

ROBB EVANS & ASSOCIATES LLC
Temporary Receiver of
Longboat Global Funds Management, LLC, et al.
11450 Sheldon Street
Sun Valley, California 91352-1121
Telephone No.: (818) 768-8100
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Commodity Futures Trading Commission v. Longboat Global Funds Management, LLC
CASE No. 05-CV-2142 PJH

Temporary Receiver's Report of Assets;
Motion to Prevent Dissipation of Assets

Dated February 14, 2006

1 Linda J. Candler, CA Bar No. 181805
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2 Robb Evans and Associates LLC
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6 Attorneys for
7 Robb Evans & Associates LLC
Temporary Receiver
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10 UNITED STATES DISTRICT COURT
11 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION
12

13 COMMODITY FUTURES TRADING) Case No.: No. 05-2142 PJH
14 COMMISSION,)
15) TEMPORARY RECEIVER'S
Plaintiff,) REPORT OF ASSETS; MOTION TO
16 vs.) PREVENT DISSIPATION OF
ASSETS
17)
ROBERT JOSEPH BEASLEY,) Date: March 29, 2006
18 LONGBOAT GLOBAL FUNDS) Time: 9:00 a.m.
19 MANAGEMENT, LLC,) Place: Courtroom 3, 17th Floor
450 Golden Gate Ave.
San Francisco, CA 94102
20 Defendants.) (Hon. Phyllis J. Hamilton)
21)
22)
23)
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25 TO THE HONORABLE PHYLLIS J. HAMILTON, UNITED STATES
26 DISTRICT COURT JUDGE, AND TO ALL PARTIES AND THEIR
27 ATTORNEYS OF RECORD:
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1 PLEASE TAKE NOTICE that on March 29, 2006, at 9:00 a.m. in
2 Courtroom 3 of the United States District Court for the Northern District of
3 California located at 450 Golden Gate Avenue, 17th Floor, San Francisco, California
4 94102, Robb Evans & Associates LLC, Temporary Receiver in the above-captioned
5 case, will present its Motion for an Order to Prevent Dissipation of Assets.

6 Pursuant to L.R. 66-5, the Temporary Receiver, Robb Evans and Associates
7 LLC, submits this Report regarding assets of the receivership, and Motion to prevent
8 dissipation of assets. This Report (excluding attachments) will be served on all
9 interested parties and will be posted on the Temporary Receiver's website at
10 <http://www.robbevans.com/html/longboat.html>, where it may be reviewed in its
11 entirety. A copy of the accompanying exhibits will be provided to any interested
12 party upon receipt of a request, therefore, which may be directed to: Robb Evans &
13 Associates LLC, Attn: Cherrie Eustaquio, 11450 Sheldon Street, Sun Valley, CA
14 91352 telephone: (818) 768-8100, facsimile: (818) 768-8802. Any person or entity
15 opposing this Motion must timely file with the Court and serve upon the Temporary
16 Receiver, whose name and address appear in the upper left-hand corner of the first
17 page of this Motion, a written opposition which complies in all respects with the
18 rules of this Court. Failure to timely file an opposition may be deemed by the Court
19 to be consent to the granting of the Temporary Receiver's Motion. If no party
20 objects, the Temporary Receiver is willing for the Court to consider the motion
21 without oral argument.

22 CASE BACKGROUND

23 The Order of Preliminary Injunction and Order Appointing Temporary
24 Receiver provided that if the value of the purported security interest held by Piranha
25 Capital L.P. against the BW Ranchland LLC property is insufficient and does not
26 equal or exceed the balance due on the Promissory Note due from Lewis and Clark
27 Capital LLC to Piranha (Note), and Robert Joseph Beasley (Beasley) does not cure
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1 any defects within 14 days of the receipt of notice in writing of those defects,
2 Beasley shall cause a security interest to be granted to Piranha in other property
3 interests owned by Beasley or any entity controlled by Beasley. By certified letter
4 dated January 12, 2006, Beasley was given written notice that the security interest
5 recorded against the BW Ranchland LLC property on October 13, 2005 was
6 insufficient to pay the Lewis and Clark LLC Promissory Note. As set out in the
7 Temporary Receiver's report, since March 2001, the date of the initial Lewis and
8 Clark Promissory Note, Beasley has bought and sold numerous parcels of real estate
9 in Montana. Many of these are heavily mortgaged. Some of the properties are
10 listed for sale at a price well above the appraised value, based on independent
11 appraisals obtained by the Temporary Receiver. To protect the interests of the
12 Piranha Capital L.P. investors, the Temporary Receiver requests that this Court
13 order Beasley to record a security interest in favor of Piranha Capital against all of
14 the properties identified in the Temporary Receiver's Report. As indicated, many of
15 the properties are listed for sale. The Temporary Receiver should be permitted to
16 collect the sums due on the Promissory Note from any net sales proceeds until the
17 Promissory Note is paid in full.

18 In addition, as set out in the Temporary Receiver's Report, the Temporary
19 Receiver has not been able to identify the alleged security interests for the other
20 Promissory Notes. Until such time as all the Promissory Notes due to Piranha
21 Capital, L.P. are paid in full, the Temporary Receiver requests an Order directing
22 defendant Beasley to transfer the net proceeds of sale of any of the properties
23 identified in the Temporary Receiver's report to the Temporary Receiver.

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OTHER ASSETS

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As set out in the Report, the Temporary Receiver is continuing to review the financial records for Longboat Global Funds Management and Piranha Capital, as

1 well as offshore accounts, including accounts held by Piranha Capital (Bahamas)
2 Ltd. Not all of these records have been produced, and the Temporary Receiver has
3 not yet been able to determine the extent to which funds belonging to defendant
4 Longboat Global Funds Management LLC, Piranha Capital LP or Beasley were
5 transferred to these accounts. On February 8, 2006, Beasley filed an objection to the
6 Temporary Receiver's subpoena for these records, alleging that these documents do
7 not pertain to the receivership. The Temporary Receiver intends to file a separate
8 response to this objection. However, based on the Order of Appointment, the
9 Temporary Receiver is authorized and directed to

10 "B. Take exclusive custody, control, and possession of all the funds,
11 property, mail, documents, books, records and other assets of, in the
12 possession of, or under the control of Longboat, that relate to Piranha,
13 wherever situated, including but not limited to materials located in
14 Florida and Montana and with agents or bailees of Longboat or Piranha
15 The Temporary Receiver shall have full power to sue for, collect,
16 receive and take possession of all goods, chattels, rights, credits,
17 moneys, effects, land, leases, documents, books, records, work papers,
18 and records of accounts, including computer-maintained information,
19 and other papers of the defendants relating to Piranha, including
20 documents related to customers, clients or limited partners of Piranha
21 whose interests are now held by or under the direction, possession,
22 custody or control of Longboat."

23 The Temporary Receiver is attempting to trace the source of funds to the
24 Piranha Capital (Bahamas) Ltd. account. As set out in the Temporary Receiver's
25 report, an attempt has been made by Beasley to add a signatory to the account, and
26 the Temporary Receiver has been informed that an attempt was made to transfer
27 funds from this account. To the extent that any funds belonging to Beasley or to the
28 investors of Piranha Capital LP have been placed in this account, the account is
property of the receivership and the funds must be transferred to the Temporary
Receiver. The Receiver is specifically directed to

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2 “C. Preserve, hold and manage all receivership assets, and perform all
3 acts necessary to preserve the value of those assets, in order to prevent
4 any loss, damage or injury to customers or clients;

5 D. Prevent the withdrawal or misapplication of funds entrusted to
6 Longboat by Piranha, and otherwise protect the interests of customers,
7 clients or limited partners of Piranha;”

8 The account records are necessary in order to identify whether the Piranha
9 Capital (Bahamas) Ltd. account received funds or is now holding funds that are
10 derived from investments made by the customers, clients or limited partners of
11 Piranha Capital LP. In addition, if the account holds any funds belonging to or
12 claimed by Beasley, the account represents receivership property as it holds funds
13 that could and should be used to pay the Lewis and Clark LLC Promissory Note,
14 which was personally guaranteed by Beasley. Once these and other financial
15 records have been produced, the Temporary Receiver will file a separate report
16 regarding the financial affairs of Longboat and Piranha.

17 RELIEF REQUESTED

18 For the reasons set forth in the report, the Temporary Receiver respectfully
19 moves this Court for an order (1) prohibiting defendant Beasley from encumbering,
20 transferring, assigning, pledging, leasing, converting, or diminishing the value of
21 any and all of the real estate assets identified in the Temporary Receiver’s Report;
22 (2) directing defendant Beasley to record a security interest in favor of Piranha
23 Capital L.P. against all of the properties under his control, as identified in the
24 Temporary Receiver’s report, until such time as all of the Promissory Notes payable
25 to Piranha Capital L.P. are paid in full; (3) directing defendant Beasley to transfer
26 the proceeds of sale of any of the properties identified in the Temporary Receiver’s
27 report to the Temporary Receiver; and (4) Prohibiting Beasley or any agent,
28 employee affiliate or subsidiary of Beasley, Longboat Global Funds Management

1 LLC, Piranha Capital LP, or Piranha Capital (Bahamas) Ltd., from encumbering,
2 transferring, assigning, pledging, leasing, converting, or diminishing the value of
3 any account held by or for the benefit of Piranha Capital (Bahamas) Ltd. until the
4 source of funds deposited with any such account has been determined.

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Dated this 14th day of February, 2006


Linda J. Candler
Attorney for Receiver
Robb Evans and
Associates LLC

1 [PROPOSED] ORDER
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3 The Motion of Robb Evans & Associates LLC, Temporary Receiver in the
4 above-captioned case, for an Order directing defendant Robert Joseph Beasley
5 (Beasley) to record a security interest in favor of Piranha Capital, L.P. against
6 properties under his control, to secure certain promissory notes due and payable to
7 Piranha Capital L.P., and to preserve assets, came on regularly for hearing on March
8 29, 2006, in Courtroom 3 of the above-referenced Court, the Honorable Phyllis J.
9 Hamilton, United States District Judge, presiding. Linda Candler, Esq. appeared on
10 behalf of the Temporary Receiver, Robb Evans & Associates LLC; other parties
11 appeared as reflected in the Court's record.

12 The Court, having reviewed the Temporary Receiver's Report and Motion
13 and all papers filed in support thereof, hereby rules as follows:

14 IT IS HEREBY ORDERED:

- 15 1. Defendant Robert J. Beasley shall cause a mortgage in favor of Piranha
16 Capital, L.P. to be recorded against all properties owned by Defendant
17 Beasley or any entities under his control to secure the Promissory Note due
18 from Lewis and Clark Capital LLC to Piranha.
- 19 2. Defendants Robert J. Beasley and Longboat Global Funds Management LLC,
20 and any of their agents, employees, affiliates, subsidiaries, or related entities,
21 are prohibited from encumbering, transferring, assigning, leasing, pledging,
22 loaning, concealing, dissipating, converting, withdrawing, or otherwise
23 disposing of any assets, including all real estate and bank accounts, under
24 defendant Beasley and defendant Longboat's control, until such time as the
25 Promissory Note due from Lewis and Clark Capital LLC to Piranha Capital
26 L.P. is paid in full.
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- 3. Defendant Robert J. Beasley shall transfer any proceeds from the sale of any of the properties identified in the Temporary Receiver’s Report to the Temporary Receiver.
- 4. Defendant Robert J. Beasley, Defendant Longboat Global Funds Management LLC, Piranha Capital LP, Piranha Capital (Bahamas) Ltd., and any of their agents, employees, affiliates or subsidiaries are prohibited from withdrawing, transferring, encumbering, assigning, pledging, leasing, converting, or diminishing the value of any account held by or for the benefit of Piranha Capital (Bahamas) Ltd. until the source of funds deposited to any such account has been determined.

Dated: _____

PHYLLIS J. HAMILTON
United States District Judge

ROBB EVANS & ASSOCIATES LLC

Temporary Receiver of Longboat Global Funds Management, LLC. et al.

TEMPORARY RECEIVER'S REPORT OF ASSETS

August 19, 2005 through January 31, 2006

Introduction:

This action was commenced on May 25, 2005 by the Commodity Futures Trading Commission ("CFTC") against the Defendants. The CFTC's Complaint alleges that the Defendants committed fraud by misrepresenting the condition and status of certain investments held by Piranha Capital, L.P., a commodity pool that Defendants operated, and failed to disclose Defendant Robert J. Beasley's (Beasley) personal financial interest in those investments, in violation of certain provisions of the Commodity Exchange Act.

On August 19, 2005, Robb Evans & Associates LLC ("REA" or "Receiver") was appointed as Temporary Receiver pursuant to a "Consent Order of Preliminary Injunction and Other Equitable Relief" ("Order"). Pursuant to the terms of the Order, REA was appointed as Temporary Receiver for Defendant Longboat Global Funds Management, LLC ("Longboat") and any affiliates or subsidiaries solely with respect to matters involving Piranha Capital, L.P. ("Piranha"), and all of the funds, properties, premises, accounts and other assets directly or indirectly owned, beneficially or otherwise, by Piranha with the full powers of an equity Receiver, except as limited by the terms of the Order.

On December 14, 2005, the Temporary Receiver filed a Report of Assets and Petition for Instructions relating to a bank account held by Pershing LLC that is subject to a restraining Order in the Northern District of Illinois case. That Petition is pending and is set for hearing on March 1, 2006.

The BW Ranchland LLC Promissory Notes:

One of the assets of the receivership is a series of Promissory Notes payable to Piranha Capital L.P. The Notes were executed by Lewis and Clark Capital LP, a Montana company under the direction and control of defendant Robert J. Beasley (Beasley). As stated by Beasley in his deposition taken by the CFTC, the notes were executed based on loans made by Beasley from the Piranha Capital Investment fund to acquire and improve certain real estate in Montana, to wit: the Diamond B Ranch and the BW Ranchland properties. Specifically, on or about March 16, 2001, Robert Joseph Beasley, on behalf of Lewis and Clark Capital, LLC, executed a Promissory Note in favor of Piranha Capital, L.P. (Lender),

in the amount of \$800,000.00 (Note 1). This Note was personally guaranteed by Beasley. Based on this Note, advances were made at the request of Beasley between March 16, 2001 and October 17, 2001 for a total of \$800,000.00. On or about April 1, 2002, Beasley, on behalf of Lewis and Clark Capital, LLC, executed a Promissory Note in favor of Piranha Capital, L.P. (Lender), in the amount of \$1,875,000.00 (Note 2). This Note was also personally guaranteed by Beasley. Based on this Note, advances were made at the request of Beasley between April 1, 2002 and August 13, 2002 for a total sum of \$1,875,000.00. Note 1 provided for interest at a rate of 12% per annum. Note 2 provided for interest at a rate of 10% per annum. Note 1 was due and payable by June 30, 2004. Note 2 was due and payable by March 30, 2003. **Lewis and Clark has not paid any interest, nor were the notes paid when due.** Instead, Lewis and Clark Capital LLC, through its President, Beasley, executed an Amended and Restated Promissory Note (with Reaffirmation of Guaranty) payable to Piranha Capital, L.P. on or about June 30, 2005, extending the due date to December 31, 2005. This extension was signed after the filing of the CFTC Complaint and after Beasley's deposition on June 29, 2005. This Amended and Restated Promissory Note was in the amount of \$3,625,746.09, and it was to replace in full the Promissory Notes dated March 16, 2001 (Note 1) and April 1, 2002 (Note 2). The June 30, 2005 Amended Promissory Note (Note 3) stated that Piranha Capital was the holder of a certain real estate mortgage on approximately 378 acres in Whitefish, Flathead County, Montana. The Amended Promissory Note also acknowledged that Lewis and Clark was in default on the Original Notes, and that the total sum owed on the Notes, including outstanding accrued interest, was \$3,625,746.09. This amount was due and payable on or before December 31, 2005, and interest was to accrue on the unpaid balance at a rate of 12% per annum.

The Amended Promissory Note was not paid by December 31, 2005, and the Temporary Receiver sent Beasley a written Notice of Default on January 12, 2006. As set out below, the Temporary Receiver has also confirmed that the mortgage was not recorded on June 30, 2005. It was not recorded until October 13, 2005; the day after the Temporary Receiver issued a subpoena for records relating to the mortgage and the alleged purchase of this property. The Temporary Receiver has also confirmed through a title company and through the lender that **in July 2005, after the date the Piranha mortgage was allegedly recorded, Beasley actually took out another mortgage against the BW Ranchland property, in the amount of \$2,400,000.00, which is superior to the mortgage recorded in favor of Piranha Capital L.P. on October 13, 2005.** This mortgage was recorded on July 25, 2005, and is in favor of the Whitefish Credit Union in the amount of \$2,400,000.00. The mortgage was signed by Beasley on behalf of BW Ranchland LLC on July 22, 2005. The Temporary Receiver has also confirmed that Beasley used the proceeds of the mortgage to purchase another property in Montana. Documents obtained by the Temporary Receiver confirm that Beasley, on behalf of Lewis and Clark Capital LLC, executed a mortgage in favor of the Whitefish Credit Union, which was recorded against that property on July 18, 2005.

Other Promissory Notes:

In addition to the Notes payable by Lewis and Clark Capital LLC, the following entities received loans from Piranha Capital L.P. in the amounts specified.

PIRANHA CAPITAL, L.P. NOTES RECEIVABLE

(Trial Balance dated June 30, 2005)

Lewis & Clark Capital Notes Rec 1231*	\$2,675,000.00
Lewis & Clark Capital Notes Rec 1232*	\$950,746.09
Pinnacle West Notes Rec. #1241	\$7,569,353.27
Pinnacle West Notes Rec. # 1242	\$2,212,727.05
Plutas Notes Rec. # 1281	\$1,600,000.00
Plutas Note Rec. #1282	\$1,543,828.03
Roth Properties Note Rec. # 1271	\$3,928,286.41
Roth Properties Note Rec. # 1272	\$1,178,485.92
Sterling Capital Note Rec #1251	\$390,000.00
Sterling Capital Note Rec # 1252	\$194,225.26

*The first note receivable for each loan represents the principal balance and the second note receivable for each loan represents the interest. The Diamond B notes were paid in January, 2005. The Temporary Receiver has subpoenaed Beasley for documents relating to the source of funds used to pay these Notes. Those documents have not yet been provided. Further details of the Diamond B Notes are set out below.

All of these Notes are also in default. The Temporary Receiver has refused requests from the Holders of some of these notes for extensions. The Temporary Receiver has also interviewed individuals who purportedly have knowledge of the security for these Notes. With the exception of the Note executed by Sterling Capital, the Notes are not secured by real property and it does not appear that any real property was purchased with the proceeds of the Notes. The Temporary Receiver has subpoenaed Beasley for the documents referred to in the Piranha Capital L.P. Annual Report dated December 31, 2003, to support the statement that the Promissory Notes Receivable “are secured by the security interest in various properties both in the U.S. and overseas and by the assets of the borrower.” To date, no documents have been produced to support any security interest for these Notes. Further, the Temporary Receiver has not been able to locate any documents that confirm the statement in the Piranha Quarterly Mid-Year 2004 Report dated July 2, 2004 that “Since

the value of the underlying real property exceeds the total principal and accrued interest on the Notes, the principal amount of the Notes and the accrued interest are included as assets of the Fund for all purposes, including calculation of our management and incentive fees.” As set out in detail below, the Montana properties are heavily mortgaged, and based on independent appraisals and title commitments, the equity in these properties is insufficient to pay off the Promissory Notes in full.

The Diamond B. Quarterhorse Ranch Promissory Notes:

On behalf of the Diamond B Quarterhorse Ranch LLC, Beasley signed a Promissory Note in favor of Piranha Capital, L.P. on March 16, 2001, in the amount of \$1,200,000.00. Advances were made at Beasley’s request against this Note for a total draw down of \$1,200,000.00 between March 16, 2001 and October 17, 2001. This Note was personally guaranteed by Beasley. The Promissory Note payable to Diamond B was due on June 30, 2004. The Diamond B ranch and 40 acres was sold on April 2, 2004 for \$1,200,000.00. The buyers purchased the adjacent 40 acres from Diamond B for \$700,000 on May 24, 2004. Total sales proceeds were \$1,900,000. **These sales proceeds were not used to pay off the Diamond B Notes, which were due and payable on June 30, 2004.** Instead, it appears that Beasley may have used the net sales proceeds to purchase another property. As set out below, Beasley purchased property on the Flathead River on April 23, 2004 for a purchase price of \$725,000. The Diamond B Notes were not paid until January, 2005. The Piranha Capital general journal shows that payments were made to pay down Note 1221 on January 7, 2005 in the amount of \$249,834.24 and on January 24, 2005 in the amount of \$888,878.68. Interest on Note 1222 was paid on January 7, 2005 in the amount of \$50,165.76 and in the amount of \$ 4,967.98 on January 24, 2005. It appears that an interest payment in the amount of \$457,712.92 was applied to the Diamond B Note on November 1, 2004, by transferring this interest payable to the Lewis and Clark Notes Payable. **In his deposition with the CFTC, Beasley stated that the proceeds of the Diamond B Ranch Promissory Note were used to acquire the Diamond B Ranch for a purchase price of \$1,900,000.00. The Diamond B Note is dated March 16, 2001. However, documents obtained by the Temporary Receiver show that the Diamond B Ranch was not purchased until October 29, 2002. As set out below, Beasley purchased his primary residence, located at 241 North Shooting Star Circle, Whitefish, Montana, on June 14, 2001, for a purchase price of \$2,175,000.00.**

Real Properties Owned by Beasley and/or Affiliated Entities:

241 North Shooting Star Circle, Whitefish, MT

3248 Farm to Market Road, Kalispell, MT

1000 Kuhns Road, Whitefish, MT

980 Wagner Lane, Flathead River, Kalispell, MT

733 and 741 Angel Point Road, Flathead Lake, Lakeside, MT

2970 Sleeping Child Road, Hamilton, Montana, MT

Real Properties Sold by Beasley and/or Affiliated Entities:

1160 Kuhns Road, Whitefish, MT

349 Helena Flats Road, Kalispell, MT

Allens Motel, Whitefish, MT

Highway 93 South, Whitefish, MT

Diamond B Ranch, Whitefish, MT

1855 Lacy Lane, Whitefish, MT

Additional Details of Real Property Owned:

241 North Shooting Star Circle, Whitefish, MT

The property was purchased by Anne Beasley on June 14, 2001 for a total purchase price of \$2,175,000.00. On April 25, 2005 the property was transferred from Anne Beasley to Anne G. and Joe Beasley. Beasley lives at this property located in the exclusive Iron Horse Development. The development has a private golf course and is located in close proximity to the Big Mountain ski resort. The subject property, built in 2000, is a large two-story home with approximately 5,600 square feet with an excellent view of the valley and Whitefish Lake. The home contains nine rooms with three bedrooms, four and one-half baths, five fireplaces and a two-car garage. This property is located on a .81-acre corner lot and public records also show an address for this property of 239 Arrowhead Drive.

The property was originally listed on July 15, 2003 for \$3,190,000.00. The listing expired after one year on the market. The property was re-listed on August 23, 2005 for \$2,950,000.00, which is the currently listed sale price.

The Temporary Receiver hired a licensed, certified local appraiser to conduct an independent appraisal of the property. The appraised value of the property is stated at \$2,500,000.00.

The Temporary Receiver ordered a title commitment to determine the amount of debt on the property. There are four recorded mortgages on the property totaling approximately \$4,151,290.00. The first and second mortgages dated April 25, 2005 and recorded May 2, 2005 in favor of the Metrocities Mortgage, LLC. The first mortgage is in the amount of \$1,620,000.00 and the second mortgage is in the amount of \$200,000.00. The third mortgage in favor of First Interstate Bank in the amount of \$2,000,000.00 is dated July 29, 2005 and was recorded August 3, 2005. The fourth mortgage in favor of Mountain West Bank of Kalispell in the amount of \$331,289.67 is dated May 26, 2005 and was recorded October 11, 2005. The first half taxes are delinquent in the amount of \$10,898.82 and the second half taxes in the amount of \$19,393.79 are unpaid. Based on the appraised value of \$2,500,000.00 and the recorded debt reflected on the title commitment equal to \$4,151,290.00, there is a negative equity equal to \$1,615,290.00 in this property. A copy of supporting documentation is attached as Tab 1.

3248 Farm to Market Road, Kalispell, MT 59901

The property was purchased by Beasley on April 8, 2005 for a total purchase price of \$3,276,320.00. It consists of two parcels (76.36 acres and 194.75 acres) totaling approximately 271 acres. The property was originally listed for sale by Beasley in September 2005 at a sale price of \$6,900,000.00. In December 2005 the listing price was reduced to \$5,900,000.00 and then in January 2006 it was increased to the original listing price of \$6,900,000.00. There is no apparent reason for the fluctuations in listing prices.

The Temporary Receiver hired a licensed, certified local appraiser to conduct an independent appraisal of the property. The appraised values of the two parcels were stated at \$940,000.00 (76.36 acres) and \$2,340,000.00 (194.75 acres), for a total of \$3,280,000.00. There are existing improvements on the property, but according to the appraisal, these improvements have no contributory value. The appraised value is significantly less than the listing price and almost identical to the original purchase price. The Temporary Receiver ordered a title commitment to determine the amount of debt on the property. There are four recorded mortgages on the property totaling approximately \$3,450,436.00. The first and second mortgages in favor of the Farmers Home Administration predate the purchase date. Although these mortgages may have been paid in full at the time of purchase, the mortgages still appear on title and therefore the Temporary Receiver continues to investigate the validity of these two mortgages. The first mortgage dated and recorded February 15, 1980 is in the amount of \$75,000.00 and the second mortgage dated and recorded January 12, 1984 is in the amount of \$99,116.00.

The third and fourth mortgages in favor of Whitefish Credit Union were executed, dated and recorded on the sale date of April 8, 2005 and total \$3,276,320.00. The third mortgage is in the amount of \$916,320.00. The fourth mortgage is in the amount of \$2,360,000.00 with monthly payments of \$13,583.86 and a payment in full in the amount of \$2,474,183.86 due

on April 8, 2006. The first half taxes are delinquent in the amount of \$1,327.02 and the second half taxes in the amount of \$1,326.98 are unpaid.

Based on the appraised value of \$3,280,000.00 and the recorded debt reflected on the title commitment equal to \$3,450,436.00, there is a negative equity equal to \$174,116.00 in this property. In the event that the aforementioned mortgages in favor of the Farmers Home Administration were paid off at the time of purchase, then the existing debt favor of Whitefish Credit Union would approximate the appraised value and there would be no discernable equity. The Temporary Receiver's counsel has been advised by Beasley's counsel that as of February 6, 2006, the mortgage in favor of Piranha Capital has also been recorded against this property. As indicated, it does not appear that this will be sufficient to repay the promissory note, given the negative equity in this property. A copy of supporting documentation is attached as Tab 2.

1000 Kuhns Road, Whitefish, MT

The property was purchased by BW Ranchland LLC (BW Ranchland) in November 2003 for \$2,600,000.00. It consists of four parcels totaling approximately 320 acres bordering the Kuhns Wildlife Preserve. The subject property is encumbered with a 3.881-acre life estate, which includes all of the residential improvements and a majority of the agricultural improvements. The improvements include a small house built in 2003 with approximately 1,344 square feet and a new steel barn built in 2004 with approximately 3,072 square feet. The subject property has nine agricultural buildings constructed between 1950 and 1976. The property is currently listed for sale at \$6,900,000.00 which is \$1,000,000.00 below the original listing price. The property has been periodically listed for sale over the last two and one-half years. During the listing period, on January 19, 2005, BW Ranchland executed a contract for sale with BEC Properties and Holdings, LLC at a purchase price of \$6,322,380.00 (Included in Tab 3). The contract has expired and no earnest money deposit has been located.

The Temporary Receiver hired a licensed, certified local appraiser to conduct an independent appraisal of the property. The appraised value was stated at \$3,500,000.00 based on a fee simple title. Therefore, there is no value analysis of the life estate. According to the appraiser, the aforementioned existing improvements on the life estate parcel have minimal contributory value. As a result, the value impact of the life estate would be limited to the land value of the 3.881 acres. The appraised value is significantly less than the listing price.

The Temporary Receiver ordered a title commitment to determine the amount of debt on the property. There are four recorded mortgages on the property totaling approximately \$9,283,832.00. The first, second and third mortgages in favor of the Whitefish Credit Union total \$5,658,086.00. The first mortgage dated August 11, 2004 and recorded August 16, 2004

is in the amount of \$1,381,000.00 with a future advance clause, which apparently allows for additional advances not to exceed \$1,377,000.00. **The current balance of the first mortgage is \$1,381,985.37 with monthly payments of \$9,814.00 and a payment in full in the amount of \$1,313,985.37 due on August 11, 2006.** The second mortgage dated September 30, 2004 and recorded October 6, 2004 is in the amount of \$500,086.00 **with a payment in full in the amount of \$510,906.35 due December 26, 2005, which remains unpaid.** The third mortgage dated July 22, 2005 and recorded July 25, 2005 is in the amount of \$2,400,000.00 at an annual interest rate of 7.25% with a maturity date of January 18, 2006. **A payment in full in the amount of \$2,487,715.07 was due on January 18, 2006 and remains unpaid¹.** The fourth mortgage with future advance clause in favor of Lewis and Clark Capital LLC in the amount of \$3,625,746.09 is dated October 10, 2005 and recorded October 13, 2005 and is subsequently assigned to Piranha Capital, L.P. Taxes for 2005 are partially paid, however, a portion in the amount of approximately \$1,232.32 is delinquent.

Based on the appraised value of \$3,500,000.00 and the recorded debt reflected on the title commitment equal to as much as \$9,283,832.00, there is a substantial negative equity in this property. A copy of supporting documentation is attached as Tab 3.

980 Wagner Lane, Flathead River, Kalispell, MT

The property was purchased by Beasley on April 23, 2004 for a total purchase price of \$725,000.00. The property is a scenic 22-acre parcel on the Flathead River with over .5 acre of river frontage with mountain and river views. The property was originally listed for sale by Beasley in August 2005 at a sale price of \$1,490,000.00.

The Temporary Receiver ordered a title commitment to determine the amount of debt on the property. There are two recorded mortgages on the property totaling approximately \$904,092.00. The first mortgage in favor of Whitefish Credit Union dated April 20, 2004 and recorded April 23, 2004 is in the amount of \$562,500.00 **with monthly payments of \$2,803.63 and a payment in full in the amount of \$565,269.89 due May 18, 2006.** The second mortgage in favor of Mountain West Bank of Kalispell dated December 29, 2005 and recorded December 30, 2005 in the amount of \$341,592.00. The first half taxes are delinquent in the amount of \$1,771.89 and the second half taxes in the amount of \$1,771.86 are unpaid.

Based on the listed value of \$1,490,000.00 and the recorded debt reflected on the title commitment equal to as much as \$904,092.00, there is a potential equity in this property of as much as \$585,908.00. A copy of supporting documentation is attached as Tab 4.

¹ The \$2,400,000 mortgage loan in favor of Whitefish Credit Union dated July 22, 2005 and recorded July 25, 2005 appears to be cross collateralized by the properties located at 1000 Kuhns Rd., and 2970 Sleeping Child Rd.

733 and 741 Angel Point Road, Flathead Lake, Lakeside, MT

The property was purchased by Beasley on July 29, 2005 for a total purchase price of \$2,500,000.00. It was under contract for sale to Beasley as of March 2, 2005 as per the List # 247357 included in Tab 5. This property is a 2.8 acre partially wooded lot that slopes down to Flathead Lake with 200 feet of lake frontage. The improvements consist of an old log cabin and new 1,300 square foot shop building/garage with a 1,368 square-foot two-bedroom apartment on the property. Amenities include a boat ramp and dock and private beach. The property was originally listed for sale by Beasley in August 2005 at a sale price of \$3,900,000.00. This property is listed for sale at \$3,900,000.00.

The Temporary Receiver ordered a title commitment to determine the amount of debt on the property. There is one recorded mortgage in favor of First Interstate Bank in the amount of \$2,000,000.00. The first mortgage was dated and recorded on July 29, 2005. The first half taxes are delinquent in the amount of \$3,949.54 and the second half taxes in the amount of \$3,949.52 are unpaid.

Based on the listed value of \$3,900,000.00 and the recorded debt reflected on the title commitment equal to as much as \$2,000,000.00, there is a potential equity in this property of as much as \$1,900,000.00. A copy of supporting documentation is attached as Tab 5.

2970 Sleeping Child Road, Hamilton, Montana, MT

The property was purchased by Lewis and Clark Capital, L.L.C. from Sleeping Child, LLC (an undivided one-half interest) and Sleeping Child Hot Springs, LLC (an undivided one-half interest) using an unrecorded contract for sale on July 21, 2005 for a total purchase price of \$5,975,000.00. This property is 39.15 acres located on a natural hot spring. This property is advertised as Sleeping Child Hot Springs a “piece of Montana History.” It is a small hotel and natural hot springs, with hot tubs, geothermal heat, and a pool with 130 degree water. The main building has nine bedrooms and eight bathrooms. Amenities include a fireplace, solarium, elevator and helipad. The property is currently listed for sale at a sale price of \$22,000,000.00.

The Temporary Receiver ordered a title commitment to determine the amount of debt on the property. Other than the aforementioned unrecorded contract for sale, there is one recorded mortgage in favor of Whitefish Credit Union in the amount of \$2,400,000.00. The mortgage was dated July 18, 2005 and recorded on July 21, 2005 and carries an annual interest rate of 7.25% with a maturity date of January 18, 2006. **A payment in full in the amount of \$2,487,715.07 was due on January 18, 2006 and remains unpaid.**¹ The first half taxes are delinquent in the amount of \$14,048.51 and the second half taxes in the amount of \$14,048.48 are unpaid.

Based on the listed value of \$22,000,000.00 and the recorded debt reflected on the title commitment equal to as much as \$2,400,000.00 plus the terms and conditions as set out in the unrecorded contract for sale, there appears to be substantial potential equity in this property. To determine the fair market value and resulting equity, the Temporary Receiver has ordered an appraisal, but has not yet obtained the report. A copy of supporting documentation is attached as Tab 6.

Additional Property Listings

All of the above properties that are listed for sale are listed with Walter E. Wilkinson (Wilkinson) of the Montana Land Real Estate Office, located in Whitefish, Montana. As noted below, Wilkinson is a business partner of Beasley's and is an officer or registered agent of several of Beasley's companies.

Additional Details of Real Property Sold

1160 Kuhns Road, Whitefish, MT

The property is currently owned by Wilkinson and his wife Michelle. This property was previously owned by BW Ranchland LLC prior to the purchase by or transfer to Wilkinson. The property is a 39.54-acre parcel improved with a single family residence. Wilkinson also conveyed an adjacent 17.37 acre parcel at 1220 Kuhns Road. It is adjacent to 1000 Kuhns Road listed above under the heading **Additional Details of Real Property Owned**. A copy of supporting documentation is attached as Tab 7.

349 Helena Flats Road, Kalispell, MT

This property was purchased by Cottonwood Estates LLC (Cottonwood) on January 13, 2004 for \$900,000 on April 14, 2004. Cottonwood is a Montana company established on March 24, 2004. In an interview with the appraiser the members of Cottonwood were identified as Beasley and Wilkinson. It is an old family homestead with approximately 40 acres. The improvements located on the property are a cabinet shop and an old single-family residence. The improvements and a 1.5-acre parcel were sold on May 6, 2005 for \$340,000. The shop is now an Electrical Company. Cottonwood still owns the remaining land. A copy of supporting documentation is attached as Tab 8.

Allens Motel-6540 U.S. Highway 93 South, Whitefish, MT

This property was purchased by TWJ LLC (TWJ) on January 13, 2004 for \$500,000.00. Documents obtained by the Temporary Receiver show that TWJ Inc. was incorporated in Montana on December 26, 2003. As of January 20, 2005, the officers are listed as Beasley, Wilkinson, and Thomas S. McCrea. TWJ sold the property to Evan L. Shaw on April 29,

2005 for \$730,000.00. There was a mortgage from TRJ in the amount of \$400,000.00 at the time of sale. A copy of supporting documentation is attached as Tab 9.

Highway 93 South, Whitefish, MT

Lewis and Clark LLC (Lewis and Clark) purchased this property from Kelly Inn on September 11, 2003 for \$785,000.00. Lewis and Clark owned this 8-acre parcel in Southeast Whitefish. This is a commercial property located on Highway 93 S just south of the Mountain Mall. The property was listed for \$1,295,000.00 and the listing expired on January 28, 2004. It was sold to Schumaker Interests, but there is no sale data available. Schumaker Interests currently has the property listed for \$2,600,000.00. In his deposition with the CFTC on June 29, 2005, Beasley stated that Longboat was the General Partner of the Lewis and Clark fund, and that the fund owned three pieces of real estate with a value of \$650,000.00, including this 8-acre commercial property in Whitefish. He did not identify the other properties.

Diamond B Quarter Horse Ranch-555 Twin Bridges Road Whitefish, MT

Diamond B Ranch LLC (Diamond B) purchased property located at 555 Twin Bridges Road on October 29, 2002. The property is a large equestrian facility on a 40-acre parcel. Diamond B sold the ranch and 40 acres for \$1,200,000.00 on April 2, 2004. The same purchasers also purchased the adjacent 40 acres from Diamond B for \$700,000 on 5/24/04. Beasley obtained a mortgage against this property from the Whitefish Credit Union in the amount of \$500,000.00 on June 17, 2003. A mortgage in favor of the Whitefish Credit Union was recorded against this property on June 17, 2003. This mortgage was paid in full in the amount of \$494,803.85 on April 4, 2004. The Whitefish Credit Union granted Beasley an additional loan against the Diamond B ranch property on or about November 19, 2003. A second mortgage to secure a \$100,000 loan was recorded on November 21, 2003. This Note was due on May 19, 2004. It was extended to December 30, 2004. It was extended again on January 26, 2004. It was paid on February 2, 2005.

1855 Lacy Lane, Whitefish, MT

The property was purchased by Beasley on September 20, 2001 for \$200,000.00. The property was originally listed on July 15, 2003 for a sale price of \$279,000.00. It was sold by Beasley on March 9, 2004 for \$248,000.00. This is a small 1,485 square-foot single-family residence near the Iron Horse development, where Beasley now lives at 241 N. Shooting Star Circle.

Personal Property owned by Beasley:

25 Foot Cobalt

Documents obtained by the Temporary Receiver show that Beasley owns a 2004 Cobalt 252 Bow Rider & Matching 2004 Dorsey Trailer, purchased on or about June 28, 2004 for \$72,000.00. This is financed by the Whitefish Credit Union. Monthly payments are \$836.00 with a balloon payment of \$49,889.64 due on June 15, 2008. Payments were current as of December 31, 2005.

Horse Trailer

Documents reviewed by the Temporary Receiver show that Beasley purchased a 2003 4Star Horse Trailer on or about July 15, 2003 for which he obtained a loan from the Whitefish Credit Union in the amount of \$43,680.00. Monthly payments are due in the amount of 763.88, and are current as of December 31, 2005.

Other Companies/Assets Controlled by Beasley and Longboat:

In addition to the real and personal properties identified above, the Temporary Receiver has located the following entities associated with or controlled by Mr. Beasley.

L Management LLC
2 N Tamiami Trail, Ste 1200
Sarasota, FL 34236
Filing Date
Registered Agent: Robert Joseph Beasley

Legacy High Yield LLC
241 N. Shooting Star
Whitefish, MT 59937
Filing Date 2/2/04
Jurisdiction: Montana
Officers: Robert J. Beasley

Samex Capital Partners LLC
417 12th St. W, Ste 213
Bradenton, FL 34205
Filing Date: 3/1/02
Jurisdiction: Delaware
Officers: Longboat Global Funds Management
Robert Joseph Beasley

Westechester Preferred LP
2 N. Tamiami Trail, Ste 1200
Sarasota, FL 34236
Filing Date: 6/26/03
Jurisdiction: Delaware
Officers: Robert Joseph Beasley

Lewis and Clark Capital, LLC
250 Second St. E
Whitefish, MT 59937
Filing Date: 2/25/05
Jurisdiction: Montana
Manager: Walter E Wilkinson, 250 Second St. E, Whitefish, MT 59937
Manager: Robert J. Beasley, 241 N. Shooting Star Circle, Whitefish, MT 59937
Manager: Thomas J. Britz 700 KM Ranch Rd., Whitefish, MT 59937

BW Ranchland LLC
1885 Lacy Lane
Whitefish, MT 59937
Filing Date: 1/30/03
Jurisdiction: Montana
Officers: Walter E. Wilkinson, 250 Second Street E., Whitefish, MT 59937
Robert J. Beasley, 241 N. Shooting Star Circle, Whitefish, MT

Glacier Asset Management LLC
1885 Lacy Lane
Whitefish, MT 59937
Filing Date: 6/24/04
Jurisdiction: Montana
Members/Managers:
Brian Murphy, 555 Twin Bridges Rd, Whitefish, MT
Walter E. Wilkinson, 250 Second St. E, Whitefish, MT
Robert J. Beasley, 1885 Lacy Lane, Whitefish, MT
Thomas J. Britz, 700 KM Ranch Road, Whitefish, MT

Great Northern Investment Group LLC
250 Second St. E
Whitefish, MT 59937
Filing Date: 3/4/04
Jurisdiction: Montana
Officers: James R. Schueler, 1833 Hwy 93 So., Hamilton, MT

Walter E. Wilkinson, 250 Second St. E, Whitefish, MT
Robert J. Beasley, 241 N. Shooting Star Circle, Whitefish, MT
Jerry D. Slezak, II, P.O. Box 1051, Whitefish, MT
Donald L. Greene, 2004 Highland Ave., Louisville, KY 40204

Leatherman Properties LLC
241 N. Shooting Star Circle
Whitefish, Montana 59937
Filing Date: 2/10/05
Jurisdiction: Montana
Officers; Robert J. Beasley, 241 N. Shooting Star Circle, Whitefish, MT
Joseph F. Leatherman, 1346 Steele St., Denver, CO 80206

TWJ, Inc.
Filing Date: 12/26/03
Jurisdiction, Montana
Officers: Thomas S. McCrea, 216 Sandy Hill Lane, Columbia Falls, MT 59912
Walter E. Wilkinson, 250 Second St. E, Whitefish, MT 59937
Robert J. Beasley, 250 2nd St. E, Whitefish, MT 59937

JDT Land, LLC
2004 Highland Ave.
Louisville, KY 40404
Jurisdiction: Florida
Filing Date: 1/23/04
Mailing Address: 2 N. Tamiami Trail, #1200, Sarasota, FL 34236
Officers: Donald Greene, 2004 Highland Ave., Louisville, KY

Other Assets:

The Temporary Receiver has identified other accounts under the control of Beasley. The Temporary Receiver is in the process of verifying the balances, if any, for these other accounts. Beasley has been subpoenaed to produce bank statements and other documents for the following accounts, which to date have not been produced.

Pershing Investment Services
One Pershing Plaza
Jersey City, New Jersey 07399

Account Name: Piranha Capital Investment (Bahamas) Ltd.
Account No.: 6VL-001753

Account Name: Titan Global Hedge Fund, LP
Account No: 6VL-001753

With respect to the Pershing accounts listed above, the Temporary Receiver is aware that on or about January 25, 2006, Beasley attempted to add a signatory, Mr. David Barton, Managing Director, Abaco FSC. Ltd., Marsh Harbour, Abaco, Bahamas. The Temporary Receiver believes that Beasley is attempting to move funds from those accounts, and has advised Pershing that any funds in these accounts represent investor funds and the Temporary Receiver is asserting a claim to any funds in this account that represent Piranha Capital LP funds or Beasley's own funds. This claim is necessary due to the insufficiency of the security interest for the Lewis and Clark Promissory Notes.

The Temporary Receiver has also identified the following account, maintained by Piranha Capital and has requested, but has not yet received, all records relating to this account.

First Caribbean International Bank
Account No.: 3297475

The Temporary Receiver has also identified the following entities/funds associated with Longboat Capital Funds Management:

K Magnum Fund LP
Filing Date: 12/17/01
Jurisdiction: Delaware

Longboat Triumph Fund LP
Filing Date 9/9/02
Jurisdiction: Delaware

The Willie Fund LP
Filing Date: 11/20/2000
Jurisdiction: Delaware

Piranha Capital LP
Filing Date: 11/20/00
Jurisdiction: Delaware

Additional Financial Information:

The Temporary Receiver has located an additional investment account held at Pershing Investor Services LLC (Pershing), with an approximate balance of \$400,000. This account is

held in the name of Piranha Capital Investments (Bahamas) Ltd. The Temporary Receiver has advised Pershing that this account may contain funds derived from Longboat or Piranha Capital LP and that the funds in this account should not be transferred without further instructions from the Temporary Receiver.

Respectfully submitted,

Robb Evans & Associates LLC
Temporary Receiver