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 RECEIVER

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UNITED STATES DISTRICT COURT
 CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION

SECURITIES AND EXCHANGE
 COMMISSION,

Plaintiff,

v.

LAMBERT VANDER TUIG (a/k/a/
 LAMBERT VANDER TAG a/k/a
 DEAN I. VANDER TAG), THE
 CAROLINA DEVELOPMENT
 COMPANY, INC. (a/k/a THE
 CAROLINA COMPANY AT
 PINEHURST, INC.), AND
 JONATHAN CARMAN,

Defendants.

Case No. SACV06-172AHS(MLGx)

**RECEIVER'S FIFTH SIX MONTH
 ACCOUNTING REPORT FOR THE
 PERIOD ENDING JULY 31, 2008**

[Complaint Filed: February 16, 2006]

1 Thomas A. Seaman, duly-appointed receiver herein ("Receiver")
2 respectfully submits this Fifth Six Month Report. The time period covered by this
3 report is from January 31, 2008 through July 31, 2008. Inception-to-date accounting
4 from the time of the Receiver's appointment, February 16, 2006 is also provided.

5
6 **I. PROCEDURAL BACKGROUND**

7
8 The Receiver was appointed on February 16, 2006 at a hearing on the
9 *ex parte* motion brought by the Securities and Exchange Commission seeking a
10 Temporary Restraining Order to stop the fraudulent sale of unregistered securities
11 by The Carolina Development Company (the "Company") and its principals and
12 agents, (collectively, the "Defendants"). On February 27, 2006 the Court issued a
13 Preliminary Injunction Order enjoining the Defendants from future violations of
14 securities laws. On April 5, 2006 the Court issued Findings of Fact and Conclusions
15 of Law in support of the Preliminary Injunction ("Findings"). Defendants filed no
16 objection to the Court's Findings which include the Defendants making
17 misrepresentations to investors about sales and revenues of the Company, making
18 false statements about going public, making false statements about restricted stock
19 and failure to disclose stock already publicly traded, making misrepresentations
20 about properties owned by the Company, misrepresenting the amount of authorized
21 shares, misrepresenting the book value of the Company, in the case of Vander Tuig,
22 concealing his real name and not disclosing previous action against him by the
23 Securities and Exchange Commission, operating a Ponzi like scheme,
24 misappropriating investor funds, taking funds from un-accredited investors, and
25 continuing to make misrepresentations to investors after this Court issued the
26 Temporary Restraining Order and Preliminary Injunction. On April 7, 2006 this
27 Court expanded the scope of the receivership by implementing a stay on legal
28 actions against the Defendants, and putting additional entities under the control of

1 the Receiver. On February 22, 2008 this Court granted Plaintiff's motion for
2 summary Judgment against Vander Tag. On August 9, 2007 this Court approved
3 the Plaintiff's Plan of Partial Distribution. The status of the distribution is discussed
4 in further detail below.

5
6 **II. ACCOUNTING SUMMARY AND EXPLANATORY NARRATIVE**

7
8 Exhibit "A" provides an accounting of all receipts and disbursements of
9 the receivership estate and includes a cash basis profit and loss statement, balance
10 sheet and detailed general ledger since the inception of the receivership. A profit
11 and loss statement for both the latest six month reporting period and inception-to-
12 date is also provided.

13
14 For the six month reporting period the Receiver collected funds in the
15 amount of \$111,422.87, which is comprised of interest income of \$57,645.39 and
16 \$53,777.48 in cash collected from investors paid to them by the Company for
17 purported dividends returned to the Company in accordance with the election
18 process of the plan of distribution in the amount.

19
20 The Receiver has diligently invested excess cash in the estate in United
21 States Treasury bills. During the six month period the estate earned interest income
22 of \$57,645.39; inception-to-date the estate earned interest income of \$613,284.29.

23
24 Inception-to-date, through July 31, 2008 the Receiver has collected
25 funds in the amount of \$19,079,221.30 which can be broken down into the
26 following basic categories, and are discussed below in more detail, where notable:

1	Seized or turned over	\$ 7,241,079.36
2	Real estate escrows terminated by the Receiver	\$ 2,192,349.51
3	Disgorgement proceeds	\$ 304,930.00
4	Return of dividends paid	\$ 173,911.88
5	Other asset recovery	\$ 124,199.59
6	Interest paid to the Receiver	\$ 613,284.29
7	Sales of real property	<u>\$ 8,429,466.67</u>
8	TOTAL	\$19,079,221.30

9
10
11 For the six month reporting period, the Receiver expended
12 \$360,884.53. Noteworthy among disbursements are payments to the Receiver for
13 fees approved by this Court in the amount of \$106,208.50 and to the Receiver's
14 counsel in the amount of \$206,583.50.

15
16 Since the inception of the case, the Receiver expended funds to
17 preserve the assets of the company and other expenses of the estate in the amount of
18 \$9,677,209.72. These disbursements can be broken down into the following basic
19 categories which are also discussed in further detail below as needed.

20		
21	Interest and principal	\$5,112,788.12
22	Payments to "11 th Hour Investors"	\$1,087,268.02
23	Appraisers, technical advisers and consultants	\$ 827,374.61
24	Receiver's counsel fees and expenses	\$1,430,642.81
25	Receiver's fees	\$ 860,249.50
26	Other cost as set forth on the P&L	<u>\$ 358,886.66</u>
27	TOTAL	\$9,677,209.72
28		

1 The Receiver is holding cash in the amount of \$9,402,011.58.

2
3 **III. Remaining Assets.**

4
5 1. Moore County, The Carolina. The Receiver previously entered into a
6 contract to sell the Company's land located near The Carolina Golf
7 Course near Southern Pines in Moore County, North Carolina. The
8 Receiver was in the process of seeking court approval when the buyer
9 withdrew from the sale after performing due diligence. With the
10 election process now complete, additional land has become available to
11 the Receiver which may make the land more attractive to that buyer
12 and to other prospective buyers, however with the downturn in the real
13 estate economy demand for this land has declined. The Receiver is
14 currently in discussions with the golf course owner to potentially
15 purchase the land.

16
17 2. Moore County, Single Family Lots. The Receiver has four lots for sale
18 in Moore County, three at The Mid-South golf course, and one at The
19 National.

20
21 3. Partnership Interests. The Company is a member of two unrelated
22 partnerships.

23
24 a. Silverado, Nevada. The Company owns a 50% voting interest in
25 a partnership which has an appeal pending before the Bureau of
26 Land Management. The Company's interest gives it a potential
27 10% interest in 160 acres of land in Nevada. This interest was
28 purchased by the Company for \$1,000,000 but vested in the

1 name of Lambert Vander Tag personally and later transferred to
2 the Company at the Receiver's request. At first, Vander Tag
3 asserted that the Company had loaned him the funds to purchase
4 the asset and that it belonged to him. Next he asserted the
5 \$1,000,000 paid by Company was "payment in kind." When
6 informed by the Receiver of the implausibility of either of these
7 events, Vander Tag assigned his interest to the Company. The
8 Receiver is evaluating the Company's position and his options
9 for disposition including a potential legal action for fraudulent
10 conveyance.

- 11
- 12 b. Fountainhead. The Receiver petitioned this court for approval to
13 enter into a settlement with Fountainhead LLC for \$400,000.
14 The Court approved the settlement, however the partnership was
15 unable to stop the foreclosure sale on the underlying real
16 property and the land was lost to foreclosure, thus eliminating
17 any chance of recovery from this asset. While the Receiver may
18 have a claim against Fountainhead, Fountainhead has declared
19 bankruptcy and most likely would assert counter claims against
20 the estate. The Receiver has therefore abandoned any hope of
21 recovery from this asset.

22

23 4. Other Pending Sources of Recovery.

- 24
- 25 a. The amount of \$573,000 taken from the Company by Vander
26 Tuig for which he has been found in contempt and been ordered
27 to be prepared to be incarcerated on March 3, 2008 if he does not
28 return the funds by that date.

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b. Co-defendant Carman has also been found in contempt for taking and not returning approximately \$440,000 after this Court's Freeze Order.

c. Sales people disgorgement. As a result of this Court's review of the Receiver's briefing of the issues surrounding personal service relative to the Court of Appeals ruling on *In Re Alpha Telecom*, the Receiver has re-filed and personally served or in the process of personally serving disgorgement actions against 18 Company sales people. The Receiver is also in process of enforcing collection of previously attained judgments against the four sales people who were personally served and against whom judgments have been obtained.

d. The Receiver has also filed lawsuits against four separate and unrelated attorneys who represented the Company. These actions are for breach of fiduciary duty and malpractice against among others.

- (1) Wykidal. Discovery in is process.
- (2) Cannon. Settlement offers have been made, mediation will be held in August, 2008.
- (3) Hayes. A settlement was reached for \$150,000 contingent upon a charging order precluding investors from suing Hayes. This Court denied the Receiver's request for a charging order, without

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prejudice. The Receiver is attempting to either reduce the scope of the charging order, or settle the matter without a charging order.

(4) Waldman. Discovery is proceeding and depositions have been scheduled.

- e. The Receiver will file suit shortly against a real estate broker who defrauded the Company in connection with its purchase of certain real estate holdings.
- f. The Receiver has identified another potential recipient of several hundred thousand dollars of ill-gotten gains and is demanding return of the funds. If the demand is unsuccessful the Receiver will consider bringing an action for disgorgement.
- g. The Receiver will file a suit against the stock transfer agent who it appears to the Receiver gave the unregistered stock shares the imprimatur of legitimacy.

IV. Status of Claims Process and Distribution

The Receiver is in the process of preparing the Investment Analysis in accordance with the court-approved Plan of Partial Distribution. The Receiver has been informed by tax counsel that if the Receiver makes a distribution to investors before addressing liabilities owing to the IRS and other taxing authorities that he is personally liable for the unpaid taxes. The Receiver has learned that the Company never filed a single tax return. The Company also failed to withhold employee

1 payroll taxes or pay any employer payroll taxes. The Receiver has also learned that
2 the Company prepared and issued 1099s to Company sales agents, but did not file
3 the corresponding form 1096 transmitting the 1099 information to the IRS.

4

5 The draft tax returns have been prepared and the Receiver expects that
6 they will be filed in the next few days. The Receiver is preparing a disclosure
7 statement to the IRS to be filed with the returns and the IRS Special Procedures Unit
8 setting forth the unique circumstances surrounding the Company's operations and
9 seeking a determination that the returns being filed by the Receiver are correct and
10 properly quantify the tax claims on the estate. Once the IRS determination is made
11 and their claim has been established, the Receiver can then proceed with the
12 Investment Analysis stage of the Preliminary Plan of Distribution.

13

14 The Receiver is also working diligently to process the investor claims
15 so that once the tax issues have been resolved the Investment Analysis can be
16 completed and the distribution can proceed. Assuming no tax liabilities and no
17 other asset recoveries, the Receiver currently believes he will be able to make an
18 initial pro rata distribution of 18%-20%.

19

20 Dated: July 31, 2008

21

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

22

23

/s/ Alan H. Martin

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By _____
ALAN H. MARTIN
Attorneys for
THOMAS A. SEAMAN, RECEIVER

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EXHIBIT A

EXHIBIT A

**Carolina Development Company
Profit & Loss
February through July 2008**

	Feb - Jul 08
Income	
Interest	57,645.39
Return of Dividends Paid	53,777.48
Total Income	111,422.87
Expense	
Bank Service Charges Wire Fees	65.57
Insurance	
Liability Insurance	5,104.66
Total Insurance	5,104.66
Office Rent	750.00
Outside Services	0.00
Photocopying & Reproduction	4,465.63
Postage and Delivery	1,830.25
Professional Fees & Expenses	
Receiver's Counsel's Expenses	7,011.60
Receiver's Fees	106,208.50
Receiver's Legal Counsel	205,583.50
Receiver's Travel Expenses	528.44
Technical Consultants	
Appraisal Fees	300.00
Total Technical Consultants	300.00
Title Research	7,100.00
Total Professional Fees & Expenses	326,732.04
Storage & Moving	1,807.93
Taxes	
Property Taxes	20,128.45
Total Taxes	20,128.45
Total Expense	360,884.53
Net Income	-249,461.66

Carolina Development Company
Profit & Loss
February 2006 through July 2008

	Feb '06 - Jul 08
Income	
Defendant Turnover/Seizure	7,241,079.36
Disgorgement Proceeds	304,930.00
Interest	613,284.29
Other Asset Recovery	64,199.59
Real Estate Escrows	2,192,349.51
Real Estate Sales	8,429,466.67
Recovery of Prof. Retainers	60,000.00
Return of Dividends Paid	173,911.88
Total Income	19,079,221.30
Expense	
Bank Service Charges Wire Fees	828.47
Insurance	
Liability Insurance	27,887.74
Total Insurance	27,887.74
Investor Relations	1,728.17
Loan Payments	
Interest	3,612,788.12
Principal	1,500,000.00
Total Loan Payments	5,112,788.12
Locksmith	385.95
Mileage	137.35
Office & Computer Supplies	1,369.55
Office Rent	63,977.76
Outside Services	704.98
Photocopying & Reproduction	34,019.66
Postage and Delivery	3,673.95
Professional Fees & Expenses	
Consulting Fees	2,500.00
Litigation Expenses	3,774.73
Notary Fees	10.00
Private Investigator	31,789.05
Receiver's Counsel's Expenses	36,864.31
Receiver's Fees	860,249.50
Receiver's Legal Counsel	1,393,778.50
Receiver's Travel Expenses	8,918.55
Technical Consultants	
Appraisal Fees	139,350.00
Consultants Expenses	45,894.40
Information Technology	73,997.00
Land Use & Development	433,946.21
M.U.D. Attorney/Local Counsel	99,887.00
Total Technical Consultants	793,074.61
Title Research	41,700.00
Total Professional Fees & Expenses	3,172,659.25
Property Expenses	
Carman Residence 19 Skygate	32,353.67
Celina Bridges	
M.U.D. Recoverable Expenses	1,794.00
Total Celina Bridges	1,794.00
Total Property Expenses	34,147.67
Return of 11th Hour Investments	1,087,268.02
Selling Expenses	83,542.75
Storage & Moving	10,544.56
Taxes	
LLC Tax	309.00
Property Taxes	40,981.02
Total Taxes	41,290.02

Carolina Development Company
Profit & Loss
February 2006 through July 2008

	<u>Feb '06 - Jul 08</u>
Telephone	255.75
Utilities	
Gas & Electrical	<u>0.00</u>
Total Utilities	<u>0.00</u>
Total Expense	<u>9,677,209.72</u>
Net income	<u><u>9,402,011.58</u></u>

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Accrual Basis

**Carolina Development Company
General Ledger
As of July 31, 2008**

Type	Date	Num	Name	Memo	Split	Amount	Balance	
Carman Turnover Account #8989							0.00	
Total Carman Turnover Account #8989							0.00	
Celina Escrow Savings							0.00	
Total Celina Escrow Savings							0.00	
Jill Kraus Turnover Acct Chckng							0.00	
Total Jill Kraus Turnover Acct Chckng							0.00	
Jill Kraus Turnover Treas. Sec.							1,070,138.59	
Deposit	5/31/2008			Deposit	Interest	8,687.37	1,078,825.96	
Deposit	6/30/2008			Deposit	Interest	1,691.25	1,080,517.21	
Transfer	7/29/2008			Funds Transfer	U.S. Treasury S...	-1,080,517.21	0.00	
Total Jill Kraus Turnover Treas. Sec.							-1,070,138.59	0.00
U.S. Treasury Securities #0817							8,370,112.81	
Transfer	2/28/2008			**Fee App Fun...	Wells Fargo Sa...	-227,000.00	8,143,112.81	
Deposit	5/31/2008			Deposit	Interest	38,976.55	8,182,089.36	
Deposit	6/30/2008			Deposit	Interest	7,140.00	8,189,229.36	
Transfer	7/29/2008			Funds Transfer	Jill Kraus Turno...	1,080,517.21	9,269,746.57	
Total U.S. Treasury Securities #0817							899,633.76	9,269,746.57
Wells Fargo Checking							50,014.55	
Check	2/1/2008	1276	Chicago Title Insurance		Title Research	-7,100.00	42,914.55	
Check	2/4/2008	1277	Premium Financing S...	Act # CAL-112...	Liability Insurance	-870.23	42,044.32	
Check	2/5/2008	1278	Albrecht & Barney La...	February Rent	Office Rent	-750.00	41,294.32	
Deposit	2/11/2008			Deposit	Return of Divid...	955.00	42,249.32	
Check	2/12/2008			Service Charge	Bank Service C...	-5.00	42,244.32	
Transfer	2/29/2008			**Fee App Fun...	Wells Fargo Sa...	160,000.00	202,244.32	
Check	2/29/2008	1279	Thomas Seaman Co...	Receiver's Fees	Receiver's Fees	-106,208.50	96,035.82	
Check	2/29/2008	1280	Nelson Mullins Riley ...	Legal Fees	Receiver's Leg...	-5,099.00	90,936.82	
Check	2/29/2008	1281	Sheppard, Mullin, Ric...	Legal Fees & ...	-SPLIT-	-207,496.10	-116,559.28	
Check	2/29/2008	1282	Irvine Storage	Inv # 11821	Storage & Moving	-359.00	-116,918.28	
Transfer	3/7/2008			**To cover fee...	Wells Fargo Sa...	120,000.00	3,081.72	
Check	3/7/2008	1283	Premium Financing S...	CAL-112284	Liability Insurance	-870.23	2,211.49	
Deposit	3/10/2008			Deposit	-SPLIT-	3,341.67	5,553.16	
Check	3/21/2008	1284	Thomas Seaman Co...	VOID: Expens...	-SPLIT-	0.00	5,553.16	
Deposit	3/24/2008			Deposit	Return of Divid...	1,944.44	7,497.60	
Check	3/28/2008	1285	Thomas Seaman	Expense reim...	-SPLIT-	-539.44	6,958.16	
Check	3/31/2008			Service Charge	Bank Service C...	-30.57	6,927.59	
Deposit	4/2/2008			Deposit	-SPLIT-	38,450.00	45,377.59	
Check	4/4/2008	1286	Irvine Storage	Inv # 12139	Storage & Moving	-359.00	45,018.59	
Check	4/8/2008	1287	Premium Financing S...	CAL-112284	Liability Insurance	-870.23	44,148.36	
Check	4/14/2008	1288	Chicago Title Insurance	Inv # 07-0020...	Appraisal Fees	-300.00	43,848.36	
Check	4/25/2008	1289	Moore County Tax D...	Multiple proper...	-SPLIT-	-6,192.02	37,656.34	
Check	4/30/2008	1290	Moore County Tax D...	Property tax-M...	-SPLIT-	-13,936.43	23,719.91	
Check	4/30/2008	1291	Irvine Storage	Inv # 12463	Storage & Moving	-359.00	23,360.91	
Check	4/30/2008	1292	Thomas Seaman	Expense Reim...	Storage & Moving	-12.93	23,347.98	
Check	4/30/2008	1293	Thomas Seaman Co...	Expense Reim...	Postage and D...	-36.56	23,311.42	
Deposit	5/1/2008			Interest	Interest	19.25	23,330.67	
Deposit	5/5/2008			Deposit	-SPLIT-	4,568.56	27,899.23	
Deposit	5/12/2008			Deposit	-SPLIT-	3,013.04	30,912.27	
Check	6/2/2008	1294	Irvine Storage	Inv # 12806, # ...	Storage & Moving	-359.00	30,553.27	
Check	6/2/2008	1295	Allison Juroe	Expense Reim...	Postage and D...	-88.00	30,465.27	
Deposit	6/2/2008			Interest	Interest	22.90	30,488.17	
Check	6/5/2008			Service Charge	Bank Service C...	-15.00	30,473.17	
Check	6/11/2008	1296	Plaza Copy & Imaging	Inv #X247420	Photocopying &...	-2,639.41	27,833.76	
Deposit	6/24/2008			Deposit	-SPLIT-	2,375.00	30,208.76	
Check	6/25/2008	1297	Plaza Copy & Imaging	Inv # X247467	Postage and D...	-1,705.69	28,503.07	
Deposit	7/1/2008			Interest	Interest	17.49	28,520.56	
Check	7/7/2008			Service Charge	Bank Service C...	-15.00	28,505.56	
Check	7/17/2008	1298	Elkins Jones Insuran...	North Carolina	Liability Insurance	-3,364.20	25,141.36	
Check	7/21/2008	1299	Irvine Storage	Inv # 13136, # ...	Storage & Moving	-359.00	24,782.36	
Check	7/28/2008	1300	Plaza Copy & Imaging	Inv # X248200	Photocopying &...	-1,815.22	22,967.14	
Total Wells Fargo Checking							-27,047.41	22,967.14
Wells Fargo Savings							161,207.29	
Transfer	2/28/2008			**Fee App Fun...	U.S. Treasury S...	227,000.00	388,207.29	
Transfer	2/29/2008			**Fee App Fun...	Wells Fargo Ch...	-160,000.00	228,207.29	
Deposit	2/29/2008			Interest	Interest	315.70	228,522.99	
Transfer	3/7/2008			**To cover fee...	Wells Fargo Ch...	-120,000.00	108,522.99	
Deposit	3/31/2008			Interest	Interest	270.69	108,793.68	
Deposit	4/30/2008			Interest	Interest	171.35	108,965.03	
Deposit	5/31/2008			Interest	Interest	169.02	109,134.05	
Deposit	6/30/2008			Interest	Interest	163.82	109,297.87	
Total Wells Fargo Savings							-51,908.42	109,297.87
Accounts Receivable							0.00	

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Accrual Basis

Carolina Development Company
General Ledger
 As of July 31, 2008

Type	Date	Num	Name	Memo	Split	Amount	Balance
Total Accounts Receivable							0.00
Undeposited Funds							0.00
Total Undeposited Funds							0.00
Accounts Payable							0.00
Total Accounts Payable							0.00
Opening Bal Equity							0.00
Total Opening Bal Equity							0.00
Retained Earnings							-9,624,399.91
Total Retained Earnings							-9,624,399.91
Defendant Turnover/Seizure							0.00
Total Defendant Turnover/Seizure							0.00
Disgorgement Proceeds							0.00
Total Disgorgement Proceeds							0.00
Interest							-23,316.65
Deposit	2/29/2008			Interest	Wells Fargo Sa...	-315.70	-23,632.35
Deposit	3/31/2008			Interest	Wells Fargo Sa...	-270.69	-23,903.04
Deposit	4/30/2008			Interest	Wells Fargo Sa...	-171.35	-24,074.39
Deposit	5/1/2008			Interest	Wells Fargo Ch...	-19.25	-24,093.64
Deposit	5/31/2008			Interest	Wells Fargo Sa...	-169.02	-24,262.66
Deposit	5/31/2008		Wells Fargo Bank	Interest 5/31/08	Jill Kraus Turno...	-8,687.37	-32,950.03
Deposit	5/31/2008		Wells Fargo Bank	Interest 2/1/08...	U.S. Treasury S...	-38,976.55	-71,926.58
Deposit	6/2/2008			Interest	Wells Fargo Ch...	-22.90	-71,949.48
Deposit	6/30/2008			Interest	Wells Fargo Sa...	-163.82	-72,113.30
Deposit	6/30/2008		Wells Fargo Bank	Deposit	Jill Kraus Turno...	-1,691.25	-73,804.55
Deposit	6/30/2008		Wells Fargo Bank	Deposit	U.S. Treasury S...	-7,140.00	-80,944.55
Deposit	7/1/2008			Interest	Wells Fargo Ch...	-17.49	-80,962.04
Total Interest						-57,645.39	-80,962.04
Other Asset Recovery							0.00
Total Other Asset Recovery							0.00
Real Estate Escrows							0.00
Total Real Estate Escrows							0.00
Real Estate Sales							0.00
Total Real Estate Sales							0.00
Recovery of Prof. Retainers							0.00
Total Recovery of Prof. Retainers							0.00
Return of Dividends Paid							-7,921.98
Deposit	2/11/2008	199	George Goodwin	Return of Divi...	Wells Fargo Ch...	-955.00	-8,876.98
Deposit	3/10/2008	808	Mark Wilson	Lot 2522	Wells Fargo Ch...	-225.00	-9,101.98
Deposit	3/10/2008	1241	Michael McClare	Lot 53, Phase 1	Wells Fargo Ch...	-3,116.67	-12,218.65
Deposit	3/24/2008	720	Tyler Bacon	Lot # 167	Wells Fargo Ch...	-1,944.44	-14,163.09
Deposit	4/2/2008	50544...	Bruce Bacon	Return of Refe...	Wells Fargo Ch...	-36,500.00	-50,663.09
Deposit	4/2/2008	318680	Bruce Bacon	JAS-Bruce Ba...	Wells Fargo Ch...	-1,950.00	-52,613.09
Deposit	5/5/2008	5504	Scott & Heidi Machock	Return of divid...	Wells Fargo Ch...	-3,698.33	-56,311.42
Deposit	5/12/2008	3560	Jeffery Reseland	Lot 239, Phas...	Wells Fargo Ch...	-1,213.04	-57,524.46
Deposit	5/12/2008	77978...	Holly Pickerel	Lot 2198	Wells Fargo Ch...	-1,800.00	-59,324.46
Deposit	6/24/2008	3832	Frank Wolf	Return of divid...	Wells Fargo Ch...	-1,187.50	-60,511.96
Deposit	6/24/2008	632	William S. Wolf	Return of divid...	Wells Fargo Ch...	-1,187.50	-61,699.46
Total Return of Dividends Paid						-53,777.48	-61,699.46
Bank Service Charges Wire Fees							-24.00
Check	2/12/2008			Service Charge	Wells Fargo Ch...	5.00	-19.00
Check	3/31/2008			Service Charge	Wells Fargo Ch...	30.57	11.57
Check	6/5/2008			Service Charge	Wells Fargo Ch...	15.00	26.57
Check	7/7/2008			Service Charge	Wells Fargo Ch...	15.00	41.57
Total Bank Service Charges Wire Fees						65.57	41.57
Insurance							870.23
Directors and Officers Insuranc							0.00
Total Directors and Officers Insuranc							0.00
Liability Insurance							870.23
Check	2/4/2008	1277	Premium Financing S...	Act # CAL-112...	Wells Fargo Ch...	870.23	1,740.46
Check	3/7/2008	1283	Premium Financing S...	CAL-112284	Wells Fargo Ch...	870.23	2,610.69
Check	4/8/2008	1287	Premium Financing S...	CAL-112284, ...	Wells Fargo Ch...	870.23	3,480.92
Deposit	5/5/2008	24-18...	Premium Financing S...	Refund of last ...	Wells Fargo Ch...	-870.23	2,610.69

11:27 AM

Carolina Development Company
General Ledger
As of July 31, 2008

07/30/08

Accrual Basis

Type	Date	Num	Name	Memo	Split	Amount	Balance
Check	7/17/2008	1298	Elkins Jones Insuran...	North Carolina	Wells Fargo Ch...	3,364.20	5,974.89
Total Liability Insurance						5,104.66	5,974.89
Insurance - Other							0.00
Total Insurance - Other							0.00
Total Insurance						5,104.66	5,974.89
Investor Relations							0.00
Total Investor Relations							0.00
Loan Payments							0.00
Interest							0.00
Total Interest							0.00
Principal							0.00
Total Principal							0.00
Loan Payments - Other							0.00
Total Loan Payments - Other							0.00
Total Loan Payments							0.00
Locksmith							0.00
Total Locksmith							0.00
Mileage							0.00
Total Mileage							0.00
Office & Computer Supplies							0.00
Total Office & Computer Supplies							0.00
Office Rent							1,000.00
Check	2/5/2008	1278	Albrecht & Barney La...	February Rent	Wells Fargo Ch...	750.00	1,750.00
Total Office Rent						750.00	1,750.00
Outside Services							0.00
Check	3/21/2008	1284	Thomas Seaman Co...	Copy of deed f...	Wells Fargo Ch...	0.00	0.00
Total Outside Services						0.00	0.00
Parking Fee							0.00
Total Parking Fee							0.00
Photocopying & Reproduction							1,960.07
Check	3/28/2008	1285	Thomas Seaman	Copy of deed f...	Wells Fargo Ch...	11.00	1,971.07
Check	6/11/2008	1296	Plaza Copy & Imaging	Inv #X247420,...	Wells Fargo Ch...	2,639.41	4,610.48
Check	7/28/2008	1300	Plaza Copy & Imaging	Inv # X248200;	Wells Fargo Ch...	1,815.22	6,425.70
Total Photocopying & Reproduction						4,465.63	6,425.70
Postage and Delivery							0.00
Check	4/30/2008	1293	Thomas Seaman Co...	Expense Reim...	Wells Fargo Ch...	36.56	36.56
Check	6/2/2008	1295	Alison Juroe	Expense Reim...	Wells Fargo Ch...	88.00	124.56
Check	6/25/2008	1297	Plaza Copy & Imaging	Inv # X247467...	Wells Fargo Ch...	1,705.69	1,830.25
Total Postage and Delivery						1,830.25	1,830.25
Professional Fees & Expenses							0.00
Consulting Fees							0.00
Total Consulting Fees							0.00
Litigation Expenses							0.00
Total Litigation Expenses							0.00
Notary Fees							0.00
Total Notary Fees							0.00
Private Investigator							0.00
Total Private Investigator							0.00
Receiver's Counsel's Expenses							0.00
Check	2/29/2008	1281	Sheppard, Mullin, Ric...	Expense Reim...	Wells Fargo Ch...	7,011.60	7,011.60
Total Receiver's Counsel's Expenses						7,011.60	7,011.60
Receiver's Expenses							0.00
Total Receiver's Expenses							0.00
Receiver's Fees							0.00
Check	2/29/2008	1279	Thomas Seaman Co...	Receiver's Fe...	Wells Fargo Ch...	106,208.50	106,208.50

Page 3

EXHIBIT A

-16-

11:27 AM

07/30/08

Accrual Basis

Carolina Development Company
General Ledger
As of July 31, 2008

Type	Date	Num	Name	Memo	Split	Amount	Balance
Total Receiver's Fees						106,208.50	106,208.50
Receiver's Legal Counsel							0.00
Check	2/29/2008	1280	Nelson Mullins Riley ...	Receiver's Leg...	Wells Fargo Ch...	5,099.00	5,099.00
Check	2/29/2008	1281	Sheppard, Mullin, Ric...	Legal Fees- S...	Wells Fargo Ch...	200,484.50	205,583.50
Total Receiver's Legal Counsel						205,583.50	205,583.50
Receiver's Travel Expenses							0.00
Check	3/21/2008	1284	Thomas Seaman Co...	Nevada Trip to...	Wells Fargo Ch...	0.00	0.00
Check	3/28/2008	1285	Thomas Seaman	Nevada trip to ...	Wells Fargo Ch...	528.44	528.44
Total Receiver's Travel Expenses						528.44	528.44
Technical Consultants							0.00
Appraisal Fees							0.00
Check	4/14/2008	1288	Chicago Title Insurance	Inv # 07-0020...	Wells Fargo Ch...	300.00	300.00
Total Appraisal Fees						300.00	300.00
Consultants Expenses							0.00
Total Consultants Expenses							0.00
Information Technology							0.00
Total Information Technology							0.00
Land Use & Development							0.00
Total Land Use & Development							0.00
M.U.D. Attorney/Local Counsel							0.00
Total M.U.D. Attorney/Local Counsel							0.00
Technical Consultants - Other							0.00
Total Technical Consultants - Other							0.00
Total Technical Consultants						300.00	300.00
Title Research							0.00
Check	2/1/2008	1276	Chicago Title Insurance	Nbu# 07-0020...	Wells Fargo Ch...	7,100.00	7,100.00
Total Title Research						7,100.00	7,100.00
Professional Fees & Expenses - Other							0.00
Total Professional Fees & Expenses - Other							0.00
Total Professional Fees & Expenses						326,732.04	326,732.04
Property Expenses							0.00
Carman Residence 19 Skygate							0.00
Total Carman Residence 19 Skygate							0.00
Celina Bridges							0.00
M.U.D. Recoverable Expenses							0.00
Total M.U.D. Recoverable Expenses							0.00
Celina Bridges - Other							0.00
Total Celina Bridges - Other							0.00
Total Celina Bridges							0.00
Property Expenses - Other							0.00
Total Property Expenses - Other							0.00
Total Property Expenses							0.00
Return of 11th Hour Investments							0.00
Total Return of 11th Hour Investments							0.00
Selling Expenses							0.00
Total Selling Expenses							0.00
Storage & Moving							359.00
Check	2/29/2008	1282	Irvine Storage	Inv # 11821-U...	Wells Fargo Ch...	359.00	718.00
Check	4/4/2008	1286	Irvine Storage	Inv # 12139- F...	Wells Fargo Ch...	359.00	1,077.00
Check	4/30/2008	1291	Irvine Storage	Inv # 12463, U...	Wells Fargo Ch...	359.00	1,436.00
Check	4/30/2008	1292	Thomas Seaman	Expense Reim...	Wells Fargo Ch...	12.93	1,448.93
Check	6/2/2008	1294	Irvine Storage	Inv # 12806, # ...	Wells Fargo Ch...	359.00	1,807.93
Check	7/21/2008	1299	Irvine Storage	Inv # 13136; U...	Wells Fargo Ch...	359.00	2,166.93
Total Storage & Moving						1,807.93	2,166.93
Taxes							0.00

Page 4

11:27 AM

07/30/08

Accrual Basis

**Carolina Development Company
General Ledger
As of July 31, 2008**

Type	Date	Num	Name	Memo	Split	Amount	Balance
LLC Tax							0.00
Total LLC Tax							0.00
Property Taxes							0.00
Check	4/25/2008	1289	Moore County Tax D...	LRK# 970006...	Wells Fargo Ch...	374.72	374.72
Check	4/25/2008	1289	Moore County Tax D...	LRK# 970010...	Wells Fargo Ch...	344.87	719.59
Check	4/25/2008	1289	Moore County Tax D...	LRK# 200002...	Wells Fargo Ch...	374.72	1,094.31
Check	4/25/2008	1289	Moore County Tax D...	LRK# 100020...	Wells Fargo Ch...	1,068.93	2,163.24
Check	4/25/2008	1289	Moore County Tax D...	LRK# 100019...	Wells Fargo Ch...	1,068.93	3,232.17
Check	4/25/2008	1289	Moore County Tax D...	LRK# 200503...	Wells Fargo Ch...	1,131.52	4,363.69
Check	4/25/2008	1289	Moore County Tax D...	LRK# 970006...	Wells Fargo Ch...	661.93	5,025.62
Check	4/25/2008	1289	Moore County Tax D...	LRK# 970006...	Wells Fargo Ch...	374.72	5,400.34
Check	4/25/2008	1289	Moore County Tax D...	LRK # 970006...	Wells Fargo Ch...	344.87	5,745.21
Check	4/25/2008	1289	Moore County Tax D...	LRK # 000410...	Wells Fargo Ch...	446.81	6,192.02
Check	4/30/2008	1290	Moore County Tax D...	LRK# 31457, ...	Wells Fargo Ch...	13,215.40	19,407.42
Check	4/30/2008	1290	Moore County Tax D...	LRK# 960005...	Wells Fargo Ch...	294.99	19,702.41
Check	4/30/2008	1290	Moore County Tax D...	LRK# 970006...	Wells Fargo Ch...	344.87	20,047.28
Check	4/30/2008	1290	Moore County Tax D...	LRK # 200106...	Wells Fargo Ch...	56.38	20,103.66
Check	4/30/2008	1290	Moore County Tax D...	LRK # 200507...	Wells Fargo Ch...	15.96	20,119.62
Check	4/30/2008	1290	Moore County Tax D...	LRK # 200507...	Wells Fargo Ch...	8.83	20,128.45
Total Property Taxes						20,128.45	20,128.45
Taxes - Other							0.00
Total Taxes - Other							0.00
Total Taxes						20,128.45	20,128.45
Telephone							0.00
Total Telephone							0.00
Utilities							0.00
Gas & Electrical							0.00
Total Gas & Electrical							0.00
Utilities - Other							0.00
Total Utilities - Other							0.00
Total Utilities							0.00
No acctnt							0.00
Total no acctnt							0.00
TOTAL						0.00	0.00

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PROOF OF SERVICE

I, the undersigned, declare that I am, and was at the time of service of the papers herein referred to, employed in the County of Orange; over the age of eighteen years and not a party to the within entitled action or proceeding. My business address is 650 Town Center Drive, 4th Floor, Costa Mesa, California 92626-1993.

On **July 31, 2008**, I served the following document described as **RECEIVER'S FIFTH SIX MONTH ACCOUNTING REPORT FOR THE PERIOD ENDING JULY 31, 2008** on the interested party(ies) in this action by placing true copies/ originals thereof enclosed in sealed envelopes and/or packages addressed as follows:

SEE ATTACHED SERVICE LIST

BY MAIL: I am "readily 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 with postage thereon fully prepaid at Costa Mesa, California in the ordinary course of business. I am aware that on motion of the 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 FACSIMILE: I served said document(s) to be transmitted by facsimile pursuant to Rule 2008 of the California Rules of Court. The telephone number of the sending facsimile machine was 714-513-5130. The name(s) and facsimile machine telephone number(s) of the person(s) served are set forth in the service list. The sending facsimile machine (or the machine used to forward the facsimile) issued a transmission report confirming that the transmission was complete and without error. Pursuant to Rule 2.306(g)(4), a copy of that report is attached to this declaration.

BY OVERNIGHT DELIVERY: I served such envelope or package to be delivered on the same day to an authorized courier or driver authorized by the overnight service carrier to receive documents, in an envelope or package designated by the overnight service carrier.

FEDERAL: I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on **July 31, 2008**, at Costa Mesa, California.

/s/ Margaret N. Manns
Margaret N. Manns

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SERVICE LIST
SACV06-172AHS(MLGx)

Jonathan Charles Carman 22335 Carminto Arroyo Seco Laguna Hills, California 92653	In Pro Per
Lambert Vander Tuig 37 Shea Ridge Rancho Santa Margarita, California 92688	In Pro Per
Jill Kraus 37 Shea Ridge Rancho Santa Margarita, California 92688	