,177.11	9,534.19	991,711.30
Utilities	963,862.11	4,489.92	968,352.03
Management Fees	666,269.10	2,647.91	668,917.01
Engineering & Architecture	625,703.98	-	625,703.98
Security, Alarm & Protection (Footnote 1)	340,993.62	(3,763.86)	337,229.76
Advertising & Marketing	275,932.59	23,000.00	298,932.59
Gardening Services	286,225.03	2,616.18	288,841.21
Legal Fees	266,356.52	17,811.09	284,167.61
Appraisal & Survey	279,828.70	1,287.50	281,116.20
Cleaning Services (Footnote 1)	174,407.35	(19.44)	174,387.91
Development Expenditures	35,845.63	-	35,845.63
Miscellaneous	767,474.53	20,412.46	787,886.99
<b>Total Property Expenses</b>	<b>10,410,521.31</b>	<b>91,174.18</b>	<b>10,501,695.49</b>
Field Office Operating Expenses	2,321,607.71	66,025.00	2,387,632.71
Racehorse Expenses	261,344.53	-	261,344.53
Dog Expenses	21,084.81	-	21,084.81
Federal & State Income Taxes (Net of Refunds)	(1,419.74)	2,570.00	1,150.26
<b>Total Business Operating Expenses</b>	<b>13,013,138.62</b>	<b>159,769.18</b>	<b>13,172,907.80</b>
<b>Receivership Administrative Expenses:</b>			
<b>Receiver's Fees &amp; Expenses:</b>			
Receiver's Fees	205,502.00	7,018.00	212,520.00
Receiver's Out of Pocket Expenses	5,014.15	263.94	5,278.09
<b>Total Receiver's Fees &amp; Expenses</b>	<b>210,516.15</b>	<b>7,281.94</b>	<b>217,798.09</b>
<b>Staff Expenses:</b>			
Accounting & Support / Financial Reconstruction	1,120,473.42	36,638.08	1,157,111.50
Project Coordinators / Portfolio Management	671,540.64	7,844.00	679,384.64
Out of Pocket Expenses	194,086.21	-	194,086.21
Employer Taxes	81,321.10	2,217.88	83,538.98
<b>Total Staff Expenses</b>	<b>2,067,421.37</b>	<b>46,699.96</b>	<b>2,114,121.33</b>
<b>Other Receivership Administrative Expenses:</b>			
Legal Fees & Costs	1,722,491.05	82,771.37	1,805,262.42
Tax Return Preparation Fees	94,539.00	323.00	94,862.00
Copying & Records Reproduction	88,200.36	-	88,200.36
Interest Expense	19,420.99	-	19,420.99
Miscellaneous Expenses	273,330.82	17,231.88	290,562.70
<b>Total Other Receivership Administrative Expenses</b>	<b>2,197,982.22</b>	<b>100,326.25</b>	<b>2,298,308.47</b>
<b>Total Receivership Administrative Expenses</b>	<b>4,475,919.74</b>	<b>154,308.15</b>	<b>4,630,227.89</b>
<b>Total Expenses Previously Reported</b>	<b>\$ 17,489,058.36</b>		
<b>Total Current Period Expenses</b>		<b>\$ 314,077.33</b>	
<b>Total Expenses for the Period from October 31, 2000 through March 31, 2004</b>			<b>\$ 17,803,135.69</b>

Footnote 1: The figure for the reporting quarter reflects the inception-to-date adjustments.