



April 7, 2008

Dear Pinnacle Investor:

This letter is to provide Pinnacle investors with an overview of the status of the case and what to expect in the coming months.

The Receiver's Third Interim Report was filed with the court on February 20, 2008 and has significant details on the status of the receivership. Please go to the Receiver's web site at www.haysconsulting.net to obtain a copy or email Shuwanda Sloane at ssloane@haysconsulting.net.

To summarize, the Receiver has now distributed **30%** of Court approved claims, representing over \$13 million, to over 1,900 investors and creditors. The claims process required significant effort to resolve many claims issues and, in March we received Court approval for the revised allowed claims. As a result of this process, there remain less than 20 investor claims that require Court resolution.

The Receiver hopes to make a second distribution of **5% to all investors and other creditors by the end of May**. Though we would like to distribute more, the properties have proved more difficult to sell than expected. Therefore, much of the total remaining asset value is tied up in the properties and not in cash.

As you know, we are in a very difficult real estate market. We heavily marketed the 21 properties in the Receiver Estate and conducted an auction of 15 of the properties in mid-February. The auction results were very disappointing. Only 3 of the properties received offers that the Receiver deemed acceptable. The average bids on the properties were within 20% to 30% of Pinnacle's purchase price and we decided it was not in the best interest of the Estate to accept these offers. Of the three properties sold at the auction, two have already closed. We also have three other properties under contract. We hope to submit these sales for Court approval by the end of April. To date, we have sold and closed 5 of the properties for a net recovery to the estate of \$2,183,081. Although the market is slow right now, we continue to work towards the sale of the remaining properties and hope that all of the properties will be sold in 2008. The sale of properties is the driving force behind making future distributions.

As you should have seen in the notice we recently mailed, the Receiver made progress with recoveries from several third parties and has settled one matter subject to Court approval. We anticipate resolving other litigation in the coming months.

As you prepare your 2007 tax return, please make certain you have reviewed the Tax Memorandums on our web site and have discussed them and the tax implications of your loss with your tax advisor.

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,

/s

S. Gregory Hays, Receiver