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RECEIVER

8

9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION

11

12 SECURITIES AND EXCHANGE
COMMISSION,

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Plaintiff,

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v.

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

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Defendants.

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Case No. SACV06-172 AHS(MLGx)

**RECEIVER'S SIXTH SIX-MONTH
ACCOUNTING REPORT FOR THE
PERIOD ENDING JANUARY 31,
2009**

Complaint Filed: February 16, 2006

1 Thomas A. Seaman, duly-appointed receiver herein ("Receiver")
2 respectfully submits this Sixth Six-Month Report. The time period covered by this
3 report is from August 1, 2008 through January 31, 2009. Inception-to-date
4 accounting from the time of the Receiver's appointment, February 16, 2006 is also
5 provided.

6
7 **I. PROCEDURAL BACKGROUND**

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

1 actions against the Defendants, and putting additional entities under the control of
2 the Receiver. On February 22, 2008 this Court granted Plaintiff's motion for
3 summary Judgment against Vander Tag. On August 9, 2007 this Court approved
4 the Plaintiff's Plan of Partial Distribution. On or around January 21, 2009 the
5 California Department of Justice indicted Lambert Vander Tag, Jonathan Carman,
6 defendants herein, Robert Waldman, a former attorney for the Company, and Scott
7 Yard, Mark Sostak and Soren Svendsen, who sold securities for the Company.
8 Collectively there were 89 counts of grand theft and securities fraud against these
9 six Carolina Company participants.

10

11 **II. ACCOUNTING SUMMARY AND EXPLANATORY NARRATIVE**

12

13 Exhibit "A" provides an accounting of all receipts and disbursements of
14 the receivership estate and includes a cash basis profit and loss statement, balance
15 sheet and detailed general ledger since the inception of the receivership. Profit and
16 loss statements for both the latest six month reporting period and inception-to-date
17 are also provided.

18

19 For the six month reporting period the Receiver collected funds in the
20 amount of \$480,411.99, which is comprised of interest income of \$45,411.99 and
21 \$435,000 in litigation proceeds.

22

23 The Receiver has diligently invested excess cash in the estate in United
24 States Treasury bills. During the six month period the estate earned interest income
25 of \$45,411.99; inception-to-date the estate has earned interest income of
26 \$658,865.82. Unfortunately with the current financial crisis, the funds earned a
27 lower rate of interest than in prior reporting periods.

28

1 Inception-to-date, through January 31, 2009, the Receiver has collected
 2 funds in the amount of \$19,559,802.83 which can be broken down into the
 3 following basic categories, and are discussed below in more detail, where notable:

4		
5	Seized or turned over	\$ 7,241,079.36
6	Litigation Proceeds	\$ 435,000.00
7	Real estate escrows terminated by the Receiver	\$ 2,192,349.51
8	Disgorgement Proceeds	\$ 304,930.00
9	Return of Dividends paid	\$ 173,911.88
10	Other asset recovery	\$ 64,199.59
11	Interest paid to the Receiver	\$ 658,865.82
12	Sales of real property	\$ 8,429,466.67
13	Recovery of professional retainers	<u>\$ 60,000.00</u>
14	TOTAL	\$19,559,802.83
15		

16 For the six month reporting period, the Receiver expended
 17 \$456,122.13. Noteworthy among disbursements are payments to the Receiver for
 18 fees approved by this Court in the amount of \$123,497.46 and to the Receiver's
 19 counsel in the amount of \$281,481.66.

20
 21 The Receiver and his professionals will file fee applications very
 22 shortly for the period ending October 31, 2009. These fee applications will seek
 23 fees and costs in the following approximate amounts:
 24
 25
 26
 27
 28

<u>Professional</u>	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
Receiver	\$ 84,445.00	-0-	\$ 84,445.00
SMR&H	\$ 395,018.50	\$29,758.10	\$ 424,776.60
Grobstein, Horwath & Co	<u>\$ 117,533.00</u>	<u>\$ 532.99</u>	<u>\$ 118,065.99</u>
TOTAL	\$ 520,996.50	\$25,291.09	\$ 551,287.59

Since the inception of the case, the Receiver has expended funds to preserve the assets of the Company and incurred other expenses in the total amount of \$10,133,331.85. These disbursements/expenses can be broken down into the following basic categories.

Interest and principal	\$ 5,112,788.12
Payments to "11 th Hour Investors"	\$ 1,087,268.02
Appraisers, technical advisers and consultants	\$ 794,624.61
Receiver's counsel fees and expenses	\$ 1,731,126.13
Receiver's fees	\$ 983,746.96
Other cost as set forth on the P&L	<u>\$ 423,778.01</u>
TOTAL	\$10,133,331.85

The Receiver is holding cash in the amount of \$9,426,470.98.

1 **III. Remaining Assets.**

- 2
- 3 1. Moore County, The Carolina. The Receiver is currently in discussions
- 4 with the golf course owner who may potentially purchase the remaining
- 5 real property owned by the Company. The prospective buyer is
- 6 contacting the other land owners who are investor/victims of Carolina
- 7 Company in order to potentially purchase all of the land located in the
- 8 tract.
- 9
- 10 2. Moore County, Single Family Lots. The Receiver currently has four
- 11 lots for sale in Moore County; three at The Mid-South golf course, and
- 12 one at The National golf course.
- 13
- 14 3. Partnership Interests. The Company is a member of a partnership
- 15 known as Silverado, Nevada Inc. This asset has not yet been
- 16 liquidated. The Company owns a 50% voting interest in the
- 17 partnership which has an appeal pending before the Bureau of Land
- 18 Management. The Company's interest gives it a potential 10% interest
- 19 in 160 acres of land in Nevada. This interest was purchased by the
- 20 Company for \$1,000,000 but vested in the name of Lambert Vander
- 21 Tag personally and later transferred to the Company at the Receiver's
- 22 request. At first, Vander Tag asserted that the Company had loaned
- 23 him the funds to purchase the asset and that it belonged to him. Next
- 24 he asserted the \$1,000,000 paid by the Company was "payment in
- 25 kind." When informed by the Receiver of the implausibility of either
- 26 of these events, Vander Tag assigned his interest to the Company. The
- 27 Receiver is evaluating the Company's position and his options for
- 28 disposition including a potential legal action for fraudulent conveyance.

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a. Other Pending Sources of Recovery.

(1) 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 ruling in *SEC v. Ross*, the Receiver has re-filed and personally served or is in the process of personally serving disgorgement actions against 18 Company sales people. The Receiver is also in the process of enforcing judgments obtained against four former sales people.

(2) The Receiver has also filed lawsuits against four separate and unrelated attorneys who represented the Company. These lawsuits were/are actions for breach of fiduciary duty and malpractice, among other causes of action.

(a) Wykidal. An arbitration hearing has been held. Details of this hearing and Wykidal's alleged wrongdoing can be found in the Receiver's and Sheppard Mullin's Ninth Interim Fee Applications. The outcome of the arbitration is pending.

(b) Cannon. The Receiver has settled its action against William Cannon for \$300,000. The settlement funds have been received.

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(c) Hayes. The Receiver has settled its action against Penny Hayes for \$135,000. The settlement funds have been received.

(d) Waldman. Discovery is proceeding and depositions have been scheduled. Waldman was recently charged with securities fraud and grand theft in connection with his involvement with the Company.

IV. STATUS OF CLAIMS PROCESS AND DISTRIBUTION

The Receiver is concurrently filing a Motion to Approve Distribution of Funds along with the Receiver's Investment Analysis, in accordance with the court-approved Plan of Partial Distribution. The Motion seeks approval to distribute a total of \$7,750,000 to certain investor-victims. Previously, the Receiver was informed by tax counsel that if the Receiver mad a distribution to investors before addressing potential liabilities owing to the IRS and other taxing authorities that he may be personally liable for any unpaid taxes. These tax issues arose because the Receiver learned that the Company never filed a single tax return. Nor did the Company withhold employee payroll taxes or pay any employer payroll taxes. The Receiver has also learned that the Company prepared and issued 1099s to Company sales agents, but did not file the corresponding form 1096 transmitting the 1099 information to the IRS.

To remedy these problems, the Receiver filed tax returns for the Company in August 2008 along with a disclosure statement setting forth the unique circumstances surrounding the Company's operations and seeking a determination

1 that the returns being filed by the Receiver are correct and properly quantify the tax
2 claims on the estate. The IRS recently made its determination and has submitted a
3 claim to the Court. Therefore, the Receiver can now proceed with filing his Motion
4 to Approve Distribution of Funds and his Investment Analysis to move forward with
5 the Court-approved Plan of Partial Distribution. The hearing on the Motion to
6 Approve Distribution of Funds will be scheduled for April 20, 2009.

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8 Dated: March 24, 2009

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SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

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12

/s/ Michael A. Wallin

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By _____

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MICHAEL A. WALLIN

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Attorneys for

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THOMAS A. SEAMAN, RECEIVER

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02/09/09

Carolina Development Company
Profit & Loss
 August 2008 through January 2009

	Aug '08 - Jan 09
Income	
Interest	45,411.99
Litigation Proceeds	435,000.00
Total Income	480,411.99
Expense	
Bank Service Charges Wire Fees	100.00
Insurance	
Liability Insurance	4,346.50
Total Insurance	4,346.50
Postage and Delivery	15.27
Professional Fees & Expenses	
Litigation Expenses	22,781.50
Private Investigator	391.01
Receiver's Counsel's Expenses	19,001.66
Receiver's Expenses	749.22
Receiver's Fees	123,497.46
Receiver's Legal Counsel	281,481.66
Technical Consultants	
Appraisal Fees	1,550.00
Total Technical Consultants	1,550.00
Total Professional Fees & Expenses	449,452.51
Storage & Moving	2,207.85
Total Expense	456,122.13
Net Income	24,289.86

02/09/09

Carolina Development Company
Profit & Loss
February 2006 through January 2009

	Feb '06 - Jan 09
Income	
Defendant Turnover/Seizure	7,241,079.36
Disgorgement Proceeds	304,930.00
Interest	658,865.82
Litigation Proceeds	435,000.00
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	19,559,802.83
Expense	
Bank Service Charges Wire Fees	928.47
Insurance	
Liability Insurance	32,234.24
Total Insurance	32,234.24
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	3,689.22
Professional Fees & Expenses	
Consulting Fees	2,500.00
Litigation Expenses	26,556.23
Notary Fees	10.00
Private Investigator	32,180.06
Receiver's Counsel's Expenses	55,865.97
Receiver's Expenses	749.22
Receiver's Fees	983,746.96
Receiver's Legal Counsel	1,675,260.16
Receiver's Travel Expenses	8,918.55
Technical Consultants	
Appraisal Fees	140,900.00
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	794,624.61
Title Research	41,700.00
Total Professional Fees & Expenses	3,622,111.76
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	12,752.41
Taxes	
LLC Tax	309.00
Property Taxes	40,981.02
	41,290.02

02/09/09

Carolina Development Company
Profit & Loss
February 2006 through January 2009

	<u>Feb '06 - Jan 09</u>
Total Taxes	41,290.02
Telephone	255.75
Utilities	
Gas & Electrical	<u>0.00</u>
Total Utilities	<u>0.00</u>
Total Expense	<u>10,133,331.85</u>
Net Income	<u><u>9,426,470.98</u></u>

02/09/09

Carolina Development Company
Balance Sheet
As of January 31, 2009

	<u>Jan 31, 09</u>
ASSETS	
Current Assets	
Checking/Savings	
U.S. Treasury Securities #0817	9,218,323.88
Wells Fargo Checking	10,945.21
Wells Fargo Savings	197,201.89
Total Checking/Savings	<u>9,426,470.98</u>
Total Current Assets	<u>9,426,470.98</u>
TOTAL ASSETS	<u>9,426,470.98</u>
LIABILITIES & EQUITY	
Equity	
Retained Earnings	9,426,938.01
Net Income	-467.03
Total Equity	<u>9,426,470.98</u>
TOTAL LIABILITIES & EQUITY	<u>9,426,470.98</u>

**Carolina Development Company
General Ledger
As of January 31, 2009**

02/09/09

Type	Date	Num	Name	Memo	Split	Original Amount	Paid Amount	Balance
Carman Turnover Account #8989								
Total Carman Turnover Account #8989								0.00
Celina Escrow Savings								
Total Celina Escrow Savings								0.00
Jill Kraus Turnover Acct Chckng								
Total Jill Kraus Turnover Acct Chckng								0.00
Jill Kraus Turnover Treas. Sec.								
Total Jill Kraus Turnover Treas. Sec.								0.00
U.S. Treasury Securities #0817								
Transfer	8/4/2008			Fee App # 5 F...	Wells Fargo Sa...	-500,506.45	-500,506.45	9,269,746.57
Transfer	10/22/2008			Transfer to W...	Wells Fargo Sa...	405,148.36	405,148.36	8,769,240.12
Deposit	10/31/2008			Deposit	Interest	40,864.77	40,864.77	9,174,388.48
Deposit	11/30/2008			Deposit	Interest	1,380.30	1,380.30	9,215,253.25
Deposit	12/31/2008			Deposit	Interest	1,611.93	1,611.93	9,216,633.55
Deposit	1/31/2009			Deposit	Interest	78.40	78.40	9,218,245.48
Total U.S. Treasury Securities #0817							-51,422.69	9,218,323.88
Wells Fargo Checking								
Deposit	8/1/2008			Interest	Interest	14.72	14.72	22,967.14
Transfer	8/4/2008			Fee App #5 Fu...	Wells Fargo Sa...	400,000.00	400,000.00	22,981.86
Check	8/4/2008	1301	Thomas Seaman Co...	VOID: Fee Ap...	Receiver's Fees	0.00	0.00	422,981.86
Check	8/4/2008	1302	Sheppard, Mullin, Ric...	VOID: Fee Ap...	Receiver's Lega...	0.00	0.00	422,981.86
Check	8/5/2008	1304	Thomas Seaman Co...	Reimbursable ...	Postage and De...	-15.27	-15.27	422,966.59
Check	8/6/2008			Service Charge	Bank Service C...	-15.00	-15.00	422,951.59
Check	8/7/2008	1305	JAMS, Inc.	Reference # 1...	Litigation Expen...	-19,715.60	-19,715.60	403,235.99
Check	8/12/2008	1303	Thomas Seaman Co...	Fee App # 8	Receiver's Fees	-123,191.00	-123,191.00	280,044.99
Check	8/12/2008	1306	Thomas Seaman Co...	Expense reimb...	Receiver's Exp...	-177.19	-177.19	279,867.80
Check	8/12/2008	1307	Premium Financing S...	Act # CAL-125...	Liability Insuran...	-754.35	-754.35	279,113.45
Check	8/12/2008	1308	Irvine Storage	Unit # F115	Storage & Moving	-412.85	-412.85	278,700.60
Check	8/12/2008	1309	Nelson Mullins Riley ...	VOID: Inv # 87...	Receiver's Lega...	0.00	0.00	278,700.60
Check	8/12/2008	1310	Sheppard, Mullin, Ric...	Fees & Expen...	-SPLIT-	-270,887.66	-270,887.66	7,812.94
Check	8/12/2008	1311	Nelson Mullins Riley ...	Eighth Fee Ap...	Receiver's Lega...	-6,145.66	-6,145.66	1,667.28
Deposit	9/2/2008			Interest	Interest	66.13	66.13	1,733.41
Check	9/5/2008			Service Charge	Bank Service C...	-15.00	-15.00	1,718.41
Check	9/10/2008	1312	Premium Financing S...	Act # CAL-125...	Liability Insuran...	-718.43	-718.43	999.98
Check	9/10/2008	1313	Thomas Seaman Co...	Expense reimb...	Private Investig...	-391.01	-391.01	608.97
Check	9/10/2008	1314	Mathews Appraisal, L...	Multiple Invoices	-SPLIT-	-550.00	-550.00	58.97
Check	9/10/2008	1315	Coleman Appraisals	Multiple Invoices	-SPLIT-	-500.00	-500.00	-441.03
Check	9/10/2008	1316	Myrick Appraisal Serv...	Multiple Invoices	-SPLIT-	-500.00	-500.00	-941.03
Check	9/10/2008	1317	Barkley Court Report...	Inv # 356277	Litigation Expen...	-1,737.62	-1,737.62	-2,678.65
Transfer	9/10/2008			Operating Fun...	Wells Fargo Sa...	8,000.00	8,000.00	5,321.35
Check	9/10/2008	1318	Irvine Storage	Inv # 13831	Storage & Moving	-359.00	-359.00	4,962.35
Deposit	10/1/2008			Interest	Interest	0.75	0.75	4,963.10
Check	10/6/2008			Service Charge	Bank Service C...	-25.00	-25.00	4,938.10
Check	10/9/2008	1319	Premium Financing S...	Act # CAL-125...	Liability Insuran...	-718.43	-718.43	4,219.67
Check	10/9/2008	1320	Barkley Court Report...	Inv # 357296	Litigation Expen...	-1,328.28	-1,328.28	2,891.39
Check	10/9/2008	1321	Irvine Storage	Inv # 14185	Storage & Moving	-359.00	-359.00	2,532.39
Deposit	10/10/2008			Deposit	Litigation Proce...	300,000.00	300,000.00	302,532.39
Transfer	10/16/2008			Funds Transfer	Wells Fargo Sa...	-292,556.64	-292,556.64	9,975.75
Check	10/18/2008			August & Sept...	Receiver's Lega...	-23,450.00	-23,450.00	-13,474.25
Transfer	10/22/2008	1322	James C. Spindler	Funds Transfe...	Wells Fargo Sa...	23,450.00	23,450.00	9,975.75
Deposit	10/28/2008			Deposit	Litigation Proce...	135,000.00	135,000.00	144,975.75
Deposit	11/3/2008			Interest	Interest	11.37	11.37	144,987.12
Check	11/5/2008	1323	Premium Financing S...	Act # CAL-125...	Liability Insuran...	-718.43	-718.43	144,268.69
Check	11/5/2008	1324	Barkley Court Report...	Inv # 355970	Receiver's Exp...	-187.78	-187.78	144,080.91
Check	11/5/2008	1325	Irvine Storage	Inv # 14529; U...	Storage & Moving	-359.00	-359.00	143,721.91
Check	11/5/2008	1326	The Pilot	Act # 00023216	Receiver's Exp...	-384.25	-384.25	143,337.66
Check	11/6/2008			Service Charge	Bank Service C...	-15.00	-15.00	143,322.66
Deposit	12/1/2008			Interest	Interest	91.93	91.93	143,414.59
Check	12/4/2008			Service Charge	Bank Service C...	-15.00	-15.00	143,399.59
Check	12/5/2008	1327	Irvine Storage	Inv # 14967	Storage & Moving	-359.00	-359.00	143,040.59
Check	12/5/2008	1328	Premium Financing S...	Act # CAL-125...	Liability Insuran...	-718.43	-718.43	142,322.16
Check	12/5/2008	1329	Thomas Seaman Co...	Postage reimb...	Receiver's Fees	-306.46	-306.46	142,015.70
Transfer	12/12/2008			Funds Transfer	Wells Fargo Sa...	-130,000.00	-130,000.00	12,015.70
Check	12/30/2008	1330	Irvine Storage	Inv # 15200; ...	Storage & Moving	-359.00	-359.00	11,656.70
Deposit	1/2/2009			Interest	Interest	21.94	21.94	11,678.64
Check	1/7/2009	1331	Premium Financing S...	Act # CAL-125...	Liability Insuran...	-718.43	-718.43	10,960.21
Check	1/7/2009			Service Charge	Bank Service C...	-15.00	-15.00	10,945.21
Total Wells Fargo Checking							-12,021.93	10,945.21
Wells Fargo Savings								
Transfer	8/4/2008			Fee App # 5 F...	U.S. Treasury S...	500,506.45	500,506.45	109,467.41
Transfer	8/4/2008			Fee App #5 Fu...	Wells Fargo Ch...	-400,000.00	-400,000.00	69,973.86
Deposit	8/31/2008			Interest	Interest	310.61	310.61	209,973.86
Transfer	9/10/2008			Operating Fun...	Wells Fargo Ch...	-8,000.00	-8,000.00	210,284.47
Deposit	9/30/2008			Interest	Interest	307.25	307.25	202,284.47
Transfer	10/16/2008			Funds Transfer	Wells Fargo Ch...	292,556.64	292,556.64	202,591.72
Transfer	10/22/2008			Funds Transfe...	Wells Fargo Ch...	-23,450.00	-23,450.00	495,148.36
Transfer	10/22/2008			Transfer to W...	U.S. Treasury S...	-405,148.36	-405,148.36	471,698.36
Deposit	10/31/2008			Interest	Interest	277.11	277.11	66,550.00
Deposit	11/28/2008			Interest	Interest	63.38	63.38	66,827.11
Transfer	12/12/2008			Funds Transfer	Wells Fargo Ch...	130,000.00	130,000.00	68,890.49
Deposit	12/31/2008			Interest	Interest	145.34	145.34	196,890.49
Deposit	1/30/2009			Interest	Interest	166.06	166.06	197,035.83
Total Wells Fargo Savings							87,734.48	197,201.89

Carolina Development Company
General Ledger
 As of January 31, 2009

02/09/09

Type	Date	Num	Name	Memo	Split	Original Amount	Paid Amount	Balance
Accounts Receivable								0.00
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								-9,402,181.12
Closing Entry	12/31/2008						-24,756.89	-9,426,938.01
Total Retained Earnings							-24,756.89	-9,426,938.01
Defendant Turnover/Seizure								0.00
Total Defendant Turnover/Seizure								0.00
Disgorgement Proceeds								0.00
Total Disgorgement Proceeds								0.00
Interest								0.00
Deposit	1/2/2009			Interest	Wells Fargo Ch...	-21.94	-21.94	-21.94
Deposit	1/30/2009			Interest	Wells Fargo Sa...	-166.06	-166.06	-188.00
Deposit	1/31/2009			Deposit	U.S. Treasury S...	-78.40	-78.40	-266.40
Total Interest							-266.40	-266.40
Litigation Proceeds								0.00
Total Litigation Proceeds								0.00
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								0.00
Total Return of Dividends Paid								0.00
Bank Service Charges Wire Fees								0.00
Check	1/7/2009			Service Charge	Wells Fargo Ch...	15.00	15.00	15.00
Total Bank Service Charges Wire Fees							15.00	15.00
Insurance								0.00
Directors and Officers Insuranc								0.00
Total Directors and Officers Insuranc								0.00
Liability Insurance								0.00
Check	1/7/2009	1331	Premium Financing S...	Act # CAL-125...	Wells Fargo Ch...	718.43	718.43	718.43
Total Liability Insurance							718.43	718.43
Insurance - Other								0.00
Total Insurance - Other								0.00
Total Insurance							718.43	718.43
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								0.00

Carolina Development Company
General Ledger
 As of January 31, 2009

02/09/09

Type	Date	Num	Name	Memo	Split	Original Amount	Paid Amount	Balance
Total Office Rent								0.00
Outside Services								0.00
Total Outside Services								0.00
Parking Fee								0.00
Total Parking Fee								0.00
Photocopying & Reproduction								0.00
Total Photocopying & Reproduction								0.00
Postage and Delivery								0.00
Total Postage and Delivery								0.00
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
Total Receiver's Counsel's Expenses								0.00
Receiver's Expenses								0.00
Total Receiver's Expenses								0.00
Receiver's Fees								0.00
Total Receiver's Fees								0.00
Receiver's Legal Counsel								0.00
Total Receiver's Legal Counsel								0.00
Receiver's Travel Expenses								0.00
Total Receiver's Travel Expenses								0.00
Technical Consultants								0.00
Appraisal Fees								0.00
Total Appraisal Fees								0.00
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								0.00
Title Research								0.00
Total Title Research								0.00
Professional Fees & Expenses - Other								0.00
Total Professional Fees & Expenses - Other								0.00
Total Professional Fees & Expenses								0.00
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

**Carolina Development Company
General Ledger
As of January 31, 2009**

02/09/09

Type	Date	Num	Name	Memo	Split	Original Amount	Paid Amount	Balance
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								0.00
Total Storage & Moving								0.00
Taxes								0.00
LLC Tax								0.00
Total LLC Tax								0.00
Property Taxes								0.00
Total Property Taxes								0.00
Taxes - Other								0.00
Total Taxes - Other								0.00
Total Taxes								0.00
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 acct								0.00
Total no acct								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 **March 24, 2009**, I served the following document described as **RECEIVER'S SIXTH SIX-MONTH ACCOUNTING REPORT FOR THE PERIOD ENDING JANUARY 31, 2009** 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 **March 24, 2009** at Costa Mesa, California.

/s/ Margaret N. Manns
Margaret N. Manns

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SERVICE LIST

SACV06-172AHS(MLGx)

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James Bastian, Esq. Marshack, Shulman, Hodges & Bastian 26632 Town Center Dr., Ste. 300 Foothill Ranch, CA 92610 Telephone: (949) 340-3400 Facsimile: (949) 340-3000	Attorneys for Certain Investors