

**ROBB EVANS & ASSOCIATES LLC**  
Receiver of  
Assail, Inc.  
Infinium, Inc.  
Market-Rep.com, Inc.  
Summit Communications International, Inc. dba  
Advantage Capital  
Capital First Benefits, Inc.  
Premier One Benefits, Inc.  
Par 3, Inc.  
Valdine Management Company, Inc.  
And the assets of Kyle Kimoto

**REPORT OF RECEIVER'S ACTIVITIES**  
**AUGUST 1, 2005 THROUGH FEBRUARY 28, 2006**

This report covers the activities of the Receiver since the last report. This is the Seventh Report to the Court. The purpose of this report is to provide updated information on the progress of the receivership. 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.

**Collection Activities**

The following paragraphs discuss the status of demands made to various individuals and entities, which the Receiver has identified as recipients of estate assets or active participants in the scheme to hide assets from the Court.

***Alliance Solutions, Inc. (Alliance)***

The Receiver previously reported that Alliance received \$4,205,383 from entities owned or controlled by Kyle Kimoto (Kimoto Entities) and detailed disbursements from Alliance to Par 3, Inc. (\$908,479), Global Benefits, Inc. (\$711,927), Valdine Management Company, Inc. (\$116,431) and Robert M. Draskovich (\$200,000), an attorney that represented Kyle Kimoto.

The Receiver made demand on Robert M. Draskovich (Draskovich) for return of the \$200,000 in addition to another \$10,000 he received from an account of Valdine Management Company, Inc. The Receiver also obtained a related order compelling Dean Y. Kajioka, counsel for Kyle Kimoto, to turn over \$40,000 in monies paid to Kajioka for legal fees. Kajioka also appealed the Court's order to the Fifth Circuit Court of Appeals. Both Draskovich and Kajioka obtained a stay of the Court's orders pending appeal by making cash deposits in the full amount of the monetary award with the Clerk of the Court in lieu of posting supercedeas bonds. By stipulated order, the cash was deposited by the Clerk of the

Court in interest-bearing accounts maintained and subject to the control of the Clerk pending a final determination of the appeals. On May 19, 2005, the Court of Appeals for the Fifth Circuit issued a published written opinion affirming the District Court's order regarding the fees paid to Draskovich.

Draskovich filed a petition for writ of certiorari seeking review of the Fifth Circuit's decision by the U.S. Supreme Court. The U.S. Supreme Court denied the petition for writ of certiorari. The Receiver provided the documentation to the Clerk of the Court demonstrating that final rulings had been issued upholding the Court's orders, and in January 2006, the Clerk of the Court paid to the Receiver the amount of the awards from the cash deposits plus interest as provided in the orders granting the stays pending appeal.

***Global Benefits, Inc. (Global)***

The Receiver provided details of a sham transaction designed to hide assets from the Receiver. Global transferred \$400,000 to Eric Bowen, President of Members Express, Inc. Thereafter, Members Express transferred \$275,000 to Brian Lorenz, doing business as Mediatel Data USA (Mediatel). Mr. Lorenz transferred \$180,000 for the purpose of purchasing a ten percent (10%) interest in a company called Desert Valley Marketing, Inc. (DVM). During his deposition, Mr. Lorenz stated that Mr. Kimoto advised him that DVM would be a good investment. Mr. Lorenz claims that he has never met the owner of DVM, never visited the offices of DVM, and has no idea where DVM is located.

The Receiver made demand on Members Express, Inc. and Mediatel for return of these funds and the demand was refused. The Receiver commenced litigation against Eric Bowen, Members Express, and Mediatel to recover these funds.

The Receiver entered into a stipulation for entry of judgment with Eric Bowen to resolve the Receiver's claims against him. Bowen defaulted on the stipulation by failing to make the settlement payment required thereunder, and the Receiver caused judgment to be entered against him in the sum of \$50,000. The Receiver is pursuing post-judgment enforcement steps to record judgment liens and is evaluating other available options to recover on the judgment.

Defendant Mediatel filed a motion for summary judgment on September 14, 2004. The Receiver filed extensive opposition to the motion, and Mediatel filed a reply. The motion for summary judgment has been fully briefed before the District Court of Nevada since October 22, 2004. Counsel of record for Mediatel filed a motion to withdraw as counsel and was allowed to withdraw by order entered June 29, 2005. Mediatel was ordered by the Court to engage new counsel within 30 days and was advised in the order that failure to engage new counsel would be deemed cause by the Court for entry of a default judgment against it. Mediatel failed to engage new counsel as required by the Court order. The Court issued an order denying Mediatel's pending motion for summary judgment. Based on Mediatel's failure to engage new counsel, on January 3, 2006, the Court entered a default judgment in favor of

the Receiver and against Mediatel for the full amount of the Receiver's claim against Mediatel, \$275,000 plus interest.

The Receiver immediately started pursuing post-judgment enforcement steps and investigated the location of assets owned by Mr. Lorenz. Recently, the Receiver was notified that Mediatel retained counsel and filed a motion to vacate the default judgment under F.R.C.P. Rule 60(b) on the grounds of excusable neglect, inadvertence and mistake regarding Mediatel's failure to timely engage new counsel. The Receiver's counsel has been in communication with counsel for Mediatel in an effort to resolve the Receiver's claim through settlement. Based on those negotiations, the parties entered into a stipulation to extend the deadline for the Receiver to file opposition to the motion to April 5, 2006. The extension has been approved by Court order and negotiations are continuing.

As previously reported, the Receiver traced a \$50,000 payment from DVM to Ideal Financial Solutions (IFS) and interviewed the president, Steven L. Sunyich. Mr. Sunyich was cooperative and reported that Kyle Kimoto directed the investment of \$50,000 be paid to IFS to secure exclusive marketing rights to the services offered by IFS. According to Mr. Sunyich, Joel Best, a former officer of Assail, was running a telemarketing call center for Kimoto. Joel Best did not meet the sales quotas required to maintain the exclusive rights to market IFS services and the arrangement was terminated. On September 24, 2004, IFS issued 500,000 shares of common stock to Desert Valley Marketing. The Receiver demanded the original stock certificate and Mr. Sunyich complied with the Receiver's request. The Receiver believes the original transfer by Brian Lorenz from Mediatel to Desert Valley Marketing was done under the direction of, and for the benefit of Kyle Kimoto and that 500,000 shares of common stock are properly an asset of the receivership estate. Because the stock was part of an unregistered securities offering, all restrictions on the sale of the stock will not be removed until September 24, 2006. Based on the restricted nature of the stock and other factors, the Receiver will not seek to liquidate the stock until all restrictions on its sale in the securities markets expire later this year.

### **Liquidation of Assets**

In the Fifth Report to the Court, the Receiver reported net proceeds to the estate from the sale of personal and real property totaling \$715,059. In the Sixth Report to the Court covering the period September 16, 2004 through July 31, 2005, the Receiver reported liquidating real property consisting of three commercial lots, 420 acres of agricultural property and 320 acres of raw land, which after payment of various liens, mortgages and commissions resulted in a net return to the estate of \$2,115,856.

100 South 100 East, Cedar City, Utah – Vacant Lot: This lot appraised for \$30,000. The Receiver accepted an offer for \$45,000 and the sale closed on September 12, 2005. The net proceeds to the estate were \$39,774.80.

Ace Storage: The Court included GMF, Inc. (GMF) as a receivership entity resulting in the receivership estate owning a 50% interest in Ace Storage. The other 50% interest is owned by

LCM Holdings (LCM), a company owned by James Fales and his father Steven Fales. In a previous report, the Receiver advised the Court that rental income for Ace Storage had declined during the previous year and concluded that the business was not being properly managed. The principals agreed that rental income needed to be stabilized before the property was listed for sale. With agreement from Steven Fales, the Receiver interviewed the current manager and decided to immediately terminate his employment. The Receiver interviewed and hired a new manager. Rental income has risen steadily since the new manager was hired. The average appraised value of the property was \$925,000. The Receiver listed the property for sale at \$1.2 million.

With the cooperation of the principals of LCM, the Receiver entered into a real estate purchase contract for \$1.2 million. The sale closed on February 8, 2006. After payment of liens, mortgages, closing costs and commissions, the gross return to Ace Storage was \$587,995.89. Including the cash on hand in the operational account of Ace Storage, the total funds for distribution to LCM and GMF were \$627,854.79. The Receiver negotiated a priority claim from the sale proceeds on behalf of GMF of \$288,286.16 for previous distributions made to LCM and payment of an underlying mortgage owed by LCM. The balance of \$339,568.62 was divided equally between LCM and the Receiver with the parties receiving \$169,784.31. The net proceeds to the estate through GMF were \$458,070.47.

Pursuant to the Stipulation Resolving Contempt Proceedings Against James Fales and For Entry of Judgment (Fales Judgment), James Fales assigned his ownership interest in LCM to the Receiver. Therefore, the Receiver also received \$84,892.16 of the funds distributed to LCM, which was credited toward payment of the Fales Judgment.

Quiet Title Action: When selling the commercial property in Cedar City, Utah, the Receiver was advised that a lien existed against the property in the amount of \$174,182. The Receiver investigated the facts supporting the lien and did not consider the deed of trust to be a legitimate business transaction and has filed a quiet title action to extinguish the cloud on title. Utah law requires a bond of 150% of the lien amount. The Receiver agreed to deposit \$261,750 in the escrow fund until the quiet title action is resolved. The Receiver expects to recover most, if not all, of the remaining funds in escrow at the conclusion of the quiet title action, which should be resolved within the next few months.

### **Compliance with Fales Judgment**

As previously reported, James and Lyndi Fales deeded to the Receiver all properties identified in Section N of the Fales Judgment and have continued to cooperate with the Receiver.

All real estate has been sold except three income properties located in Cedar City, Utah. The income properties are expected to sell this summer.

To date, Mr. Fales has paid \$584,636.47, which includes rental income, the sale of personal and real property assets and payment of 15% of his sales commissions. The Receiver has advanced \$71,049.87 in expenses to preserve the assets turned over by Mr. Fales including

utilities, insurance, mortgage payments and required maintenance. After deducting the advanced expenses, Mr. Fales has paid a total of \$513,586.60 toward the Fales Judgment.

Mr. Fales continues to provide monthly reports of his business activities to the Receiver, including an accounting of all income received, and continues to pay 15% of his income to the Receiver as payment toward the Fales Judgment.

Respectfully submitted,

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Robb Evans & Associates LLC  
Receiver