

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

Report of Receiver's Activities
December 1, 2004 through June 16, 2005

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 sixth 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 consisted of Personal and Miscellaneous Property and were categorized as follows:

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

All of the illiquid assets have been sold.

Distribution to Approved Claimants

On July 15, 2004 this Court approved the Receiver's recommendation to make an interim distribution of \$3,100,000. The distribution was completed by August 20, 2004.

Potential Claims

Constructive Trust

During this reporting period, the Receiver's counsel prepared a motion for a constructive trust to be imposed over the real property and improvements of the Wheeler ranch located in Nacogdoches, Texas. The motion seeks reimbursement of the costs of

improvements in the amount of \$1,048,881.19. The motion requests the recordation of a Lis Pendens to be filed against the property. In addition, the motion requests that if reimbursement of the stipulated amount is not forthcoming in a reasonable period of time, then the property be sold to satisfy the cost of the improvements. The Receiver's motion was filed with the Court on June 16, 2005. It was served on parties to the action and interested parties by U.S. Mail on the same date and is in the process of being personally served upon parties with an interest in the property at issue.

U.S. Reservation Bank and Trust in Arizona

As previously reported, John Wheeler transferred \$1 million to U.S. Reservation Bank and Trust in Arizona. That company was placed into receivership by order of the United States District Court for the District of Arizona. A claim in the amount of \$1,000,000 has been filed with the Arizona Receiver. The status of this claim is pending.

At such time as the Arizona Receiver makes payment on the claim and the constructive trust issue is resolved, the Receiver will make a recommendation to this Court for a final distribution to approved claimants.

Administrative Expenses

Under Tab 1 is a report of the expenses incurred by the Receivership from December 1, 2004 through May 31, 2005.

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 December 1, 2004 through May 31, 2005 as detailed under Tab 1.

Respectfully submitted,

/s/

Robb Evans
Receiver