

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

IN RE:)	Chapter 11
)	
CEP HOLDINGS, INC., d/b/a)	Case No. 07-71810
www.colonendparenthesis.net, a/d/b/a)	
Coastin88.com, a/d/b/a CEPCoast.com,)	Judge Massey
)	
Debtor.)	
_____)	
)	
IN RE:)	Chapter 11
)	
COLON END PARENTHESIS)	Case No. 07-71813
TRUST, LLC,)	
)	Judge Massey
)	
Debtor.)	
_____)	

**MOTION FOR EXTENSION OF TIME TO FILE
SCHEDULES AND STATEMENTS OF FINANCIAL AFFAIRS**

COME NOW, Debtors CEP Holdings, Inc. (“Holdings”) d/b/a www.colonendparenthesis.net, a/d/b/a Coastin88.com, a/d/b/a CEPCoast.com and Colon End Parenthesis Trust, LLC (“Trust,” and, collectively with Holdings, the “Debtors”), and hereby move the Court (the “Motion”), pursuant to Rule 1007(c) of the Federal Rules of Bankruptcy Procedure, for an extension of time through and including September 14, 2007, within which to file their Schedules and Statements of Financial Affairs, as defined hereinafter. In support of the Motion, the Debtors respectfully show the Court as follows:

INTRODUCTION

1. On July 27, 2007, the Debtors filed their respective voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”). The Debtors are managing their affairs as debtors in possession pursuant to sections 1107(a) and 1108 of the

Bankruptcy Code. To date, no official committee of unsecured creditors has been appointed pursuant to section 1102 of the Bankruptcy Code.

2. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of the Debtors' Chapter 11 cases in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

3. On July 9, 2007, the Securities and Exchange Commission (the "SEC") filed its Complaint for Injunctive and Other Relief in the United States District Court for the Eastern District of North Carolina, Raleigh Division (the "District Court"), commencing the lawsuit styled Securities and Exchange Commission v. CEP Holdings, Inc., d/b/a colonendparenthesis.net, Trevor Reed, Clayton Kimbrell and Colon End Parenthesis Trust, LLC, Case No. 5:07-cv-00256-BO (the "SEC Action"). On July 10, 2007, the District Court entered the Order Granting Preliminary Injunction, Freezing Assets, Appointing a Receiver and Ordering Other Ancillary Relief (the "District Court Order"). The Defendants consented to the entry of the District Court Order and, as a result, the Debtors' businesses were shut down. William F. Perkins was appointed receiver for the Debtors pursuant to the District Court Order and has since managed the Debtors' assets and financial affairs from his office in Atlanta, Georgia, but he has neither operated the business nor incurred any debt.

4. The SEC has alleged that Trevor Reed ("Reed") and Clayton Kimbrell ("Kimbrell"), through an entity they owned and controlled called Holdings, were involved in a fraudulent and unregistered offering of securities sold via the internet.

5. Perkins' investigation is continuing, but his preliminary findings include the following:

- (a) Since May 2006, over \$16 million has flowed into the bank accounts of Trust from more than 10,000 participants in one of the three “investment” programs operated by Holding’s d/b/a websites.
- (b) The only bank accounts identified with the Debtors were in the name of Trust, which was also owned by Reed and Kimbrell. Trust, therefore, served as an internet processor through which participants received and disbursed money. Trust records include over 15,000 participant accounts.
- (c) Holding’s “investment” programs included a passive, interest-only investment format at colonendparenthesis.net. This program required a minimum initial investment of \$20 and promised a daily return of 2% (more than 700% per annum) that was payable every thirty days by credit to the participant’s Trust account. The participant committed to either a 180-day or 360-day option but the original principal was not returned to the participant. The programs at CEPcoast.com and Coastin88.com were auto-surf sites whereby participants “purchased” advertising packages starting at \$5 each for the website that the participant wishes to expose or advertise. Then, the participant may choose to recover up to 130% (CEPcoast) or 115% (Coastin88) of their advertising expense by participating in a program that sends 15 websites to them to view and rate. It appears to have taken less than a month for the participant to recover cost plus the profit if an advertising purchaser also viewed and rated all 15 websites every day. The caveats of these auto-surf programs were that (i) only advertising purchasers were eligible to view and rate websites that earned credits, (ii) to participate in a daily payout, the participant had to review all 15 websites sent to him or her that

day, (iii) CEPCoast.com paid out 90% of daily ad purchases and Coastin88 paid out 88%, and (iv) the payout to viewers each day was dependent on that day's advertising purchases (cash inflow), not the number of websites you viewed and rates.

- (d) Investors were led to believe that their funds were used to invest in safe "brick and mortar" type businesses that produced the promised yields. Perkins has found no significant investment of participant funds in any third-party business or investment other than a money market account yielding approximately 4%.
- (e) There was no review or audit of financial transactions of the Debtors, and records consist almost entirely of databases created by website transactions. Over 6 million transaction items are being evaluated in order to determine the sources and uses of the participant funds. Neither Reed nor Kimbrell invested personal funds in the programs described above.
- (f) Several millions of dollars were transferred out of the Debtors' accounts to Reed, Kimbrell, their family, as well as to employees and sub-contractors, for which it is believed that the Debtors' did not receive reasonably equivalent value.
- (g) The Receiver has thus far found no source of funding for the profits paid to participants in these schemes other than the deposits of subsequent investors.

RELIEF REQUESTED

6. There are at least several thousand parties in interest in the Debtors' Chapter 11 cases and possibly as many as 18,000. Of these potential parties in interest, Trust's records show that more than 10,000 of these parties have no balance, almost 6,500 parties have balances between \$1 and \$99, for a total balance of less than \$90,000, about 975 parties have balances of

between \$100 and \$999, for a total balance of less than \$290,000, about 210 parties have balances between \$1,000 and \$9,999 for a total of approximately \$545,000 and only three individuals have balances in excess for \$10,000, totaling about \$47,000. Also, approximately one-third of the parties do not reside in the United States. Holdings does not have records showing it has any creditors, although its investors may assert tort claims against it for the recovery of their investment. The Debtors (a) may have claims or setoffs against many of these persons for receipt of excessive returns in this Ponzi scheme, (b) dispute the claims of these persons at this time and (c) have not determined whether these persons should be classified as creditors or investors.

7. The Debtors have at least several thousand investors and creditors. In addition, the Debtors have no remaining full-time employees. Pre-petition, the Debtors and their respective assets were the subject of a federal court receivership. The books and records that were maintained by former management are incomplete.

8. Compiling and transcribing the information necessary to complete the schedules of assets and liabilities, schedules of executory contracts and unexpired leases, and statement of financial affairs (collectively, the "Schedules and Statements of Financial Affairs") in accordance with Rule 1007(b) of the Federal Rules of Bankruptcy Procedure render it necessary for each Debtor to obtain an extension of time for filing the Schedules and Statements of Financial Affairs. Accordingly, the Debtors request an extension of time to file their Schedules and Statements of Financial Affairs from the current deadline of August 13, 2007 through and including September 14, 2007.

9. Pursuant to Rule 1007(c) of the Federal Rules of Bankruptcy Procedure, the Debtors hereby request an extension of the date within which each Debtor must file its Schedules

