UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

- against -

STEVEN BYERS, JOSEPH SHERESHEVSKY, WEXTRUST CAPITAL, LLC, WEXTRUST EQUITY PARTNERS, LLC, WEXTRUST DEVELOPMENT GROUP, LLC, WEXTRUST SECURITIES, LLC, and AXELA HOSPITALITY, LLC.

No. 08 Civ. 7104 (DC)

ECF Case

FOURTEENTH INTERIM REPORT OF RECEIVER

TIMOTHY J. COLEMAN
Receiver for Wextrust Entities

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February 11, 2014

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Timothy J. Coleman, Receiver for the Wextrust Entities and Affiliates ("Receiver"), respectfully submits this Fourteenth Interim Report, pursuant to the Court's Order Appointing Temporary Receiver, dated August 11, 2008, as amended by order dated September 11, 2008 (the "Receiver Order") (Dkt. No. 36).

Total receivership cash today is $19.7 million. In the six months since the filing of the Thirteen Interim Report, the Receiver has streamlined operations, sought to resolve federal tax issues, sold several of the remaining properties on favorable terms, and pursued other avenues for recovery. In early 2013, the Receiver conducted a restructuring of estate operations that resulted in approximately $568,000 in annual operational savings that carried over into the last interim period. New brokers engaged in 2013 have marketed the Wextrust properties aggressively as economic conditions have improved. As a result, the Receiver sold three properties, and seven properties are under contract or in contract negotiation. Based on the anticipated sale of the properties and recoveries from third parties, the Receiver hopes to recover as much as an additional $3 to $6 million in proceeds for the receivership estate, net of repayments on securitized loans. Based on that estimate (which cannot be guaranteed), the total available for distribution to equity investors and for the administrative expenses would be $23 to $26 million, in addition to the $5 million already distributed to investors. The actual amount will depend on the resolution of the Internal Revenue Service ("IRS")'s tax claims against the receivership estate, and on future property sales and settlements.

The Receiver continued to make progress in resolving the estate's tax liabilities during the last interim period. As previously reported, following several years of negotiation with the IRS to avoid massive tax liabilities and expenditure of the receivership's limited funds on tax accounting, the Receiver submitted draft returns to the IRS on March 1, 2013 for tax years 2008 through 2011. The returns showed a $17.4 million loss, and thus zero tax liability. The IRS represented that it would take until March 2014 to review the returns. Once a final agreement on outstanding tax issues is reached with the IRS, the receivership will file final tax returns for all subsequent tax years and will then promptly seek the Court's permission to make a distribution to the Wextrust investor victims.

This Fourteenth Interim Report describes the Receiver's work since August 11, 2013. Section I reports on the prospect of a future interim distribution to investors. Section II summarizes the status of the liquidation of Wextrust assets. Section III offers an overview of the Receiver's management of the Wextrust Entities and Affiliates. Section IV reports on the current financial condition of the receivership estate and its administrative costs. Section V discusses the status of Wextrust-related litigation. Section VI summarizes investor relations.

I. DISTRIBUTION TO THE WEXTRUST VICTIMS

The work of the Receiver in the last interim period was focused on expediting a distribution to investors and on maximizing the funds available for distribution. The Receiver's ability to make a second distribution depends on resolution of the receivership's tax liability and filing obligations for the Wextrust entities.

As previously reported, the Receiver has verified and recognized the claims of Wextrust victims totaling $238 million among 1,221 equity investors and 100 unsecured creditors. The Court approved a first interim distribution of approximately $5 million in December 2010. A.B. Data, which was hired to manage the logistics of the distribution, was unable to deliver 12 checks totaling $37,006.93, which remain unclaimed. The Receiver encourages claimants to provide updated contact information (**1-800-985-4155 or wextrustreceiver@abdata.com**).

On March 1, 2013, the Receiver submitted draft federal tax returns as a Qualified Settlement Fund ("QSF") for tax years between 2008 and 2011. The draft returns showed the receivership as having $17.4 million in losses, and thus no tax liability during that period. As agreed with the IRS and the United States Attorney's Office, the draft returns were submitted to a special IRS examination team. The Receiver and his advisors have worked with the IRS examination team since March 2013 to resolve the team's questions about the draft tax returns and the receivership's tax liability. After reviewing the draft returns and the additional information provided by the Receiver, the IRS team proposed additional deductions for the tax returns. However, the IRS team's appraisal of the receivership's real property has not yet been completed, and the impact of any resulting adjustment to the initial value of the receivership's assets remains unknown.

The Receiver and his advisors are discussing with the IRS the basis for establishing that the receivership has fully discharged its tax obligations. While certain legal and factual points remain under discussion, the Receiver believes the IRS's review of the draft tax returns has provided the IRS with ample opportunity to establish the receivership's tax liability for this period. Furthermore, to the extent that there is any remaining disagreement with the IRS as to whether the receivership is required to file informational partnership tax returns for the Wextrust entities, the Receiver believes this issue can be resolved since the parties have agreed that the receivership should file tax returns as a QSF, and the IRS has had a chance to review the receivership's tax returns. Once a final agreement on open points has been reached with the IRS, the receivership will file final tax returns for all tax years for which it has yet file a tax return. The Receiver will then seek the Court's permission to make a further distribution to Wextrust investor victims.

II. <u>LIQUIDATION OF WEXTRUST ASSETS</u>

Since the start of the receivership, the Receiver has sold 22 properties, resulting in $75.1 million in gross proceeds. From those sales, $61.1 million were used to repay secured creditor victims of the Wextrust fraud. The estate benefited from the forgiveness of $7.3 million in secured debt owed by the estate, and the estate received $7.4 million in net cash. Three hotels in the Wextrust portfolio have been relinquished, as have 20 properties as to which there was no expectation of a net cash recovery for the estate. The most recent relinquishments were the Myatt Property in Nashville, Tennessee in September 2013 (the "Myatt Property") (Dkt. No. 944) and the Pinecrest Shopping Center Property in Burlington, Wisconsin in December 2013 (the "Pinecrest Property") (Dkt. No. 955). The relinquishments, all together, have allowed secured creditor victims to obtain the collateral for $191.6 million of debt and released the estate from those obligations. The Receiver has recovered $13 million through the sale of other receivership assets, settlements with third parties, and other recoveries.

In the past six months, the Receiver redoubled his efforts to sell the remaining assets in the receivership estate as per the Court's plan of distribution order entered on July 23, 2009 (the "Distribution Order") (Dkt. No. 428). The assets currently consist of (1) commercial real estate properties, which account for most of the remaining estate, and (2) high yield loan portfolios along with certain foreclosed-upon properties. The commercial real estate properties consist primarily of 16 properties. These properties are projected to generate $1.7 million in net operating income for the 9-month period ending August 31, 2014, and $260,000 of net cash flow from operations for the same period. The properties are managed by three employees supervised by the Receiver. The 16 commercial real estate properties of the receivership are located in Tennessee and Mississippi, and the Receiver continues to oversee their management and marketing.

As to the status of properties held by Wextrust Equity Partners, in the last interim period, the Receiver sold three properties in Knoxville, Tennessee. The first were the Park Village and

Parkway properties, sold for $3,475,000, resulting in approximately $100,000 in net cash to the receivership estate after payment of the mortgage and closing costs, and generating an additional $40,000 through the release of funds in property-specific accounts for the property (Dkt. No. 952). The next was the Workman Road property, sold for $2,825,000, resulting in approximately $55,000 in net cash to the receivership estate after payment of the mortgage and closing costs, and generating a total economic benefit of $371,326 through the release of property-specific escrow and related funds.

The Receiver expects to complete contract negotiations shortly and to submit for the Court's approval sales of receivership properties located in Corinth, Mississippi; Clarksville, Tennessee; and Cookesville, Tennessee.

Of the remaining properties, the Receiver hired CBRE in November 2013 to market and sell the Commerce Center Property in Clarksville, Tennessee (the "Commerce Center Property") after a long, and continuing, dispute with relatives of Defendant Joseph Shereshevsky who have an ownership interest in the property. Consistent with the Court's instruction at the August 8, 2013 hearing, the Receiver will move the Court to approve any sale of the Commerce Center Property. Separately, the Receiver is preparing moving papers to request the Court to relinquish certain other properties. Finally, the Receiver is working with brokers in six states to sell various high yield properties and assets. He presently has four properties under contract or contract negotiation as described below in Section III.B.

III. <u>ESTATE MANAGEMENT OPERATIONS</u>

Since the inception of the receivership, the Wextrust properties have generated $78.5 million in lease income and approximately $23.5 million in net cash flow to the receivership estate. The Receiver has executed 80 new leases and 185 lease renewals, representing $43.2

million in aggregate rental revenue. The overall percentage of leases renewed represents a renewal rate of approximately 70 percent.

A. U.S. Real Estate Operations

As directed by the Court, the Receiver assumed control of all Wextrust real estate assets, which now consist primarily of commercial properties. In the six months ending February 11, 2014, the Receiver collected approximately $1.8 million in rent. The Receiver negotiated five new and renewal leases on various properties during this period. These leases are expected to generate approximately $3.9 million in revenue over their term. Repairs and improvements on the remaining properties have been minimized, where appropriate. For the Commerce Center Property in Clarksville, Tennessee, the Receiver renewed a lease with a key tenant in December 2013 and is in the final stages of negotiating a lease renewal with the other key tenant.

The Receiver continues to implement efficiencies gleaned from the restructuring of operations conducted in February 2013. Given slowly improving commercial real estate market conditions and the length of the case, the Receiver hopes to terminate real estate operations in 2014.

Working with the Wextrust employees, the Receiver identified and implemented approximately $460,000 in cost savings in 2013, including broker costs, management fees, and compensation. In the past six months, the Receiver assumed property management duties for properties in the Tennessee Office portfolio, which third parties had previously managed, and thereby saved roughly $20,000. The Receiver handled all lease renewal responsibilities for the Cookeville location of the Tennessee Office portfolio and consequently saved approximately $75,000 in broker fees. Similarly, the Receiver's decision to assume lease renewal responsibilities for the Myatt Property yielded a savings of nearly $30,000 in broker fees. By consolidating employee headcount and ending a consultancy position, the estate saved more than

$340,000 in annual compensation costs. Finally, the Receiver has been managing the Commerce Center Property since August 8, 2013, when the Court agreed that the Receiver Order authorized and empowered him to do so (Dkt. No. 938). In addition to the savings outlined above, the Receiver also identified and implemented approximately $120,000 in annual operational savings in 2013. The Receiver took these steps in a continued effort to reduce costs and to manage the properties efficiently.

Finally, with respect to the 47 Dean Street property located in Brooklyn, New York and owned by 47 Dean Street Holdings, LLC (the "47 Dean Property"), the Receiver's obligations have concluded with respect to the condominiums developed and sold in 2011 for more than $12 million, with net proceeds to the estate of approximately $4.2 million. In January 2014, the Receiver submitted a letter to the Court requesting approval for a final payment of income to the two non-Wextrust members of 47 Dean Street Holdings, LLC.

B. High Yield Loans

The Receiver has made substantial progress in the last interim period in recovering on the remaining Wextrust high yield loans, nearly all of which are in default and worth less than the amount that Wextrust had contributed. The high yield loans consist of some loans that were 100 percent funded by Wextrust, and others which were funded by joint ventures ("JVs") between Wextrust and other entities. Where the Receiver foreclosed on property related to a defaulted loan, the Wextrust employees coordinated day-to-day maintenance, upkeep, and security issues.

Wextrust direct loans. At the start of the receivership, there were approximately 13 loans that Wextrust had funded directly, all of which were in default and totaled approximately $8.4 million in principal. To date, the Receiver has recovered $602,000 on three of these loans. In the last interim period, the Receiver completed the foreclosure process for two of the loans and took title to the related land as the only secured creditor. The Receiver marketed each property for sale and both are now under contract. One property consists of vacant land in Bethel Park, Pennsylvania; the other is a single family home in Mine Hill, New Jersey. The properties were marketed at $195,000 and $280,000, respectively. For the Mine Hill property, the Receiver was able to reduce the property's assessed tax rate by more than 40 percent. Where feasible, the Receiver is pursuing deficiency claims against guarantors and/or successors related to the high yield loans.

Wexwater, LLC. Wexwater, LLC ("Wexwater"), was formed in February 2005 between Wextrust Capital, LLC and Stillwater Capital Partners, Inc. ("Stillwater"). Wexwater engaged in high yield lending serviced by Wextrust. Wextrust's principal exposure in Wexwater loans is approximately $1.7 million. Between 2010 and 2012, Stillwater transferred its interests in Wexwater to or among Gerova Financial Group and/or Net Five Holdings, each of which has been the subject of lawsuits for fraud. Stillwater has been the subject of an enforcement action by the U.S. Commodity Futures Trading Commission and multiple fraud lawsuits. In October 2013, the Receiver foreclosed upon land outside Richmond, Virginia (the "Brandermill Property"), and in December 2013 filed a motion with the Court to approve the sale of the property and related relief (Dkt. No. 956). On February 10, 2014, the Court approved the sale (Dkt. No. 970). The Receiver is now is the process of closing the sale, and in the meantime, the Receiver continues to secure the Brandermill Property site and to maintain the approximately 11.7 acres of land, hotel and conference center that comprise the property. The Receiver has separately pursued litigation related to JV assets.

Wextrust/HPC Mortgage Fund, LP. In 2006, Wextrust Capital, LLC, various Wextrust affiliates, and HPC US Fund 1, LP formed what is now known as Wextrust/HPC Mortgage Fund, LP ("Wex/HPC"). Wex/HPC engaged in high yield lending serviced by Wextrust. Wextrust's principal exposure in Wex/HPC loans is approximately $5.5 million. Today, only one of the Wex/HPC loans is performing, secured by a small retail shopping center in Ohio and adjacent land parcels. The Receiver is marketing the note for sale, and recently engaged an appraiser to assess the current market value of the underlying collateral.

RRA (5-12 51st Avenue). On September 10, 2013, the Receiver filed an expedited motion to request approval of a settlement of claims against RRA Development LLC ("RRA"), and to confirm the private sale of certain property located in New York, NY owned by RRA and subject to a Wex/HPC mortgage. On September 16, 2013, the Court issued an order that approved the settlement of claims as well as the sale of the 5-12 51st Avenue Property (Dkt. No. 937). On October 29, 2013, the Receiver completed the sale of the 5-12 51st Avenue property. The sale yielded net proceeds of approximately $1.14 million to the estate.

Quillen Manor. In 2013, the Court approved the sale of Quillen Manor, an assisted living facility located in Fountain Inn, South Carolina and co-owned with a local bank. (Dkts. Nos. 911, 912 and 919). The buyer subsequently defaulted on the purchase agreement but paid $150,000 in liquidated damages. After marketing the property with a new broker, the Receiver considered several offers, and in January 2014, executed a letter of intent for the property, and is presently negotiating a contract with a prospective buyer.

Additional updates. In January 2014, the Receiver entered into a settlement agreement with a borrower related to property in New York that will result in a $150,000 payment by the borrower from the proceeds of the sale of the collateral, which occurred in February 2014, pending approval of the bankruptcy court overseeing the borrower's assets. The settlement resolved competing state court claims between Wex/HPC and the borrower. Finally, the Receiver is actively marketing two remaining properties, a small parcel of vacant land in

Jackson, Michigan, and an industrial site in East Providence, Rhode Island. The Receiver engaged a local tax attorney, an appraiser, and a consultant in Rhode Island in the last interim period to negotiate property taxes and assessments related to the receivership assets there.

IV. FINANCIAL CONDITION OF THE WEXTRUST ENTITIES AND AFFILIATES

As in previous reports, Deloitte Financial ("Deloitte") assisted in compiling financial information from the financial systems and books and records of the Wextrust Entities and Affiliates. Those financial records reflect the book value of the principal real estate assets, as recorded in the company's books and records, but not necessarily in accordance with generally accepted accounting principles. As shown in Table 2, the total book value of the remaining Wextrust real estate portfolio is approximately $12.6 million. This value is based on the accounting records and other information maintained by Wextrust and its accountants and does not represent current market value. Moreover, as discussed in previous reports, these properties were purchased at the height of the commercial real estate market and are heavily leveraged by secured debt. The Receiver contemplates that most of the proceeds of the sales of these properties will be used to repay such debt, pursuant to the Court's Distribution Order.

Table 1: Book Value of Wextrust Real Estate Assets

Wextrust Capital, LLC, et al.
Net Book Value (1) (2)
as of Novmeber 30, 2013

	Axela (3)	WEP (4)	WDG (5)	Consolidated
Property				
Building / Land	-	43,938,641	-	43,938,641
Loan Payable on Property	-	33,052,645	-	33,052,645
Net Book Value (6)	$ -	$ 10,885,997	$ -	$ 10,885,997
Capitalized Costs:				
Tenant Improvements	-	567,748	-	567,748
Capital Improvements	-	1,102,662	-	1,102,662
Total Capitalized Costs	$ -	$ 1,670,410	$ -	$ 1,670,410
Net Book Value (6)	**$ -**	**$ 12,556,407**	**$ -**	**$ 12,556,407**

(1) - Where possible, net book values were obtained from accounting information as of November 30, 2013 provided by Wextrust. However, the cost of the building and the balance of the loan payable on the property were not always recorded in the accounting system. To the extent available, these amounts were obtained from other internal sources as of the most recent date available. In some cases, loan payable amounts include accrued interest and late fees assessed by the lender.
(2) - The amounts shown do not include properties that were sold or where the relinquishment process was initiated or had been relinquished as of November 30, 2013.
(3) - As of August 31, 2009, the United States District Court for the Southern District of New York had entered orders permitting the relinquishment of all hotel properties.
(4) - Commerce Center Holdings, a TIC property, is included at 100% even though the Wextrust interest is less (35%). The balance excludes property owned by: <1> Workman Road Holdings, LLC that was sold in October 2013, <1> Park Village Holdings, LLC that was sold in November 2013, and <3> Myatt Holdings, LLC that was relinquished in September 2013.
(5) - All condominium units developed by 47 Dean Street have been sold.
(6) - There may be other payable amounts due upon sale of property, including property taxes, etc.

For the six months ending November 30, 2013, Wextrust had a positive net cash flow of approximately $1.59 million. Total receipts were $4.61 million against $3.02 million in expenses authorized by the Receiver to preserve the status quo of the Wextrust enterprise, as shown in Table 2 below. The vast majority of those expenses were paid in connection with operating the WEP real estate portfolio. As of January 31, 2014, Wextrust had more than $19.6 million in cash in approximately 15 U.S. bank accounts at one financial institution.

Table 2: Receipts and Disbursements

Wextrust Capital, LLC, et al.
Consolidated Cash Receipts and Disbursements - Rounded (1) (2)
from 06/01/2013 through 11/30/2013

RECEIPTS	Wextrust Capital, LLC and Affiliates	Commodity Funds	Wextrust Equity Partners, LLC and Affiliates (3)	PAM	Wexford Development Group, LLC and Affiliates	Axela Hospitality, LLC and Affiliates	TOTAL
Tenant Receipts **(4)**	86,000	-	3,027,000	-	-	-	3,113,000
Sale of Receivership Assets **(5)**	1,271,000	-	-	-	-	-	1,271,000
Construction Draws	-	-	-	-	-	-	-
Other Receipts **(6)**	19,000	-	207,000	-	-	-	226,000
TOTAL RECEIPTS	**1,376,000**	**-**	**3,234,000**	**-**	**-**	**-**	**4,610,000**
DISBURSEMENTS							
Capital Expenditures, Tenant Improvements & Leasing Commissions	-	-	322,000	-	-	-	322,000
Insurance	-	-	8,000	-	-	-	8,000
Loan Payments	-	-	1,481,000	-	-	-	1,481,000
Management Fees	-	-	131,000	-	-	-	131,000
Ordinary Course Expenses	79,000	-	299,000	-	-	-	378,000
Labor Costs	-	-	227,000	-	-	-	227,000
Professional Expenses - Non-Receiver **(7)**	155,000	-	29,000	-	-	-	184,000
Taxes	233,000	-	55,000	-	-	-	288,000
Other	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	**467,000**	**-**	**2,552,000**	**-**	**-**	**-**	**3,019,000**
NET CASH GENERATION / (BURN)	**909,000**	**-**	**682,000**	**-**	**-**	**-**	**$ 1,591,000**

(1) - The receipts and disbursements in this analysis are cash transactions that are grouped by the entities that initiated the transaction, however, in some cases the cash transactions were executed on behalf of other Wextrust entities. The cash transactions have been categorized by type based on information contained within the books and records of the Wextrust Entities. The sources of cash receipts and disbursements data were a combination of general ledgers and bank transaction data. Not all bank accounts or general ledgers were included in this analysis; entities with no or insignificant transaction activity during the period presented may not have been included.
(2) - This analysis was prepared on a cash basis, therefore the timing of receipts and disbursements are different than what may be contained in accrual based financial reports. For example, receipts may not be matched to related disbursements, or vice versa. In addition, some disbursements included in this analysis had not cleared the bank as of November 30, 2013.
(3) - Amounts include approximately $81,000 in net receipts from Commerce Center Holdings LLC which includes approx. $105,000 of income distributions. Amounts include assumed debt payments for S. Pine Street Holdings LLC from August 2013 to November 2013 totaling $249,000 as the payment information was not provided by the lender due to the relinquishment proceeding.
(4) - Approximately $178,000 was collected, in addition to monthly rent, from tenants for property taxes and insurance.
(5) - The $1,271,000 in Sale of Receivership Assets represent the net proceeds from the sale of <1> a residential home in Illinois for approx. $99,000, net, <2> property owned by Workman Road Holdings, LLC for approx. $7,000, net, <3> other property held by other Wextrust affiliates for approx. $1,154,000, net, and <4> property owned by Park Village Holdings, LLC for approx. $11,000, net
(6) - The $226,000 in Other Receipts is mainly comprised of: <1> $105,000 received from income distributions from Commerce Center Holdings, LLC and <2> $102,000 in property management fees.
(7) - Receivership professional expenses are not included in this analysis. The payment of Professional Expenses - Non-Receiver represent fees relating to the marketing of properties for sale, etc.

Deloitte also assisted in the preparation of a cash forecast for three three-month periods through August 31, 2014, as shown in Table 3. The net cash flow is projected at $256,560. The three-month period ending February 28, 2014 shows a negative net cash flow due to property taxes and insurance payments, which are paid during the period but funded in part by the monthly and annual collections of tenants' fees.

Table 3: Wextrust Cash Forecast

Base Cash Flow Projections for Wextrust Capital, LLC and Affiliates, et al. for the Nine Months Ending August 31, 2014 (1) (2)

	WexTrust Capital, LLC, et al. for the 3 - Months Ending February 28, 2014	WexTrust Capital, LLC, et al. for the 3 - Months Ending May 31, 2014	WexTrust Capital, LLC, et al. for the 3 - Months Ending August 31, 2014	Total
Total Effective Income	$ 931,820	$ 847,876	$ 847,876	$ 2,627,572 (3)
Total Operating Expenses	582,705	163,887	162,957	909,549
Net Operating Income	349,115	683,989	684,919	1,718,023
Non Operating Expenses:				
Debt Service - Interest (Including Swap Payments)	304,966	256,552	258,095	819,613
Debt Service - Principal	124,994	118,132	116,589	359,715
Capital Expenditures (4)	-	(105,103)	-	(105,103) (5)
Tenant Improvements & Lease Commissions	-	132,596	166,276	298,872
Reserves	6,537	14,661	14,661	35,859
Other Non-Operating Expenses	9,519	21,494	21,494	52,507
Total Non-Operating Expenses	446,016	438,332	577,115	1,461,463
Net Cash Flow (6)	$ (96,901) (7)	$ 245,657	$ 107,804 (8)	$ 256,560

(1) - Does not include any distributions under the Plan of Distribution. As of August 31, 2009, the United States District Court for the Southern District of New York approved orders to relinquish all hotel properties.
(2) - Amounts include Commerce Center Holdings, which is a TIC property where Wextrust interest is 35%. Amounts include the the expected cash receipts and disbursements for S. Pine Street Holdings, LLC for the month of December 2013 only as the property was relinquished in December. The cash projections include the expected cash activity for properties that are currently in sale negotiations but do not include the expected net sale proceeds. For information on the expected sale of Receivership assets, please refer to Section I.A.
(3) - Amount includes approx. $609,000 in tenant rent receipts from approx. 8 tenants who are assumed to renew their leases.
(4) - Net of escrow draws available for capital expenditures.
(5) - In order to better manage cash flow on a per-property basis, Capital Expenditures projects are evaluated on an as-needed basis. Due to that methodology, a minimal amount of Capital Expenditures are projected unless there is a known, necessary repair or replacement imminent.
(6) - Does not include Receivership related professional fees.
(7) - The net cash flow projected for the 3 months ended February 28, 2014 includes projected payments of 2013 property taxes and insurance in February of 2014 totaling approximately $353,000. This payment is funded in part by the monthly and annual collections of CAM fees from tenants.
(8) - The net cash flow for the 9-months ending August 31, 2014 excludes expenses for Clarksville Industrial Holdings, LLC. As of the date of this report, the single tenant vacated the property and the search for a new tenant and the marketing of the property for sale is in process.

The above analysis does not include expenses associated with the administration of the receivership, the largest component of which is professional legal fees. These include fees due to the Receiver and receivership counsel, Freshfields Bruckhaus Deringer US LLP ("Freshfields") (since March 2010). Dewey & LeBoeuf LLP ("D&L"), which is now defunct, has not provided services to the Receiver since December 2010. On December 30, 2013, the Court approved the following fee applications: the Receiver and Freshfields for $956,435, subject to a 50 percent holdback of fees (Dkt. No. 967) and for LBMC, the Receiver's tax accountants, for $50,000 (for the period July 10, 2013 to September 9, 2013) (Dkt. No. 966). On August 8, 2013, the Court approved the fee applications from Deloitte for $74,445 (for work December 1, 2011 through December 31, 2012) (Dkt. No. 927).

For all professionals, Wextrust has incurred and paid $18,033,235.98 in professional fees as of February 6, 2014 as follows: the Receiver, $474,932.25; Freshfields, $842,700.47; Lattimore Black Morgan & Cain, PC, $250,000; Arent Fox, $33,216.50; D&L, $9,423,211.76; Deloitte, $4,366,383; Hilco Real Estate, $940,500; various South African professionals, $338,553; Badger Real Estate Advisors, $740,000; and other non-ordinary course professionals, $183,973. Legal fees during the fourteenth interim period were an estimated $640,000 and Deloitte's fees were an estimated $30,000.

The level of professional administrative costs has been a concern of the Court, the Receiver, and investors. The estate professionals have held back $5.1 million in fees, which the Court has said may be applied for at the end of the case. In addition, various professionals have applied discounts and write-offs of nearly $16 million as a reflection of the public service nature of their engagement. Fees have declined precipitously and remained low as the Receiver completed the tasks required by the Receiver Order and successfully defended the numerous appeals of the Court's orders.

On August 29, 2013, the Court denied the fee application request of Jerry B. Klein and Associates ("JBKA"), an accounting firm hired by D&L (Dkt. No. 932). In October 2012, JBKA had submitted a fee application for $360,000 for work performed in 2008 and 2009. The Receiver and the SEC opposed the fees.

The Receiver has also calculated total receipts and disbursements since the start of the receivership on August 11, 2008. Total receipts were $105.2 million, while total disbursements were $81.7 million, not including administrative costs described above.

Table 4: Receipts and Disbursements (Since Receivership Start)

Wextrust Capital, LLC, et al.
Consolidated Cash Receipts and Disbursements - Rounded No Receiver Professional Fees and Distibutions to Investors (1) (2) (3)
from 08/08/11 through 11/30/2013

RECEIPTS	Wextrust Capital, LLC and Affiliates	Commodity Funds	Wextrust Equity Partners, LLC and Affiliates	PAM	Wexford Development Group, LLC and Affiliates	Axela Hospitality, LLC and Affiliates	TOTAL
Tenant Receipts	90,000	-	78,380,000	-	-	-	78,470,000
Sale of Receivership Assets	5,740,000	-	2,980,000	-	600,000	-	9,320,000
Construction Draws	70,000	-	-	-	4,220,000	-	4,290,000
Other Receipts	9,570,000	230,000	2,940,000	-	100,000	240,000	13,080,000
TOTAL RECEIPTS	**15,470,000**	**230,000**	**84,300,000**	**-**	**4,920,000**	**240,000**	**105,160,000**
DISBURSEMENTS							
Capital Expenditures, Tenant Improvements & Leasing Commissions	-	60,000	5,660,000	-	4,310,000	110,000	10,140,000
Insurance	28,000	2,000	1,130,000	-	89,000	4,000	1,253,000
Loan Payments	150,000	20,000	32,660,000	-	360,000	60,000	33,250,000
Management Fees	10,000	-	3,550,000	-	-	-	3,560,000
Ordinary Course Expenses	540,000	120,000	15,130,000	-	120,000	310,000	16,220,000
Labor Costs	1,133,000	554,000	4,890,000	93,000	296,000	202,000	7,168,000
Professional Expenses - Non-Receiver **(4)**	410,000	240,000	340,000	-	10,000	-	1,000,000
Taxes	330,000	10,000	8,200,000	-	50,000	-	8,590,000
Other	-	110,000	-	-	380,000	-	490,000
TOTAL DISBURSEMENTS	**2,601,000**	**1,116,000**	**71,560,000**	**93,000**	**5,615,000**	**686,000**	**81,671,000**
NET CASH GENERATION / (BURN)	**12,869,000**	**(886,000)**	**12,740,000**	**(93,000)**	**(695,000)**	**(446,000)**	**$ 23,489,000**

(1) - The receipts and disbursements in this analysis are cash transactions that are grouped by the entities that initiated the transaction, however, in some cases the cash transactions were executed on behalf of other Wextrust entities. The cash transactions have been categorized by type based on information contained within the books and records of the Wextrust Entities. The sources of cash receipts and disbursements data were a combination of general ledgers and bank transaction data. Not all bank accounts or general ledgers were included in this analysis; entities with no or insignificant transaction activity during the period presented may not have been included.
(2) - This analysis was prepared on a cash basis, therefore the timing of receipts and disbursements are different than what may be contained in accrual based financial reports. For example, receipts may not be matched to related disbursements, or vice versa. In addition, some disbursements included in this analysis had not cleared the bank as of May 31, 2012.
(3) - The disbursements in this analysis does not include Receivership professional expenses and distributions to investors.
(4) - Receivership professional expenses are not included in this analysis. The payment of Professional Expenses - Non-Receiver represent fees relating to the marketing of properties for sale, etc.

V. INVESTIGATIONS AND LITIGATION

As directed by the Receiver Order, the Receiver continues to investigate and prosecute possible claims against third parties in the United States. He has worked with the SEC and the U.S. Attorney's Office to ensure that recoveries are pursued in the most efficient and cost-effective manner.

In August and September 2013, the Receiver prepared to pursue litigation against a potential buyer that had defaulted on a sale contract related to the Quillen Manor Property (Dkt. Nos. 911 and 919). Faced with pending litigation, in late September 2013, the potential buyer paid $150,000 in liquidated damages for its default.

In August 2013, the Court affirmed the Receiver's authority to manage and sell the Commerce Center Property, which is partially owned by Peck-Clarksville, LLC, an entity controlled by David and Joshua Peck, relatives of Defendant Joseph Shereshevsky (the

"Shereshevsky Relatives"). The Shereshevsky Relatives had breached agreements, mismanaged the property, engaged in self-dealing, and failed to comply with the Court's orders. Throughout the interim period, the Shereshevsky Relatives have refused to cooperate with the Receiver, filed numerous letters with the Court, and caused the estate to incur legal fees and administrative costs. In December 2013, the Receiver renewed his request for an order related to the Shereshevsky Relatives and the property in order to conserve the estate's funds. The matter is pending before the Court.

In September 2013, the Receiver successfully foreclosed on a high yield loan related to the Mine Hill Property and took title to the property. Using local counsel, the Receiver filed a deficiency action in the Superior Court of New Jersey, Law Division, Morris County seeking to enforce the estate's remedies against the guarantors on the loan for a deficiency of approximately $600,000. The Receiver also retained local counsel to preserve the estate's interest in a tax foreclosure suit related to the property. As described in Section III, the Receiver marketed the property for sale at $280,000 and it is under contract as of January 2014.

As part of the settlement and sale of the RRA property, approved by the Court in September 2013 (Dkt. No. 937) and which yielded a net return of $1.14 million, the Receiver obtained dismissal of claims against the estate in New York state court through local counsel in November 2013 relating to RRA.

In October 2013, the Receiver successfully foreclosed on a high yield loan related to the Bethel Park Property and took title to the property. The Receiver is preparing deficiency claims against the guarantors on that loan using local counsel for a deficiency of approximately $500,000. As described in Section III, the Receiver marketed the property for sale at $195,000 and entered into a contract for sale in January 2014.

In October 2013, the Court approved the Receiver's relinquishment of the Myatt Property to Regions Bank (Dkt. No. 944). The Receiver has since monitored the state court litigation brought by Regions Bank to install a receiver for the property, as the estate will be entitled to any sale proceeds above the secured debt of Regions Bank.

Following years of efforts to foreclose, the Receiver successfully foreclosed on a high yield loan related to the Brandermill Property in October 2013. On December 6, 2013, the Receiver filed a motion with the Court to approve the Receiver's sale of the Brandermill Property (Dkt. No. 956). The Receiver has had to engage in litigation in Virginia state court using local counsel to defend against actions brought by the borrower and guarantors on that loan, James E. Moyler, III, Charlotte J. Moyler and entities they control (the "Moylers"). For several years, the Moylers have litigated and sought to delay and prevent the foreclosure, which the receivership estate has monitored and participated in as needed. The Moylers filed an objection to the Receiver's motion and continued to litigate matters related to the property before state courts in Virginia, in violation of the Court's anti-litigation injunction. The Receiver participated in those cases to represent the estate's interests. On February 10, 2014, the Moylers withdrew their objections to the sale and the Court approved the Receiver's motion (Dkt. No. 970). The Receiver and the Moylers have otherwise settled their disputes. During the period, the Receiver also began to resolve timeshare claims related to the Brandermill Property.

In October and November 2013, the Receiver sought to enforce the estate's rights under a loan agreement between a Wextrust affiliate and First Tennessee Bank, N.A. After a conference with the Court, the Receiver elected not to pursue remedies.

In November 2013, aided by local counsel in Tennessee, the Receiver concluded a settlement agreement with a former tenant of the Commerce Center Property that resolved litigation pending in Tennessee state court for back rent and payment by the tenant of $14,000. Separately, on November 20, 2013, the Court approved the transfer of $27,600 to the Receiver from accounts previously under the control of Defendant Steven Byers. The transfer was the result of prolonged discussions and preparations to litigate against a creditor seeking to obtain the funds and the bank holding the funds.

In December 2013, the Court approved the relinquishment of the Receiver's interest in Wextrust Affiliate South Pine Street Holdings, LLC (Dkt. No. 955). The Court subsequently received a letter from C-III Asset Management LLC on the behalf of U.S. Bank National Association, as Trustee for the Registered Holders of Credit Suisse First Boston Securities Corp., Commercial Mortgage Trust Pass-Through Certificates, Series 2007-C3, seeking leave to intervene in this case and to pursue a deficiency claim for more than $550,000. The Receiver filed a response in January 2014, contesting the basis of the intervention and the substance of the underlying claim. This dispute remains pending.

In January 2014, the Receiver settled a longstanding dispute over a series of loans extended by a Wextrust affiliate in connection with a property located at 56 Walker Street in New York, NY. The property was subject to foreclosure and the owners declared bankruptcy in 2013. While the foreclosure proceedings were stayed, the debtor settled with the Receiver and agreed to pay an allowed claim of $150,000. This agreement is subject to the approval of the bankruptcy court, which the Receiver expects to obtain within the next month. During the last interim period, the Receiver represented the estates interests in state and federal bankruptcy courts.

In January 2014, the County of Chesterfield, Virginia withdrew a case that it had brought against the estate and the Moylers last year related to the Brandermill Property. The Receiver had previously engaged local counsel to represent the estate's interests. The Receiver is presently preparing a claim against a tenant of the Brandermill Property for approximately $70,000 in unpaid rent.

As directed by the Receiver Order, the Receiver and his advisors are periodically required to participate in ancillary litigation that may impact receivership assets and interests. During the past six months, counsel for the Receiver continued to monitor ongoing cases in both state and federal bankruptcy courts that implicate receivership property interests, and to participate as needed. Counsel will continue to do so in consultation with the SEC in order to preserve and protect the receivership estate's rights. The Receiver is also investigating additional claims the estate has against other individuals and entities and may bring additional suits.

VI. INVESTOR COMMUNICATIONS

Investor inquiries continue to be handled in the first instance by A.B. Data, which the Receiver engaged in 2010 to handle investor communications and the logistics of distributions to investors. The Receiver's counsel provides support to the A.B. Data professionals who interface directly with investors. Where A.B. Data is unable to handle a question, the question is forwarded to Receiver's counsel.

As a reminder, the Receiver has implemented a system whereby interested investors can be automatically notified when the receivership website is updated. If investors wish to "opt in" and be notified, they should send an email to wextrustreceiver@abdata.com with "Opt-In" in the subject line. The Receiver's contact information is: **1-800-985-4155** and **wextrustreceiver@abdata.com**.

The Receiver anticipates holding a town hall teleconference later this year to discuss distribution of the assets to investors.

VII. CONCLUSION

The receivership estate has approximately $20 million cash and the Receiver hopes that by the end of the case, the estate will have as much as $23 to $26 million for distribution to investors and for payment of administrative expenses, in addition to the amounts already repaid to secured creditors. The Receiver also hopes to wind up all, or substantially all, property operations by the end of the year. As ever, the Receiver continues to carry out the directives of the Receiver Order by managing the receivership estate, selling the real estate assets for the greatest return possible, and accomplishing further distributions to victims. The Receiver will continue to report on the financial condition of the receivership estate on a periodic basis, and will continue to take steps to inform investors and other interested parties of significant developments.

* * *

Dated: Washington, DC
February 11, 2014

Respectfully submitted,

Timothy J. Coleman
Receiver for Wextrust Entities

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on **February 11, 2014** I directed the service of a true and correct copy of the foregoing **FOURTEENTH INTERIM REPORT OF RECEIVER** upon the following individuals in the manner indicated below:

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