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**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.
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CASE NO. 04cv2295-DMS (POR)
**ORDER RE: RECEIVER'S
THIRTEENTH REPORT**

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

First, operations continue 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. As of May 31, 2008, the portfolio principal balance is \$4,043,331, plus Real Estate Owned ("REO") of \$2,322,561. 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 has made site visits and met with local brokers.

1 Second, the Court's order of January 7, 2008 approved a cash-out plan that would allow certain
2 Members to cash out their equity at a reasonable discount while still ensuring that those who remained
3 in the Fund would not worsen their financial situation by staying. The Receiver implemented the plan,
4 which has been well-received by Members, with 33 participating, and \$702,212.27 disbursed.

5 Third, the Receiver sends periodic reports to members, and posts these reports on the Fund's
6 website (<http://emvest.info>). The reports include Financial Statements, the most recent of which are
7 included with the report as Exhibit B. The book value of a \$10,000 original investment is \$8,161
8 (81.6% of Members' original investment). The drop in equity in 2007 is a reflection of the bad debt
9 write-off and the softening of the market. The Receiver represents in light of the overall turmoil in real
10 estate and sub-prime mortgage markets, the Fund is in better financial condition than many others.

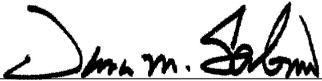
11 Fourth, the Receiver continues to implement a voluntary fee reduction from \$12,500 per month
12 to \$9,000 per month. Non-operation fees are excluded from this fee.

13 Finally, the Receiver requests the Court's approval for a proposed new plan by which Members
14 could use their current equity toward the purchase of any of the Fund's REO property. In so doing, they
15 could choose to deal directly with the Receiver, foregoing representation by an outside broker, and
16 receive a credit equal to the "sale" portion of the real estate commission (typically 3% of the sales
17 price) to reflect the savings from dealing directly with the Receiver. The SEC does not object to this
18 plan and the Court approves it.

19 Pursuant to Civ. L. R. 66.1, the Receiver shall file, serve, and make available on the website
20 his Fourteenth Report no later than September 26, 2008. Comments or objections shall be filed no
21 later than October 10, 2008. The matter shall be calendared for October 17, 2008, at 1:30 p.m., but
22 unless otherwise ordered, the Court will address all issues on the briefs and without oral argument.

23 **IT IS SO ORDERED.**

24
25 DATED: August 19, 2008

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27 
28 HON. DANA M. SABRAW
United States District Judge