

RECEIVER'S FOURTH REPORT

Pursuant to paragraphs 35 and 36 of the Court's July 13, 2009 Temporary Restraining Order, Order Freezing Assets and Granting Other Relief, and Order to Show Cause ("TRO") [Case No. 1330, D.E. 12]¹, Melanie E. Damian, Esq., the court-appointed receiver (the "Receiver") in the above-captioned matter, hereby submits the Receiver's Fourth Report regarding the present status of the Estate of Sean Nathan Healy (the "Estate").

I. SUMMARY OF OPERATIONS OF THE RECEIVER

This Fourth Report is an update to the Receiver's Initial Report [Case No. 1330, D.E. 29] dated July 30, 2009, the Receiver's Second Report [D.E. 38] dated

¹ The *Temporary Restraining Order, Order Freezing Assets and Granting Other Relief, and Order to Show Cause* [Case No. 1330, D.E. 12], and *Order Granting Plaintiff's Ex Parte Emergency Motion for Statutory Restraining Order, Expedited Discovery, Preliminary Injunction, and Other Equitable Relief* [Case No. 1331, D.E. 14], both entered by this Court on July 13, 2009 (collectively, the "TROs"), were modified and extended by the Court's July 20, 2009 *Stipulation and Order granting Preliminary Injunction, freezing Assets and other Relief* [Case No. 1330, D.E. 21] and *Consent Order of Preliminary Injunction and for Other Equitable Relief Against Defendant Sean Nathan Healy* [Case no. 1331, D.E. 19], (collectively with the "TROs", the "Preliminary Injunctions"). As set forth in the SEC Preliminary Injunction [Case No. 1330, D.E. 21, pp.3-4] "the Motion and the relief granted in the July 13, 2009 TRO is extended and converted to a preliminary injunction in all respects as to the Defendant and each Relief Defendant" As set forth in the CFTC Preliminary Injunction [Case No. 1331, D.E. 19, p.5] "the Order Granting Plaintiff's Ex Parte Emergency Motion for Statutory Restraining Order, Preliminary Injunction, and Other Equitable Relief shall remain in full force and effect until further order of this Court, except as amended by Section V of this Order." This Court has also made permanent much of the relief granted in the proposed orders in the Judgment as to Defendant Sean Nathan Healy [Case No. 1330, D.E. 89] and the Consent Order of Permanent Injunction, Disgorgement, Civil Monetary Penalty, and Equitable Relief Against Defendant Sean Nathan Healy and Relief Defendant Sand Dollar Investing Partners, LLC [Case No. 1331, D.E. 96], (collectively, the "Final Judgments").

January 31, 2010, and the Supplement to the Receiver's Second Report [D.E. 80] dated February 11, 2010, and the Receiver's Third Report (the "Third Report") [Case No. 1330, D.E. 87] dated April 15, 2010. Since the filing of the Third Report, the Receiver has continued to execute her charge to accumulate, maintain and preserve Estate assets, as set forth in detail below. The Receiver has maintained a close working relationship with the offices of the U.S. Securities and Exchange Commission ("SEC") and the U.S. Commodities Futures Trading Commission ("CFTC"). In addition, the Receiver maintains in close contact with the various counsel for the defrauded investors engaging in the exchange of information and documents. The Receiver, with the advice and guidance of the SEC, CFTC and other interested parties, continues to work efficiently to liquidate the assets of the estate and to devise an appropriate claims process and distribution plan.

A. Marshalling of Assets

Since the filing of the Third Report, the Receiver has focused on selling the residence located at 2672 Riviera Manor, Weston, Florida (the "Riviera Manor Property" or the "Property") using her real estate broker Marina Realty Group (the "Broker"). The Receiver has successfully obtained a \$2.46 million cash offer on the Property. The Receiver has also focused on selling the jewelry through private

auction marketed to jewelers and retail customers, and she has sold three watches for \$49,500.

The Receiver and her counsel are also actively identifying and investigating fraudulent transfers of receivership funds. The Receiver's counsel has deposed several early investors who had received repayment of portions or all of their investments from Mr. Healy, or more than they invested, prior to the commencement of this receivership case. The Receiver continues to assess whether fraudulent transfer actions should be commenced against any of these individuals who may have received back more than they invested.

On May 7, 2010, the Receiver filed suit against Karen Goelz, Mr. Healy's mother, for the return of approximately \$90,000.00 that was fraudulently transferred to her from investor accounts. The Receiver has since come to a tentative settlement pending finalization for \$52,500 to be paid in five installments in full by November 30, 2010.

Also in May 2010, the Receiver filed an insurance claim for jewelry that the Healys failed to turn over and which they have claimed, through counsel, was lost or missing. The missing jewelry is insured for approximately \$190,000, and the Receiver is using her best efforts to obtain payment of her claim from the insurer.

Then, in June 2010, the Receiver's Broker discovered roof leaks and water damage at the Riviera Manor Property. The Receiver immediately hired a general

contractor to repair the damage and prevent further leaks and the resulting damage. The Receiver also made a claim against the homeowner's insurance policy to cover the costs of this repair. The insurer paid \$95,454.12 to the Receiver to cover the repairs to the Riviera Manor Property.

II. THE AMOUNT OF CASH ON HAND

The Receiver reports the following cash on hand: \$1,099,725.80, which is currently held at Gibraltar Private Bank & Trust.

III. SCHEDULE OF THE RECEIVER'S RECEIPTS AND DISBURSEMENTS

Attached hereto as **Exhibit A** is a schedule of the Receiver's cost disbursements as required to be filed by paragraph 36 of the TRO [Case No. 1330, D.E. 12].

IV. DESCRIPTION OF ALL KNOWN RECEIVERSHIP PROPERTY

A. THE RESIDENCE

The work done to repair the leaks, water damage and resulting damage to the Property has been completed and the Property is in far superior condition than it was prior to the discovery of the leaks. As reported in the Third Report, the Riviera Manor Property was listed for sale and aggressively marketed and shown to numerous potential buyers. The Broker received verbal offers between \$1.7 and \$2 million, one written offer for \$2.35 million, with a mortgage contingency, and

another written offer for \$2.46 million in cash.² The Receiver believes that acceptance of this offer is in the best interest of the estate. Accordingly, she has filed a motion seeking approval of the sale of the residence, which is set to be heard on July 28, 2010.

B. THE LUXURY VEHICLES

The Receiver located a custom Lamborghini top for the 2006 Murcielago and sold it for \$4,000. The only remaining item relating to the luxury vehicles is the factory Lamborghini top, which appears to be missing several pieces. Nonetheless, the Receiver will continue her efforts to sell the factory top, and will keep the Court apprised of her progress in subsequent reports.

C. THE JEWELRY AND WATCHES

An updated list of the jewelry and watches of which the Receiver is in possession and intends to liquidate for the benefit of the Estate is attached hereto as **Exhibit B**. After selling valuable items of jewelry (described below) since her Third Report, the Receiver is in possession of twenty-one (21) items of jewelry with significant value: nine (9) watches; three (3) necklaces; six (6) bracelets; two (2) rings; three (3) pairs of earrings; and one (1) earring without its match. The Receiver has had all of the items appraised by a certified appraiser who is a watch

² The sale price includes all furnishings and the action hero statues located at the Riviera Manor Property.

and diamond expert, and has had all of the watches appraised separately by a watch expert who determined their respective retail (used) and wholesale prices. Their current market values are significantly less than the amounts which Healy paid for them, in part because of the currently weak economy and, in particular, the weak diamond market. To further ascertain the jewelry and watches' liquidation value to the Estate, the Receiver has approached various jewelers, watch dealers and retail customers to get an idea of the demand for the various items and the amounts for which they will likely sell.

Based on the foregoing investigation, the Receiver has determined that utilizing different methods of sale for different types and classes of items will generate the highest total sale price for all of the items.

The Receiver conducted a private auction of the watches, using Christie's estimated sale prices and the appraisals to set the reserve prices. The Receiver was able to sell the three most valuable watches for a total of \$49,500 – more than twice the wholesale value, more than \$21,000 above the appraised values, and more than \$2,000 above the estimated (used) retail values.

The Receiver has decided to sell the 11 most valuable items of jewelry through Christie's at the fall auction in October 2010 in New York City. The Receiver believes that selling the more valuable items of designer jewelry, including the Gregg Ruth necklaces, bracelets, earrings and rings with colored

diamond rings, the diamond encrusted Paris Hilton watches, and the single diamond stud, through the Christie's fall auction, will generate the highest sale prices. Christie's offered the best commission structure and advertising proposal, and has provided the highest price ranges for the jewelry to be sold among all of the auction houses interviewed.

The Receiver believes that selling the less valuable items of jewelry and watches through an online auction on eBay and/or by selling them directly to local jewelers and retail customers will generate the highest sale prices while minimizing the costs associated with such marketing and sales.

D. THE GOLD AND SILVER COIN COLLECTION

As previously reported, the Receiver is in possession of collectors' gold and silver coins, coin sets, a silver bar and other bullion.³ The Receiver has begun to sell certain coins through online auction on Ebay and has already sold two gold coins – one at 25% over the appraised value and another at 50% over the appraised value. The Receiver believes she can maximize the return to the Estate by selling the remaining gold, silver and platinum coin collection, as well as, the silver bar and other bullion on Ebay. The Receiver is also separately reaching out to known collectors to sell the precious metals collection.

³ These items are currently being stored in the Receiver's safe deposit boxes.

E. VARIOUS OTHER VALUABLES

After liquidation of the precious metals, the Receiver will begin marketing the other valuables for sale including, signed memorabilia and/or certified sports and music memorabilia, an extensive set of Versace Rosenthal china, stemware, flatware and utensils, numerous Giuseppe Armani figurines and other statues, and artwork, currently being held in secure storage maintained by the Receiver. The Receiver plans to appraise these items and sell them by online auction or private auction to collectors or specialty buyers depending on the Receiver's final determination regarding which method of sale will generate the highest sale prices. The Receiver has also considered using a liquidator to sell all of these items and she is performing a cost-benefit analysis to determine whether this would be an efficient and advantageous liquidation method.

Pursuant to the TROs, the Preliminary Injunctions, the Final Judgments, and this Court's approval at the April 15, 2010 status conference, the Receiver is authorized to sell the jewelry, watches, and other personal property of the Receivership Estate without further order of the Court. The Receiver has consulted with counsel for the SEC and CFTC and they agree with the Receiver's proposed methods for selling the jewelry, watches, coins and bullion and other valuable personal property.

V. DESCRIPTION OF LIQUIDATED AND UNLIQUIDATED CLAIMS AND STATUS OF CREDITOR CLAIMS PROCEEDINGS

The Receiver is currently considering and formulating the framework for the claims administration process with the SEC, the CFTC, the Forensic Accountants, and counsel for various investors. This claims process will be finalized in the next two months, at which time the Receiver will file a motion with the Court to approve the process to be proposed.

VI. LIST OF ALL KNOWN CREDITORS

A list of all known creditors with their addresses and the preliminary estimates of their claims, as required to be filed by paragraph 36 of the TRO [Case No. 1330, D.E. 12], has been filed as Exhibit D to the Receiver's Third Report [Case No. 1330, D.E. 87]. This list has been updated to reflect revised estimated claim amounts based on the Receiver's investigations and forensic accountants' analyses.⁴ A copy of the revised list is attached hereto as **Exhibit C**.

VII. THE RECEIVER'S CONCLUSIONS

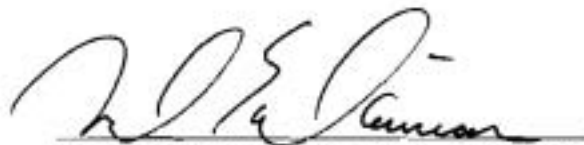
The Receiver remains dedicated to accumulating and preserving the Estate assets as set forth above in a cost efficient manner that is most beneficial to the Estate's creditors. The nature of the Receivership will change, in the event that

⁴ The Receiver reserves the right to modify these estimated claim amounts pursuant to further investigation during the claims administration process.

this Court approves, at the hearing on July 28, 2010, the sale of the Riviera Manor Property – the Estate’s most valuable asset. The Receiver believes that once the jewelry, watches, coins and bullion, and other valuable personal property are sold the claims administration process can begin. Therefore, the Receiver believes that the next major step is finalization and approval of the claims administration process. The Receiver is hopeful that the distribution and wind down process can be accomplished by the end of 2010.

Dated: July 22, 2010

Respectfully submitted,



Melanie E. Damian, Esq., as Receiver
of the Estate of Sean Nathan Healy

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing have been served via CM/ECF, U.S. Mail, and/or facsimile to the addressees on the attached Service List, this 22nd day of July 2010.

s/Kenneth Dante Murena
Kenneth Dante Murena, P.A.

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