

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

**MOTION FOR ORDER AUTHORIZING AUCTION SALE OF ASSETS
FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS AND
ENCUMBRANCES AND OTHER RELATED RELIEF; AND
MEMORANDUM OF POINTS AND AUTHORITIES
IN SUPPORT THEREOF**

Michael A. Grassmuck (the "Receiver"), the duly appointed receiver for Global Online Direct, Inc. ("Global") and its subsidiaries Global Online Depository, Global Online SPIP, 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 Hunter, Inc. (collectively, the "Global Subsidiaries") and their subsidiaries and affiliates and any entities controlled by them (collectively referred to as the "Receivership Entities"), hereby moves this Court (the "Motion") for authorization to conduct an auction of certain assets of the Receivership Entities and for other related relief.

Specifically, the Receiver requests an order authorizing the Receiver to:

(1) conduct a public sale ("Auction") of the personal property assets (the "Assets") of the Receivership Entities free and clear of all liens, claims, interests and encumbrances to the persons or entities presenting the highest and best offers;

(2) for purposes of preparing for the Auction, (a) lease a warehouse, (b) transport the assets to such warehouse, (c) store the assets in the warehouse for a period necessary to complete the Auction, (collectively, the "Auction Preparation Actions") and (d) break down pallets and prepare the inventory for a sale;

(3) incur an estimated \$230,000 related to the foregoing Auction Preparation Actions;

(4) provide 30 days' notice of the Auction to investors and creditors of the Auction pursuant to e-mail;

(5) sell the Assets pursuant to the below-described terms and conditions of the Auction (See Section IV.D.);

(6) employ the auctioneer pursuant to the below-described terms for auctioneer's employment and compensation (See Section IV.E.); and

(7) grant such other and further relief as is just and proper.

I. INTRODUCTION.

By this Motion, the Receiver requests that the Court authorize the Auction of the Assets of the Receivership Entities, which are referenced on the inventory of assets attached as Exhibit "A" to the Declaration of Michael A. Grassmueck ("Grassmueck Declaration") filed concurrently herewith.

The Assets that will be the subject of the Auction consist primarily of the product inventory of Global and a number of its subsidiaries, which consists of a seemingly random collection of items such as small kitchen appliances, kitchenware, hardware, automotive products, bathroom accessories, bedding and linen, clothing, furniture, garden and patio products, toys, computer software,

office supplies, pet supply products, and sporting goods. Along with this are some late-model vehicles, video and sound equipment and other assorted personal property.

The Assets are located at or near Global's business facilities in Union, Oregon, and other various locations in Union County, Oregon, but are not organized in an orderly manner, for a buyer to easily categorize and identify the types and amounts of Assets. Union County is located in eastern Oregon, approximately 2½ hours from Portland, Oregon. The physical size of the inventory is large, filling thousands of boxes. Many of the Assets are currently stored in thirty-five 40-foot shipping containers.

Based on the Receiver's due diligence, the Receiver has concluded that a bulk sale of the Assets will likely generate less net earnings to the receivership estate (the "Receivership Estate") than a public auction sale at a location proximate to a major population center. In order to conduct the Auction, the Receiver has determined that he will require a single storage facility large enough in size to house all of the Assets prior to Auction. As detailed below, based upon consultations with the proposed auctioneer, James A. Murphy, Inc. (the "Auctioneer"), the Receiver proposes to rent a large warehouse of approximately 75,000 square feet in Portland, Oregon, as an appropriately sized facility for storage and sale of the Assets.

By moving the Assets to a larger storage facility which is more proximate to a major metropolitan area, it is believed that buyers will have easier access and a better opportunity to review the Assets. The Receiver also believes that this will permit buyers to more quickly review the category, quality and type of Assets for sale. Ultimately, the Receiver believes that these steps will encourage more participation by a greater cross-section of buyers, allow potential buyers to assess the quality and value of the Assets and thereby maximize the net recovery to the Receivership Estate.

According to the Auctioneer, the estimated expenses related to the Auction Preparation Actions will include \$54,000 in labor costs, \$16,000 in advertising, \$57,500 in moving expenses, and \$12,500 equipment rental. The Auctioneer also anticipates a rental fee for a 75,000 square-foot warehouse in Portland, Oregon to house the Assets of approximately \$30,000 per month for a period of 3 months. Thus, before commissions, the total expenses related to the Auction are estimated at \$230,000.

The expenses associated with the Auction Preparation Actions are necessary to facilitate the interested buyers' review of the Assets. Based upon his assessment of the Assets, due diligence and consultation with the Auctioneer and others, the Receiver believes in his reasonable business judgment that the \$230,000 expense is justified under the circumstances. For example, despite making contacts with a cross-section of retailers involved in overstock, discount and seconds business, the Receiver has received only one offer for the Assets, which offer was \$100,000. Given the volume and types of goods, the Auctioneer believes that the chances for the Receivership Estate to receive significantly higher returns is greatly increased by incurring the \$230,000 in expenses.

It is the Auctioneer's belief, based on his significant experience, that the expenditure of the Auction Preparation Expenses is justified under a cost-benefit analysis. Although the \$230,000 in fees and expenses is significant, the Auctioneer estimates that the gross revenues generated from the sale of Assets at an Auction, including rolling stock, will exceed \$350,000. Thus, the net proceeds from the sale of the Assets will exceed the current offer for the Assets, and could potentially exceed that offer by an even greater amount.

Thus, for purposes of preparing for the Auction, the Receiver seeks an order authorizing the Receiver (a) to lease a warehouse, (b) to transport the assets to such warehouse, (c) to store the assets in the warehouse for a period necessary to complete the Auction, (d) to break down pallets and prepare the inventory for sale.

The Receiver also seeks an order authorizing the Receiver to incur the estimated \$230,000 in expenses related to the foregoing Auction Preparation Actions.

Further, the Receiver seeks authority pursuant to this Motion to provide 30 days' notice of the Auction to investors and creditors via e-mail, pursuant to the Receiver's e-mail notice procedures for investors and creditors as approved by Court Order entered on November 29, 2007. The e-mail notice will ensure that investors and creditors are notified in the fastest possible way of any Auction date. The Receiver has not yet selected an Auction date, but continues to prepare the Assets, as noted above, for Auction, and will notify the investors and creditors via e-mail of any Auction date, once selected.

Finally, by this Motion, the Receiver seeks approval of the terms of the Auction, as set forth below, and seeks to approve the terms of the Auctioneer's employment and compensation.

II. STATEMENT OF FACTS.

On April 25, 2007, the Securities and Exchange Commission ("SEC") commenced an action against the Defendants for violations of various federal securities laws. According to the SEC, the Defendants were involved in the fraudulent offer and sale of approximately \$45 million of unregistered securities, beginning in October 2005. On June 4, 2007, this Court appointed Michael A. Grassmueck as permanent receiver.

Prior to his appointment, and in his previous capacity as Monitor, the Receiver undertook the investigation and analysis of Global's books and records, and attempted to document the company's business performance, assets, liabilities, business plans, and related entities, among other things. Global's primary business, aside from raising funds from investors, was the purchase and resale of retail surplus inventory.

The inventory of Global consists of products stored on pallets and in boxes, as described above. *See* Grassmueck Declaration, Exhibit "A". This inventory is the bulk of the Assets at issue here.

Based on the Receiver's investigation, Global sold its inventory on consignment through a handful of retail outlets, but conducted its business on atypical terms. Global also sold some inventory via online auctions, including eBay. There does not appear to have been financial analysis or reporting that reflects an evaluation as to the cost of the inventory acquired by Global versus the pricing of inventory sold. Nor were there budgets or models that would explain or forecast how profitability could be advanced.

None of these operations, nor any of Global's nascent business concepts, including "Business in a Box" and planned television promotions, generated significant revenue, much less profits. The Receiver has solicited information from the Defendants regarding the issues and has not received any information to date to rebut the Receiver's evaluation of the operation.

In order to raise revenue and purchase further inventory, Global's principals developed the SPIP, which consisted of selling memberships or interests backed by the promise of significantly above-market returns on investments.

Subsequent to his appointment as Monitor (and later as Receiver), the Receiver conducted an investigation and analysis of Global's business records. The results indicate that Global operated largely without internal financial controls, failed to conduct basic financial record keeping, held incomplete bank records, lacked a cash management system, and had no formal business plan, including for its latest business concept "Business in a Box."

From all of this, the Receiver has concluded that Global is not viable as an ongoing business concern. Global's lack of financial controls and record keeping coupled with inadequate working capital, nonexistent business plans, and the seeming random collection of items that make up the inventory, do not make for a

viable ongoing business. The Receiver has therefore concluded that Global cannot be sold as a going concern. *See* Grassmueck Declaration, ¶ 24. Rather, the Receiver reasonably believes that the Assets should be sold at public auction in order to obtain the greatest value for the Assets. *See id.*

The Receiver, together with Receiver's counsel, have corresponded and conferred with a number of potential bulk sale buyers concerning the Assets, including, among others, 99 Cents Stores and Via Trading Corporation. *See* Grassmueck Declaration, ¶ 11. These bulk sale purchasers received inventories and photographs and all were invited to personally inspect the Assets. However, the Receiver has only received one offer so far for the purchase of the Assets, in the amount of \$100,000.

It should be noted that the Receiver has worked with both the accountants for the receivership and the Auctioneer in an effort to appraise the value of the inventory. An accurate detailed appraisal is simply not practical because of the nature of the inventory, the haphazard way in which it was stored, the absence of accurate data regarding the cost of the purchase of the inventory, and the lack of any other legitimate company records regarding the inventory. The cost to open all containers and boxes, separate out the inventory into like and saleable items would cost over \$10,000 for labor. Only then could one prepare an approval at additional cost. Both Receiver and Auctioneer conclude that such a valuation would serve no purpose. This conclusion has been borne out by the conversations with and the reaction of the bulk sale purchasers who surveyed the inventory.

Based on communications with those in the industry, the Receiver believes that the lack of any significant offer for a bulk purchase is due to the large number of different types of Assets, which are not concentrated in one type of item and which cannot be easily marketed and sold as product groups. *See* Grassmueck Declaration, ¶ 12. In other words, there are simply insufficient quantities of each

item to be purchased and then sold by conventional retail store, on-line, or direct marketing sellers.

The Receiver has also encountered significant resistance from buyers based on both the condition of the inventory and the remote location of Assets. Much of the inventory has been mixed together such that clothes are boxed with hardware and kitchen goods with jackets and hardware. Any purchaser would need to employ a significant amount of labor to bring any order to the inventory. Beyond this, they would need to first transport these Assets from a small town in Eastern Oregon to wherever the buyer is located. The Receiver continues to correspond with interested buyers, however, it appears that in order to maximize the value, it will be necessary to generate a larger pool of interested buyers and make the Assets available on a retail basis. *See* Grassmueck Declaration, ¶ 14.

Based on the foregoing, the Receiver has concluded that a public auction in a major metropolitan area will generate greater returns than attempting to sell the Assets in Eastern Oregon. In furtherance of this goal, the Receiver also believes that greater returns will be received if Assets are made more accessible to potential buyers. Accordingly, the Receiver believes that the Assets must be moved to a warehouse to facilitate buyers' review of the Assets. *See* Grassmueck Declaration, ¶ 16. All of this will increase the likelihood that significantly more buyers will be interested in participating in the Auction. *Id.*

III. RELIEF REQUESTED.

By this Motion, the Receiver seeks entry of an order:

(1) authorizing an Auction of the Assets of the Receivership Entities free and clear of all liens, claims, interests and encumbrances to the persons or entities presenting the highest and best offers;

(2) for purposes of preparing for the Auction, authorizing the Receiver (a) to lease a warehouse, (b) to transport the assets to such warehouse, (c) to store the assets in the warehouse for a period necessary to

complete the Auction, and (d) to employ labor to break down the pallets and prepare the goods for sale;

(3) authorizing the Receiver to spend the estimated \$230,000 related to the foregoing Auction Preparation Actions;

(4) authorizing the Receiver to provide 30 days' notice of the Auction to investors and creditors of the Auction pursuant to e-mail;

(5) approving the terms and conditions of the Auction;

(6) approving the terms of the Auctioneer's employment and compensation; and

(7) granting such other and further relief as is just and proper.

IV. AN AUCTION OF THE ASSETS BY THE RECEIVER SHOULD BE AUTHORIZED.

A. This Court has Authority to Order an Auction of the Assets.

It is generally conceded that a court of equity having custody and control of property has power to order a sale of the same in its discretion. *See, e.g., S.E.C. v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992) (the District Court has broad powers and wide discretion to determine relief in an equity receivership). "The power of sale necessarily follows the power to take possession and control of and to preserve property." *See also S.E.C. v. American Capital Invest., Inc.*, 98 F.3d 1133, 1144 (9th Cir. 1996), *cert. denied* 520 U.S. 1185 (decision abrogated on other grounds) (*citing* 2 Ralph Ewing Clark, Treatise on Law & Practice of Receivers § 482 (3d ed. 1992)(*citing* First Nat'l Bank v. Shedd, 121 U.S. 74, 87 (1887)). "When a court of equity orders property in its custody to be sold, the court itself as vendor confirms the title in the purchaser." 2 Ralph Ewing Clark, Treatise on Law and Practice of Receivers § 487).

"A court of equity, under proper circumstances, has the power to order a receiver to sell property free and clear of all encumbrances." Miners' Bank of Wilkes-Barre v. Acker, 66 F.2d 850, 853 (2d Cir. 1933). *See also*, 2 Ralph Ewing

Clark, Treatise on Law & Practice of Receivers § 500 (3rd ed. 1992). To that end, a federal court is not limited or deprived of any of its equity powers by state statute. Beet Growers Sugar Co. v. Columbia Trust Co., 3 F.2d 755, 757 (9th Cir. 1925) (state statute allowing time to redeem property after a foreclosure sale not applicable in a receivership sale).

Generally, when a court-appointed receiver is involved, the receiver, as agent for the court, should conduct the sale of the receivership property. Blakely Airport Joint Venture II v. Federal Sav. and Loan Ins. Corp., 678 F. Supp. 154, 156 (N.D. Tex. 1988). The receiver's sale conveys "good" equitable title enforced by an injunction against the owner and against parties to the suit. See 2 Ralph Ewing Clark, Treatise on Law and Practice of Receivers §§ 342, 344, 482(a), 487, 489, 491 (3d ed. 1992). "In authorizing the sale of property by receivers, courts of equity are vested with broad discretion as to price and terms." Gockstetter v. Williams, 9 F.2d 354, 357 (9th Cir. 1925).

Thus, based on the information set forth above, this Court has the power to authorize a sale of the Assets by the Receiver free and clear of all liens, claims, interests, and encumbrances.

B. The Requirements of 28 U.S.C. §§ 2004 and 2001(a) are met.

Where a receiver is called upon to sell personal property, 28 U.S.C. §§ 2004 and 2001(a) dictate the location at which the sale must occur. Pursuant to 28 U.S.C. §§ 2004 and 2001(a), any personal property in the possession of a receiver appointed by a District Court:

[S]hall be sold at public sale in the district wherein any such receiver was first appointed, at the courthouse or the county, parish, or city situated therein in which the greater part of the property in such district is located, or on the premises or some parcel thereof located in such county parish, or city, as such court directs, unless the court

orders the sale of the property or one or more parcels thereof in one or more ancillary districts.

The Auction proposed herein will be conducted in the District of Oregon which is located outside where the Receiver was appointed. In this instance, the District Court is located in Atlanta, Georgia, and the inventory is located in the District of Oregon. Given the nature of the inventory, it is wholly impractical and financially burdensome to ship the inventory across the country to Georgia. As such, the Receiver is proposing that the Court direct the sale to occur in the District of Oregon.

The Auction Preparation Actions are necessary to facilitate interested buyers' review of the Assets. The buyers will have an easier access and review of the Assets for sale, and will permit buyers to more quickly review the category and types of Assets for sale. This will save both the Receivership Estate's and the buyers' time and expense in respect to the Auction.

Further, the \$230,000 in estimated expenses is justified under the circumstances, in view of the Receiver only having received a single offer of \$100,000 for a bulk purchase of the Assets. Given the volume and types of Assets involved, the Auctioneer believes that the chances for the Receivership Estate to receive significantly higher returns is significantly increased by incurring the \$230,000 in expenses.

By incurring the expenses, the Receiver is able to move the Assets to a single large warehouse, proximate to Portland, Oregon. This will provide easier access for buyers to review and bid on the Assets, and to reach a far more diverse audience. This will likely generate a greater pool of buyers for the Assets and thereby increase the likelihood of a significantly higher return from the sale of the Assets.

The Auctioneer believes, based on his significant experience, that the expenditure of the Auction Preparation Expenses is justified under a cost-benefit

analysis. Although the \$230,000 in fees and expenses is significant, the Auctioneer estimates that the gross revenues generated for the sale of the Assets at Auction, including rolling stock, will exceed \$350,000. Thus, even after expenses, the net proceeds from the Auction sale of the Assets exceeds the current offer for the Assets, and could potentially exceed that offer by an even greater amount. *See* Murphy Declaration, ¶ 9. Thus, the potential greater recovery, created by the Auction Preparation Actions, and the fees and expenses associated therewith, supports the Receiver's business judgment in seeking the Court's approval to expend the \$230,000 in expenses to facilitate the Auction sale.

Pursuant to this Motion, the Receiver also seeks authority to provide notice of the Auction, once scheduled, upon 30 days' notice to all known investors and creditors. The Auctioneer will also use appropriate means to advertise the sale to the general public. With notice to investors and creditors provided, and the Auctioneer advertising the sale to the general public, the requirements of 28 U.S.C. §§ 2004 and 2001(a) will be satisfied pursuant to the terms of the Auction proposed herein.

C. Sound Business Reasons Exist for a Sale of the Assets.

Sound business reasons exist for a sale of the Assets. Specifically, after reviewing the status of Global's books and records, which were deficient and incomplete, the Receiver concluded that Global has no sale value as a going concern. The remainder of the Receivership Entities appear to have had no business plans or viable operations. In some instances, certain Receivership Entities appeared to have served only as shell companies. As a consequence, they likewise have no value.

Based upon the foregoing, and the balance of the Receiver's investigation and analysis in this case, the Receiver believes that the greatest value can be extracted from Global through a sale of the Assets through the proposed Auction. The Receiver has proposed Auction procedures to ensure that fair and reasonable

prices are obtained. Competitive bidding will help ensure that all sale prices are market-tested and are arrived at in good faith. Moreover, under the proposed terms of the Auction, the Auctioneer will provide notice of and advertise the Auction date, and will provide appropriate and detailed information to all interested parties to allow them to make informed decisions.

Based on the foregoing legal authority and business justifications, an Auction of the Assets should be authorized.

D. The Proposed Terms Of The Auction Will Enable The Greatest Recovery For The Estate.

The Receiver has determined that the sale of the Assets by the Auction proposed herein will enable the Receivership Estate to obtain the best offers for the Assets and maximize the value of the Receivership Estate. Accordingly, the Receiver requests that the Court approve the following terms and conditions for the Auction of the Assets.

The proposed Auction will occur in the District of Oregon, and will take place no sooner than 30 days following notice of the Auction to the investors and creditors via e-mail. The Auctioneer will provide notice, advertise, and market the Auction and the Assets to be sold thereby prior to the Auction date. *See* Murphy Declaration, ¶ 11.

Finally, the Receiver proposes the following specific terms and conditions for the Auction, to be included in the Order:

- In addition to bids being made during the Auction, bids for any particular Asset may be received by private written bid prior to the Auction. Said prior bids will be subject to overbid at time of Auction.
- Each Asset will be offered to the bidder making the offer that the Auctioneer deems to be, in his discretion, the highest or best offer.

- The Assets shall be transferred on an "AS IS," "WHERE IS," and "WITH ALL FAULTS" basis. THE RECEIVER MAKES NO REPRESENTATIONS OR WARRANTIES AS TO CONDITION OR FITNESS OF USE FOR ANY OF THE ASSETS. THE RECEIVER EXPRESSLY DISCLAIMS ALL EXPRESS AND IMPLIED WARRANTIES WITH RESPECT TO THE ASSETS, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.
- All of the Assets sold shall be sold free and clear of any liens, claims or encumbrances with all liens, claims or encumbrances, if any, attaching to the net proceeds of the sale with the same force and in the same priority as currently exists.
- Overbids will be accepted for all Assets sold at the Auction at increments to be determined by the Auctioneer at the time of each Auction for each Asset.
- The Receiver may place a reserve price on any Asset, and reserves the right to accept or reject any final bids on such Assets if said bid is not greater than the reserve price set for that Asset. The Receiver believes that the setting of a reserve price will be particularly necessary for certain expensive or unique Assets.
- If deemed to be the successful bidder for an Asset, by the end of the day of the Auction (or by such time as Auctioneer may agree), such qualified bidder shall deliver good funds by cash, certified check, bank check, wire or other acceptable means to the Auctioneer, in the full amount of the purchase price of such Asset.

- If a closing with a successful qualified bidder is not concluded by the close of the business day on the day of the Auction or within such extended period as the Auctioneer may permit, the Auctioneer may conclude the contemplated transactions with the next highest or best qualified bidder in accordance with the terms of the next highest or best qualified bidder's bid.

The Receiver believes that the terms and conditions proposed herein will maximize the value of the Receivership Estate, and requests that this Court approve said terms and conditions for the Auction.

E. The Terms Of The Auctioneer's Employment Are Fair and Reasonable.

Pursuant to the terms of a written Auctioneer Engagement Agreement (the "Agreement"), the Receiver proposes to employ James A. Murphy, Inc., an auction, appraisal and liquidation company, in order to assist the Receiver with appraising and selling the Assets. *See* Murphy Declaration, Exhibit "A". Pursuant to the terms of the Agreement, the Auctioneer will receive compensation for its services in an amount equal to ten percent (10%) of the gross proceeds of the Auction, plus reimbursable expenses.

The Receiver believes that the terms of the Agreement are fair and reasonable compensation for the Auctioneer's professional services, and believes that the Auctioneer's employment is in the best interest of the Receivership Estate.

F. The Noticing Procedures Provide Adequate Notice To All Interested Parties.

The Receiver will provide notice via e-mail of the Auction to all interested parties, creditors and investors, which notice will include the date, time and location of the Auction and all associated preview dates. The Receiver will provide email notice all investors and creditors per the Receiver's procedures approved by Court Order. Furthermore, the notice will provide a general

description of the Assets to be sold at the Auction. This Notice will be in addition to the advertising and marketing of the Auction to be conducted by the Auctioneer. The Receiver believes that this procedure will provide ample notice to all parties in interest.

G. The Terms of the Auction and the Solicitation Should be Approved.

Good cause exists to approve the proposed terms and conditions of the Auction. The Receiver believes that the terms and conditions of the Auction proposed herein will enable the Receiver to realize the maximum value for the Assets and, thus, believes it is in the best interest of the Receivership Estate. Based on his experience, the Receiver believes that the Auction, subject to the terms and conditions set forth herein, will yield the highest bids for the Assets to be sold.

V. CONCLUSION.

WHEREFORE, the Receiver requests that this Court enter an order:

(1) authorizing the Auction of the Assets of the Receivership Entities free and clear of all liens, claims, interests and encumbrances to the persons or entities presenting the highest and best offers;

(2) for purposes of preparing for the Auction, authorizing the Receiver (a) to lease a warehouse, (b) to transport the assets to such warehouse, (c) to store the assets in the warehouse for a period necessary to complete the Auction, and (d) to employ labor to break down the pallets and prepare the goods for sale;

(3) authorizing the Receiver to incur the estimated \$230,000 in expenses related to the foregoing Auction Preparation Actions;

(4) authorizing and directing the Receiver to provide 30 days' notice of the Auction to investors and creditors of the Auction pursuant to e-mail;

(5) approving the terms and conditions of the Auction;

(6) approving the terms of the Auctioneer's employment and compensation; and

(7) granting such other and further relief as is just and proper.

Dated: December 13, 2007

Respectfully submitted,

/s/ David R. Zaro, Esq.

David R. Zaro, Esq.
Pro Hac Vice -- CA Bar No. 124334
dzaro@allenmatkins.com
ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
515 S. Figueroa Street, 7th Floor
Los Angeles, California 90071-3398
Telephone: 213.622.5555
Facsimile: 213.620.8816

-and-

/s/ Darryl S. Laddin, Esq.

Darryl S. Laddin, Esq.
Georgia Bar No. 460793
darryl.laddin@agg.com
Frank N. White, Esq.
Georgia Bar No. 753377
frank.white@agg.com
ARNALL GOLDEN GREGORY LLP
171 17th Street, NW, Suite 2100
Atlanta, Georgia 30363
Telephone: 404.873.8500
Facsimile: 404.873.8121

Attorneys for Receiver,
Michael A. Grassmueck