

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

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**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**Civil Action No.: 1:11-cv-0056-TCB**

**v.**

**STANLEY J. KOWALEWSKI  
and SJK INVESTMENT  
MANAGEMENT, LLC,**

**Defendants.**

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**NOTICE OF FILING SUPPLEMENTAL INFORMATION  
RELATING TO NOTICE OF NON-COMPLIANCE**

Plaintiff Securities and Exchange Commission ("Commission") respectfully files the following supplemental information [ Declaration of Kevan R. Coombs], in further support of the Plaintiff's Notice on Non-Compliance (Docket 125) filed with the court on September 19, 2011.

Dated: September 20, 2011

Respectfully submitted,

/S/ Alex Rue

Alex Rue

Georgia Bar No. 618950

One of Counsel for Plaintiff

SECURITIES AND

EXCHANGE COMMISSION

3475 Lenox Road, N.E.

Atlanta, Georgia 30326

Paul T. Kim

Senior Trial Counsel

Georgia Bar. No. 418841

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing NOTICE OF FILING SUPPLEMENTAL INFORMATION thereto was filed electronically with the Clerk of the Court using CM/ECF system which will automatically serve notice to all attorneys of record.

This 20<sup>th</sup> day of September 2011

Respectfully submitted,

/s/ Alex Rue  
Alex Rue

COUNSEL FOR PLAINTIFF  
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**DECLARATION OF KEVAN R. COMBS**

I, Kevan R. Combs, pursuant to 28 U.S.C. § 1746, do hereby declare:

1. I am the President and sole owner of Combs, Inc., a company that specializes in home building. I have over 15 years of experience in upscale residential construction.

2. In connection with residential development and construction in one of the premier communities in the Greensboro, North Carolina area, Combs, Inc. served in 2005 as the general contractor in constructing the house located at 5802 Henson Farm Road, Summerfield, North Carolina (“Henson Farm House”).

3. The Henson Farms House was constructed with the purpose that it would be a “showcase home” to demonstrate to prospective home buyers the type of home Combs, Inc. could build for them. As a showcase home, the house had numerous upgrades in its fixtures and appliances, including a SubZero refrigerator, a Viking range, and custom made cabinets. The suppliers of these high-end fixtures and appliances would provide them to Combs, Inc. at a discount in order to use the showcase home as a vehicle to market their products to home buyers.

4. In 2010, Combs, Inc. also renovated the Henson Farm House. As a result of the work, we observed the finishes and products to be the same as the

original and also added more elaborate features to the house such as an additional bathroom downstairs and a screened porch.

5. On August 30, 2011, at the request of counsel for the Receiver, I visited the Henson Farm House with Mark Scott, who I understood to have been retained by the Receiver.

6. Upon visiting the house, I observed that the house had been stripped bare of almost everything that could be removed, including all the custom cabinetry, doors, light fixtures, granite countertops, plumbing fixtures, sinks and appliances. In addition, the house appeared to have been damaged in the process of those items being removed from the house.

7. At the house, I also observed a number of new and used fixtures and used appliances that Mr. Scott advised were “replacements” for some of the items that have been removed. While Mr. Scott and I walked through the house, he took several pictures of these appliances and fixtures. Based on my observations, the pictures attached hereto as “Exhibit A” are true and accurate pictures of those items.

8. The replacement fixtures and appliances are not comparable to the items that had previously been in the home. For example, while the home previously had an expensive Viking stove, the stove I observed (a picture of which is attached) is not considered to be of the same quality and is significantly less expensive than the one

previously in the house. Similarly, rather than a custom 42 inch SubZero refrigerator, the new refrigerator appears to be a stock model that is also not of the same quality and significantly less expensive than the original. Moreover, the replacement fixtures and appliances I observed are not appropriately sized and any attempt to install them may result in additional damage to the home.

9. Based on my knowledge of the construction and quality of the 5802 Henson Farm House, my familiarity with the missing items, and my consultation with numerous subcontractors whom we could engage to repair and restore that house, we estimate that the total hard costs (for labor and materials) to restore the home to its previous condition would be \$440,837.00. Such work would include:


- Replacing missing custom cabinetry and countertops;
- Replacing the granite top kitchen island previously in the center of the kitchen;
- Replacing missing interior and exterior light fixtures;
- Replacing missing high-end appliances;
- Replacing missing interior and exterior doors;
- Replacing missing door hardware;
- Replacing cork flooring in basement kitchen;
- Replacing missing closet shelving;

- Repairing all damaged tile work and dry wall;
- Painting affected areas;
- Replacing all missing plumbing fixtures;
- Electrical, plumbing, and HVAC labor associated with above repairs;
- Replacing damaged carpet, sand and re-coat hardwood floors.

10. As this estimate was developed over a two day period, there may exist additional factors that could increase this estimate substantially. First, none of the subcontractors were able to physically inspect the residence or the extent of the damage caused by the removal of the original work. If the damage is worse than projected, the estimate could increase. Second, in our walk-through of the residence, we were unable to determine whether the removals caused underlying damage to wiring and/or plumbing, and if such damage exists, then the estimate could also increase. Finally, though we verified as many materials costs as we could in the given timeframe, we were not able to verify them all, so if unverified costs have escalated, our estimate could increase for that reason as well.

I declare under the penalties of perjury that the foregoing is true and correct.

Executed this 19 day of September 2011.

  
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Kevan R. Combs