

**Other Documents**

1:07-cv-00767-WSD Securities And Exchange Commission v. Global Online Direct, Inc. et al  
8months, SUBMDJ

**U.S. District Court**

**Northern District of Georgia**

**Notice of Electronic Filing**

The following transaction was entered by Laddin, Darryl on 1/22/2008 at 6:36 PM EST and filed on 1/22/2008

**Case Name:** Securities And Exchange Commission v. Global Online Direct, Inc. et al  
**Case Number:** 1:07-cv-767  
**Filer:** Michael A. Grassmuck  
**Document Number:** 52

**Docket Text:**

**STATUS REPORT** *Interim Report of Receiver Michael Grassmuck as of January 18, 2008 by Michael A. Grassmuck. (Attachments: # (1) Exhibit A, # (2) Exhibit B, # (3) Exhibit C)(Laddin, Darryl)*

**1:07-cv-767 Notice has been electronically mailed to:**

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The following document(s) are associated with this transaction:

**Document description:**Main Document

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**Document description:**Exhibit A

**Original filename:**n/a

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**Document description:**Exhibit B

**Original filename:**n/a

**Electronic document Stamp:**

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**Document description:**Exhibit C

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**Electronic document Stamp:**

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UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

vs.

GLOBAL ONLINE DIRECT, INC.,  
BRYANT E. BEHRMANN and  
LARRY "BUCK" E. HUNTER,

Defendants.

Civil Action No. 1:07-CV-0767-WSD

INTERIM REPORT OF  
RECEIVER MICHAEL A. GRASSMUECK  
AS OF JANUARY 18, 2008

**I. INTRODUCTION**

Michael A. Grassmuck, the duly appointed Receiver (the "Receiver") of Global Online Direct, Inc. ("Global") and its subsidiaries Global Online Depository, Global Online SP1P, Global Online Auction Stores, Triple Diamond B, Bodaga Bay, Bodaga Bay Trucking, Inc., Catherine Crick Riders, Double B Broadcasting, Inc., The AM Show, Double B MPG, Global Online Direct, U Loan We Pay, and Bargain Hunters, Inc. (the "Global Subsidiaries") and their subsidiaries and affiliated and any entities controlled by them (collectively, the

"Receivership Entities"), submits this interim report (the "Report") in compliance with paragraph XIV of the Order Appointing Receiver, Freezing Defendants' Assets, and Ordering Other Ancillary Relief entered in *Securities and Exchange Commission v. Global Online Direct, Inc., et al.*, (the "Order") in the United States District Court for the Northern District of Georgia Atlanta Division.

This Report provides this Court and all interested parties with the status of the Receiver's activities, investigations, analysis, conclusions and recommendations for the period July 2007 through January 18, 2008. The Receiver will not repeat here the preliminary findings and recommendations contained in the Receiver's Preliminary Report dated July 20, 2007 or Report of the Monitor dated April 18, 2007 ("Monitor's Report"), however, the Receiver encourages parties to review those reports for background related to the Receiver's current activities.

As was previously noted, the Receiver's duties, responsibilities and activities generally fall into four categories: (1) securing, protecting and recovering assets, including tangible and intangible assets, and chooses in action; (2) preparing an accounting and investigating the basis for the receivership proceeding; (3) liquidation of assets and review and allowance of claims against the Receivership Estate; and (4) analyzing and developing, with Court approval, an equitable approach to distribution of assets and losses to investors. The following Report addresses the general categories in varying degrees of detail in relation to the progress and focus of the Receiver during the past six months of the receivership, and is current as of January 18, 2008.

## II. OVERALL STATUS AND FINDINGS

Over the past six months, the Receiver and the professionals engaged by the Receiver have continued to investigate the business practices of the Receivership Entities and the Defendants, to ascertain what happened to the approximately \$42 million of funds raised by Defendants, and to marshal and evaluate assets. The Receiver's primary focus during this period was to fulfill his duties under the Order to prepare an accounting, locate and preserve assets, and commence the process of liquidating these assets for the benefit of the investors and creditors of the Receivership Estate.

It should be noted at the outset that the Receiver's investigation and accounting (which is not yet complete) has tended to validate the Receiver's findings and conclusions set forth in that Monitor's Report. The Receiver has confirmed earlier preliminary findings that Defendants used friends and family networks as well as a group of seasoned promoters to aggressively promote the investment program. The promoters used the internet (websites and message boards), promotional meetings and bi-weekly investor conference calls to promote the so-called loan program (referred to as the Secured Profit Inventory Program or SPIP). This marketing approach was further augmented by high promotional and referral bonuses which totaled as much as \$9.0 million.

It appears that the funds were raised from investors for one stated purpose, but were applied to another. The statements reflected in advertisements and statements made by Defendants and other individuals did not appear to portray an accurate picture of the Receivership Entities' past or present activities, and their use and application of the funds. The balance of this Report reflects the supporting documentation for these summary conclusions.

The Receiver anticipates completing and filing the accounting in 45-60 days. This accounting, when complete, will address additional issues related to amounts received by the individual Defendants and insiders and third parties who appear to have substantially benefited from the scheme. It should be noted that the preparation of the accounting has been hampered first and foremost by the complete lack of business and financial records of the Receivership Entities. Not only were there no financial systems or records, but Defendants did not provide or turn over records. As such, the Receiver started from scratch by contacting banks and third parties and seeking voluntary turnover of documents. This was followed by several rounds of subpoenas.

Finally, the Receiver has determined that the amounts expected to be recovered, under the best case scenario, will be nominal when compared to the amounts raised by the Defendants. Unfortunately, the money raised was, for the most part, spent to carry on the scheme (e.g., to promote the scheme) and to support the lifestyles of those involved in the scheme, including the Defendants and their relatives.

### **III. OVERVIEW OF RECEIVER'S ACTIVITIES DURING THIS REPORTING PERIOD**

#### **A. Preservation of Assets**

The Receiver has taken control of the Defendants' bank accounts. Additional accounts were identified that had not been previously disclosed by the Defendants in accordance with the Order. Upon issuance of the Order, the Receiver immediately contacted all financial institutions that maintained accounts on behalf of the Defendants and verified the status of these accounts. As appropriate, the Receiver requested that all funds be transferred to the Receiver's

designated bank accounts. Simultaneously, the Receiver provided these institutions with the identities of all Receivership Entities and Defendants named in the Order, and requested that searches be performed for all accounts belonging to those parties.

The Receiver has taken control of 13 properties which were held in the name of the Receivership Entities. The Receiver has secured the four warehouses located at 1805 Z Avenue (the "Z Warehouse"), 2208 L Avenue (the "L Warehouse"), 59998 Smith Loop (the "TV Warehouse") in La Grande, Oregon, and 627 E. Arch Street in Union, Oregon (the "Union Complex"), and two retail store outlets at 102 SE Frazer Avenue, Pendleton, Oregon (the "Pendleton Store"), and 2108 Caldwell Boulevard, Nampa, Idaho (the "Nampa Store"). Locks at each facility were changed and the appropriate security company was notified of the receivership. The Receiver has also maintained the security systems and retained on-site observers.

For the purpose of safeguarding records and computer memory devices, the Receiver removed and secured all records and computers and disconnected any existing network connections. The Receiver has also taken steps to preserve documents and assets in the hands of third parties. To that end, the Receiver notified third parties and financial institutions of the receivership and filed the Order in each jurisdiction where assets were believed to be located.

B. Recovery of Vehicles, Equipment and Inventory

In accordance with the Order, the Receiver has continued to marshal and secure the Receivership Entities' assets. The Receiver continues to investigate the location of assets that were delivered to third parties. Additionally, the Receiver

continues to investigate the status of the accounts receivable for the Receivership Entities.

The Receiver has taken possession of business equipment, computers, furniture, fixtures, inventory, automobiles and trucks. The Receiver has consolidated these personal property assets at several facilities in La Grande, Oregon and retained caretakers to oversee security of the assets.

C. Real Property Held by Third Parties – Fraudulent Conveyance Litigation

The Receiver and his professionals conducted an analysis of Global's business records, bank records and title company records to ascertain whether there were real properties held by third parties that should properly be part of the Receivership Estate. With the assistance of his counsel and forensic accountants, the Receiver determined that Global gave investor funds to individuals and corporations for the purchase of certain real properties or purchased properties for third parties.

On October 12, 2007, the Receiver filed a Complaint for Fraudulent Transfer / Conveyance, Unjust Enrichment, and Constructive Trust / Equitable Lien (the "Fraudulent Transfer Complaint"), in the United States District Court for the Northern District of Georgia, Case No. 1:07-CV-2532, in order to recover these properties for the benefit of the Receivership Estate. Concurrently with the Fraudulent Transfer Complaint, Lis Pendens were recorded against all but one of the subject properties in order to prevent the wrongful transfer or encumbrance of the subject properties.

The causes of action in the Fraudulent Transfer Complaint are alleged against eleven individual and corporate defendants who appear as alleged record

owners of real property believed to have been purchased with investor funds. The Receiver has alleged that each defendant received transfers of investor funds from Global, directly or indirectly, and that those funds were used to purchase the subject properties. The Receiver seeks the return of the subject funds, the subject properties, and the imposition of a constructive trust or equitable lien against each of the subject properties in the amount of the transfer at issue.

The Fraudulent Conveyance Complaint identifies the following properties as having been purchased, at least in part, with investor funds:

- 570 E. Birch Street, Union County Oregon, with record owner Mary C. Hunter;
- 716 S. 3rd Street, Union County, Oregon, with record co-owners Mary C. Hunter and Jesie M. Torkelson;
- 60539 Peach Road, Union County, Oregon, with record owner Horse Elysian Fields, LLC;
- 3006 N. Birch Street, Union County, Oregon, with record owners Donald and Candace Hickenbottom;
- 511 E. Arch Street, Union County, Oregon, with record co-owners Mark and Shale Witt;
- 1137 N. Cove Street, Union County, Oregon, with record owner Shane Weiskircher;
- 565 E. Delta Street, Union County, Oregon, with record owner Karen L. Homan;
- 59890 Smith Loop Road, Union County, Oregon, with record owner Grande Ronde Airport Storage, LLC; and

- 2545 Chateau Clemmont Street, Henderson, Nevada, with record owner Gabrielle Behrmann.

As of the date of this report, all defendants have appeared and filed answers. The discovery period commenced on January 2, 2008, and the Receiver timely filed his initial disclosures and made his preliminary document production. At this time, the Receiver is preparing his first discovery requests and expects to take and complete all necessary depositions in March 2008.

D. Sale of Real Estate Assets

The Receiver has identified 13 separate real properties owned by the Receivership Entities (the "Properties"). On August 20, 2007, to obtain professional assistance with the marketing and sale of the Properties, the Receiver filed an Application to Employ Property Manager and Real Estate Broker (the "Employment Application"). The broker is Mr. Roger Goodman of Century 21 Eagle Cap Realty (the "Broker").

Pursuant to the Employment Application, the Receiver sought the approval of the listing of the Properties with the Broker. Further, pursuant to the Employment Application, and the Receiver's listing agreement with the Broker (the "Broker Agreement"), the Receiver sought authority to pay the Broker a sales commission from the sale of the Properties of six percent (6%), if the sales price is less than or equal to \$200,000, and five and one half percent (5.5%) if the sales price is greater than \$200,000. All sales of the Properties are to be governed by the Receiver's Earnest Money Agreement, subject to Court approval. The Employment Application was approved by Court Order entered on October 30, 2007 (the "Broker Employment Order").

Through the Broker, the Receiver has marketed the Properties by, among other things, listing them with several real estate listing services in Oregon, and advertising them in a public newspaper circulated in the area where the Properties are located. The Broker also sent flyers to 980 of the Broker's clients in an effort to market the Properties. The Properties were listed and advertised for a period of approximately twenty-one (21) days, after which the Receiver received offers to purchase 6 of the Properties, located at (i) 10114 Wood Villa Drive, Union, Oregon, (ii) 60572 High Valley Road, Union, Oregon, (iii) 59998 Smith Loop, La Grande, Oregon, (iv) 499 East Beakman, La Grande, Oregon, (v) 1151 North Main, Union, Oregon, and (vi) 103 Bellwood, Union, Oregon (collectively, the "Receivership Sale Properties").

The Receiver is preparing a motion for approval of the sale of the Receivership Sale Properties to the proposed buyers (the "Real Estate Sale Motion"), free and clear of all liens, claims and encumbrances, with such liens, claims and encumbrances attaching to the proceeds of sale. The Receiver will sell the Receivership Sale Properties "AS IS," "WHERE IS," and "WITH ALL FAULTS", and without any representations or warranties in respect to the condition of these Properties.

The Receiver anticipates filing and serving the Real Estate Sale Motion some time during the week of January 21, 2008.

E. Investor Communications

The Receiver has established a website for this matter, [www.grassmuckgroup.com/globalonline](http://www.grassmuckgroup.com/globalonline), and has posted pleadings filed in the case as well as periodic updates concerning the receivership. Attached as Exhibit A is a report reflecting the visits to the website. In addition, both the

Receiver and his counsel Allen Matkins Leck Gamble Mallory & Naisis LLP ("Allen Matkins") have responded to both emails and 100's telephonic inquiries from investors.

The Receiver intends to make even more use of the website by posting regular updates so investors may better track the progress of the case.

F. Professionals Employed During the Reporting Period

The Receiver has engaged and continues to use the following qualified professionals to assist him and his staff:

Allen Matkins was employed as general receivership counsel. Since the appointment date, Allen Matkins has assisted the Receiver in fulfilling his duties under the Order, including, but not limited to (i) working with the Commission and other government agencies; (ii) investigating third parties to seek recovery of assets; (iii) issuing subpoenas to financial institutions and assisting in obtaining documents from third parties and professionals and commencing a review of certain transfer records; (iv) investigating potential claims against third parties and filing fraudulent conveyance actions; (v) working with local counsel to further the case; (vi) providing general legal advice to the Receiver regarding his rights, powers and duties under this Court's Order and general equity receivership laws; (vii) preparing motions to sell assets; (viii) assisting the Receiver in preparation of this report; and (ix) providing legal advice to other professionals in connection with accounting and sale of assets.

Arnall Golden Gregory, LLP was employed as local Georgia counsel for the Receiver. Since the appointment date, assistance has included: (i) representation of the Receiver in all correspondence and filings with the Court; (ii) providing advice on local court customs and rules; (iii) assisting the Receiver in his duties under the

Order; and (iv) assisting Allen Matkins with the variety of matters that it is handling.

Financial Forensics was employed as forensic accountants and financial consultants to the Receiver. Since the appointment date, assistance has included: (i) obtaining records from financial institution and other third parties; (ii) beginning the massive reconstruction of financial records; (iii) beginning the forensic analysis of Defendants' financial activities; (iv) review and identification of alleged fraudulent activities; (v) transaction and asset tracing; (vi) coordination with Receiver's counsel to identify and pursue additional receivership assets; (vii) analysis of the Receivership Entities' financial position; (viii) preparation and assistance with portions of this Report; and (ix) other accounting and financial support of the Receiver and his counsel.

James A. Murphy Company was employed to: (i) assist the Receiver in recovery of physical assets; (ii) assist in securing assets of the Receivership Entities; (iii) provide an inventory of all assets of the Receivership Entities; (iv) provide inventory and auction services with regard to personal property and business inventory; and (v) provide assistance with regard to disposition strategies.

#### **IV. ACCOUNTING AND FINANCES**

##### **A. Status of the Accounting**

As noted above, the Receivership Entities had no recognizable financial system nor did they retain books and records. As such, the Receiver has started from scratch to prepare the accounting. The Receiver had expected to complete the accounting by the date of this Report, however, as a result of the lack of books and records at the company and the complexity of the Defendants' various banking relationships, the Receiver is still missing some important bank records that are

required to complete the accounting. The accounting will be completed and filed in the next 45 to 60 days.

The Receiver and his team of professionals have worked diligently to obtain the records from financial institutions and third parties. Immediately upon appointment, the Receiver served all known financial institutions with a copy of the Order and detailed document requests. Some institutions were very prompt in their responses and provided the requested data in a timely manner. Other financial institutions either made unfulfilled promises of production or were not forthcoming with documents, resulting in multiple requests, followed by subpoenas and threats of motions to compel.

While Global was only operating for approximately a year and a half, Global managed to open 16 known accounts at 13 different financial institutions in several states. To date, the Receiver's forensic accountants have input over 18,000 transactions. In summary, the transaction volume for Global was extensive given its abbreviated period of existence.

The following examples highlight some of the difficulties faced by the Receiver in preparing the accounting:

Deficient Documents Productions – The Receiver sent detailed document requests to all financial institutions requesting all bank statements and documents supporting the underlying transactions. The financial institutions would fulfill only part of the requests resulting in the need for follow-up communications. This occurred multiple times with some institutions, significantly dragging out the process to respond to such requests.

Discovery of New Entities and Bank Accounts – During the course of the investigation, the Receiver discovered new entities that were not previously

disclosed by Defendants. These discoveries required additional requests to financial institutions and follow-up on those requests. At this time, the Receiver is still waiting for one of these institutions to complete its document production.

Bankruptcy and Mergers – One of Global's primary financial institutions entered into bankruptcy. On September 28, 2007, the Office of Thrift Supervision in conjunction with the Federal Deposit Insurance Corporation closed NetBank, and the parent company, NetBank, Inc., filed for Chapter 11 bankruptcy protection. The financial condition of the institution greatly hampered its ability to respond to document request in a timely manner.

Further, Business Bank of Nevada, was acquired by another bank, City National Bank. During the course of the acquisition, documents were moved or could not be immediately accessed. The Receiver has been in constant communication with this institution since the inception of this matter and is only now receiving the documents.

Subpoena Issues – Subpoenas were served on many of the financial institutions described above, as a backup to the service of the Order. Again, responses have been slow or piecemeal. At this time, the Receiver has four (4) document productions outstanding with the following financial institutions, Wells Fargo Bank, JPMorgan Chase Bank, Bank of America and City National Bank (formerly Business Bank of Nevada). The Receiver received an objection to the subpoena from a third party, Pantera Pure Trust and Stephan Wakefield, ("Pantera and Wakefield") who the Receiver believes received substantial transfers of Global assets, for no reasonably equivalent value. The Receiver intends to file a motion to compel Wells Fargo's compliance with the subpoena.

The Receiver has obtained and reviewed the documents produced in response to these subpoenas. The Receiver has used such documents to support the Complaint filed against the third party transferees for Fraudulent Transfer / Conveyance, Unjust Enrichment, and Constructive Trust / Equitable Lien, filed and pending in the United States District Court for the Northern District of Georgia, Case No. 1:07-CV-2532, and to prepare the accounting.

B. Current Financial Position Of The Estate

Attached as Exhibit B to this report is the Summary of Financial Position for the Receivership Estate. The following is a brief explanation of the individual line items on this Exhibit.

Cash and Equivalents – Total cash and equivalents under the Receiver's control as of December 31, 2007 is \$461,079.

Inventory, Property and Equipment – The Receiver maintains possession of all inventory, property and equipment that was located on Global's premises. The Receiver has consulted with various industry experts to determine the appropriate method for valuation and liquidation of the physical assets. In fact, the Receiver has received some offers for purchase of the inventory but found these offers to be less than desirable. The Receiver believes a greater return can be obtained via auction of the inventory, property, and equipment.

Real Property – The Receiver currently holds 13 parcels of real property within the Receivership Estate. These Properties are located in Union or La Grande, Oregon. The real property is currently "listed" for an aggregate amount of \$2,082,000, however, these are merely the "list" prices and actual sale prices and realized returns may be more or less, depending upon the market conditions.

The Receiver and his legal counsel have also initiated fraudulent conveyance actions in order to obtain title and control of other real properties that are in the name of third parties but purchased with Global funds.

Contingent Assets – The Receiver and his team of professionals continue to thoroughly investigate potential claims against third parties for recovery of assets fraudulently transferred and claims for disgorgement of assets wrongfully transferred to third parties.

Liabilities – Most real properties under control of the Receiver are unencumbered. However, the Receivership Estate does have trade creditors and other liabilities. The extent of these liabilities will not be known for certain until the Receiver has completed the claims process.

#### C. Cash Flows of Receivership Estate

Attached as Exhibit C to this report is the Summary of Receivership Cash Flows. The following is a brief explanation of some individual line items on this Exhibit.

Cash and Equivalents on Hand – The balance of Global's known cash accounts transferred to the Receiver totals \$590,141. The Receiver is not aware of any account balances remaining to be transferred.

Sales Revenue – These sales were consummated prior the appointment of the Receiver and constitute checks on hand. The Receiver has yet to liquidate any assets of the Estate.

Lease Income – The Receiver is collecting rent from third parties on certain real properties.

Payroll Expense – As discussed in prior reports, Global contracted with SMW to provide personnel and services. At appointment of the Receiver, SMW

did not make arrangements to pay their employees their final payroll. The Receiver determined that Global did receive services from these employees and therefore paid SMW's payroll liability to those employees.

Security – The Receiver has retained the services of third parties to provide selected security services for the various parcels of receivership property located in Union and La Grande, Oregon. This was required based on a number of break-ins at the company prior to the receivership.

#### V. PRELIMINARY OBSERVATIONS

Based upon the investigation and accounting completed to date, the Receiver makes the following preliminary observations subject to completion of the accounting and collection of additional data which will affect the final conclusions.

- The Monitor's Report and Preliminary Report of Receiver, as previously filed, speak to the viability of Global's purported business plan, the activities of the Secured Profit Inventory Program (or SPIP) and the underlying indicia of a Ponzi Scheme. The Receiver has not uncovered any additional information that materially alters these opinions as previously set forth.
- Global On-Line Direct Arizona, Inc. (or "Global Arizona") was discovered and believed to be an affiliated company of Global Online Direct, Inc. After reviewing some of the detailed transactions for Global Arizona, it is apparent that investor funds were also deposited into this entity. Furthermore, there were significant cash transfers between Global and Global Arizona.

- The Receiver's investigation has uncovered multiple entities and accounts at financial institutions that were not previously disclosed by Defendants.
- Investor funds from the SPIP deposited in Global's accounts approximate \$42.2 million. Principal payments to investors from the SPIP approximate \$8.7 million.
- Although Global raised in excess of \$42 million in just over one and a half years, less than \$600,000 remained in Global's bank accounts upon appointment of the Receiver in June 2007. Furthermore, almost sixty percent of the investor funds were deposited in just a four-month time period spanning October 2006 through January 2007. In summary, Global had an extremely high velocity of cash inflows and outflows.
- As part of the SPIP, many investors were paid referral fees for introducing other investors. Payments to third parties for referral fees or promotion in conjunction with the SPIP exceed \$9.0 million. Additionally, there are numerous parties who were not participants of the SPIP yet received significant payments for what appears to be mere promotion of Global and the SPIP.
- Over \$4.5 million was spent on the acquisition of real property, furniture, equipment and vehicles and \$1.5 million was spent on the acquisition of inventory. These assets appear to have a value of much less than this amount.
- The net amounts that will be realized from the sale of assets and other receivership activities will be nominal compared to the amounts raised

from investors. As such, the amount available for distribution to many investors will likely be minimal relative to their overall investment.

- Cash disbursements to Bryant Behrmann, Larry Hunter, their respective family members and related parties exceed \$8.5 million. This amount includes disbursements to entities that are not part of this Receivership Estate but are believed to be owned by Defendants Behrmann and/or Hunter. This does not include indirect payments or benefits which are reflected in so-called business expenses for such items as travel, meals and entertainment. In addition to the foregoing, the Receiver anticipates further disbursements will be found as the final bank records are received and reviewed.

#### **VI. OVERVIEW OF THE RECEIVERSHIP WORK TO BE PERFORMED AND RECOMMENDATIONS**

As indicated herein, the Receiver's work in many areas is preliminary and needs to continue in order to realize potential value for the investors of this Receivership Estate. At present, the Receiver recommends the following:

- Accounting. The Receiver anticipates completing and filing the accounting within 45-60 days of this Report.
- Investigation and Analysis of Claims against Third Parties. Depending upon the outcome of the accounting, the Receiver anticipates seeking authority to pursue claims against third parties who received substantial cash or assets for little or no consideration.

- Sale of Assets. The Receiver has requested authority to conduct an auction sale of inventory and vehicles of the Receivership Entities that continue to depreciate in value over time.
- Sale of Real Property. The Receiver will be requesting authority to sell real estate in order to maximize the value received from these properties. The Receiver anticipates locating additional properties belonging to Receivership Entities and the Receiver intends to list these properties for sale as they are located and controlled.
- Investigation and Analysis of the Companies. The Receiver intends to further investigate the affairs of entities related to the Receivership Entities, including Global Arizona and other affiliated entities that received large sums of money to ascertain whether it is possible to recover some of these amounts.
- Claims and Distributions. Once the Receiver has liquidated the bulk of assets, the Receiver will propose a claims and distribution process. As noted above, the return to these investors is likely to be nominal when compared to the amounts invested.

## VII. CONCLUSION

This Report of Receiver reflects the Receiver's work and conclusions as of January 18, 2008. The findings reflected in this Report are preliminary and are subject to clarification, expansion or change pending additional work by the Receiver and his professionals.

Dated: January 18, 2008

Respectfully submitted,



By: /s/

MICHAEL A. GRASSMUECK  
Court-Appointed Receiver

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Respectfully submitted,

By: /s/Darryl S. Laddin

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Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that I have served the foregoing **Interim Report of Receiver Michael A. Grassmuck as of January 18, 2008** by depositing a copy of same in the United States Mail, first class postage prepaid addressed to:

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This 22nd day of January, 2007.

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Attorney for Receiver  
Michael A. Grassmuck

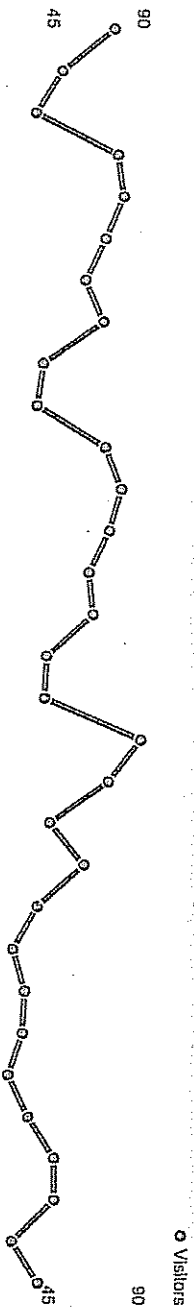
**EXHIBIT "A"**



# Visitors Overview

Nov 30, 2007 - Dec 30, 2007

Comparing to: Site



762 people visited this site

2,048 visits

762 Absolute Unique Visitors

3,132 Pageviews

1.53 Average Pageviews

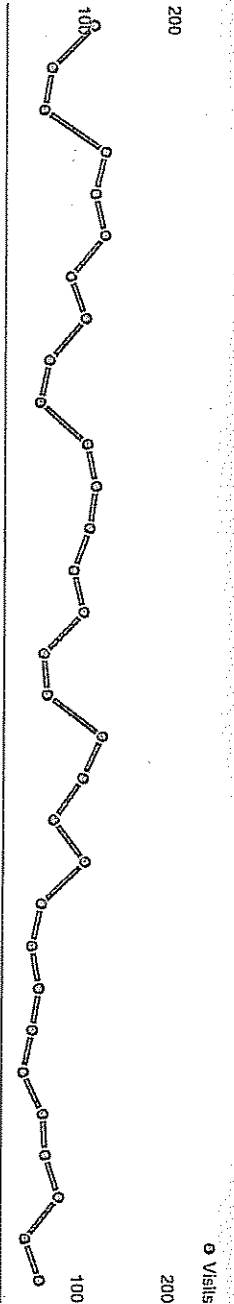
00:00:48 Time on Site

72.95% Bounce Rate

28.81% New Visits

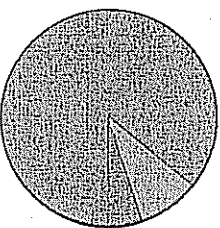
## Technical Profile

Browser	Visits	% visits	Connection Speed	Visits	% visits
Internet Explorer	1,433	69.97%	Cable	928	45.31%
Firefox	565	27.59%	Unknown	490	23.93%
Mozilla	19	0.93%	DSL	460	22.46%
Safari	18	0.88%	T1	101	4.93%
Netcape	6	0.29%	Dialup	57	2.78%



All traffic sources sent a total of 2,048 visits

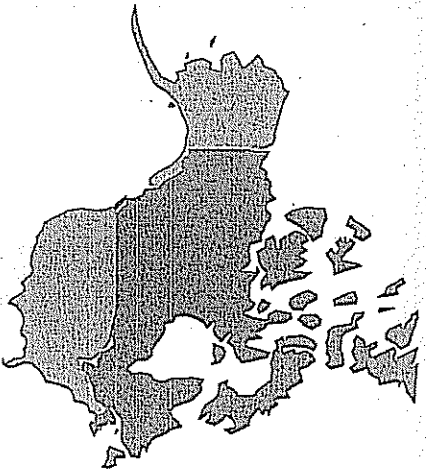
- 85.74% Direct Traffic
- 9.03% Referring Sites
- 5.18% Search Engines



- Direct Traffic  
1,756 (85.74%)
- Referring Sites  
185 (9.03%)
- Search Engines  
106 (5.18%)
- Other  
1 (0.05%)

### Top Traffic Sources

Sources	Visits	% visits	Keywords	Visits	% visits
(direct) ((none))	1,756	85.74%	global online direct	15	14.15%
runonce.msn.com (referral)	69	3.37%	www.grassmuckgroup.com	13	12.26%
google (organic)	56	2.73%	grassmuck	12	11.32%
sec.gov (referral)	26	1.27%	grassmuck group	8	7.55%
dogpile.com (referral)	25	1.22%	ppl@grassmuckgroup.com	5	4.72%



2,048 visits came from 22 countries/territories

Site Usage

Visits **2,048**  
 % of Site Total: 100.00%  
 Pages/Visit **1.53**  
 Site Avg: 1.53 (0.00%)

Avg. Time on Site **00:00:48**  
 Site Avg: 00:00:48 (0.00%)  
 % New Visits **28.81%**  
 Site Avg: 28.86% (-0.17%)

Bounce Rate **72.95%**  
 Site Avg: 72.95% (0.00%)

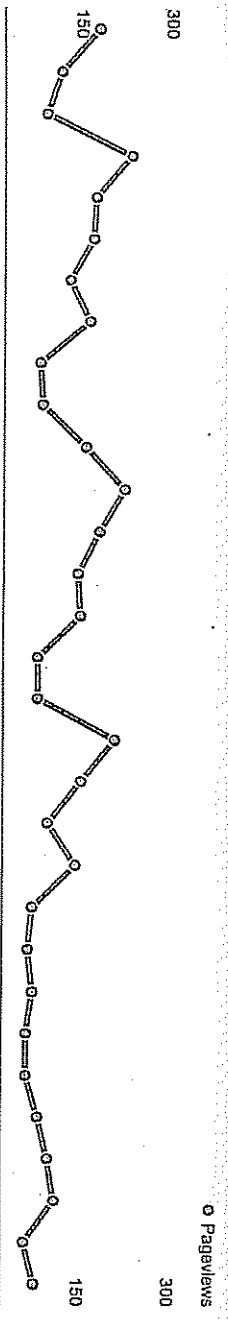
Country/Territory	Visits	Pages/Visit	Avg. Time on Site	% New Visits	Bounce Rate
Canada	1,123	1.30	00:00:32	17.90%	79.34%
United States	866	1.82	00:01:05	38.91%	64.55%
United Kingdom	15	1.00	00:00:00	100.00%	100.00%
Indonesia	7	1.14	00:00:06	100.00%	85.71%
Australia	7	1.14	00:00:01	100.00%	85.71%
Philippines	6	1.33	00:00:46	16.67%	83.33%
Germany	4	2.75	00:03:05	75.00%	50.00%
Mexico	2	1.50	00:00:04	100.00%	50.00%
Singapore	2	1.50	00:00:10	50.00%	50.00%
Brazil	2	5.50	00:03:39	100.00%	0.00%



# Content Overview

Nov 30, 2007 - Dec 30, 2007

Comparing to: Site



Pages on this site were viewed a total of 3,132 times

3,132 Pageviews

2,583 Unique Views

72.95% Bounce Rate

## Top Content

Pages	Pageviews	% Pageviews
/global_online.php	1,947	62.16%
/cases.php	851	27.17%
/profile.php	112	3.58%
/mpl.php	101	3.22%
/PPL_services.php	69	2.20%

**EXHIBIT 'B'**

SEC v. Global Online Direct, Inc. et al  
Second Report of Receiver  
Summary of Financial Position  
As of December 31, 2007

Assets	
Cash and Equivalents	\$ 461,079
Inventory	??
Property and Equipment	??
Real Property	??
Contingent Assets	??
<b>Total Assets</b>	<u>??</u>
Less: Liabilities	??
<b>Net Assets</b>	<u>??</u>

Refer to Receiver's Report for discussion regarding Inventory, Property and Equipment, Real Property and Liabilities

**EXHIBIT 'C'**

SEC v. Global Online Direct, Inc. et al  
Second Report of Receiver  
Summary of Receivership Cash Flows  
As of December 31, 2007

Cash and Equivalents on Hand	\$ 590,141
Sale Revenue	1,487
Refunds	1,617
Lease Income	8,712
Interest Income	2,113
Total Cash Available	<u>604,070</u>
Copying and Printing	(4,321)
Computer and Internet Expense	(3,923)
Insurance	(10,360)
Payroll Expense	(37,900)
Postage and Delivery	(1,375)
Contract Services	(14,342)
Rent Expense	(7,200)
Repairs and Maintenance	(1,057)
Security Expense	(41,216)
Service Charges	(3,405)
Telephone Expense	(1,192)
Utilities	(16,700)
Total Expenses to Date	<u>(142,990)</u>
Cash Balance - December 31, 2007	<u>\$ 461,079</u>