

Robb Evans, Receiver of TLC Investments & Trade Co., et al.
Quarterly Report to the Court
As of September 30, 2005

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

- 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 September 30, 2005, 440 properties have been sold and escrows closed. These properties originally cost \$46,887,436, had capital additions totaling \$23,963,556, and were sold for an aggregate gross price of \$67,312,118. After paying direct expenses of sale, extinguishing liens against the properties and other costs, the net selling price of \$63,454,116 resulted in a loss of \$7,396,876. During this quarter, 26 lots of the Marina Coves project were sold with selling prices totaling \$2,597,400, which resulted in a net gain of \$177,477.

Additionally, there were 15 properties in escrow as of September 30, 2005, including 12 lots of the Marina Coves property. These properties originally cost \$193,560, had capital additions totaling \$902,183, and it is anticipated they will produce net sale proceeds of approximately \$1,428,000 resulting in a net gain of approximately \$332,000. A status report of the major properties is under Tab 1.

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. As a result of those demands, and subsequent negotiations, 75 agents agreed to either repay in full the claims made against them, or establish a repayment program on a negotiated settlement.

As a result of the above actions, 62 agents have now completed an agreed repayment schedule. An additional ten accounts have been reduced by distributions from investment accounts held by the respective agent. It is anticipated that distributions will be sufficient to pay these accounts in full. Approximately \$3,011,000 has been collected and approximately \$135,000 is expected pursuant to all of the settlements, including those settlements entered prior to filing lawsuits. The total dollar value of actual and prospective recoveries pursuant to these payments and agreements is approximately \$3,146,000.

Additionally, the Receiver has obtained 29 judgments against agents for an aggregate amount of approximately \$9,471,000. Of these 29 judgments, funds have been received from 20 of the agents (either voluntarily or through garnishments, levies, etc.), with eight accounts being settled in full. Post-judgment efforts have resulted, so far, in the collection of approximately \$745,130.

Sienna Financial Ltd.

David Price and Durham Capital Group

Recently, an agreement was reached with Long Beach Mortgage Company (LBMC) in response to the Receiver's Petition to Quiet Title filed in the District Court of Dallas County, Texas, Case No. 05-05219B. LBMC has agreed to allow their asserted lien claim to attach to the sales proceeds. In addition, LBMC has agreed to participate in a mediation to be conducted by an independent expert mutually agreeable to both parties. The Receiver is in the process of scheduling a date for the mediation hearing to be conducted in November 2005.

In the interim, the property remains rented by the purchaser and the contract has been extended until an agreement concerning the disposition of the sale proceeds has been finalized. The sale is expected to close by the end of 2005.

Marina Coves on the Colorado River

As of September 30, 2005, a total of 86 lots have been sold in Phase A (99 lots) for \$7,030,615.50 and an additional 12 lots are under contract for approximately \$1,445,430. The one remaining lot recently became available due to a cancellation and is expected to be under contract for approximately \$100,000 within 30 days. Phase A lots will remain listed for sale with a local realtor until all lot sales have closed. The escrowed lot sales are all scheduled to close by the end of October 2005, but the Receiver anticipates that some of the closings may be extended into November 2005.

The Receiver has entered into a contract on the remaining acreage, exclusive of Phase A. Subsequent to the date of this report, the due diligence and overbid period expired and

the \$250,000 earnest money deposit became nonrefundable. The sale is contingent upon Court approval.

Construction of the water treatment tertiary facility continues to progress towards the projected year-end completion date.

Remaining Properties (Not Including The Coves)

In prior reports, the Receiver described the results of the public auction to sell the remaining 19 properties in Texas. Seventeen of the properties have closed and the contracts on the remaining two properties were cancelled. These two properties located in San Antonio, TX remain under contract and in escrow and the due diligence periods for both properties have been extended to accommodate the Buyer.

The property in Harland, Maine, referenced in the last report, is currently under contract and in escrow. The sale is expected to close by the end of October 2005.

During the last quarter, a mortgage receivable in Birmingham, Alabama required foreclosure due to nonpayment. There are now two properties in Birmingham being marketed for sale. The Receiver is currently negotiating with prospective purchasers for both of these properties.

Mortgage Loan Portfolio

The mortgage loan portfolio totaling 19 mortgages with a payoff balance of approximately \$760,000 is currently being marketed for sale. The Receiver has initiated discussions with prospective purchasers. The Receiver anticipates that the resulting sale price will reflect a discount from the portfolio's face value.

Investor Distributions

The Receiver did not make distributions in the first three quarters. The Receiver anticipates recommending a distribution by November 30, 2005.

Administrative Expenses

Under Tab 2 are the financial reports for the period of July 1, 2005 through September 30, 2005. 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 July 1, 2005 through September 30, 2005, including fees and expenses of the Receiver detailed under Tab 2.

Respectfully submitted,

Robb Evans
Receiver

**Robb Evans, Receiver of TLC Investments & Trade Co., et al.
Status of Major Properties
As of September 30, 2005**

	Property Address	SFR, Multi, Comm'l, Land, Lots	City	State	Purchase Date	Property Status as of 09/30/05	Carrying Cost as of 10/4/00	Acquisition & Capital Additions from 10/5/00 to 09/30/05	Sales Price	Average Appraisal Values	Sales Price as a % of Average Appraisal Value
1	The Coves Project - Phase A & Remaining Acreage	Land	Mohave Valley	AZ	07/01/99	Since Phase A (99 lots) sales commenced in July 2002, a total of 86 lots have been sold for \$7,030,615.50 and an additional 12 lots are under contract for approximately \$1,445,430. The remaining lot has recently become available due to a sale cancellation and is currently on the market for \$96,500. Phase A lots will remain listed for sale with a local Realtor until all lot sales have closed. Twenty homes have been completed with 25 additional homes under construction. It is anticipated that a majority of the remaining lot sales will close by the end of October 2005 and that all sales will be closed by the end of November 2005. According to the builder, four building permits are currently being processed. Concurrently, the Receiver has entered into a contract on the remaining acreage, exclusive of Phase A. The due diligence and overbid phase expired on October 10, 2005 and the \$250,000 earnest money deposit became nonrefundable. The sale is contingent upon Court approval and the Receiver's counsel is preparing a motion to be submitted to the Court to address the conditional sale.	\$ 3,623,057.92				
1A	The Coves Project Phase A - Sold Units	Land	Mohave Valley	AZ	07/01/99	86 lots were sold as of September 30, 2005. See additional comments for #1.	\$ 3,083,615.14	\$ 3,586,276.74	7,030,615.50	\$ 7,030,615.50	100.00%
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 Hammer Ave. (See # 4, 7500 Hammer)	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 (Spring Valley)	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 Capon 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 (sold units - post-receiver)	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 - pre-receiver)	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	95.98%
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%

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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	1,350,000.00	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	SOLD	4,848,747.29	661,092.09	3,000,000.00	3,366,666.67	89.11%
29	21 Chenevert (see #28, 15 N. Chenevert)	Comm'l/Loft	Houston	TX	07/13/99	SOLD					
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	06/24/99	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	04/01/99	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	01/19/00	SOLD	442,631.77	5,198.00	525,000.00	442,000.00	118.78%
37	Hana Highway	Land	Hana	HI	08/24/99	SOLD	187,806.89	572.91	265,000.00	252,500.00	104.95%
38	48 lots in Quail Bridge Gardens	Land	Houston	TX	04/05/99	SOLD	222,839.54	43,881.92	263,000.00	267,500.00	98.32%
	For Major Properties						\$ 52,197,022.76	\$ 12,917,626.62	\$ 63,756,482.50	\$ 58,330,413.83	109.30%

Robb Evans, Receiver of TLC Investments & Trade Co., et al.
Summary of Income
October 31, 2000 (Inception of Permanent Receivership) through September 30, 2005

	<u>October 31, 2000 to June 30, 2005</u>	<u>July 1, 2005 to September 30, 2005</u>	<u>Total</u>
Proceeds from Sales of Properties	\$ 59,904,745.32	\$ 2,445,396.50	\$ 62,350,141.82
Rental Income	5,990,970.29	3,367.74	5,994,338.03
Commission Repayments from Agents	3,669,647.03	138,223.65	3,807,870.68
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	709.14	50.00	759.14
Interest Income:			
Mortgage Notes	650,942.86	18,965.37	669,908.23
Bank Deposits	231,702.26	7,738.60	239,440.86
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	990,810.73	26,703.97	1,017,514.70
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 Gary Williams Under the Court Judgment	22,769.72	-	22,769.72
Receipts of Cash from Ernest Cossey Under the Court Judgment	21,836.08	-	21,836.08
Proceeds from Dispositions of Auto, Furniture & Equipment	15,098.47	-	15,098.47
Proceeds from Granting of Easements	13,200.00	-	13,200.00
Restitutions Received from Brian Aeria	725.00	200.00	925.00
Restitutions Received from Kettenhof	300.00	300.00	600.00
Miscellaneous Income	105,776.19	3,007.15	108,783.34
Total Income	\$ 75,101,858.89	\$ 2,617,249.01	\$ 77,719,107.90

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Summary of Expenses
October 31, 2000 (Inception of Permanent Receivership) through September 30, 2005

	<u>October 31, 2000 to June 30, 2005</u>	<u>July 1, 2005 to September 30, 2005</u>	<u>Total</u>
Business Operating Expenses:			
Property Expenses:			
Repairs & Maintenance	\$ 3,185,293.73	\$ 7,055.00	\$ 3,192,348.73
Property Taxes	2,045,637.21	12,788.60	2,058,425.81
Insurance	1,037,354.47	8,833.63	1,046,188.10
Utilities	1,009,571.08	-	1,009,571.08
Management Fees	691,124.50	17.58	691,142.08
Engineering & Architecture	625,703.98	-	625,703.98
Advertising & Marketing	415,718.04	6,844.00	422,562.04
Legal Fees	360,316.11	19,957.83	380,273.94
Security, Alarm & Protection	317,811.80	-	317,811.80
Gardening Services	303,411.21	-	303,411.21
Appraisal & Survey (Footnote 1)	264,394.22	(1,000.00)	263,394.22
Cleaning Services	174,862.91	-	174,862.91
Development Expenditures	35,845.63	-	35,845.63
Miscellaneous	635,684.86	37,025.66	672,710.52
Total Property Expenses	11,102,729.75	91,522.30	11,194,252.05
Field Office Operating Expenses	2,638,363.38	46,874.25	2,685,237.63
Racehorse Expenses	262,351.62	218.44	262,570.06
Dog Expenses	21,084.81	-	21,084.81
Federal & State Income Taxes (Footnote 2)	(152.12)	3,276.00	3,123.88
Total Business Operating Expenses	14,024,377.44	141,890.99	14,166,268.43
Receivership Administrative Expenses:			
Receiver's Fees & Expenses:			
Receiver's Fees	236,764.00	7,788.00	244,552.00
Receiver's Out of Pocket Expenses	5,517.62	-	5,517.62
Total Receiver's Fees & Expenses	242,281.62	7,788.00	250,069.62
Staff Expenses:			
Accounting & Support / Financial Reconstruction	1,276,658.25	10,854.84	1,287,513.09
Project Coordinators / Portfolio Management	713,634.64	1,900.00	715,534.64
Out of Pocket Expenses	200,001.42	2,427.49	202,428.91
Employer Taxes	90,418.81	884.28	91,303.09
Total Staff Expenses	2,280,713.12	16,066.61	2,296,779.73
Other Receivership Administrative Expenses:			
Legal Fees & Costs	1,970,244.08	17,136.24	1,987,380.32
Tax Return Preparation Fees	102,512.00	4,500.00	107,012.00
Copying & Records Reproduction	88,317.86	-	88,317.86
Interest Expense	19,420.99	-	19,420.99
Miscellaneous Expenses	351,196.26	8,024.69	359,220.95
Total Other Receivership Administrative Expenses	2,531,691.19	29,660.93	2,561,352.12
Total Receivership Administrative Expenses	5,054,685.93	53,515.54	5,108,201.47
Total Expenses Previously Reported	\$ 19,079,063.37		
Total Current Period Expenses		\$ 195,406.53	
Total Expenses for the Period from October 31, 2000 through September 30, 2005			\$ 19,274,469.90

Footnote 1:
The negative balance represents the year-to-date adjustment.

Footnote 2:
The negative balance represents the tax refunds received.