

ROBB EVANS & ASSOCIATES LLC
Receiver of
LucasLawCenter “incorporated” and Future Financial Services, LLC., et al

Report of Forensic Accounting
March 24, 2010

Overview

From the books and records of Lucas Law Center, the Receiver¹ determined that from June 20, 2008² through July 10, 2009, Lucas Law Center generated income from consumers of \$7,118,509.40. During this same time period, Lucas Law Center refunded \$998,308.97 to consumers resulting in net receipts from consumers of \$6,120,200.43.

At its September 28 hearing, the Court asked the Receiver the status of its accounting for the Receivership Defendants. The Receiver informed the Court that it had not yet been able to trace and account for between \$1 million to \$1.5 million of the funds raised from consumers and paid to the Receivership Defendants or to the individual defendants. The Receiver informed the Court that it felt the forensic accounting would be completed within 30 days. Upon further review of the Receivership Defendants’ accounting, the Receiver determined the Receivership Defendants’ bookkeeper did not properly classify many accounting entries. The bookkeeper acknowledged that she had no formal accounting background, and she classified many expenditures to the capital account and did not classify individual payments to specific expense categories. The Plaintiff subpoenaed bank records for Paul Lucas’ account and for Future Financial Services, LLC’s (Future Financial) accounts. It took a long period of time for the bank to produce the documents to the Plaintiff. When the Plaintiff turned the bank documents over to the Receiver, the Receiver analyzed those documents. This report will summarize the forensic accounting results for Paul Lucas and Future Financial.

Paul Lucas

Under Tab 1 is an accounting of Paul Lucas’ receipts and expenditures. Mr. Lucas received \$352,099.97 from the Lucas Law Center. The following paragraphs discuss the disposition of the funds Mr. Lucas received.

Mr. Lucas paid \$97,000 to his wife, Alane Lucas, and \$20,200 to his mother, Shirley Lucas.

Credit card purchases of \$81,103.58, cash withdrawals of \$64,485.19 and dental expenses of \$47,112 total \$192,700.77. Initially, Mr. Lucas told the Receiver he would cooperate in its

¹ Reference to the Receiver in this report means the Receiver, its deputies, its staff, and its counsel.

² The date of inception of Lucas Law Center.

efforts to identify the nature of payments in order to complete the forensic accounting. Mr. Lucas later told the Receiver that, based on the advice of his attorney, he would consider all of his receipts as salary and made no effort to assist the Receiver in determining the purpose of the credit card expenditures and cash withdrawals.

Future Financial

Under Tab 2 is an accounting of receipts and expenditures for Future Financial. Future Financial's receipts totaled \$4,876,100 from June 20, 2008 through July 10, 2009.

A total of \$552,406.16 was paid for the benefit of Kelly Betts, Christopher Betts' wife. The vast majority of these payments were for Kelly Betts' American Express credit cards. Mr. Betts provided the Receiver with American Express credit card statements for Kelly Betts. The Receiver was able to match nearly all of the payments made to Kelly's Betts' American Express card. All of these payments appeared to be legitimate business expenses for Future Financial.

\$285,000 was transferred to Mr. Betts' E*Trade account. Substantially all of these funds were frozen by operation of this Court's asset freeze.

\$147,500 was transferred to Mr. Betts' personal account at Bank of America.

\$154,535 was paid to Frank Sullivan.

Respectfully submitted,

/s/

Robb Evans & Associates LLC
Receiver

TAB 1

Robb Evans & Associates LLC
Receiver of Lucas Law Center, Future Financial Services, LLC, et al.
Receipts & Expenditures - Paul Lucas
Transactions through August 18, 2009

Receipts

Receipts from Lucus Law Center	352,099.97
Interest Income	14.12
Total Receipts	<u>352,114.09</u>

Expenditures

Lucas Family Memebers	
Alane Lucas	97,000.00
Shirley Lucas	20,200.00
Mark Lucas	2,000.00
Total Lucas Family Memebers	<u>119,200.00</u>
Card Purchases	81,103.58
Cash Withdrawals	64,485.19
Dental Expenses	47,112.00
Funds Turned Over to the Receiver	28,273.32
Payments to BOA Account#7841	1,300.00
Judd McIlvain (Advertising)	4,000.00
Dave Williams (Commissions)	2,900.00
Coronado Apartment Homes	2,826.00
Shawn Eatherly	750.00
Bank Fees	164.00
Total Expenditures	<u>352,114.09</u>
Balance	<u><u>0.00</u></u>

TAB 2

Robb Evans & Associates LLC
Receiver of Lucas Law Center, Future Financial Services, LLC, et al.
Receipts & Expenditures - Future Financial Services LLC
Transactions through July 10, 2009

Total Receipts	4,876,100.00
Expenditures	
Operating Expenses	
Commissions & Subcontracted Services	
Adam Zucker	207,376.00
Joe Sai	106,960.46
Julie Dickey	99,850.00
NLM	84,550.00
Fred Behn	61,250.00
Chris Fox	60,812.98
Matt Rychucky	56,063.78
Athene Cavagelli	55,931.00
Joseph Matyasik	51,862.00
Jansen Flavia	50,076.50
Joe Dagilus	46,315.00
Valerie M. Sandoval	45,700.00
Dru Kaplan	43,821.79
Justin Springer	42,639.00
Rick Caselli	41,075.00
Cinese Stuart	39,586.95
Craig Williams	33,833.00
Giuliana Selvaggio	32,112.70
Kristy Jornadal	27,200.00
Colleen Stanley	26,025.00
Will McCoy	25,324.00
Agnieszka Puchala	21,702.00
Rick Nelson	20,714.00
Robin Colton	19,515.50
Dave Williams	18,400.00
Martha Gutierrez	14,695.00
Karyn Qsar	14,000.00
Logicease Solutions Inc.	13,914.75
Mike Valanos	12,492.00
Jason Kitagawa	11,747.00
Robert E. Rhodes	10,655.50
Michael W Klier	7,260.00
Jenelle Landes	7,246.31
Mike Kopernik	7,150.00
Greg Kelly	7,000.00
Leslie Jenson	6,349.00
Mari Larsen	5,525.00
Donald J. Shab	5,400.00
Ryan Kelly	5,050.00
Bruce L. Breger	4,900.00
Sherry Vitalone	4,850.00

Robb Evans & Associates LLC
Receiver of Lucas Law Center, Future Financial Services, LLC, et al.
Receipts & Expenditures - Future Financial Services LLC
Transactions through July 10, 2009

Cory Munden	4,800.00
Keith Beever	4,500.00
Art Reynosa	3,850.00
Phat Nguyen	3,588.05
Michael J. Martin	3,500.00
Craig Somodi	3,500.00
Jamie Norris	3,000.00
Julie L. Frisch	2,640.00
Shane Williams	2,000.00
Vincent Coronado	2,000.00
Robert Half International	2,000.00
Shayla Hudson Williams	1,897.00
Grant A. Gerhart	1,700.00
Brad Pascual	1,500.00
SLV Recruiting Solutions	800.00
David Abeling	800.00
Bew Keller	500.00
Mike Fedden	500.00
Ken Polk	500.00
Daria Behn	480.00
Megan Marshall	480.00
Jeanette Ochoa	392.00
Andy Ropac	350.00
Annette R. Di Bello	180.00
Rebecca Reinhartt	100.00
Total Commissions & Subcontracted Services	1,502,488.27
 Advertising Fees	
Pacific Media Group	1,070,070.00
Kevin Moore	2,750.00
Voice Over LA	847.00
Total Advertising Fees	1,073,667.00
 Rent	
Techspace	319,472.87
Total Rent	319,472.87
 Bank Fees	
	1,450.97
Total Operating Expenses	2,897,079.11

Robb Evans & Associates LLC
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Receipts & Expenditures - Future Financial Services LLC
Transactions through July 10, 2009

Affiliates	
Christopher Betts	
Kelly Betts	552,406.16
E*Trade	285,000.00
C. Betts' BOA Bank Account	147,500.00
Check Card Purchases	50,891.98
PayPal	22,270.85
American Express Payments	4,129.69
FIA Card Services	6,031.23
Pay by Phone Payments	13,262.39
Christopher Betts - Other	6,702.48
Cash Withdrawals	4,304.99
Jesse Betts	250.00
Total Christopher Betts	<u>1,092,749.77</u>
Frank Sullivan	154,535.00
Eric Sullivan	60,681.00
Telecore Direct LLC	33,629.00
Mark Lucas	13,030.00
Ken Lucas	12,400.00
Total Affiliates	<u>1,367,024.77</u>
Funds Turned Over to the Receiver	564,352.79
Klinger Law Center	
Klinger Law Center	14,900.00
Linda Klinger	2,200.00
Total Klinger Law Center	<u>17,100.00</u>
Trilink Collaborate LLC	13,466.26
Fox Field Financial	10,000.00
Toshiba Financial Services	2,989.56
Client Refund - Darin Stevens	2,500.00
National Fortune Liquidator	494.81
Congrass Finardel	350.00
Mavent	250.00
Jovani Gutierrez	250.00
Shred It	110.00
Ostrin & Ostrin	107.17
NCO Financial Systems, Inc.	38.96
OSO Grande PTA	20.50
Total Expenditures	<u>4,876,133.93</u>
Deficit	<u>(33.93)</u>