

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,

Plaintiff,

vs.

EMVEST MORTGAGE FUND, LLC,
EMVEST, INC., and MILON LYLE
BROCK,

Defendants.

CASE NO. 04cv2295-DMS (POR)

**ORDER RE: RECEIVER'S
TWELFTH REPORT**

Pursuant to Court Order, the Receiver filed his Twelfth Verified Report (“Report”) on March 21, 2008. The Government raised no objections. The Report provides the following:

First, operations continue generally in a stable manner with financial controls in place and ample information provided to the public. The Receiver continues to run the business on a daily basis with the goals of minimizing the negative effects of the downturn of the real estate market, and liquidating the fund’s assets in an orderly manner by the 12/31/08 target date.

Pursuant to Court Order, the Receiver continues monthly discretionary distributions to the investors of up to 6% annually, and hardship disbursements as appropriate. The loan portfolio has been affected by the softening of the real estate market, but progress has been made toward liquidation. As of February 29, 2008, the portfolio principal balance is \$5,195,863, plus real Estate Owned of \$1,363,907. To speed the sale of properties taken back through foreclosure, a marketing plan has been implemented to increase curb appeal and restore them to move-in condition. In addition, the Receiver

1 has made site visits and met with local brokers.

2 Second, the Court's order of January 7, 2008 approved a cash-out plan that would allow certain
3 Members to cash out their equity at a reasonable discount while still ensuring that those who remained
4 in the Fund would not worsen their financial situation by staying. The Receiver implemented the plan,
5 which has been well-received by Members, with 27 participating, and \$564,846.72 disbursed.

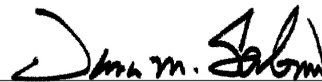
6 Third, the Receiver sends periodic reports to members, and posts these reports on the Fund's
7 website (<http://emvest.info>). The reports include Financial Statements, the most recent of which are
8 included with the report as Exhibit B. The book value of a \$10,000 original investment is \$9,220 (92%
9 of Members' original investment). The drop in equity in 2007 is a reflection of the bad debt write-off
10 and the softening of the market. Overall, the Receiver represents that in light of the overall turmoil in
11 real estate and subprime mortgage markets, the Fund is in "far better shape" than many others.

12 Third, the Receiver has implemented a voluntary fee reduction from \$12,500 per month to
13 \$9,000 per month. Non-operation fees are excluded from this fee.

14 Pursuant to Civ. L. R. 66.1, the Receiver shall file, serve, and make available on the website
15 his Thirteenth Report no later than June 20, 2008. Comments or objections shall be filed no later
16 than June 25, 2008. The matter shall be calendared for Friday, June 27, 2008, at 1:30 p.m., but unless
17 otherwise ordered, the Court will address all issues on the briefs and without oral argument.

18 **IT IS SO ORDERED.**

19
20 DATED: June 6, 2008

21 

22 HON. DANA M. SABRAW
23 United States District Judge

24
25
26
27
28