

H. Thomas Moran II, Receiver

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VERY IMPORTANT- PLEASE READ CAREFULLY WITH COUNSEL IF NECESSARY

August 25, 2009

[INVESTOR ADDRESS]

RE: *Securities & Exchange Commission v. Edward T. Stein and Relief Defendants, et al.*,
Case No. 09-CIV-3125-GEL (United States District Court, Southern District of New York)
(the "Receivership Action")

Dear Investor:

As I believe you are aware, I am the court-appointed Receiver for the assets of Edward T. Stein and a number of his related entities. The assets over which I have been given authority include a number of life insurance policies which were purchased in part with funds you and others invested with Mr. Stein over the past several years.

I am attempting to market and sell these life insurance policies in an effort to generate funds that could be returned to investors victimized by Mr. Stein. To do so, I must keep these life insurance policies in force and prevent them from lapsing. That means that I must pay the premiums associated with the policies on an ongoing basis. For your review, I have enclosed a schedule of the life insurance policies at issue, which includes an estimate of the premiums that must be paid through the end of 2009.

At the beginning of the Receivership Action, there were no funds available to pay premiums as they were coming due. To bridge the short-term gap from the beginning of the Receivership Action until now, I obtained funds from a bank and from those companies that had previously worked with Mr. Stein's companies to provide funds to pay premiums. Those sources are no longer willing or sufficient to fund future premium payments, and there are still insufficient assets under my control to fund future premiums. It is in light of these circumstances that I write this letter to you.

I know Mr. Stein and his related entities have already imposed a tremendous hardship on each of you. With this in mind, I have endeavored to find other sources of funds to pay premiums so investors like you would not have to carry such a burden. However, given the dwindling sources and escalating costs for obtaining premium financing, I feel compelled to ask whether the investors are willing to assist in making premium

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payments so policies do not lapse while I am attempting to sell them to generate some potential return for the investors. I am working diligently to market and sell the policies and I hope the need to pay future premiums will be a short-term need. Your participation is obviously voluntary and can cease whenever you choose.

I intend to ask the court to give those who advance funds a first-position, priority lien on all assets over which I have authority, except the condominium located at 170 East End Avenue, Unit 2B, New York, New York. Those advancing funds would share on a *pro rata* basis with other post-receivership creditors with similar first position priority liens (e.g., with the bank and companies mentioned above who have already advanced post-receivership funds to pay premiums and other expenses). This would entitle you, up to the amount of your post-receivership participation, to priority over other investors with claims who do not advance post-receivership funds. Your priority position would be evidenced by a Receiver's Certificate, a sample of which is attached. Obviously, your agreement to participate would be contingent on the court's approval of the priority position mentioned above and reflected in the enclosed Certificate.

As the Receiver, I will continue to take all actions necessary to marshal and preserve the assets in my charge. I cannot determine at this time what amount of recovery will be available to you based on your investment with Mr. Stein and his related entities. I anticipate, however, that it will be less than the total amount of your investment. You should be aware that you, individually, may have certain rights and claims against persons or companies relating to your investment with Mr. Stein and his companies. And, under the law of most jurisdictions there is a limited time within which you can assert these individual claims. You may wish to discuss any potential individual claims with your own legal counsel.

If you are interested in providing funding for future premium payments as outlined above, please contact me at Receiver@ESteinReceivership.com or call me at (405) 753-9100.

With Best Regards,

H. Thomas Moran II
Receiver for the Assets of Edward T. Stein and Relief Defendants

Enclosures (policy schedule and sample Receiver's Certificate)

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