

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

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**Securities and Exchange Commission v. MX Factors LLC, et al.**  
**CASE No. EDCV 04-223 VAP (SGLx)**

**Notice of Filing of Report of Receiver's Activities for the Period**  
**November 1, 2006 Through July 31, 2007**

**Filed August 9, 2007**

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CENTRAL DISTRICT OF CALIFORNIA  
RIVERSIDE

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FILED BY FAX  
CRC 2005

6 Attorneys for Permanent Receiver  
ROBB EVANS

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8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA

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11 SECURITIES AND EXCHANGE  
COMMISSION,

12 Plaintiff,

13 v.

14 MX FACTORS, LLC; BBH  
15 RESOURCES, LLC; JTL FINANCIAL  
GROUP, LLC; RICHARD M.  
16 HARKLESS; DANIEL BERARDI;  
THOMAS HAWKESWORTH; and  
17 RANDALL W. HARDING,

18 Defendants.

CASE NO. EDCV 04-223 VAP (SGLx)

NOTICE OF FILING OF REPORT  
OF RECEIVER'S ACTIVITIES FOR  
THE PERIOD NOVEMBER 1, 2006  
THROUGH JULY 31, 2007

FILED BY FAX  
CRC 2005

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22 TO: THE HONORABLE VIRGINIA A. PHILLIPS, UNITED STATES  
23 DISTRICT JUDGE:

24 COMES NOW, Robb Evans, Permanent Receiver of MX Factors, LLC  
25 ("MX"), BBH Resources, LLC ("BBH"), JTL Financial Group, LLC ("JTL") and

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1 their subsidiaries and affiliates, and files his Report of Receiver's Activities for the  
2 period from November 1, 2006 through July 31, 2007.

3  
4 Dated: August 9, 2007

Respectfully submitted,

5 MCKENNA LONG & ALDRIDGE LLP  
6 GARY OWEN CARIS  
7 LESLEY ANNE HAWES

8 By:   
9 Gary Owen Caris

10 Attorneys for Permanent Receiver,  
11 **ROBB EVANS**

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

**REPORT OF RECEIVER'S ACTIVITIES**  
**NOVEMBER 1, 2006 THROUGH JULY 31, 2007**

This is the sixth report to the Court. The purpose of this report is to provide the Court updated information on the progress of the receivership. This report does not constitute an audit of the financial condition of the receivership; it is intended only for the information of the Court and should not be relied upon for other purposes.

**Asset Recovery and Liquidation**

The Receiver<sup>1</sup> has liquidated all of the available assets in the estate and assets that were turned over to the estate.

The fifth report described the last remaining business asset, which was a BBH loan of \$50,000 to the principal of Essential Lending. The Receiver negotiated repayment of the full \$50,000. As previously reported, the principal of Essential Lending paid \$30,000 to the estate and a balloon payment was due on or before December 31, 2006. Subsequent to the last report, the company ceased operating and the Receiver determined it would not be cost-effective to pursue the remaining balance with a lawsuit.

**Claims Procedure**

On March 10, 2005 this Court approved the Receiver's Proposed Claims Filing and Allowance Procedures. Pursuant to that Order, the Receiver mailed notices to all known investors and potential non-investor claimants. The Receiver documented investor claims of about \$58.5 million.

After deducting interest, principal, commission, and other payments the Receivership Defendants returned to investors, the net amount owed to investors is about \$39.4 million.

On November 10, 2005, the Receiver filed a motion detailing a proposed initial distribution for approved investor and creditor claims. On December 5, 2005, the Court approved the distribution plan. On December 19, 2005, the Receiver distributed

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<sup>1</sup> Reference to the Receiver in this report means the Receiver, the Receiver's deputies, his staff, and his counsel.

approximately \$3.0 million to investors and creditors with approved claims. The distribution was 7.58% of the total claims.

### **Investor Overpayments**

The Receiver is currently in the process of collecting overpayments received by investors. The investors are both individuals and limited liability corporations (LLCs) formed at the suggestion of the Receivership Defendants. The Receiver sent letters to all investors that received an overpayment in excess of \$1,000.00, placing demand for repayment.

The Receiver is following up on the initial letter with both telephone calls and additional correspondence to make arrangement for full repayment. In the event that the LLC has been dissolved or lacks the ability to repay, demand was made on the principals.

To date, the Receiver has filed eight lawsuits against approximately 50 defendants with claims totaling approximately \$9.6 million. The Receiver has reached settlements totaling \$824,518 and has collected \$490,657. The Receiver has obtained default judgments against nine defendants in the total amount of approximately \$3.6 million. There are only four defendants still actively litigating in these lawsuits.

### **Other Issues**

The Receiver is continuing its attempt to resolve several outstanding pre-receivership litigation claims, which are believed to have a minimal overall financial impact on the estate.

Respectfully Submitted,

A handwritten signature in black ink that reads "Robb Evans for". The signature is written in a cursive, flowing style.

Robb Evans  
Receiver