

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
CHARLESTON DIVISION

<p>SECURITIES AND EXCHANGE COMMISSION,</p> <p>Plaintiff,</p> <p>vs.</p> <p>ALBERT E. PARISH, Jr., PARISH ECONOMICS, LLC and SUMMERVILLE HARD ASSETS, LLC</p> <p>Defendants.</p>	<p>CIVIL ACTION NO. 2:07-919-DCN</p>
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RECEIVER'S FIRST INTERIM REPORT

S. Gregory Hays ("Receiver"), the court-appointed Receiver for Albert E. Parish ("Parish"), Parish Economics, LLC ("Parish Economics") and Summerville Hard Assets, LLC ("Summerville Assets") files his First Interim Report showing the Court as follows:

INTRODUCTION

1. This action involves various "investment pools" managed and controlled by Parish using Parish Economics and Summerville Assets. In sum, it appears that investors were enticed to invest in these investment pools by promises of high yield returns that consistently out-performed traditional investment and the market, generally.

2. On April 5, 2007, the Securities and Exchange Commission ("SEC") filed this action seeking temporary, preliminary, and permanent injunctive relief, as well as disgorgement and other monetary sanctions. On that same date, this Court entered an Order to Show Cause, Temporary Restraining Order, Order Appointing a Receiver, Order Freezing Assets, Order Prohibiting Destruction of Documents and Order Expediting Discovery ("the Receivership Order"). Pursuant to the terms of the Receivership Order, this Court appointed S. Gregory Hays as Receiver for the Defendants and defined the "Receiver Estate" as "Defendants Parish, Parish Economics and Summerville Assets and their assets." Among other things, this Court authorized and directed the Receiver to:

- a. take custody, control, and possession of all records, assets, and other property of the Receiver Estate;

- b. administer the assets of the Receiver Estate, including the authority to liquidate assets;
- c. perform an accounting of the receipt, disposition, and use of the subject investment proceeds; and
- d. investigate any matters that the Receiver deems appropriate in connection with the Receiver Estate.

3. The Court also directed the Receiver “to file with the Court and serve upon the parties within 45 days after [April 5, 2007], a preliminary report setting out the identity, location, and value of the Receivership Assets, and any liabilities pertaining thereto.”

4. Pursuant to the terms of the Receivership Order, the Receiver employed the following professionals:

- Hays Financial Consulting, LLC, of Atlanta, Georgia, to serve as accountants, forensic examiners, and financial consultants to the Receiver;
- Troutman Sanders LLP of Atlanta, Georgia, to serve as counsel for the Receiver;
- David Popowski, Esq. of Charleston, South Carolina, to serve as co-counsel for the Receiver.

As a result, the Receiver has had a team of approximately 15 professionals, including attorneys, Certified Public Accountants, Certified Fraud Examiners, and a Certified Computer Examiner working with him in the administration of the receivership and in the conducting of this investigation. (The Receiver and these professionals are collectively referred to below as “the Receiver Team.”) Since the date of the Receiver’s appointment, the Receiver Team has been working full-time to identify and take control of cash, “hard assets,” real property and other assets; identify investors and develop a communications plan; and, obtain records, computers, and other information relevant to this receivership.

5. Since the filing of this action, Parish and his business activities, along with the filing of this case, have received significant attention from local and national media. In addition, the Receiver has determined that there are active “blog” sites dedicated to Parish and this case. The result is that there is a significant amount of information being disseminated through the media and other publicly accessible channels of communication and, understandably, investors are alarmed by this circumstance. The Receiver and his counsel have devoted significant time and energy to public information activities in an effort to make certain that the facts reported are accurate. In an effort to provide the Court, investors and other interested parties with accurate information, the Receiver is filing this First Interim Report well in advance of the 45-day deadline set in the Receivership Order.

6. This First Interim Report is intended to provide preliminary information regarding the assets and liabilities of the Receiver Estate, a summary of the Receiver's activities to date, and other available information regarding the subject investment offering. However, the Receiver's investigation is in its initial stage. This report contains a preliminary assessment and is based upon facts currently known to the Receiver and the professionals working with him. As additional facts are discovered, it is possible that the information provided below will be determined to be incomplete or incorrect. The financial information reported will be subject to change. The Receiver Team is working diligently to make certain that the information provided is accurate; however, under the circumstances of this case, it is not possible to have a completely accurate understanding of all of the facts relevant to the Receiver Estate this soon after the Receiver's appointment. As the receivership progresses, the Receiver will likely file additional interim reports and provide additional information on his website.

OVERVIEW OF THE RECEIVER'S ACTIVITIES

7. The SEC first contacted the Receiver shortly before this action was filed. So that he would be in a position to take control of the Receiver Estate, should he be appointed, the Receiver retained his financial consulting firm, Troutman Sanders LLP and David Popowski.

8. With the entry of the Receivership Order on April 5, 2007, the Receiver Team immediately began to take control of the Receiver Estate and implement the asset freeze. The Receiver and his counsel met with several witnesses and reviewed various records in an effort to locate cash, securities and other assets.

9. On April 6, 2007, the Receiver and members of the Receiver Team took control of the Parish residence located at 216, 220, and 224 Rabbit Run, Summerville, South Carolina. On that date, Yolanda Yoder, Parish's wife, was interviewed and computers and records were obtained from Parish's home office.

10. On April 9, 2007, Ulanji, Inc., the website provider, turned over copies of electronic records pursuant to a subpoena. On that same date, the Receiver obtained copies of various electronic accounting records and other materials from Parish's bookkeeper.

11. As a result of the activities described above, the Receiver Team has taken control of books and records, as well as computers, located at Parish's home, his office at Charleston Southern University and the offices of Battery Investments, LLC in Summerville, South Carolina. These materials are being reviewed and organized. Data preservation and recovery techniques are being employed to make certain that electronic evidence is maintained. Forensic activities are underway in an effort to retrieve information from various computers that might be useful to the Receiver in the administration of this receivership.

12. Forensic examination of the computers and other electronic data has begun and continues. As of the filing of this report, twelve computers, including file servers, desktops and laptops, have been recovered along with other media devices. Due to the size of the media recovered, it will take a significant amount of time to harvest, examine, and analyze the data. The

Receiver and his team will continue to investigate, preserve and recover other electronic evidence for use in the administration of this case.

13. As a part of his investor communication strategy, the Receiver maintains a website – www.haysconsulting.net. Immediately upon being appointed, a “Parish Economics” web page was created, and information regarding this case, including certain court filings, is posted there. As the case proceeds, the information will be updated. As a part of this site, investors can send emails to the Receiver regarding this case. The Receiver has also established a telephone “hot line” that allows investors to speak with a member of his staff. Because of the time and money required to deal with investors in this way, the Receiver has encouraged (and will continue to encourage) investors to use his website as their principal information source and means of communication. The Receiver will soon be mailing all investors a claim form and a copy of this report.

14. With the entry of the Receivership Order, this Court froze the Defendants’ assets and monies subject to their direct or indirect control. The Receiver served notice of his appointment and the asset freeze upon the following banks, brokerage firms and financial institutions:

- AG Edwards
- American Express
- Bank of America Corporation
- Bank of South Carolina (approximately \$2,000 found)
- Charles Schwab
- Citibank
- Fidelity Investment
- First Republic Group, LLC
- HD Vest Financial Services/Wells Fargo (approximately \$6,000 found)
- Lind Waldock/Man Financial (approximately \$120,000 found)
- National Bank of South Carolina
- Regions Bank (approximately \$127,000 found)
- Simmons First National Bank
- TD Ameritrade, Inc. (approximately \$4,000 found)
- TIAA CREF
- TradeStation Securities
- U.S. Bank/U.S. Bancorp.
- Wachovia Bank, N.A. (approximately \$23,000 found)

As of the filing of this First Interim Report, all commodities and securities accounts have been or are in the process of being liquidated. It appears that approximately \$276,000 has been frozen in accounts maintained in the names of the Defendants, as well as other accounts under Parish’s control. In addition to these monies, approximately \$6,000 has been frozen in retirement accounts maintained by Parish. Certain of these frozen funds will immediately be transferred into accounts maintained by the Receiver. Other accounts (e.g., retirement accounts) will remain frozen, but will not be transferred pending further analysis of factual and legal issues. The Receiver has already deposited 5 checks totaling \$6,425.66 into accounts maintained by the

Receiver. The checks were monthly payments on loans made to third parties by Parish and or Parish Economics. The checks were located in documents recovered by the Receiver Team.

15. The Receiver has also identified other people and entities that may be in possession of assets that are subject to the freeze. In particular, Parish has, over time, engaged in numerous purchases of "hard assets" (see section below) and other personal property from a variety of sources. Accordingly, the Receivership Order has been delivered to the following to make certain that any assets of the Receiver Estate are secured and, ultimately, turned over to the Receiver:

American Royal Arts, Inc.
Capetown Diamond Corporation
M.S. Rau Antiques
Mecca Consultants
Relics Art and Antiques
Swiss Supply Direct, Inc.
Montblanc North America, LLC
Palmetto Jaguar

16. In addition to Ms. Yoder, the Receiver and his counsel have interviewed, both in person and by telephone, various individuals who had a business relationship with Parish in an effort to understand how the Defendants conducted business, including the investment pools. Receiver's counsel is in the process of serving subpoenas upon third-parties seeking the production of documents and/or deposition testimony that should provide additional information useful to the Receiver's investigation.

17. The Receiver has taken control of the following real estate, some of which are rental properties, owned by Parish:

216, 220, and 224 Rabbit Run, Summerville, SC
3622 Yacht club Rd., Edisto Island, SC
126 Jungle Rd., Edisto Island, SC
156-A Tradd Street, Charleston, SC
216 Skyline Lodge Road, Highlands, NC

The market value of these properties is currently unknown. It appears that there are significant mortgages associated with each of these properties.

18. To facilitate a distribution that is both accurate and fair, the Receiver has developed an Investor Claim Form. This form is posted on the Receiver's website. In addition, the Receiver will mail the Investor Claim Form, along with other preliminary information, to all investors in the very near future. Non-Investor Claim Forms will be developed in the very near future and posted on the Receiver's website and mailed to all known vendors and trade creditors, as well. A deadline of July 31, 2007, has been established for returning all claim forms to the Receiver. Upon receipt, the claims will be reconciled to Defendants' records by the members of the Receiver Team.

19. There are potentially significant tax issues affecting many or all of the investors. While the Receiver does not provide tax advice to individual investors, he does have tax professionals on his staff assigned to analyze the Defendants' existing tax issues and assist the Receiver in his assessment of issues that might arise during the course of this case.

20. At this early stage, it is difficult to predict how long it will take for the Receiver to complete his investigation and accounting. As this work continues, the Receiver Team will continue their efforts to most efficiently recover and realize the value of assets for the benefit of the Receiver Estate.

THE INVESTMENT POOLS

21. It is not yet possible to provide a complete description of the subject offering and Defendants' business operation. The very basic summary provided in this section is intended to provide an overview based on facts currently available to the Receiver. The genesis of the investment pools is currently unclear. However, it is evident that they have been actively operated by the Defendants for a number of years. The investment pools were directed and controlled by Parish.

22. Parish Economics purportedly maintained at least four investment pools known as the Hedged Income Pool; the Stock Pool; the Commodity Futures Pool; and the Hard Asset Pool. In addition, Summerville Assets appears to have been formed as another "hard asset pool" for higher amounts of investment.

23. As indicated by their respective names, each of the investment pools was purportedly designed to invest in specific types of assets – i.e., bonds, stocks, futures and "hard assets." Parish purportedly used a proprietary logarithm and other econometrics to manage these investment pools in a way that supposedly yielded returns well above returns in market indexed and other traditional investments.

24. Preliminary review of the records recovered to date, as well as limited information received from a few investors, indicates that Parish also may have formed a fund or investment pool that owned mortgages and other types of loans. This "fund" is referred to the Loan Fund in this report.

25. Since the early part of 2006, investors have been able to access account information through a secure website maintained by Parish Economics and hosted on computer servers maintained by Ulanji. Apparently, some investors continued to receive "paper" account statements, which had been Parish Economics' practice prior to the implementation of the website. The account information provided significant detail, including how the account was performing, both in absolute terms and in comparison to other market indicators. The anecdotal evidence indicates the account information indicated that each of the investment pools (and, hence, each investor's account) was performing incredibly well compared to the markets, generally. The electronic data recovered from Ulanji is, to date, deemed to be the most reliable indicator of the number of investors and their purported account balances.

26. The Ulanji records indicate that as of February 28, 2007, there were 599 active investors in the various investment pools. As of that date, the money, assets, and cumulative account information indicate that the investment pools should have had the following values:

Hedged Income Pool	\$ 35,355,007
Stock Pool	\$ 13,189,170
Commodity Futures Pool	\$443,599,338
Hard Asset Pool	\$ 28,033,833
Loan Fund	\$ 3,412,583
TOTAL	\$523,589,931

As indicated in this report, the information recovered to date indicates that these amounts are greatly overstated. However, given the amount of time that the investment pools “operated” and the purported earnings of each pool, it is clear that the amount actually invested is significantly less than \$523,589,931.

27. As of the date of the filing of this Report, the Receiver does not yet have sufficient information to determine the actual amounts of cash invested over time or the amounts of cash actually distributed. Bank records and other financial information, including claim forms submitted by investors will assist the Receiver in determining these amounts.

28. At this stage of the Receiver’s investigation, it is impossible to determine whether any of the investment pools earned profits as a result of investment activities conducted by Parish. It is evident that the investment pools were not performing in accordance with the representations contained in the investor account statements and website information. It is obvious that, if there was investment activity, significant losses must have been sustained.

29. The banking records for recent years seemingly indicate that investors’ funds were not segregated or allocated to and among the various investment pools. The anecdotal evidence also indicates that for quite some time, cash payments made to investors were funded, in whole or in part, by cash received from other investors.

30. Based upon the information currently available to the Receiver, it is evident that, at some points in time, some portion of investors monies were invested in each of the types of assets purported to maintained and managed in each pool. It is not presently clear when these investments were made and how they were actually maintained and managed.

31. It appears that, over time, most investors chose to reinvest their returns and may have made additional principal investments in the investment pools. Others actually received cash payments of some or all of their returns in monthly payments.

- a. For quite some time, it appears that cash payments to investors were made, in whole or in part, with money received from other investors rather than from investment activities.
- b. Monies received from investors were not segregated by investment pool, asset type, bank or brokerage account or in any other presently discernable manner.
- c. It appears that monies received from investors were used to purchase “hard assets,” without regard to the investment pool selected by the investor.
- d. It appears that monies received from investors were used for Parish’s personal benefit, including the support of his lifestyle.

THE RECEIVER ESTATE

32. The Receiver Estate is comprised of a relatively small amount of cash, real property, vehicles and other personal property, including an extensive array of “hard assets.” In addition to investors, the Defendants have other creditors including American Express, National Bank of South Carolina, Bank of South Carolina, and various other entities. With the exception of the mortgages related to the real property titled in Parish’s name, the Receiver Team is currently unaware of any secured creditors. The Receiver Team continues to compile information regarding unsecured creditors.

Investments

33. As indicated above, other than a few trading accounts, there is no indication that the investment pools were operated as segregated investment pools as of the date of the Receiver’s appointment. The actual amount invested in bonds, stocks, futures and other traditional securities and commodities was, in relative terms, very small. As of April 5, 2007 (or thereabout), the cumulative value of all such investments was less than \$124,000. These investment accounts have been, or are in the process of being liquidated.

34. The Receiver is in possession of approximately 24 secured and unsecured promissory notes having a cumulative face amount of \$1.6 million. The payee on each of these notes is Parish Economics, LLC or Albert E. Parish. It appears that a number of obligors have been making payments on these notes. The Receiver Team will need to investigate these further in order to determine the cumulative value of these assets. In the meantime, the Receiver will collect all payments on the notes.

35. The vast majority of the assets in the Receiver Estate are “hard assets.” The administration of these assets is and will continue to be very challenging. The following is intended to provide an overview of the myriad issues that have been and will be addressed by the Receiver and the Receiver Team with respect to these assets:

- a. The hard assets are comprised of very diverse and, often, unique types of goods including: paintings and other objects d'art; animation collectibles; Mont Blanc pens; watches and other time pieces; antiques and antiquities; jewelry and unset stones; rare coins and currency; and rare books.
- b. There are hundreds and, more likely, thousands of individual "hard asset" items.
- c. As of the filing of this report, the Receiver Team has not located an inventory listing of these items, or any portion of them. Certain bills of sale and other similar documents have been located. The Receiver Team is compiling a comprehensive inventory based on these documents and the actual property located.
- d. The hard assets have been found in various locations including: the Parish family residence and other real properties owned by Parish; Parish's various offices; safe deposit boxes maintained at a local bank; and, a climate controlled mini-warehouse in the metropolitan Charleston area. Hard assets also have been located in the possession of third-parties, including vendors and dealers in such items. Any person or entity that may be holding any assets for consignment or sale or otherwise, belonging in whole or in part to Albert Parish or any of the entities in receivership, are instructed to call Linda Baldwin of Hays Financial Consulting at 404-663-5533.
- e. Though impossible to ascertain precisely at this early date, the Receiver Team is concerned that there are potentially valuable items still unaccounted for. This is literally a "treasure hunt," and the Receiver Team continues to employ various investigative and forensic techniques in an effort to make certain that all "hard assets" have been identified and brought under the Receiver's control.
- f. It is impossible to estimate the value of the "hard assets." Certain items appear to be of "museum quality," while the majority seem to be "collectibles." The Receiver has retained a fine art appraiser to assist him with evaluating these assets, initially with respect to identifying the most valuable items and the appropriate way to move, store and, ultimately, sell them.
- g. Other than Parish's homeowners' insurance, the Receiver Team has not yet located any insurance policy covering any of the "hard assets." As of this date, the Receiver has been unable to obtain this type of insurance. The Receiver Team will continue to work on this issue.
- h. Because of the lack of insurance, moving the items en masse is proving difficult. However, the Receiver currently believes that he will be able to reach agreement with a local moving company and/or one of its national affiliates to move the "hard assets" to a secure location.

- i. The Receiver has retained 24-hour armed security to protect the hard assets until they can be moved to a secure location. Certain smaller items of value are being stored in bank safety deposit boxes.
- j. The Receiver Team has already begun to explore the most effective ways to realize the value of the hard assets. It is evident that the sale of many of these items will take many months and will be expensive. The Receiver will continue to keep the Court apprised of his plan for liquidating the hard assets.

Real Estate

36. As indicated above, the Receiver has taken control of real property owned by Parish. The market value of these properties is currently unknown, however, in relative terms, they appear to be valuable.

37. The three properties in the Charleston/Edisto Island area serve as collateral for mortgage loans from the Bank of South Carolina and the National Bank of South Carolina (“NBSC”) in the approximate cumulative amount of \$3.55 million. Importantly, all three of these properties serve as collateral for a single “blanket mortgage” with NBSC. In addition, it appears that Parish guaranteed a line of credit in the approximate amount of \$800,000, which is also secured by these three properties. Initial discussions between counsel for the Receiver and NBSC have been productive. The Receiver’s counsel has not yet been able to discuss these issues with representatives from NBSC. The Receiver Team will need time to evaluate these properties and develop a plan for their disposition in a way that will realize the value of the equity in the properties, if any.

38. The information available to the Receiver indicates that the real property in Highlands, North Carolina also is collateral for a mortgage loan. However, the Receiver Team has not yet had contact with the mortgage lender.

39. Apparently, Parish also owns a portion of his family’s traditional “home place” near Hollywood, South Carolina.

40. Parish, either directly or through various entities, has an ownership interest in small commercial properties located in Summerville and Mt. Pleasant, South Carolina. The value of these properties, as well as the financing structure, is not yet known. The Receiver’s belief is that these properties’ net value to the Receiver Estate is, in relative terms, limited.

41. Parish also maintained offices in Summerville and Mt. Pleasant in leased premises. It appears that Battery Wealth Management, LLC, a third-party, is responsible for the lease obligations; however, the Receiver Team continues to investigate this issue.

Vehicles and Other Property

42. At this point, it is very difficult to distinguish between Parish’s personal assets and the “hard assets” purportedly purchased for investment pools. Because he is married,

Parish's wife has an interest in certain assets that are not proceeds of the investment offering. In addition, certain assets apparently acquired, in whole or in part, using investors' monies are titled in the name of both Parish and his wife. Accordingly, making a specific determination about which of the personal property items in the family residence and other locations are actually part of the Receiver Estate is difficult. To date, Parish's family, including his wife and his siblings, have cooperated with the Receiver Team in addressing these issues.

43. Parish and his wife own six vehicles. Both are listed as owners on the certificates of title for most, if not all, of these vehicles. The vehicles include two Jaguars; a Lexus LS 430 and a Lexus SUV; a very high-end Mercedes Sprinter mini-van; and a Chrysler mini-van. The Receiver and the SEC have agreed that Parish's wife may continue to use the Chrysler. The Receiver expects to sell the other vehicles. The Receiver Team is unaware of any loans secured by any of these vehicles.

44. There are numerous life insurance policies, but there is very little cash value, if any, in these policies. It appears that these policies were purchased in connection with a trust established by Parish for the ultimate benefit of investors. It is important to emphasize that, as of this date, the Receiver Team has not analyzed the policies or the trust in any meaningful detail. However, it is clear that the premium payments are very expensive. While the Receiver Team continues to investigate this issue, it is highly unlikely that the Receiver Estate will be in a position to continue making these payments. Based on information currently available to the Receiver, the premium payments for the Parish life insurance policies appear to be in excess of \$70,000 per month (or \$840,000 per year).

Interests in Operating Businesses

45. Parish, directly or through entities controlled by him, has or had an ownership interest in several private companies. The Receiver Team is in the process of notifying the companies of the Receivership control of these interests. The value of these interests, if any, is yet to be determined.

46. Through Parish Enterprises, LLC, Parish is the 100% owner of two clothing stores operated under the name of A. J. Davis.

47. Parish owns a minority interest, believed to be 10% or less, in Ulanji.

48. It appears that, in the relatively recent past, Parish has sold a temporary staffing/employee leasing company, Unlimited Hiring Possibilities, LLC. The purchase price, which was approximately \$500,000, is being paid in installments.

49. The employees of Ulanji (website design), D&D Consulting (recruiting firm previously owned by Al Parish), and A. J. Davis & Company (clothing store) were actually employed by Unlimited Hiring Possibilities ("UHP"). There are approximately 28 employees on payroll. All payroll was processed by UHP, and the employee's health, dental, disability and life insurance was covered under the UHP policies. All employees were terminated by UHP as of

March 31, 2007. The April insurance premiums (approximately \$11,000.00) have not been paid. The Receiver's office is working to resolve these issues.

50. The Receiver will evaluate each of these holdings and make a determination about how to realize the value of each for the benefit of the Receiver Estate.

Non-Investor Liabilities

51. The Receiver Team continues to investigate and ascertain the nature and amount of liabilities of the Receiver Estate. In addition to the mortgages and guarantees secured by the real property as described above, it appears that Parish and/or one of the other Defendants may owe money to dealers, brokers and other vendors related to the purchase of the "hard assets."

52. It appears that Parish owes American Express approximately \$800,000. Of this amount, approximately \$600,000 relates to charges made in late February and March of 2007. The Receiver Team is investigating these charges.

53. While the Receiver Team is not currently aware of other non-investor liabilities, there are certain to be additional creditors. The claims of all creditors will be administered as a part of this receivership.

ONGOING ADMINISTRATION AND INVESTIGATION

54. As indicated above, the "hard assets" appear to have significant value. However, it must be emphasized that in light of the cumulative amount of money actually invested with the Defendants, the Receiver currently anticipates that investors have lost a substantial portion of their investment. Even so, the Receiver currently expects that there will ultimately be a distribution in some amount to investors and other creditors. The most significant "variables" affecting the amount of the distribution are:

- The net amounts that can be realized from the sale of the hard assets. Key factors affecting the ultimate result will be the time that is required to sell these assets and the cost of security, moving, storage and insurance in the interim. In addition, the Receiver expects that sales or auction commissions could be a very significant expense for the estate, and the Receiver is evaluating options to keep these expenses to a minimum.
- Whether there are claims, such as unpaid taxes, that are entitled to a priority and, if so, the amount of those claims.
- The amounts, if any, that can be recovered from third-parties.
- The amount of professional fees and expenses incurred in the administration of the Receiver Estate, which will necessarily include a number of complicated issues.

55. As the Receiver's investigation continues, he and his counsel intend to analyze all legal claims against third-parties that could result in meaningful recovery to the Receiver Estate, and to determine whether or not such claims will likely be of benefit to investors and other creditors of the Receiver Estate.

PROFESSIONAL FEES AND EXPENSES

56. The Receiver and the professionals working with him are well aware that the fees and expenses associated with the administration of the receivership are paid from the assets of the Receiver Estate. The goal of all involved is to conclude this receivership as quickly and efficiently as can be reasonably accomplished. However, there are a number of complicated issues that must be addressed in order for this to occur. In making decisions about how to proceed, the Receiver will consider the cost and the likely benefit associated with most activities although it is important to understand that there are certain activities that must be undertaken regardless of the cost. As provided for in the Receivership Order, the Receiver and the professionals working with him will apply to Court for approval to pay professional fees and expenses each month.

57. Consistent with other equity receiverships, the fees charged by the Receiver, Hays Financial Consulting, LLC, Troutman Sanders LLP, and David Popowski will be based upon the hourly rates for the professionals involved in this matter.

58. The Receiver's standard hourly rate is \$325.

59. The standard hourly rates for the professionals in Hays Financial Consulting, LLC range from \$100 to \$325. In recent receiverships, the effective blended rate has averaged approximately \$200.

60. The standard billing rates for Troutman Sanders' lawyers range from \$195 to \$600. The current standard hourly billing rate for David Dantzler, lead counsel for the Receiver is \$475. While it is difficult to predict what type of legal services might be required in this case over the long term, the expectation is that, over time, based on experiences in recent receiverships, much of the work can be done by paralegals and associates work with hourly rates ranging from \$125 to \$300. In other active receiverships, the blended hourly rate for all Troutman Sanders professionals has ranged from \$235 to \$300, depending on the legal complexity of the case.

61. The standard hourly rate for David Popowski is \$280. The work done by his legal assistant is an hourly rate of \$50.

62. Because of the nature of the case, the enormous amount of work that will be required and differences in the Atlanta and Charleston markets, Hays Financial Consulting and Troutman Sanders will discount the total fees charged by 5%. In addition, professionals will not bill for their travel time between Atlanta and Charleston unless they are otherwise engaged in billable activity while in transit.

63. Because Receivership Estate funds have been frozen and are not immediately available, the Receiver has had to personally fund \$21,150.40 to pay for Receiver Estate expenses, including certain bills for security personnel and insurance premiums. The Receiver will seek to be reimbursed from the Receivership Estate.

Respectfully submitted this 12th day of April, 2007.

/s/ David Popowski

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