

USDC SCAN INDEX SHEET



CAG 11/29/04 13:17

3:04-CV-02295 SEC V. EMVEST MORTGAGE FUND

\*13\*

\*DECL.\*

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FILED  
04 NOV 24 AM 11:53  
CLERK, U.S. DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA  
BY *Palmer* DEPUTY

6 Attorneys for Defendants  
7 EMVEST MORTGAGE FUND, LLC, EMVEST,  
8 INC., and MILON LYLE BROCK

9 UNITED STATES DISTRICT COURT  
10 SOUTHERN DISTRICT OF CALIFORNIA

11 SECURITIES AND EXCHANGE  
12 COMMISSION,

13 Plaintiff,

14 v.

15 EMVEST MORTGAGE FUND, LLC,  
16 EMVEST, INC., and MILON LYLE  
17 BROCK,

18 Defendants.

Case No. 04 CV 2295 DSM (LSP)

**DECLARATION OF MILON LYLE  
BROCK IN SUPPORT OF DEFENDANTS'  
OPPOSITION TO PLAINTIFF'S  
APPLICATION FOR PRELIMINARY  
INJUNCTION AND APPOINTMENT OF A  
RECEIVER**

Date: December 3, 2004  
Time: 10:30 a.m.

18 I, Milon Lyle Brock, declare as follows:

- 19 1. I am a the Chief Executive Officer of EMVEST Incorporated.
- 20 2. I am the manager of EMVEST Mortgage Fund, LLC (The Fund).
- 21 3. The primary focus of the Fund's business is to provide mortgages to individuals who  
22 might not otherwise qualify for home loans, while at the same time providing investors a  
23 diversification from the customary trust deed ownership.
- 24 4. The Fund has approximately \$23 million in real assets, including nearly \$6 million in  
25 cash and over \$17 million in trust deeds.
- 26 5. I have personally invested \$25,000 into the Fund. Additionally, I invested \$40,000  
27 on behalf of my two grand daughters into the Fund (\$20,000 each).

ORIGINAL

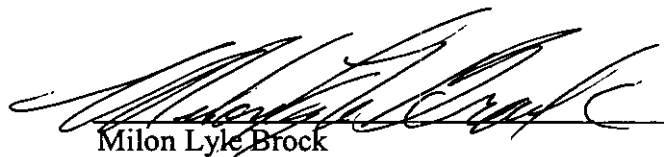
1           6. The Fund has always maintained accounting records. These records set forth all of  
2 the distributions to investors, capital investments and expenses. These records were provided to  
3 the SEC as soon as they commenced their investigation.

4           7. The Fund paid three checks totaling \$243,719.47, to EB Financial, Inc. These checks  
5 were not "finder's fees." Rather, these checks represented a portion of capital outlay made for the  
6 acquisition of assets (trust deeds) which were arranged by EB Financial. More specifically, and  
7 for example, the total amount of the largest transaction was approximately \$828,982 for the  
8 purchase of 24 trust deeds. However, the Fund purchased the bulk for a discounted approximate  
9 price of \$621,200. This amount was comprised of a check in the amount of \$435,200 to First  
10 NLC, and a check in the amount of approximately \$186,000 to EB Financial (i.e. the discount fee  
11 earned by EB Financial). This purchase was arranged directly with the bank (First NLC) rather  
12 than through a 3rd party escrow – which would normally have taken the gross purchase price of  
13 \$620,000 and made distributions for the amounts owed to each party. Because there was no  
14 escrow involved to make those distributions, the distributions were made directly by the Fund.  
15 Because the purchase was made directly from a principal (First NLC) the cost of a 3rd party  
16 escrow was unnecessary and the savings were realized by the Fund – approximately \$208,982.  
17 EB Financial is entitled to collect discount fees and origination fees. These fees are payable EB  
18 Financial for arranging that bulk purchase of the loans at a substantial discount.

19           8. The Fund is now closed to new money, whether from new investors or current  
20 investors.

21           9. I have never been convicted of any securities laws violations.

22           10. I declare under penalty of perjury that the foregoing is true and correct. Executed  
23 this 24th day of November, 2004, in San Diego, California.

24  
25   
26 Milton Lyle Brock