

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

<p>SECURITIES AND EXCHANGE COMMISSION,</p> <p>Plaintiff,</p> <p>vs.</p> <p>PINNACLE DEVELOPMENT PARTNERS, LLC, and GENE A. O'NEAL</p> <p>Defendants.</p>	<p>CIVIL ACTION NO. 06 CV 2431-JTC</p>
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RECEIVER'S STATUS REPORT

S. Gregory Hays, Receiver for Defendant Pinnacle Development Partners, LLC, files this Status Report as directed by the Court's April 14, 2008 Order. [Dkt. #82.] The Receiver addresses below the issues raised in the Order and in the Receiver's Unopposed Motion for Status Conference. [Dkt. #77.]

I. EVIDENCE TO BE PRESENTED AND TIME REQUIRED

At the May 14, 2008 Status Conference, the Receiver will be prepared to address with the Court the proposed Kunkel Settlement, the general status of the receivership, and other related issues. The Receiver does not believe that the motions currently ripe for consideration by the Court involve fact issues that

require the presentation of testimony or other evidence. Therefore, the Receiver does not intend to call any witnesses or present any evidence at the Status Conference; however, the following members of the Receiver Team will be present to address any issues and respond to any questions raised by the Court:

- S. Gregory Hays – Receiver – general receivership
- Richard Hunter – Hays Financial Consulting – real property
- Michael McClellan – Hays Financial Consulting – claims administration and Disputed Claims Motion
- J. David Dantzler – Troutman Sanders – general receivership
- Thomas Bosch – Troutman Sanders – general receivership, Kunkel Settlement, claims administration, Disputed Claims Motion, Ruther filings, and Ash litigation
- Jennifer Duncan – Troutman Sanders – real property

The Receiver believes that one hour should be sufficient to address all of the topics covered by the Receiver's Motion and the Court's Order.

II. PROPOSED KUNKEL SETTLEMENT

Briefing is complete on the Receiver's Motion to Approve Settlement Agreement and Release of Christopher M. Kunkel, Christopher M. Kunkel, Attorney at Law, P.C., and Westport Insurance Corporation. [See Dkt. #63, 68, 69, 74 & 75.] The Receiver believes that this motion can be resolved on the briefs. The Receiver will be prepared to address at the Status Conference any issues raised by the Court with respect to the proposed Kunkel Settlement.

III. GENERAL STATUS OF THE RECEIVERSHIP

A. Status of Real Properties

Collectively, the real properties represent the largest remaining item in this receivership. The Receiver Team continues to expend significant time and effort on: (1) selling the properties; (2) resolving title, tax and other issues hindering the sale of the properties; and, (3) otherwise maintaining the properties. As of the date of this filing, 14 of the 21 real properties in the Receiver Estate remain unsold, despite the Receiver's efforts to dispose of the properties by both private sale and auction. Given the current real estate market, it may be in the Receiver Estate's best interest to sell these properties at prices lower than originally anticipated. At the Status Conference, the Receiver would like to address the following issues with respect to the remaining properties:

- Streamlining the private sale process so that the Receiver can close on properties upon the expiration of the objection period.
- Revising the Court approved Real Property Disposition Procedures [Dkt. #28.] to set up a process for the efficient resolution of any title problems or other obstacles to the sale of the remaining properties.
- Revising the Real Property Disposition Procedures to permit publication of notice for private sales in the following newspapers as an alternative to the Atlanta Journal Constitution: (1) The Marietta Daily Journal (Cobb County); (2) The Champion Newspaper (DeKalb County); and, (3) the Fulton County Daily Report.

The Receiver also will be prepared to address the general status of the remaining properties, as well as any specific issues that the Court wishes to address.

B. Motion for Resolution of Disputed Claims

On April 29, 2008, the Receiver filed his Motion for Resolution of Disputed Claims [Dkt. #89.] Responses to the Disputed Claims Motion are due on May 16, 2008. The Receiver would like to address at the Status Conference, the timing and process for the Court's resolution of the Disputed Claims Motion. The Receiver believes that, other than issues associated with Rodney Hatfield and related entities, the Motion likely can be decided without further hearing. With respect to Hatfield, the Receiver continues to receive correspondence from individuals who allege that they invested in Pinnacle through Hatfield. The Receiver, therefore, would like to address with the Court the best way to proceed with respect to Hatfield and these individuals. Resolution of the issues addressed in the Disputed Claims Motion will conclude the general claims administration phase of the receivership.

IV. OTHER ISSUES

A. Larry Ruther Filings

Ruther, whose Motion for Joinder was denied by the Court on June 27, 2007, has recently made two additional filings, both of which are handwritten and difficult to decipher. [Dkt. #78, 79, 80 & 83.] Ruther's filings have resulted in the

docketing of an appeal (to an unidentified order) in the United States Court of Appeals for the Eleventh Circuit. [See Dkt. #81, 86 & 91.] The Receiver has requested that the Court deny any relief sought by Ruther. [Dkt. #88.] The Receiver would like to address Ruther's filings, and proposes that the Court enter an Order either enjoining Ruther from making future filings in this receivership, or excusing the Receiver and the SEC from responding to his future filings.

B. Dana Ash Litigation

On October 11, 2007, the Receiver filed a related action against Dana Ash, Pinnacle's former real estate agent. The Receiver and Ash have settled this litigation, pending finalization of the settlement papers and Ash's delivery of sworn financial statements.

C. Fee Applications

The Receiver will be prepared to address the Receiver's currently pending and future fee applications.

Respectfully submitted, this 9th day of May, 2008.

TROUTMAN SANDERS LLP

/s/ Thomas B. Bosch

J David Dantzler, Jr.

Ga. State Bar No. 205125

Thomas B. Bosch

Ga. State Bar No. 068740

Attorneys for S. Gregory Hays, Receiver

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Local Rule 7.1D Certificate of Compliance

The undersigned certifies that this Motion has been prepared with on of the font and point selections approved by the Court in Local Rule 5.1B.

/s/ Thomas B. Bosch

Thomas B. Bosch

Georgia Bar No. 068740

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CERTIFICATE OF SERVICE

This is to certify that on May 9, 2008, I electronically filed this STATUS REPORT with the Clerk of Court using the CM/ECF system which will automatically send email notification of such filing to the following attorneys of record:

James Alexander Rue

William P. Hicks

Michael D. Watson

John Gerald Westrick

Michael S. Reeves

I further certify that, on May 9, 2008, the foregoing has been served to the following non-CM/ECF participants by United States Mail, postage pre-paid:

Larry Ruther
50 Wilkerson St.
Huntsville, TX 77320

Filing Objector to Kunkel Settlement:

The Marcia S. Wolf Living Trust
Mark Alexander Wolf, Trustee
4556 Essex Court
Carlsbad, CA 92010

Letter Objectors To Kunkel Settlement:

Nick Cianelli
2310 Hill-n-Dale
Irving, TX 76038

Susan Cianelli
2310 Hill-n-Dale
Irving, TX 76038

William G. Davis
29396 Laurel Woods Drive Apt. 205
Southfield, MI 48034-4656

Hung Tran
8218 Ravencroft Drive
Tampa, FL 33615

Jamal King
1209 Congress Street S.E.
Washington, D.C. 20032

Carlos R. Benitez
1756 N.W. 33rd Street
Miami, FL 33142

The Status Report also was served on Investors interested in the Receiver's Motion for Resolution of Disputed Claims by US Mail, with adequate postage affixed thereto, or, if the Receiver did not have a current mailing address, by electronic mail.

This 9th day of May, 2008.

By: /s/ Thomas B. Bosch.
Thomas B. Bosch
Georgia Bar No. 068740