

**Robb Evans**  
**Receiver in the Matter of**  
**United States of America v. John Allen Wheeler**

**Report of Receiver's Activities**  
**June 1, 2004 through August 31, 2004**

In its May 16, 2003 Order, this Court appointed the Receiver and directed the Receiver to file quarterly reports advising the Court of its progress and for payment of the Receiver's fee and out-of-pocket expenses for the Court's approval. This is the fourth quarterly report. It does not constitute an audit of the financial condition and is intended only to provide information for use by the Court in assessing the progress of the Receivership.

**Forfeited Assets**

The Court's May 16, 2003 Order directed the Receiver to assume and maintain full control of the subject assets. Following is a status report on the assets.

**Illiquid Assets**

The non-cash assets consist of Personal and Miscellaneous Property, which can be categorized as follows:

- ◆ Farm Equipment
- ◆ Farm Vehicles
- ◆ Off Road Recreational Vehicles
- ◆ Mobile Home
- ◆ Miscellaneous Personal Property

In the last quarterly report, we advised the Court that all non-cash assets, with the exception of the jewelry items, had been sold at auction. The previous report confirmed that the estate realized net proceeds of \$102,608.48 from the auction. In the interim, the registration of the mobile home was completed and subsequently, an additional \$10,551.10 in proceeds was released from escrow. The entire proceeds from the auction total \$113,159.58.

The jewelry items have now been sold pursuant to a sealed bid process.

The jewelry items were on consignment with a reputable Dallas jeweler. The jeweler recommended that we reduce the consignment prices on the five items to a total of

\$26,650. The Receiver also requested and obtained a cash bid from the jeweler on the items in the amount of \$22,150.

The Receiver then engaged a certified Gemologist/Appraiser to conduct an appraisal. The "immediate sale" appraisal of the five items totaled \$44,200. The Receiver determined that the Dallas jeweler's recommended reduction in consignment prices, and his cash bid, were well below market value and therefore the offer was rejected.

The Receiver enlisted the services of the Gemologist/Appraiser to conduct a sealed bid process for a nominal 5% commission. Correspondence was sent to every member of the Los Angeles Diamond Club (over 100 members) advising each member that the items were available for inspection and sealed bid. An associate of the Receiver contacted the top two bidders for each item and a final sale price was negotiated.

The total sale proceeds for the five items equaled \$59,690, approximately 135% over the "immediate sale" appraised value and well in excess of the Dallas jeweler's consignment price and cash bid.

### **Distribution to Approved Claimants**

On July 15, 2004 this Court approved an initial distribution of approved claims. The funds for the distribution were received from the Court's Registry on August 4, 2004. On August 20, 2004 a distribution of \$3,091,430.26 was made to 739 approved claimants.

### **Administrative Expenses**

Under Tab 1 is a report of the expenses incurred by the Receivership from June 1, 2004 through August 31, 2004.

### **Requests of the Court**

The Court is respectfully requested to:

1. Approve this report and confirm the actions of the Receiver described therein.
2. Approve and authorize payment of expenses of the Receivership from June 1, 2004 through August 31, 2004 as detailed under Tab 1.

Respectfully submitted,

Robb Evans  
Receiver