

**RECEIVED**

November 6, 2003

NOV 10 2003

Dear Trustee Neilson,

NEILSON ELLER LLP  
Los Angeles Office

As a creditor of Slatkin I am really upset by three things:

1. This case is taking too much time
2. This case is costing us too much money
3. Your recent actions are putting us at risk with the IRS.

I haven't done anything thus far, but now, I have no choice. It was bad enough when, after 26 months, I received my 4% check, and found out that this pittance cost \$20 million in legal and trustee fees. But then when I learned that I was facing an IRS audit in addition (along with all the other creditors), that was the last straw. Hence this letter to you. Bluntly, what are you as the Trustee of our Trust going to do about our latest risk?

As you know, I personally was an investor with Reed Slatkin with whom I invested over seven figures. In 2001 there was a clear statement from you, Mr. Neilson, and from Slatkin himself that the entire operation was a fraudulent scam.

Based on this statement, I informed my accountant and we took a theft loss deduction in 2000. Although the amount of the tax savings that I realized could have been bigger, it was still very helpful. By deducting the theft loss, I was able to offset any taxes that I owed in 2000 and 2001.

Now I hear from my accountant that the IRS is going to audit those of us who took a theft deduction in 2001 and disallow it. To add insult to injury, I am told that I might have to now pay what I didn't pay in taxes because of the theft loss deduction plus interest.

When I demanded to know how the IRS could do this since it was clear that my money was lost, my accountant explained that the IRS was saying that since the loss is not quantified it is, therefore, not deductible. The IRS is treating your estimation of approximately 20% as a possible recovery. Therefore the loss may not be deductible until the estate has collected substantially all of the money. (Which you indicate may be at least 3 to 5 years from now.)

My accountant explained to me that if I contest this action by the IRS, I will almost certainly lose and it will likely result in my paying not only interest on the taxes that I didn't pay but also penalties. This has gone on too far and I am simply not willing to accept this.

I not only lost all the money that was supposed to be for my retirement but now may also be forced to come up with a large sum of money to pay the IRS.

When I asked my accountant what could we do, he said that the simplest and best thing for me would be to establish the total and final loss in 2003. Then I could carry back the loss and the most that I would have to pay the IRS would be the interest on the taxes.

Mr. Neilson, I am a businessman, not a lawyer, and so far I have not commented on your actions in the bankruptcy proceeding. But when I learned of the \$20 million plus paid from the estate for fees to yourself and various lawyers, and the types of expenses that were charged to the estate, I was appalled. I realized that the conduct of my estate representatives was not, on its face, appearing to be in the best interest of myself or the majority of the creditors.

I can tell you that if I were performing your duties, I certainly could have resolved this entire estate for much less than \$20 million. In fact, a settlement of claims against the debtors for an average of 40% could have given the estate the means to distribute 30 cents on the dollar to the creditors, who could then have taken a theft loss on the remaining 70%.

The magnitude of this situation did not fully hit home until I learned of the IRS disallowances and audits. This may pose a serious financial problem for me personally, and so I consulted with Steve Hayes, my attorney, about this. I learned that there were a considerable number of other Slatkin creditors who were in similar situations. In fact, it is likely that the IRS is going to audit every creditor.

But what shocked me the most, was when Mr. Hayes informed me that there is a possible solution to all of this, but that you and the lawyers and members of the Trust Board were opposing this from happening.

Are you really trying to aid us with the big fees, the years of litigation, the tiny distribution, and now the lack of help with the IRS when we need it? Is this adding up to a violation of our trust? The fact is, Mr. Neilson, that none of the creditors, myself included, ever even received the courtesy of being told that this offer was on the table.

I asked for more details because I could not believe that I was being victimized a second time. I learned that an attorney for certain parties in this case has been attempting to broker a settlement between a group of debtors and you and that I could have joined. In this way I could have reached a final result for my specific situation in the estate - and that would enable me to solve the IRS problems.

I have been informed that the amount of money that you predicted would be received by the estate in 3 to 5 years could be received today. This would allow people like myself to settle our claims for 16 cents on the dollar (plus the 4 cents on the dollar that we recently received) and not only end our current nightmare but also end the coming nightmare with the IRS. Even though it is a small number, it is what you said we would get, the only difference is that we wouldn't be pushed into deeper waters (i.e. a tax audit). This made so much sense that I could not fathom why you opposed this.

If you are now going to justify turning down the "bird in the hand" of 16 cents on the dollar today because you claim that you might get substantially more (i.e., more than the 20 cents on the dollar described in your court papers), then you had better tell me in

writing exactly how much of a recovery you will guarantee to the creditors over the next 3 to 5 years. I don't want speculation or ambiguities; I want a guarantee. And I want to know how much exactly we the creditors will be charged for it - another \$20 million?

We creditors need to consider what our remedies will be if five years from now we end up with the same twenty cents that we could have gotten in 2003. Even if we were to end up with a few more percentage points, will that be more than we could realize if we have the money available to work with right now? Are you going to get us enough to also offset the interest and penalties that the IRS is threatening to charge us if we took the theft loss deduction already?

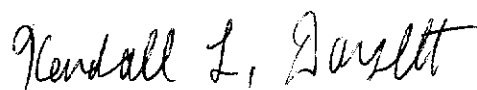
Perhaps you will justify your refusal to be reasonable by saying that you need to litigate to get full recoveries from Slatkin's "insiders". Granted there is a certain satisfaction in knowing that the net winners are paying their fair share. But this makes no sense if it costs us our shirt. There must be another solution to make these people pay the price; without making me or those in my position also pay a price. In other words, I don't care if you keep litigating against that handful of people for years. If there are creditors who have the means to go along with you, so be it. But that is no reason to hold up the resolution that would enable me and other creditors to get out of this no-win situation.

I come back to the question, which started this letter: what are you going to do about this? Are you going to speed up our distribution? Are you going to help us get through these difficult times with the IRS? Are you going to continue to keep us in the dark about offers that would end our pain and let us get on with our lives? Are you going to let us get involved in the process so we can have a choice? I think that we creditors are entitled to some consideration from our fiduciary.

I know that there are other creditors, like myself, who are equally disappointed by the inordinate amount of time taken, high legal fees, and your failure to keep the expenses at a reasonable level and on par with the money recovered. These people will be even more outraged when they learn that viable settlements have been thrown away, leaving them no current money, vulnerable to IRS audits, with little left but their own legal and accounting bills. That is why I am copying this letter to every other creditor in this case. I hope they will speak up and we will be able to avoid getting burned a second time.

I did not take full responsibility the first time and got hurt - I will not make the same mistake again.

Sincerely,



Kendall L Dorsett

Ken Dorsett  
500 North Osceola Ave. #107  
Clearwater, FL 33755

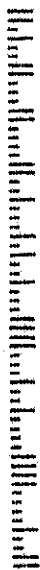
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November 11, 2003

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Los Angeles, Ca. 90067

**NOV 13 2003**

**NEILSON ELGGREN LLP**  
Los Angeles Office

Dear Mr. Neilson,

I have received a copy of Kendall Dorsett's letter to you and I am outraged that we were not given the opportunity to take an apparent settlement of 20 cents on the dollar – this year - as against waiting for several more years for the slim possibility of more. I had invested approximately \$1 million with Reed Slatkin.

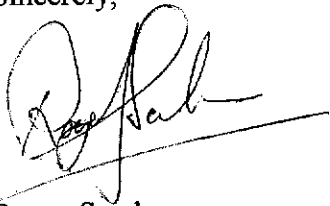
I have gone through enormous financial hardships during the last 2 years and a settlement of 20% would have helped me considerably.

Why did we not hear of this possibility?

I too question the logic of spending \$20 million to obtain, so far, 4%. The fees seem more than excessive to me.

Please send me a copy of your reply to Mr. Dorsett.

Sincerely,



Roger Sanders

Cc: Michael B. Azeez, Stuart W. Stedman, George V. Kriste, Anthony Podell, Gregory B. Abbott, John K. Poitras.

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NOV 12 2003

NEILSON EGGREN LLP  
Los Angeles Office

MEXICO, D.F., NOVIEMBRE 7, 2003

TO: R TODD NEILSON, TRUSTEE  
10100 SANTA MONICA BLVD, SUITE 410  
LOS ANGELES, CALIF 90067  
E.U.A

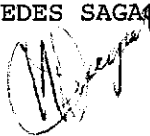
DEAR MR NEILSON

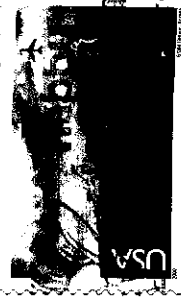
I'M WORRIED BECAUSE I HAVEN'T RECEIVE A LETTER FROM YOU OR ANY ONE.

AS YOU ALREADY KNOW, I'M NOT IN THE POOL OF PEOPLE THAT ARE DEFENDING -  
THEMSHEFS WITH LAWYERS BECAUSE, I CAN NOT AFORE IT, EITHER IN A POOL BECAUSE,  
I CAN NOT AFORE IT, EITHER IN A POOL OR PRIVATE. WHAT I WANT TO TELL YOU,  
IS THAT BECAUSE WE HAD ONE OF OUR LOVE ONES DIED, ALL THE FAMILY GOT TOGETHER,  
AND I ASK THEM FOR HELPS IN THIS PROBLEM, THAT APPEREAD ON MY LIFE, BECAUSE  
I'M NOT A DELINQUENT, I'M AND HONEST PERSON AND THAT I CAN PROBE. I DONT  
KNOW WHAT HAS HAPPENED TO MR SLATKIN. MAY GOD HELP HIS POOR SOULD. SO MY  
FAMILY IS WILLING TO HELP ME, AND MY QUESTION TO YOU IS: HOW MUCH MONEY  
WILL GET ME OUT OF THIS PROBLEM? BUT NOT THE BIG AMOUNT YOU MENTION IN YOUR  
FIRST LETTER, BECAUSE NOT EVEN ALL TOGETHER CAN AFORE THAT, BUT THE LEAST,  
LEAST, THAT YOU CAN DO FOR ME, AND TO GIVE ME TERMS. IF THIS IS NOT POSSIBLE  
AND THE AMOUNT IS THE SAME, I GUESS YOU JUST HAVE TO GO AHEAD WITH YOUR LEGAL  
MATTER AGANIST ME AND APLAY IT TO ME. THIS IS THE BEST I CAN DO WITH A LOT  
OR SACRIFIEE FOR ME AND MY FAMILY.

WAITING FOR YOUR ANSWER, I REMAIN SINCERILY.

MERCEDES SAGAON.





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