

“update” on key matters. The history of the receivership is contained multiple times in the first five reports. Changing the format will take less time and reduce the cost of reporting.

3. This Report includes an update on (a) key events since the last report; (b) the Receiver's current conclusions as to the extent and nature of the Receivership Estate's assets and liabilities, (c) the status of the claims process for victims, and (d) the Receiver's current view of the potential for recovery efforts and alternatives in light of the assets available.

Summary of Key Events Since the Fifth Interim Report

4. A summary of the key events since the last report is as follows:
 - a. **Insurance Proceeds:** The Receiver provided a detailed position statement to those persons claiming a beneficial interest in approximately \$2,400,000 dollars in certain of J David Salinas' life insurance policies addressing why these interests should be returned to the receivership for distribution to all affected victims. On or about August 14, 2012, the Receiver was provided with a detailed reply and he has considered the response. The Receiver has engaged in a call with counsel for these persons and provided them with some additional information requested as a result of that call. The Receiver believes that all information requested by the attorneys has been provided and is waiting on a response to a settlement proposal made by the Receiver. The Receiver anticipates that a resolution or determination that litigation is required will be made before the end of the year.
 - b. **Loan Collection:** Monitoring and collection of loans in Select Asset Management Fund I and Select Asset Management Prime Index Fund continues. Agreements were made and approved by the Court for payment of three large loans that were in default. Two of the settlements have been paid in full and the other is being paid as agreed. The Receiver has also filed summary proceedings

for judgment on an additional loan and either a resolution or the determination to litigate will be made before the end of the year.

- c. **Real Estate:** The Receiver has completed a major repair to the Apple Blossom house to improve the ability to sell it. All three properties remain listed for sale. Some offers have been made but have not have been satisfactory.
- d. **Third Parties:** The Receiver has opened discussions with Erin Bjork, wife of Brian Bjork, to develop a property settlement for Mr. Bjork's interests in their community personal and real property. The Receiver continues to work on a plan for the sale of SFT Investments, Inc.'s equity interest in Select Markets Insurance Group to the other equity holders in that entity. With the help of the receivership accountants, claims are being analyzed for the claw back of funds unfairly paid to third parties.
- e. **Claims Approval Process:** The claims team has received what they believe are substantially all the claims to be made in this matter and the results of the extensive forensic accounting performed by UHY Advisors. The claims team has initiated the claims review to develop claims for approval by the Court. Motions to the Court to start approving claim amounts should begin after the first of the year.
- f. **Miscellaneous:** The Receiver's website has been updated with information to investors and his staff has responded to regular inquiry from investors on the status of the receivership. The Receiver has renewed the Certificates of Deposits holding the larger sums of the receivership corpus.

General Summary of the Receivership Estate's Assets and Liabilities

5. As reported in the prior Interim Reports (DK#s 35, 47,72 and 99), the Receivership estate is composed of various types of assets. This Sixth Interim Report will update the previous reports without repeating information on the assets that remain unchanged:

- a. **Real Estate** - The real estate assets have not expanded. The remaining real estate assets include the Salinas home, Bay home, the Pearland home and the New Ulm lot. All of the potential Salinas family's interest in the Salinas home, Bay Home, Pearland home and New Ulm lot have been deeded to the Receiver as part of the settlement with the family. The Salinas Home, Bay home, Pearland home and New Ulm lot are listed for sale. Purchaser interest in the properties has been light. The Receiver's current belief is that there may be as much as \$400,000 in equity in these properties, before payment of sales costs and unpaid real estate taxes.
- b. **Insurance Policies** - No new insurance policies have been identified. The Receiver has \$2,400,000 remaining to be collected on certain policies that had last minute ownership and beneficial interest changes. The Receiver is at the end of the process of exchanging information with those making claim to these proceeds and will know shortly whether there is a resolution or if litigation will be necessary.
- c. **Loans** – Select Asset Management Fund I and Select Asset Prime Index Fund had collectively made 20 loans, either as maker or as a participant. Many of the loans are being paid as agreed. The loans that hold the possibility of being paid, but were past due, have been pursued and settlements reached with payments now being made as agreed. The intercompany loans (loans between the Funds and various J David related entities) are in default and if the integrity of the Funds

is maintained separate from the main J David Financial corpus, the Funds will make claims against the main J David Financial receivership accounts. Some loans in the Funds are of negligible value and will not be pursued. An updated summary of the current understanding of these loans follows. Of the original 20 loans, 10 loans remain to be addressed by the Receiver. Those that are listed as intercompany or that are not being pursued will not be listed in future reports so as to present only the material information on the loans remaining to be collected. The identity of the maker and guarantors of the notes is not provided due to privacy concerns. The numbers shown are as best known at this time, are presented without prejudice to the actual amount owed and may change as the investigation continues.

Select Asset Fund I LLC Notes

Original Principal	Estimated Current Balance	Status	Collateral
\$155,000	\$220,000 plus interest (additional \$65,000 advanced)	Matured; unpaid; Receiver has made demand and borrower has refused to pay. The Court has authorized a Summary Proceeding to determine liability of the borrower. A Motion for Judgment for the full amount has been filed with the Court and negotiations are underway. The matter should be resolved or in full dispute by the end of the year.	It does not appear that this loan was collateralized.
\$1,575,000	\$72,981 plus interest	Matured; unpaid; demand has been made; working with borrower on payoff	Residential real estate;
\$500,000	\$490,000 plus interest	Matured; unpaid; Settlement reached with guarantors. Full payment has been collected by the Receiver.	Unsecured, but with significant personal guarantees

\$500,000	\$500,000 plus interest	Matured; borrower discharged in bankruptcy; total loss. This loan is not being pursued.	None
\$1,965,000	\$1,965,000 plus interest	No documentation; loan is due; unpaid; loan to related J. David entity; Receiver met with principals in February; preliminary indications are the borrower can't pay the loan. Negotiations have been under way for partial payment of the note in satisfaction of the debt and positive progress continues.	None
\$300,000	\$300,000 plus interest	No documentation; due; unpaid; loan to related J. David entity; This loan is owed by the same obligors as the preceding listed loan and if negotiations can be successful it will be satisfied as well with the agreed partial payment.	None

Select Asset Fund I LLC Participations Purchased

\$1,000,000	\$991,098.03	Current and performing	Commercial real estate
\$2,000,000	\$1,734,441.64	Matured; loan collateral is impaired; in process of restructure by lead lender; Efforts to sell the participation continue.	Commercial real estate
\$500,000	\$497,271.41	Current and performing	Commercial real estate and UCC assets
\$1,000,000	\$936,884.04	Current and performing; loan matures later this year and the Receiver expects full payment of the balance.	Commercial real estate

Select Asset Prime Index Fund LLC Notes

\$400,000	\$400,000 plus interest	No documentation; due; unpaid; loan to related J. David entity; may be treated as a claim in the J David receivership	None known
	\$556,405.12 plus interest	No documentation; due; unpaid; loan to related J. David entity; may be treated as a claim in the J David receivership	None known
\$1,000,000	\$1,000,000 plus interest	Pool of loans, covenants violated, distributions had been suspended at the time of the Receivership but were resumed in April 2012. Efforts to sell the participation continue.	Commercial Debt Obligation Fund
\$1,000,000	\$1,060,267 plus interest	Matured; unpaid; demand was made; settlement worked out with borrower and approved by the Court; borrower paid half the balance on settlement and will pay the balance due over 12 months. Being paid as agreed.	Secured by assets in SAM brokerage accounts
	\$810,000 plus interest	No documentation; due; unpaid; loan to related J. David entity; Receiver to meet with principals in February; preliminary indications are the borrower can't pay the loan. This loan will be satisfied if negotiations for partial payment are successful.	None known
\$1,000,000	\$1,000,000 (divided in to 4 debentures of \$250,000 each)	Current and paying as agreed.	Subordinated to senior debt holders, otherwise secured by all business assets
\$150,000	\$89,630.00	Current and paying as agreed.	Commercial Real Estate

- d. **Bank Accounts** – Approximately 60 bank accounts for the Defendants have been identified, the banks put on notice of the TRO/Freeze Order and Order Appointing Receiver and all such accounts have been frozen. The accounts for Fund I and, Prime Fund and Parkway Pawn have been kept separate from all other funds in the receivership and money that is paid on loans in Fund I and Prime Fund and from the operations of the pawn shop will be segregated for now. The current status of the Receiver's investigation indicates that funds that were invested in Fund I and Prime Fund were kept separate from other funds of the Defendants, however, the Receiver has discovered that there have been loans made from Fund I and Prime Fund to related J David entities and is considering whether these acts are sufficient to warrant pooling of all assets in the estate for the benefit of all investors. The money back and forth from J David Financial and Parkway Pawn strongly suggests that Parkway will be rolled into the pooled assets of the J David receivership.

Claims Administration

6. On September 16, 2011, the Receiver filed with the Court his Receiver's Unopposed Motion to Establish Claim Procedure and Claim Form. On September 20, 2011, the Court approved the proposed procedure and form. At the time of this report, the Receiver has received 285 A claims from 149 separate entities/people for a gross amount of \$56,265,590.97. The Receiver has received 24 B claims for a total of \$280,471.32. These numbers are very "soft" as these claims have not been reviewed for accuracy and in all likelihood represents an overstated amount.

7. Distributions will be made only according to a plan approved by the Court. Distributions to claimants can only occur after all claims have been reviewed and approved as

well as when there are sufficient liquid assets to distribute. The claims process may take as long as a year and the liquidation of assets may take longer.

Current View of Potential Recoveries

8. The Receiver's has completed his settlement of the J David Salinas probate estate and interests of the family in all community and separate property and has now substantially listed all of the real estate assets for sale. He has sold Parkway Pawn and substantially all of the personal property seized. All sales of the remaining real estate must be approved by the Court following a motion to the court and hearing if necessary. At present the Receiver believes that he can sell and liquidate equity in all of the remaining real estate in 2013.

9. For those insurance policies on which the beneficial interests were in the name of a Receivership entity or have been assigned to the Receiver, claims have been made and funds collected and invested. For those portions of the insurance death benefits that are in issue with third parties, the Receiver has exchanged positions with these parties and is either going to reach a settlement with them or determine that litigation is necessary. The Receiver believes that this determination will be made before the end of the year.

10. The Receiver has evaluated the loans in Fund I and the Prime Index Fund and has been taking steps to seek full payoff of these loans and the possible sale of other loans that cannot or are not required to be paid off at this time. All borrowers have been contacted and where there is resistance to payment of loans that are due, the Receiver plans to follow an efficient path of filing a Motion with the Court seeking an order requiring the borrower to pay the loan. The first of these motions has been filed, a hearing held and the Court has determined that these matters should be resolved through summary proceedings as called for under the Federal Rules of Civil Procedure.

11. The Receiver is also currently engaged in an analysis of the flow of funds in and out of the various Defendants' bank accounts and entities. The Receiver is also currently

engaged in review of all third parties who assisted the receivership entities to determine the extent of their participation in the process, possible location of assets and possible claims.

12. The most recent quarterly Standard Funds Accounting Report prepared by the Receiver's accounts is attached as Exhibit "A."

13. The Receiver has established an e-mail at www.selectassetreceiver.com and encourages investors to comment on this Report by responding to that address. The Receiver has reviewed and considered correspondence forwarded through this means, and will continue to do so unless constrained by the expense.

Respectfully submitted,

/s/ Steven A. Harr

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THE RECEIVER

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing was filed electronically with the Clerk via the CM/ECF system. Notice of this filing will be sent to all parties by operation of the Court's electronic filing system.

Houston, Texas, this 12th day of December 2012.

/s/ Steven A. Harr _____
Steven A. Harr

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STANDARDIZED FUND ACCOUNTING REPORT for J. David Financial, et. al. - Cash Basis

Receivership; Civil Court Docket No. 4.11 CV - 02830

Reporting Period 8/01/2012 to 10/31/2012

FUND ACCOUNTING (See Instructions):				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 8/01/2012):			\$ 23,058,023
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income	25		
Line 3	Cash and Securities	-		
Line 4	Interest/Dividend Income	64,857		
Line 5	Business Asset Liquidation	-		
Line 6	Personal Asset Liquidation	68,115		
Line 7	Third-Party Litigation Income	-		
Line 8	Miscellaneous - Other	7,642		
	Total Funds Available (Lines 1 – 8):		140,639	140,639
	<i>Decreases in Fund Balance:</i>			
Line 9	Disbursements to Investors			
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	326,832		
Line 10b	Business Asset Expenses	368		
Line 10c	Personal Asset Expenses	20,424		
Line 10d	Investment Expenses	294		
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees			
	2. Litigation Expenses			
	Total Third-Party Litigation Expenses			
Line 10f	Tax Administrator Fees and Bonds			
Line 10g	Federal and State Tax Payments			
	Total Disbursements for Receivership Operations		(347,918)	
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):			(347,918)
Line 13	Ending Balance (As of 10/31/2012):			\$ 22,850,744

STANDARDIZED FUND ACCOUNTING REPORT for J. David Financial, et. al. - Cash Basis

Receivership; Civil Court Docket No. 4.11 CV - 02830

Reporting Period 8/01/2012 to 10/31/2012

Line 14	Ending Balance of Fund – Net Assets:			
Line 14a	Cash & Cash Equivalents			\$ 2,802,058
Line 14b	Investments			14,267,280
Line 14c	Other Assets or Uncleared Funds			5,781,406
	Total Ending Balance of Fund – Net Assets			\$ 22,850,744
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.....			

Note: Asset values are estimated based on books and records of estate. These amounts may change upon further analysis during the course of the receivership.

Receiver:

By: _____ Date: _____
(signature)

(printed name)

(title)

STANDARDIZED FUND ACCOUNTING REPORT for J. David Financial, et. al. - Cash Basis

Receivership; Civil Court Docket No. 4.11 CV - 02830

Reporting Period 8/01/2012 to 10/31/2012

Line 1: Beginning Balance (As of 8/1/2012):

Balance as of last report period ended 7/31/2012 \$ 22,984,560

Adjustment of asset values unknown at
beginning of receivership:*J. David Financial et al Receivership:*

Select Asset Mgmt LLC -

2011 1st, 2nd, 3rd Qtr Form 941

Voided Checks \$108,248.38

Reissued Checks 74,338.26

33,910

Due to Affiliates

39,553

Adjusted balance as of 7/31/2012

\$ 23,058,023

Line 14c: Other Assets or Uncleared Funds:	Assets	Mortgages	Net Assets or Uncleared Funds
Global Leveraged Capital	\$ 969,309	\$ -	\$ 969,309
Real estate at appraised values:			
Primary residence, Friendswood, TX	450,550	(318,684)	131,866
N/P - HomeTown - \$154,201			
N/P - Wells Fargo - \$164,483			
Total \$318,684			
Galveston house	578,620	(369,037)	209,583
Pearland house	120,375	(52,270)	68,105
Total real estate	<u>1,149,545</u>	<u>(739,991)</u>	<u>409,554</u>
Notes Receivable/Due to Affiliates:			
Held by Select Asset Fund I, LLC	3,051,586	-	3,051,586
Held by Select Asset Prime Index Fund, LLC	1,350,807	-	1,350,807
Total notes receivable/due to affiliates	<u>4,402,393</u>	<u>-</u>	<u>4,402,393</u>
Security deposit	<u>150</u>	<u>-</u>	<u>150</u>
Total other assets or uncleared funds	<u>\$ 6,521,397</u>	<u>\$ (739,991)</u>	<u>\$ 5,781,406</u>