

ROBB EVANS
Receiver of
D.W. Heath & Associates, Inc.;
PCM Fixed Income Fund I, LLC;
Private Capital Management, Inc.;
Private Collateral Management, Inc.
and the Schlarmann Interests

11450 Sheldon Street
Sun Valley, California 91352-1121
Telephone No.: (818) 768-8100
Facsimile No.: (818) 768-8802

Securities and Exchange Commission v. D. W. Heath & Associates Inc., et al.
CASE No. CV-04-02949 JFW (Ex)

Notice of Motion and Motion for Order (1) Approving Receiver's Reports; (2) Approving Payment of Receiver's Expenses for the Period from May 4, 2004 through June 30, 2004; and (3) Granting Relief from Local Rule 66-7 Pertaining to Notice to Creditors; Memorandum of Points and Authorities in Support Thereof; Declaration of Robb Evans and Gary Owen Caris in Support Thereof

Dated August 27, 2004

1 Gary Owen Caris (State Bar No. 088918)
2 Lesley Anne Hawes (State Bar No. 117101)
3 FRANDZEL ROBINS BLOOM & CSATO, L.C.
4 6500 Wilshire Boulevard
5 Seventeenth Floor
6 Los Angeles, California 90048-4920
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9 Attorneys for Permanent Receiver,
10 ROBB EVANS

11 **UNITED STATES DISTRICT COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

13 SECURITIES AND EXCHANGE
14 COMMISSION,

15 Plaintiff,

16 v.

17 D.W. HEATH & ASSOCIATES, INC.,
18 etc., et al.,

19 Defendants.

CASE NO. CV 04-02949 JFW (Ex)

**NOTICE OF MOTION AND
MOTION FOR ORDER (1)
APPROVING RECEIVER'S
REPORTS; (2) APPROVING
PAYMENT OF RECEIVER'S AND
PROFESSIONALS' FEES AND
EXPENSES FOR THE PERIOD
FROM MAY 4, 2004 THROUGH
JUNE 30, 2004; AND (3)
GRANTING RELIEF FROM
LOCAL RULE 66-7 PERTAINING
TO NOTICE TO CREDITORS;
MEMORANDUM OF POINTS AND
AUTHORITIES; DECLARATIONS
OF ROBB EVANS AND GARY
OWEN CARIS IN SUPPORT
THEREOF**

DATE: September 20, 2004
TIME: 1:30 p.m.
DEPT.: Courtroom 16

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TABLE OF AUTHORITIES

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FRANZEL, ROBINS BLOOM & CSATO, L.C.
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1 TO: THE PARTIES TO THIS ACTION AND THEIR ATTORNEYS OF
2 RECORD AND TO ALL CREDITORS AND OTHER PARTIES IN INTEREST:
3

4 PLEASE TAKE NOTICE that on September 20, 2004 at 1:30 p.m., or as soon
5 as thereafter counsel may be heard in Courtroom 16 of the above-entitled Court,
6 located at 312 N. Spring Street, Los Angeles, California, Robb Evans as permanent
7 receiver ("Receiver") of D.W. Heath & Associates, Inc., Private Capital
8 Management, Inc., Private Collateral Management, Inc. and PCM Fixed Income
9 Fund I, LLC and their subsidiaries and affiliates (collectively, the "Receivership
10 Defendants"), will and does hereby move the Court for an order:
11

12 1. Approving the Receiver's first and second reports in this matter,
13 covering the period from May 4, 2004 to May 14, 2004 and May 15, 2004 through
14 July 9, 2004, respectively (collectively the "Receiver's Reports");
15

16 2. Approving the payment of the fees and expenses of the Receiver, the
17 Receiver's staff, and the Receiver's counsel for the period from May 4, 2004 through
18 June 30, 2004; and
19

20 3. Granting relief from Local Rule 66-7 pertaining to the giving of notice
21 to all creditors of the receivership estate.
22

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FRANDZEL ROBINS BLOOM & CSATO, L.C.
6500 WILSHIRE BOULEVARD, 17TH FLOOR
LOS ANGELES, CALIFORNIA 90048-4920
(323) 852-1000

1 PLEASE TAKE FURTHER NOTICE that this motion is made pursuant to
2 Local Rule 66-7(c) and (f), and is based upon this notice of motion and motion, the
3 accompanying memorandum of points and authorities and declarations of Robb
4 Evans and Gary Owen Caris, and upon such other pleadings and oral and
5 documentary evidence as may be presented at or before the time of hearing on the
6 motion.

7
8 PLEASE TAKE FURTHER NOTICE that this motion and the Receiver's
9 Reports are posted on the Receiver's website where they may be viewed in their
10 entirety. Copies of this Motion and Receiver's Reports will be provided to any
11 interested party upon receipt of a written request which may be sent to: Robb Evans
12 & Associates LLC, 11450 Sheldon Street, Sun Valley, CA 91352-1121, Attn:
13 Lillian Lee.

14
15 DATED: August 27, 2004 FRANDZEL ROBINS BLOOM & CSATO, L.C.
16 GARY OWEN CARIS
17 LESLEY ANNE HAWES

18 By: 
19 GARY OWEN CARIS
20 Attorneys for Permanent Receiver
21 ROBB EVANS
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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I.**

3 **INTRODUCTION**

4
5 This action was filed by the Securities and Exchange Commission ("SEC")
6 against the Receivership Defendants as well as Daniel William Heath and Denis
7 Timothy O'Brien on or about April 29, 2004.

8
9 The Receiver is the permanent equity receiver in this matter. The Receiver
10 was initially appointed as temporary receiver pursuant to this Court's Stipulation and
11 Order Appointing Robb Evans Temporary Receiver filed May 3, 2004. Thereafter,
12 the Receiver was appointed as permanent receiver pursuant to the Stipulation and
13 Order Appointing a Permanent Receiver entered May 19, 2004.

14
15 By this motion, the Receiver seeks an order: (1) approving the Receiver's
16 Reports covering the period from May 4, 2004 through July 9, 2004; (2) approving
17 and authorizing payment of fees and expenses of the Receiver, the Receiver's staff,
18 and the Receiver's counsel for the period from May 4, 2004 through June 30, 2004;
19 and (3) granting relief from Local Rule 66-7 pertaining to the giving of notice to all
20 creditors of the receivership estate and approving the procedure for limited notice of
21 this motion by service of this motion on all parties and all known trade creditors of
22 the receivership estate, together with posting the motion and Receiver's Reports on
23 the Receiver's website.

24
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26 ///

27 ///

28 ///

FRANZEL ROBINS BLOOM & CSATO, L.C.
6500 WILSHIRE BOULEVARD, 17TH FLOOR
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II.

THE RECEIVER SEEKS APPROVAL OF THE RECEIVER'S REPORTS

The Receiver filed his first report while temporary receiver ("First Report") on May 14, 2004. The First Report was entitled Report of Temporary Receiver's Activities for the Period May 4, 2004 Through May 14, 2004.

The Receiver filed his second report ("Second Report") and first as permanent receiver on July 14, 2004, as an exhibit to his Ex Parte Application for Permission to Accept Appointment as State Court Receiver Over the Assets of Daniel William Heath, Denis Timothy O'Brien, John William Heath and Larre Jaye Schlarman. The Second Report was entitled Report of Receiver's Activities May 15, 2004 Through July 9, 2004. The Receiver's Reports have been posted on the Receiver's website at www.heath-receiver.com.

A. The First Report

In the First Report, the Receiver describes his meetings with Daniel Heath, the initial review of voluminous investor files, financial statements prepared by the Receivership Defendants' outside bookkeeper, and preliminary review of numerous creditor and equity positions held by the Receivership Defendants.

B. The Second Report

In the Second Report, the Receiver analyzes the intertwined relationship between Daniel Heath, the Receivership Defendants, Larre Schlarman and Mr. Schlarman's entities. In that regard, the Second Report also charts the movement of funds raised from investors to and through a web of entities. It also provides a preliminary schedule of investor information broken down by the nature of the investment, the number of investors, and the dollar amount invested. The Second

1 Report provides a detailed and extensive description of the business investments
2 made directly and indirectly by the Receivership Defendants and summarizes the
3 assets of the Receivership Defendants, describes the difficulties in pursuing many of
4 the assets because of the manner in which they are held and requests permission to
5 accept appointment as state court receiver over the assets of Daniel Heath, Larre
6 Schlarmann and others. This Court approved the Receiver's request and the
7 Receiver subsequently was appointed receiver over Larre Schlarmann's assets.

8
9 By this motion, the Receiver seeks approval of the Receiver's Reports.

10
11 **III.**
12 **THE RECEIVER SEEKS APPROVAL FOR THE PAYMENT**
13 **OF THE FEES AND EXPENSES INCURRED BY THE RECEIVER FROM**
14 **MAY 4, 2004 THROUGH JUNE 30, 2004**

15
16 The Receiver also seeks approval and authority for payment of the fees and
17 expenses of the Receiver, the Receiver's staff, and the Receiver's counsel for the
18 period from May 4, 2004 through June 30, 2004. The fees and costs for the
19 Receiver for which approval is requested are set forth in the summary entitled
20 "Receivership Collections and Administrative Expenses by Month," attached hereto
21 as Exhibit 1. The fees and costs of the Receiver are then itemized by the Receiver's
22 fees (Exhibit 2 hereto), staff fees for project coordination and management
23 (Exhibit 3 hereto), staff fees for financial reconstruction and accounting (Exhibit 4
24 hereto), staff fees for asset analysis and recovery (Exhibit 5 hereto), staff fees for
25 database management (Exhibit 6 hereto), staff fees for investigation (Exhibit 7), and
26 in-house legal fees (Exhibit 8). The fees and expenses of the Receiver's outside
27 counsel, Frandzel Robins Bloom & Csato, L.C., are attached hereto as Exhibit 9. As
28 set forth in detail in Exhibits 1 through 9 hereto, the Receiver has incurred

1 \$192,627.57 in fees and expenses for the period from May 4, 2004 through June 30,
2 2004.

3
4 The Receiver was required to assume control over complex assets and
5 multiple operating businesses, made all the more difficult by the complex ownership
6 structure for many of the assets and businesses. The Receiver and his staff
7 conducted multiple interviews and held many meetings and negotiations with
8 defendants and their counsel, with principals of businesses in which the
9 Receivership Defendants held direct or indirect interests as a creditor or investor,
10 and with lenders to and representatives of businesses comprising the most valuable
11 assets of the receivership estate, including The Club at Big Bear Village and
12 Quizno's. The Receiver had to undertake a massive reconstruction of financial
13 records for multiple entities to trace the movement of funds raised from investors to
14 and through these entities and also reconstructed investor records from three
15 separate investor databases. To accomplish these financial reconstructions, the
16 Receiver and his staff read and studied voluminous financial documents and records
17 of numerous operating and impaired businesses in which the receivership estate had
18 an interest as creditor and/or equity holder. The Receiver also supervised and
19 managed the operations of certain of these businesses owned directly or indirectly
20 by the Receivership Defendants, pending the liquidation and sale of those assets.
21 Finally, the Receiver communicated extensively with investors in response to
22 numerous written and telephonic inquiries.

23
24 In light of the extensive and intensive work performed, the fees and costs of
25 the Receiver and his professionals are reasonable and should be approved and
26 authorized for payment.

IV.

**THE RECEIVER REQUESTS THAT THIS MOTION BE GRANTED
WITHOUT REQUIRING THE RECEIVER TO GIVE NOTICE TO ALL
CREDITORS**

The Receiver requests that this motion be granted without requiring the Receiver to give notice to all creditors under L.R. 66-7(c) and (f) which provide that "The receiver shall give notice by mail to all parties to the action and to all known creditors of the defendant of the time and place for hearing of: . . . (c) Reports of the receiver; . . . [and] (f) Applications for fees and expenses of the receiver, the attorney for the receiver and any other person appointed to aid the receiver."

The Receiver has provided notice of this motion to the trade creditors of the estate whose identity currently is known to the Receiver. However, the Receiver requests that he be relieved from his duty under L.R. 66-7 to notify all investor-creditors because there are more than 1,000 such potential creditors in the estate. These potential creditors are investors or consumers, in that they invested in, or purchased investment products from, the Receivership Defendants. Further, the Receiver has been unable to verify at this time whether all of these investors will prove to be actual creditors of the receivership estate. If the Receiver is required to give notice to all of these individuals, such a requirement would be burdensome, time consuming and expensive for the receivership estate, including substantial photocopying and postage costs.

In addition, notice of the motion and the Receiver's Reports is being provided to interested parties via the posting of the reports on the Receiver's website. In light of the fact that the motion is being served on the list of known non-consumer creditors and is being posted on the Receiver's website, it is reasonable and

1 appropriate to consider this motion based on the modified notice procedure set forth
2 herein. In order to maximize notice in this situation, the Receiver has taken the
3 following steps:

4
5 1. This motion, which includes a copy of the Receiver's itemized expenses
6 as an exhibit, has been served on all parties named in this action, as well as all trade
7 creditors of the receivership estate;

8
9 2. Notice has been given herein that the Receiver will provide copies of
10 the Receiver's Reports to any interested party upon receipt of a written request.
11 Parties may direct such a request to the Receiver's counsel as follows:
12 Robb Evans & Associates LLC, 11450 Sheldon Street, Sun Valley, CA 91352-1121,
13 Attn: Lillian Lee; and

14
15 3. This motion and the Receiver's Reports have been posted on the
16 Receiver's website at the following address:

17 www.heath-receiver.com

18
19 This procedure is designed to permit the Receiver to obtain approval of the
20 Receiver's Reports and for payment of the fees and expenses of the receivership
21 estate incurred in the initial two months of the case in an expeditious and cost-
22 effective manner. The Receiver submits that this notice is reasonable and designed
23 to provide fair notice and an opportunity to be heard to all creditors and interested
24 parties in the receivership estate while minimizing the expense of photocopying and
25 postage that would otherwise be borne by those creditors if universal notice by mail
26 was required.

V.

CONCLUSION

Based on the foregoing, the Receiver respectfully requests that this Court grant this motion, approve the Receiver's Reports and approve payment of the Receiver's and counsel's fees and expenses for the period from May 4, 2004 through June 30, 2004, as more particularly set forth herein.

DATED: August 27, 2004 FRANDZEL ROBINS BLOOM & CSATO, L.C.
GARY OWEN CARIS
LESLEY ANNE HAWES

By:



GARY OWEN CARIS
Attorneys for Permanent Receiver
ROBB EVANS

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LOS ANGELES, CALIFORNIA 90048-4920
(323) 852-1000

DECLARATION

DECLARATION OF ROBB EVANS

I, Robb Evans, declare:

1. I have been appointed by this Court as permanent receiver of D.W. Heath & Associates, Inc., Private Capital Management, Inc., Private Collateral Management, Inc. and PCM Fixed Income Fund I, LCC and their subsidiaries and affiliates (collectively, the "Receivership Defendants"), in connection with the above-referenced matter. I have personal knowledge of the matters set forth in this declaration or have gained knowledge of these matters based upon my supervision of other members and staff of Robb Evans & Associates LLC ("Receiver") who participate in the day-to-day management of this receivership estate. If called upon to testify as to these matters, I could and would competently testify thereto.

2. I was initially appointed as temporary receiver pursuant to this Court's Stipulation and Order Appointing Robb Evans Temporary Receiver filed May 3, 2004.

3. Thereafter, I was appointed the permanent receiver in this matter by this Court pursuant to the Stipulation and Order Appointing a Permanent Receiver entered May 19, 2004.

4. My first report, filed with the Court on May 14, 2004, entitled Report of Temporary Receiver's Activities for the Period May 3, 2004 Through May 14, 2004 describes meetings with Daniel Heath, the initial review of voluminous investor files, financial statements prepared by the Receivership Defendants' outside bookkeeper, and our preliminary review of numerous creditor and equity positions held by the Receivership Defendants.

1 5. My second report, and first as permanent receiver, was filed on July 14,
2 2004 as an exhibit to my Ex Parte Application for Permission to Accept
3 Appointment as State Court Receiver Over the Assets of Daniel William Heath,
4 Denis Timothy O'Brien, John William Heath and Larre Jaye Schlarmann. The
5 second report was entitled Report of Receiver's Activities May 15, 2004 Through
6 July 9, 2004. Both of the Receiver's Reports have been posted on the Receiver's
7 website at www.heath-receiver.com.

8
9 6. The second report analyzes the intertwined relationship between Daniel
10 Heath, the Receivership Defendants, Larre Schlarmann and Mr. Schlarmann's
11 entities. In that regard, the Second Report also charts the movement of funds raised
12 from investors to and through a web of entities. It also provides a preliminary
13 schedule of investor information broken down by the nature of the investment, the
14 number of investors, and the dollar amount invested. The Second Report provides a
15 detailed and extensive description of the business investments made directly and
16 indirectly by the Receivership Defendants and summarizes the assets of the
17 Receivership Defendants, describes the difficulties in pursuing many of the assets
18 because of the manner in which they are held and requests permission to accept
19 appointment as state court receiver over the assets of Daniel Heath, Larre
20 Schlarmann and others. This Court approved my request and I was subsequently
21 appointed receiver over Larre Schlarmann's assets.

22
23 7. I also seek approval and authority for payment of the fees and expenses
24 of the Receiver, the Receiver's staff and the Receiver's counsel for the period from
25 May 4, 2004 through June 30, 2004. The fees and costs for the Receiver for which
26 approval is requested are set forth in the summary entitled "Receivership Collections
27 and Administrative Expenses by Month," attached hereto as Exhibit 1. The fees and
28 costs of the Receiver are then itemized by the Receiver's fees (Exhibit 2 hereto),

1 staff fees for project coordination and management (Exhibit 3 hereto), staff fees for
2 financial reconstruction and accounting (Exhibit 4 hereto), staff fees for asset
3 analysis and recovery (Exhibit 5 hereto), staff fees for database management
4 (Exhibit 6 hereto), staff fees for investigation (Exhibit 7), and in-house legal fees
5 (Exhibit 8). The fees and expenses of the Receiver's outside counsel, Frandzel
6 Robins Bloom & Csato, L.C., are attached hereto as Exhibit 9. As set forth in detail
7 in Exhibits 1 through 9 hereto, the Receiver has incurred \$192,627.57 in fees and
8 expenses for the period from May 4, 2004 through June 30, 2004.
9

10 8. I was required to assume control over complex assets and multiple
11 operating businesses, made all the more difficult by the complex ownership
12 structure for many of the assets and businesses. My staff and I conducted multiple
13 interviews and held many meetings and negotiations with defendants and their
14 counsel, with principals of businesses in which the Receivership Defendants held
15 direct or indirect interests as a creditor or investor, and with lenders to and
16 representatives of businesses comprising the most valuable assets of the receivership
17 estate, including The Club at Big Bear Village and Quizno's. We had to undertake a
18 massive reconstruction of financial records for multiple entities to trace the
19 movement of funds raised from investors to and through these entities and we also
20 reconstructed investor records from three separate investor databases. To
21 accomplish these financial reconstructions, we read and studied voluminous
22 financial documents and records of numerous operating and impaired businesses in
23 which the receivership estate had an interest as creditor and/or equity holder. My
24 staff and I also supervised and managed the operations of certain of these businesses
25 owned directly or indirectly by the Receivership Defendants, pending the liquidation
26 and sale of those assets. Finally, my staff and I communicated extensively with
27 investors in response to numerous written and telephonic inquiries. In light of the
28

1 extensive work performed, I believe the fees and costs that we have incurred are
2 reasonable and should be authorized for payment.

3
4 9. We have provided notice of this motion to the trade creditors of the
5 estate whose identity currently is known. However, I request that I be relieved from
6 my duty under L.R. 66-7 to notify all investor-creditors because there are more than
7 1,000 such potential creditors in the estate. These potential creditors are investors or
8 consumers, in that they invested in, or purchased investment products from, the
9 Receivership Defendants. I have been unable to verify at this time whether all of
10 these investors will prove to be actual creditors of the receivership estate. If I am
11 required to give notice to all of these individuals, such a requirement would be
12 burdensome, time consuming and expensive for the receivership estate, including
13 substantial photocopying and postage costs.

14
15 10. Notice of the motion and the Receiver's Reports is being provided to
16 interested parties via the posting of the reports on my website. In light of the fact
17 that the motion is being served on the list of known non-consumer creditors and is
18 being posted on my website, it is reasonable and appropriate to consider this motion
19 based on the modified notice procedure set forth herein. In order to maximize
20 notice in this situation, I have taken the following steps:

21
22 (a) This motion, which includes a copy of the Receiver's itemized
23 expenses as an exhibit, has been served on all parties named in this action, as well as
24 all trade creditors of the receivership estate;

25
26 (b) Notice has been given herein that we will provide copies of the
27 Receiver's Reports to any interested party upon receipt of a written request; and
28

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(c) This motion and the Receiver's Reports have been posted on the Receiver's website at the following address:

www.heath-receiver.com

11. I believe this notice is reasonable and designed to provide fair notice and an opportunity to be heard to all creditors and interested parties in the receivership estate while minimizing the expense of photocopying and postage that would otherwise be borne by those creditors if universal notice by mail was required.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on August 27, 2004 at Washington D.C.


ROBB EVANS, Declarant

DECLARATION

DECLARATION OF GARY OWEN CARIS

I, Gary Owen Caris, declare:

1. I am an attorney at law duly admitted to practice before the courts of the State of California and before the United States District Court for the Central District of California and am a member of the firm of Frandzel Robins Bloom & Csato, L.C., the attorneys for Robb Evans ("Receiver"). If called upon to testify as to the facts set forth in this declaration, I could and would testify competently thereto as the facts are personally known to me to be true.

2. I am the attorney primarily responsible for the representation of the Receiver in this matter.

3. Attached hereto as Exhibit 9 are billing summaries reflecting the services rendered, time spent and costs incurred by our firm pertaining to this matter through June 30, 2004, with the descriptions redacted where appropriate to preserve the attorney-client privilege and attorney work-product privileges. Attorneys' fees incurred through June 30, 2004 total \$13,612.05 and costs incurred through that date total \$203.99. These services include extensive communications with the Receiver's staff as well as counsel for the SEC and the defendants; preparation of a motion to approve the sale of personal property assets; negotiations with the senior lender on The Club at Big Bear Village and analysis of issues relevant thereto; analysis of issues pertaining to the Quizno's franchises and communications with representatives of Quizno's; and analysis of and communications regarding numerous other estate assets.

1 4. I have been employed by the Frandzel firm for over 25 years and am
2 familiar with the methods and procedures used to create, record and maintain billing
3 records for the firm's clients. The billing summaries attached hereto as Exhibit 9 are
4 prepared from computerized time records prepared contemporaneously with the
5 services rendered by each attorney and paralegal billing time to this matter. These
6 computerized records are prepared in the ordinary course of business by the
7 attorneys and paralegals employed by the firm who have a business duty to
8 accurately record their time spent and services rendered on the matters on which
9 they perform work. The time records are transferred into a computerized billing
10 program which generates monthly invoices under the supervision of the firm's
11 accounting department. Based on my experience with the firm, I believe the firm's
12 methods and procedures for recording and accounting for time and services for its
13 clients is reliable and accurate.

14
15 I declare under penalty of perjury that the foregoing is true and correct and
16 that this declaration was executed this 27 day of August, 2004, at Los Angeles,
17 California.

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21 GARY OWEN CARIS
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Robb Evans, Receiver of D. W. Heath & Associates, Inc. et al.
Receivership Collections & Administrative Expenses by Month
 from Inception (May 4, 2004) through June 30, 2004

	<u>May 04</u>	<u>Jun 04</u>	<u>TOTAL</u>
Collections			
Funds transferred from Manifee PGC Equities	0.00	642,031.02	642,031.02
Funds transferred from PC Management Inc.	670,260.19	0.00	670,260.19
Funds transferred from D.W. Heath & Associates	15,582.96	0.00	15,582.96
Aquatic Rehab	0.00	44,962.89	44,962.89
Direct PT, Inc.	1,495.83	0.00	1,495.83
Management & Business Associate	6,000.00	0.00	6,000.00
National Nursing & Rehab, Inc.	416.66	0.00	416.66
Proactive Money Management, Inc	722.79	0.00	722.79
Techniglove International, Inc.	5,000.00	5,000.00	10,000.00
The Alderwood Group	8,200.00	0.00	8,200.00
Troxler	1,688.20	0.00	1,688.20
Miscellaneous Income	3,368.12	2,240.00	5,608.12
Total Collections	<u>712,734.75</u>	<u>694,233.91</u>	<u>1,406,968.66</u>
Expense			
Pre-Receivership Expenses			
Payroll	16,026.58	0.00	16,026.58
Payroll Tax	7,347.27	0.00	7,347.27
Other	839.57	0.00	839.57
Total Pre-Receivership Expenses	<u>24,213.42</u>	<u>0.00</u>	<u>24,213.42</u>
Asset Preservation Expenses			
Employer payroll taxes	0.00	117.84	117.84
Payroll Expenses	0.00	1,540.43	1,540.43
Rent/Storage	0.00	7,086.30	7,086.30
Document Reproduction	0.00	806.64	806.64
Bookkeeping	343.00	1,329.50	1,672.50
Miscellaneous Expense			
Payroll Processing Expenses	54.61	0.00	54.61
Miscellaneous Expense - Other	2,798.25	3,510.35	6,308.60
Total Miscellaneous Expense	<u>2,852.86</u>	<u>3,510.35</u>	<u>6,363.21</u>
Total Asset Preservation Expenses	3,195.86	14,391.06	17,586.92
Receiver Expenses			
Receiver's Fee	13,090.00	4,642.00	17,732.00
Project Coordination & Management	8,664.00	9,096.00	17,760.00
Financial Reconstruction & Accounting	8,728.00	22,734.00	31,462.00
Asset Analysis & Recovery	29,355.50	16,852.50	46,208.00
Database Maintenance & Reconstruction	4,490.00	7,540.00	12,030.00
Investigation Staff	3,003.00	2,982.00	5,985.00
Support Staff	6,466.66	6,119.68	12,586.34
Legal Fees			
Frاندzel Robins Bloom & Csato	5,492.70	8,119.35	13,612.05
L. Candler	15,180.00	9,220.00	24,400.00
Legal Costs	1,015.39	438.35	1,453.74
Total Legal Fees	<u>21,688.09</u>	<u>17,777.70</u>	<u>39,465.79</u>

Robb Evans, Receiver of D. W. Heath & Associates, Inc. et al.
Receivership Collections & Administrative Expenses by Month
 from Inception (May 4, 2004) through June 30, 2004

	<u>May 04</u>	<u>Jun 04</u>	<u>TOTAL</u>
Out of Pocket Expenses	1,699.52	1,356.48	3,056.00
Occupancy & Equipment Rental	40.37	3,495.01	3,535.38
Office Telephone & Supplies	102.61	335.50	438.11
Postage/Delivery	200.92	254.52	455.44
Miscellaneous			
Accounting Software	699.73	0.00	699.73
Credit/Asset search	86.00	520.09	606.09
Moving Expenses	497.69	0.00	497.69
Website Hosting	30.00	80.00	110.00
Total Miscellaneous	<u>1,313.42</u>	<u>600.09</u>	<u>1,913.51</u>
Total Receiver Expenses	<u>98,842.09</u>	<u>93,785.48</u>	<u>192,627.57</u>
Total Expense	<u>126,251.37</u>	<u>108,176.54</u>	<u>234,427.91</u>
Net Fund Balance	<u><u>586,483.38</u></u>	<u><u>586,057.37</u></u>	<u><u>1,172,540.75</u></u>

Robb E. [redacted], Receiver of D. W. Heath & Associates, Inc. et al.
Receivership Collections & Administrative Expenses
 From Inception (May 4, 2004) to June 30, 2004

	Collected/Paid	Incurred but Unpaid	Total
Collections			
Funds transferred from Manatee PGC Equities	642,031.02	0.00	642,031.02
Funds transferred from PC Management Inc.	670,260.19	0.00	670,260.19
Funds transferred from D.W. Heath & Associates	15,582.96	0.00	15,582.96
Aquatic Rehab	44,962.89	0.00	44,962.89
Direct PT, Inc.	1,495.83	0.00	1,495.83
Management & Business Associate	6,000.00	0.00	6,000.00
National Nursing & Rehab, Inc.	416.66	0.00	416.66
Proactive Money Management, Inc	722.79	0.00	722.79
Techniglove International, Inc.	10,000.00	0.00	10,000.00
The Alderwood Group	8,200.00	0.00	8,200.00
Troxler	1,688.20	0.00	1,688.20
Miscellaneous Income	5,608.12	0.00	5,608.12
Total Collections	1,406,968.66	0.00	1,406,968.66
Expense			
Pre-Receivership Expenses			
Payroll	16,026.58	0.00	16,026.58
Payroll Tax	7,347.27	0.00	7,347.27
Other	839.57	0.00	839.57
Total Pre-Receivership Expenses	24,213.42	0.00	24,213.42
Asset Preservation Expenses			
Employer payroll taxes	117.84	0.00	117.84
Payroll Expenses	1,540.43	0.00	1,540.43
Rent/Storage	7,086.30	0.00	7,086.30
Document Reproduction	806.64	0.00	806.64
Bookkeeping	1,672.50	0.00	1,672.50
Miscellaneous Expense	0.00	0.00	0.00
Payroll Processing Expenses	54.61	0.00	54.61
Miscellaneous Expense - Other	6,308.60	0.00	6,308.60
Total Miscellaneous Expense	6,363.21	0.00	6,363.21
Total Asset Preservation Expenses	17,586.92	0.00	17,586.92
Receiver Expenses			
Receiver's Fee	0.00	17,732.00	17,732.00
Project Coordination & Management	0.00	17,760.00	17,760.00
Financial Reconstruction & Accounting	0.00	31,462.00	31,462.00
Asset Analysis & Recovery	0.00	46,208.00	46,208.00
Database Maintenance & Reconstruction	0.00	12,030.00	12,030.00
Investigation Staff	0.00	5,985.00	5,985.00
Support Staff	0.00	12,586.34	12,586.34
Legal Fees			
Frاندzel Robins Bloom & Csato	0.00	13,612.05	13,612.05
L. Candler		24,400.00	24,400.00
Legal Costs	0.00	1,453.74	1,453.74
Total Legal Fees	0.00	39,465.79	39,465.79

Robb E. [redacted], Receiver of D. W. Heath & Associates, Inc. et al.
Receivership Collections & Administrative Expenses
 From Inception (May 4, 2004) to June 30, 2004

	Collected/Paid	Incurred but Unpaid	Total
Out of Pocket Expenses	0.00	3,311.51	3,311.51
Occupancy & Equipment Rental	0.00	3,535.38	3,535.38
Office Telephone & Supplies	0.00	438.11	438.11
Postage/Delivery	0.00	455.44	455.44
Miscellaneous			
Accounting Software	0.00	699.73	699.73
Credit/Asset search	0.00	606.09	606.09
Moving Expenses	0.00	497.69	497.69
Website Hosting	0.00	110.00	110.00
Total Miscellaneous	0.00	1,913.51	1,913.51
Total Receiver Expenses	0.00	192,883.08	192,883.08
Total Expense	41,800.34	192,883.08	234,683.42
Net Fund Balance	1,365,168.32	(192,883.08)	1,172,285.24