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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,

14

v.

15

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,

20

Defendants.

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Case No. SACV06-172 AHS(MLGx)

**RECEIVER'S FOURTH SIX
 MONTH ACCOUNTING REPORT**

[Complaint Filed: February 16, 2006]

1 Thomas A. Seaman, duly-appointed receiver herein ("Receiver")
2 respectfully submits this Fourth Six Month Accounting Report. The time period
3 covered by this report is from July 31, 2007 through January 31, 2008. Inception-
4 to-date accounting from the time of the Receiver's appointment, February 16, 2006
5 is also 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.

3
4 **II. ACCOUNTING SUMMARY AND EXPLANATORY NARRATIVE**

5
6 Exhibit "A" provides an accounting of all receipts and disbursements of
7 the receivership estate and includes a cash basis profit and loss statement, balance
8 sheet and detailed general ledger since the inception of the receivership. A profit
9 and loss statement for both the latest six month reporting period and inception-to-
10 date is also provided.

11
12 For the six month reporting period the Receiver collected funds in the
13 amount of \$610,443.20, which is comprised of disgorgement proceeds of
14 \$304,930.00 from sales people and others who received ill-gotten gains, cash
15 collected from investors paid to them by the Company for purported dividends
16 returned to the Company in accordance with the election process of the plan of
17 distribution in the amount of \$120,134.40, and interest income from funds held by
18 the Receiver in the amount of \$185,378.80. The total receipts of \$610,443.20 was
19 offset by \$56,411.78 which amount was paid to reverse the sale of a lot 2198 which
20 the Receiver was originally informed was not encumbered by an investor's deed of
21 trust. After the sale, the Receiver learned that the lot was in fact encumbered by an
22 investor's deed of trust and the receiver reached a settlement with the lot buyer, his
23 attorney, malpractice carrier and title company, and the Receiver's title company in
24 which the sale was essentially reversed. The investor holding the deed of trust has
25 elected to take the land and forego participation in the plan. Net of this payment, the
26 total revenue to the estate for the six month reporting period was \$551,031.42.

1 The Receiver has diligently invested excess cash in the estate in United
 2 States Treasury bills. During the six month period the estate earned \$185,378.80;
 3 inception-to-date the estate earned \$555,638.90.

4
 5 Inception-to-date, through July 31, 2007 the Receiver has collected
 6 funds in the amount of \$18,967,798.43, which can be broken down into the
 7 following basic categories, and are discussed below in more detail, where notable:

8

9	Seized or turned over	\$7,241,030.36
10	Real estate escrows terminated by the Receiver	\$2,192,349.51
11	Other asset recovery	\$ 124,318.39
12	Interest paid to the Receiver	\$ 555,638.90
13	Sales of real property	<u>\$8,429,466.67</u>
14	TOTAL	\$18,967,798.43

15

16
 17 For the six month reporting period, the Receiver expended
 18 \$408,199.33. Noteworthy among disbursements are payments to the Receiver for
 19 fees approved by this Court in the amount of \$108,407 and to the Receiver's counsel
 20 in the amount of \$260,053.08; insurance on the Company's remaining real estate in
 21 Moore County, North Carolina \$6,091.61; and temporary office space for the plan
 22 of distribution claims \$6,000.

23
 24 Since the inception of the case, the Receiver expended funds to
 25 preserve the assets of the company and other expenses of the estate in the amount of
 26 \$9,316,459.19. These disbursements can be broken down into the following basic
 27 categories which are also discussed in further detail below as needed.

28

1	Interest and principal	\$5,112,788.12
2	Payments to "11 th Hour Investors"	\$1,087,268.02
3	Appraisers, technical advisers	
4	and consultants	\$ 827,374.61
5	Receiver's counsel fees and expenses	\$1,188,195.00
6	Receiver's fees	\$ 754,041.00
7	Other cost as set forth on the P&L	<u>\$ 346,672.49</u>
8	TOTAL	\$9,316,339.24

9 The Receiver is holding cash in the amount of \$9,651,339.24.

10
11 **III. REMAINING ASSETS.**

- 12
- 13 1. Moore County, The Carolina. The Receiver previously entered into a
- 14 contract to sell the Company's land located near The Carolina Golf
- 15 Course near Southern Pines in Moore County, North Carolina. The
- 16 Receiver was in the process of seeking court approval when the buyer
- 17 withdrew from the sale after performing due diligence. With the
- 18 election process now complete, additional land has become available to
- 19 the Receiver which may make the land more attractive to that buyer
- 20 and to other prospective buyers. The Receiver is in discussions with
- 21 several parties interested in purchasing the land.
- 22
- 23 2. Moore County, Single Family Lots. The Receiver has four lots for sale
- 24 in Moore County, three at The Mid-South golf course, and one at The
- 25 National.
- 26
- 27 3. Partnership Interests. The Company is a member of two unrelated
- 28 partnerships.

1 a. Silverado Nevada. The Company owns a 50% voting interest in
2 a partnership which has an appeal pending before the Bureau of
3 Land Management. The Company's interest gives it a potential
4 10% interest in 160 acres of land in Nevada. This interest was
5 purchased by the Company for \$1,000,000 but vested in the
6 name of Lambert Vander Tag personally and later transferred to
7 the Company at the Receiver's request. At first, Vander Tag
8 asserted that the Company had loaned him the funds to purchase
9 the asset and that it belonged to him. Next he asserted the
10 \$1,000,000 paid by Company was "payment in kind." When
11 informed by the Receiver of the implausibility of either of these
12 events, Vander Tag assigned his interest to the Company. The
13 Receiver is evaluating the Company's position and his options
14 for disposition.

15
16 b. Fountainhead. The Company owns an apparent interest in a
17 partnership interest which owns approximately 18 acres of land
18 at the entrance to Lake Las Vegas in Henderson, Nevada. The
19 purported partnership required the Company to make an
20 additional \$13,000,000 equity investment shortly before the
21 Receiver was appointed, which the Company did not do. The
22 land is valued at \$48 million, but heavily encumbered. The
23 Receiver is informed that a mortgage holder has filed a notice of
24 default. While the Company investment in the partnership was
25 \$2,000,000 it is not clear what the value of the Company's
26 impaired interest in the purported partnership is. The Receiver
27 has entered into a tentative settlement, subject to finalization and
28 Court approval, with Fountainhead which would result in the

1 payment of \$400,000 to the estate in exchange for release of the
2 *lis pendens* filed by the Receiver on the land, and a mutual
3 release of the Company and Fountainhead. The Receiver
4 believes that the settlement is in the best interest of the estate and
5 will be seeking Court approval of the settlement on an order
6 shortening time in order to allow Fountainhead to attain new
7 financing before the foreclosure.
8

9 4. Other Pending Sources of Recovery.

- 10
- 11 a. The amount of \$573,000 taken from the Company by Vander
12 Tuig for which he has been found in contempt and been ordered
13 to be prepared to be incarcerated on March 3, 2008 if he does not
14 return the funds by that date.
- 15
- 16 b. Co-defendant Carman has also been found in contempt for taking
17 and not returning approximately \$440,000 after this Court's
18 Freeze Order.
- 19
- 20 c. Sales people disgorgement. The Receiver is awaiting this
21 Court's review of the Receiver's briefing of the issues
22 surrounding personal service relative to the Court of Appeals
23 ruling on *In Re Alpha Telecom*.
- 24
- 25 d. The Receiver has also filed lawsuits against four separate and
26 unrelated attorneys who represented the Company. These
27 actions are for breach of fiduciary duty and malpractice among
28

1 others. The Receiver is in settlement discussions with two of
2 these attorneys. Mediation has been set with another.

3
4 e. The Receiver may have claims against real estate brokers who
5 may have defrauded the Company and the Receiver may pursue
6 litigation for recovery of damages if it is cost effective to do so.

7

8 **IV. STATUS OF CLAIMS PROCESS AND DISTRIBUTION**

9

10 The Receiver is in the process of preparing the Investment Analysis in
11 accordance with the court-approved Plan of Partial Distribution. The Receiver has
12 been informed by tax counsel that if the Receiver makes a distribution to investors
13 before addressing liabilities owing to the IRS and other taxing authorities that he is
14 personally liable for the unpaid taxes. The Receiver has learned that the Company
15 never filed a single tax return. Nor did the Company withhold employee payroll
16 taxes or pay any employer payroll taxes. The Receiver is the process of preparing
17 tax returns for the Company and the receivership estate. While the Receiver's goal
18 is to minimize the taxes, and hopefully determine that there are no tax liabilities,
19 until the amount of the potential liability is determined, if any, the Receiver cannot
20 complete the Investment Analysis and make a distribution.

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

6

7 Dated: February 15, 2008

8

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

9

10

/s/ Michael A. Wallin

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By _____

MICHAEL A. WALLIN

12

Attorneys for

THOMAS A. SEAMAN, RECEIVER

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14 Dated: February 15, 2008

/s/ Thomas A. Seaman

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THOMAS A. SEAMAN, RECEIVER

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EXHIBIT A

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 02/14/08
 Accrual Basis

Carolina Development Company
Profit & Loss
 August 2007 through January 2008

	Aug '07 - Jan 08
Income	
Disgorgement Proceeds	304,930.00
Interest	185,378.80
Real Estate Sales	-56,411.78
Return of Dividends Paid	120,134.40
Total Income	554,031.42
Expense	
Bank Service Charges Wire Fees	50.00
Insurance	
Liability Insurance	6,091.61
Total Insurance	6,091.61
Office Rent	6,000.00
Photocopying & Reproduction	5,109.56
Postage and Delivery	71.77
Professional Fees & Expenses	
Notary Fees	10.00
Receiver's Counsel's Expenses	13,138.58
Receiver's Fees	108,407.00
Receiver's Legal Counsel	246,914.50
Technical Consultants	
Land Use & Development	2,350.00
Total Technical Consultants	2,350.00
Total Professional Fees & Expenses	370,820.08
Selling Expenses	17,543.31
Storage & Moving	2,513.00
Total Expense	408,199.33
Net Income	145,832.09

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Accrual Basis

Carolina Development Company
Profit & Loss
February 2006 through January 2008

	Feb '06 - Jan 08
Income	
Defendant Turnover/Seizure	7,241,030.36
Disgorgement Proceeds	304,930.00
Interest	555,638.90
Other Asset Recovery	64,248.59
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	120,134.40
Total Income	18,967,798.43
Expense	
Bank Service Charges Wire Fees	786.90
Insurance	
Liability Insurance	22,783.08
Total Insurance	22,783.08
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	63,337.76
Outside Services	704.98
Photocopying & Reproduction	29,554.03
Postage and Delivery	1,843.70
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	29,852.71
Receiver's Fees	754,041.00
Receiver's Legal Counsel	1,188,195.00
Receiver's Travel Expenses	8,390.11
Technical Consultants	
Appraisal Fees	139,050.00
Consultants Expenses	45,894.40
Information Technology	73,997.00
Land Use & Development	468,546.21
M.U.D. Attorney/Local Counsel	99,887.00
Total Technical Consultants	827,374.61
Total Professional Fees & Expenses	2,845,927.21
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	8,736.63
Taxes	
LLC Tax	309.00
Property Taxes	20,852.57
Total Taxes	21,161.57
Telephone	255.75

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Accrual Basis

Carolina Development Company
Profit & Loss
February 2006 through January 2008

	Feb '06 - Jan 08
Utilities	
Gas & Electrical	0.00
Total Utilities	0.00
Total Expense	9,316,459.19
Net Income	<u>9,651,339.24</u>

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 02/13/08
 Accrual Basis

Carolina Development Company
Balance Sheet
 As of January 31, 2008

	<u>Jan 31, 08</u>
ASSETS	
Current Assets	
Checking/Savings	
U.S. Treasury Securities #0817	9,440,251.40
Wells Fargo Checking	49,880.55
Wells Fargo Savings	161,207.29
Total Checking/Savings	<u>9,651,339.24</u>
Total Current Assets	<u>9,651,339.24</u>
TOTAL ASSETS	<u>9,651,339.24</u>
LIABILITIES & EQUITY	
Equity	
Retained Earnings	9,624,289.91
Net Income	27,049.33
Total Equity	<u>9,651,339.24</u>
TOTAL LIABILITIES & EQUITY	<u>9,651,339.24</u>

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02/13/08

Accrual Basis

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

Type	Date	Num	Name	Memo	Split	Amount	Balance	
Carman Turnover Account #8989							728.86	
Deposit	8/17/2007			Deposit	Interest	0.19	729.05	
Transfer	8/17/2007			Funds Transfer	Wells Fargo Ch...	-729.05	0.00	
Total Carman Turnover Account #8989							-728.86	0.00
Celina Escrow Savings							0.00	
Total Celina Escrow Savings							0.00	
Jill Kraus Turnover Acct Chckng							-24.00	
Transfer	1/31/2008			Funds Transfer	Wells Fargo Ch...	24.00	0.00	
Total Jill Kraus Turnover Acct Chckng							24.00	0.00
Jill Kraus Turnover Treas. Sec.							1,046,647.95	
Deposit	9/17/2007			Deposit	Interest	4,177.83	1,050,825.78	
Deposit	10/31/2007			Deposit	Interest	5,945.11	1,056,770.89	
Deposit	12/31/2007			Deposit	Interest	9,841.81	1,066,612.70	
Deposit	1/31/2008			Deposit	Interest	3,525.89	1,070,138.59	
Transfer	1/31/2008			Funds Transfer	U.S. Treasury S...	-1,070,138.59	0.00	
Total Jill Kraus Turnover Treas. Sec.							-1,046,647.95	0.00
U.S. Treasury Securities #0817							8,359,525.92	
Deposit	9/17/2007			Deposit	Interest	45,512.42	8,405,038.34	
Transfer	9/18/2007			Funds Transfer	Wells Fargo Sa...	-150,000.00	8,255,038.34	
Deposit	10/31/2007			Deposit	Interest	50,290.60	8,305,328.94	
Deposit	12/31/2007			Deposit	Interest	45,368.67	8,350,697.61	
Deposit	1/31/2008			Deposit	Interest	19,415.20	8,370,112.81	
Transfer	1/31/2008			Funds Transfer	Jill Kraus Turno...	1,070,138.59	9,440,251.40	
Total U.S. Treasury Securities #0817							1,080,725.48	9,440,251.40
Wells Fargo Checking							38,682.21	
Check	8/6/2007	1236	Albrecht & Barney La...	Office Rent	Office Rent	-1,000.00	37,682.21	
Check	8/15/2007	1237	Irvine Storage	Inv 9587	Storage & Moving	-359.00	37,323.21	
Check	8/15/2007	1238	Plaza Copy & Imaging	Inv X237433	Photocopying &...	-29.39	37,293.82	
Check	8/15/2007	1239	Premium Financing S...	000176512	Insurance	-870.23	36,423.59	
Check	8/15/2007	1240	Plaza Copy & Imaging	Inv. X237218	Photocopying &...	-583.55	35,840.04	
Transfer	8/17/2007			Funds Transfer	Carman Turnov...	729.05	36,569.09	
Deposit	8/28/2007			Deposit	Return of Divid...	111.11	36,680.20	
Check	8/31/2007	1241	Chicago Title Insurance		-SPLIT-	-2,350.00	34,330.20	
Check	8/31/2007	1242	Irvine Storage	Inv. 9904	Storage & Moving	-359.00	33,971.20	
Check	8/31/2007	1243	Plaza Copy & Imaging	Inv.#X238270	Photocopying &...	-1,898.02	32,073.18	
Deposit	9/5/2007			Deposit	Return of Divid...	222.22	32,295.40	
Deposit	9/7/2007			Deposit	-SPLIT-	87,000.00	119,295.40	
Check	9/11/2007	1244	Premium Financing S...	Act # CAL-112...	Liability Insurance	-870.23	118,425.17	
Check	9/12/2007	1245	Wall Street Journal	Ad run - Natio...	Selling Expenses	-10,156.16	108,269.01	
Deposit	9/13/2007			Deposit	-SPLIT-	3,524.01	111,793.02	
Deposit	9/14/2007			Deposit	Disgorgement ...	100,000.00	211,793.02	
Check	9/17/2007	1246	Paul B. Trevarrow as ...	Lot 2198	Real Estate Sal...	-56,411.78	155,381.24	
Deposit	9/17/2007			Deposit	Return of Divid...	2,092.13	157,473.37	
Deposit	9/18/2007			Deposit	Return of Divid...	3,960.00	161,433.37	
Deposit	9/19/2007			Deposit	Disgorgement ...	80,000.00	241,433.37	
Transfer	9/19/2007			Funds Transfer	Wells Fargo Sa...	200,000.00	441,433.37	
Check	9/24/2007	1247	Thomas Seaman Co...	Receiver's Fee...	Receiver's Fees	-108,407.00	333,026.37	
Check	9/24/2007	1248	Sheppard, Mullin, Ric...	Fees & Costs ...	-SPLIT-	-260,053.08	72,973.29	
Deposit	9/24/2007			Deposit	Return of Divid...	1,630.53	74,603.82	
Check	9/26/2007	1249	Albrecht & Barney La...	Office Rent	Office Rent	-2,000.00	72,603.82	
Deposit	9/27/2007			Deposit	-SPLIT-	1,247.15	73,850.97	
Deposit	9/27/2007			Deposit	Disgorgement ...	17,500.00	91,350.97	
Check	9/28/2007	1250	Thomas Seaman Co...	Expense Reim...	Postage and D...	-71.77	91,279.20	
Check	9/28/2007	1251	Plaza Copy & Imaging	Inv # x239380	Photocopying &...	-638.53	90,640.67	
Check	9/28/2007	1252	Thomas Seaman Co...	Expense Reim...	Selling Expenses	-6,800.00	83,840.67	
Check	9/28/2007	1253	Irvine Storage	Inv #10230	Storage & Moving	-359.00	83,481.67	
Deposit	10/1/2007			Deposit	-SPLIT-	6,415.53	89,897.20	
Deposit	10/1/2007			Deposit	Return of Divid...	3,226.64	93,123.84	
Deposit	10/2/2007			Deposit	-SPLIT-	16,664.25	109,788.09	
Check	10/4/2007	1254	The Pilot	Act # 0002321...	Selling Expenses	-508.75	121,388.12	
Check	10/4/2007	1255	Premium Financing S...	Act # CAL-112...	Liability Insurance	-870.23	120,879.37	
Deposit	10/4/2007			Deposit	-SPLIT-	13,533.36	133,542.50	
Deposit	10/4/2007			Deposit	-SPLIT-	6,429.36	139,971.86	
Check	10/9/2007	1256	Irvine Storage	Inv# 10299	Storage & Moving	-379.00	139,592.86	
Deposit	10/9/2007			Deposit	-SPLIT-	8,546.68	148,139.54	
Check	10/11/2007			Service Charge	Bank Service C...	-10.00	148,129.54	
Deposit	10/12/2007			Deposit	Return of Divid...	2,869.57	150,999.11	
Deposit	10/23/2007			Deposit	Return of Divid...	10,000.00	160,999.11	
Deposit	10/30/2007			Deposit	-SPLIT-	2,232.32	163,231.43	
Check	11/1/2007	1257	Albrecht & Barney La...	Office rent	Office Rent	-1,000.00	162,231.43	
Check	11/1/2007	1258	Irvine Storage	Inv # 10541	Storage & Moving	-359.00	161,872.43	
Check	11/1/2007	1259	Thomas Seaman Co...	Expense Reim...	Selling Expenses	-78.40	161,794.03	

1:43 PM
02/13/08
Accrual Basis

Carolina Development Company
General Ledger
As of January 31, 2008

Type	Date	Num	Name	Memo	Split	Amount	Balance
Check	11/5/2007	1260	Premium Financing S...	CAL-112284	Liability Insurance	-870.23	160,923.80
Transfer	11/6/2007			Funds Transfer	Wells Fargo Sa...	-150,000.00	10,923.80
Deposit	11/9/2007			Deposit	-SPLIT-	26,221.66	37,145.46
Deposit	11/21/2007			Deposit	Return of Divid...	1,875.27	38,820.73
Deposit	11/27/2007			Deposit	-SPLIT-	7,570.65	46,391.38
Deposit	11/30/2007			Deposit	Return of Divid...	2,869.95	49,261.33
Check	12/4/2007	1261	Albrecht & Barney La...	Office rent	Office Rent	-1,000.00	48,261.33
Check	12/6/2007	1262	Premium Financing S...	CAL-112284	Liability Insurance	-870.23	47,391.10
Check	12/6/2007	1263	Irvine Storage	Inv # 10862	Storage & Moving	-359.00	47,032.10
Check	12/6/2007	1264	Thomas Seaman	Expense Reim...	Notary Fees	-10.00	47,022.10
Check	12/17/2007	1265	Premium Financing S...	CAL-112284	Liability Insurance	-870.23	46,151.87
Deposit	12/19/2007			Deposit	Storage & Moving	379.00	46,530.87
Check	12/30/2007	1266	Irvine Storage	Inv # 11185	Storage & Moving	-359.00	46,171.87
Check	1/2/2008	1267	Albrecht & Barney La...	Office Rent	Office Rent	-1,000.00	45,171.87
Check	1/3/2008	1268	Premium Financing S...	Act # CAL-112...	Liability Insurance	-870.23	44,301.64
Check	1/17/2008	1269	Frank & Noelle Marin	Return of divid...	Return of Divid...	-651.53	43,650.11
Check	1/17/2008	1270	Renzo & Charlyne M...	Return of divid...	Return of Divid...	-406.25	43,243.86
Check	1/17/2008	1271	Mike Reith	Return of divid...	Return of Divid...	-166.67	43,077.19
Check	1/17/2008	1272	Aldo Saglietto	Return of divid...	Return of Divid...	-162.70	42,914.49
Deposit	1/18/2008			Deposit	-SPLIT-	9,309.13	52,223.62
Check	1/21/2008	1273	Consolidated Reprog...	Order # 956011	Photocopying &...	-44.67	52,178.95
Check	1/29/2008	1274	Irvine Storage	Inv # 11504, U...	Storage & Moving	-359.00	51,819.95
Check	1/29/2008	1275	Plaza Copy & Imaging	Inv # X243348	Photocopying &...	-1,915.40	49,904.55
Transfer	1/31/2008			Funds Transfer	Jill Kraus Turno...	-24.00	49,880.55
Total Wells Fargo Checking						11,198.34	49,880.55
Wells Fargo Savings							
Deposit	8/31/2007			Interest	Interest	143.23	59,946.21
Transfer	9/18/2007			Funds Transfer	U.S. Treasury S...	150,000.00	60,089.44
Transfer	9/19/2007			Funds Transfer	Wells Fargo Ch...	-200,000.00	210,089.44
Check	9/28/2007			Service Charge	Bank Service C...	-20.00	10,089.44
Deposit	9/28/2007			Interest	Interest	97.20	10,069.44
Check	10/31/2007			Service Charge	Bank Service C...	-20.00	10,166.64
Deposit	10/31/2007			Interest	Interest	4.75	10,146.64
Transfer	11/6/2007			Funds Transfer	Wells Fargo Ch...	150,000.00	10,151.39
Deposit	11/30/2007			Interest	Interest	296.97	160,151.39
Deposit	12/31/2007			Interest	Interest	383.37	160,448.36
Deposit	1/31/2008			Interest	Interest	375.56	160,831.73
Total Wells Fargo Savings						101,261.08	161,207.29
Accounts Receivable							
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							0.00
Closing Entry	12/31/2007					-118,782.76	-9,505,507.15
Total Retained Earnings						-118,782.76	-9,624,289.91
Defendant Turnover/Seizure							0.00
Total Defendant Turnover/Seizure							0.00
Disgorgement Proceeds							0.00
Total Disgorgement Proceeds							0.00
Interest							0.00
Deposit	1/31/2008			Interest	Wells Fargo Sa...	-375.56	0.00
Deposit	1/31/2008	cash	Wells Fargo Bank	mark to market	U.S. Treasury S...	-19,415.20	-375.56
Deposit	1/31/2008		Wells Fargo Bank	mark to market	Jill Kraus Turno...	-3,525.89	-19,790.76
Total Interest						-23,316.65	-23,316.65
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

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General Ledger
As of January 31, 2008

Type	Date	Num	Name	Memo	Split	Amount	Balance	
Total Recovery of Prof. Retainers							0.00	
Return of Dividends Paid							0.00	
Check	1/17/2008	1269	Frank & Noelle Marin	Return of divid...	Wells Fargo Ch...	651.53	651.53	
Check	1/17/2008	1270	Renzo & Charlyne M...	Return of divid...	Wells Fargo Ch...	406.25	1,057.78	
Check	1/17/2008	1271	Mike Reith	Return of divid...	Wells Fargo Ch...	166.67	1,224.45	
Check	1/17/2008	1272	Aldo Saglietto	Return of divid...	Wells Fargo Ch...	162.70	1,387.15	
Deposit	1/18/2008	2437	Dennis & Sharon Kruse	Return of divid...	Wells Fargo Ch...	-1,238.89	148.26	
Deposit	1/18/2008	08219...	Jim Reiter	Return of divid...	Wells Fargo Ch...	-1,489.13	-1,340.87	
Deposit	1/18/2008	08219...	John Groskopf	Return of divid...	Wells Fargo Ch...	-290.38	-1,631.25	
Deposit	1/18/2008	08219...	Larry Idling	Return of divid...	Wells Fargo Ch...	-222.37	-1,853.62	
Deposit	1/18/2008	08219...	Brian Radway	Return of divid...	Wells Fargo Ch...	-111.84	-1,965.46	
Deposit	1/18/2008	08219...	Patrick Blair	Return of divid...	Wells Fargo Ch...	-5,956.52	-7,921.98	
Total Return of Dividends Paid							-7,921.98	-7,921.98
Bank Service Charges Wire Fees							0.00	
Total Bank Service Charges Wire Fees							0.00	
Insurance							0.00	
Directors and Officers Insuranc							0.00	
Total Directors and Officers Insuranc							0.00	
Liability Insurance							0.00	
Check	1/3/2008	1268	Premium Financing S...	Act # CAL-112...	Wells Fargo Ch...	870.23	870.23	
Total Liability Insurance							870.23	870.23
Insurance - Other							0.00	
Total Insurance - Other							0.00	
Total Insurance							870.23	870.23
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	
Check	1/2/2008	1267	Albrecht & Barney La...	Office Rent-Ja...	Wells Fargo Ch...	1,000.00	1,000.00	
Total Office Rent							1,000.00	1,000.00
Outside Services							0.00	
Total Outside Services							0.00	
Parking Fee							0.00	
Total Parking Fee							0.00	
Photocopying & Reproduction							0.00	
Check	1/21/2008	1273	Consolidated Reprog...	Order # 95601...	Wells Fargo Ch...	44.67	44.67	
Check	1/29/2008	1275	Plaza Copy & Imaging	inv # X243348...	Wells Fargo Ch...	1,915.40	1,960.07	
Total Photocopying & Reproduction							1,960.07	1,960.07
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	

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Type	Date	Num	Name	Memo	Split	Amount	Balance
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
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
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
Check	1/29/2008	1274	Invine Storage	Inv # 11504, U...	Wells Fargo Ch...	359.00	359.00

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Type	Date	Num	Name	Memo	Split	Amount	Balance
Total Storage & Moving						359.00	359.00
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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SERVICE LIST

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