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7
 8 **UNITED STATES DISTRICT COURT**
 9 **NORTHERN DISTRICT OF CALIFORNIA**

10
 11 SECURITIES AND EXCHANGE
 COMMISSION,

12 Plaintiff,

13 vs.

14 SMALL BUSINESS CAPITAL CORP.;
 15 MARK FEATHERS; INVESTORS PRIME
 FUND, LLC; and SBC PORTFOLIO
 16 FUND, LLC,

17 Defendants.

Case No. CV12-03237

**RESPONSE TO DEFENDANT MARK
 FEATHERS' OPPOSITION TO
 RECEIVER'S FOURTH INTERIM
 REPORT**

Ctrm: 4 - 5th Floor
 Judge: Hon. Edward J. Davila

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1 Thomas A. Seaman ("Receiver") Court-appointed permanent receiver for Small Business
2 Capital Corp. ("SB Capital"), Investors Prime Fund, LLC ("IPF"), SBC Portfolio Fund, LLC
3 ("SPF") and their subsidiaries and affiliates (collectively, the "Receivership Entities"), submits this
4 Response to Defendant Mark Feathers' Opposition to the Receiver's Fourth Interim Report
5 ("Report").

6 I. INTRODUCTION

7 The Report, Docket No. 167, filed on January 15, 2013, describes the Receiver's activities
8 and the performance of the Receivership Entities during the fourth quarter of 2012. These
9 activities were primarily focused on servicing the Receivership Entities' loan portfolio, resolving
10 non-performing loans and conducting his forensic accounting. The Report includes an update on
11 the status of non-performing loans and REO properties and provides cash basis financial
12 statements showing the financial activity of the Receivership Entities.

13 In his Opposition to the Report, Docket No. 179, filed on January 18, 2013, Mr. Feathers
14 makes numerous inaccurate statements, false assumptions and provides no evidence supporting his
15 conclusions. Although the Receiver makes a consistent effort to conserve receivership estate
16 resources and minimize administrative expenses, he believes that correcting the factual
17 inaccuracies in Mr. Feathers' Opposition is important. The Receiver affirms the Report as filed
18 and asks that it be approved.

19 II. RESPONSE TO MR. FEATHERS' OPPOSITION

20 A. Cash vs. Accrual Based Reporting

21 The Report clearly states that Exhibit A thereto provides cash basis financial statements
22 through December 31, 2012. The purpose of the cash basis accounting is to inform the Court and
23 interested parties of the cash taken into possession of, and disbursed by, the Receiver. Other than
24 the principal amount of the Receivership Entities' loan portfolios, the accounting of receipts and
25 disbursements does not assign a value to, or write-off the Receivership Entities' tangible or
26 intangible assets, or reflect write-offs of loans. It is simply a report of the receipts, disbursements
27 and current cash balances held in bank accounts. There is no requirement that reports filed with
28 the Court be in accordance with GAAP. Furthermore, when the Receiver submits required reports

1 to the SBA, DRE and taxing authorities, he uses the appropriate accounting standards and
2 methods.

3 The Report includes the Receiver's estimate of the value of certain impaired loans for the
4 purpose of estimating the potential recovery for investors based on the current status of these
5 loans. No accounting entries have been made to reflect decreases in the value of the assets.

6 **B. Manager's Notes**

7 Mr. Feathers asserts that the Receiver's failure to include an account for the Manager's
8 Notes is an omission. To fund its operating expenses, the Manager (SB Capital) borrowed
9 approximately \$5.238 million from IPF and approximately \$493,000 from SPF for a total of
10 \$5.731 million. It should be noted that GAAP requires that expenses be accounted for in the
11 period they were incurred. In contrast, the Receivership Entities booked operating expenses to
12 their balance sheet, thus avoiding the recognition of the expenses in the proper time period.

13 Mr. Feathers is correct that the Receiver does not show the Manager's Notes on the balance
14 sheet for the two Funds. The Manager's Notes, however, are discussed in the narrative portions of
15 earlier reports as well as the Preliminary Forensic Accounting Report. Docket No. 168. More
16 importantly, because of the Manager's Notes, the independent auditor for IPF, Spiegel
17 Accountancy Corp., was unable to issue a clear audit report. Spiegel's report for the period ending
18 December 31, 2010, a copy of which is attached hereto as Exhibit A, includes the following
19 language:

20 "As more fully described in Note 11 to the financial statements, the
21 Fund is unable to assess the collectability of the note receivable
22 from fund manager and thus cannot reasonably determine whether
23 an allowance for loss is necessary which reflects a departure from
24 generally accepted accounting principles. In our opinion, the
25 carrying value of the note receivable from fund manager may
26 require an allowance for loss which would adequately reflect fair
27 and conform to accounting principles accepted in the United States
28 of America. The effects on the financial statements of the preceding
practice are not reasonably determinable."

26 In other words, IPF's independent auditor could not determine the collectability of the Manager's
27 Notes, which are not secured by any collateral. Similarly, the Receiver cannot discern any
28 capacity of SB Capital to repay these loans.

1 **C. Receivership Fees and Expenses**

2 Mr. Feathers asserts that the Receiver fails to properly reflect anywhere in his Report
3 accrued expenses for the Receiver's fees and those of his counsel. Although accrued expenses are
4 not included in a cash based accounting, the Receiver provides estimated professional fees on
5 page 12 of the Report. So there is no confusion, the Receiver's fees and those of counsel, none of
6 which have been paid,¹ are as follows.

7 Period ending:	Receiver	Allen Matkins	Total
8 September 30, 2012	\$241,927	\$141,605	\$383,532
9 December 31, 2012	\$195,307	\$127,000	\$322,307
10 Total	\$437,234	\$256,605	\$705,839

11 As set forth in the Receiver's reports, the cash in the receivership estate has increased by
12 \$1,473,539 since the time of the Receiver's appointment, prior to payment of receivership fees and
13 expenses. Net of receivership fees and expenses, the cash in the estate has increased by \$767,700.
14 In contrast, prior to the Receiver's appointment, the Receivership Entities were losing cash every
15 month.

16 **D. Payoff of the Natoma Note**

17 Mr. Feathers criticizes the Receiver for paying off the note on the Natoma property which
18 had matured. The Receiver paid off the note because it was in the best interest of the Receivership
19 Entities in that (1) it had matured, (2) it carried an interest rate of 9.95% which is well above
20 market, (3) there was cash available to pay it off, and (4) the small amount of interest earned from
21 holding cash in a money market account is much less than the monthly interest on the loan.

22 **E. Valuation of Stock in California Business Bank**

23 Mr. Feathers asserts that the Receiver does not include an adequate valuation of the stock
24 holdings in California Business Bank. He notes that a lawsuit has been initiated by another party.
25 This issue is fully addressed in the Receiver's response to Mr. Feathers' motion concerning the
26

27 ¹ The Receiver and his counsel have filed fee applications for the period ending September 30,
28 2012, and will file their second fee applications for the quarter ending December 31, 2012,
shortly.

1 lawsuit. Docket No. 176. The Receivership Entities made an investment of \$990,000 in
2 California Business Bank which is based on \$3 per share for 330,000 shares. The Receiver is
3 informed that the stock currently is listed at \$.28 per share, but is extremely thinly traded. The
4 Receiver and his counsel have been evaluating potential causes of action against the bank, but will
5 only initiate litigation after a careful cost/benefit analysis, evaluation of the strength of the claims,
6 and Court authorization to proceed.

7 **F. California DRE Trust Fund Reporting**

8 Mr. Feathers asserts that the Receiver is not in compliance with California Department of
9 Real Estate (“DRE”) Trust Fund reporting requirements. To the contrary, the Receivership
10 Entities are in full compliance with DRE reporting requirements. The Receiver retained the
11 services of SB Capital’s former controller, who continues to prepare reports as they had been in
12 the past and provides transition information to ensure continued compliance.

13 Mr. Feathers further states that the Receiver “*acted carelessly and recklessly violated*
14 *California DRE guidelines*” by not immediately changing the signers on the trust fund accounts
15 when there was a change of responsible officers/brokers. This is incorrect. The Receiver visited
16 Heritage Bank immediately upon his appointment and became the sole signer on all trust accounts.
17 However, there was a hold placed on some of these accounts as a reserve for potential charge
18 backs of ACH debits. As a result, the Receiver was not able to immediately transfer the funds to
19 Wells Fargo Bank, where the accounts for the Receivership Entities are maintained. The
20 September 10, 2012 time entry Mr. Feathers references in his Opposition reflects work done to
21 transfer the funds in these accounts once the holds were lifted.

22 **G. Cash Management**

23 Mr. Feathers requests clarification of where the \$10 million being managed by the
24 Receiver is held and if the funds have full FDIC coverage. The funds being managed by the
25 Receiver are held at Wells Fargo Bank, which is FDIC insured, and not on any regulatory watch
26 list. Additionally, because of the concern of the limits on FDIC insurance, the Receiver opened
27 CDAR accounts at Bank of America which invest funds in increments of \$250,000 so as to ensure
28 FDIC coverage of all cash held.

1 **H. Colson Services Late Payment**

2 Mr. Feathers refers to a late charge of \$5,000 incurred by failing to meet the remittance
3 guidelines to Colson and a 10% penalty of \$1,973.02 for failing to meet the deadline for payment
4 of taxes from the tax impound account. Mr. Feathers is correct; the fees were in fact paid by the
5 Receiver due to an oversight by a member of the Receiver's staff. The Colson payment was two
6 days late and the property tax payment was one day late. Upon learning of the accountant's error,
7 the Receiver reimbursed the estate for the full amount of both penalties from the Receiver's
8 personal funds. To rectify the problem, the Receiver removed and replaced the accountant. Both
9 the payment of the late fees and the Receiver's reimbursement of the costs (which Mr. Feathers
10 fails to acknowledge) are included in the exhibits to the Report.

11 **I. Payments for Travel Expenses**

12 Mr. Feathers contends that the Receiver used funds in the estate to pay for "*extravagant*
13 *hotel accommodations, and air fares, and questionable 'moral' payments to employees.*" Again,
14 this is simply not true and incorrectly assumes that the expenses were paid for the benefit of the
15 Receiver, which they were not. The Receiver does not charge the Receivership Entities for any of
16 his or his staff's travel expenses or travel time.

17 The travel expenses referenced in the exhibits to the Report are for two SB Capital
18 employees: one employee who provides the loan servicing and investor relations functions and
19 who agreed to relocate to Southern California and the former controller who agreed to travel to
20 Irvine to continue her duties and transition them to the Receiver's staff. In order to reduce
21 operating expenses, the Receiver closed the Los Altos office at the end of September 2012. The
22 Receivership Entities were paying over \$7,000 in rent for the leased premises. The Receiver
23 moved the files and computer server to a small office in the building where the Receiver is located
24 in Irvine, California. The rent for the space that SB Capital sublets in Irvine is approximately
25 \$1,900 per month.

26 At the time the Los Altos office was closed, SB Capital had three employees. The hotel
27 charges are for the employee who relocated to Southern California and stayed in a hotel adjacent
28 to the Receiver's office for approximately one month. In addition, for approximately two months,

1 the former controller worked part-time from home in Northern California and part-time in Irvine.
 2 The hotel rates range from \$159 to \$179 per night, depending on the length of stay. Because of
 3 the proximity of the hotel to the Receiver's offices, rental cars were not necessary. The third
 4 employee works from home in Northern California.

5 Virtually all of the travel expenses referenced in Mr. Feathers' Opposition are related to
 6 this transition period.² The detail transaction history for these expenses is provided in Exhibit B
 7 hereto. The \$500 paid for employee morale was a holiday bonus of \$250 paid to each of the two
 8 remaining employees.

9 **J. Pending Loan Transactions**

10 Mr. Feathers writes that the Receiver “*single handedly, and overnight, destroyed the*
 11 *enterprise value of the entities of the receivership estate by millions of dollars with his firings and*
 12 *his cancellations of \$25,000,000 in loan funding commitments, at the expense of millions of*
 13 *dollars of foregone income, before spending even a day understanding the business model of these*
 14 *specialty SBA non-bank lenders.*” This issue is fully discussed in the Receiver’s First Status
 15 Report and Inventory, Docket No. 30, beginning on page 10. At the time of the Receiver’s
 16 appointment, there were three loan commitments totaling approximately \$10 million, not
 17 \$25,000,000. Moreover, the cash balance on hand at the time of the Receiver’s appointment was
 18 approximately \$10 million, and therefore, unless the loans were pooled and sold (which they could
 19 not be, as discussed below), the Receivership Entities could not have funded anything close to
 20 \$25 million in new loans. The Receiver promptly advised the Court regarding the three pending
 21 loan commitments, which held telephonic hearings on June 27, June 28 and July 2, 2012, to
 22 discuss whether the Receiver should be authorized to close the loan transactions.

23 Several important issues came to light as the Receiver investigated and reviewed the three
 24 loan commitments. Most importantly, the Receivership Entities had underwritten each loan to be
 25 part of an SBA loan program through which the loans would be pooled and sold. The pooling/sale
 26 transaction would allow the Receivership Entities to recover 85% of the funds advanced within

27 _____
 28 ² There were two former employees who had submitted expense reports shortly after the
 Receiver’s appointment which were paid. These are also reflected in Exhibit B.

1 90 days. During this review process, and during the hearings in which the SBA's counsel was
2 present, it became clear that the SBA would not allow the three pending loans in the pooling
3 program. As a result, the loans would need to be held or sold on the open market, which posed a
4 significantly greater risk to investors than originally contemplated. The Receiver therefore
5 recommended that the Court not authorize the loans to be made and the Court accepted the
6 Receiver's recommendation.

7 Finally, the purposes and goals of the receivership, in light of the Court's finding of *prima*
8 *facie* showing that Mr. Feathers and the Receivership Entities violated securities laws, and how
9 those goals differ from the pre-receivership goals of the Receivership Entities, is discussed in the
10 Receiver's Opposition to Mr. Feathers' Motion to Dismiss Receiver, Docket No. 117, pages 3-4.

11 **K. Receivership Website**

12 Mr. Feathers complains that not all pleadings filed in the case are posted to the Receiver's
13 website. This issue was discussed during the January 18, 2013 hearing. The website was
14 established to provide an efficient means of communicating the status of the receivership to
15 investors, not to duplicate the Court's PACER system. The website provides a link to PACER
16 where viewers may access all pleadings filed in the case.

17 When Mr. Feathers began filing numerous motions, amended motions and other filings
18 (the first set of pleadings was posted), the Receiver stopped posting each and every document in
19 an effort to minimize expenses and avoid confusion on the part of investors. When new
20 documents are posted, many investors read them and write or call the Receiver's office requesting
21 further explanation. Most investors are not familiar with legal proceedings and the pleadings often
22 do not make sense to them. Many investors have expressed concern that Mr. Feathers' actions are
23 increasing the costs of administering the estate and causing unnecessary delays in the return of
24 their funds.

25 Rather than posting every single pleading, the Receiver posts documents that are relevant
26 to the receivership, but the website is not used to present only one side of the story. Mr. Feathers'
27 oppositions to the Receiver's fee application and that of his counsel, which are highly critical of
28 the Receiver, are posted. Moreover, Mr. Feathers' objections to the Report and Preliminary

1 Forensic Accounting Report will be posted, as will this response and the Receiver's response to
2 Mrs. Feathers' declaration regarding the Preliminary Forensic Accounting Report. Going forward,
3 the Receiver hopes Mr. Feathers will consider the expenses incurred by the receivership estate,
4 and therefore by investors, as a result of his continuous motion and opposition filings.

5 **L. Non-Performing Loans**

6 Mr. Feathers takes issue with the Receiver's description of the non-performing loans and,
7 in doing so, makes several inaccurate and misleading statements.

8 1. 695 Oak Grove

9 Mr. Feathers argues that since the loan to 695 Oak Grove was recently paid in full, it
10 should never have been listed as a non-performing loan and that the corresponding loan loss
11 reserve in the First Status Report should not have been used. Mr. Feathers neglects to mention
12 that this loan had matured and that the borrower was unable to pay it off. Therefore, it was
13 appropriate to classify it as a non-performing loan. The borrower subsequently sold another piece
14 of property and used the sale proceeds to pay off the loan.

15 2. Peninsula Air Conditioning

16 Mr. Feathers criticizes the Receiver for not seeking SBA approval to fully defer payments
17 on this loan, and therefore help preserve the business. The Receiver sought counsel regarding the
18 SBA's approval process from both SB Capital's credit administrator, who the Receiver retained,
19 and an outside SBA consulting firm. Based on their advice, the Receiver developed a fair
20 restructuring proposal which would provide for the amortization of the loan over a 20-year period
21 (rather than 10 years), pledging of additional collateral, agreement to stop payments on
22 shareholder loans, and bringing interest payments current. The borrower rejected the proposal and
23 remains in default. The Receiver recorded a Notice of Default, which protects the Receivership
24 Entities' position, but does not eliminate the possibility of a consensual restructuring. The
25 Receiver is hopeful the borrower will reconsider and accept his proposal.

26 3. Rico Espana (Whiskey Junction)

27 Mr. Feathers makes several inaccurate statements regarding this loan. First, he states that
28 Rico Espana has a liquor license. To the contrary, Rico Espana does not hold a liquor license.

1 Whiskey Junction LLC, whose sole member is SB Capital, owns the liquor license. Mr. Feathers
2 indicates that SB Capital and Mr. Espana were in the process of finalizing a management
3 agreement for use of the liquor license at the time the Receiver was appointed. This agreement,
4 however, was not in place and would not have been in place prior to the proposed “grand opening”
5 two days after the Receiver’s appointment. Attached as Exhibit C is a letter dated June 18, 2012
6 (about a week prior to the appointment of the Receiver) from Mr. Feathers to Mr. Espana
7 expressing Mr. Feathers’ concerns that the change of ownership of the liquor license had not been
8 completed, as well as other serious concerns. The restaurant was simply not ready to open.

9 The Receiver declined to fund the \$30,000 because, in his business judgment, the
10 borrower's prospects of repaying the loan were extremely low, even if he was able to get the
11 restaurant up and running and the value of the collateral was woefully insufficient to secure the
12 existing debt of over \$1 million. Broker opinions of value estimate the value of the property from
13 \$135,000 to \$150,000. The Receiver also obtained an independent appraisal which estimates the
14 value at \$230,000, before foreclosure and selling costs. If sale of the liquor license results in
15 recovery greater than the Receiver’s estimated value, then it will be reflected in Receiver’s
16 accounting at that time. Advancing further funds to Mr. Espana would simply not have been a
17 prudent use of receivership estate resources.

18 4. Van Arsdale-Harris Lumber

19 Mr. Feathers criticizes the Receiver for not establishing a loan loss reserve for this loan,
20 and then cites several reasons why a loan loss reserve is not appropriate in this case. The Receiver
21 stands by his treatment of this loan in the Report and his handling of the former delinquent status
22 of this loan.

23 5. The Four Brothers Inns, LLC

24 Mr. Feathers criticizes the Receiver for not moving forward on the foreclosure of this
25 property and also suggests that the Receiver and his attorney have duplicated actions taken by
26 SB Capital. As outlined in the Report, the property is currently listed for sale and has been on the
27 market for more than three years. The Receiver spent considerable time negotiating a Forbearance
28 and Discounted Payoff Agreement with the borrower. This agreement provides for turnover of

1 excess cash generated by the business and keeps current management in place to protect the value
 2 of the business as a going concern. While the Receiver still expects to take a loss on the sale of
 3 the property, the actions taken thus far maximize the potential recovery to the Receivership
 4 Entities.

5 6. Kallapa Rampur

6 Mr. Feathers asserts that this borrower “*has maintained a steady payment history on the*
 7 *loan for several years.*” This is completely false as demonstrated by the loan history attached as
 8 Exhibit D. This borrower’s checks have been returned for insufficient funds 16 times since
 9 January 2008. They have incurred a total of \$7,111 in late charges, of which \$5,186 was waived
 10 by Mr. Feathers and \$1,925 remains unpaid. There are another \$3,252 in unpaid charges for NSF
 11 checks and appraisal fees. The loan is currently only paid through August 10, 2012. Moreover,
 12 the value of the underlying collateral is worth substantially less than the outstanding principal
 13 balance. Accordingly, the Receiver has identified it as a non-performing loan, filed a Notice of
 14 Default and estimates the recovery at less than the unpaid principal.

15 The Receiver was informed by the borrower that Mr. Feathers met personally with him and
 16 stated that he expects the Receiver will be dismissed and Mr. Feathers will have the business back
 17 by the end of March 2013. Mr. Feathers should be reminded that the Court's orders prohibit him
 18 from directly or indirectly hindering, obstructing or interfering with the Receiver's management of
 19 the Receivership Entities, including the servicing and enforcement of their loans.³ Preliminary
 20 Injunction Order, Docket No. 34, Part XI.

21 7. 349 First Street, LLC

22 Mr. Feathers refers to this loan as “*accommodation financing*” because it was made to a
 23 borrower who purchased the property after it had been taken by the Receivership Entities by
 24 foreclosure and who intends to develop it and share the profits with the Receivership Entities.
 25 However, a construction loan which is not properly documented and in which the borrower has
 26

27 ³ The Receiver is informed that Mr. Feathers has met with other borrowers and tenants
 28 regarding their loans and leases. Mr. Feathers has not been authorized by the Court or the
 Receiver to discuss the Receivership Entities' business matters with borrowers or tenants.

1 none of his own cash invested is an inherently risky loan. Contrary to Mr. Feathers' assertion that
2 the Receiver is looking for reasons not to continue funding this loan, the Receiver and his staff
3 have been working diligently with the borrower to correct the documentation errors so that the
4 loan can be properly administered and funded.

5 Mr. Feathers also accuses the Receiver of losing the loan file, which is not the case. The
6 Receiver has all files maintained by the Receivership Entities in his possession. The borrower has
7 acknowledged that the document deficiencies mentioned in the Report are documents he was not
8 required to produce prior to the Receiver's appointment. If he had already provided them, he
9 would simply forward another copy, but the documents do not exist so he is unable to do so.
10 There are no lost or missing files.

11 **M. Real Estate Owned**

12 Mr. Feathers also makes several inaccurate and misleading statements regarding the two
13 properties acquired by the Receivership Entities through foreclosure.

14 1. Sweet Fingers

15 Mr. Feathers accuses the Receiver of unfair treatment toward this tenant (including
16 violations of civil rights laws) until "*Feathers made these matters known to the court.*" The
17 Receiver's agent met with the tenant shortly after his appointment, and it promised that it would
18 begin paying rent, provide financial statements and other requested documentation. However,
19 nothing was provided. Despite repeated efforts to collect rent, the tenant has not paid rent since
20 February 2012. The Receiver had no choice but to file an unlawful detainer action in October
21 2012. The unlawful detainer action resulted in a settlement which provides for the tenant to pay
22 \$3,500 per month beginning November 15, 2012 and continuing on a month-to-month basis or
23 until the property is sold. It also includes a Stipulated Judgment for \$65,000 (about half of the
24 unpaid rent) which will be entered in the event monthly rent payments are not timely made. The
25 tenant is now current and the Receiver has collected three rent payments, all made within the grace
26 period.

27
28

EXHIBIT A

SPIEGEL ACCOUNTANCY CORP

Independent Auditors' Report

To the Fund Members
Investors Prime Fund, LLC and Subsidiary
Los Altos, California

We have audited the accompanying consolidated balance sheets of Investors Prime Fund, LLC and Subsidiary as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in members' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As more fully described in Note 11 to the financial statements, the Fund is unable to assess the collectability of the note receivable from fund manager and thus cannot reasonably determine whether an allowance for loss is necessary which reflects a departure from generally accepted accounting principles. In our opinion, the carrying value of the note receivable from fund manager may require an allowance for loss which would adequately reflect fair value and conform to accounting principles accepted in the United States of America. The effects on the financial statements of the preceding practice are not reasonably determinable.

In our opinion, except for the effects of not assessing the collectability of the note receivable from fund manager, as discussed in the preceding paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Investors Prime Fund, LLC and Subsidiary as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supporting information included in supplementary schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Walnut Creek, California
March 22, 2011


Spiegel Accountancy Corp.
Certified Public Accountants

EXHIBIT B

4:28 PM
 01/25/13
 Cash Basis

Small Business Capital, Corp
Transaction Detail By Account
 June through December 2012

Type	Date	Num	Name	Memo	Class	Clr	Split	Debit	Credit
Travel Expense									
Meals & Entertainment									
Check	7/18/2012	1004	Thomas G Vasquez	Meals & Ente...	SB Capit...		WF_SBC Ope...	261.02	
Check	7/18/2012	1008	Larry Stangler	Meals & Ente...	SB Capit...		WF_SBC Ope...	53.06	
Check	10/18/2012	1109	Mae W Saechao	Expense rei...	SB Capit...		WF_SBC Ope...	94.28	
Check	10/18/2012	1108	Megan E. Mecca	Expense rei...	SB Capit...		WF_SBC Ope...	119.52	
Check	11/9/2012	1130	Mae W Saechao	Expense rei...	SB Capit...		WF_SBC Ope...	285.52	
Check	11/30/2012	1139	Mae W Saechao	Expense rei...	SB Capit...		WF_SBC Ope...	297.62	
Total Meals & Entertainment								1,111.02	0.00
Total Travel Expense								1,111.02	0.00
TOTAL								1,111.02	0.00

4:29 PM
01/25/13
Cash Basis

Small Business Capital, Corp
Transaction Detail By Account
June through December 2012

Type	Date	Num	Name	Memo	Class	Clr	Split	Debit	Credit
Travel Expense									
Travel-Airfare-Hotel									
Check	7/18/2012	1004	Thomas G Vasquez	Airfare - April...	SB Capit...		WF_SBC Ope...	197.60	
Check	10/4/2012	1111	American Express	Reimbursem...	SB Capit...	X	WF_SBC Ope...	0.00	
Check	10/4/2012	1111	American Express	Reimbursem...	SB Capit...	X	WF_SBC Ope...	0.00	
Check	10/18/2012	1109	Mae W Saechao	Expense rei...	SB Capit...		WF_SBC Ope...	749.20	
Check	11/9/2012	1130	Mae W Saechao	Expense rei...	SB Capit...		WF_SBC Ope...	1,423.45	
Check	11/30/2012	1138	American Express	Reimbursem...	SB Capit...		WF_SBC Ope...	416.06	
Check	11/30/2012	1138	American Express	Reimbursem...	SB Capit...		WF_SBC Ope...	218.06	
Check	11/30/2012	1139	Mae W Saechao	Expense rei...	SB Capit...		WF_SBC Ope...	1,076.56	
Check	12/3/2012	1148	American Express	Reimbursem...	SB Capit...		WF_SBC Ope...	4,785.41	
Check	12/3/2012	1150	American Express	Reimbursem...	SB Capit...		WF_SBC Ope...	1,631.24	
Total Travel-Airfare-Hotel								10,497.58	0.00
Total Travel Expense								10,497.58	0.00
TOTAL								10,497.58	0.00

4:29 PM
01/25/13
Cash Basis

Small Business Capital, Corp
Transaction Detail By Account
June through December 2012

Type	Date	Num	Name	Memo	Class	Clr	Split	Debit	Credit
Travel Expense									
Travel-Car									
Check	7/18/2012	1004	Thomas G Vasquez	Mileage/Cab ...	SB Capit...		WF_SBC Ope...	412.87	
Check	7/18/2012	1008	Larry Stangler	Mileage - Ma...	SB Capit...		WF_SBC Ope...	292.99	
Check	8/17/2012	1049	Jason H Parsons	Expense rei...	SB Capit...		WF_SBC Ope...	154.85	
Check	10/18/2012	1108	Megan E. Mecca	Expense rei...	SB Capit...		WF_SBC Ope...	227.65	
Check	10/18/2012	1109	Mae W Saechao	Expense rei...	SB Capit...		WF_SBC Ope...	9.45	
Check	11/9/2012	1130	Mae W Saechao	Expense rei...	SB Capit...		WF_SBC Ope...	25.90	
Check	11/30/2012	1139	Mae W Saechao	Expense rei...	SB Capit...		WF_SBC Ope...	155.40	
Total Travel-Car								1,279.11	0.00
Total Travel Expense								1,279.11	0.00
TOTAL								1,279.11	0.00



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Please Note -- All rates at this hotel include complimentary breakfast and in-room high speed internet access



Confirmation Number: 89667421

Thank you for your reservation. Your reservation is guaranteed to your American Express card. An email with this information has been sent to megan@sbcapitalreceiver.com. We look forward to greeting you.

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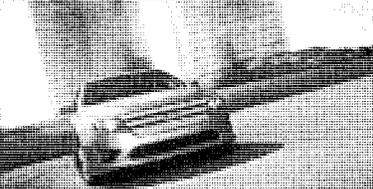




Confirmation Details											
<p>Dates Check-in: Sunday, September 30, 2012 Check-out: Friday, October 12, 2012 Number of rooms: 1 Guests per room: 1</p>	<p>Guest Information Megan Mecca Email: megan@sbcapitalreceiver.com Phone: 516-507-2799</p>										
<p>Room(s) Studio, 1 Queen, Sofabed Room details</p>	<p>Billing Information Your reservation is guaranteed to your: American Express *****2002</p>										
<p>Preferences Summary This hotel has a smoke-free policy No room preferences were selected.</p>	<p>Summary of Charges No booking fees when you reserve on Marriott.com!</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Summary of Room Charges</th> <th style="text-align: right;">Cost per night per room (USD)</th> </tr> </thead> <tbody> <tr> <td>Sunday, September 30, 2012 - Friday, October 12, 2012 (12 nights)</td> <td style="text-align: right;">159.00</td> </tr> <tr> <td>Regular rate, 12+ Nights</td> <td></td> </tr> <tr> <td>Estimated government taxes and fees</td> <td style="text-align: right;">15.99</td> </tr> <tr> <td>Total for stay (per room)</td> <td style="text-align: right;">2,099.88</td> </tr> </tbody> </table> <p>ADDITIONAL CHARGES</p> <ul style="list-style-type: none"> Complimentary on-site parking Changes in taxes or fees implemented after booking will affect the total room price. <p>Rate Rules</p>	Summary of Room Charges	Cost per night per room (USD)	Sunday, September 30, 2012 - Friday, October 12, 2012 (12 nights)	159.00	Regular rate, 12+ Nights		Estimated government taxes and fees	15.99	Total for stay (per room)	2,099.88
Summary of Room Charges	Cost per night per room (USD)										
Sunday, September 30, 2012 - Friday, October 12, 2012 (12 nights)	159.00										
Regular rate, 12+ Nights											
Estimated government taxes and fees	15.99										
Total for stay (per room)	2,099.88										

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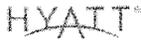


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TRAVEL PACKAGES



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Tuesday, 30 Oct 2012 - Friday, 02 Nov 2012 (3 Nights)

1 Room, 1 Adults per room

Check-In Time: 3:00 PM Check Out Time: 12:00 PM

Hyatt Daily Rate [Rate Details](#)

	Tuesday	Wednesday	Thursday
ADA King Tub Room Details	179.00	179.00	179.00

Total Per Room **537.00 USD**
Additional Charges 10.000 Percent occupancy tax
Total After Tax **591.09 USD**

ROOM PREFERENCES

- Non-smoking room
- Quiet room

Hyatt will guarantee your request for a Non-Smoking room(s).

Comments

Occupant is Mae Saechao 415-517-2919 - mae@sbcapitalreceiver.com. Your online reservation form does not ask for this information. Thomas Seaman is the person paying for Mae's stay.

BILLING INFORMATION

Thomas Seaman
3 Park Plaza, Suite #550
Irvine, CA
United States, 92614
christine@thomasseaman.com
1 949-265-8413

Flight Information

Estimated Hotel Arrive time:

TERMS & CONDITIONS

Cancellation Policy

Cancel By 3pm PST 24 Hours Prior To Arrival



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- > PHOTO GALLERY

Please Note – All rates at this hotel include complimentary breakfast and in-room high speed internet access



Confirmation Number: 88646633

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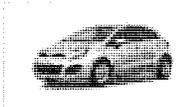


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Confirmation Details

<p>Dates Check-in: Tuesday, October 23, 2012 Check-out: Friday, October 26, 2012 Number of rooms: 1 Guests per room: 1</p>	<p>Guest Information Mae Saechao Email: mae@sbcapitalreceiver.com Phone: 415-517-2919</p>										
<p>Room(s) Studio, 1 Queen, Sofabed Room details</p>	<p>Billing Information Your reservation is guaranteed to your: American Express *****7006</p>										
<p>Preferences Summary This hotel has a smoke-free policy No room preferences were selected.</p>	<p>Summary of Charges No booking fees when you reserve on Marriott.com!</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Summary of Room Charges</th> <th style="text-align: right;">Cost per night per room (USD)</th> </tr> </thead> <tbody> <tr> <td>Tuesday, October 23, 2012 - Friday, October 26, 2012 (3 nights)</td> <td style="text-align: right;">199.00</td> </tr> <tr> <td>Regular rate</td> <td></td> </tr> <tr> <td>Estimated government taxes and fees</td> <td style="text-align: right;">19.99</td> </tr> <tr> <td>Total for stay (per room)</td> <td style="text-align: right;">656.97</td> </tr> </tbody> </table> <p>ADDITIONAL CHARGES</p> <ul style="list-style-type: none"> Complimentary on-site parking Changes in taxes or fees implemented after booking will affect the total room price. <p>Rate Rules</p>	Summary of Room Charges	Cost per night per room (USD)	Tuesday, October 23, 2012 - Friday, October 26, 2012 (3 nights)	199.00	Regular rate		Estimated government taxes and fees	19.99	Total for stay (per room)	656.97
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Regular rate											
Estimated government taxes and fees	19.99										
Total for stay (per room)	656.97										



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- > PHOTO GALLERY

Please Note – All rates at this hotel include complimentary breakfast and in-room high speed internet access



Confirmation Number: 85068002

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Confirmation Details		Travel Deals in California										
<p>Dates Check-in: Tuesday, October 16, 2012 Check-out: Friday, October 19, 2012 Number of rooms: 1 Guests per room: 1</p>	<p>Guest Information Mae Saechao Thomas Seaman Co Email: mae@sbcapitalreceiver.com Phone: 415-517-2919</p>	<p>Looking for things to do during your trip? Reserve fun activities now! start your adventure »</p>										
<p>Room(s) Studio, 1 Queen, Sofabed Room details</p>	<p>Billing Information Your reservation is guaranteed to your: American Express *****7006</p>											
<p>Preferences Summary This hotel has a smoke-free policy No room preferences were selected.</p>	<p>Summary of Charges No booking fees when you reserve on Marriott.com!</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Summary of Room Charges</th> <th style="text-align: right;">Cost per night per room (USD)</th> </tr> </thead> <tbody> <tr> <td>Tuesday, October 16, 2012 - Friday, October 19, 2012 (3 nights)</td> <td style="text-align: right;">199.00</td> </tr> <tr> <td>Regular rate</td> <td></td> </tr> <tr> <td>Estimated government taxes and fees</td> <td style="text-align: right;">19.99</td> </tr> <tr> <td>Total for stay (per room)</td> <td style="text-align: right;">656.97</td> </tr> </tbody> </table> <p>ADDITIONAL CHARGES</p> <ul style="list-style-type: none"> Complimentary on-site parking Changes in taxes or fees implemented after booking will affect the total room price. 	Summary of Room Charges	Cost per night per room (USD)	Tuesday, October 16, 2012 - Friday, October 19, 2012 (3 nights)	199.00	Regular rate		Estimated government taxes and fees	19.99	Total for stay (per room)	656.97	
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Tuesday, October 16, 2012 - Friday, October 19, 2012 (3 nights)	199.00											
Regular rate												
Estimated government taxes and fees	19.99											
Total for stay (per room)	656.97											
	<p>Rate Rules</p>											

EXHIBIT C



June 18, 2012

Mr. Rico Espana
4479 Whiskey Slough Rd.
Holt, CA 95234

Dear Rico,

Attached please find a copy of the signed Business Loan Agreement for your loan. I am concerned about several items, in regards to your loan, at this point:

1. You have been asking for draws on the loan without supporting documentation, nor operating budgets.
2. You have not filed sufficient paperwork required for business permitting, and for a change in ownership of the liquor license required to run the business and serve alcohol. I am particularly concerned about this, as I understand that persons who are not of legal age may be consuming alcoholic beverages on the property.
3. You may be entering into binding contracts, i.e, with equipment suppliers, without our required review of the contracts and approvals for draws for your business loan. At this point I don't believe that you have filed paperwork yet to assume the business name "Whiskey Junction", so you should not be using this name on any contracts, as you do not have legal or business authority to do so.

Your loan structure included sufficient amounts of financing for furniture, fixtures, working capital, etc., to cover these matters. I am concerned about your failure to follow the draw requirements of your financing. Additionally, I am concerned that you will not be in a position to start generating revenues and income to pay your loan on the agreed upon schedule.

I have called to discuss these matters with you, and/or texted you messages. It appears that you may no longer be available at the same number that we currently have on file. If so, please let me know at your earliest convenience the best way to reach you on these matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Feathers". The signature is written over a horizontal line.

Mark Feathers, CEO
SB Capital

EXHIBIT D

BORROWER STATEMENT OF ACCOUNT

Thomas Seaman, Receiver for SB Capital
 3 Park Plaza, Suite 550
 Irvine CA 92614

ACCOUNT NO. 51
 STATEMENT DATE 1/25/2013

Kallappa G. Rampur
 Sujata K. Rampur
 2355 Valencia Street
 San Jose CA 95125

STATEMENT SUMMARY	
Statement Period	All Dates
Principal Balance	\$2,168,015.03
Reserve Balance	\$0.00
Impound Balance	\$0.00
Unpaid Late Charges	\$1,925.00
Unpaid Charges	\$3,251.85
Unpaid Interest	\$0.00
Regular Payment	\$3,500.00
Note Rate	5.000%
Interest Paid in 2013	\$0.00
Property: 4500 Park Boulevard Oakland CA 94602	

Please advise us immediately of any discrepancies in the transactions or investment activity on your statement of account or if you contemplate changing your address. When making inquiries by telephone or in writing please give your account number. We urge you to keep this statement with your investment records.

ACCOUNT ACTIVITY										
Transaction Date	Pmt Due Date	Reference	Description	Transaction Amount	Interest	Principal	Distribution Late Chgs	Other	Trust	Principal Balance
			Balance Forward							\$200.00
12/07/2007		25	Funds Advanced	-\$1,727,000.00		-\$1,727,000.00				\$1,726,800.00
01/11/2008	01/10/2008	418688182	Payment - Thank You	\$10,225.00	\$14,391.67				-\$4,166.67	\$1,726,800.00
02/15/2008	02/10/2008	3226	Payment - Thank You	\$10,225.00	\$14,391.67				-\$4,166.67	\$1,726,800.00
03/17/2008	03/10/2008	2036	Payment - Thank You	\$10,225.00	\$14,391.67				-\$4,166.67	\$1,726,800.00
05/13/2008	04/10/2008	TRUST	Payment - Thank You	\$0.00	\$14,391.67				-\$14,391.67	\$1,726,800.00
05/13/2008	05/10/2008		Payment - Thank You	\$10,225.00	\$14,391.67				-\$4,166.67	\$1,726,800.00
06/11/2008	06/10/2008	1056	Payment - Thank You	\$10,225.00	\$14,391.67				-\$4,166.67	\$1,726,800.00
07/11/2008	07/10/2008	3473	Payment - Thank You	\$10,225.00	\$14,391.67				-\$4,166.67	\$1,726,800.00
08/14/2008	08/10/2008	3524 & TR	Payment - Thank You	\$10,225.00	\$14,391.67				-\$4,166.67	\$1,726,800.00
09/12/2008	09/10/2008	3559 & TR	Payment - Thank You	\$10,225.00	\$14,391.67				-\$4,166.67	\$1,726,800.00
09/12/2008		TRUST	Principal PayDown	\$100,000.00		\$100,000.00				\$1,626,800.00
10/13/2008	10/10/2008		Payment - Thank You	\$11,283.36	\$13,511.65				-\$2,228.29	\$1,626,800.00
12/10/2008		1463	Funds Advanced	-\$9,791.91		-\$9,791.91				\$1,636,591.91
12/23/2008		1479	Funds Advanced	-\$2,850.00		-\$2,850.00				\$1,639,441.91
12/23/2008		1478	Funds Advanced	-\$3,318.80		-\$3,318.80				\$1,642,760.71
01/09/2009		1003	Funds Advanced	-\$35,686.54		-\$35,686.54				\$1,678,447.25
01/09/2009		1002	Funds Advanced	-\$29,221.00		-\$29,221.00				\$1,707,668.25
02/11/2009	11/10/2008	1010	Payment - Thank You	\$6,500.00	\$11,525.31	-\$5,025.31				\$1,712,693.56
02/11/2009		1010	Late Charge	-\$576.23			-\$576.23			\$1,712,693.56
03/10/2009	12/10/2008	1021	Payment - Thank You	\$6,500.00	\$11,560.90	-\$5,060.90				\$1,717,754.46
03/10/2009		1021	Late Charge	-\$576.23			-\$576.23			\$1,717,754.46
03/11/2009		2020	Funds Advanced	-\$18,912.00		-\$18,912.00				\$1,736,666.46
03/25/2009		1042	Funds Advanced	-\$20,274.00		-\$20,274.00				\$1,756,940.46
04/13/2009	01/10/2009	1028	Payment - Thank You	\$6,500.00	\$11,596.75	-\$5,096.75				\$1,762,037.21
04/13/2009		1028	Late Charge	-\$576.23			-\$576.23			\$1,762,037.21
04/16/2009		1069	Funds Advanced	-\$13,000.00		-\$13,000.00				\$1,775,037.21
05/12/2009	02/10/2009	1032	Payment - Thank You	\$6,500.00	\$11,632.85	-\$5,132.85				\$1,780,170.06
05/12/2009		1032	Late Charge	-\$576.23			-\$576.23			\$1,780,170.06
05/20/2009		2045	Funds Advanced	-\$6,061.95		-\$6,061.95				\$1,786,232.01
06/11/2009	03/10/2009	1039	Payment - Thank You	\$6,500.00	\$13,728.48	-\$7,228.48				\$1,793,460.49
06/11/2009		1039	Late Charge	-\$576.23			-\$576.23			\$1,793,460.49
07/14/2009	04/10/2009	3974	Payment - Thank You	\$7,500.00	\$13,788.72	-\$6,288.72				\$1,799,749.21
07/14/2009		3974	Late Charge	-\$576.23			-\$576.23			\$1,799,749.21
07/22/2009		1117	Funds Advanced	-\$12,147.00		-\$12,147.00				\$1,811,896.21
08/13/2009	05/10/2009	4020	Payment - Thank You	\$8,000.00	\$13,841.13	-\$5,841.13				\$1,817,737.34

ACCOUNT ACTIVITY										
Transaction Date	Pmt Due Date	Reference	Description	Transaction Amount	Interest	Principal	Distribution Late Chgs	Other	Trust	Principal Balance
08/13/2009		4020	Late Charge	-\$576.23			-\$576.23			\$1,817,737.34
09/16/2009	06/10/2009	423818586	Payment - Thank You	\$8,500.00	\$13,889.80	-\$5,389.80				\$1,823,127.14
09/16/2009			Late Charge	\$4,609.84			\$4,609.84	* Waived		\$1,823,127.14
09/22/2009			Late Charge	-\$576.23			-\$576.23			\$1,823,127.14
10/10/2009	07/10/2009	137	Payment - Thank You	\$9,000.00	\$13,934.72	-\$4,934.72				\$1,828,061.86
11/10/2009		1070	Funds Advanced	-\$7,660.55		-\$7,660.55				\$1,835,722.41
11/16/2009	08/10/2009	178	Payment - Thank You	\$9,500.00	\$13,975.84	-\$4,475.84				\$1,840,198.25
12/15/2009	09/10/2009	216	Payment - Thank You	\$10,000.00	\$14,013.14	-\$4,013.14				\$1,844,211.39
12/16/2009		1064	Payment - Other	\$0.00		\$8,721.44			-\$8,721.44	\$1,835,489.95
12/17/2009		216	NSF	-\$10,000.00	-\$14,013.14	\$4,013.14				\$1,831,476.81
12/17/2009			NSF Payment Charge	-\$50.00				-\$50.00		\$1,831,476.81
12/18/2009	09/10/2009	424831915	Payment - Thank You	\$11,524.58	\$14,013.14	-\$2,488.56				\$1,833,965.37
12/18/2009	09/10/2009	424831915	Payment - Thank You	-\$11,524.58	-\$14,013.14	\$2,488.56				\$1,831,476.81
12/18/2009	09/10/2009	424831915	Payment - Thank You	\$10,000.00	\$14,366.92	-\$4,366.92				\$1,835,843.73
12/24/2009	10/10/2009		Payment - Thank You	\$0.00	\$14,033.88	-\$14,033.88				\$1,849,877.61
12/24/2009	11/10/2009		Payment - Thank You	\$0.00	\$14,150.83	-\$14,150.83				\$1,864,028.44
12/24/2009			Late Charge	-\$576.23			-\$576.23			\$1,864,028.44
12/24/2009	11/10/2009		Payment - Thank You	\$0.00	-\$14,150.83	\$14,150.83				\$1,849,877.61
12/24/2009			Late Charge	\$576.23			\$576.23	←		\$1,849,877.61
12/24/2009	11/10/2009		Payment - Thank You	\$0.00	\$14,150.83	-\$14,150.83				\$1,864,028.44
12/24/2009	12/10/2009		Payment - Thank You	\$0.00	\$14,268.75	-\$14,268.75				\$1,878,297.19
01/13/2010	01/10/2010	1088	Payment - Thank You	\$5,000.00	\$15,669.53	-\$10,669.53				\$1,888,966.72
01/18/2010		263	Payment - Other	\$5,100.00	\$102.24	\$4,997.76				\$1,883,968.96
01/18/2010			Charge Adjustment	\$50.00				\$50.00		\$1,883,968.96
01/25/2010		263 2	NSF	-\$5,100.00	-\$102.24	-\$4,997.76				\$1,888,966.72
01/25/2010			NSF Payment Charge	-\$50.00				-\$50.00		\$1,888,966.72
02/12/2010	02/10/2010	1102	Payment - Thank You	\$7,600.00	\$13,484.56	-\$5,884.56				\$1,894,851.28
02/17/2010		1106	Payment - Other	\$2,500.00	\$2,500.00					\$1,894,851.28
02/17/2010		1106	Payment - Other	-\$2,500.00	-\$2,500.00					\$1,894,851.28
02/19/2010		1106	Payment - Other	\$2,500.00		\$2,500.00				\$1,892,351.28
02/24/2010		1107	Payment - Other	\$2,500.00		\$2,500.00				\$1,889,851.28
03/02/2010	03/10/2010	1114	Payment - Thank You	\$2,500.00	\$13,387.86	-\$10,887.86				\$1,900,739.14
03/09/2010		1115	Payment - Other	\$2,500.00		\$2,500.00				\$1,898,239.14
03/16/2010		1116	Payment - Other	\$2,500.00		\$2,500.00				\$1,895,739.14
03/18/2010		1117	Payment - Other	\$2,500.00		\$2,500.00				\$1,893,239.14
04/01/2010	04/10/2010	NOCOPY	Payment - Thank You	\$2,500.00	\$13,411.86	-\$10,911.86				\$1,904,151.00
04/08/2010		MISSING	Payment - Other	\$2,500.00		\$2,500.00				\$1,901,651.00
04/20/2010		1121	Payment - Other	\$2,500.00		\$2,500.00				\$1,899,151.00
04/22/2010		1125	Payment - Other	\$2,900.00		\$2,900.00				\$1,896,251.00
04/29/2010		1126	Payment - Other	\$2,900.00		\$2,900.00				\$1,893,351.00
05/04/2010		Advance	Funds Advanced	-\$30,000.00		-\$30,000.00				\$1,923,351.00
05/04/2010		Advance	Funds Advanced	-\$46,682.42		-\$46,682.42				\$1,970,033.42
05/14/2010	05/10/2010	1127	Payment - Thank You	\$2,900.00	\$13,521.28	-\$10,621.28				\$1,980,654.70
05/14/2010		1129	Payment - Other	\$3,500.00		\$3,500.00				\$1,977,154.70
05/18/2010		1130	Payment - Other	\$3,500.00		\$3,500.00				\$1,973,654.70
05/25/2010		1134	Payment - Other	\$3,500.00		\$3,500.00				\$1,970,154.70
06/02/2010	06/10/2010	1135	Payment - Thank You	\$3,500.00	\$13,935.19	-\$10,435.19				\$1,980,589.89
06/09/2010		NOCOPY2	Payment - Other	\$3,500.00	\$3,500.00					\$1,980,589.89
06/09/2010		NOCOPY2	Payment - Other	-\$3,500.00	-\$3,500.00					\$1,980,589.89
06/09/2010		NOCOPY2	Payment - Other	\$3,500.00		\$3,500.00				\$1,977,089.89
06/19/2010		advance	Funds Advanced	-\$10,815.37		-\$10,815.37				\$1,987,905.26
06/30/2010		1141	Payment - Other	\$3,500.00		\$3,500.00				\$1,984,405.26
07/06/2010		1142	Payment - Other	\$3,500.00		\$3,500.00				\$1,980,905.26
07/06/2010	07/10/2010	1142	Payment - Thank You	\$3,500.00	\$3,500.00					\$1,980,905.26
07/06/2010	07/10/2010	1142 3	Payment - Thank You	-\$3,500.00	-\$3,500.00					\$1,980,905.26
07/14/2010	07/10/2010	1143	Payment - Thank You	\$3,500.00	\$14,009.85	-\$10,509.85				\$1,991,415.11
07/14/2010		1143	Payment - Other	\$3,500.00	\$3,500.00					\$1,991,415.11
07/14/2010		1143	Payment - Other	-\$3,500.00	-\$3,500.00					\$1,991,415.11

ACCOUNT ACTIVITY										
Transaction Date	Pmt Due Date	Reference	Description	Transaction Amount	Interest	Principal	Distribution Late Chgs	Other	Trust	Principal Balance
07/21/2010		1144	Payment - Other	\$3,500.00	\$3,500.00					\$1,991,415.11
07/21/2010		1144	Payment - Other	-\$3,500.00	-\$3,500.00					\$1,991,415.11
07/21/2010		1144	Payment - Other	\$3,500.00		\$3,500.00				\$1,987,915.11
07/28/2010		1149	Payment - Other	\$3,500.00	\$3,500.00					\$1,987,915.11
07/28/2010		1149	Payment - Other	-\$3,500.00	-\$3,500.00					\$1,987,915.11
07/28/2010		1149	Payment - Other	\$3,500.00		\$3,500.00				\$1,984,415.11
08/03/2010	08/03/2010	1150	Payment - Thank You	\$3,500.00	\$14,057.62	-\$10,557.62				\$1,994,972.73
08/03/2010	08/03/2010	1150	Payment - Thank You	-\$3,500.00	-\$14,057.62	\$10,557.62				\$1,984,415.11
08/03/2010		1150	Payment - Other	\$3,500.00		\$3,500.00				\$1,980,915.11
08/16/2010	08/10/2010	1333	Payment - Thank You	\$3,500.00	\$14,032.90	-\$10,532.90				\$1,991,448.01
08/16/2010		1333	Payment - Other	\$3,500.00	\$3,500.00					\$1,991,448.01
08/16/2010		1333	Payment - Other	-\$3,500.00	-\$3,500.00					\$1,991,448.01
08/30/2010		1337	Payment - Other	\$3,500.00	\$3,500.00					\$1,991,448.01
08/30/2010		1337	Payment - Other	-\$3,500.00	-\$3,500.00					\$1,991,448.01
08/30/2010		1337	Payment - Other	\$3,500.00		\$3,500.00				\$1,987,948.01
09/01/2010		1338	Payment - Other	\$3,500.00		\$3,500.00				\$1,984,448.01
09/01/2010		1338	Payment - Other	-\$3,500.00		-\$3,500.00				\$1,987,948.01
09/01/2010		1338	Payment - Other	\$3,500.00		\$3,500.00				\$1,984,448.01
09/14/2010	09/10/2010	0009601981	Payment - Thank You	\$3,500.00	\$14,033.13	-\$10,533.13				\$1,994,981.14
09/14/2010		1343	Payment - Other	\$3,500.00		\$3,500.00				\$1,991,481.14
09/16/2010		1334	Payment - Other	\$3,500.00		\$3,500.00				\$1,987,981.14
09/20/2010		1344	Payment - Other	\$3,500.00		\$3,500.00				\$1,984,481.14
09/27/2010		1345	Payment - Other	\$3,500.00		\$3,500.00				\$1,980,981.14
10/01/2010		1346	Payment - Other	\$3,500.00		\$3,500.00				\$1,977,481.14
10/08/2010	10/10/2010	1347	Payment - Thank You	\$3,500.00	\$14,008.57	-\$10,558.57		\$50.00		\$1,988,039.71
10/13/2010		Advance	Funds Advanced	-\$50,000.00		-\$50,000.00				\$2,038,039.71
10/15/2010		1348	Payment - Other	\$3,500.00		\$3,500.00				\$2,034,539.71
10/26/2010		1351	Payment - Other	\$3,500.00		\$3,500.00				\$2,031,039.71
10/28/2010		1352	Payment - Other	\$3,500.00		\$3,500.00				\$2,027,539.71
11/05/2010		1351	NSF	-\$3,500.00		-\$3,500.00				\$2,031,039.71
11/24/2010	11/10/2010	1356	Payment - Thank You	\$3,500.00	\$14,327.74	-\$10,827.74				\$2,041,867.45
12/03/2010		1357	Payment - Other	\$3,500.00		\$3,500.00				\$2,038,367.45
12/06/2010		1359	Payment - Other	\$3,500.00		\$3,500.00				\$2,034,867.45
12/15/2010		1360	Payment - Other	\$3,500.00		\$3,500.00				\$2,031,367.45
12/20/2010	12/10/2010	1366	Payment - Thank You	\$3,500.00	\$14,434.07	-\$10,934.07				\$2,042,301.52
12/20/2010		1366	Late Charge	-\$175.00				-\$175.00		\$2,042,301.52
12/24/2010		1366	NSF	-\$3,500.00	✓	-\$14,434.07				\$2,031,367.45
12/24/2010		1366	Late Charge	\$175.00				\$175.00		\$2,031,367.45
12/24/2010			NSF Payment Charge	-\$50.00				-\$50.00		\$2,031,367.45
12/29/2010	12/10/2010	1367	Payment - Thank You	\$3,500.00	\$14,434.07	-\$10,934.07				\$2,042,301.52
12/29/2010		1367	Late Charge	-\$175.00				-\$175.00		\$2,042,301.52
12/29/2010		1360	NSF	-\$3,500.00	✓	-\$3,500.00				\$2,045,801.52
12/29/2010		9602717	Payment - Other	\$3,500.00		\$3,500.00				\$2,042,301.52
12/29/2010		NSF	NSF Payment Charge	-\$50.00				-\$50.00		\$2,042,301.52
01/06/2011		1371	Payment - Other	\$3,500.00		\$3,500.00				\$2,038,801.52
01/14/2011		1372	Payment - Other	\$3,500.00		\$3,500.00				\$2,035,301.52
01/27/2011	01/10/2011	1376	Payment - Thank You	\$3,500.00	\$14,468.54	-\$10,968.54				\$2,046,270.06
01/27/2011		1376	Late Charge	-\$175.00				-\$175.00		\$2,046,270.06
02/04/2011		1377	Payment - Other	\$3,500.00		\$3,500.00				\$2,042,770.06
02/11/2011		1378	Payment - Other	\$3,500.00		\$3,500.00				\$2,039,270.06
02/15/2011			NSF Fee	-\$10.00				-\$10.00		\$2,039,270.06
02/24/2011		1379	Payment - Other	\$3,500.00		\$3,500.00				\$2,035,770.06
03/01/2011		1378	NSF	-\$3,500.00	✓	-\$3,500.00				\$2,039,270.06
03/01/2011			NSF Payment Charge	-\$50.00				-\$50.00		\$2,039,270.06
03/03/2011		0009603256	Payment - Other	\$3,500.00		\$3,500.00				\$2,035,770.06
03/11/2011	02/10/2011	1380	Payment - Thank You	\$3,500.00	\$14,494.17	-\$10,994.17				\$2,046,764.23
03/11/2011		1380	Late Charge	-\$175.00				-\$175.00		\$2,046,764.23
03/18/2011		1383	Payment - Other	\$3,500.00		\$3,500.00				\$2,043,264.23

ACCOUNT ACTIVITY										
Transaction Date	Pmt Due Date	Reference	Description	Transaction Amount	Interest	Principal	Distribution Late Chgs	Other	Trust	Principal Balance
03/29/2011		1384	Payment - Other	\$3,500.00		\$3,500.00				\$2,039,764.23
04/06/2011		1385	Payment - Other	\$3,500.00		\$3,500.00				\$2,036,264.23
04/18/2011	03/10/2011	1386	Payment - Thank You	\$3,500.00	\$14,513.38	-\$11,873.38	\$700.00	\$160.00		\$2,048,137.61
04/18/2011		1386	Late Charge	-\$175.00			-\$175.00			\$2,048,137.61
04/18/2011		1389	Payment - Other	\$3,500.00		\$3,500.00				\$2,044,637.61
04/27/2011		1390	Payment - Other	\$3,500.00		\$3,500.00				\$2,041,137.61
05/02/2011		1183	Payment - Other	\$3,500.00		\$3,500.00				\$2,037,637.61
05/09/2011		1184	Payment - Other	\$3,500.00		\$3,500.00				\$2,034,137.61
05/20/2011	04/10/2011	1188	Payment - Thank You	\$3,500.00	\$14,503.27	-\$11,003.27				\$2,045,140.88
05/20/2011		1188	Late Charge	-\$175.00			-\$175.00			\$2,045,140.88
05/31/2011		1189	Payment - Other	\$3,500.00		\$3,500.00				\$2,041,640.88
06/13/2011		0009603999	Payment - Other	\$3,500.00		\$3,500.00				\$2,038,140.88
06/14/2011		1186	Payment - Other	\$3,500.00		\$3,500.00				\$2,034,640.88
06/22/2011	05/10/2011		Payment - Thank You	\$0.00	\$14,476.26	-\$14,476.26				\$2,049,117.14
06/30/2011	06/10/2011	1191	Payment - Thank You	\$3,500.00	\$14,532.53	-\$11,032.53				\$2,060,149.67
06/30/2011		1192	Payment - Other	\$3,500.00		\$3,500.00				\$2,056,649.67
07/08/2011		1195	Payment - Other	\$3,500.00		\$3,500.00				\$2,053,149.67
07/25/2011			Payment - Other	\$3,500.00		\$3,500.00				\$2,049,649.67
07/27/2011	07/10/2011	1200	Payment - Thank You	\$3,500.00	\$14,559.44	-\$11,059.44				\$2,060,709.11
07/27/2011		1200	Late Charge	-\$175.00			-\$175.00			\$2,060,709.11
08/05/2011		1202	Payment - Other	\$3,500.00		\$3,500.00				\$2,057,209.11
08/11/2011		1203	Payment - Other	\$3,500.00		\$3,500.00				\$2,053,709.11
08/22/2011		1196	Payment - Other	\$3,500.00		\$3,500.00				\$2,050,209.11
08/23/2011		APPRAISAL	Hopkins Appraisal Service	-\$2,900.00				-\$2,900.00		\$2,050,209.11
08/29/2011	08/10/2011	1204	Payment - Thank You	\$3,500.00	\$14,593.98	-\$11,093.98				\$2,061,303.09
08/29/2011		1204	Late Charge	-\$175.00			-\$175.00			\$2,061,303.09
08/29/2011		1205	Payment - Other	\$3,500.00		\$3,500.00				\$2,057,803.09
09/07/2011		1204	NSF	-\$3,500.00	\$14,593.98	\$11,093.98				\$2,046,709.11
09/07/2011		1204	Late Charge	\$175.00			\$175.00			\$2,046,709.11
09/07/2011	08/10/2011	0009604636	Payment - Thank You	\$3,500.00	\$14,593.98	-\$11,093.98				\$2,057,803.09
09/07/2011		1205	NSF	-\$3,500.00		-\$3,500.00				\$2,061,303.09
09/07/2011		1208	Payment - Other	\$3,500.00		\$3,500.00				\$2,057,803.09
09/14/2011		1209	Payment - Other	\$3,500.00		\$3,500.00				\$2,054,303.09
09/30/2011	09/10/2011	1241	Payment - Thank You	\$3,500.00	\$14,581.65	-\$11,081.65				\$2,065,384.74
09/30/2011		1241	Late Charge	-\$175.00			-\$175.00			\$2,065,384.74
09/30/2011		1210	Payment - Other	\$3,500.00		\$3,500.00				\$2,061,884.74
10/07/2011		1244	Payment - Other	\$3,500.00		\$3,500.00				\$2,058,384.74
10/24/2011		1248	Payment - Other	\$3,500.00		\$3,500.00				\$2,054,884.74
10/25/2011	10/10/2011	1245	Payment - Thank You	\$3,500.00	\$14,623.79	-\$11,123.79				\$2,066,008.53
10/25/2011		1245	Late Charge	-\$175.00			-\$175.00			\$2,066,008.53
10/31/2011		1249	Payment - Other	\$3,500.00		\$3,500.00				\$2,062,508.53
11/14/2011		1252	Payment - Other	\$3,500.00		\$3,500.00				\$2,059,008.53
11/15/2011		1253	Payment - Other	\$3,500.00		\$3,500.00				\$2,055,508.53
11/28/2011	11/10/2011	1254	Payment - Thank You	\$3,500.00	\$14,638.96	-\$11,138.96				\$2,066,647.49
11/28/2011		1254	Late Charge	-\$175.00			-\$175.00			\$2,066,647.49
11/30/2011		1255	Payment - Other	\$3,500.00		\$3,500.00				\$2,063,147.49
12/13/2011		1256	Payment - Other	\$3,500.00		\$3,500.00				\$2,059,647.49
12/22/2011		1257	Payment - Other	\$3,500.00					\$3,500.00	\$2,059,647.49
12/22/2011		1257	Payment - Other	-\$3,500.00					-\$3,500.00	\$2,059,647.49
12/22/2011		1257	Payment - Other	\$3,500.00		\$3,500.00				\$2,056,147.49
01/06/2012	12/10/2011	1258	Payment - Thank You	\$3,500.00	\$14,639.34	-\$11,139.34				\$2,067,286.83
01/06/2012		1258	Late Charge	-\$175.00			-\$175.00			\$2,067,286.83
01/06/2012		1259	Payment - Other	\$3,500.00		\$3,500.00				\$2,063,786.83
01/20/2012		1260	Payment - Other	\$3,500.00					\$3,500.00	\$2,063,786.83
01/20/2012		1261	Payment - Other	\$3,500.00					\$3,500.00	\$2,063,786.83
02/06/2012	01/10/2012	TRUST	Payment - Thank You	\$0.00	\$14,653.78	-\$11,153.78			-\$3,500.00	\$2,074,940.61
02/06/2012		TRUST	Late Charge	-\$175.00			-\$175.00			\$2,074,940.61
02/06/2012		TRUST	Payment - Other	\$0.00		\$3,500.00			-\$3,500.00	\$2,071,440.61

ACCOUNT ACTIVITY										
Transaction Date	Pmt Due Date	Reference	Description	Transaction Amount	Interest	Principal	Distribution Late Chgs	Other	Trust	Principal Balance
02/06/2012		1263	Payment - Other	\$3,500.00		\$3,500.00				\$2,067,940.61
02/06/2012		1264	Payment - Other	\$3,500.00		\$3,500.00				\$2,064,440.61
02/23/2012	02/10/2012	1265	Payment - Thank You	\$3,500.00	\$14,688.98	-\$11,188.98				\$2,075,629.59
02/27/2012		1268	Payment - Other	\$3,500.00		\$3,500.00				\$2,072,129.59
02/28/2012		1266	Payment - Other	\$3,500.00		\$3,500.00				\$2,068,629.59
02/29/2012		1266	NSF	-\$3,500.00		-\$3,500.00				\$2,072,129.59
03/12/2012			Funds Advanced	-\$102,670.00		-\$102,670.00				\$2,174,799.59
03/12/2012		1265	Payment - Other	\$3,500.00		\$3,500.00				\$2,171,299.59
03/12/2012		1269	Payment - Other	\$3,500.00		\$3,500.00				\$2,167,799.59
03/14/2012	03/10/2012	1213	Payment - Thank You	\$3,500.00	\$14,691.39	-\$11,191.39				\$2,178,990.98
03/19/2012		1269	NSF	-\$3,500.00		-\$3,500.00				\$2,182,490.98
03/23/2012		CASHIERS	Payment - Other	\$3,500.00		\$3,500.00				\$2,178,990.98
03/23/2012			Payment - Other	\$3,500.00		\$3,500.00				\$2,175,490.98
04/11/2012		1218	Payment - Other	\$3,500.00		\$3,500.00				\$2,171,990.98
04/16/2012		1219	Payment - Other	\$3,300.00		\$3,300.00				\$2,168,690.98
04/25/2012	04/10/2012	1222	Payment - Thank You	\$3,500.00	\$15,333.73	-\$11,833.73				\$2,180,524.71
04/25/2012		1222	Late Charge	-\$175.00			-\$175.00			\$2,180,524.71
04/30/2012		1223	Payment - Other	\$3,500.00		\$3,500.00				\$2,177,024.71
05/14/2012		1225	Payment - Other	\$3,500.00		\$3,500.00				\$2,173,524.71
05/17/2012		1226	Payment - Other	\$3,500.00		\$3,500.00				\$2,170,024.71
05/29/2012	05/10/2012	1228	Payment - Thank You	\$3,500.00	\$15,437.95	-\$11,937.95				\$2,181,962.66
05/29/2012		1228	Late Charge	-\$175.00			-\$175.00			\$2,181,962.66
06/01/2012		1229	Payment - Other	\$3,500.00		\$3,500.00				\$2,178,462.66
06/12/2012		1230	Payment - Other	\$3,500.00		\$3,500.00				\$2,174,962.66
06/15/2012		1231	Payment - Other	\$3,500.00		\$3,500.00				\$2,171,462.66
06/28/2012	06/10/2012	1232	Payment - Thank You	\$3,500.00	\$15,457.21	-\$11,957.21				\$2,183,419.87
06/28/2012		1232	Late Charge	-\$175.00			-\$175.00			\$2,183,419.87
06/28/2012		1233	Payment - Other	\$3,500.00		\$3,500.00				\$2,179,919.87
07/13/2012		1234	Payment - Other	\$3,500.00		\$3,500.00				\$2,176,419.87
07/13/2012		1235	Payment - Other	\$3,500.00		\$3,500.00				\$2,172,919.87
08/23/2012	07/10/2012	1271	Payment - Thank You	\$3,500.00	\$9,095.16	-\$5,595.16				\$2,178,515.03
08/23/2012		1271	Late Charge	-\$175.00			-\$175.00			\$2,178,515.03
08/23/2012		1271	Payment - Other	\$3,500.00		\$3,500.00				\$2,175,015.03
08/27/2012		1272	Payment - Other	\$7,000.00		\$7,000.00				\$2,168,015.03
09/20/2012		1272	NSF	-\$7,000.00		-\$7,000.00				\$2,175,015.03
09/28/2012		9600580	Payment - Other	\$3,500.00		\$3,500.00				\$2,171,515.03
09/28/2012		9600580	Payment - Other	\$3,500.00		\$3,500.00				\$2,168,015.03
10/22/2012	08/10/2012	1277	Payment - Thank You	\$3,500.00	\$9,080.05	-\$5,580.05				\$2,173,595.08
10/22/2012		1277	Late Charge	-\$175.00			-\$175.00			\$2,173,595.08
10/22/2012		1277	Payment - Other	\$3,500.00		\$3,500.00				\$2,170,095.08
10/23/2012		1277	NSF	-\$3,500.00	-\$9,080.05	\$5,580.05				\$2,164,515.03
10/23/2012		1277	Late Charge	\$175.00			\$175.00			\$2,164,515.03
10/23/2012		1277	NSF	-\$3,500.00		-\$3,500.00				\$2,168,015.03
				\$771,571.61		-\$2,168,215.03	-\$1,925.00	-\$2,900.00	-\$58,674.76	

OUTSTANDING CHARGES AND ADVANCES							
Date of Charge	Reference	Description	Interest Rate	Original Amount	Unpaid Balance	Accrued Interest	Total Amount Due
08/23/2011	APPRAISAL	Hopkins Appraisal Service	8.500%	\$2,900.00	\$2,900.00	\$351.85	\$3,251.85
				\$2,900.00	\$2,900.00	\$351.85	\$3,251.85

PROOF SERVICE

I am employed in the County of San Diego, State of California. I am over the age of eighteen (18) and am not a party to this action. My business address is 501 West Broadway, 15th Floor, San Diego, California 92101-3541.

On February 1, 2013, I served the within document(s) described as:

- **RESPONSE TO DEFENDANT MARK FEATHERS' OPPOSITION TO RECEIVER'S FOURTH INTERIM REPORT**

on the interested parties in this action by:

BY MAIL: I placed a true and correct copy of the document in a sealed envelope or package addressed as indicated on the attached Service List on the above mentioned date in San Diego, California for collection and mailing pursuant to the firm's ordinary business practice. I am familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

BY OVERNIGHT DELIVERY: I deposited in a box or other facility regularly maintained by an overnight courier service, or delivered to a courier or driver authorized by said express service carrier to receive documents, a true copy of the foregoing document(s) in sealed envelopes or packages designated by the express service carrier, addressed as indicated in the attached service list on the above-mentioned date, with fees for overnight delivery paid or provided for.

BY E-MAIL OR ELECTRONIC TRANSMISSION: I caused a true copy of the document to be sent to the persons at the corresponding electronic address as indicated on the attached Service List on the above-mentioned date.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on February 1, 2013, at San Diego, California.

 Janine Batiste
 (Type or print name)



 (Signature of Declarant)

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SERVICE LIST

Mark Feathers 1520 Grant Road Los Altos, California 94024	<i>Pro Se</i> Defendant Tel: (650) 776-2496 Fax: (650) 961-2382 Email: markfeathers@sbcglobal.net
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