



February 22, 2008

Dear MBA/CMBI Investor:

After three years of hard work, we are in the final stages of this case. I wish that we had better news to report regarding the amount of money that we have been able to recover for distribution to you, but you should know that I, along with my consultants and attorneys, have investigated and pursued every recovery that we believed might result in net benefit to investors. Unfortunately, all were difficult, and actual monetary recoveries have been hard to find.

On the day that we were appointed in September 2004, the available assets consisted of approximately \$883,000 in cash; 2,199 payphones that, on average, were losing over \$3 per month and several pallets of metal and plastic parts that were allegedly purchased by the defendants as billboard supplies a few months before our appointment. Given the amount of investor losses and other creditor claims, along with the cost of the work that we are required to do, these assets would not have provided any distribution to you.

We took control of the payphones and were ultimately able to make them profitable enough to help pay for a portion of the expenses associated with our investigation and administration of the receivership. An extensive accounting and forensic funds tracing analysis was performed, and we recovered documents from numerous sources. Our attorneys took deposition testimony from the people who were involved in the underlying scheme, including accountants and attorneys for MBA. As a result of these investigative activities, we asserted claims against various third-parties. Most, however, had very limited assets and/or insurance coverage. In addition we filed two large lawsuits that were vigorously litigated.

We filed and prosecuted litigation against 143 sales agents seeking recovery of more than \$19 million in sales commissions and bonuses paid by MBA on the sale of the billboard investments. Many agents defaulted and a fairly large number filed for bankruptcy during the course of the case. This case required extensive discovery and motion practice and resulted in partial summary judgment in our favor and against the sales agents. Even as we were "winning," we learned that the vast majority of the agents had very little money with which to respond to a judgment. A significant number were actually investors, themselves. Rather than continue spending money in more litigation, we chose, wherever possible, to enter into settlement agreements. These resulted in relatively small recoveries, but did result in some agents returning some money to their investor customers. We also obtained judgments (many by default) totaling approximately \$3.2 million dollars against other sales agent defendants. In truth, it is unlikely that much money will be recovered on these, though we may try to sell the whole lot of them to companies that buy and hold judgments like these.

The other large lawsuit was filed against one of the law firms for MBA. This was a very difficult case and hard fought by both sides. Because we did not have enough money in the receivership to pay for this litigation (and because we believed that the case had merit), our

attorneys were willing to handle this piece of the receivership on a contingent fee basis. As you are probably aware from our mailing in early January, we negotiated a settlement with the defendant law firm during a two-day mediation session with a professional mediator. The hearing regarding approval of the settlement will be held on March 7, 2008. If approved, this will be, by far, the largest recovery in the case. The attorneys' fees and expenses will be paid from this recovery if the settlement is approved.

The payphones continue to operate, but it is a declining market and at this time approximately 1,255 are operating. We are currently marketing the payphone portfolio to interested buyers and a Letter of Intent memorializing an attractive bid was received last week. If the sale closes in accordance with the offered price and considering additional net profits that we anticipate earning prior to the sale date, the total recovery, net of all costs to manage and operate the business, may result in approximately \$1,050,000 net recovery to the Estate, from the decision to continue to operate the phones rather than sell them at appointment date.

Claims of loss totaling more than \$70 million have been received from approximately 1,100 investors. We expect that this is all of the claims, but we will set a final deadline in the very near future. ***If you have filed a claim, there is no need to file another one.*** Claims review and administration can be expensive and time consuming. We will endeavor accomplish this as efficiently as possible. While we will not know for certain until after this process is complete, it is evident that investors will receive less than 5% of the amount lost calculated on a cash basis. While this is better than where we started on the day the case was filed, we understand that this is a terrible loss for many of you.

Finally, you will be interested to know that seven individuals, including MBA's principals, a few sales agents and one attorney, were indicted by a federal grand jury in North Carolina on May 10, 2007. Late last year, Michael Lomas (MBA's CEO), Sue Knight (MBA's controller) and Arthur Anderson (MBA's Vice President of Sales) entered guilty pleas. It appears that Michael Young (MBA's COO) fled the country after being indicted. The other defendants went to trial last month. Laurinda Holohan (MBA's secretary) and Scott Hollenbeck (a sales agent) were found guilty, while Barry Maloney (MBA's attorney in Washington, D.C.) was acquitted. We have posted news articles regarding the proceedings on our web site at www.haysconsulting.net for your review.

We know that this process has been very long and difficult and imposed an undue hardship on many of you. If things go according to our current planning, we will close this case in 2008 and the cash on hand will be distributed. We will do this as quickly as we are able, but the process will necessarily take a number of months to complete.

Thank you for your patience. If you have any questions, please send an e-mail or call Shuwanda Sloane at 404-926-0059.

Sincerely,

s/ S. Gregory Hays, Receiver