

FIFTH INTERIM REPORT OF RECEIVER

IN THE MATTER OF

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA
SACRAMENTO DIVISION

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

vs.

ANTHONY VASSALLO, KENNETH KENITZER
and EQUITY INVESTMENT MANAGEMENT AND TRADING, INC.,
Defendants.

Case No. C 09-00665-LKK-DAD

Prepared by:
Stephen E. Anderson,
Receiver
Pine Grove Associates, Inc.
P.O. Box 587
Alamo, CA 94507
(925) 944-3515

April 4, 2011

TABLE OF CONTENTS

	<u>Page</u>
Introduction.....	1
A. Background – EIMT Financial Analysis.....	4
B. Source and Use of Funds (Income and Expense Analysis)	6
C. Balance Sheet Summary	7
D. Asset Detail	8
1. Exotic Investments	8
a. Vestium Trading (also referred to as Arcanum/Vestium Trading)	8
b. CMO	9
c. Phlorian Racing/SJB.....	10
d. Deutsche Bank (fx Trading)	11
e. JR Trust, LLC	11
f. Jeff Dennis Ferentz	11
g. Martin Porter Trading.....	12
h. Ekonomix Financial (Troy Dyches/Rohan Grant)	12
2. Real Property	13
a. IP Fountain Plaza/Island Park Property	13
b. Fiddletown Property	13
c. Walgreen Project	14
3. Other Investments/Loans	14
a. Vassallo Group, LLC	14
b. Anthony Vassallo Draws	14
c. Eric Honig	14

d.	Kyle Wunderli	15
e.	Elevate Communications	15
f.	D'Angelo Automotive	15
g.	Advanced Properties, Inc. (Jerry Garvin).....	15
h.	Stephen C. Lopes	16
i.	Angela Hickey.....	16
j.	Richard Gregory	16
k.	Richard Gory	16
l.	Dewayne Smith/Utah Mine	16
m.	Nevada Rental Properties (Will Sassman).....	17
n.	Stewardship Group.....	17
o.	Veritas Fund, LLC.....	17
p.	First Clearing, LLC/Gregory E. Porter.....	18
q.	Changing the Planet	18
r.	Quest Investigative Services	18
s.	LBN Partners, Inc.	19
t.	Coleman CD Trading	19
4.	Other Assets.....	19
E.	Clawback - Funds	19
1.	Vastmann Investment Partners, LLC.....	20
2.	West Coast Trading, LLC/BV Skyline, LCJ Financial, LLC and Apex Financial Development, LLC.....	20
3.	BT Partners – Fund	20
4.	VGA, LLC	21
5.	Z Management Group	21

Introduction

Receiver Stephen E. Anderson was appointed receiver over Defendant Equity Investment Management and Trading, Inc. ("EIMT") in orders dated April 29, 2009 and July 31, 2009. Receiver filed four previous interim reports in this matter on July 9, 2009, November 6, 2009, August 9, 2010 and November 5, 2010. In each of those reports, Receiver has focused on a financial analysis of EIMT, EIMT's investments and his efforts to recover on those investments.

Receiver is regularly contacted by EIMT investors and other interested parties who generally all have four questions about EIMT's Ponzi scheme:

- 1) How much money was invested in EIMT?
- 2) How many investors were there?
- 3) What was the investors' money used for?
- 4) How much will the investors get back (and when)?

In this fifth interim report, Receiver's focus will be similar, but slightly different, than his prior reports. Receiver will provide a detailed response to the first three questions: how much money was invested in EIMT, how many investors there were and what was the investors' money used for. In response to the fourth question about how much investors will get back (and when), Receiver will also provide a detailed description of his efforts to recover funds for the defrauded investors and the timing of those efforts. Ultimately, how much will be available for distribution is heavily dependent upon the success of Receiver's recovery efforts, which are ongoing. When the distribution will be made is dependent upon the Receiver's ability to complete his work and the closing out of some significant investments. For example, Receiver has not yet sold the Island Park Property nor has the federal government ruled on Receiver's forfeiture petition in the Rohan Grant matter (both discussed below). Both involve potentially valuable receivership assets. Receiver continues to push this matter forward

with the hope of concluding it this as soon as possible, but it is likely it will still be some time before his work is complete.

Question No. 1: How Much Money Was Invested in EIMT?

Receiver has obtained information from the fund managers who invested funds with EIMT and he has the books and records of EIMT. Receiver still does not have full books and records for the Vassallo Group, the predecessor to EIMT. As he gains access to those records, he will incorporate the information obtained from them into his analysis.

EIMT's books and records show receipt of \$83,260,860 in investor funds and return of \$55,118,756 to the investors in the form of return of investment and profit. A straight mathematical calculation would make it appear that EIMT investors lost \$28,142,104 (amount invested minus amount returned); however, that calculation would grossly understate the amount of loss by EIMT investors because many investors received back substantial "phony profit" from EIMT. On a fund basis, EIMT distributed \$16,724,850 more to certain funds than was invested by those funds. Taking that amount into account, EIMT investors lost \$44,866,954 through the fraudulent scheme. This \$44,866,954 number, however, does not capture that although certain funds show net funds contributed, certain individuals within those funds received \$2,928,913 in excess of the amount they invested, which are amounts theoretically available for Receiver to recover for the defrauded investors.

The fund managers reported receiving \$103,041,211 in investor funds, and returning \$51,812,182 in the form of return of investment and profit. The amount reported to be invested is much higher than reflected in the EIMT books. Some of the discrepancy may be the result of fund managers reporting investment deposits or distributions that did not go through EIMT or may be the result of Vassallo Group transactions that occurred before January 1, 2006. For an explanation of other potential reasons for the discrepancy, see the Comments on

Vassallo Group LLC and EIMT Accounting Records to the financial analysis attached as Exhibit A.

Attached as Exhibit B is a detailed Investor Funds Summary which compares in some detail the information verified by Receiver from EIMT's books and records and data submitted by the fund managers.

Question No. 2: How Many Investors Were There?

There were approximately 430 investors. The number is difficult to calculate with precision because some investors invested on multiple occasions and/or moved between various investment funds. In addition, this number is limited to EIMT investors. There may be other Vassallo Group investors who are excluded from this count because they were not transferred to EIMT.

Question No. 3: What Was The Investors' Money Used For?

To learn what the investors' money was used for, Receiver has conducted an extensive financial analysis of EIMT. He knows where all of the investor funds went. Defendant Anthony Vassallo ("Vassallo") lost \$9,378,296 from trading activity alone, excluding \$2,886,507 of trading losses at the Vassallo Group. He spent another \$3,317,168 on operating expenses. Once Vassallo stopped trading, he invested \$9,993,609 in "exotic" investments, most of which were fraudulent, he purchased some property for \$1,578,153, and he transmitted \$3,808,487 in EIMT investor funds to various individuals and entities as "loans" or other investments. On a fund basis, EIMT distributed \$16,724,850 more to certain funds than was invested by those funds, and EIMT distributed \$2,928,913 more to certain investors than was invested by those investors in funds showing a net investment loss.

Below, Receiver will describe the background underlying his investigation and the results of his analysis of EIMT's finances in more detail.

A. Background – EIMT Financial Analysis

As early as 2004, Vassallo represented to potential investors that he had developed a software program that would identify the slightest movement in the Russell 2000 Index fund. The implementation of this program would generate profits on microscopic movements whether the market went up in value or down. Vassallo represented to his investors that open positions were closed each day and money was never left in the trading account overnight. Vassallo reported fictitious monthly profits from this software program reportedly in range of 3% to 5% per month.

Vassallo reported the fictitious monthly profits to Defendant Kenneth Kenitzer ("Kenitzer") who in turn reported whatever Vassallo told him to the fund managers. Vassallo had a series of computer monitors displayed in his office in Folsom which he led investors to believe was the real time trading activity for EIMT. EIMT employed Luke Wiseman and David Joiner full time to act as traders for EIMT. By mid-2007, Vassallo was barred from trading at TradeStation Securities. In an attempt to continue trading at brokerage houses, Vassallo deposited large sums of investor funds at Ameritrade, Deutsche Bank and Options Express for a short period of time, later claiming that his software program was not compatible with trading houses other than TradeStation Securities. Vassallo had essentially stopped all trading for EIMT by mid to late 2007, although he continued to do a small amount of trading with EIMT investor funds at Options Express into 2008 under the name of the Vassallo Group. Vassallo continued to represent to investors that he was trading as late as November 2008, fully a year after all significant trading had stopped. Vassallo lost \$9,378,296 from trading, not including \$2,886,507 of trading losses at the Vassallo Group.

By November 2007, Vassallo's focus shifted to what Receiver has described in other reports as "exotic" investments. He also began to use EIMT investor funds for property acquisition and "loans," most of which were not repaid. It is difficult for Receiver to know if Vassallo actually believed any of the exotic investments would actually pay. Many on their face appear to be fraudulent, and digging deeper, most were in fact, actually fraudulent. Some of Vassallo's actions and communications, however, suggest that he was looking for the "big payout" to cover his colossal trading losses.

Sometime around Thanksgiving 2008, certain EIMT investors were becoming concerned about their investments and confronted Vassallo. At that time, Vassallo reported to the investors that EIMT was on sound financial footing. In late December 2008, certain EIMT investors met again with Vassallo, who admitted for the first time that he had not been trading for some time, he had been fabricating TradeStation brokerage reports, and the TradeStation reports he had shown investors depicted "simulated," as opposed to actual trading on behalf of EIMT. Vassallo described other, purportedly lucrative investments, all of which he reported would pay off shortly, and any one of which would have made the investors whole. At least some of the investors believed these investments would pay the rich returns promised. By early February 2009, however, it was evident that Vassallo had squandered EIMT investor funds and there was little to no recovery possible from the purportedly lucrative investments made by Vassallo in the waning months of the fraud.

Shortly thereafter, the United States Securities and Exchange Commission ("SEC") filed this action, and at the request of the SEC, Receiver was appointed in April 2009. At that time, Kenitzer provided EIMT's books, records, bank statements and other supporting documentation to Receiver. Kenitzer had maintained the EIMT books and records based on representations from Vassallo and balanced them to the bank statements. Without these books and records, it is likely that Receiver could not have conducted a detailed analysis of the financial condition of EIMT or such an analysis would have been a monumental

and extremely expensive undertaking requiring Receiver's forensic accountant to re-create the books and records. Access to the EIMT records maintained by Kenitzer has saved the receivership considerable expense.

In addition to analyzing the books and records maintained by EIMT that Kenitzer provided, Receiver has gathered and analyzed significant other EIMT financial information. He obtained signature cards to identify bank account owners, complete copies of wire transfer records, copies of cashier's checks, and other bank records. He also obtained brokerage account records. He obtained some information from fund managers. Below is an analysis of the financial condition of EIMT as of the date of Receiver's appointment based on Receiver's review of financial information from these sources.

B. Source and Use of Funds (Income and Expense Analysis)

Attached as Exhibit C is a Summary of EIMT's Source and Use of Funds.

Investors contributed \$44,886,954, and \$16,724,850 was paid to investment funds in excess of the amount contributed (phony profit or other distributions), leaving \$28,142,103 as the net source of funds. Of that amount, \$9,378,296 consists of trading losses (excluding \$2,886,507 of trading losses at the Vassallo Group) and \$3,317,168 was spent on operating expenses, for a total of \$12,695,463 allocated to losses. In addition, \$15,380,248 was spent on exotic investments, property acquisitions and other investments and loans. Contained within the \$28,142,103 net source of fund number is \$2,928,913 that EIMT distributed to certain investors in excess of what was invested by those investors in funds showing net funds contributed.

The trading losses and operating expenses are set forth in more detail in the Income Statement set forth in Exhibit G. A month-by-month analysis of the

trading losses, including the Vassallo Group's trading losses, is set forth in Exhibit H.

Receiver previously reported on funds transferred to Richard Sachs Investments. Specifically, EIMT transferred \$556,796 to Richard Sachs Investments, which developed software for trading options similar to Vassallo's. The money was "capital" to test Sachs' software versus Vassallo's software. Sachs claimed that Vassallo's software failed due to the "leverage factor." Receiver learned that Sachs has filed bankruptcy and has lost everything. Receiver does not believe Sachs has any assets against which to collect EIMT's. Although this was characterized as an investment in prior reports, from a financial accounting standpoint, this amount is captured as a trading loss as set forth in Exhibit G.

C. Balance Sheet Summary

Attached as Exhibit D is a Summary Balance Sheet.

Assets: In the Summary Balance Sheet, the assets listed total \$15,441,843, and consist primarily of exotic investments (\$9,993,609), property acquisitions (\$1,578,153) and other investments/loans (\$3,808,487). Receiver will provide a detailed explanation of these assets below.

Liabilities: EIMT acquired the assets using \$44,866,954 of investor funds, of which \$16,724,850 was returned to investment funds in excess of the amount invested, making the net investor funding \$28,142,103.

Equity: Vassallo lost \$9,378,296 trading and spent an additional \$3,317,168 on EIMT operating and administrative expenses. These numbers do not include an additional \$2,886,507 of trading losses at the Vassallo Group.

D. Asset Detail

Attached as Exhibit E is a schedule showing the detail behind the EIMT assets listed in Exhibit D.

1. Exotic Investments

As explained in Receiver's prior reports, from EIMT's inception until mid-2007, EIMT traded in actual securities and/or options. From mid-2007 on, EIMT invested in a variety of "exotic" investments, most of which Receiver has determined to be fraudulent. Below is a description of the exotic investments made by Vassallo with EIMT investor funds.

a. *Vestium Trading (also referred to as Arcanum/Vestium Trading)*

This investment was discussed in great detail in Receiver's Third Interim Report.

In essence, Vassallo wired a total of \$4,000,000 in two transactions to Vestium Trading in June/July 2008. Profits were reported and paid on this investment, with EIMT receiving \$81,391 and Veritas, an EIMT fund, receiving \$243,987.60.

In December 2008 Vassallo requested a return of principal in the amount of \$2,000,000. Vestium wired \$2,000,000 to Veritas on December 22, 2008. Shortly thereafter, Vassallo wired \$125,000 to Attorney Michael J. Callahan ("Callahan") and \$1,875,000 to Matthew Tucker ("Tucker") on December 29, 2008 and December 31, 2008 respectively. The \$2.0 million wired to Callahan and Tucker was to purchase a Collateralized Mortgage Obligation ("CMO"). The CMO transaction is discussed separately below.

Of the remaining \$2,000,000 on deposit with Vestium, \$1.2 million was wired to Veritas on January 12, 2009, and was ultimately seized by the SEC. These funds were turned over to Receiver in May 2009.

In February 2009, Vassallo, along with several EIMT investors and others, met with Robert Buckhannon, the head of Vestium Trading, in Las Vegas and requested, among other things, that \$872,305.80 be wired to Phlorian Racing, Ltd in the United Kingdom. Phlorian Racing, Ltd. is purportedly operated by "Sir Joseph Birch" or "SJB". The Phlorian Racing/SJB transaction is described more fully below. Exhibit E-1 reflects a summary of the Vestium Trading funds.

Also in June 2008, Kenitzer deposited \$1,330,000 with Arcanum/Vestium in three separate accounts in the names of EIMT Properties, LLC, Kenitzer 24, LLC and the Kenitzer Family Foundation. The \$500,000 invested in the name of EIMT Properties, LLC was the \$500,000 returned by the seller of the Island Park Property to EIMT Properties, LLC upon the purchase of the Island Park Property. Kenitzer withdrew funds he had invested in EIMT (and phony profit) which he invested with Arcanum/Vestium. The Stewardship Group also invested \$50,000 of EIMT investor funds with Arcanum/Vestium.

Receiver brought disgorgement proceedings against Arcanum/Vestium for all EIMT amounts due. Arcanum/Vestium filed voluminous opposition papers, and the Court set the matter for an evidentiary hearing. On Friday, April 9, 2010, the business day prior to the Monday, April 12, 2010 evidentiary hearing, Arcanum/Vestium filed for bankruptcy. In preparing for the evidentiary hearing, Receiver concluded that the entities were not legitimate and were in fact themselves operated as Ponzi-schemes. ***Receiver is currently cooperating in this on-going investigation.***

b. CMO

As discussed above in the Vestium Trading section, Vassallo wired to Attorney Callahan \$125,000 and to Tucker \$1,875,000 for the purchase of a CMO. The CMO was a fractional interest in a \$1 billion mortgage-backed security. Callahan and Tucker represented that they had already arranged for the sale of the CMO to Stone Crest Contractors of Georgia for \$7,000,000, with a closing the same

day or next day after purchase, thereby netting EIMT a profit of \$5,000,000. Unsurprisingly, Stone Crest Contractors never purchased the CMO nor did EIMT receive the CMO or a refund of its money.

Receiver brought disgorgement proceedings against Callahan and Tucker for the CMO and/or the \$2.0 million. Tucker defaulted, and Receiver has an order requiring him to pay the \$2.0 million. Callahan contested the disgorgement proceeding. After an evidentiary hearing, Callahan was found to be jointly and severally liable with Tucker for the investment fraud, and he too, was ordered to pay the \$2.0 million. Neither Tucker nor Callahan has paid the \$2.0 million, and Tucker has pleaded guilty to a multi-million dollar mortgage fraud in the Western District of Missouri. ***The investigation into this matter has been concluded.***

c. *Phlorian Racing/SJB.*

As indicated above in the Vestium Trading discussion, the head of Vestium, Robert Buckhannon, was directed by Vassallo and other EIMT investors to wire \$872,305.80 to Phlorian Racing, Ltd. (purportedly headed by Sir Joseph Birch (SJB)) on February 9, 2009. At the time Receiver was pursuing disgorgement against Vestium, this assertion by Vestium appeared far-fetched and was unsupported by any evidence. Receiver has since recovered evidence that Vestium did transfer these funds by wire to Phlorian Racing/SJB and Receiver is currently investigating the disposition of these funds. Receiver's investigation has revealed that several EIMT investors placed money with Kari Sonovich ("Sonovich") and/or Brandy White Elk ("White Elk"), both of whom have had intimate relationships with Vassallo and both of which resulted in the birth of a child. Sonovich and White Elk have acted as the intermediaries between EIMT investors and SJB. ***We are currently cooperating in this on-going investigation.***

d. Deutsche Bank (fx Trading)

Vassallo wired \$5,000,000 in May 2008 to Deutsche Bank and began trading in dbFX or Foreign Currency Exchange. By August 2008, losses in this trading account amounted to \$1,744,847. At that time the account was closed and the remaining balance of \$3,255,153 was returned to EIMT through Deutsche Bank's clearing company, Pershing, LLC. Of that amount, \$2.5 million was immediately transferred via wire to JR Trust, which is discussed below. Deutsche Bank (fx Trading) does not appear in Exhibit E but rather appears in Exhibit G because it reflects a trading loss. It is mentioned in this section of the report, however, because it is the source of the \$2.5 million transferred to JR Trust, discussed below.

e. JR Trust, LLC

On August 12, 2008, Vassallo wired \$2.5 million from the return of Deutsche Bank (fx trading funds) to JR Trust, LLC at the direction of William Hayward, President and CEO of Global Mergers and Acquisitions, Inc. Receiver is currently investigating the disposition of the \$2.5 million and the prospect of recovering it and will report more fully on this investment in future report. ***This is an on-going investigation.***

f. Jeff Dennis Ferentz

On November 7th and 8th, 2007 Vassallo deposited \$2,000,000 into the account of Attorney Jeff Dennis Ferentz ("Ferentz"), Client Trust Account for the purpose of investing in a bank sanctioned high yield funding program. Of the funds transferred, \$1,000,000 was a branch withdrawal from the main EIMT bank account and the other \$1,000,000 was wired from the Vassallo Group bank account. Within days of receiving the funds, Ferentz transferred funds to 15 different bank accounts. There is no evidence that any of the funds were ever actually a part of a prime bank note trading program. Among other things, Ferentz purchased a new Land Rover vehicle, made a deposit on a new home in

Newport Coast (a deposit which was later forfeited because the transaction was never consummated), purchased pre-paid private jet travel (in a company that soon thereafter filed bankruptcy) and funded a development company in Las Vegas. Receiver's previous reports discussed the Ferentz investment in some detail. Receiver has been able to recapture \$261,521.17 to date. ***The investigation into this matter has been concluded.***

g. Martin Porter Trading

EIMT sent Martin Porter ("Porter") a \$425,000 wire on December 11, 2007 and a \$750,000 wire on April 15, 2008, for a total amount transferred of \$1,175,000. The EIMT books and records reflect a total of \$2,175,000 being transferred to Porter. Receiver's investigation has established, however, that \$1,000,000 of the monies attributed to Porter was in fact one of the wires directed to Attorney Jeff Dennis Ferentz. The Ferentz investment is described above.

Receiver's preliminary investigation reveals that these funds were transferred to pay for the use of a sizeable CD for 13 month and 1 day term to be used as collateral for a line of credit. This line of credit was purportedly necessary for access to a prime bank note trading platform. Receiver's current investigation indicates that these prime bank note trading activities were being pursued both in Europe and Australia. The prime bank note trading program has been previously described by the Receiver as "forfeiting." Receiver has a more detailed explanation about "forfeiting" on his website, www.eimtreceivership.com. Receiver still has significant work on this investment to complete and will report more fully on it in a future report. ***This is an on-going investigation.***

h. Ekonomix Financial (Troy Dyches/Rohan Grant)

EIMT wired \$1,000,000 on April 25, 2008 and \$400,000 on April 30, 2008 to Ekonomix Financial, and its principal Troy Dyches. Receiver's investigation has revealed that the money was then forwarded to Rohan (aka Ron) Grant ("Grant")

of Starpoint Investments, LLC for the purposes of a loan enhancement program through which EIMT was to receive proceeds greatly in excess of the \$1.4 million invested. The loan enhancement program itself was a fraud. Grant subsequently pleaded guilty to investment fraud. The Federal Bureau of Investigation seized over \$13 million in cash and other assets from Grant. Receiver has submitted a forfeiture petition, and continues to await resolution by that petition by the Department of Justice. In Receiver's experience, it could be years before that petition is resolved. For further details about this investment or Receiver's petition, please consult Receiver's prior reports. ***The investigation into this matter has been concluded.***

2. Real Property

Real property assets are described in Exhibit E-1.

a. IP Fountain Plaza/Island Park Property

On January 9, 2008, EIMT investor funds were used to purchase a luxury residential property located on a private reservoir in Island Park, Idaho for \$2,750,000, of which \$500,000 was immediately returned to EIMT Properties, LLC from the seller and was invested in Arcanum/Vestium, making the actual purchase price \$2,250,000. This property has a \$1 million deed of trust on it. If Receiver can locate the right purchaser, Receiver believes this property has value in excess of the encumbrance on it. The property is currently for sale. For additional information about it, Receiver's prior reports discuss it in much more detail.

b. Fiddletown Property

On February 9, 2008, EIMT investor funds were used to purchase a residential home for \$265,000 located at 19990 Brockman Mill Road in Fiddletown, California. When Receiver recovered the property, it had been torn apart for remodeling. Receiver completed the remodel, which he believed would be

necessary to sell the property. It is currently listed for sale on the multiple listing service, and Receiver has received an offer for its purchase in the amount of \$180,000. Once contingencies are removed from the offer, Receiver will recommend approval of the proposed sale.

c. Walgreen Project

This was a failed project that was never commenced. EIMT investor funds in the amount of \$60,091 were used for an escrow deposit that was forfeited.

3. Other Investments/Loans

Attached as Exhibit E-2 is a schedule of assets reflecting other EIMT investments and loans. Receiver will discuss these assets below.

a. Vassallo Group, LLC

Vassallo maintained the Vassallo Group account and used it to send and receive money from Options Express. EIMT's records maintained by Kenitzer reflect that EIMT sent \$1,485,100 more to the Vassallo Group than it got back as of the date of this report. Until Receiver receives and analyzes the Vassallo Group records, he will be unable to vouch this number.

b. Anthony Vassallo Draws

Vassallo took draws in the amount of \$417,087, much of which was for payments to American Express.

c. Eric Honig

EIMT transferred \$375,000 to Eric Honig ("Honig") between July and October 2008. In addition, Honig received \$121,132 more from EIMT than he invested. Receiver has written to Honig to demand the \$496,131 back. Honig has not yet responded to Receiver. ***This is an on-going investigation.***

d. **Kyle Wunderli**

EIMT sent Kyle Wunderli ("Wunderli") \$201,000 that was categorized as an "Other Investment/Loan" in EIMT's books. Wunderli also received substantial funds through the investment fund VGA, LLC, which will be discussed in more detail below. ***This is an on-going investigation.***

e. **Elevate Communications**

EIMT wired \$100,000 of EIMT investor funds to Elevate Communications on December 31, 2008, when Vassallo's fraud was unraveling. Receiver has written to Elevate Communications to demand the return of the \$100,000 or an explanation of the legitimate business transaction underlying the transfer. Receiver has not yet received a response to his letter. ***This is an on-going investigation.***

f. **D'Angelo Automotive**

Christopher and Jennifer D'Angelo received \$54,970 in EIMT investor funds between August and October 2008. Receiver has demanded a return of the funds but has not yet heard from the D'Angelos. ***This is an on-going investigation.***

g. **Advanced Properties, Inc. (Jerry Garvin)**

EIMT transmitted \$100,000 of EIMT investor funds to Advanced Properties, Inc. in two separate \$50,000 transactions. One of the \$50,000 transfers was payment to Jerry Garvin ("Garvin") for acting as an intermediary in the CMO transaction and for bringing the parties together. Garvin has filed personal bankruptcy and been discharged. Garvin's parents are involved in Advanced Properties, Inc. To Receiver's knowledge, Advance Properties, Inc. has not filed

for bankruptcy. Receiver has sent a letter to Advanced Properties demanding a return of the \$100,000. ***This is an on-going investigation.***

h. Stephen C. Lopes

EIMT transmitted \$36,000 in EIMT investor funds to Stephen Lopes ("Lopes") between November and December 2008. Lopes has received a demand letter from Receiver. ***This is an on-going investigation.***

i. Angela Hickey

Angela Hickey ("Hickey") is the sister of Vassallo. Hickey received \$70,000 in EIMT investor funds between June 2008 and December 2008, along with an additional \$15,000 in phony profit from her investment in EIG I. Receiver has sent Hickey a demand letter for return of the \$85,000. ***This is an on-going investigation.***

j. Richard Gregory

EIMT transferred \$55,000 in EIMT investor funds to Richard Gregory in October, 2008. Receiver has sent Gregory a demand letter. ***This is an on-going investigation.***

k. Richard Gory

EIMT investor funds were used to purchase a cashier's check made payable to Richard Gory on October 22, 2008 in the amount of \$45,000. ***This is an on-going investigation.***

l. Dewayne Smith/Utah Mine

Dewayne Smith was at one point an EIMT employee. On August 15, 2008, EIMT loaned him \$270,000 as evidenced by a promissory note. The "investment" was so Smith could establish a mine in Nevada for a particular mineral that was

purportedly in high demand by the federal government. Smith reported to Receiver that he took the money and invested it in a payday loan franchise, not a mine, and the payday loan franchise subsequently went into bankruptcy. After Receiver filed a motion for disgorgement, Smith executed a stipulated judgment for the \$270,000. Smith claimed that he would be able to pay the \$270,000 this spring; more recently, he has reported a complete inability to pay and that he is moving to China. Receiver is in the process of having judgment entered and recorded against Smith.

m. ***Nevada Rental Properties (Will Sassman)***

Vassallo loaned \$190,000 to William Sassman for a Nevada rental property program. Sassman is currently incarcerated, serving an 18 year sentence for investment fraud. Receiver believes there is no prospect for recovery of this amount. ***The investigation into this matter has been concluded.***

n. ***Stewardship Group***

Vassallo wired a total of \$155,000 of EIMT investor funds to Stewardship Group in April 2008. \$5,000 was used to establish a foundation named Amor Beneficium for the benefit of Vassallo, Kenitzer and Brian Torrance, who is Vassallo's step father, and \$100,000 was used as a humanitarian donation. The only amount that is potentially recoverable is \$50,000 that was sent to Arcanum/Vestium, and as discussed above, the prospects of recovering anything from Arcanum/Vestium is low. ***The investigation into this matter has been concluded.***

o. ***Veritas Fund, LLC***

Vassallo transferred \$10,100 of EIMT investor funds to open an account at Wells Fargo under the name of Veritas Fund, LLC in October 2008. EIMT books and records incorrectly posted withdrawals and deposits to this account totaling \$105,000. At this point, this is an unidentified withdrawal.

p. First Clearing, LLC/Gregory E. Porter

In 2006, Vassallo persuaded Gregory E. Porter to let him manage \$250,000 that Porter deposited into a TradeStation account for that purpose so Vassallo could demonstrate his purportedly profitable trading strategy. The TradeStation account was closed on or about June 30, 2007, had a balance of \$182,724.89, and Vassallo transferred an additional \$105,000 to Porter to cover the losses and to provide Porter with \$37,724.89 in purported profit. Receiver has reached a settlement with Porter through which Porter has returned the phony profit from his investment, \$37,724.89, to Receiver. Receiver seeks approval and ratification of that settlement in this report. ***Subject to the Court's approval of this settlement, Receiver's investigation into this matter has been concluded.***

q. Changing the Planet

EIMT transferred \$100,000 to David and Lea Damante in November 2008. This money was to be forwarded to former CIA Agent James Davidson ("Davidson"), the uncle of David Damante, who purportedly runs some sort of private investigation business. Davidson was to investigate JR Trust and determine where the \$2.5 million EIMT transferred to it went and if there was any possibility of recovery. Receiver has been provided with no information to substantiate David Damante's claim that he transferred the funds to Davidson or engaged Davidson, nor has Receiver been provided with any results of an investigation. ***We are currently cooperating in this on-going investigation.***

r. Quest Investigative Services

Vassallo transferred \$100,000 of EIMT investor funds to Quest Investigative Services on April 1, 2008 to engage their services to investigate the loss of the Jeff Dennis Ferentz money. Quest Investigative Services is no longer in business. ***The investigation into this matter has been concluded.***

s. LBN Partners, Inc.

LBN Partners, Inc. is an entity owned by Luke Wiseman ("Wiseman") and David Joiner ("Joiner"). LBN Partners, Inc. received \$100,000 on January 31, 2008 and repaid \$72,300 on June 13, 2008. Receiver will pursue the \$27,700 from Wiseman and Joiner along with substantial sums paid to their investment funds in excess of the amount invested. Their investment funds, West Coast Trading LLC/BV Skyline, LCJ Financial LLC and Apex Financial Development LLC will be discussed in more detail below. **This is an on-going investigation.**

t. Coleman CD Trading

Justin Coleman received \$8,000 in EIMT investor funds on February 29, 2008. Receiver is sending a demand letter to Coleman. **This is an on-going investigation.**

4. Other Assets

Exhibit E lists other assets of EIMT, specifically \$100,000 that was transferred to Brian Torrance (a fund manager and Vassallo's step father, discussed below) and \$15,000 that was transferred to Noah Zanetta (another fund manager). These sums will be pursued by Receiver in conjunction with his other efforts to recover EIMT investor funds from these fund managers.

E. Clawback - Funds

Attached as Exhibit F-1 is a schedule of investment funds that received distributions in excess of the amount invested, or phony profit. In previous reports, Receiver has explained that one area of potential recovery for the defrauded EIMT investors is pursuing phony profits paid to EIMT investors and/or fund managers, which is known as "clawback." As described in Exhibit F-1, certain investment funds received \$16,724,850 in excess distributions from EIMT, which will be discussed below. In addition, although certain funds show

net funds contributed within EIMT, EIMT distributed \$2,928,913 more to certain investors than was invested by those investors in funds showing net funds contributed.

1. Vastmann Investment Partners, LLC

Vastmann Investment Partners, LLC (known as "VIP" or "Vastmann") received \$10,725,615 from EIMT in excess of the amount it invested with EIMT. \$8,175,620 was characterized as a loan and the remaining \$2,549,995 was an over distribution. The fund managers for VIP are Jarom Dastrup ("Dastrup"), Jaren Ahlmann ("Ahlmann") and Vassallo. In his investigation concerning these amounts, Receiver has identified at a significant number of properties that were purchased by Dastrup and/or Ahlmann. Given the magnitude of EIMT investor funds involved, Receiver believes that these property transactions should be reviewed in some detail. He seeks the Court's authorization to hire Michael E. Miller, owner and broker at Hacienda Properties, a title and escrow expert, at \$175 an hour to review escrow files related to these properties and any other services Receiver believes will be appropriate and of benefit to the receivership estate. Receiver has substantial work left to do concerning this potential asset.

2. West Coast Trading, LLC/BV Skyline, LCJ Financial, LLC and Apex Financial Development, LLC

These are all investment funds managed by Wiseman or Joiner. West Coast Trading, LLC/BV Skyline received \$2,722,435 more than invested, LCJ Financial, LLC received \$88,389 more than invested, and Apex Financial Development, LLC received \$17,414 more than invested. In addition to the \$27,700 discussed above that was remitted to Wiseman and Joiner, Receiver will pursue these excess distributions from Wiseman and Joiner.

3. BT Partners – Fund

The fund managers for BT partners are Brian Torrance ("Torrance") and Scott Bogue ("Bogue"). BT partners received \$2,232,285 in excess of the amount

invested from EIMT. Receiver will pursue these excess distributions from Torrance and Bogue.

4. VGA, LLC

The fund manager for VGA, LLC is Wunderli. VGA received \$823,712 in excess of the amount invested from EIMT. Receiver will pursue this amount and the \$201,000 discussed above from Wunderli.

5. Z Management Group

The fund manager for Z Management Group is Noah Zanetta ("Zanetta"). Z Management Group received \$115,000 in excess of the amount invested in EIMT, which Receiver will pursue from Zanetta.

**Question No. 4: How Much Will
The Investors Get Back (And When)?**

As described above, Receiver has been able to determine exactly where EIMT investor money went. This has been required a substantial amount of effort on the part of Receiver, but is now essentially completed. The main task remaining is to analyze additional information obtained concerning the Vassallo Group.

This detailed financial analysis provides the basis for Receiver to attempt to recover the over \$16,724,850 in excess distributions to funds and \$2,928,913 in excess distributions to investors in funds showing net funds contributed. At this juncture, Receiver does not know how much of these excessive distributions will be available for recovery, but he is beginning his efforts to pursue "clawback" of these funds.

Receiver has made substantial progress and has concluded many of his investigations into EIMT "exotic" investments. Receiver has a few investigations

remaining for some of the more complex and difficult investments. He did not turn to them until now because in his experience, he can only unravel a certain number of frauds at a time and many of his prior investigations were quite complex.

In addition, Receiver's efforts to liquidate or recover on other potentially valuable receivership assets are ongoing, such as the Island Park Property and the forfeiture petition with the Department of Justice in the Ekonmix Financial/Troy Dyches/Rohan Grant matter. Receiver remains optimistic that he will recover on these assets.

Below is a summary of the work completed, the work remaining to be done, and Receiver's current belief concerning the prospect for recovery:

Vestium Trading (also referred to as Arcanum/Vestium Trading)

Receiver is currently cooperating in this on-going investigation.
There is a very minor chance of some recovery.

CMO (Michael J. Callahan and Matthew Tucker)

The investigation into this matter has been concluded.
No recovery is anticipated.

Phlorian Racing/SJB

This is an on-going investigation.
Receiver anticipates some recovery.

Deutsche Bank (fx Trading)

See JR Trust, LLC below.

JR Trust, LLC

This is an on-going investigation.
Receiver anticipates recovery.

Jeff Dennis Ferentz

The investigation into this matter has been concluded.
Receiver has recovered \$261,521.17.

Martin Porter Trading

This is an on-going investigation.
There is a chance of some recovery.

Ekonomix Financial (Troy Dyches/Rohan Grant)

The investigation into this matter has been concluded.
Receiver anticipates recovery. Timing is the issue.

IP Fountain Plaza/Island Park

This property is for sale.
Recovery is a function of the national and local economic recovery.

Fiddletown

The property is in escrow.
Receiver anticipates net proceeds from the escrow of \$160,000 +/-.

Walgreen Project

The investigation into this matter has been concluded.
No recovery is anticipated.

Vassallo Group, LLC

This is an on-going investigation.
Recovery is a function of the documentation that can be obtained.

Anthony Vassallo Draws

The investigation into this matter has been concluded.
No recovery is anticipated.

Eric Honig

This is an on-going investigation.

Receiver anticipates some recovery.

Kyle Wunderli

This is an on-going investigation.

Receiver anticipates some recovery.

Elevate Communications

This is an on-going investigation.

Receiver anticipates some recovery.

D'Angelo Automotive

This is an on-going investigation.

Receiver anticipates there is a minor chance of some recovery.

Advanced Properties, Inc.

This is an on-going investigation.

Receiver anticipates some recovery.

Stephen C. Lopes

This is an on-going investigation.

Receiver anticipates there is a minor chance of some recovery.

Angela Hickey

This is an on-going investigation.

Receiver anticipates some recovery.

Richard Gregory

This is an on-going investigation.

Receiver anticipates some recovery.

Richard Gory

This is an on-going investigation.

Receiver anticipates there is a minor chance of some recovery.

Dewayne Smith

This is an on-going investigation.

Receiver anticipates there is a minor chance of some recovery.

Nevada Rental Properties (Will Sassman)

The investigation into this matter has been concluded.

No recovery is anticipated.

Stewardship Group

The investigation into this matter has been concluded.

No recovery is anticipated.

Veritas Fund, LLC

The investigation into this matter has been concluded.

No recovery is anticipated.

First Clearing, LLC (Gregory E. Porter)

The investigation into this matter has been concluded.

Receiver has recovered \$37,724.89.

Changing the Planet

Receiver is currently cooperating in this on-going investigation.

There is a very minor chance of some recovery.

Quest Investigative Services

The investigation into this matter has been concluded.

No recovery is anticipated.

LBN Partners, Inc.

See below "West Coast Trading, LLC/BV Skyline, LCJ Financial, LLC and Apex Financial Development, LLC."

Coleman CD Trading

This is an on-going investigation.

Receiver anticipates there is a minor chance of some recovery.

Vastmann Investment Partners, LLC

Receiver is currently cooperating in this on-going investigation.

Receiver anticipates recovery.

West Coast Trading, LLC/BV Skyline, LCJ Financial, LLC and Apex Financial Development, LLC

Receiver is currently cooperating in this on-going investigation.

Receiver anticipates recovery.

BT Partners – Fund

Receiver is currently cooperating in this on-going investigation.

Receiver anticipates recovery.

VGA, LLC (Kyle Wunderli)

Receiver is currently cooperating in this on-going investigation.

Receiver anticipates recovery.

Z Management Group

Receiver is currently cooperating in this on-going investigation.

Receiver anticipates some recovery.

Ultimately, how much money Receiver will be able to recover to distribute to the defrauded investors is unknown. Given the magnitude of investor losses (over \$44 million) and the remaining potential sources of recovery, Receiver believes there will meaningful funds to distribute to the defrauded investors, but the defrauded investors will recover no where near the amount they lost by investing with Vassallo. Receiver will continue to proceed as expeditiously as possible to wrap up the significant work remaining.

EXHIBIT A

Comments on Vassallo Group LLC and EIMT Accounting Records

Vassallo Group LLC

- Opened checking account in April 2004.
- \$4,300,000 deposits per bank statements from April 2004 through December 2004.
- \$335,000 deposits per books April 2004 through December 2004.
- Last book entry 01-16-07.
- Last bank statement 05-31-08.
- Can't rely on book balances.
- Looks like there is an effort to tie book to bank 2005-2006.

EIMT Corporation

- First Bank Statement 01/01/06 with a beginning balance of \$123.79.
- Books show a deposit of \$200.00 on 06-12-05 and a bank charge of \$76.25 on 12-31-05 for a beginning balance of \$123.79 on 01-01-06.
- We don't really know what happened before 01-01-06.
- Last book entry was on 01-09-09.
- Last bank statement we have is for 11-30-08.
- Bank balance equals books balance on 11-30-08.
- Looks like there is an effort to tie book to bank activity 01-01-06 through 11-30-08.
- Books include numerous journal entries accruing income, interest and fees that can't be validated.
- Prepared book reports incorporating only cash transactions.

There are between 22 and 26 funds

- We have accounting data for 2 of the funds.
- We received summary data of investments and distributions by client for most of the funds from the fund managers.

Fund manager balances do not tie to EIMT book balances prepared on a cash basis

- This could be due to transactions that occurred before 2006 (Vassallo Group LLC).
- This could be due to funds that were deposited to or distributed from the funds without going through EIMT.

EXHIBIT B

EIMT Corporation
Investor Funds Summary

	Contributions	Distributions	Net Investment
Fund Managers	103,041,211	51,812,182	51,229,029
EIMT Books	83,260,860	55,118,756	28,142,103
Difference	(19,780,351)	3,306,574	(23,086,926)

	Fund Managers				Fund Managers				Fund Managers			
	EIMT Books		Fund Balances		Fund Balances		Investor Balances		Fund Balances		Investor Balances	
	Original Investment	Distributions	Balance	Original Investment	Distributions	Balance	Net Contributions	Net Distributions	Balance	Net Contributions	Net Distributions	Balance
Fund Managers - Net Funds Contributed												
AN Capital	275,000	-	275,000	275,000	-	275,000	275,000	-	275,000	-	-	275,000
Black Card Group LLC	22,078,579	3,500,212	18,578,366	23,890,421	3,334,308	20,556,114	20,556,114	-	20,556,114	-	-	20,556,114
EIG I LLC	13,152,463	8,457,775	4,694,687	16,541,946	12,993,739	3,548,207	6,290,496	2,742,289	3,548,207	2,742,289	-	3,548,207
EIG II LLC	4,234,473	2,286,873	1,947,600	7,489,285	3,412,041	4,087,244	4,588,540	498,296	4,087,244	498,296	-	4,087,244
Equity Constellation LLC	1,910,000	1,850,000	60,000	1,910,000	3,029,000	(1,119,000)	-	1,119,000	(1,119,000)	1,119,000	-	(1,119,000)
Equity Group Management	7,123,067	431,900	6,691,167	11,312,906	1,956,538	9,356,368	9,512,912	157,544	9,356,368	157,544	-	9,356,368
Exclusive Financial Partners LLC	4,669,573	3,182,480	1,487,093	4,884,572	2,630,485	2,254,087	2,478,527	224,440	2,254,087	224,440	-	2,254,087
Income Management Group	435,000	312,883	122,117	540,402	313,456	226,946	244,386	17,440	226,946	17,440	-	226,946
J. Capital Partners LLC	3,851,497	1,436,745	2,414,752	5,035,590	2,176,325	2,859,264	3,566,081	706,817	2,859,264	706,817	-	2,859,264
KYW Investments LLC	615,000	272,000	343,000	615,000	272,000	343,000	343,000	-	343,000	-	-	343,000
Lancaster Platinum, LLC	990,000	82,362	907,638	990,000	82,362	907,638	907,638	-	907,638	-	-	907,638
Legacy Family Fund	1,256,729	-	1,256,729	1,669,235	-	1,669,235	1,669,235	-	1,669,235	-	-	1,669,235
Matrix Investment	990,649	15,000	975,649	990,649	15,000	975,649	975,649	-	975,649	-	-	975,649
Strategic Capital Management LLC	7,373,283	3,384,082	3,989,201	8,755,240	3,153,988	5,601,252	5,722,384	121,132	5,601,252	121,132	-	5,601,252
Veritas	1,000,000	-	1,000,000	4,225,000	59,059	4,165,941	4,165,941	-	4,165,941	-	-	4,165,941
Z Investment Group, LLC	345,000	330,000	15,000	599,614	375,000	224,614	224,614	-	224,614	-	-	224,614
Other LLC	636,675	527,722	108,953	-	-	-	-	-	-	-	-	-
	70,936,988	26,070,084	44,866,904	89,734,858	33,803,301	55,931,558	61,519,517	5,587,959	55,931,558	5,587,959	-	55,931,558
Fund Managers - Net Funds Distributed												
Apex Financial Development, LLC	872,000	889,414	(17,414)	875,000	879,384	(4,384)	-	4,384	(4,384)	-	4,384	(4,384)
BT Partners - Fund	3,151,790	5,424,075	(2,232,285)	4,276,657	4,004,951	271,706	1,132,259	860,554	271,706	860,554	-	271,706
LCJ Financial LLC	398,182	486,571	(88,389)	398,182	486,571	(88,389)	-	88,389	(88,389)	-	88,389	(88,389)
Vashtmann Investment Partners, LLC	5,277,400	17,003,015	(10,725,615)	6,277,400	8,827,395	(2,549,995)	-	2,549,995	(2,549,995)	-	2,549,995	(2,549,995)
VGA LLC	500,000	1,323,712	(823,712)	-	-	-	-	-	-	-	-	-
West Coast Trading LLC	854,500	3,586,935	(2,732,435)	854,500	3,600,580	(2,736,080)	-	2,736,080	(2,736,080)	-	2,736,080	(2,736,080)
Z Management Group	220,000	335,000	(115,000)	614,614	218,000	404,614	404,614	-	404,614	-	-	404,614
	12,323,872	29,048,722	(16,724,850)	13,306,353	18,008,881	(4,702,528)	1,536,873	6,239,402	(4,702,528)	1,536,873	6,239,402	(4,702,528)
Total Client Funds on Books	83,260,860	55,118,756	28,142,103	103,041,211	51,812,182	51,229,029	63,036,390	11,827,351	51,229,029	63,036,390	11,827,351	51,229,029

EXHIBIT C

Source and Use of Funds - Summary

SOURCES OF FUNDS

Funds with Net Contribution Balances	44,866,954
Funds with Net Distribution Balances	(16,724,850)
Net Sources of Funds	<u>28,142,103</u>

USES OF FUNDS

Losses	
Trading Losses	9,378,296
Operating/G&A Expenses	<u>3,317,168</u>
	12,695,463
Investments and Loans	
Exotic Investments	9,993,609
Property Acquisitions	1,578,153
Other Investments and Loans	<u>3,808,487</u>
	15,380,248
Other Uses	
Other Assets	46,921
Other Uses	<u>4,797</u>
	51,718
Total Uses of Funds	<u>28,127,429</u>
Ending Cash Balances	<u><u>14,674</u></u>

EXHIBIT D

LMT Corporation
Balance Sheet - SummaryASSETS

Cash	14,674
Exotic Investments	9,993,609
Property Acquisitions	1,578,153
Other Investments/Loans	3,808,487
Other Assets	46,921
Total Assets	<u>15,441,843</u>

LIABILITIES & EQUITYLIABILITIES

Funds with Net Contributions	44,866,954
Funds with Net Distributions	(16,724,850)
Net Investor Funding	<u>28,142,103</u>

EQUITY

Equity Payout	(4,797)
Trading Losses	(9,378,296)
Operating/Administrative Expenses	(3,317,168)
Total Equity	<u>(12,700,260)</u>

Total Liabilities & Equity	<u>15,441,843</u>
----------------------------	-------------------

EXHIBIT E

LIMIT Corporation.

Assets - Detail

ASSETS

Cash

Wells Fargo Bank	6,779
TD Ameritrade	6,676
TradeStation - Account 1	1,219
	<hr/> 14,674

Exotic Investments

Vestium Trading	3,918,609
JR Trust, LLC	2,500,000
Martin Porter - Trading	2,175,000
Economix Financial (Troy Dyches/Rohan Grant)	1,400,000
	<hr/> 9,993,609

Property

IP Fountain Plaza	1,256,090
Fiddle Town Property	261,972
Walgreen Project	60,091
	<hr/> 1,578,153

Other Investments/Loans

Vassallo Group, LLC	1,485,100
Other Investments/Loans	1,177,587
Utah Mine	270,000
Nevada Rental Properties (Will Sassman)	190,000
Stewardship Group	155,000
Veritas Fund LLC	115,100
First Clearing LLC	105,000
Changing the Planet	100,000
Quest Investigative	100,000
Jerry Garvin	50,000
LBN Partners, Inc.	27,700
Tri-Equity Investment	25,000
Coleman CD Trading	8,000
	<hr/> 3,808,487

Other Assets

Brian Torrance	100,000
Noah Zanetta	15,000
Ken Kenitzer Loan	(68,079)
	<hr/> 46,921

Total Assets

15,441,843

Assets - Exotic Investments & Property

	<u>Adjusted Balance</u>
<u>Exotic Investments</u>	
Vestlum Trading	
Purchase CMO (Veritas)	2,000,000
Seized by SEC	1,200,000
Wire to Phlorian Racing (SJB)	800,000
Interest Income Received by EIMT	(81,391)
EIMT Book Balance	<u>3,918,609</u>
Global Mergers and Acquisitions (JR Trust)	
Active Investigation	2,500,000
Martin Porter - Bank Note Trading	
Reclassify Payment to Jeffery Ferentz	1,000,000
Martin Porter Trading Account	<u>1,175,000</u>
	<u>2,175,000</u>
Economix Financial (Troy Dyches/Rohan Grant)	
Cash Held at FBI Forfeiture Unit	1,400,000
Total Exotic Investments	<u><u>9,993,609</u></u>
<u>Property</u>	
IP Fountain Plaza	
Traded for Island Park Cabin (for sale)	1,256,090
Fiddle Town Property	
Offer Pending (\$180,000)	261,972
Walgreen Project	
Failed Project	60,091
Total Property	<u><u>1,578,153</u></u>

Assets - Other Investments/Loans

Other Investments/Loans

Vassallo Group, LLC

Trading Losses at Vassallo Group Options Express	1,485,100
--	-----------

Other Investment/Loans

Anthony Vassallo Draws	417,087
Eric Honig	375,000
Kyle Wunderli	201,000
Elevate Communications	100,000
D'Angelo Automotive	65,000
Advanced Properties (Jerry Garvin)	50,000
Stephen Lopes	29,500
Angela Hickey	15,000
Richard Gregory	10,000
Rob Fitzstephens	(85,000)
	<u>1,177,587</u>

Utah Mine (Dewayne Smith)

Judgement Recorded	270,000
--------------------	---------

Nevada Rental Properties (Will Sassman)

Failed Project	190,000
----------------	---------

Stewardship Group

Amor Beneficium	5,000
Invested in Arcanum/Vestium	50,000
Humanitarian Donation	100,000
	<u>155,000</u>

Veritas

Transfer to Open Account	10,100
Unverified Deposits	(105,000)
Unverified Withdrawal	210,000
	<u>115,100</u>

First Clearing LLC

Profit Guarantee to Gregory E. Porter (\$37,725 Repayment)	105,000
--	---------

Changing the Planet

David Damante	100,000
---------------	---------

Quest Investigative

Investigation Fees	100,000
--------------------	---------

Jerry Garvin

Loan (CMO Commission)	50,000
-----------------------	--------

LBN Partners, Inc.

Active Investigation - Luke Wiseman/David Joiner	27,700
--	--------

Tri-Equity Investment

Active Investigation	25,000
----------------------	--------

Coleman CD Trading

Active Investigation	8,000
----------------------	-------

<u>3,808,486.92</u>

EXHIBIT F

Liabilities - Detail

LIABILITIES & EQUITYLIABILITIES

Funds with Net Contributions

AN Capital	275,000
Black Card Group LLC	18,578,366
EIG I LLC	4,694,687
EIG II LLC	1,947,600
Equity Constellation LLC	60,000
Equity Group Management	6,691,167
Exclusive Financial Partners LLC	1,487,093
Income Management Group	122,117
J. Capital Partners LLC	2,414,752
KVW Investments LLC	343,000
Lancaster Platinum, LLC	907,638
Legacy Family Fund	1,256,729
Matrix Investment	975,649
Strategic Capital Management LLC	3,989,201
Veritas	1,000,000
Z Investment Group, LLC	15,000
Other LLC	108,953

Total Funds with Net Contributions	44,866,954
------------------------------------	------------

Funds with Net Distributions

Vastmann Investment Partners, LLC	(10,725,615)
West Coast Trading LLC	(2,722,435)
LCJ Financial LLC	(88,389)
Apex Financial Development, LLC	(17,414)
BT Partners - Fund	(2,232,285)
VGA LLC	(823,712)
Z Management Group	(115,000)

Total Funds with Net Contributions	(16,724,850)
------------------------------------	--------------

Net Investor Funding

28,142,103

ELMT Corporation

Assets - Funds with Net Distributions (Clawbacks)

Funds with Net Distributions (Clawbacks)

Vastmann Investment Partners, LLC

(Fund Managers - Jarom Dastup, Jaren Ahlmann, Anthony Vassallo)

Loan

8,175,620

Over Distribution

2,549,995

10,725,615

West Coast Trading LLC/BV Skyline

(Fund Manager - Luke Wiseman)

Over Distribution

2,722,435

LCJ Financial LLC

(Fund Manager - David Joiner)

Over Distribution

88,389

Apex Financial Development, LLC

(Fund Managers - David Joiner, Anthony Vassallo)

Over Distribution

17,414

BT Partners - Fund

(Fund Managers - Brian Torrance, Scott Bogue)

Over Distribution

2,232,285

VGA LLC

(Fund Manager - Kyle Wunderli)

Contributions

(500,000)

Distributions (Wunderli Loan)

1,323,712

823,712

Z Management Group

(Fund Manager - Noah Zanetta)

Over Distribution

115,000

Total Funds with Net Distributions (Clawbacks)

16,724,850

EXHIBIT G

Trading Income/(Loss)

TradeStation 1	(3,308,282)
TradeStation Futures	(1,120,602)
TD Ameritrade	(2,397,769)
Deutsche Bank (FX)	(1,744,847)
Richard Sachs	(556,796)
HSBC Trading	(250,000)
	<u>(9,378,296)</u>

Operating/Administrative Expenses

Administration Expenses	92,190
Auto Leases	40,139
Credit Card Accounts	724,062
Equipment & Connection Charges	21,779
Facility Expenses	69,594
Insurance	47,481
Technology and Support	227,000
Utilities	15,874
Travel & Entertainment	2,021
Software License Fee	199,593
Professional Fees	270,976
Management Expense	154,545
Contract Labor	1,442,914
Other	9,000
	<u>3,317,168</u>

Net Income	<u>(12,695,463)</u>
------------	---------------------

EXHIBIT H

The Vessel Group/EIMT Trading Activity
September 2004 through June 2009

	Sep 2004	Oct 2004	Nov 2004	Dec 2004
Vessel Group				
Options Express	55,191	16	-	-
Options Express Futures	-	-	-	-
Total	55,191	16	-	-
EIMT				
TradeStation 1	-	-	-	-
TradeStation Futures	-	-	-	-
TD Ameritrade	-	-	-	-
Total - Month	55,191	16	-	-
Total - Cumulative	55,191	55,208	55,208	55,208

The Vassallo Group/EIMT Trading Activity
September 2004 through June 2009

	Jan 2005	Feb 2005	Mar 2005	Apr 2005	May 2005	Jun 2005	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005
Vassallo Group												
Options Express	-	-	(17,191)	12,113	152,718	77,708	171,350	(261,016)	(127,919)	(506,092)	(60,107)	5,178
Options Express Futures	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	(17,191)	12,113	152,718	77,708	171,350	(261,016)	(127,919)	(506,092)	(60,107)	5,178
EIMT												
TradeStation 1	-	-	-	-	-	-	-	-	-	-	-	-
TradeStation Futures	-	-	-	-	-	-	-	-	-	-	-	-
TD Ameritrade	-	-	-	-	-	-	-	-	-	-	-	-
Total - Month	-	-	(17,191)	12,113	152,718	77,708	171,350	(261,016)	(127,919)	(506,092)	(60,107)	5,178
Total - Cumulative	55,208	55,208	38,016	50,129	202,847	280,555	451,904	190,888	62,969	(443,122)	(503,230)	(498,051)

The Vassallo Group/EIMT Trading Activity
September 2004 through June 2009

	Jan 2006	Feb 2006	Mar 2006	Apr 2006	May 2006	Jun 2006	Jul 2006	Aug 2006	Sep 2006	Oct 2006	Nov 2006	Dec 2006
Vassallo Group												
Options Express	256,801	45,809	(47,565)	5,130	343,785	13,165	(7,326)	13,486	(16,390)	53,192	10,564	(58,383)
Options Express Futures	-	-	-	-	-	-	-	-	-	-	-	-
Total	256,801	45,809	(47,565)	5,130	343,785	13,165	(7,326)	13,486	(16,390)	53,192	10,564	(58,383)
EIMT												
TradeStation 1	-	-	-	-	(82,050)	(172,055)	(271,262)	268,124	(296,439)	(221,793)	(33,765)	(87,259)
TradeStation Futures	-	-	-	-	-	-	-	-	-	-	-	-
TD Ameritrade	-	-	-	-	-	-	-	-	-	-	-	-
Total - Month	256,801	45,809	(47,565)	5,130	261,735	(158,890)	(278,587)	268,124	(312,829)	(168,601)	(23,200)	(145,642)
Total - Cumulative	(241,251)	(195,442)	(243,007)	(237,878)	23,857	(135,033)	(413,621)	(132,011)	(444,839)	(613,440)	(636,640)	(782,282)

The Vassallo Group/EIMT Trading Activity
September 2004 through June 2009

	Jan 2007	Feb 2007	Mar 2007	Apr 2007	May 2007	Jun 2007	Jul 2007	Aug 2007	Sep 2007	Oct 2007	Nov 2007	Dec 2007
Vassallo Group												
Options Express	5,303	(83,792)	(192,272)	86,773	46,852	(75,740)	(51,047)	13,079	22,235	(14,126)	(16,469)	(9,274)
Options Express Futures	-	-	-	-	-	-	-	-	-	157,510	(75,323)	(1,137,084)
Total	5,303	(83,792)	(192,272)	86,773	46,852	(75,740)	(51,047)	13,079	22,235	143,384	(91,792)	(1,146,358)
EIMT												
TradeStation 1	(474,427)	(1,132,490)	(938,536)	137,706	(1,099)	(1,367)	(1,062)	(263)	(264)	2	3	-
TradeStation Futures	-	-	-	-	-	1,284,203	37,243	(2,544,864)	102,814	-	-	-
TD Ameritrade	(474,427)	(1,132,490)	1,275	(616,228)	(798,814)	(1,037,754)	54,937	1	1	(127)	(127)	(127)
Total - Month	(459,124)	(1,216,282)	(1,129,533)	(391,749)	(753,051)	169,342	91,120	(2,545,127)	102,551	(125)	(124)	(124)
Total - Cumulative	(1,251,407)	(2,467,688)	(3,597,221)	(3,988,970)	(4,742,031)	(4,572,689)	(4,532,616)	(2,532,046)	(6,939,877)	(6,796,618)	(6,888,534)	(8,034,968)

The Vessallo Group/EIMT Trading Activity
September 2004 through June 2009

	Jan 2008	Feb 2008	Mar 2008	Apr 2008	May 2008	Jun 2008	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008
Vessallo Group												
Options Express	3,507	(688)	(772)	(346)	1,315	(2,547)	(360)	-	(3,118)	(79)	(773)	577
Options Express Futures	14,658	-	-	39,972	-	-	-	-	-	(1,727,914)	-	-
Total	18,165	(688)	(772)	39,626	1,315	(2,547)	(360)	-	(3,118)	(1,727,993)	(773)	577
EIMT												
TradeStation 1	2	2	2	2	2	2	-	-	-	-	-	-
TradeStation Futures	-	-	-	-	-	-	-	-	-	-	-	-
TD Ameritrade	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	0	0
	(124)	(125)	(125)	(125)	(125)	(125)	(127)	(127)	(127)	(127)	0	0
Total - Month	18,041	(813)	(637)	39,501	1,190	(2,573)	(487)	(127)	(3,245)	(1,728,120)	(773)	577
Total - Cumulative	(8,016,927)	(8,017,740)	(8,018,637)	(7,979,136)	(7,977,946)	(7,980,619)	(7,981,106)	(7,981,233)	(7,984,478)	(9,712,558)	(9,713,370)	(9,712,793)

The Vassallo Group/EIMT Trading Activity
September 2004 through June 2009

	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Dec 2009
Vassallo Group							
Options Express	(145)	(29)	(656)	-	-	-	(158,375)
Options Express Futures	-	-	-	-	-	-	(2,728,132)
Total	(145)	(29)	(656)	-	-	-	(2,886,507)
EIMT							
TradeStation 1	-	-	-	-	-	-	(3,303,282)
TradeStation Futures	-	-	-	-	-	-	(1,120,602)
TD Ameritrade	453	-	0	0	0	0	(2,397,759)
	453	-	0	0	0	0	(6,826,653)
Total - Month	518	(29)	(656)	0	0	0	(9,713,160)
Total - Cumulative	(9,712,475)	(9,712,504)	(9,713,160)	(9,713,160)	(9,713,160)	(9,713,160)	(9,713,160)