

Robb Evans, Receiver of TLC Investments & Trade Co., et al.
Quarterly Report to the Court
As of December 31, 2005

This is the twenty-first 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 December 31, 2005, 450 properties have been sold and escrows closed. These properties originally cost \$48,484,705, had capital additions totaling \$25,781,781, and were sold for an aggregate gross price of \$77,049,798. After paying direct expenses of sale, extinguishing liens against the properties and other costs, the net selling price of \$73,135,743 resulted in a loss of \$1,130,743. During this quarter, the bulk acreage and seven lots of the Marina Coves project, one Texas property, and one Maine property were sold with selling prices totaling \$9,737,680, which resulted in a net gain of \$6,266,133.

Excluding the Dallas property in connection with Sienna Financial Ltd. discussed below, the Receivership Estate currently has nine properties on hand, including two foreclosed properties in Alabama, six lots of the Marina Coves in Arizona, and one vacant lot in Texas, of which three were in escrow as of December 31, 2005. These three properties originally cost \$26,304, had capital additions totaling \$150,602, and it is anticipated they will produce net sale proceeds of approximately \$256,000 resulting in a net gain of approximately \$78,000. 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, 67 agents have now completed an agreed repayment schedule. An additional five accounts are being 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. It should be noted that only three accounts are not being paid as agreed. One agent passed away and his estate has insufficient assets to pay the balance due of \$3,000. A second agent has defaulted and the Receiver determined that it would not be fiscally prudent to spend any estate resources in collecting this balance \$41,000. The third agent has agreed to pay \$20,000 by mid January 2006, and \$24,000 before the end of April 2006, which would pay his account in full. Approximately \$3,040,000 has been collected and approximately \$65,000 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 \$3,105,000.

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 \$791,000.

Sienna Financial Ltd.

David Price and Durham Capital Group

In the last report, the Receiver advised the Court that an agreement had been reached with Long Beach Mortgage Company (LBMC) to allow their asserted lien claim to attach to the sales proceeds, rather than the property. However, during the previously agreed-upon mediation, LBMC rescinded their agreement based on the assertion of their title company that any agreement entered into may jeopardize coverage under the terms of the title insurance policy. As a result, the title company's position prejudiced LBMC's ability to negotiate a reasonable settlement. Consequently, the Receiver is continuing to pursue litigation to resolve LBMC's lien on the property. The Receiver has filed a suit to quiet title against LBMC and the trial is set for May, 2006. The Receiver is filing a Motion for Summary Judgment in the interim. The mediation hearing was unsuccessful, for the reasons noted. The title company for LBMC has not agreed to pay their claim in the full amount of \$400,000.

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 as soon as LBMC's claim against the property is resolved. The sales

contract is for \$836,000. As noted in previous reports, the Receiver believes his claim is superior to that of LBMC, based on the filing of the *lis pendens* prior to the date LBMC's lien was filed. For this reason, the Receiver is not willing to pay the lien claim of LBMC.

Marina Coves on the Colorado River

A total of 93 lots have been sold in Phase A (99 lots) for \$7,726,295.50. Additionally, two lots are under contract for approximately \$256,300 and the four remaining lots are being marketed for sale for approximately \$583,100. The escrowed lot sales are scheduled to close by the end of January 2006. Phase A lots will remain listed for sale with a local realtor until all lot sales have closed.

The Receiver filed an application seeking Court approval confirming a contract to sell the remaining acreage, excluding Phase A. On November 21, 2005, the Court held a hearing and approved the application authorizing the sale of the real property for the sum of \$9,768,259. On December 2, 2005, the Receiver executed all necessary documents and the sale closed.

Remaining Properties

In prior reports, the Receiver described the results of the public auction to sell the remaining 19 properties in Texas. Eighteen of the properties have closed. The one remaining property in San Antonio is under contract and in escrow. The due diligence period for this property has been extended to complete a survey.

The remaining two properties in Birmingham, AL are being marketed for sale. The Receiver has obtained discounted offers on both of these properties from a local investment bank and is in the process of evaluating these offers. In the interim, the company that is negotiating to purchase the mortgage portfolio has expressed an interest in bidding on these properties and is currently conducting their due diligence.

Mortgage Loan Portfolio

The mortgage loan portfolio consists of 20 mortgages with a principal balance of approximately \$743,754. One of the listed properties located at 808 Graymont Avenue, Birmingham, AL is currently in litigation. The balance on this loan is \$12,666 and it is anticipated that the litigation will be settled or the property will be re-acquired through foreclosure, leaving a portfolio balance of \$731,088 available for sale. The Receiver has negotiated a bulk sale of the portfolio at approximately 70% of the outstanding balance, resulting in net proceeds of approximately \$511,000. The buyer has completed the due diligence phase and a contract for sale is being prepared. The Receiver will seek this Court's approval of the sale.

Investor Distributions

The Receiver made a distribution of \$4 million on November 11, 2005, which represents a return of 50.13% to the victims. Subsequent to this reporting period, the Receiver filed a stipulation seeking this Court's approval to make a \$10,000,000 distribution.

Administrative Expenses

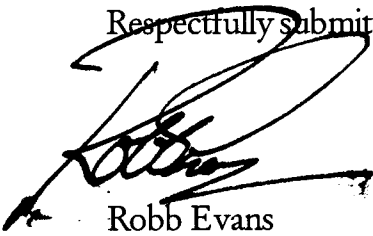
Under Tab 2 are the financial reports for the period of October 1, 2005 through December 31, 2005. The Court is respectfully requested to approve these reports, including fees and expenses of the Receiver.

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 October 1, 2005 through December 31, 2005, including fees and expenses of the Receiver detailed under Tab 2.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Robb Evans', is written over the text 'Respectfully submitted,'.

Robb Evans
Receiver

TAB 1

Robb Evans, Receiver of TLC Investments & Trade Co., et al.
 Status of Major Properties
 As of December 31, 2005

Property Address	SFR, Multi, Comm'l, Land, Lots	City	State	Purchase Date	Property Status as of 12/31/05	Carrying Cost as of 10/4/00	Acquisition & Capital Additions from 10/5/00 to 12/31/05	Sales Price	Average Appraisal Values	Sales Price as a % of Average Appraisal Value
1 Marina Coves Lots	Land	Mohave Valley	AZ	07/01/99	Since Phase A (99 lots) sales commenced in July 2002, a total of 93 lots have been sold for \$7,726,295.50 and an additional 2 lots are under contract for approximately \$256,300 and the remaining 4 lots are on the market for sale for a total of \$583,100. The remaining 4 lots have recently become available due to sale cancellations. All remaining lots in Phase A will continue to be listed by the local realtor until all lot sales have closed.	\$ 3,083,615.14	\$ 1,774,451.48	16,726,295.50	\$ 14,766,295.50	113.27%
1A The Coves Project Phase A & Bulk acreage - Sold	Land	Mohave Valley	AZ	07/01/99	93 lots and bulk acreage were sold as of December 31, 2005. See additional comments for #1.	\$	\$ 4,801,456.46			
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	1,615,744.06	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	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 Cadillac	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	93.98%
20 4420 Makana Rd.	SFR	Makana	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	SOLD	4,848,747.29	661,092.09	3,000,000.00	3,366,666.67	89.11%

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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 Qual Bridge Gardens	Land	Houston	TX	04/05/99	SOLD	222,839.54	43,881.92	263,000.00	267,500.00	98.52%
	For Major Properties						\$ 52,197,022.76	\$ 12,284,199.90	\$ 73,452,162.50	\$ 66,066,093.83	111.18%

TAB 2

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

	<u>October 31, 2000 to September 30, 2005</u>	<u>October 1, 2005 to December 31, 2005</u>	<u>Total</u>
Proceeds from Sales of Properties	\$ 62,350,141.82	\$ 9,681,626.10	\$ 72,031,767.92
Rental Income	5,994,338.03	4,500.00	5,998,838.03
Commission Repayments from Agents	3,807,870.68	74,927.16	3,882,797.84
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	759.14	25.00	784.14
Interest Income:			
Mortgage Notes	669,908.23	18,184.47	688,092.70
Bank Deposits	239,440.86	26,342.03	265,782.89
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>1,017,514.70</u>	<u>44,526.50</u>	<u>1,062,041.20</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 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	125.93	15,224.40
Proceeds from Granting of Easements	13,200.00	-	13,200.00
Restitutions Received from Brian Aeria	925.00	400.00	1,325.00
Restitutions Received from Kettenhof	600.00	300.00	900.00
Miscellaneous Income	108,783.34	3,595.29	112,378.63
Total Income	\$ 77,719,107.90	\$ 9,810,025.98	\$ 87,529,133.88

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

	<u>October 31, 2000 to Sept 30, 2005</u>	<u>October 1, 2005 to December 31, 2005</u>	<u>Total</u>
Business Operating Expenses:			
Property Expenses:			
Repairs & Maintenance (Footnote 1)	\$ 3,192,348.73	\$ (5,120.00)	\$ 3,187,228.73
Property Taxes	2,058,425.81	92,636.15	2,151,061.96
Insurance	1,046,188.10	22,142.68	1,068,330.78
Utilities	1,009,571.08	-	1,009,571.08
Management Fees	691,142.08	-	691,142.08
Engineering & Architecture	625,703.98	-	625,703.98
Advertising & Marketing	422,562.04	6,844.00	429,406.04
Legal Fees	380,273.94	15,936.47	396,210.41
Security, Alarm & Protection	317,811.80	-	317,811.80
Gardening Services	303,411.21	-	303,411.21
Appraisal & Survey	263,394.22	3,788.75	267,182.97
Cleaning Services	174,862.91	-	174,862.91
Development Expenditures	35,845.63	-	35,845.63
Miscellaneous (Footnote 1)	672,710.52	(1,316.53)	671,393.99
Total Property Expenses	<u>11,194,252.05</u>	<u>134,911.52</u>	<u>11,329,163.57</u>
Field Office Operating Expenses	2,685,237.63	65,378.78	2,750,616.41
Racehorse Expenses	262,570.06	-	262,570.06
Dog Expenses	21,084.81	-	21,084.81
Federal & State Income Taxes (Footnote 2)	3,123.88	(831.00)	2,292.88
Total Business Operating Expenses	<u>14,166,268.43</u>	<u>199,459.30</u>	<u>14,365,727.73</u>
Receivership Administrative Expenses:			
Receiver's Fees & Expenses:			
Receiver's Fees	244,552.00	10,164.00	254,716.00
Receiver's Out of Pocket Expenses	5,517.62	-	5,517.62
Total Receiver's Fees & Expenses	<u>250,069.62</u>	<u>10,164.00</u>	<u>260,233.62</u>
Staff Expenses:			
Accounting & Support / Financial Reconstruction	1,287,513.09	17,005.57	1,304,518.66
Project Coordinators / Portfolio Management	715,534.64	2,276.00	717,810.64
Out of Pocket Expenses	202,428.91	5,953.77	208,382.68
Employer Taxes	91,303.09	1,095.08	92,398.17
Total Staff Expenses	<u>2,296,779.73</u>	<u>26,330.42</u>	<u>2,323,110.15</u>
Other Receivership Administrative Expenses:			
Legal Fees & Costs	1,987,380.32	20,390.35	2,007,770.67
Tax Return Preparation Fees	107,012.00	7,250.00	114,262.00
Copying & Records Reproduction	88,317.86	-	88,317.86
Interest Expense	19,420.99	-	19,420.99
Miscellaneous Expenses	359,220.95	11,293.88	370,514.83
Total Other Receivership Administrative Expenses	<u>2,561,352.12</u>	<u>38,934.23</u>	<u>2,600,286.35</u>
Total Receivership Administrative Expenses	<u>5,108,201.47</u>	<u>75,428.65</u>	<u>5,183,630.12</u>
Total Expenses Previously Reported	\$ 19,274,469.90		
Total Current Period Expenses		\$ 274,887.95	
Total Expenses for the Period from October 31, 2000 through December 31, 2005			\$ 19,549,357.85

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

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