

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

OKLAHOMA DEPARTMENT OF)
SECURITIES EX REL. IRVING)
FAUGHT, ADMINISTRATOR,)

Plaintiff,)

v.)

Case No. CJ-2009-7957
Judge: Gurich, Noma D.

STORYBOOK PROPERTIES, LLC,)
a California limited liability company;)
STORYBOOK INVESTMENTS WA,)
LLC, a Washington limited liability)
company; MATTHEW G. STORY)
an individual; JOE DON JOHNSON,)
an individual; and JAMES FARNHAM,)
an individual,)

Defendants.)

FILED IN THE DISTRICT COURT
OKLAHOMA COUNTY, OKLA.

AUG - 2 2010

PATRICIA PRESLEY, COURT CLERK
by ~~DEPUTY~~

REPORT OF RECEIVER FOR OPERATIONS THROUGH JUNE 30, 2010

Stephen J. Moriarty ("Receiver") the Court appointed Receiver for Storybook Properties LLC, Storybook Investments WA, LLC, EZ-to-Buy Homes, LP and Matthew G. Story (all collectively referred to as ("Companies")) hereby submits his report regarding operations of the Companies through June 30, 2010:

Factual Background

1. On October 7, 2009, this Court entered its Order Appointing Receiver. Pursuant to the Order, the Receiver was given full authority to "operate and manage all assets" of the Companies. Further, Receiver was given the authority to "take immediate custody, possession, and control of any and all assets" of the Companies and to sell all assets.

2. The major assets of the Companies consisted of (a) numerous residential properties located in Tulsa County, Oklahoma (the "Residential Properties") and (b) a 5 unit

apartment building located at 2436 East Sixth Street, Tulsa, Oklahoma and an 8 unit apartment building located at 2440 East Sixth Street, Tulsa, Oklahoma (the "Apartment Properties").

3. Pursuant to the duties and authority granted, Receiver took charge of the records, assets, and funds of the Companies.

BANK ACCOUNTS

4. Receiver identified all known bank accounts of the Companies. All authorized signors on these accounts were removed and were replaced by Receiver as the sole signor.

5. The statements on all known accounts are attached hereto as Exhibit "A" and reflect all activity on these accounts through closing. Further details for all expenses paid are reflected in the attachments to the account statements.

6. Receiver opened an account at Bank of Oklahoma and has utilized it as the primary account. Statements on this account are attached hereto as Exhibit "B" and reflect all activity on these accounts through June 30, 2010. Further details for all expenses paid are reflected in the attachments to the account statements. As of June 30, 2010, the balance in the BOK account was \$423,860.10.

ASSET SALES

7. Receiver has sought and obtained multiple approvals for the sale of properties owned by the Companies. Attached as Exhibit "C" is a copy of the Docket Sheet in this case setting forth all Motions to Sell and Orders approving such sales.

8. For all properties sold through June 30, 2010, Receiver has received net proceeds of \$454,791.15. Attached as Exhibit "D" is a schedule reflecting all property sales through June 30, 2010. All net proceeds from these sales were deposited in the BOK account. See Exhibit "B".

OTHER ASSETS

9. Receiver believes there are two (2) additional properties from which funds will be recovered:

a. 2204 N. Boston Place- the Companies hold a \$76,000 mortgage on this property. No payments have been received by the Receiver, the mortgage is in default and demand has been made. It is unknown what recovery will be from this property.

b. 2457 S. 127th E. Ave. – the Companies hold a mortgage in the original principal amount of \$67,500.00, dated 10/26/07, from Sheila Alvey. The mortgage calls for monthly payments of 741.37 and is current.

10. The Receiver may have claims against Matthew Story. It is not possible to determine, at this time, whether pursuit of such claims would result in any significant recovery.

LIABILITIES

11. The majority of the debts owed are in the form of investment contracts from the Companies in favor of individuals who “invested” with the Companies. It appears there is approximately \$6,000,000.00 owed to the investors in the Companies.

COSTS OF ADMINISTRATION

12. The balance in the BOK account of \$423,860.10 represents property sales of \$454,791.15 and limited rental income, less costs of administration as detailed in Exhibits “A” and “B”.

13. Through June 30, 2010, there have been payments to the Receiver in the amount of \$32,310.03 as approved by Order of the Court entered on December 3, 2009.

FUTURE EVENTS

14. Receiver is working with an accountant to prepare and file tax returns for the

Companies.

14. Upon the completion of tax returns, Receiver will be filing a Motion for Proposed Distribution that will be served on all investors.

WHEREFORE, the Receiver respectfully submits this Report to the Court.



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RECEIVER

CERTIFICATE OF MAILING

This is to certify that on the 2nd day of August, 2010, the foregoing was sent by U.S. Mail, first class, postage prepaid to:

Patricia A. Labarthe, Esq.
Jennifer Shaw, Esq.
Oklahoma Department of Securities
120 N. Robinson, Suite 860
Oklahoma City, OK 73102

Matthew G. Story
27943 Seco Canyon Road
Suite 201
Santa Clarita, CA 91350



Stephen J. Moriarty