

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

SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

COADUM ADVISORS, INC. :
MANSELL CAPITAL PARTNERS III, LLC :
JAMES A. JEFFERY :
THOMAS E. REPKE :
COADUM CAPITAL FUND 1, LLC :
COADUM CAPITAL FUND II, LP :
COADUM CAPITAL FUND III, LP and :
MANSELL ACQUISITION COMPANY, LP, :

Defendants. :

CIVIL ACTION FILE
NO.

1:08-CV-00011-ODE

RECEIVER'S SECOND INTERIM REPORT

Pat Huddleston II, the Receiver appointed by this Court by Order dated January 3, 2008 (the "*Order*"), files this Second Interim Report to describe his investigation thus far and to detail his progress toward completing the tasks assigned by the Court.

Procedural and Factual Background

1. On January 3, 2008 the U.S. Securities and Exchange Commission (“SEC”) filed an application for a temporary restraining order and other equitable relief, alleging that Thomas E. Repke (“Repke”) and James A. Jeffery (“Jeffery”), through Coadum Advisors, Inc. (“Coadum”) and Mansell Capital Partners III, LLC (“MCP3”), fraudulently raised approximately \$30 million from investors who purchased interests in Coadum Capital Fund 1, LLC (“Coadum 1”), Coadum Capital Fund II, LP (“Coadum 2”), Coadum Capital Fund III, LP (“Coadum 3”), and Mansell Acquisition Company, LP (“MAC”).
2. On the same day, this Court granted that application and entered an Order freezing assets, prohibiting the destruction of documents, and granting other relief.
3. On January 23, 2008, the defendants consented to the entry of a permanent injunction, leaving the issues of disgorgement and civil penalties for later determination. On January 25, 2008 this Court entered judgment against the defendants, and allowed Defendants Repke and Jeffery to access \$4,000 per month from their frozen assets.
4. In the January 3, 2008, Order imposing a temporary restraining order, the Court appointed Pat Huddleston II, of The Huddleston Law Firm, as Receiver.

5. On February 29, 2008, the Receiver filed his First Interim Report.
6. Contemporaneous with the filing of this report, the Receiver has filed a Motion to Approve Claim Form and Establish a Bar Date for Filing Claims.

Progress since the First Interim Report

7. The Receiver and his team continue to identify, marshal, and preserve the assets of the Receivership Estate.
8. Those assets include money transferred to investments in Malta and Switzerland, and to third parties in Canada and the Cayman Islands, as well as several assets located in the United States.
9. Because the money transferred overseas represents more than half of the total raised from Coadum investors, the Receiver has made pursuit of those assets a priority.

Switzerland

10. Further investigation has revealed that Coadum invested a net total of at least \$18.8 million in Soleil Group Holdings, Inc. (“Soleil”), Exodus Platinum Ltd., and Exodus Platinum Genesis, LLC (collectively “Exodus”), on the strength of representations made by the principals of Soleil and Exodus.

11. The Receiver's investigation indicates that \$13 million of that figure was wired to Credit Suisse in Geneva.
12. In a letter dated March 11, 2008, counsel for Soleil and Exodus confirmed Coadum investments of \$3 million in the Exodus Platinum Genesis Fund, and \$16.2 million in Soleil.
13. Counsel for Soleil and Exodus has also sent the Receiver two documents that purport to be unsecured debentures with terms that call for payment of \$15,885,861 to the Receivership – less fees and expenses - no later than August 4, 2008.
14. Soleil and Exodus issued those documents unilaterally, without consulting the Receiver. The Receiver has responded that he cannot agree to either that figure or that method of returning the money, and has continued to assert the Receivership's right to immediate return of all Coadum investments.
15. Since the First Interim Report, the Receiver has communicated with the Swiss Judge in charge of deciding the fate of the money in the frozen Credit Suisse accounts.
16. The Receiver has received *International Letters Rogatory* from that Judge, confirming that certain Exodus and Soleil accounts at Credit Suisse are frozen, and

asking the Receiver to provide evidence that the money being held in those accounts rightfully belongs to the Receivership.

17. Complying with that request necessarily involves an investigation of Soleil and Exodus.

18. While the Receiver has been investigating Soleil and Exodus from the outset, the Receiver is delving deeper into those entities in order to give the Swiss Judge the evidence she needs to make a fully-informed decision about the fate of the money in those accounts.

19. The Receiver is also assisting with the preparation of a formal request – pursuant to a Memorandum of Understanding between the United States and Switzerland – which may open the door to a broader and more in-depth investigation of Soleil and Exodus.

20. The current balance of the Credit Suisse accounts is unknown. The Receiver will get that information as soon as it is available.

21. The Receiver has attempted to secure the cooperation of Soleil and Exodus, both of which have committed to returning all of the money invested by Coadum.

22. Thus far, though, those companies have not consented to production of their Credit Suisse account records.

23. The Receiver is encouraging Soleil and Exodus to cooperate and hopes to be able to report their production of the necessary documents in his next Interim Report.

Malta

24. The Receiver has documented \$8,820,000 in Coadum money wired to the Bank of Valletta (“BOV”) in Malta.

25. The Receiver is continuing his investigation of individuals and entities who received disbursements from the BOV accounts into which Coadum wired money.

Canada

(Jeffery, Insarch, Mercedis, and Jack’s Cash)

26. The Receiver has recovered bank account records from Mr. Repke and his personal services company, Millstream Business Advisors, Inc. (“Millstream”).

On the day of the filing of this report, Mr. Jeffery produced documents relating to assets he controls in Canada. He did not, however, produce all of the information that the Receiver asked for.

27. The Receiver’s examination of Coadum accounts shows that Mr. Jeffery’s personal services companies – Insarch Group Ltd and Insarch Global USA, LLC (collectively “Insarch”) – received a total of \$549,033 in investor funds.

28. Another company that Mr. Jeffery controls – Mercedis Canada Ltd. (“Mercedis”) – received \$599,798.
29. Jack’s Cash – a payday loan company based in Canada – received \$793,000.
30. Paragraph 14 of this Court’s Order Appointing Receiver requires the defendants to cooperate with the Receiver’s investigation.
31. The Receiver needs bank records for the Canadian companies in order to effectively preserve assets of the Receivership.
32. Enforcement of paragraph 14 of this Court’s Order is a more expeditious and cost-effective route to that information than commencing legal action in Canada.
33. The Receiver is preparing to ask this Court for relief in the event Mr. Jeffery does not produce all remaining requested information immediately.
34. Shortly after the filing of the First Interim Report, the party who expressed an intention to offer \$325,000 to buy the Receiver’s interest in Jack’s Cash withdrew his expression of interest.
35. The Receiver has spoken to counsel for Jack’s Cash, which is contemplating filing for protection under bankruptcy laws.
36. Mr. Jeffery’s recent production of records from Canadian banks will allow the Receiver to better assess the value of the Receiver’s interest in that business.

**Cayman Islands
(TRAC Indemnity)**

37. Further investigation has revealed that the defendants had funded the formation and expenses of a Cayman Islands insurance captive segregated portfolio company (“SPC”), in collaboration with California-based TRAC Personnel Systems.

38. As part of the investment in this asset, MCP3 deposited \$120,000 into an account in the Cayman Islands as an initial regulatory capital requirement for the new entity.

39. The Receiver has put the Cayman Islands bank on notice of the Receivership’s claim, and is awaiting documentation from the bank detailing the movement of funds to and from this account.

40. The Receiver may also investigate what value the SPC – which was formed in 2006 – may have to the Receivership Estate in a sale to a third party. The Receiver has received some documentation from TRAC and the management company who formed the SPC on TRAC’s behalf, and is following up with both parties to verify the source and use of funds related to this investment.

Domestic Investments

41. On the domestic front, the Receiver has made progress toward liquidating Receivership claims and bringing that money into the Receivership account. The Receiver will address each of the domestic investments.

To Lift a Nation

42. The Receiver has requested and received an opinion from tax counsel on the advisability of carrying through with Coadum's original plan of obtaining a tax benefit from the donation of the monument and passing that along to the investors, as opposed to seeking a sale of the monument to a third party.

43. Based primarily on these discussions, the Receiver has concluded that the Receivership is more likely to maximize its recovery by completing a sale of this impressive monument to a third party.

44. The Receiver has rejected early, deeply-discounted offers and is moving forward in conversations with seriously interested parties.

Associated Bottling

45. As a result of continuing investigation, the Receiver has verified more than \$250,000 in additional funds invested in this business, bringing the total to \$860,375.

46. John Regas, CEO of Associated Bottling, has provided some documentation of the funds received from the defendants, as well as an abbreviated accounting of the use of those funds.

47. The Receiver has requested a more complete accounting of the funds from Mr. Regas, who is also named as a buyer of one of the Pittsburgh condominiums (see below).

48. The Receiver has learned that the \$760,000 certificate of deposit described in the First Interim Report is connected to the Associated Bottling investment.

49. That CD is held as collateral under Associated Bottling's plant lease agreement.

50. The Receiver is pursuing release of that security interest and transfer of those funds to the Receivership account.

Coakley Business Class

51. The Receiver has received confirmation from Coakley's counsel that the defendants paid Coakley \$381,000.

52. The Receiver has requested an accounting of these funds, as well as additional documentation concerning the agreement(s) between the parties relating to Coakley's receipt of that money and Mary Repke's receipt of an additional \$20,000.

Utah Water Shares

53. Further investigation has revealed details of a series of prior events and a failed attempt to acquire a parcel of land in Utah, which resulted in MCP3 contracting to purchase these "Water Shares" from Via Saashi, LLC, owned by Sandra Hadley, in an attempt to recover MCP3's "sunk costs" in the prior transactions involving Via Saashi.

54. In May 2007, MCP3 contracted with Ben Howard of Grafton Enterprises, LLC, to act as a "straw buyer" to negotiate and acquire a parcel of land in Utah on MCP3's behalf.

55. MCP3 had earlier been approached by Hadley to finance a joint-venture development of a spa resort at the Utah site.

56. MCP3 paid \$150,000 in earnest money to the seller of the land, through Grafton. MCP3 paid an additional \$282,500 to Grafton as the straw buyer in the failed purchase of the land.

57. MCP3 paid \$166,730 in additional fees to Via Saashi and its attorney and/or related entities, including the \$50,000 down payment for the Water Shares mentioned in the Receiver's First Interim Report.

58. The Receiver has requested documentation from Via Saashi and its attorney related to these payments.

Idaho Real Estate

59. In September 2007, Acquisitions Capital International, a Coadum company, contracted to purchase two parcels of land in Driggs, Idaho.

60. The defendants used MCP3 funds to pay a total of \$148,000 in earnest money to the sellers. Acquisitions Capital did not contribute to the earnest money payments.

61. The Receiver has secured the return of \$58,000 in earnest money paid by the defendants for one of the pending Idaho real estate purchases.

62. Counsel for the Receiver has demanded the return of the remaining \$90,000 paid by the defendants for the other pending Idaho real estate purchase.

63. The seller is aware that the earnest money was procured fraudulently from innocent investors. The seller also knew, or should have known at the time of the payment of the earnest money, that she was accepting payment from someone other than the party with whom she had contracted (Acquisitions Capital).

64. The Receiver is preparing to file suit against the seller for return of that money.

Westland Securities

65. The Receiver is working with the bank at which the Westland Securities account was held to determine if there are other monies that were paid out of this account to which the Receivership Estate is entitled.

Pittsburgh Condominiums

66. The Receiver has verified expenditures of \$81,100 in investor funds for various items related to these condominium purchases, including deposits held by the escrow agent.

67. Of the \$81,100 total, \$10,000 was paid as deposits on two additional condominiums, and was never reimbursed after the buyers for those two units sent in their own funds.

68. The Receiver has requested the return of these two \$5,000 deposits from the buyers of those units.

69. Another \$64,400 was paid as deposits toward the purchase of the two Coadum-related units, and another \$6,700 was paid for other related services.

70. The Receiver is in discussions with local realtors to determine the next steps for maximizing the recovery of these assets, including the possible resale of these units.

Texas Litigation

71. The Receiver participated in court-ordered mediation in Coadum 1's suit against individuals and entities that defrauded Coadum 1 out of \$1 million in connection with a prime bank scam. Coadum Capital Fund 1, LLC v. LOBO International, A.G., et al., Cause Number 2006-76967 (District Court of Harris County, Texas, 165th Judicial Circuit).

72. The case did not settle at mediation, so counsel for the Receiver took the deposition of one of the defendants the following day. The defendants took the deposition of Mr. Repke.

Emerald Title

73. As detailed in the First Interim Report, Emerald Title was the escrow agent for Coadum 1 until September 2006.

74. The Receiver has requested information from Mr. Rowley and subpoenaed bank records from Emerald Title's bank in an effort to quantify Mr. Rowley's liability to the Receivership.

75. The Receiver will pursue repayment of the loan Coadum made to Mr. Rowley.

Millstream

76. Mr. Repke's personal services company, Millstream, received \$439,000.

77. The Receiver has received bank account records for Millstream and Mr. Repke personally, and is analyzing those records to identify possible leads to other assets.

Claims Process

77. The Receiver has drafted a Proof of Claim Form and filed a Motion to Approve Claim Form and Establish a Bar Date for Claims.

78. The Receiver is asking the Court to establish a Bar Date of July 11, 2008, which should allow sufficient time for the Court to consider the Motion, for the

Receiver to send out the Claim Forms, and for claimants to fill out the form, gather the supporting documentation, and send it in to the Receiver.

79. The proposed claims process will advance the Receiver's investigation by quantifying the claims and by gathering information about the amounts raised by each of the Coadum entities. That information is essential to preparation of an eventual Plan of Distribution.

80. The Receiver and his staff have completed construction of a database to hold investor information and have input all investor data received thus far.

81. The Receiver will use that database to track each investor's progress through the claims process.

Third Party Claims

82. In addition to the parties identified in paragraphs 10 through 75 above, the Receiver is investigating potential claims against other third parties who received Coadum money, including professionals who provided services to Coadum.

83. The Receiver expects to be able to give more details about those claims in his next Interim Report, to be filed after the Bar Date.

Reappointment

84. The Receiver is preparing a Motion for Reappointment to allow him to file notice of his appointment in a number of additional judicial districts that have been identified as the locations of individuals and entities against whom the Receivership may have valid third-party claims.

85. Reappointment will allow the Receiver to pursue more third-party actions to bring more assets into the Receivership account should his investigation show that the likely recovery in such actions is worth the expected cost.

Investor Communications

86. The Receiver maintains numerous avenues for investor communication.

a. The Receiver continues to maintain a dedicated secure link from his website, through which investors can e-mail contact information to the Receiver.

Most investors have done so already. The address for that link is

www.huddlestonfirm.com/huddleston/coadum/index.cfm.

b. The Receiver regularly posts updates to the dedicated “Coadum Advisors” portion of his website. The Receiver posts filed pleadings on that site as well.

c. The Receiver and his staff have spoken to dozens of Coadum investors so far, and continue to field calls and answer investor questions. In addition, the Receiver communicates by email with Coadum investors and takes their questions into consideration when posting updates to the Coadum Advisors section of his website.

Current Status

87. The balance of the Receivership account is \$2,271,332.

88. Although months of work remain, the Receiver has made substantial progress.

89. The Receiver and his team continue to analyze the hundreds of thousands of pages of documents seized from the defendants. That analysis continues to yield leads to additional assets and evidence with which the Receiver can better pursue assets already identified.

90. The Receiver expects to file his next Interim Report after the Bar Date for submission of claims.

Respectfully submitted this 25th day of April, 2008.

THE HUDDLESTON LAW FIRM

/s/ Pat Huddleston II

Pat Huddleston II

Receiver

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ATLANTA DIVISION

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Plaintiff,	:	
	:	CIVIL ACTION FILE
COADUM ADVISORS, INC.	:	NO.
MANSELL CAPITAL PARTNERS III, LLC	:	
JAMES A. JEFFERY	:	1:08-CV-00011-ODE
THOMAS E. REPKE	:	
COADUM CAPITAL FUND 1, LLC	:	
COADUM CAPITAL FUND II, LP	:	
COADUM CAPITAL FUND III, LP and	:	
MANSELL ACQUISITION COMPANY, LP,	:	
	:	
Defendants.	:	

CERTIFICATE OF SERVICE

This certifies that I have this day served a copy of the foregoing *Receiver's Second Interim Report* via the CM/ECF electronic filing system upon the following:

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This 25th day of April, 2008.

/s/ Pat Huddleston II
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Receiver

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