

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

SECURITIES AND EXCHANGE COMMISSION,	§	
	§	
Plaintiff,	§	
	§	
vs.	§	Civil Action No.
	§	3:07-CV-1188-D
AMERIFIRST FUNDING, INC. aka AMERI-FIRST	§	
FUNDING, INC. aka AMERI FIRST FUNDING,	§	
INC., AMERIFIRST ACCEPTANCE CORP.,	§	
JEFFREY C. BRUTEYN, DENNIS W. BOWDEN,	§	
	§	
Defendants,	§	
	§	
and,	§	
	§	
AMERICAN EAGLE ACCEPTANCE CORP.,	§	
HESS FINANCIAL CORP.,	§	
	§	
Relief Defendants.	§	

RECEIVER’S FEBRUARY 2009 STATUS REPORT

Receiver William D. Brown (“Receiver”) hereby files a Status Report, as follows:

1. Since July 2, 2007, the Receiver has continued marshaling assets of the Receivership Estate (the “Estate”), including collecting car note payments, selling collateral on defaulted notes, pursuing the sale of real property, and prosecuting legal claims belonging to the Estate. This report is as of December 31, 2008

Estate Assets

2. As of December 31, 2008, the Estate had total assets of \$7,430,882 which includes liquid assets of \$3,912,827, real estate of \$2,537,880, and car notes receivable (net) of \$979,575. The Net Verified Balance owed Investors as of December 31, 2008 of \$29,177,624 leaves a deficit to the investors \$21,746,742. These balances reflect the distributions on March 28, 2008 of \$24,977,869 and August 5, 2008 of \$3,898,497 pursuant to the Court’s authorization

of the First and Second Interim Partial Distributions to Investors (“Distributions”). Seventeen investors were excluded from the First Distribution because their investments had yet to be verified. The investments for eight of these investors were subsequently verified and totaled \$876,245. The amount these eight investors would have received under the March 28, 2008 Distribution was included in the August 8, 2008 distribution. The real estate is carried at Tax Appraisal District values which the Receiver believes are lower than market value; it does not include the Roatan, Honduras property. The Receiver is presently evaluating the funds needed for operating the Estate, including contingencies, and the amount and timing to be recommended to the Court for the Third Partial Distribution to Investors.

The Used Car Business

3. The Receiver’s staff is continuing to collect car payments and sell repossessed cars from defaulted notes. As of December 31, 2008, the Estate held 268 car notes of which 104 were current and 61 were between 1 – 30 days past due. The borrowers in this latter category are subject to continued collection efforts and for the most part have been making payments since the Receivership was formed. The total unpaid principal balance on these two categories is \$1,040,323. The total expected payments on this principle balance will be \$1,438,812. The remaining non-performing car notes – approximately 103 -- are the subject of repossession efforts, legal proceedings, or insurance claims.

4. As of December 31, 2008, the Receiver has sold approximately 975 cars, most of which were repossessed, for a net gain to the Estate of \$4,152,566. The Receiver also has filed about 289 claims with Lloyd’s of London the Single Interest Insurance Policy which was referenced prominently in the promotional materials given to the investors. Lloyds had denied the claims, and the Receiver is challenging the denial.

Real Property Transactions

5. Pursuant to the Court's April 22, 2008 order, the property at 633 Division Street, Arlington, Texas was sold. The net proceeds of \$711,876 (sales price \$750,000 and appraised value of \$245,000) were received on April 28, 2008. The five West Dallas properties closed on May 8, 2008 with net proceeds of \$1,579,810. Pursuant to the Court's September 9, 2008 order, the property at 2939 Shelby Avenue, Bldg. C, Dallas, Texas 75219 was sold for \$105,000. In the same order, the Court also approved the sale of the property at 6211 W. Northwest Highway, Unit No. C255, Dallas, Texas 75225 for \$135,000.

6. The 34-acre ranch property outside of Tyler, Texas (cost to the Estate of about \$65,000) has been appraised for \$150,000 and is currently listed on the market for \$249,000. Research shows there have been no sales of property in this subdivision for over a year. There have been no offers on this property.

7. The four acre car lot on Garland Road has been appraised at \$1,200,000 and is on the market for \$2,800,000. The Receiver had one contract on the property that was terminated by the purchaser.

8. The Joint Venture that owned the two Chantilly Lane lots in Lakewood was dissolved with one of the lot transferred to the Estate. The property has been appraised at \$153,000 and is presently listed on the market for \$199,000.

9. The Roatan, Honduras property was listed for sale with a local broker in Roatan for \$3,300,000 and there were no offers in the last seven months. The Receiver visited the property in October 2008 and found it in dire need of maintenance and security. Arrangements were made with a local contractor to maintain the beach for about \$400 per month. The annual property taxes, in the amount of \$4,158, were paid by the Receiver. The Receiver has discussed

various marketing options with the local broker, including splitting the property into tracts and selling the beach area separately, or reducing the price on the entire parcel. The broker has been instructed to reduce the selling price to \$2,800,000.

10. The receiver in the case styled *State of Florida v. AmeriFirst Funding, Inc., et al.*, Case No. 07-CA-6692, pending in the 20th Judicial Circuit for Lee County, Florida, (the “Florida Receiver”) has asserted that the Roatan property was funded in part with the investments from the investors which he represents. The Receiver is examining what amount, if any, of the funds used to purchase the Roatan property came from the investors in the Florida Receivership.

Compliance with the Contempt Order

11. The Receiver has recovered \$435,000 as a result of the Court’s order in the contempt proceeding filed in September 2007. The Court’s further awarded attorneys’ fees and costs from Bruteyn, Lois Whitcraft and Offill. On August 7, 2008, the Court ordered Bruteyn, Whitcraft and Offill to pay \$105,857.64 in attorney’s fees and costs. The time to comply with the Court’s order has expired and the Receiver has motioned the Court to enforce the order. To date the aforementioned have not paid the attorney’s fees and costs.

Lawsuit Against the Whitcrafts

12. The Parties reached a settlement in the Receiver’s lawsuit against Ron and Lois Whitcraft on October 21, 2008. Pursuant to its terms, the Whitcrafts agreed to grant title to the Lakewood House to the Receiver. The Court approved the settlement agreement between the Parties on November 26, 2008. The Receiver holds the title to the Lakewood House. Major renovations were made to the property by Bruteyn without receiving proper permits or inspections by the City of Dallas. Additionally, the house fell into serious disrepair while the Whitcrafts held the title. The Receiver is making arrangements for necessary repairs and has

undertaken efforts to correct the various permit deficiencies. The Lakewood House was appraised at \$785,000 and is currently on the market for \$1,040,000.

The Special Receiver

13. A special receiver was appointed by the Court for the sole purpose of pursuing legal malpractice claims against the law firm that formerly represented the Amerifirst companies. Suit was filed by counsel for the special receiver and the matter is pending before the Court.

Respectfully submitted:

/s/ Spencer C. Barasch

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CERTIFICATE OF SERVICE

I hereby certify that on February 17, 2009, I electronically submitted the foregoing document with the clerk of the court for the U.S. District Court, Northern District of Texas, using the electronic case files system of the court. The electronic case files system sent a "Notice of Electronic Filing" to the following individuals who have consented in writing to accept this Notice as service of this document by electronic means:

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I hereby certify that I have served the foregoing document by mailing a copy to the following individuals:

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