

BRUCE S. KRAMER RECEIVER TRADE PARTNERS, INC.

CASH ACTIVITY REPORT (COMPILED)

FOR THREE AND NINE MONTHS ENDED JANUARY 15, 2004

ACCOUNTANT' S COMPILATION REPORT

January 16, 2004

Bruce S. Kramer, Receiver
Trade Partners, Inc.
Memphis, Tennessee

We have compiled the special-purpose Cash Activity Report for Bruce S. Kramer Receiver Trade Partners, Inc. for the three and nine months ended January 15, 2004 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of Bruce S. Kramer, Receiver for Trade Partners, Inc. We have not audited or reviewed the accompanying special-purpose financial statement and, accordingly, do not express an opinion or any other form of assurance on it.

The accompanying special-purpose financial statement was prepared for the purpose of complying with information requested by Bruce S. Kramer, Receiver for Trade Partners, Inc. and the United States District Court for the Western District of Michigan Southern Division, and is not intended to be a presentation in conformity with generally accepted accounting principles in the United States of America.

We are not independent with respect to Trade Partners, Inc. or Bruce S. Kramer, Receiver for Trade Partners, Inc.

This report is intended solely for the information and use of Bruce S. Kramer, Receiver for Trade Partners, Inc., its creditors, and The United States District Court for the Western District of Michigan Southern Division and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Ed Himebaugh

Echelbarger, Himebaugh, Tamm & Co., P.C.

Bruce S. Kramer Receiver Trade Partners, Inc.
Cash Activity Report (Compiled)
Three and Nine Months Ended January 15, 2004

	<u>Current Quarter</u> <u>10/16/03 - 1/15/04</u>	<u>From Inception</u> <u>of Receivership</u> <u>4/15/03 - 1/15/04</u>
Beginning Cash Balance		
Checking - Receiver Operating	\$ 7,375	\$ (593,582)
Checking - TP Payroll	-	48,161
Savings #1 - Receiver - 1.99%	4,213,527	-
Escrow - Premiums	25,168	-
Total	<u>\$ 4,246,070</u>	<u>\$ (545,421)</u>
Cash Receipts:		
Checks Voided By Receiver	\$ -	\$ 749,855
Death Proceeds	5,816,589	11,999,546
Interest and Dividends	76,767	184,734
Miscellaneous	2,069	28,136
Notes Receivable - Principal	25,130	95,845
Policy Sales	-	738,250
Pooled Funds:		
Excess Premium Escrow	-	353,279
Maturity Escrow	-	5,328
Premium Escrow	-	299,552
Purchaser Escrow	-	263,241
Purchaser Escrow Funds - Undesignated	-	204,237
Subtotal	<u>5,920,555</u>	<u>14,922,003</u>
Cash Disbursements:		
Advertising	2,145	2,145
Bank Charges	156	3,608
Commissions Paid - Associates	-	180,481
Commissions Paid - Trade Partners	-	1,000
Interest Expense	-	14,215
Legal and Professional Services:		
Borod & Kramer, P.C.	280,200	440,116
Echelbarger, Himebaugh, Tamm & Co., P.C.	173,671	246,477
EMS Engineered Management Solutions	17,944	47,919
Litzler, Segner, Shaw & McKenney LLP	66,974	66,974
Munsch, Hardt, Kopf & Harr, P.C.	389,588	406,878
Quilling, Selander, Cummiskey, Lownds	124,937	124,937
Other	10,533	12,533
Licenses & Fees	624	3,114
Miscellaneous	160	4,379
Office Expense	23,787	29,918
Outside Labor	-	2,184
Parking	607	3,595
Payroll Taxes	118	16,275
Postage and Shipping	18,362	36,179
Premiums (Net of Refunds)	698,303	3,861,843
Printing	-	10,774
Purchaser Escrow Refunds	-	265,263
Real Estate Expenses	56,329	70,611
Rent	10,810	23,828
Salaries - Officers	-	30,800
Salaries - Other	-	144,560
Travel	49,804	79,205
Utilities	2,766	7,964
Subtotal	<u>1,927,818</u>	<u>6,137,775</u>
Net Change in Cash Balance	<u>\$ 3,992,737</u>	<u>\$ 8,784,228</u>
Ending Cash Balance		
Checking - Receiver Operating	\$ (100,058)	\$ (100,058)
Savings #1 - Receiver - 1.99%	1,000,000	1,000,000
Savings #2 - Receiver - 1.99%	7,313,675	7,313,675
Escrow - Premiums	25,190	25,190
Total	<u>\$ 8,238,807</u>	<u>\$ 8,238,807</u>

See Accountant's Compilation Report
See Selected Information

Bruce S. Kramer Receiver Trade Partners, Inc.

Notes to Selected Information – Basis of Presentation (Compiled)

Three and Nine Months Ended January 15, 2004

The following items are considered significant when reading the cash activity report.

Checking – TP Operating / Checks Voided by Receiver

Upon appointment at April 15, 2003, the Receiver determined that Trade Partners operating account was significantly overdrawn. The Receiver voided numerous checks and closed this account. A new operating account was established, and there have been no overdrawn checks in this account.

Cash Accounts

The Receiver has established three bank accounts to maximize the return on investment and protect the cash assets held by the Receivership. Checking – Receiver Operating is linked to Savings Account #1, which on a daily basis sweeps funds to the checking account to cover checks clearing that day. As a result, the checking account will typically have a negative balance that consists of checks written that have not yet cleared the bank.

The Receiver maintains two savings accounts with Irwin Union Bank. Both accounts have a guaranteed interest rate of 1.99% through March 25, 2004 if each account balance is maintained at \$100,000 or greater. The Court has approved this investment. Savings Account #1 has a maximum account balance of \$1,000,000 determined each day by Irwin Union Bank. If the balance exceeds this amount at any time, cash funds exceeding this amount are automatically swept by Irwin Union Bank to Savings Account #2. Savings Account #2 is only accessible to the Receiver, and funds can only be transferred out of the account with the approval of the Receiver.

The total cash balance does not include any escrow funds held by Borod & Kramer, P.C. or any other third party.

Escrow – Premiums

The premium escrow account has been frozen by LaSalle Bank, because the bank is named in one or more lawsuits against Trade Partners, Inc.

Death Proceeds

Death Proceeds represents collections of the face amount of matured life insurance policies. A maturity check may include interest or dividend income, interest expense, and/or premium refund. These components have been accounted for separately.

Notes Receivable – Principal

The Company is collecting principal and interest income at 8% on notes that were received in exchange for policy or beneficial interests.

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Three and Nine Months Ended January 15, 2004

Policy Sales/Purchaser Escrow Funds - Undesignated

The Company sold units in various trusts that owned or had beneficial interests in life insurance policies. Direct and indirect beneficial interests in life insurance policies owned by the Company were also sold. All of these types of transactions ceased in June 2003 when the Receiver stopped normal operations of Trade Partners and terminated all remaining employees. Escrow deposits for sales that had not been consummated were refunded.

Pooled Income Funds

Trade Partners, Inc. maintained various escrow accounts which were allowed to be pooled with operating funds pursuant to the Court's order of July 21, 2003. The amounts listed under Pooled Funds reflect the balances in the escrow accounts at April 15, 2003, the date the Receiver was appointed. Pooled funds have been shown as additions to operating funds to properly reflect the cash activity during the period of receivership.

Cash Disbursements

The Company continued its normal operations until June 10, 2003. Accordingly, the Company paid typical operating expenses such as commissions, payroll, office rent, office utilities, etc. during this period.

Interest Expense

Interest expense consists primarily of interest paid on policy loans taken out prior to the date of the Receivership. A line of credit was established at Macatawa Bank and was not used during the period. The line of credit expired on January 1, 2004, and the Receiver opted to renew it.

Legal and Professional

Legal and professional expenses are listed by each professional and include only the fee portion of the professional's bill. Often a professional's bill will include other expenses such as travel, delivery charges, etc. incurred on behalf of the Company. These have been reported separately. Legal and professional expenses are paid based on a Court-approved procedure.

Bruce S. Kramer Receiver Trade Partners, Inc.

Notes to Selected Information – Basis of Presentation (Compiled)

Three and Nine Months Ended January 15, 2004

Premiums (Net of Refunds)

Premiums represent premiums paid on life insurance policies owned by Trade Partners, Inc. or any related entities. Premiums are also paid for any policy in which the Company or any related entity had a beneficial interest. Premiums paid are shown net of premiums refunded and do not include premiums paid by using available cash surrender value of policies or available escrow account funds administered by the law firm of an investor. An additional \$347,370 in premiums was paid as scheduled on January 16, 2004.