

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

This is the twenty-fourth 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**

No properties were sold during this quarter.

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 September 30, 2006 with non-refundable earnest monies totaling \$49,500.00 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.

**Update Regarding Issues Previously Addressed**

**Sienna Financial Ltd.**

*David Price and Durham Capital Group*

In a prior 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 has again been extended pending resolution of the claim by LBMC. Previously, LBMC had agreed to allow the sale to close, and attach its claim to the proceeds, as this Court had ordered. However, LBMC withdrew that agreement prior to the date the Receiver's Motion for Summary Judgment was filed. The sale is expected to close as soon as LBMC's claim against the property is resolved. The sales contract is for \$836,000.

### **Funds Held by Washington Mutual Bank**

On September 22, 2006 this Court approved a stipulation whereby Washington Mutual Bank was directed to immediately disburse funds on deposit in the names of Ernest F. Cossey and/or Candyse B. Cossey. The stipulation provided that \$70,381.83 be disbursed to the United States Department of Justice to resolve an Internal Revenue Service levy and the balance to be disbursed to the Receiver. On September 28, 2006 Washington Mutual Bank disbursed \$222,090.64 to the Receiver.

### **Administrative Expenses**

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

Respectfully submitted,

/S/

Robb Evans  
Receiver

# **TAB 1**

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

	<u>October 31, 2000 to June 30, 2006</u>	<u>July 1, 2006 to September 30, 2006</u>	<u>Total</u>
Proceeds from Sales of Properties	\$ 72,404,835.30	\$ -	\$ 72,404,835.30
Rental Income	6,010,251.40	4,500.00	6,014,751.40
Commission Repayments from Agents	3,955,638.66	-	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	809.14	-	809.14
Interest Income:			
Mortgage Notes	718,827.49	-	718,827.49
Bank Deposits	309,733.69	14,251.37	323,985.06
Bridge Loan	68,269.71	-	68,269.71
Hardship Loans	38,110.25	-	38,110.25
Other	1,785.65	-	1,785.65
<b>Total Interest Income</b>	<b>1,136,726.79</b>	<b>14,251.37</b>	<b>1,150,978.16</b>
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	222,090.64	243,926.72
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	2,825.00	300.00	3,125.00
Restitutions Received from Kettenhof	1,100.00	-	1,100.00
Miscellaneous Income	121,072.26	-	121,072.26
<b>Total Income</b>	<b>\$ 88,488,376.14</b>	<b>\$ 241,142.01</b>	<b>\$ 88,729,518.15</b>

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

	<u>October 31, 2000 to June 30, 2006</u>	<u>July 1, 2006 to September 30, 2006</u>	<u>Total</u>
<b>Business Operating Expenses:</b>			
<b>Property Expenses:</b>			
Repairs & Maintenance	\$ 3,187,228.73	\$ 10,900.00	\$ 3,198,128.73
Property Taxes (Footnote 1)	2,161,102.50	(4,029.34)	2,157,073.16
Insurance	1,076,333.09	606.31	1,076,939.40
Utilities	1,009,571.08	-	1,009,571.08
Management Fees	692,090.71	-	692,090.71
Engineering & Architecture	625,703.98	-	625,703.98
Advertising & Marketing	439,672.04	-	439,672.04
Legal Fees	406,354.27	6,706.19	413,060.46
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	673,339.85	327.00	673,666.85
<b>Total Property Expenses</b>	<u>11,371,017.02</u>	<u>14,510.16</u>	<u>11,385,527.18</u>
<b>Field Office Operating Expenses</b>	2,769,487.38	3,749.50	2,773,236.88
<b>Racehorse Expenses</b>	261,344.53	-	261,344.53
<b>Dog Expenses</b>	21,084.81	-	21,084.81
<b>Federal &amp; State Income Taxes</b>	4,717.88	398,097.00	402,814.88
<b>Total Business Operating Expenses</b>	<u>14,427,651.62</u>	<u>416,356.66</u>	<u>14,844,008.28</u>
<b>Receivership Administrative Expenses:</b>			
<b>Receiver's Fees &amp; Expenses:</b>			
Receiver's Fees	256,520.00	2,200.00	258,720.00
Receiver's Out of Pocket Expenses	5,517.62	396.33	5,913.95
<b>Total Receiver's Fees &amp; Expenses</b>	<u>262,037.62</u>	<u>2,596.33</u>	<u>264,633.95</u>
<b>Staff Expenses:</b>			
Accounting & Support / Financial Reconstruction	1,329,703.34	6,136.90	1,335,840.24
Project Coordinators / Portfolio Management	719,768.64	216.00	719,984.64
Out of Pocket Expenses	207,157.15	15.00	207,172.15
Employer Taxes	94,612.64	457.99	95,070.63
<b>Total Staff Expenses</b>	<u>2,351,241.77</u>	<u>6,825.89</u>	<u>2,358,067.66</u>
<b>Other Receivership Administrative Expenses:</b>			
Legal Fees & Costs	2,026,997.84	4,569.12	2,031,566.96
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	384,511.01	3,678.27	388,189.28
<b>Total Other Receivership Administrative Expenses</b>	<u>2,633,509.70</u>	<u>8,247.39</u>	<u>2,641,757.09</u>
<b>Total Receivership Administrative Expenses</b>	<u>5,246,789.09</u>	<u>17,669.61</u>	<u>5,264,458.70</u>
<b>Total Expenses Previously Reported</b>	<b>\$ 19,674,440.71</b>		
<b>Total Current Period Expenses</b>		<b>\$ 434,026.27</b>	
<b>Total Expenses for the Period from October 31, 2000 through September 30, 2006</b>			<b>\$ 20,108,466.98</b>

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 July 1 through September 30, 2006**

Date	Memo	Amount
07/22/2006	P/E 07/16/06-07/22/06	\$ 220.00
08/19/2006	P/E 08/13/06-08/19/06	242.00
09/09/2006	P/E 09/03/06-09/09/06	440.00
09/16/2006	P/E 09/10/06-09/16/06	1,188.00
09/23/2006	P/E 09/17/06-09/23/06	110.00
09/11/2006	Expense claim; P/E 09/10/06-09/11/06	175.36
09/15/2006	Expense claim; P/E 09/15/06	220.97
<b>Total Fee &amp; Expense Claims</b>		<b>\$ 2,596.33</b>