

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS**

SECURITIES AND EXCHANGE)	
COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Case No. 07-cv-10712-RGS
)	
LYDIA CAPITAL, LLC;)	
GLENN MANTERFIELD; and)	
EVAN ANDERSEN,)	
)	
Defendants.)	

**RECEIVER’S FOURTEENTH REPORT TO THE COURT
FOR THE PERIOD MAY 1, 2010 – JULY 31, 2010¹**

I. INTRODUCTION.

Pursuant to the Court’s June 1, 2007, Order for Appointment of Receiver (“Order for Appointment”) [Doc. No. 28.], H. Thomas Moran, II, Court-Appointed Receiver for Defendant Lydia Capital, LLC (“Lydia”), submits his Fourteenth Report to the Court “summarizing his activities, providing an accounting of the funds, assets and property in his possession, and reporting on the status of any legal claims” for the period May 1, 2010 to July 31, 2010. [Doc. No. 28, p. 8, ¶ XIII.] As further ordered, this Report also contains “an application to the Court for an order approving the payment of reasonable fees and expenses” for both the Receiver and the Receiver’s legal counsel. [*Id.*]

During this reporting period, the Receiver has concentrated his efforts on the resolution and winding up of the Receivership. As discussed in more detail below, the Receiver requested,

¹ This Fourteenth Report includes the Receiver's activities for the months of May, June and July, 2010, as well as financial information for the first quarter (April, May and June) of 2010.

and the Court granted, authority to allow certain remaining insurance policies in the Receivership Estate to lapse. Additionally, the Receiver has been successful in resolving certain insurance companies' claims to rescind the contested Policies in all of the pending Litigation. The only remaining litigation claims are several third-party claims brought by the Receiver in one of the pending litigation cases. The resolution of the litigation resulted in significant settlement monies for the investors, and allowed the insurance policies in dispute to be rescinded. This Receiver's Report details for the Court the remaining issues facing the Receivership and the proposed next steps of the Receiver to terminate the Receivership.

II. BACKGROUND.

On April 12, 2007, the United States Securities and Exchange Commission (“S.E.C.”) filed this action against Defendants Lydia, Evan Andersen (“Andersen”) and Glenn Manterfield (“Manterfield”). [Doc. No. 1.] On the same date, the S.E.C. sought and, on April 13, 2007, secured a temporary restraining order freezing certain of the Defendants’ assets. [Electronic Order, dated April 13, 2007.] The temporary restraining order was modified on April 17, 2007. [Electronic Order, dated April 17, 2007.] On May 3, 2007, the Court entered two unopposed preliminary injunction orders freezing certain assets of Defendants Lydia, Manterfield and Andersen. [Doc. Nos. 20, 21 and 22.]

On May 23, 2007, the S.E.C. filed a motion seeking the appointment of a receiver for Lydia as well as a brief in support of the motion. [Doc. Nos. 25 and 26.] The Defendants did not oppose the S.E.C.’s motion. [Doc. No. 25, p. 2.] On June 1, 2007, the Court granted the

S.E.C.'s request and appointed Mr. Moran as Receiver for Lydia.² [Doc. No. 28.] In the June 1, 2007 Order for Appointment, the Court directed the Receiver to:

A. take and retain immediate possession, custody and control of the funds, assets, monies, securities, contracts, notes, bank accounts, safe deposit boxes, negotiable and non-negotiable instruments or documents of title, choses in action and properties, real, if any, and personal, tangible and intangible, of whatever kind and description, wherever situated, of Lydia, and of all other entities which Lydia either owned, controlled or benefited from (including, but not limited to, Lydia Capital Alternative Investment Fund LP) including without limitation, the accounts established by Lydia on behalf its investors (the "Lydia Client Accounts"), as well as all property of whatsoever nature, whether real or personal, tangible or intangible, which has been acquired with or through funds or proceeds of Lydia (hereinafter "Receivership Assets");

B. take all steps the Receiver deems necessary to conduct an inventory of the assets and liabilities of Lydia and Lydia Capital Alternative Investment Fund LP;

C. take all steps the Receiver deems necessary to reconstruct the histories of the Lydia Client Accounts to determine whether and how client funds have been dissipated;

D. take all steps the Receiver deems necessary to secure and protect the Receivership Assets, including all assets and property of Lydia and Lydia Capital Alternative Investment Fund LP;

E. promptly provide written notice of this Order to all current and former clients of Lydia ("Lydia Clients"). Service of a copy of this Order shall be deemed sufficient notice;

F. have access to and take control of all books, records, papers and other documents of Lydia and Lydia Capital Alternative Investment Fund LP, including all computers, computer files, on-site and off-site backup files, backup disks, other electronic storage material and websites;

G. have control of, and be added as an authorized signatory for, all accounts of Lydia and Lydia Capital Alternative Investment Fund LP at any bank, brokerage firm, insurance company or financial institution having possession, custody or control of any assets, accounts or funds of Lydia and Lydia Capital Alternative Investment Fund LP, wherever situated;

* * * *

² An Electronic Order was entered on May 23, 2007, granting the S.E.C.'s motion to appoint a receiver. [Electronic Order dated May 23, 2007.] However, it was an additional ten days (June 1, 2007) before an order was docketed which set forth the name of the Receiver and delineated the scope of the Receiver's duties. [Doc. No. 28.]

J. receive and collect any and all sums of money due and/or owing to Lydia or Lydia Capital Alternative Investment Fund LP and make or authorize such payments and disbursements from the funds and assets taken into control or thereafter received by the Receiver, engage in or authorize such transactions, incur or authorize the incurrence of such expenses, and make or authorize the making of such agreements, as the Receiver deems necessary and appropriate to carry out the Receiver's mandate pursuant to this Order;

K. In connection with the exercise of these powers, liquidation of any, or all, of the assets of Lydia or the Lydia Capital Investment Fund LP shall be undertaken, if at all, with due regard for the best long-term interests of investors in the Fund;

L. engage and employ persons in his discretion and in consultation with the Boston Regional Office of the Commission to assist him in carrying out his duties and responsibilities hereunder, including, but not limited to, attorneys, accountants and appraisers;

M. have access to, including rights to receive, open and review all mail of Lydia and Lydia Capital Alternative Investment Fund LP; and

N. file on a timely basis all relevant federal, state, and local tax returns and take any and all other steps required by such taxing authorities.

[Doc. No. 28, pp. 1-4, ¶¶ II.A-G and II.J-N.]

III. SUMMARY OF THE RECEIVER'S ACTIVITIES.³

A. Disposition of the Policies in the Receivership Estate's Portfolio.

At the time of the Receiver's appointment, the Lydia Portfolio contained 37 life insurance policies with face values ranging from \$1,000,000.00 to \$10,000,000.00 on the lives of 28 individuals (the "Policies"). The Receiver was notified of his appointment on June 1, 2007. Since his appointment, the Receiver, his staff and his counsel have continued to work diligently toward preserving the assets of the Receivership Estate, including the Policies comprising the

³ The activities of the Receiver, his staff, accountants and attorneys are briefly summarized herein. For a more complete statement of the activities of the Receiver, his staff and attorneys, please refer to the itemized statements attached to the motions seeking Court approval for payment of fees and expenses of the Receiver and his counsel. Further, the Receiver is always available to the Court should the Court determine that it would be advisable to schedule a status conference to more fully discuss any of these matters.

bulk of the Estate. The following discussion sets forth the issues that have arisen regarding the Policies and the disposition, or anticipated disposition, of the Policies.

1. Ownership of Two Policies Challenged.

Subsequent to his appointment, the Receiver discovered that Lydia's purchase of the beneficial interest in one policy had not been completed when the S.E.C. filed this action. Pursuant to Court approval, the Receiver transferred ownership of the policy to the original assignee in return for reimbursement of the amount paid by Lydia for the policy. [Doc. No. 123.] The Receiver also discovered that another policy was encumbered by a premium loan that exceeded the value of the policy. With the approval of the Court, the Receiver executed a release of any rights that Lydia may have had in the encumbered policy. [Doc. No. 196.]

2. Litigation to Rescind Thirteen Policies.

After the appointment of the Receiver for Lydia, 13 lawsuits were filed against the Receivership Estate, seeking to void or rescind 13 of the Policies. With the filing of these lawsuits, the policies in litigation became unmarketable. To minimize the cost to the Receivership, avoid the uncertain outcome of the Litigation and recoup a sizeable portion of the monies paid in connection with the policies in litigation, the Receiver negotiated complete settlements in all but one of the litigation cases and a partial settlement agreement with the insurance company in the remaining case. As a result of the settlements, the Receivership Estate will have received between \$3,700,000.00 and \$3,800,000.00 over the period of time provided for payment in the various Settlement Agreements.

During this reporting period, the Receiver finalized two of the settlements and filed motions with the Court seeking approval of the Settlements [Doc. Nos. 280 and 294]. There were no objections filed to either Motion and the Court entered orders approving the settlements

and authorized the Receiver to execute the settlement agreements. The insurance companies have paid the settlement amounts due and have caused dismissals to be entered in the pending litigation. All claims brought by the insurance companies have been settled and the 13 policies at issue have been rescinded by the settlements.

3. Sale of Policies in 2008.

In 2008, five of the Policies exited their contestability period and the Receiver began his efforts to market them for sale. To achieve the highest and best price for the policies, the Receiver obtained approval of the Court for certain bidding procedures that included online bidding procedure through a secure website. On May 9, 2008, the Receiver filed a Motion for an Order Approving an Asset Purchase Agreement for the sale of these five policies. [Doc. No. 147.] On July 16, 2008, the Court entered an Order Approving the Asset Purchase Agreement, and authorized the sale of the five policies, free and clear of all liens, claims, encumbrances and other interests for a total of \$1,400,000.00. [Doc. No. 175.]

4. Efforts to Sell Remaining Policies.

When the remaining seventeen (17) Policies exited the contestability periods, the Receiver began extensive efforts to market these Policies for sale. On February 3, 2010, the Receiver filed a Motion to Authorize Sale of Certain Assets of the Receivership for the sale of six (6) of the Policies. [Doc. No. 268.] On February 22, 2010, the Court entered an Order Approving the Motion. [Doc. No. 273.] However, the original purchaser of the 6 Policies failed to comply with the funding requirements of its asset purchase agreement with the Receiver. When the purchaser failed to cure its default, the Receiver negotiated an asset purchase agreement for the sale of the 6 Policies with Life Benefits, which had agreed to purchase the other eleven (11) Policies.

Life Benefits executed a Purchase Agreement for the 11 Policies on April 13, 2010, and executed the Purchase Agreement for the 6 Policies on April 30, 2010. Since that time, the Receiver provided Life Benefits with information and documents for the Policies, as requested by Life Benefits. On May 5, 2010, the Receiver filed a Motion to Authorize Sale of Certain Assets of the Receivership for the sale of all 17 Policies to Life Benefits. [Doc. No. 283.] On May 20, 2010, the Court entered an Order Approving the Motion and authorizing the sale of the Policies. [Doc. No. 290.]

As of June 11, Life Benefits represented that it was prepared to close on the sale of the 11 Policies. However, Life Benefits did not fund the purchase of the 11 Policies at that time or at any subsequent time, nor has Life Benefits funded the purchase of the 6 Policies. Subsequently, on June 25, 2010, Life Benefits informed the Receiver that it was canceling its agreement to purchase the 17 Policies. The Receiver made formal demand on Life Benefits to complete the sale of the Policies in accordance with the terms of the Purchase Agreements. However, to date, Life Benefits has failed to close on the sale of the Policies. As discussed in more detail below, the Receiver and his counsel are exploring the possibility of bringing suit against Life Benefits for its default under the Purchase Agreements.

5. Status of Remaining Policies.

Because Life Benefits did not purchase the 17 Policies, on July 2, 2010, the Receiver filed a Motion for Authorization to Cease Premium Payments on Certain Policies of the Receivership Estate [Doc. No 298].

Rather than continue to pay the high premium costs for the Policies, the Receiver informed the Court that the lapse of the Policies was in the best interests of the Investors given the circumstances. The Court approved the Receiver's Motion to Cease Premium Payments on

July 8, 2010 [Electronic Order dated July 8, 2010]. Thus, all remaining Policies belonging to the Receivership have or will lapse unless premium payments are assumed by investors or third-parties.

One insured has agreed to repurchase his policy for \$300,000.00 and the Receiver will be filing a motion for approval of that sale. Additionally, the Receiver has also contacted other insureds to determine if they would be willing to repurchase their respective policies. Certain investors are also actively reviewing the policies to determine if any investor or group of investors wishes to take an assignment of any of the Policies.

IV. OUTSTANDING MATTERS AND ANTICIPATED CONCLUSION OF THE RECEIVERSHIP.

All of the Policies in the Portfolio have been sold (or are in the process of being sold), rescinded or allowed to lapse. There are no other significant assets of the Estate left to be administered by the Receiver at this time. The only remaining Litigation claims are the third-party claims in one Litigation matter, which the Receiver believes will soon be resolved. The remaining outstanding issues are described below:

A. Potential Additional Recovery from AXA.

The Receiver has previously reported on the extensive negotiations with AXA to settle the litigation AXA brought against the Receivership. To date, the Estate has received \$2,553,238.00 under the AXA and Lincoln settlement agreements. In addition to the money already paid by AXA to settle the lawsuits, the settlement agreement entered into with AXA also requires AXA to pay to the Estate 10% of any amounts AXA recovers from its agents and/or producers, up to \$100,000.00. Therefore, the final amount received may vary depending on the amount AXA is able to recover from its agents and/or producers. As of the date of this Report, AXA has recovered funds from its producers sufficient to pay the Estate \$17,426.34 out of a

potential recovery of \$100,000.00. As a result, the Estate still has the opportunity to recover an additional \$82,573.66 from AXA under the settlement agreement. AXA reports to the Receiver that it is currently in negotiations with other agents and producers to recover additional funds. The Receiver will continue to update the Court on the status of AXA's efforts, and the resulting funds the Estate expects to receive.

B. Additional Payment from Lincoln Agent.

The Receiver expects a final settlement payment of \$551,962.00 to be made in connection with the Lincoln Policy, at the latest, by September 5, 2010. This amount is owed by the Lincoln agent who sold the Black Policy to the insured and was involved in the insured's sale of the Black Policy to Lydia. The payment was originally due on or before December 31, 2009. Upon his default, the agent incurred a late penalty in the amount of \$15,998.00 and is incurring interest at the rate of 10% on the amount due under the terms of the Lincoln settlement. The agent has requested an extension of time to make his final payment. He has applied for a loan, which would provide him with the funds to make the payment, and has agreed to assign certain sale commissions he is entitled to receive on September 3, 2010, to the Receiver. The agent has also provided verification from a third-party that he will receive certain broker commissions within the next thirty (30) days that will allow him to make the remaining payment due under the Lincoln settlement.

If the agent is unable to secure the loan or does not receive the expected commissions, the Receiver holds consent judgments against the agent. However, in consideration of the added costs that the Receivership would incur in executing on those judgments, the Receiver has determined that it is in the best interests of the investors to extend the time for payment for a reasonable period of time.

C. Judgment Against Manterfield.

The S.E.C. obtained judgment against Defendant Manterfield, which Manterfield appealed. The United States Court of Appeals has now affirmed the Judgment of the Court. If the S.E.C. is able to collect upon that judgment, there may be some additional assets for the Receiver to administer. However, it is not known at this time whether there are any assets within the Court's jurisdiction from which to recover. The Receiver believes that an interim distribution of assets of the Estate to the investors and creditors should occur while the S.E.C. makes a determination of whether there is a potential for recovery.

D. Lincoln Black Policy.

The insured under the Black Policy has died. Because all payments due under the Lincoln settlement have not yet been made, the Black Policy has not been surrendered or rescinded. Under the terms of the Lincoln settlement agreement, Lincoln "shall hold the benefit due under the Black Policy in an interest bearing account at the standard rate of interest Lincoln applies to payments for death benefits until the Black Policy is surrendered" The Receiver's counsel has made demand on Lincoln to comply with this term of the settlement agreement and to hold the death benefits for the Black Policy in an interest bearing account, until such time as the Receiver receives payment from Lincoln's broker as agreed. Upon receipt of this payment by the Receiver, the Black Policy will surrender to Lincoln.

E. Remaining Third Party Litigation Claims.

Only a few third-party claims against the individuals involved in the sale of one Policy remain pending. The Receiver is engaged in settlement discussions with these parties, and believes that these claims should be resolved within the next reporting period.

F. Potential Action Against Life Benefits.

Life Benefits executed a Purchase Agreement for 11 Policies on April 13, 2010, and executed a Purchase Agreement for 6 Policies on April 30, 2010. However, Life Benefits did not fund the purchase of the 11 Policies, nor has Life Benefits funded the purchase of the 6 Policies. The Receiver has made formal demand on Life Benefits to complete the sale of the Policies in accordance with the terms of the Purchase Agreements. The Receiver and his counsel have also had several discussions with Life Benefits and its counsel, and have attempted to move forward with the sale. Under the terms of the Purchase Agreements, Life Benefits had a ten-day cure period, which expired July 10, 2010. Currently, the Receiver and his counsel are exploring the possibility of bringing suit against Life Benefits for its default under the Purchase Agreements, and to recover any damages incurred by the Receivership as a result of the default. It is anticipated that prior to commencement of any such litigation the Receiver will consult with the S.E.C., and that any such litigation will be handled on a contingency fee basis.

V. RECEIVERSHIP ACCOUNTING MATTERS.

A. Investor Claim Forms.

As previously reported, based on the records received from Dundee Leeds and others, the total amount invested in the Fund, including \$8,807,686.22 from certain April 2007 Investors (the "April Investors"), was \$42,734,226.12. However, \$4,553,858.11 was returned to these April Investors pursuant to a Settlement Agreement discussed in the Receiver's Fourth Report. [Doc. No. 127, p. 4.] Therefore, as previously reported, the total amount invested stands at \$38,180,368.01.

The Receiver has previously requested revised Proof of Claim forms from certain April 2007 Investors reflecting the payment of funds received by them from the Settlement Agreement.

The Receiver has received seven revised Proof of Claim forms; three revised Proof of Claim forms remain outstanding. In addition, the Receiver has requested an initial Proof of Claim form from one investor. The Receiver has repeatedly sent correspondence to the remaining three investors from whom revised Proof of Claim forms are still required, as well as the remaining investor from whom an initial Proof of Claim form is required. The Receiver has not yet received these Proof of Claim forms. The Receiver addressed this issue during the meeting with investors in Taipei. However, the Receiver has not yet received the required revised or initial Proof of Claim forms following his meeting with the investors.

B. Receivership Accounting.

On June 1, 2007, the Receiver was given authority over all of Lydia's accounts pursuant to the Order for Appointment. The principal balance in the Receiver's accounts as of June 30, 2010 was \$999,880.00. A General Ledger summarizing the activity in those accounts is set forth in Exhibit A. Additionally, for further information regarding the income and expenses of the Receivership, see the Standardized Fund Accounting Report attached as Exhibit B.

C. Motions for Payment of Fees and Expenses.

The Receiver and his counsel have submitted simultaneously with this Report motions seeking the approval of their fees and expenses for the months of April, May and June 2010.

Respectfully submitted,

/s/ Melvin R. McVay, Jr.

Melvin R. McVay, Jr. (admitted *pro hac vice*)

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*Attorneys for H. Thomas Moran, II, Court-
Appointed Receiver for Lydia Capital, LLC*

CERTIFICATE OF SERVICE

I hereby certify that on the 28th day of July, 2010, I electronically transmitted the attached document to the Clerk of Court using the ECF System for filing and transmittal of a Notice of Electronic Filing to the following ECF registrants:

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Exhibit A

05 - Lydia LP Receivership
General Ledger
For the Period From Apr 1, 2010 to Jun 30, 2010

Filter Criteria includes: Report order is by ID. Report is printed with shortened descriptions and in De

Account ID	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
10100	Kirkpatrick- 2082 Operating	4/1/10			Beginning Balance			4,949.82
10100	Kirkpatrick- 2082 Operating	4/7/10	3223	CDJ	Gastroenterology Assoc. Inc.		20.00	
10100	Kirkpatrick- 2082 Operating	4/15/10	3224	CDJ	Shar Cor, LTD		30.06	
10100	Kirkpatrick- 2082 Operating	4/15/10	3225	CDJ	Healthport		74.76	
10100	Kirkpatrick- 2082 Operating	4/16/10	2010.018	GENJ	Transfer to bring imprest account in balance	175.00		
10100	Kirkpatrick- 2082 Operating	4/29/10	3226	CDJ	21st Services		295.00	
10100	Kirkpatrick- 2082 Operating	4/29/10	3227	CDJ	Delaware Secretary of State		250.00	
10100	Kirkpatrick- 2082 Operating	4/29/10	3228	CDJ	Entwistle & Cappucci Law Firm		70.00	
10100	Kirkpatrick- 2082 Operating	4/29/10	3229	CDJ	United Parcel Service		95.50	
10100	Kirkpatrick- 2082 Operating				Current Period Change	175.00	835.32	-660.32
10100	Kirkpatrick- 2082 Operating	5/1/10			Beginning Balance			4,289.50
10100	Kirkpatrick- 2082 Operating	5/14/10	3230	CDJ	Sandler Lasry Laube Byer & Val		503.75	
10100	Kirkpatrick- 2082 Operating	5/14/10	3231	CDJ	United Parcel Service		25.92	
10100	Kirkpatrick- 2082 Operating				Current Period Change		529.67	-529.67
10100	Kirkpatrick- 2082 Operating	6/1/10			Beginning Balance			3,759.83
10100	Kirkpatrick- 2082 Operating	6/1/10	3232	CDJ	United Parcel Service		16.15	
10100	Kirkpatrick- 2082 Operating	6/7/10	3233	CDJ	Phillips Murrah P. C.		84,837.86	
10100	Kirkpatrick- 2082 Operating	6/7/10	3234	CDJ	The Heritage Group		22,517.11	
10100	Kirkpatrick- 2082 Operating	6/7/10	2010.024	GENJ	Transfer to fund legal and recr fees and bring imp	108,611.29		
10100	Kirkpatrick- 2082 Operating	6/10/10	3235	CDJ	Entwistle & Cappucci Law Firm		35.00	
10100	Kirkpatrick- 2082 Operating	6/10/10	3236	CDJ	United Parcel Service		48.58	
10100	Kirkpatrick- 2082 Operating	6/29/10	3237	CDJ	United Parcel Service		15.07	
10100	Kirkpatrick- 2082 Operating				Current Period Change	108,611.29	107,469.77	1,141.52
		6/30/10			Ending Balance			4,901.35
10201	Kirkpatrick-1576 MM	4/1/10			Beginning Balance			646,306.44
10201	Kirkpatrick-1576 MM	4/1/10	2010.015	GENJ	Wire in from Argyle for settlement proceeds	30,000.00		
10201	Kirkpatrick-1576 MM	4/8/10	2010.016	GENJ	Wire in for settlement agreement for Carroll and A	16,500.00		
10201	Kirkpatrick-1576 MM	4/9/10	2010.017	GENJ	Wire in Lydia settlement payment from Sun Life	145,000.00		
10201	Kirkpatrick-1576 MM	4/9/10	2010.017	GENJ	Wire in Lydia settlement payment from Lincoln	75,000.00		
10201	Kirkpatrick-1576 MM	4/16/10	2010.018	GENJ	Transfer to fund operating and premium		127,835.45	
10201	Kirkpatrick-1576 MM	4/27/10	2010.019	GENJ	Wire in from Drinker Biddle on behalf of AXA Eq	6,710.84		
10201	Kirkpatrick-1576 MM	4/30/10	2010.020	GENJ	Transfer to pay Levin premium		8,700.00	
10201	Kirkpatrick-1576 MM	4/30/10	2010.021	GENJ	Earned interest from Kirkpatrick Bank		136,535.45	
10201	Kirkpatrick-1576 MM				Current Period Change	274,019.38		137,483.93
10201	Kirkpatrick-1576 MM	5/1/10			Beginning Balance			783,790.37
10201	Kirkpatrick-1576 MM	5/3/10	2010.021	GENJ	Transfer to fund premium payment		74,500.00	
10201	Kirkpatrick-1576 MM	5/18/10	2010.022	GENJ	Transfer to Lydia for payment of premium		117,275.00	
10201	Kirkpatrick-1576 MM	5/28/10	2010.023	GENJ	Earned interest from Kirkpatrick		191,775.00	
10201	Kirkpatrick-1576 MM				Current Period Change	701.89		-191,073.11
10201	Kirkpatrick-1576 MM	6/1/10			Beginning Balance			592,717.26

05 - Lydia LP Receivership
 General Ledger
 For the Period From Apr 1, 2010 to Jun 30, 2010

Filter Criteria includes: Report order is by ID. Report is printed with shortened descriptions and in De

Account ID	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
10201	Kirkpatrick-1576 MM	6/1/10	2010.023	GENJ	Transfer to pay Dezen premium		44,500.00	
10201	Kirkpatrick-1576 MM	6/7/10	2010.024	GENJ	Transfer to fund legal and recr fees and bring imprest account in ba		108,611.29	103,193.94
10201	Kirkpatrick-1576 MM	6/28/10	06282010.01	GENJ	Transfer to Lydia Premium Account to fund Premiums		72,700.00	695,911.20
10201	Kirkpatrick-1576 MM	6/29/10	20100629.01	GENJ	Wire From Hsrford - Settlement Funds	231,000.00		152,628.19
10201	Kirkpatrick-1576 MM	6/30/10	06/30/10	GENJ	Interest Income	490.23		153,118.42
10201	Kirkpatrick-1576 MM	6/30/10	06302010.01	GENJ	Wire from Lincoln National Life - Settlement Procc	97,515.00		55,603.42
10201	Kirkpatrick-1576 MM	6/30/10	06302010.01	GENJ	Current Period Change	329,005.23	225,811.29	103,193.94
	Ending Balance	6/30/10						695,911.20
10202	Valliance- 4434 MM	4/1/10			Beginning Balance			152,628.19
10202	Valliance- 4434 MM	4/30/10	2010.021	GENJ	Earned interest from Valliance	224.05		152,852.24
10202	Valliance- 4434 MM	4/30/10			Current Period Change	224.05		153,076.29
10202	Valliance- 4434 MM	5/1/10			Beginning Balance			153,076.29
10202	Valliance- 4434 MM	5/28/10	2010.023	GENJ	Earned interest from Valliance	174.71		153,251.00
10202	Valliance- 4434 MM	5/28/10			Current Period Change	174.71		153,425.71
10202	Valliance- 4434 MM	6/1/10			Beginning Balance			153,425.71
10202	Valliance- 4434 MM	6/30/10	06/30/10	GENJ	Interest Income	206.15		153,631.86
10202	Valliance- 4434 MM	6/30/10			Current Period Change	206.15		153,838.01
	Ending Balance	6/30/10						153,838.01
10203	Bank7- 9835 Svg	4/1/10			Beginning Balance			144,754.70
10203	Bank7- 9835 Svg	5/1/10			Beginning Balance			144,754.70
10203	Bank7- 9835 Svg	5/28/10	2010.023	GENJ	Earned interest from Bank 7	132.12		144,886.82
10203	Bank7- 9835 Svg	5/28/10			Current Period Change	132.12		145,018.94
10203	Bank7- 9835 Svg	6/1/10			Beginning Balance			145,018.94
10203	Bank7- 9835 Svg	6/30/10	06/30/10	GENJ	Interest Income	196.62		145,215.56
10203	Bank7- 9835 Svg	6/30/10			Current Period Change	196.62		145,412.18
	Ending Balance	6/30/10						145,412.18
10100	Kirkpatrick- 1972 Operating	4/1/10			Beginning Balance			1,000.00
10100	Kirkpatrick- 1972 Operating	4/29/10	4012	CDJ	Delaware Secretary of State		250.00	750.00
10100	Kirkpatrick- 1972 Operating	4/29/10			Current Period Change		250.00	500.00
10100	Kirkpatrick- 1972 Operating	5/1/10			Beginning Balance			500.00
10100	Kirkpatrick- 1972 Operating	6/1/10			Beginning Balance			500.00
10100	Kirkpatrick- 1972 Operating	6/30/10			Ending Balance			750.00

Exhibit B

STANDARDIZED FUND ACCOUNTING REPORT for Lydia Capital, LLC Receivership - Cash Basis:
 Civil Court Docket No. 07-CV-10712-RGS
 Reporting Period 04/01/2010 to 06/30/2010

FUND ACCOUNTING (See Instructions):				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 04/01/10):	\$ 949,640		
	Increases in Fund Balance:			
Line 2	Business Income			
Line 3	Cash and Securities			
Line 4	Interest/Dividend Income	\$ 2,934		
Line 5	Business Asset Liquidation			
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income	\$ 601,726		
Line 8	Miscellaneous - Other			
	Total Funds Available (Lines 1 - 8):	\$ 1,554,300	\$ 1,554,300	\$ 1,554,300
	Decreases in Fund Balance:			
Line 9	Disbursements to Investors			
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	\$ 22,517		
Line 10b	Business Asset Expenses	\$ 1,121		
Line 10c	Personal Asset Expenses			
Line 10d	Policy Premium & Credit Facility Expenses	\$ 445,335		
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees	\$ 85,447		
	2. Litigation Expenses			
	Total Third-Party Litigation Expenses	\$ 85,447		
Line 10f	Tax Administrator Fees and Bonds			
Line 10g	Federal and State Tax Payments			
	Total Disbursements for Receivership Operations	\$ 554,420	\$ 554,420	\$ 554,420
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator.....			
	Independent Distribution Consultant (IDC).....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses			
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan.....			
	Claimant Identification.....			
	Claims Processing.....			
	Web Site Maintenance/Call Center.....			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. Federal Account for Investor Restitution (FAIR) Reporting Expenses			
	Total Plan Implementation Expenses			
	Total Disbursements for Distribution Expenses Paid by the Fund			
Line 12	Disbursements to Court/Other:			
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees			
Line 12b	Federal Tax Payments			
	Total Disbursements to Court/Other:			\$ -
	Total Funds Disbursed (Lines 9 - 11):			\$ -
Line 13	Ending Balance (As of 06/30/10):			\$ 999,880

STANDARDIZED FUND ACCOUNTING REPORT for Lydia Capital, LLC Receivership - Cash Basis;
 Civil Court Docket No. 07-CV-10712-RGS
 Reporting Period 04/01/2010 to 06/30/2010

Line 14	Ending Balance of Fund – Net Assets:			
Line 14a	Cash & Cash Equivalents			\$ 999,880
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds			
	Total Ending Balance of Fund – Net Assets			\$ 999,880

OTHER SUPPLEMENTAL INFORMATION:				
		Detail	Subtotal	Grand Total
	Report of Items NOT To Be Paid by the Fund:			
Line 15	Disbursements for Plan Administration Expenses Not Paid by the Fund:			
Line 15a	Plan Development Expenses Not Paid by the Fund:			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses Not Paid by the Fund			
Line 15b	Plan Implementation Expenses Not Paid by the Fund:			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan.....			
	Claimant Identification.....			
	Claims Processing.....			
	Web Site Maintenance/Call Center.....			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. FAIR Reporting Expenses			
	Total Plan Implementation Expenses Not Paid by the Fund			
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund			
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			
Line 16	Disbursements to Court/Other Not Paid by the Fund:			
Line 16a	Investment Expenses/CRIS Fees			
Line 16b	Federal Tax Payments			
	Total Disbursements to Court/Other Not Paid by the Fund:			
Line 17	DC & State Tax Payments			
Line 18	No. of Claims:			
Line 18a	# of Claims Received This Reporting Period.....			
Line 18b	# of Claims Received Since Inception of Fund.....			
Line 19	No. of Claimants/Investors:			
Line 19a	# of Claimants/Investors Paid This Reporting Period.....			
Line 19b	# of Claimants/Investors Paid Since Inception of Fund.....			

Receiver: _____
 By: H. Thomas Moran
 (signature)
H. Thomas Moran
 (printed name)
Court appointed Receiver
 (title)
 Date: 7/26/10