

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

Report of Receiver's Activities
March 1, 2006 through December 31, 2006

In its May 16, 2003 Order, this Court appointed the Receiver and directed the Receiver to file 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 ninth 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.

Assets

Wheeler Ranch

Following this Court's entry of judgment in the amount of \$1,048,881.19 on October 19, 2005 against the Wheeler Ranch in Nacogdoches, Texas, the Receiver commenced discussions with Wheeler family members with ownership interests (Wheeler family) in the ranch property concerning a payment of the judgment. These discussions resulted in a proposed sale and settlement of \$700,000 cash in full satisfaction of the judgment. The Receiver reviewed the various options and concluded that the settlement offer was reasonable and in the in the best interests of the investors, based on appraisals and the location of the property. This Court approved the proposed settlement on August 15, 2006, and the Receiver received the sum of \$700,000 on October 12, 2006 in full settlement of this judgment.

Pinnacle Energy Group

As part of the sale of the Wheeler Ranch, the Receiver released its claim to the oil and gas royalties as of the date of sale. Oil and gas royalties up to the date of sale were paid to the Receiver. All royalties and lease payments made after the date of settlement accrue to the benefit of the Wheeler family, or the purchaser of the property.

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 Arizona Receiver

recently obtained court approval authorizing a pro-rata distribution. If the Arizona court order is not appealed, the Arizona Receiver anticipates making a distribution of about \$554,000 to this receivership estate in March 2007.

Other Wheeler Investments

The Receiver interviewed a witness with respect to other investments made by John Wheeler in an aircraft company, Elegaire, owned or controlled by Thomas Plummer. As set out in previous reports, Thomas Plummer purchased property located at 5101 Yale Court, Brentwood, Tennessee, and reportedly purchased an aircraft. Plummer filed for bankruptcy on October 11, 2005. His financial statement filed in the bankruptcy proceeding alleged that his home had been sold in April, 2005, and he received net income of \$258,139.73. Plummer's bankruptcy filing also stated that Elegaire ceased its operations in October of 2005. The bankruptcy trustee filed a Motion for discharge on November 22, 2005, certifying that there was no receipt of non-exempt property. The debtors were discharged in bankruptcy on January 24, 2006.

Proposed Distribution

When the Arizona Receiver makes payment on the claim 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 March 1, 2006 through December 31, 2006.

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 March 1, 2006 through December 31, 2006. as detailed under Tab 1.

Respectfully submitted,

/s/
Robb Evans
Receiver