

ROBB EVANS
ROBB EVANS & ASSOCIATES
Receiver of J.K. Publications, Inc., et al.

REPORT OF RECEIVER'S ACTIVITIES
DATED DECEMBER 14, 1999

This report summarizes major activities since my last full report for the period ending September 9, 1999.

Offshore Assets

Pursuant to my duties as Receiver over J.K. Publications, Inc., MJD Service Corp., TAL Services, Inc., and their affiliates and subsidiaries, and as Receiver over the assets of Kenneth Taves and Teresa Taves, I have continued the investigation regarding potential assets of the receivership defendants located offshore, including assets of the receivership defendants located in the Cayman Islands, Vanuatu, and Liechtenstein.

Cayman Islands

As was previously reported, the documents obtained from Euro Bank in the Cayman Islands provided sufficient information for me to file tracing applications against Barclays Bank, Cayman National Bank, the Royal Bank of Canada, and its subsidiary, RBC Dominion Securities (Global) Limited. On September 8th, the Grand Court granted my motions and I have obtained the documents from these financial institutions.

Barclays Bank

The books and records of Barclays Bank evidence that substantial amounts of money were transferred after the Temporary Restraining Order was issued.

Under Tab 1 is a facsimile dated February 8, 1999 from Lee Sacks to Janet Hislop of Barclays Bank instructing her to send \$99,000 to Toberman Construction, \$25,000 to Sacks & Zweig, and \$50,000 to Fried, Frank. Also under Tab 1 is a copy of a facsimile dated February 12, 1999 from Regina Oliver at Barclays Bank to "Ann for Lee Sacks and Ken Taves" enclosing copies of "transfers that went out" and indicating that she would "do the two transfers upon receipt of original instructions." Toberman Construction is the contractor that had been doing work on the property located at 6837 Zumirez Drive. Under Tab 2 is a facsimile dated February 12, 1999 from Kenneth Taves to Janet Hislop requesting the transfer of \$2.4 million to Raymond Creed at the Bank of Nova Scotia. Raymond Creed is the president and owner of Trans Global, the transferee of the Zumirez Drive property. Also under Tab 2 is a copy of the wire transfer reflecting completion of this transaction.

Cayman National Bank

Under Tab 3 is a document received from Cayman National Bank that lists Ken Taves and Steven M. Kalish as the beneficial owners of Global Connection and Global Internet Services. Also under Tab 3 is a March 9, 1999 letter of instruction from Ken Taves and Steven M. Kalish ordering the transfer of \$400,000 to the account of Control Network, LLC at the Bank of America in Las Vegas. Steven M. Kalish is the President of Paradigm Communications Corporation DBA Global Communications Network. As detailed in my August 4, 1999 report, Paradigm received a \$1.0 million loan from the corporate defendants in April 1998. The company is currently in a Chapter 11 bankruptcy proceeding. Paradigm provided telephone line routing services to the corporate defendants. Mr. Kalish did not disclose this account or this transaction to my staff during a meeting on June 7, 1999. We are attempting to contact Mr. Kalish to determine the current location of this \$400,000.

Scotiabank

As discussed above, the documents provided by Barclays Bank showed that \$2.4 million, less wire transfer fees, was transferred from Kenneth Taves to Raymond Creed at Scotiabank in February 1999. I, therefore, sought and obtained another order on October 25, 1999 from the Grand Court directing Scotiabank to disclose all bank records relating to the receipt and disposition of the funds transferred from Kenneth Taves to Raymond Creed. A copy of the incoming wire transaction from Barclays Bank to Scotiabank is under Tab 4. Also under Tab 4 is a copy of Mr. Creed's account statement that lists his account balance as \$3,356.70 prior to the receipt of these funds. On March 3, 1999 Mr. Creed wire transferred \$350,000 to Trans Global Development Co. Ltd. at its account with Toronto Dominion Bank in Victoria BC (Tab 4).

Under Tab 5 is a photocopy of a check payable to Melvin Taves in the amount of \$100,000 dated December 12, 1998 and a photocopy of a check payable to Melvin Taves in the amount of \$1,900,000 dated February 12, 1999. The Quitclaim Deed between Satmax and Trans Global Development was dated February 12, 1999 and was recorded on March 5, 1999. Mr. Creed's account statement (Tab 5) clearly shows that both of these checks were processed through the account on March 25, 1999.

Vanuatu

As previously reported, on August 24th, I filed a tracing application against European Bank Limited in Vanuatu in an attempt to freeze the funds and obtain account documentation on the Benford, Ltd. account.

A principal amount of \$7,530,000 was positively traced to European Bank Limited, where it became the subject of multiple freezing processes as discussed in my September 9th report. However, before the account was frozen, at least \$132,000 was remitted onward. Under Tab 6 is a document provided by European Bank Limited that shows a March 26, 1999 transfer of \$100,000 from the Benford Ltd. account to L. Marvin B. Pinder clients account in Nassau, Bahamas. I am investigating the nature of this transfer and the ultimate disposition of these funds. Approximately, \$7,378,373 remains frozen.

The frozen funds became the subject of dispute with European Bank Limited who initially resisted our claim. European Bank has now essentially acquiesced and decided not to challenge the evidence presented in support of my application, including my own oral testimony together with a number of documentary exhibits. However, on the eve of resolution with European Bank, an Ex Parte Restraining Order dated December 2, 1999 was obtained by the Public Prosecutor of Vanuatu (Tab 7).

Under the legislation pursuant to which the Public Prosecutor's Restraining Order was obtained, only a defendant to that Order has standing and can apply for the discharge of the Order. The defendant to the Restraining Order is Benford Ltd. At the direction of Ken Taves, Benford Ltd. was incorporated in Vanuatu as an international company. The office holders of international companies in Vanuatu are permitted to be nominee companies. Ms. Vanessa Phyllis Ann Clyde was treated as the beneficial owner of Benford Ltd. at all times, including the time of incorporation, but the office holders of Benford Ltd. (who are within the same corporation as European Bank Limited) are disputing that Ms. Clyde is the beneficial owner. An application has been filed in Vanuatu by Ms. Clyde's counsel for a declaration that she is the sole beneficial owner of Benford Ltd. and is entitled to direct the funds deposited with European Bank Limited be remitted to my account. It is unlikely there will be a determination by the Vanuatu Supreme Court until some time in 2000.

The matter has been complicated by the collapse of the incumbent Government in Vanuatu (due to a no-confidence motion) during our proceedings. The entire process in Vanuatu has been the subject of protracted technical delays and unusual handling by a number of parties. The result of those delays is that several issues that remain to be resolved by the Supreme Court in Vanuatu (or, if necessary, the Appellate Court) will not be heard this year because of the unavailability of Supreme Court hearing time.

We have obtained multiple legal opinions regarding the priority of our claim on behalf of those from whom the money was stolen in comparison to that of a government confiscation order for its own benefit, which is now our primary concern. The legal opinions are unanimous that the victims' interests should prevail before the Vanuatu Supreme Court. In the event we do not obtain satisfaction before that court, we are advised that there is an extremely high likelihood of prevailing before the Appellate Court that would hear the matter. That court is composed of senior judges from Australia, New Zealand and Fiji.

It is hoped that a resolution will be reached with the Public Prosecutor and/or the Vanuatu government that will permit early settlement and allow that government to recover expenses and possibly some fines. In the event that does not occur, and the Vanuatu government elects to pursue an "all or nothing" legal strategy, I am confident that we will achieve a full recovery at the conclusion of litigation. The Appellate Court is not due to sit until the first week of May 2000 and resolution cannot realistically be expected before that date, unless the new Vanuatu government elects to pursue a pragmatic policy instead of a more risky, for Vanuatu, litigation strategy.

The Vanuatu government has just brought indictments against Benford Ltd. for receiving funds that may reasonably be suspected of being proceeds of crime. We are the holders of significant documentation regarding the history of those behind Benford Ltd. and have offered to assist the Vanuatu government in its prosecution efforts against Benford, and presumably others, but they have, strangely, declined our offer citing the absence of certain formal legal relationships between the Republic of Vanuatu and the United States of America. We have expert advice that the legal relationship cited by the government is irrelevant in matters such as this. Under Tab 8 is a December 4, 1999 article from the weekly Vanuatu newspaper that is thought to accurately reflect the view of the new government.

Australia

During the proceedings in Vanuatu, I learned that as of October 12, 1999 European Bank Limited had placed the Taves/Benford funds of about \$7.4 million on deposit with Citibank Limited in Sydney, Australia. Under Tab 9 is a November 30, 1999 letter placing Citibank Limited and Citibank New York on notice that I am asserting a priority claim over any funds. On December 9th, I learned the funds were still on deposit at Citibank Limited and were scheduled to be remitted onward on December 13th. On that same day, I instructed my Australian counsel to file an application with the Supreme Court of New South Wales to freeze the funds on deposit at Citibank Limited. On December 10th, the Supreme Court granted my motion and scheduled a hearing for December 13th. At the December 13th hearing, the Supreme Court joined European Bank Limited as a defendant to the proceedings and continued a restraining order on the funds and set a further hearing on December 17th. A copy of the Court's order is under Tab 9.

I have been advised by my Australian counsel that the Supreme Court will adjourn at the close of business on December 17th and will not reconvene until February 2000. It is my intent to resolve this matter in Australia and to prevent the funds from being returned to Vanuatu and cause it to be remitted to an account within the jurisdiction of this Court.

Liechtenstein

My Liechtenstein counsel filed a tracing application against Landesbank to obtain information and to freeze the \$500,000 transferred to the Global International Media account. The nominee director of Global International Media opposed my motion and requested a further hearing from the Princely Court in Vaduz. During the course of these proceedings, I learned that substantially all of these funds have been withdrawn from the bank.

To pursue the tracing application, it is likely I will be required to post a \$50,000 bond. I am currently evaluating alternative approaches to discovering the disposition of these funds.

The Zumirez Drive Property

As previously reported, Rob Rappaport, the seller of the property, received a deposit of \$626,653 into his account at Euro Bank. The source of these funds was Kenneth and Teresa Taves' personal account at Euro Bank. Mr. Rappaport has subsequently confirmed to my staff that this deposit was part of the sale proceeds of the property. This confirms the August 1998 sale price was about \$3 million.

I am currently in negotiations with Trans Global Development and Melvin Taves to settle the Zumirez property fraudulent transfer litigation. I am hopeful that settlement will be concluded shortly. I believe the documents produced by Barclays Bank and by Scotiabank in Grand Cayman clearly show the underlying nature of this transaction.

Funds Transferred after the January 6, 1999 Asset Freeze Order

Under Tab 10 is a schedule of all funds that I have identified as having been transferred after this Court's January 6, 1999 Order. The total of this schedule is \$21,779,213.00.

Financial Report

Under Tab 11 is the Receiver's Financial Report for the period beginning September 1, 1999 and ending November 30, 1999. My staff and legal expenses continue to be incurred at a higher level than is normal at this stage with other receiverships I manage. This is due to the fact that no information regarding offshore bank accounts was originally turned over to me and I have been forced to pursue information through tracing and filing legal applications in many jurisdictions concerning numerous financial institutions.

Conclusion

Although the tracing and recovery of funds in this case is frustratingly slow, the fact remains that despite the aggressive and sophisticated tactics taken by Ken Taves and the many who have assisted him since this Court's order of January 6th, the vast majority of funds have been located and the funds which have not been dissipated have, for the most part, been frozen. Hopefully all of the frozen offshore funds will be repatriated and, subject to this Court's order, returned to those from whom it was stolen.

I request that:

- This Report be approved.
- I be authorized to pay the indicated accrued expenses owing the Receiver's attorneys and myself.
- My actions in making other payments and taking such other actions as described in this Report be confirmed.

Respectfully submitted,

/s/

Robb Evans
Receiver

Robb Evans, Receiver of J. K. Publications, Inc. et al.
Funds Transferred After Jan.6, 1999 Freeze Order

From		To		Date	Amount
Bank	Account	Bank	Account		
1 Euro Bank	Media Buying		A. Rosenberg	1/9/99	4,085.00
2 Euro Bank	Media Buying	Euro Bank	Ken Taves	1/11/99	100,000.00
3 Euro Bank	Media Buying		Sacks & Sweig	1/12/99	10,075.00
4 Euro Bank	Media Buying	Euro Bank	Adam Joffe	1/18/99	20,000.00
5 Euro Bank	Media Buying		Aegina Travel Inc.	1/19/99	22,273.00
6 Euro Bank	Media Buying		A. Hutchinson	1/19/99	20,085.00
7 Euro Bank	Media Buying		P & J Mundt	1/19/99	11,211.00
8 Euro Bank	Media Buying		Fried Frank	1/20/99	50,105.00
9 Euro Bank	Chamonix		Fried Frank	1/25/99	50,105.00
10 Euro Bank	Chamonix		Sacks & Sweig	1/25/99	25,085.00
11 Euro Bank	Chamonix	Euro Bank	Buck & Reid	1/25/99	10,000.00
12 Euro Bank	Media Buying	Bank of Butterfield	Judy Donegan	1/27/99	4,007.50
13 Euro Bank	Media Buying		Fried Frank	2/2/99	75,105.00
14 Euro Bank	Phaeton		C.S. Gill & Co	2/9/99	15,909.94
15 Barclays Bank	Ken Taves		Sacks & Sweig	2/10/99	25,000.00
16 Barclays Bank	Ken Taves		Toberman Construction	2/10/99	99,000.00
17 Barclays Bank	Ken Taves		Fried Frank	2/10/99	50,000.00
18 Euro Bank	Ken & Teresa Taves	Euro Bank	Gretchen Buck	2/11/99	80,000.00
19 Barclays Bank	Ken Taves	Bank of Nova Scotia	Ray Creed	2/16/99	2,400,000.00
20 Barclays Bank	Ken Taves		Andrea Hutchinson at National Commercial Bank Ocho Rio	2/16/99	25,000.00
21 Euro Bank	Media Buying	European Bank	Benford LTD	2/18/99	100,105.00
22 Euro Bank	Media Buying	Euro Bank	Gretchen Buck	2/19/99	430,000.00
23 Euro Bank	Buck & Reid		Global Security Corp	2/25/99	11,575.00
24 Scotia Bank	Raymond F. Creed	Toronto Dominion Bank	Trans Global Development Co.	3/3/99	350,000.00
25 Euro Bank	Buck & Reid	Wells Fargo		3/5/99	60,105.00
26 Barclays Bank	Ken Taves	Euro Bank	Buck & Reid	3/9/99	2,542,364.45
27 Euro Bank	Buck & Reid	Euro Bank	Martin Duggan	3/16/99	10,000.00
28 Euro Bank	Buck & Reid	European Bank	Benford Ltd	3/16/99	2,800,000.00
29 Cayman National Bank	Global Connection		Control Network LLC #710070442 at BOA LV, NV	3/16/99	400,158.00
30 Scotia Bank	Raymond F. Creed	Cayman National Bank	Melvin Taves *** check date 12/12/98	3/25/99	100,000.00
31 Scotia Bank	Raymond F. Creed	Cayman National Bank	Melvin Taves *** check date to 2/12/99	3/25/99	1,900,000.00
32 European Bank Ltd	Benford Ltd.	Barclays Finance Co., Channel Island	J. D. Mitchell	3/26/99	14,000.00
33 European Bank Ltd	Benford Ltd.	Barclays Bank, Nassau, Bahamas	L. Marvin B. Pinder	3/26/99	100,000.00
34 Cayman National Bank	Global Connection	Euro Bank	Buck & Reid	3/30/99	634,000.00
35 Euro Bank	Buck & Reid		Global Security Corp	3/31/99	4,060.00
36 European Bank Ltd	Benford Ltd.	Barclays Finance Co., Channel Island	J. D. Mitchell	4/5/99	18,000.00
37 RBC -DS	Chamonix Investment Ltd	Euro Bank	Chamonix	4/6/99	3,878,190.31
38 Euro Bank	Buck & Reid	European Bank	Benford Ltd	4/8/99	750,468.75
39 Euro Bank	Chamonix	European Bank	Benford Ltd	4/8/99	3,882,425.00
40 Euro Bank	Buck & Reid		Global Security Corp	4/9/99	1,060.00
41 RBC -DS	Chamonix Investment Ltd	Euro Bank	Chamonix	4/12/99	118,993.76
42 Cayman National Bank	Global Connection	Euro Bank	Buck & Reid	4/14/99	45,000.00
43 RBC -DS	Reference Account #33169	Euro Bank	Ken Taves	4/15/99	171,278.42
44 Euro Bank	Buck & Reid		Truman Bodden & Co	4/19/99	10,007.50
45 Euro Bank	Ken & Teresa Taves	Euro Bank	Investment fee	4/20/99	6,449.00
46 RBC -DS	Reference Account #33169	Euro Bank	Ken Taves	4/20/99	315,121.89
47 Euro Bank	Buck & Reid		Global Security Corp	4/29/99	10,075.00
48 Cayman National Bank	Global Connection		Boxalls (legal service)	7/8/99	1,536.59
49 Euro Bank	Ken & Teresa Taves		Credit card account usage various dates after 1/6/99		17,192.89
Total					21,779,213.00