

Robb Evans, Receiver of TLC Investments & Trade Co., et al.
Quarterly Report to the Court
As of June 30, 2006

This is the twenty-third 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 June 30, 2006, 456 properties have been sold and escrows closed. These properties originally cost \$48,571,900, had capital additions totaling \$25,993,833, and were sold for an aggregate gross price of \$77,441,757. After paying direct expenses of sale, extinguishing liens against the properties and other costs, the net selling price of \$73,508,810 resulted in a loss of \$1,056,923. During this quarter, the vacant lot in Texas was sold for \$10,409, which resulted in a net gain of \$5,669.

Excluding the Dallas property in connection with Sienna Financial Ltd. discussed below, the Receivership Estate has only three properties left for sale, the three lots in Marina Coves in Arizona, all of which were in escrow as of June 30, 2006 with non-refundable earnest monies totaling \$36,000.00 received by the Receiver. These three properties originally cost \$36,209, had capital additions totaling \$214,161, and it is anticipated they will produce net sale proceeds of approximately \$437,000 resulting in a net gain of approximately \$186,000. 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, 70 agents have now completed an agreed repayment schedule. An additional two accounts are being reduced by distributions from investment accounts held by the respective agent. It is anticipated that claim distributions will be sufficient to pay these accounts in full. It should be noted that only three accounts are not being paid as agreed. Approximately \$3,056,800 has been collected and approximately \$50,000 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 \$876,800.

The Receiver is currently analyzing the most efficient method to solicit bids to purchase the remaining judgments so the receivership estate can be closed by the end of this year.

Sienna Financial Ltd.

David Price and Durham Capital Group

In the last report, the Receiver informed the Court that the Receiver filed a Motion for Summary Judgment, which was heard on April 14, 2006. The Court has taken the matter under advisement and a ruling is expected in the near future. The previously scheduled hearing date of May 15, 2006 was postponed in anticipation of the Summary Judgment ruling. As noted in previous reports, the Receiver believes his claim is superior to that of Long Beach Mortgage Company (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.

The property remains rented by the purchaser and the contract is in the process of being extended until an agreement concerning the disposition of the sale proceeds has been resolved. The sale is expected to close as soon as LBMC's claim against the property is resolved. The sales contract is for \$836,000.

Marina Coves on the Colorado River

A total of 96 lots have been sold in Phase A (99 lots) for \$8,093,845.50. The remaining three lots are under contract and in escrow for \$474,800. The buyer has requested two successive 30-day extensions through July 31, 2006. In exchange for granting these extensions, the buyer was required to deposit a total of \$36,000 in nonrefundable earnest money deposits with the escrow company, which has been released to the Receiver by mutual agreement. The escrowed lot sales are scheduled to close by the end of July 2006.

Remaining Properties

In previous reports to the Court, the Receiver has advised the Court of the difficulty in securing a buyer and resolving the various access problems confronting the remaining San Antonio property. Once the survey determined that the property was landlocked, the buyer refused to close at the contractual price, threatened to forfeit his \$1,000 earnest money deposit and then made a substantially lower offer. The Receiver reviewed the available options, which included filing a lawsuit to gain access since Texas law requires all properties to have access or to negotiate a lower price and close the sale. The Receiver determined that the most cost effective approach was to negotiate the sale price and close the sale on the acreage. As a result, the acreage was sold for \$10,409 or approximately 55% of the escrowed contract purchase price.

Mortgage Loan Portfolio

The sale of the mortgage portfolio consisting of 18 mortgages closed during this reporting period. The net proceeds totaled approximately \$412,000 representing approximately 59% of the outstanding balance.

The previously reported net percentage and net proceeds were based on the individual evaluation and ultimate purchase price assigned to each mortgage. The net percentage and net proceeds were reduced prior to the sale closing primarily due to two factors; the payoff of a mortgage with a higher assigned value and the increased delinquency of certain mortgages.

Administrative Expenses

Under Tab 2 are the financial reports for the period of April 1, 2006 through June 30, 2006. 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 April 1, 2006 through June 30, 2006, including fees and expenses of the Receiver detailed under Tab 2.

Respectfully submitted,

/S/

Robb Evans
Receiver

TAB 1

Robb Evans, Receiver of TLC Investments & Trade Co., et al.
Status of Major Properties
As of June 30, 2006

	Property Address	SFR, Multi, Comm'l, Land, Lots	City	State	Purchase Date	Property Status as of 6/30/06	Carrying Cost as of 10/4/00	Acquisition & Capital Additions from 10/5/00 to 6/30/06	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 96 lots have been sold for \$8,093,845 and the remaining 3 lots are under contract and in escrow for approximately \$474,800. The buyer has been granted a closing extension until July 31, 2006 in exchange for an increase in the nonrefundable earnest money deposit. All remaining lots in Phase A will continue to be listed by the local realtor until all lot sales have closed.		\$ 140,406.48			
1A	The Coves Project Phase A & Bulk acreage - Sold	Land	Mohave Valley	AZ	07/01/99	96 lots and bulk acreage were sold as of March 31, 2006. See additional comments for #1.	\$ 3,986,282.50	6,408,084.38	\$ 17,093,845.50	\$ 15,133,845.50	112.95%
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	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 (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	1,263,905.00	93.98%
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%
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 Gentriestide 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%

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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	187,906.89	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 -						\$ 53,095,690.12	\$ 12,256,782.82	\$ 73,819,712.50	\$ 66,433,643.83	111.12%

TAB 2

Robb Evans, Receiver of TLC Investments & Trade Co., et al.
Summary of Income
October 31, 2000 (Inception of Permanent Receivership) through June 30, 2006

	<u>October 31, 2000 to March 31, 2006</u>	<u>April 1, 2006 to June 30, 2006</u>	<u>Total</u>
Proceeds from Sales of Properties	\$ 72,396,714.92	\$ 8,120.38	\$ 72,404,835.30
Rental Income	6,003,338.03	6,913.37	6,010,251.40
Commission Repayments from Agents	3,945,638.66	10,000.00	3,955,638.66
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	784.14	25.00	809.14
Interest Income:			
Mortgage Notes	707,182.28	11,645.21	718,827.49
Bank Deposits	299,828.07	9,905.62	309,733.69
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	1,115,175.96	21,550.83	1,136,726.79
Proceeds from Sale of Mortgage Notes	-	411,816.47	411,816.47
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	15,224.40	-	15,224.40
Proceeds from Granting of Easements	13,200.00	-	13,200.00
Settlement-Note on Lake Livingston Property	5,000.00	-	5,000.00
Restitutions Received from Brian Aeria	1,625.00	1,200.00	2,825.00
Restitutions Received from Kettenhof	900.00	200.00	1,100.00
Miscellaneous Income	120,821.84	250.42	121,072.26
Total Income	\$ 88,028,299.67	\$ 460,076.47	\$ 88,488,376.14

Robb Evans, Receiver of TLC Investments & Trade Co., et al.
Summary of Expenses
October 31, 2000 (Inception of Permanent Receivership) through June 30, 2006

	<u>October 31, 2000 to March 31, 2006</u>	<u>April 1, 2006 to June 30, 2006</u>	<u>Total</u>
Business Operating Expenses:			
Property Expenses:			
Repairs & Maintenance	\$ 3,187,228.73	\$ -	\$ 3,187,228.73
Property Taxes	2,159,698.60	1,403.90	2,161,102.50
Insurance	1,067,285.12	9,047.97	1,076,333.09
Utilities	1,009,571.08	-	1,009,571.08
Management Fees	691,142.08	948.63	692,090.71
Engineering & Architecture	625,703.98	-	625,703.98
Advertising & Marketing	436,250.04	3,422.00	439,672.04
Legal Fees (Footnote 1)	407,336.87	(982.60)	406,354.27
Security, Alarm & Protection	317,811.80	-	317,811.80
Gardening Services	303,411.21	-	303,411.21
Appraisal & Survey	267,689.22	-	267,689.22
Cleaning Services	174,862.91	-	174,862.91
Development Expenditures	35,845.63	-	35,845.63
Miscellaneous	672,987.85	352.00	673,339.85
Total Property Expenses	<u>11,356,825.12</u>	<u>14,191.90</u>	<u>11,371,017.02</u>
Field Office Operating Expenses	2,761,565.88	7,921.50	2,769,487.38
Racehorse Expenses	261,344.53	-	261,344.53
Dog Expenses	21,084.81	-	21,084.81
Federal & State Income Taxes	4,692.88	25.00	4,717.88
Total Business Operating Expenses	<u>14,405,513.22</u>	<u>22,138.40</u>	<u>14,427,651.62</u>
Receivership Administrative Expenses:			
Receiver's Fees & Expenses:			
Receiver's Fees	255,068.00	1,452.00	256,520.00
Receiver's Out of Pocket Expenses	5,517.62	-	5,517.62
Total Receiver's Fees & Expenses	<u>260,585.62</u>	<u>1,452.00</u>	<u>262,037.62</u>
Staff Expenses:			
Accounting & Support / Financial Reconstruction	1,320,167.01	9,536.33	1,329,703.34
Project Coordinators / Portfolio Management	718,934.64	834.00	719,768.64
Out of Pocket Expenses	207,157.15	-	207,157.15
Employer Taxes	93,700.09	912.55	94,612.64
Total Staff Expenses	<u>2,339,958.89</u>	<u>11,282.88</u>	<u>2,351,241.77</u>
Other Receivership Administrative Expenses:			
Legal Fees & Costs	1,998,018.71	28,979.13	2,026,997.84
Tax Return Preparation Fees	114,262.00	-	114,262.00
Copying & Records Reproduction	88,317.86	-	88,317.86
Interest Expense	19,420.99	-	19,420.99
Miscellaneous Expenses	382,128.45	2,382.56	384,511.01
Total Other Receivership Administrative Expenses	<u>2,602,148.01</u>	<u>31,361.69</u>	<u>2,633,509.70</u>
Total Receivership Administrative Expenses	<u>5,202,692.52</u>	<u>44,096.57</u>	<u>5,246,789.09</u>
Total Expenses Previously Reported	\$ 19,608,205.74		
Total Current Period Expenses		\$ 66,234.97	
Total Expenses for the Period from October 31, 2000 through June 30, 2006			\$ 19,674,440.71

Footnote 1:

The negative balance represents the year-to-date adjustment.

Robb Evans, Receiver of TLC Investments & Trade Co., et al.
Receiver Fee Claim
For the Period from April 1 through June 30, 2006

Date	Memo	Amount
04/30/2006	P/E 04/02/06-04/08/06	\$ 440.00
04/30/2006	P/E 04/23/06-04/29/06	902.00
06/30/2006	P/E 06/01/06-06/30/06	110.00
Total Fee Claims		\$ 1,452.00