

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

FILED IN CLERK'S OFFICE
U.S.D.C. Atlanta

MAY 16 2005

LUTHER D. THOMAS, Clerk
By: *[Signature]* Deputy Clerk

S. GREGORY HAYS, Receiver for Mobile
Billboards of America, Inc., et. al,

Plaintiff,

v.

MICHAEL A. LOMAS, JOE FEDELE
AND SAXON MORTGAGE SERVICES,
INC.,

Defendants.

CIVIL ACTION NO.

~~1~~ 05 - CV 1294

**COMPLAINT FOR DECLARATORY
JUDGMENT, INJUNCTIVE RELIEF AND DAMAGES**

S. Gregory Hays ("Receiver"), the court-appointed Receiver for Mobile Billboards of America, Inc.; International Payphone Corporation; Tiger Media, Inc.; Reserve Guaranty Trust; California Mobile Billboards, Inc.; and, Western Reserve Guaranty Trust (collectively, the "Receiver Entities"), files this complaint against Defendants Michael A. Lomas ("Lomas"), Joe Fedele ("Fedele"), and Saxon Mortgage Services, Inc. ("Saxon") and, in support hereof, shows this Court the following:

1.

The subject of this action is a "penthouse" condominium located at 115 West 4th Street, PH7, Long Beach, California 90802-2305 (hereinafter the "Property"), which is the current residence of Defendant Lomas. The Property

was purchased, improved and maintained exclusively with the proceeds of a fraudulent investment offering designed and operated by Defendant Lomas and others. The Receiver is informed and believes, and on that basis alleges, that there is substantial equity in the Property in an amount exceeding \$400,000.00 (i.e., the fair market value of the Property exceeds the amount currently owed on the mortgage on the Property). Accordingly, the value of any such equity should be realized by the Receiver Estate for the benefit of investors and other creditors.

2.

This case is related and ancillary to *SEC v. Mobile Billboards, et. al.*, Civil Action No. 1:04-CV-2763-WBH.

3.

Title to the Property is held by Defendant Lomas. Defendant Fedele purports to have a lien against the Property and has filed a writ of attachment in California as part of a levy and foreclosure process to enforce a judgment obtained more than 11 years ago. Defendant Saxon is the holder of the first mortgage on the Property.

4.

Pursuant to 28 USC §§ 2201 and 2202, the Receiver files this action seeking declaratory and injunctive relief, as follows:

- a determination that the Property is an asset of the Receiver Estate that has been and is held by Defendant Lomas in constructive trust for the benefit of the creditors of the Receiver Estate;
- permanently enjoining Defendant Fedele from interfering with the Receiver's efforts to recover the Property as a part of the Receiver Estate and from taking any acts to foreclose, levy or otherwise effect a recovery of the Judgment against the Property or any proceeds from a sale of the Property;
- enjoining Defendant Lomas and all those working in active concert with him from disposing of the proceeds of any sale of Property, should such a sale occur during the pendency of this action; and,
- enjoining Defendant Saxon from foreclosing or otherwise enforcing rights under the mortgage, if any, against the Property, allowing the Receiver and/or Defendant Lomas time to sell the Property at its fair market value.

As more fully set forth below, the Receiver also seeks to recover his fees and expenses incurred in this action from Defendant Fedele.

THE PARTIES

5.

On September 21, 2004, the United States Securities and Exchange Commission filed an enforcement action in this Court against Defendant Lomas

and others. *See, SEC v. Mobile Billboards, et. al., Civil Action No. 1:04-CV-2763-WBH* (“the SEC Litigation”). On that same date, this Court entered an order (“the Receivership Order”) appointing the Receiver as receiver for Mobile Billboards of America, Inc., International Payphone Corporation (a/k/a Outdoor Media Industries) and Reserve Guaranty Trust. In orders entered on or about October 18, 2004 and February 7, 2005 this Court expanded the receivership to include additional affiliated entities, subject to the terms and provisions of the Receivership Order.

6.

Defendant Michael A. Lomas is an individual and a defendant in the SEC Litigation. Mr. Lomas purchased the Property with proceeds he received from his involvement in the fraudulent Ponzi scheme giving rise to the SEC Complaint.

7.

Defendant Fedele is an individual who, upon information and belief, resides in Los Angeles County, California. Fedele apparently obtained a judgment against Lomas over ten years ago and now seeks to enforce it by asserting a lien against the Property. Fedele filed a Writ of Attachment against the Property and related proceedings in Fedele v. Lomas, et. al. on or about December 20, 2004. The filing of the Writ and related activities are in violation of the Receivership Order.

8.

Upon information and belief, Defendant Saxon is a mortgage lender, who holds the first mortgage on the Property. Saxon's principal place of business is located at 4708 Mercantile Drive North, Forth Worth, TX 76137. The Receiver is informed and believes that Saxon or its predecessor in interest actually made a mortgage loan to Lomas on or about November 8, 2002, which facilitated the purchase of the Property.

JURISDICTION AND VENUE

9.

This Court has jurisdiction over the Receiver Estate, which includes the Property.

10.

This Court has jurisdiction to enforce the terms of the Receivership Order. Moreover, this case is directly related to and arises from the SEC Litigation. Accordingly, this Court has jurisdiction over the parties and the subject matter of this action pursuant to the Court's control over matters related to the Receiver Estate and the assets thereof.

11.

This Court has jurisdiction to provide redress to the defrauded investors, whose rights the Receiver seeks to protect in the filing of this action, and nationwide service of process under federal securities regulations.

12.

Venue is proper in this Court.

FACTUAL ALLEGATIONS

13.

Beginning in 1999, Defendant Lomas and others sold investments characterized as “business opportunities” that involved pay telephones. By late 2001, the nature and the structure of the investment had changed so that mobile billboards were the subject of the offering and the seller was Mobile Billboards of America, Inc. (“MBA”), a company controlled by Lomas.

14.

Using a network of sales agents, MBA sold billboards to individual investors from 2001 until the filing of the SEC Litigation in September 2004.

15.

Over the course of time, MBA (and its predecessor in interest) received in excess of \$60 million from approximately 1000 investors, who purchased payphone and billboard investments prior to the filing of the SEC Litigation.

16.

The investments sold by Defendant Lomas and MBA were securities and, for a variety of reasons, the sales were made in violation of federal securities laws. Among other things, material misrepresentations were made and material facts were withheld from purchasers of these investments.

17.

MBA operated as a Ponzi scheme, in that investors' purchase monies were used to make the promised payments to earlier investors.

18.

All monies derived by MBA and its predecessor were the proceeds of or directly related to the fraudulent investment offerings.

19.

As of the date of the Receiver's appointment, the Receiver Estate was comprised of approximately \$800,000 in cash or cash equivalents; a collection of approximately 2,200 payphones, which were not profitable at the time; and, miscellaneous other assets having very little value, if any. Conversely, the amounts owed to investors and other creditors of the Receiver Estate exceeded \$60 million.

20.

Pursuant to the terms of the Receivership Order, this Court directed the Receiver, among other things, to:

- account for and trace the proceeds of the subject investment offerings;
- recover assets of the Receiver Estate; and,
- develop a plan of distribution of any assets of the Receiver Estate to investors and other creditors.

21.

Defendant Lomas purchased the Property on or about November 8, 2002. The purchase monies were composed of a down payment and the proceeds of a mortgage loan made to Lomas by Defendant Saxon. Since that time, Lomas has made mortgage payments and spent substantial sums of money in maintaining and improving the Property.

22.

While the Receiver's accounting and tracing efforts are ongoing, he has determined that the Property was purchased, maintained and improved exclusively from the proceeds of the investment offerings that are the subject of the SEC Litigation (including the sale proceeds from other real property derived from such proceeds).

23.

Defendant Fedele contends that he obtained a judgment against Mr. Lomas on or about June 6, 1994 (i.e., almost eleven years ago) in an action entitled Fedele v. Lomas, et al. in Los Angeles County, California (the “Judgment”). Accordingly, the Judgment, if valid, was obtained well before the commencement of the investment offerings that are the subject of the SEC Litigation.

24.

In the Receivership Order, this Court further ordered, among other things, that all the assets of the Receiver Entities, including any property, be immediately frozen and that all creditors and other persons “are *restrained from doing anything to interfere with the possession, recovery or management by the Receiver of the property and assets* owned, controlled or *belonging to*, or in the possession of the Receiver Estate” (emphasis added) Receivership Order, § XXI.

25.

The Writ of Attachment filed by Defendant Fedele in California, was filed after the entry of the Receivership Order. Moreover, it appears that there is some question about the continuing validity of the Judgment and subsequent Writ of Attachment.

26.

Defendant Fedele's efforts to enforce the Judgment using the Writ of Attachment and other activities directed against the Property are in violation of the express provisions of the Receivership Order.

27.

Defendant Fedele was made aware of the Receivership Order via a letter sent from Defendant Lomas' counsel dated January 20, 2005, a true and accurate copy of which is attached hereto as Exhibit "A."

28.

In follow up to the letter from Lomas' counsel, Receiver's counsel contacted Defendant Fedele's counsel and eventually sent a letter outlining the Receiver's position and providing information confirming that the Property was acquired exclusively with proceeds of the fraudulent investment offerings that are the subject of the SEC Litigation. A true and accurate copy of that letter dated March 23, 2005 is attached hereto as Exhibit "B." In sum, the Receiver requested that Fedele terminate all activities to enforce the Judgment against the Property.

29.

In a letter from Fedele's counsel dated April 7, 2005, Fedele rejected the Receiver's request and indicated that "[w]e intend to continue with the levy process." A true and accurate copy of that letter is attached hereto as Exhibit "C."

30.

The Receiver is informed and believes and on that basis alleges:

- a. The Property is currently listed for sale on Coldwell Banker's website with a sales price of \$1,295,000.
- b. There is substantial equity in the Property in an amount exceeding \$400,000.00, which can and should be realized if it is sold at fair market value (and not in foreclosure or at a "fire sale").
- c. Apparently, Defendant Lomas is currently making mortgage payments, however, his personal assets are frozen (subject to a carve out for living expenses). It is not clear that he can or will continue to make mortgage payments while the SEC Litigation is ongoing.

COUNT I

The allegations of Paragraphs 1 through 30 are incorporated into this Count as if fully set forth herein.

31.

The monies and other assets used to purchase, maintain and improve the Property are the product of a fraud. Accordingly, those monies and assets, as well

as other assets acquired with such monies, are impressed with a constructive trust for the benefit of the victims of the fraudulent scheme, i.e., the investors.

32.

The direct transfers of money to Lomas from MBA and/or its affiliated companies, along with transfers to third-parties for Lomas's benefit, are fraudulent conveyances and are subject to being set aside and recovered by the Receiver.

33.

Accordingly, Defendant Lomas holds title to the Property as *trustee ex mal officio* for the benefit of investors in the offerings that are the subject of the SEC Litigation.

34.

As the Receiver for MBA and affiliated companies and as the fiduciary charged with recovering assets that represent proceeds of the fraud for the benefit of investors, the Receiver is entitled to a declaratory judgment that the Property is and, at all relevant times, has been an asset of the Receiver Estate.

COUNT II

The allegations of Paragraphs 1 through 34 are incorporated into this Count as if fully set forth herein.

35.

If the Property is sold before it is turned over to the Receiver, the Receiver is entitled to recover from Defendant Lomas the proceeds of any such sale.

COUNT III

The allegations of Paragraphs 1 through 35 are incorporated into this Count as if fully set forth herein.

36.

If the Property is sold while this action is pending, the sales proceeds should not be disbursed. The Receiver Estate will suffer immediate and irreparable harm if the sales proceeds are turned over to the other Defendants prior to a final adjudication that the Property is an asset of the Receiver Estate.

37.

The Receiver is entitled to preliminary relief enjoining Defendant Lomas and those working in active concert with him, including realtors and attorneys, from disbursing any proceeds of a sale of the Property and requiring that any such proceeds be held in trust pending further order of this Court.

COUNT IV

The allegations of Paragraphs 1 through 37 are incorporated into this Count as if fully set forth herein.

38.

Because the Property is an asset of the Receiver Estate, it is not subject to foreclosure and levy by Defendant Fedele.

39.

Defendant Fedele's efforts to foreclose and levy on the Property interfere with Receiver's efforts to recover property belonging to the Receiver Estate in violation of the Receivership Order.

40.

If Defendant Fedele persists in these efforts to foreclose and levy on the Property, the Receiver Estate will suffer immediate and irreparable harm.

41.

This Court is vested with the authority and responsibility for enforcing the provisions of the Receivership Order.

42.

Accordingly, Defendant Fedele should be preliminarily and permanently enjoined from taking any acts to foreclose, levy or otherwise effect a recovery of the Judgment against the Property or any proceeds from a sale of the Property.

COUNT V

The allegations of Paragraphs 1 through 42 are incorporated into this Count as if fully set forth herein.

43.

Defendant Fedele's continuing efforts to interfere with the Receiver's recovery efforts and to foreclose and levy on the Property are knowing and willful violations of the Receivership Order and are in contempt of this Court.

44.

This Court can and should sanction Defendant Fedele's conduct.

45.

Moreover, as a result of Fedele's conduct, the Receiver has been required to expend time and money in the filing and prosecution of this action. Accordingly, the Receiver is entitled to recover the expenses of this litigation from Defendant Fedele, including reasonable professional fees incurred in this case.

COUNT VI

The allegations of Paragraphs 1 through 45 are incorporated into this Count as if fully set forth herein.

46.

The Receiver does not dispute or otherwise contest Defendant Saxon's right to repayment of the principal amount of the mortgage indebtedness owed on the Property. However, under the circumstances of this case, Defendant Saxon should not be allowed to accelerate the indebtedness, charge additional fees and interest or

foreclose on the Property, thereby reducing or eliminating any recovery by the Receiver for the benefit of investors.

47.

The Receiver is informed and believes and on that basis alleges that the filing of this action or the Receiver's ultimately prevailing in this action could be an event of default under the terms of Defendant Saxon's mortgage.

48.

Defendant Lomas's inability and failure to make future mortgage payments would be an event of default under the terms of Defendant Saxon's mortgage. The Receiver believes that such an event is inevitable absent an expeditious sale of the Property.

49.

If, while this action is pending, Defendant Saxon seeks to accelerate the amounts due pursuant to the mortgage, or to impose additional interest and fees and/or to foreclose on the Property, the Receiver Estate would be permanently and irreparably harmed. Moreover, any such actions would interfere with the Receiver's efforts to recover the Property for the benefit the Receiver Estate.

50.

Accordingly, Defendant Saxon should be preliminarily enjoined during the pendency of this action from accelerating the amounts due pursuant to the

mortgage; imposing additional interest and fees; and/or foreclosing on the Property.

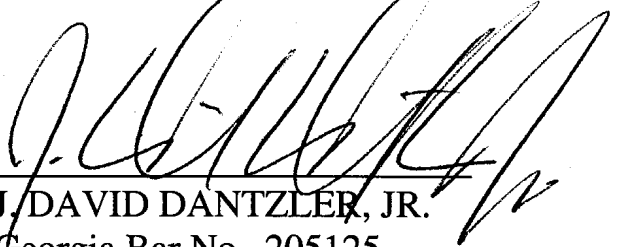
WHEREFORE, S. Gregory Hays, Receiver, requests and demands the entry of a judgment in his favor as follows:

1. On Count I, that the Court issue a declaratory judgment that the Property is and, at all relevant times, has been an asset of the Receiver.
2. On Count II, that the Court issue a declaratory judgment that if the Property is sold before it is turned over to the Receiver, then the Receiver is entitled to recover the proceeds of any such sale from Defendant Lomas.
3. On Count III, that the Court issue a preliminary injunction to maintain the *status quo* pending further judicial inquiry, that is, restraining Defendant Lomas and those working in active concert with him, including realtors and attorneys, from disbursing any proceeds of a sale of the Property and requiring that any such proceeds be held in trust pending further order of this Court.
4. On Count IV, that the Court issue a preliminary injunction to maintain the *status quo* and upon conclusion of the action enter permanent injunctive relief against Defendant Fedele restraining Fedele from taking any acts to foreclose, levy, or otherwise effect a recovery of the Judgment against the Property or any proceeds from a sale of the Property.
5. On Count V, that the Court award the Receiver its expenses and costs incurred from this litigation, including reasonable professional fees, to be paid by Defendant Fedele.
6. On Count VI, that the Court issue a preliminary injunction to maintain the *status quo* pending further judicial inquiry, that is, restraining Defendant Saxon from accelerating the amounts due pursuant to the mortgage, imposing additional interest and fees, and/or foreclosing on the Property.

7. That the Court award such other and further relief as is deemed just equitable and proper.

This 16th day of May, 2005.

TROUTMAN SANDERS LLP



J. DAVID DANTZLER, JR.

Georgia Bar No. 205125

MATTHEW R. CLARK

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January 20, 2005

Susan L. McCarthy, Esq.
Arnold, Bleuel, LaRochelle, Mathews
300 Esplanade Drive, Suite 2100
Oxnard, California 93036

Re: Fedele v. Lomas Case No NC 035 889

Dear Ms. McCarthy:

I represent Michael Lomas in SEC V. Mobile Billboards of America, Inc., et al filed in the U.S. District Court, Northern District of Georgia; Case No.: 1:04-CV-2763. I am in receipt of your Notice of Attachment regarding the property located at 115 West 4th Street, PH 7, Long Beach, California 90802-2305 belonging to Mr. Lomas.

Please be advised, Mr. Lomas has entered into a Consent Decree with the District Court. Accordingly, all of Mr. Lomas' property is the subject of the freeze order. The property you placed a lien on is already subject to the freeze order. Therefore, any action on your part regarding this property would be in violation of the District Court's Order.

I enclose a copy of the freeze order for your review. Please call me to discuss this matter.

Sincerely,

KAPLAN MARINO, APC



NINA MARINO

cc: Michael Lomas

TROUTMAN SANDERS LLP

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March 23, 2005

Susan L. McCarthy, Esq.
Arnold, Bleuel, LaRochelle, Mathews
300 Esplanade Drive, Suite 2100
Oxnard, CA 93036

RE: SEC v. Mobile Billboards of America, Inc.

Dear Ms. McCarthy:

As you know, this firm represents S. Gregory Hays, the Receiver for Mobile Billboards of America, Inc. ("MBA") and various other companies controlled by Michael Lomas. The Receiver was appointed on September 21, 2004 by the district court in the above-referenced action, which is currently pending in Atlanta. (A copy of that order is available on the Receiver's website, which can be found at www.haysconsulting.net.) Among other things, that order enjoins creditors from proceeding.

This letter is in follow-up to our telephone conversations and e-mail exchanges regarding a condominium in Long Beach, California that is currently used by Mr. Lomas as his personal residence. It is our understanding that your client, Joe Fedele, obtained a judgment against Mr. Lomas more than ten years ago. In December 2004, you filed a writ of attachment and related legal proceedings in California.

As I have indicated to you, the receivership is the result of an investment offering by MBA in which almost 1000 investors lost approximately \$60 million. Though related to a prior offering which began in or about 2000, the MBA offering was sold from 2001 until 2004. Most of the investors were retirees who invested and lost most, if not all, their life savings. As a result of his investigation, the Receiver has determined that the investment offering operated as a Ponzi scheme and that recoveries for the benefit of investors will be limited. On December 1, 2004, the Receiver filed his First Interim Report with the court which provides a general overview of the offering and other relevant facts. A copy of that report is also available on the website.

Susan L. McCarthy, Esq.
March 23, 2005
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Michael Lomas was MBA's majority shareholder and served as its CEO. He is also named as a defendant in the SEC's complaint. His assets are frozen, and the SEC and the Receiver are in the process of recovering from him, by settlement or litigation, all proceeds of the investment offering currently under his direction or control.

With respect to the Long Beach condominium, it is clear that it is directly traceable to the subject investment offering. The down payment, mortgage payments and improvements were paid for by MBA or other affiliated entities who may have received money from MBA. To date, the Receiver has been able to trace more than \$669,000 from the investment offering being used to purchase, improve and maintain the condominium. A schedule containing a summary of relevant transactions identified to date is attached.

The condominium has a significant mortgage and corresponding lien. (In fact, it appears that Mr. Lomas identified MBA's checking account as his own in the loan application.) Absent complicity by the lender, which we have no reason to suspect at this time, the mortgage lien is superior to any of the Receiver's rights in the property.

As we discussed, because receiverships are equitable proceedings, there are not many published opinions, especially in the context of governmental enforcement actions. However, you might find the following cases to be somewhat enlightening: *SEC v. Wencke*, 622 F.2d 1363 (9th Cir. 1980); *FTC v. Productive Marketing, Inc.*, 136 F.Supp. 2d 1096 (C.D. Cal. 2001).

Under the circumstances of this case, the condominium is, in fact, an asset of the Receiver Estate because it was purchased with monies received directly or indirectly from MBA. Though titled in the name of Mr. Lomas, he holds it as a trustee *ex mal officio*, for the benefit of MBA and, ultimately, the investors who lost money here.

The condominium was not owned by Mr. Lomas at the time that your client obtained a judgment against him nor is it traceable to any asset in existence at the time. Moreover, the writ of attachment was filed after the entry of the receivership order, which expressly prohibits creditors from proceeding against assets of the receivership estate. Finally, it appears that there is some question about the validity of the writ and whether it is effective. Under these circumstances, we believe that the court having jurisdiction over the receivership will agree with the Receiver that the writ and any attendant lien are subordinate to the Receiver's rights to recover the property.

Given the nature of the SEC's proceeding, Mr. Lomas has not yet answered the complaint or provided testimony. Even so, we expect that he will not dispute the Receiver's findings regarding how the condominium was acquired. In fact, we are currently in negotiations with Mr. Lomas about turning the property over to the Receiver.

Susan L. McCarthy, Esq.
March 23, 2005
Page 3

We appreciate your client's frustration with his circumstance; however, the Receiver is charged with recovering the proceeds of the investment offering, which includes the condominium. Accordingly, the Receiver requests and demands that you take those steps necessary to withdraw the writ of attachment and/or consent to Mr. Lomas' turnover of the property to the Receiver.

As I indicated to you, we would prefer to avoid the time and expense of litigation. However, because the funds tracing is so clear, the Receiver's discretion here is virtually non-existent. If Mr. Fedele will not agree to release the writ and/or consent to the turnover, we will be forced to address this issue to the federal court in Atlanta having jurisdiction over the receivership. For this reason, we would appreciate a written response to the Receiver's request on or before 5:00 p.m. EDT on April 4, 2005.

If you have questions or would like to discuss this further, please do not hesitate to contact me. We look forward to your response.

Sincerely,


J. David Dantzler, Jr.

cc: S. Gregory Hays, Receiver
J. Alex Rue, Esq., SEC
Nina Marino, Esq.

MOBILE BILLBOARDS AND COLLECTIVE ENTITIES
MICHAEL LOMAS LOS ANGELES CONDO & ASSET PURCHASE TRACING ANALYSIS
SUMMARY OF FUNDS USED

<u>Payee</u>	<u>Purpose/Description</u>	<u>Source of Funds</u>	<u>AMOUNT</u>
<u>Paid by Wires & Checks</u>			
The Walker Building Condominiums	Condo Reservations	Company Checks & Wires	\$ 11,373.72
Union Bank	LA Condo down-payment	Company Checks & Wires	198,550.00
First Century Trust	Monthly Payments	Company Checks & Wires	220,447.74
AJR Services	LA Condo Improvements	Company Checks & Wires	6,193.00
Hector Frauston DBA Professional Building	LA Condo Improvements	Company Checks & Wires	440.00
Rock & Waterscape	LA Condo Waterfall & Pond	Company Checks & Wires	13,000.00
Allstate Insurance	LA Condo Ins	Company Checks & Wires	1,638.25
City of Long Beach CA-gas,water sewer	LA Condo Utilities	Company Checks & Wires	281.59
Southern California Edison	LA Condo Utilities	Company Checks & Wires	3,879.27
Total LA Condo & Improvements paid by wires & checks			455,803.57
<u>Paid by Credit Cards</u>			
AJR Services	LA Condo Improvements	Company Credit Cards	7,076.00
Dino Fauci	LA Condo Improvements	Company Credit Cards	5,735.00
Fuller Glass	LA Condo Improvements	Company Credit Cards	11,231.45
Fullerton millwork	LA Condo Improvements	Company Credit Cards	196.10
Garcia Custom Furniture	LA Condo Improvements	Company Credit Cards	3,650.00
J. Lavelle interiors	LA Condo Improvements	Company Credit Cards	4,900.00
Lowe's	LA Condo Improvements	Company Credit Cards	1,902.34
Made in the Shade Awnings	LA Condo Improvements	Company Credit Cards	2,516.00
Majestic Flooring	LA Condo Improvements	Company Credit Cards	1,158.11
P&P Steel	LA Condo Improvements	Company Credit Cards	77,600.70
Pennine Plumbing	LA Condo Improvements	Company Credit Cards	1,603.00
Perry Mason-ry	LA Condo Improvements	Company Credit Cards	6,645.00
Rayson Window Coverings	LA Condo Improvements	Company Credit Cards	12,000.01
Ronnie Lewis	LA Condo Improvements	Company Credit Cards	585.00
Shepp Electric	LA Condo Improvements	Company Credit Cards	3,800.00
Wayne Rossiter	LA Condo Improvements	Company Credit Cards	4,472.00
Not otherwise listed	LA Condo Improvements	Company Credit Cards	68,753.45
Total LA Condo & Improvements paid by credit cards			213,824.16
Total Disbursed for LA Condo & Improvements			\$ 669,627.73

Company	Acct #	Trans Type	Date	Trans #	Payee/Payor	Memo	Deposit	Payment	Totals
LA Condo									
DMI	1635155484	Check	7/13/2001	1227	WALKER BUILDING CONDOMINIUMS	CONDO RESERVATION		5,000.00	11,373.72
MBA NPC	1635158148	Bill Pmt -Check	7/11/2003	3686	The Walker Building Condominiums	CONDO RESERVATION		6,373.72	
DMI	01635156674	Check	11/20/2002	wire	Union Bank	LA Condo down-payment		198,550.00	198,550.00
Tiger Media	01635158203	Check	5/8/2001	1131	First Century Trust	LA CONDO		4,000.00	
Tiger Truck	01635158203	Bill Pmt -Check	5/22/2001	1140	First Century Trust	LA CONDO		4,000.00	
MBA NPC		Deposit	3/25/2002				4,000.00		
MBA NPC	01635158148	Check	9/17/2002	2514	First Century Trust	LA CONDO		25,275.00	
MBA NPC	01635158148	Check	12/6/2002	2878	First Century Trust	LA CONDO		10,457.24	
MBA NPC	01635158148	Check	2/17/2003	3076	First Century Trust	LA CONDO		10,457.24	
MBA NPC	01635158148	Check	4/9/2003	3253	First Century Trust	LA CONDO		15,685.86	
MBA NPC	01635158148	Check	4/16/2003	3288	First Century Trust	LA CONDO		9,750.00	
MBA NPC	01635158148	Check	6/2/2003	3538	First Century Trust	LA CONDO		16,393.10	
MBA NPC	01635158148	Check	7/7/2003	3655	First Century Trust	LA CONDO		10,457.24	
MBA NPC	01635158148	Check	8/13/2003	3826	First Century Trust	LA CONDO		20,914.48	
MBA NPC	01635158148	Check	12/5/2003	4245	First Century Trust	LA CONDO		25,900.00	
MBA NPC	01635158148	Check	2/27/2004	4537	First Century Trust	LA CONDO		21,157.58	
MBA NPC	01635158148	Check	5/26/2004	4884	First Century Trust	LA CONDO		50,000.00	220,447.74
LA Condo Improvements									
MBA	01635158148	Bill Pmt -Check	5/2/2003	3384	AJR Services	LA Condo Improvements		3,281.00	6,193.00
MBA	01635158148	Bill Pmt -Check	6/2/2003	3522	AJR Services	LA Condo Improvements		2,912.00	
MBA	01635158148	Check	5/9/2003	3410	Hector Frauston DBA Professional Building	LA Condo Improvements		440.00	440.00
MBA	01635158148	Bill Pmt -Check	5/8/2003	3398	Rock & Waterscape	LA Condo Waterfall & Pond		2,920.00	
MBA NPC	1635158148	Bill Pmt -Check	7/29/2003	3717	Rock & Waterscape	LA Condo Waterfall & Pond		10,080.00	13,000.00
LA Condo Utilities & Overhead									
DMI	01635155484	Check	4/2/2003	1559	Allstate Insurance	LA Condo Ins		1,024.75	1,638.25
DMI	01635155484	Check	6/9/2003	1589	Allstate Insurance	LA Condo Ins		613.50	
CMBI	1635160424	Bill Pmt -Check	10/20/2003	1139	City of Long Beach CA-gas,water sewer	LA Condo Utilities		9.60	
CMBI	1635160424	Check	11/5/2003	1146	City of Long Beach CA-gas,water sewer	LA Condo Utilities		22.82	
CMBI	1635160424	Check	12/5/2003	1182	City of Long Beach CA-gas,water sewer	LA Condo Utilities		3.46	
CMBI	1635160424	Check	1/27/2004	1217	City of Long Beach CA-gas,water sewer	LA Condo Utilities		16.84	
CMBI	1635160424	Check	2/25/2004	1236	City of Long Beach CA-gas,water sewer	LA Condo Utilities		30.29	
CMBI	1635160424	Bill Pmt -Check	3/16/2004	1251	City of Long Beach CA-gas,water sewer	LA Condo Utilities		17.01	
CMBI	1635160424	Check	2/3/2003	3014	City of Long Beach CA-gas,water sewer	LA Condo Utilities		68.68	
MBA NPC	1635158148	Bill Pmt -Check	2/17/2003	3082	City of Long Beach CA-gas,water sewer	LA Condo Utilities		11.83	
MBA NPC	1635158148	Bill Pmt -Check	3/26/2003	3191	City of Long Beach CA-gas,water sewer	LA Condo Utilities		7.49	
MBA NPC	1635158148	Bill Pmt -Check	5/1/2003	3355	City of Long Beach CA-gas,water sewer	LA Condo Utilities		8.49	
MBA NPC	1635158148	Bill Pmt -Check	5/21/2003	3460	City of Long Beach CA-gas,water sewer	LA Condo Utilities		13.20	
MBA NPC	1635158148	Bill Pmt -Check	6/11/2003	3560	City of Long Beach CA-gas,water sewer	LA Condo Utilities		8.55	
MBA NPC	1635158148	Bill Pmt -Check	7/29/2003	3713	City of Long Beach CA-gas,water sewer	LA Condo Utilities		10.06	
MBA NPC	1635158148	Bill Pmt -Check	8/13/2003	3808	City of Long Beach CA-gas,water sewer	LA Condo Utilities		11.06	
MBA NPC	1635158148	Bill Pmt -Check	9/4/2003	3928	City of Long Beach CA-gas,water sewer	LA Condo Utilities		19.99	
MBA NPC	1635158148	Check	6/8/2004	4931	City of Long Beach CA-gas,water sewer	LA Condo Utilities		4.96	

Company	Acct #	Trans Type	Date	Trans #	Payee/Payor	Memo	Deposit	Payment	Totals
MBA NPC	1635158148	Check	7/13/2004	5001	City of Long Beach CA-gas,water sewer	LA Condo Utilities		8.40	281.59
MBA NPC	1635158148	Check	8/3/2004	5062	City of Long Beach CA-gas,water sewer	LA Condo Utilities		8.86	
MBA	01635158148	Check	5/17/2003	3450	Southern California Edison	LA Condo Utilities		374.56	
MBA	01635158148	Check	5/27/2003	3484	Southern California Edison	LA Condo Utilities		267.19	
MBA	01635158148	Check	7/29/2003	3735	Southern California Edison	LA Condo Utilities		602.99	
MBA	01635158148	Check	8/25/2003	3885	Southern California Edison	LA Condo Utilities		458.75	
MBA	01635158148	Check	5/4/2004	4804	Southern California Edison	LA Condo Utilities		283.83	
MBA	01635158148	Check	5/28/2004	4898	Southern California Edison	LA Condo Utilities		292.39	
MBA	01635158148	Check	6/25/2004	4979	Southern California Edison	LA Condo Utilities		299.29	
MBA	01635158148	Check	7/27/2004	5049	Southern California Edison	LA Condo Utilities		312.32	
CMBI	01635160424	Bill Pmt -Check	10/7/2003	1121	Southern California Edison	LA Condo Utilities		125.33	
CMBI	01635160424	Bill Pmt -Check	11/12/2003	1157	Southern California Edison	LA Condo Utilities		70.45	
CMBI	01635160424	Bill Pmt -Check	12/5/2003	1178	Southern California Edison	LA Condo Utilities		253.70	
CMBI	01635160424	Check	1/8/2004	1198	Southern California Edison	LA Condo Utilities		271.16	
CMBI	01635160424	Bill Pmt -Check	1/30/2004	1223	Southern California Edison	LA Condo Utilities		267.31	3.5

Totals 4,000.00 459,803.57
(4,000.00)

Net Disbursed by Checks \$ 455,803.57 \$ 455,803.57

Asset	Asset Value	Assets possible location	Category	Vendor	Purchased with/by	Date of invoice/payment
light rails and light fixtures installation	2,624.00	LA condo	improvements	AJR Services	MBA	4/1/2003
relocate for plasma TV / Cable	657.00	LA condo	improvements	AJR Services	MBA	4/1/2003
improvements to LA condo mural	3,795.00	LA condo	improvements	AJR Services	CMBI	1/21/2004
	3,875.00	LA condo	improvements	Dino Fauci	MBA	4/23/2003
screw installation in half bath	190.00	LA condo	improvements	Dino Fauci	MBA	4/23/2003
improvements to LA condo	1,670.00	LA condo	improvements	Dino Fauci	CMBI	1/30/2004
improvements to LA condo	327.80	LA condo	improvements	Fuller Glass	CMBI	9/28/2003
improvements to LA condo	2,425.80	LA condo	improvements	Fuller Glass	CMBI	12/16/2003
improvements to LA condo	847.30	LA condo	improvements	Fuller Glass	CMBI	1/14/2004
improvements to LA condo	5,524.00	LA condo	improvements	Fuller Glass	CMBI	2/20/2004
improvements to LA condo	874.20	LA condo	improvements	Fuller Glass	CMBI	2/24/2004
improvements to LA condo millwork	1,232.35	LA condo	improvements	Fuller Glass	CMBI	5/14/2004
	196.10	LA condo	improvements	Fullerton millwork	CMBI	6/27/2003
bookshelves	3,650.00	LA condo	improvements	Garcia Custom Furniture	MBA	3/27/2003
improvements to LA condo	4,900.00	LA condo	improvements	J. Lavelle interiors	MBA	3/18/2003
improvements to LA condo	1,902.34	LA condo	improvements	Lowes	American Express	1/30/2003
improvements to LA condo carpet repair	2,516.00	LA condo	improvements	Made in the Shade Awnings		10/6/2003
improvements to LA condo	1,158.11	LA condo	improvements	Majestic Flooring	MBA	4/3/2003
improvements to LA condo	8,500.00	LA condo	improvements	P&P Steel		1/16/2003
improvements to LA condo	1,575.00	LA condo	improvements	P&P Steel		1/16/2003
improvements to LA condo	400.00	LA condo	improvements	P&P Steel		1/16/2003
improvements to LA condo	315.00	LA condo	improvements	P&P Steel		1/16/2003
improvements to LA condo	20,535.00	LA condo	improvements	P&P Steel		4/4/2003
improvements to LA condo	15,565.00	LA condo	improvements	P&P Steel		10/2/2003
improvements to LA condo	15,435.00	LA condo	improvements	P&P Steel		11/10/2003
improvements to LA condo	4,500.00	LA condo	improvements	P&P Steel		1/14/2004
improvements to LA condo	2,390.02	LA condo	improvements	P&P Steel		2/18/2004
improvements to LA condo	5,812.61	LA condo	improvements	P&P Steel		2/18/2004
improvements to LA condo	1,155.08	LA condo	improvements	P&P Steel		6/1/2004
improvements to LA condo dishwasher installation	1,417.99	LA condo	improvements	P&P Steel		6/3/2004
run water lines to greenhouse	302.00	LA condo	improvements	Pennine Plumbing		7/10/2003
improvements to LA condo	1,301.00	LA condo	improvements	Pennine Plumbing		7/10/2003
improvements to LA condo	6,645.00	LA condo	improvements	Perry Mason-ry	CMBI	2/9/2004
improvements to LA condo	12,000.01	LA condo	improvements	Rayson Window Coverings	MBA	6/2/2003
drywall repair	585.00	LA condo	improvements	Ronnie Lewis	MBA	4/7/2003
generator	3,800.00	LA condo	improvements	Shepp Electric	MBA	4/15/2003
improvements to LA condo	1,419.50	LA condo	improvements	Wayne Rossiter	MBA	1/17/2003
improvements to LA condo	390.00	LA condo	improvements	Wayne Rossiter	MBA	1/17/2003
improvements to LA condo	1,445.50	LA condo	improvements	Wayne Rossiter	MBA	1/31/2003
improvements to LA condo	1,217.00	LA condo	improvements	Wayne Rossiter	MBA	1/31/2003
marble	7,658.00	LA condo	improvements	Wayne Rossiter	MBA	4/23/2003
bookshelves	250.00	LA condo	improvements		MBA	4/23/2003
glass	126.80	LA condo	improvements		MBA	4/23/2003

whirlpool	5,057.20	LA condo	improvements	MBA	5/1/2003
draperies and installation	12,000.00	LA condo	improvements	MBA	5/7/2003
draperies and installation	14,000.00	LA condo	improvements	MBA	5/8/2003
water system	13,000.00	LA condo	improvements	MBA	5/8/2003
paint/prime drywall	120.00	LA condo	improvements	MBA	5/9/2003
drywall-sand/prime	320.00	LA condo	improvements	MBA	5/9/2003
greenhouse/commodos	10,535.00	LA condo	improvements	MBA	5/20/2003
Install lights&power in greenhouse	2,912.00	LA condo	improvements	MBA	5/22/2003
glass	2,059.40	LA condo	improvements	MBA	7/2/2003
catwalk door-front door/reinstall table top	715.05	LA condo	improvements	MBA	

Total \$ 213,824.16

ARNOLD, BLEUEL, LAROCHELLE,
MATHEWS & ZIRBEL, LLP

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April 7, 2005

Via Facsimile & U.S. Mail

J. David Dantzler, Jr.
Troutman Sanders LLP
600 Peachtree Street, N.E., Suite 5200
Atlanta, GA 30308-2215

Re: *Fedele v. Lomas; SEC v. Mobile Billboards of America, Inc., et al.*

Dear Mr. Dantzler:

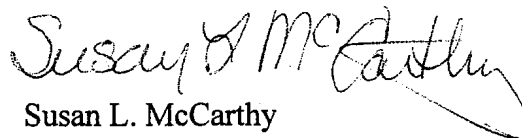
The following is in response to your letter dated March 23, 2005.

Mr. Fedele is not a creditor of any of the entities in receivership and is not acting in concert with Michael Lomas. In addition, there has been no ruling that Mr. Lomas holds the Condominium in Long Beach as constructive trustee for Mobile Billboards of America, Inc. Moreover, the spreadsheets you provided, without any back-up, list as payees, entities that are different from the first deed of trust holder on the property and there are payments listed for which the payors are not identified or are not receivership entities.

Accordingly, Mr. Fedele will not agree to release the writ or consent to turnover of the property to the Receiver. We intend to continue with the levy process.

Very truly yours,

ARNOLD, BLEUEL, LAROCHELLE,
MATHEWS & ZIRBEL, LLP


Susan L. McCarthy

SLM:pg
Enclosure
cc: Joe Fedele
Fedele\Lomas\corres\Dantzler Ltr 01