

September 11, 2008

Re: Wextrust Entities Receivership

Dear Wextrust Investor,

One month ago, on August 11, 2008, I was appointed Temporary Receiver for the Wextrust Entities. This letter includes a summary of my efforts over the past month to carry out my mandate.

The Court has ordered me, as the Temporary Receiver, to perform the following functions with respect to the Wextrust Entities:

- (1) preserve the *status quo*; (2) ascertain the true financial condition of the Wextrust Entities; (3) determine the extent of commingling of funds between the Wextrust Entities and related entities; (4) prevent further dissipation of property and assets; (5) prevent the encumbrance or disposal of property and assets; (6) preserve the books, records and documents of the Wextrust Entities and related entities; (7) be available to respond to investor inquiries; and (8) determine if the Wextrust Entities or related entities should undertake a bankruptcy filing.

The order appointing me Temporary Receiver and other court documents are available on the Receivership website.

Preservation of *Status Quo*

Beginning on August 11, 2008, immediately after being appointed, I launched a coordinated operation to take control of the Wextrust Entities. Working in cooperation with the SEC, the Department of Justice and the FBI, attorneys and other professionals from the law firm of Dewey & LeBoeuf LLP (“D&L”), which is counsel to the Receivership, took possession of the principal offices of the Wextrust Entities in the United States. More than 70 professionals deployed in Chicago, New York, Norfolk, Nashville, Bethesda, and Tel Aviv conducted premises security operations, including changing the locks, redirecting the mail, and interviewing Wextrust

employees and others. I have personally visited the Wextrust offices in all of those locations. In addition, D&L professionals acting for the Receivership have visited Wextrust offices and representatives in Atlanta, Washington, Boca Raton, Johannesburg, Pretoria and other locations. To date, Receivership attorneys have interviewed approximately 60 individuals who were employed by Wextrust Entities or have knowledge of Wextrust's business.¹

As the Temporary Receiver, I am now managing all Wextrust assets and properties in the United States. All payments of expenses in the ordinary course of business are approved by me as Temporary Receiver. For example, payroll disbursements, loan payments and utility bill payments must be authorized in writing by me. The Chicago headquarters of Wextrust remains open and operational. Certain other offices have been closed or downsized. In the past month, certain Wextrust employees have resigned or been dismissed. However, I have retained key Wextrust employees to assist in the management of the business under my supervision.

My advisors and I are working with Wextrust employees and third-party property managers to ensure that Wextrust real estate and other properties are preserved. I have personally inspected many of the properties, including hotels, commercial real estate and residential real estate in several states. As directed by the Court, I have reduced costs by limiting payments to necessary business expenses required to preserve Wextrust assets and property. Many of the properties are continuing to generate revenue, including rent, fees and interest. All such income will be retained pending further orders from the Court. No disbursements, refunds or other payments to investors can be made without court authorization.

Attorneys for the Receivership have filed claims notices with Wextrust's insurance carrier, and have notified the Securities Investor Protection Corporation ("SIPC") of the SEC's allegations and potential covered loss to investors. The extent of any insurance coverage for Wextrust losses by SIPC or insurance carriers has not yet been determined.

¹ I am a partner in the firm of D&L. I have retained the firm to represent the Receivership in this matter. Pursuant to court order, the firm's fees, like the fees of other professional advisors to the Receivership, will be paid from the Receivership estate, subject to approval by the SEC and the Court. The firm's fees are based primarily on the hours worked by attorneys and other professionals, including myself, at substantially discounted rates. As a partner in the firm, I have an interest in its income, including the fees from this matter. D&L is one of the largest law firms in the world, and has thousands of clients. The firm represents certain banks, brokerage firms and other entities that have done business with Wextrust, in matters unrelated to this case. Based on the information available at this time, there is no reason to believe that D&L has any conflict of interest with respect to its representation of the Receivership.

The Court has modified the order appointing me Temporary Receiver, granting me additional authority necessary to carry out my mandate. Among other things, the Court has authorized me to establish a new cash management system, to invest cash in U.S. government securities or other safe investments, to borrow funds as necessary to preserve asset values, and to lease or sell properties. Any leases or sales of properties worth \$750,000 or more will require further court approval. The Court's order is available on the Receivership website, and will be published in the *Wall Street Journal*.

Financial Analysis

At the direction of the Court, I am taking steps to ascertain the true financial condition of the Wextrust Entities and the extent of commingling of funds among those entities. In addition to conducting interviews with numerous Wextrust employees and others, as discussed above, Receivership attorneys at D&L have compiled and analyzed financial records in various Wextrust offices, bank records, legal documentation and other information. As authorized by the Court, I have engaged accountants and experts to assist in these efforts. I have retained Jerry B. Klein, a forensic accountant based in New York who has extensive experience in similar matters; Deloitte Financial Advisory Services LLP ("Deloitte"), which is part of one of the world's largest accounting firms; and The Hilco Organization, a leading asset valuation and disposition firm based in the Chicago area.

With the assistance of legal counsel, accountants, experts and Wextrust employees, I am conducting a current and prospective financial analysis of the Wextrust Entities, including the Entities' assets, liabilities, equity, cash flow, pending and threatened litigation, market value and other factors. In addition, we are conducting a forensic analysis of the sources and dispositions of funds obtained from Wextrust investors through sales of securities, loan transactions and otherwise. As part of that analysis, I am taking preliminary steps to locate assets that may have been conveyed to third parties or otherwise concealed. These efforts are challenging and time-consuming. As alleged in the SEC complaint, the Wextrust Entities have conducted at least 60 private placement offerings and created approximately 150 entities in the United States and offshore in the form of limited liability companies or similar vehicles to act as issuers or facilitators of the offerings. As alleged by the SEC, the management of the Wextrust Entities engaged in extensive and unauthorized commingling of funds among those entities. Tracing the flow of such funds is a painstaking process, made more difficult by the alleged false statements and misrepresentations of defendants Steven Byers and Joseph Shereshevsky. Despite those challenges, I intend to provide the Court with a preliminary financial report within 30 to 60 days.

Asset Identification and Security

Working with U.S. and foreign government authorities, the Receivership has identified and taken exclusive control, subject to any applicable rules and regulations governing the accounts, of more

than 200 accounts in 40 banks, brokerage firms and other financial institutions, which contain approximately \$20 million in funds. I am now the sole authorized signatory for those accounts, and all payments of available funds in those accounts must be approved by me in writing. In addition, the Court has frozen bank accounts, real estate and other property owned or controlled by Steven Byers, Joseph Shereshevsky and his wife, Elka Shereshevsky. In cooperation with the authorities, I am continuing to investigate whether other assets that are owned or controlled by those individuals or others should be subject to the Receivership.

Legal counsel and I have had extensive discussions with representatives of Pure Africa Minerals (Pty), Ltd. ("PAM"), a South African company that received a substantial amount of funds from investors in Wextrust securities offerings. I have engaged legal counsel in South Africa to assist me in carrying out my mandate with respect to Wextrust assets and properties in that country and in Namibia, including steps necessary to gain control of and repatriate such assets. Receivership attorneys have visited the offices of PAM in Pretoria and Johannesburg, South Africa, as well as certain diamond mining properties. They have also interviewed numerous witnesses who have information about Wextrust interests in Southern Africa, and have compiled and analyzed records of those interests maintained by Wextrust. To date, the management of PAM, including a South African national named Michael Francois van der Merwe who serves as its CEO, have refused to provide the Temporary Receiver with access to the books and records of PAM and other companies he controls. As a result, the Receivership has been unable to substantiate the defendants' claims of ownership of diamond mines and other properties in Africa. I continue to work with legal counsel, and with U.S. and foreign government authorities to protect Wextrust interests in Africa.

Preservation of Evidence

As directed by the Court, I have taken possession and control of the books, records and documents of the Wextrust Entities in the United States and Israel. Receivership attorneys have "locked down" Wextrust's computer systems, making forensic copies of more than 250 servers, hard drives and other electronic media, and more than 3,750,000 pages of hard copy files and other documents. Those steps were necessary to ensure that evidence was not shredded, altered or destroyed, either accidentally or by persons seeking to obstruct the government investigations or the efforts of the Receivership.

In addition, attorneys and other professionals working at my direction have conducted detailed interviews of more than 300 Wextrust investors, and obtained documentary evidence from many of them. Please bear in mind that, as a Wextrust investor, you are both a victim of and a witness to the fraud alleged by the government in this case. If you have not spoken with me or one of my representatives, please contact us by telephone or in writing so that we may obtain and preserve your evidence. That evidence includes both your knowledge of relevant facts and any documents you may have, such as correspondence, email messages, notes, marketing materials

and other papers. I urge you to preserve all such information and to contact my representatives as soon as possible to make arrangements for inspection and copying, if you have not done so already.²

Investor Relations

The Receivership has established a dedicated investor relations team to respond to investor inquiries. To date, my representatives have been in contact with more than 600 investors located in the United States, Israel and other countries. I have met in person and spoken by telephone with many Wextrust investors, including in “town hall meetings” in Chicago, New York, Norfolk and Tel Aviv.

You may contact the investor relations team directly by calling our toll-free telephone number, 888-518-2410, or by sending an email to wextrustreceiver@dl.com. The Receivership website, www.wextrustreceiver.com, includes information on the pending litigation, the efforts of the Receivership, and links to other websites where additional information, including Hebrew language content, may be found. Today, we have posted an expanded fact sheet, which includes answers to the most frequently asked questions by investors. A copy of the fact sheet is attached to this letter.

Many Wextrust investors are concerned with their tax liabilities and reporting requirements. As Temporary Receiver, neither I nor my legal counsel can provide tax advice to investors, and nothing in this letter or any materials provided to investors by the Receivership may be relied upon as tax advice. However, Receivership advisors are investigating whether the Wextrust Entities complied with applicable tax requirements, including Schedule K-1 filings, and will address these issues promptly. I encourage you to discuss the tax consequences of your Wextrust investment with your own professional tax advisor.³

² Documents may be sent to my attention at the address below. Documents may also be sent by fax to 202-371-0416 or by email to wextrustreceiver@dl.com.

Timothy J. Coleman, Temporary Receiver
In care of The UPS Store
1220 L Street NW
Suite 100-528
Washington, D.C. 20005

³ Pursuant to U.S. Treasury Department Circular 230, unless we expressly state otherwise, any tax advice contained in this communication (including any attachments) was not intended or

Bankruptcy Determination

As directed by the Court, I will make a determination of whether the Wextrust Entities or related entities should undertake a bankruptcy filing. Under certain parameters, the Court has authorized me to commence bankruptcy cases under the U.S. Bankruptcy Code. Based on the information and evidence obtained to date, I have determined that it would not be appropriate to commence a bankruptcy case for *all* Wextrust Entities at this time. The SEC agrees with that determination. Receivership bankruptcy attorneys and advisors are in the process of analyzing whether any individual Wextrust Entities or related companies should undertake a bankruptcy proceeding.

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In carrying out my mandate as Temporary Receiver, I am mindful of the fact that you as a Wextrust investor have suffered not only economic harm, but also mental anguish, pain and suffering. I am very sorry for your loss. I intend to continue to take all steps necessary to preserve the Court's ability to approve a fair distribution for victims of the alleged fraud, and to do so in the most timely and cost-effective manner possible. I will continue to provide information on developments in the case, and will remain available to respond to your inquiries. I welcome your questions, comments and suggestions, and I appreciate your continued patience and support as we confront the challenges of this case together.

Sincerely,

Timothy J. Coleman
Temporary Receiver for the Wextrust Entities

Encl.

Copy w/encl. to Hon. Denny Chin

written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties or (ii) promoting, marketing or recommending to another party any matter(s) addressed herein.