

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

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

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”) (collectively, the “Debtors”), and hereby move the Court for an Order providing for the joint administration of their Chapter 11 cases, and in support thereof, show the Court as follows:

**INTRODUCTION**

1. On July 27, 2007 (the “Petition Date”), 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"), to which Order the Defendants consented and 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 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 Debtor's 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. Rule 1015 of the Federal Rules of Bankruptcy Procedure, entitled “Consolidation or Joint Administration of Cases Pending in Same Court” provides, in relevant part:

(b) Cases Involving Two or More Related Debtors. If a joint petition or two or more petitions are pending in the same court by or against . . . (4) a debtor and an affiliate, the court may order a joint administration of the estates. Prior to entering an order the court shall give consideration to protecting creditors of different estates against potential conflicts of interests.

7. According to the notes of the Advisory Committee on the Federal Rules of Bankruptcy Procedure:

Joint administration . . . may include combining the estates by using a single docket for the matters occurring in the administration, including the listing of filed claims, the combining of notices to creditors of the different estates, and the joint handling of other purely administrative matters that may aid in expediting the cases and rendering the process less costly.

Advisory Committee Notes, R. 1015 (1983).

8. The Debtors are affiliates as such term is defined 11 U.S.C. § 101. Therefore, the joint handling of administrative matters, including the combining of notices to creditors of the estates, will aid in expediting the cases and minimizing administrative expenses.

9. Most, if not all, of the applications, motions, notices and orders to be filed with the Court will affect both of the Debtors. In addition, the Debtors anticipate the likelihood of filing a joint plan of liquidation that addresses the outstanding claims. It would be an unnecessary burden on this Court and the Clerk of the Court to maintain separate dockets for each of the bankruptcy estates. Joint administration of these Chapter

11 cases will facilitate the orderly and efficient administration thereof. The relief herein requested would not create a conflict of interest between creditors of different estates.

WHEREFORE, the Debtors respectfully request the entry of an order providing for the joint administration of the Debtors' respective Chapter 11 cases and for such other relief as is just and proper.

Respectfully submitted, this 31st day of July, 2007.

GREENBERG TRAURIG, LLP

/s/ James R. Sacca  
James R. Sacca  
Georgia Bar No. 621843  
John D. Elrod  
Georgia Bar No. 246604  
3290 Northside Parkway, N.W.  
Suite 400  
Atlanta, Georgia 30327  
Telephone: (678) 553-2100  
Telecopier: (678) 553-2259

PROPOSED COUNSEL FOR THE  
DEBTORS