

ROBB EVANS
Receiver of
MX Factors, LLC, BBH Resources, LLC, and
JTL Financial Group, LLC

RECEIVER'S REPORT
DATED JANUARY 18, 2005

This is the third report to the Court. The purpose of this report is to seek approval to initiate a claims administration procedure.

Overview

The Receiver has liquidated substantially all of the available assets in the estate and assets that were turned over to the estate. The Receiver currently has about \$3 million to distribute to investors.

Investor Claims Procedure

With this Court's approval, the Receiver intends to initiate a claims procedure during the first quarter of 2005¹. The Receiver intends to make an initial distribution to investors before June 30, 2005, assuming a claims procedure has been approved and implemented by that time.

It is recommended that all distributions be made on a pro rata basis based on the adjusted claim balance. Pro rata means the ratio that the amount of the approved investor claim bears to the total amount of all investor claims.

Adjustment is appropriate to place investors on an equitable basis with one another. The adjustments should produce an account balance reflecting the investor's actual out-of-pocket loss.

This loss is the total amount of the investor's actual investment, less any returns or distributions the investor received from any source. A key element is the adjustment for payments labeled as interest. Despite whatever agreements or documents exist, there were no actual payments of interest, but rather a payment of funds belonging to earlier investors or an artificial credit to accounts.

¹ The proposed claims procedure is generally described in this report. The details of the proposed claims procedure are more particularly set forth in the motion which seeks approval of this report and implementation of such procedures.

Therefore, upon Court approval of this report:

- Payments of interest will be treated as a return of capital and accounts reduced accordingly.
- Payments stated as interest and credited to accounts will be reversed.
- In the case of payments for other purposes, such as partial withdrawals of amounts invested, or payments for sales commissions, those payments shall be treated as a return of capital and accounts reduced accordingly.

The investors will be advised of their adjusted claim amounts. Investors will be given 30 days to object to their adjusted claim amounts. In the event the Receiver is not able to resolve a disputed claim, the Receiver will present the disputed claim to this Court for a final determination.

The adjusted balance will be considered as the approved investor claim amount, upon which distributions will be based. That will also be the basis of establishing a total of approved investor claims against the estate.

Prior to making a recommendation to this Court requesting approval for an initial distribution, it will be necessary to complete a claims process. That process cannot commence until procedures are approved and implemented. When the claims process is complete, the Receiver will report on the results and make a formal distribution recommendation to the Court.

Respectfully Submitted,

Robb Evans
Receiver