



January 21, 2008

Dear Pinnacle Investor:

As we begin the New Year, I wanted to give you a quick overview of what to expect in this case in 2008.

At this time we have distributed 30% of allowed claims to over 1,900 creditors representing over \$12 million distributed. We are diligently working to resolve all remaining claims issues related to the first distribution. Upon finalization of these issues, we will seek the Court's approval of a revised claims schedule so that we can make adjustments to prior distributions and make additional distributions to investors and other creditors, as appropriate. We also have approximately 15 investors with whom we are still working to resolve disputed claims, and these may have to be resolved before the Court.

The Receiver Team is diligently working on liquidating the remaining pieces of real property. The difficult real estate market, however, has slowed our progress. We heavily marketed the 21 properties, but we had several contracts fall through in 2007. We now have several significant properties under contract that we hope will close over the next two months. In addition, we have planned an auction for 13 additional properties on Feb 12, 13, and 14th 2008. Our experience has been that auctions are an effective way to sell real estate at a fair price; especially under the circumstances we are faced with here. Our Auctioneer is Rowell Auctions and information on the properties we will auction will be listed on their web site at www.rowellauctions.com soon. In addition, we have a plan to advertise these sales to generate significant interest in the properties. We hope that all of the properties will be sold in the first half of 2008, which will have a significant impact on the amount of the next distribution, which we are planning for late March or early April 2008.

In addition, our legal team is pursuing recoveries from several third parties, and we anticipate very favorable results. Our hope is that these will be resolved in the coming months.

As a reminder, please make certain you have reviewed the Tax Memorandums on our web site and have discussed them and the tax situation concerning your loss with your tax advisor. Our current estimate as of December 31, 2007 is that in a best-case scenario the total distribution to investors will be no more than 50% of the cash loss.

We know this process has been very difficult, and we sympathize with each of you. Be assured that we are conscious of your situation, and our goal is to maximize recoveries while minimizing expenditures.

If you should have any questions or concerns, please contact Shuwanda Sloane at 404-926-0059.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Gregory Hays', is written over a horizontal line.

S. Gregory Hays, Receiver