

VIA E-MAIL

To: Community Foundation for Northeast Georgia
Fieldale Farms Corporation
Holy Family Hospital of Bethlehem Foundation
Resort Hotels Insurance Company
Savannah Country Day School (c/o Wade Herring, Esq.)
Montford Associates
St. Josephs/Candler Health Systems, Inc. and GeeChee Reinsurance Company,
LLC (c/o Robert Brennan, Esq. and Leonard Panzitta, Esq.)
Hickory Springs Retirement Plan
Sea Island Resort and Pension Benefit Guaranty Corporation
Shelter Bay Fund, LP
Georgia Ports Authority

From: David Dantzer

Date: September 28, 2011

Re: *SEC v. Kowalewski and SJK Investment Management, LLC*

This is intended to provide a brief update regarding the developments since the August 31st hearing and where we are in making the first distribution. The last six weeks or so have been hectic, but we are optimistic that with the settlements described below, we have avoided litigation with Traci Kowalewski and future entanglements with Stanley Kowalewski.

Receiver's Settlements/SEC Contempt Motion

As we reported in late August, the Kowalewskis moved out of their principal residence in Greensboro over the summer without notifying the Receiver or the SEC. As a part of that process, they sold furniture and other assets, which we and the SEC contend are blatant violations of the Court's orders entered earlier in the case. The SEC sought to have Stanley Kowalewski held in contempt, and the Receiver filed a turn-over motion against both Stanley and Traci Kowalewski. As a result of negotiations between the SEC and Stanley Kowalewski, an order was entered on August 31, 2011 providing a process and a schedule for Kowalewski to return items to the house and provide a firm proposal for the repair (and replacement) of the assets and fixtures at the house.

The Receiver and the SEC have concluded that Kowalewski did not comply with the terms of the August 31st "repair and replace" order. Accordingly, notices were filed and the Court has scheduled another hearing on the SEC's contempt motion for tomorrow, September 29th.

Throughout this process, we have been in negotiations with counsel for each of the Kowalewskis. Obviously, we would have preferred that the Greensboro house not be damaged; however, the current circumstances and motions have had the effect of forcing a resolution regarding ownership of various assets, including the real property and the Kowalewskis' purported ownership interests in the SJK Funds. The negotiations have resulted in settlements with each of the Kowalewskis, which, in effect, turn over to the Special Opportunities Fund all of the Kowalewskis' significant assets. A copy of the Receiver's Notice filed with the Court was emailed to you yesterday. It provides a thorough summary of the settlements.

As you will see, with the settlements accomplished, the Receiver believes that it is appropriate to terminate the receivership of Stanley Kowalewski immediately. There are a number of reasons for this, but a principal driver is that his 2010 income tax returns are due to be filed by October 15, 2011. The tax issues are complicated, and it is possible that there is significant income tax exposure for Stanley Kowalewski for 2010. We have devoted significant time and effort to structuring the receiverships so that we minimize the possibility that assets of the Receiver Estate would be available to satisfy any such personal tax liability. While this issue will not finally be decided until the final plan of distribution is approved, we believe that the termination of Kowalewski's individual receivership is another important step in this process.

We have been in frequent contact with the SEC since August 31st and kept it lawyers apprised of our negotiations. Our respective priorities are different, yet consistent. The Receiver's priority is asset value preservation, while the SEC is focused on enforcement policy. Accordingly, our current understanding is that the SEC intends to press its contempt motion at tomorrow's hearing.

Initial Distribution

SS&C, the administrator for the SJK Funds, has now completed the work necessary to make the initial distributions. Attached is information regarding how the initial distribution amount has been calculated, along with the reserve, holdbacks and other relevant information. There is a two-page summary for each of the four funds. As you will see, this distribution will be between 85.2% and 88.2% of the Net Asset Value of each fund as of June 30, 2011. With respect to the summaries, the following may be helpful:

- All expenses are "ordinary course" expenses of the funds. No receivership expenses have been charged to any of these four funds.
- The reserve estimates are conservative – i.e., we do not anticipate that they will be exhausted absent an unforeseen development.
- The Special Opportunities Fund asset valuations, as adjusted downward earlier this year, are included in the Net Asset Value (6/30/11) and Potential Future Redemption/Distribution calculations for both the Onshore and Offshore Absolute Return Funds. The value of these assets ultimately will be determined by the results of the Receiver's liquidation efforts.

We have received all of the written audit waivers from the investors in the two Onshore funds and expect that the distribution will occur in the next few days. With respect to the Offshore funds, we have not yet received from PBGC the consent to and waiver regarding the investment of Hickory Springs. We have been working with PBGC and understand that this is in process; however, given PBGC's structure and role with respect to the Sea Island pension plan, it will take a while longer to complete. Upon receipt of that consent and waiver, the distributions to the investors in the Offshore funds will be made.

Next Steps

As previously indicated, this receivership has been far more complicated (and expensive) than any of us could have imagined at the outset. The last two months have been especially difficult and time consuming, but we believe that in the long run, we may have actually saved time and money in reaching a final resolution. The Receiver Team's primary efforts going forward will be:

1. Sale of the various properties and disposition of other assets held in the Special Opportunities Fund. The Receiver will have to make a determination about whether and how the Kowalewskis' principal residence can be sold in its current condition or whether repairs are necessary.
2. Continue efforts to limit (or eliminate) tax liabilities and resolve issues related to the SJK 401(k) plan.
3. Address creditor claims and develop a final plan of distribution.
4. Investigate potential claims against third-parties. As we have indicated all along, we will not commence litigation without consulting with the SEC and providing investors with our assessment prior to any such filing (within the constraints of applicable privileges).

We appreciate your patience, as well as your support. If you have questions, please do not hesitate to contact Tom Bosch or me. We will provide you with a brief update late tomorrow or Friday regarding the results of the hearing.

SJK Long/Short Equity Fund, Ltd.
Asset/Distribution Analysis
September 28, 2011

Summary of Cash on Hand

Net Asset Value (6/30/11)	28,015,097.64
Unredeemed Investments	
Artis Partners 2X Ltd (6/30/11)	(1,857,785.45)
Third Party Fund Holdbacks	(1,206,581.00)
Adjustment for Accrued Expenses as of 6/30/11 - Not Paid as of 9/27/11	53,602.24
Interest Income Less Expenses (7/1/11 through 9/27/11)	(82,151.47)
Cash on Hand (9/27/11)	24,922,181.96

First Compulsory Redemption/Distribution

Cash on Hand (9/27/11)	24,922,181.96
Fees & Expenses	
Currently Due and Payable	
Bennett Thrasher (2010 Audit)	1,313.43
SJK Mgt and Performance	53,602.24
Walkers (1)	12,639.76
	(67,555.43)
Estimated Future	
DMS Management (2)	25,000.00
SS&C (Q4-11 and Q1-12) (3)	18,000.00
Walkers	50,000.00
	(93,000.00)
Miscellaneous Reserve	0.25%
	(61,904.07)
Net Amount Available for First Compulsory Redemption/Distribution	24,699,722.46
Percentage of June 30, 2011 NAV Being Distributed to Shareholders	88.2%

- (1) Cayman Islands counsel to the Fund
(2) Outside director and related services to the Fund
(3) The Fund's Administrator

SJK Long/Short Equity Fund, Ltd.
Asset/Distribution Analysis
September 28, 2011

Potential Future Redemptions/Distributions *

Miscellaneous Reserve	61,904.07
Unredeemed Investments	
Artis Partners 2X Ltd (6/30/11) (4)	1,857,785.45
Third Party Fund Redemption Holdbacks	1,206,581.00
Total Potential Future Redemptions/Distributions	<hr/> 3,126,270.52
Percentage of June 30, 2011 NAV	11.2%

* All Amounts are estimates and subject to change.

(4) Subject to market fluctuations prior to the Fund's redemption of its interest, effective December 31, 2011; redemption also will be subject to a 2% early redemption fee

SJK Absolute Return Fund, LTD
Asset/Distribution Analysis
September 28, 2011

Summary of Cash on Hand

Net Asset Value (6/30/11)	33,277,867.43
Unredeemed Investments	
SJK Long/Short Equity Fund, LTD (6/30/11)	(1,653,329.65)
SJK Special Opportunities Fund (6/30/11)	(2,510,801.00)
Third Party Fund Holdbacks	-
Adjustment for Accrued Expenses as of 6/30/11 - Unpaid as of 9/27/11)	80,010.72
Interest Income Less Expenses (7/1/11 through 9/27/11)	(96,038.49)
Cash on Hand (9/27/11)	<u>29,097,709.01</u>

First Compulsory Redemption/Distribution

Cash on Hand (9/27/11)	29,097,709.01
Fees & Expenses	
Currently Due and Payable	
Bennett Thrasher (2010 Audit)	776.38
SJK Mgt and Performance	85,010.72
SS&C (Q2-11) (1)	9,000.00
Walkers (2)	12,639.71
Due from ARF LLC	<u>(5,000.00)</u>
	(102,426.81)
Estimated Future	
DMS Management (3)	25,000.00
SS&C (Q4-11 and Q1-12)	14,916.06
Walkers	<u>50,000.00</u>
	(89,916.06)
Miscellaneous Reserve	0.25% (72,263.42)
Net Amount Available for First Compulsory Redemption/Distribution	<u>28,833,102.73</u>
Percentage of June 30, 2011 NAV Being Distributed to Shareholders	86.6%

- (1) The Fund's Administrator
(2) Cayman Islands counsel to the Fund
(3) Outside director and related services to the Fund

SJK Absolute Return Fund, LTD
Asset/Distribution Analysis
September 28, 2011

Potential Future Redemptions/Distributions *

Miscellaneous Reserve	72,263.42
Unredeemed Investments	
SJK Long/Short Equity Fund, LTD (Est Final Redemption)	1,559,025.89
SJK Special Opportunities Fund (6/30/11)	2,510,801.00
Third Party Fund Holdbacks	0.00
Total Potential Future Redemptions/Distributions	<hr/> 4,142,090.30
Percentage of June 30, 2011 NAV	12.4%

* All Amounts are estimates and subject to change.

SJK Long/Short Equity Fund, LLC
Asset/Distribution Analysis
September 28, 2011

Summary of Cash on Hand

Net Asset Value (6/30/11)		11,046,013.91
Unredeemed Investments		
Artis Partners 2X LP (6/30/11)		(1,075,363.55)
Third Party Fund Holdbacks		(431,644.61)
Interest Income Less Expenses (7/1/11 through 9/27/11)		(8,663.80)
Cash on Hand (9/27/11)		<u>9,530,341.95</u>

First Compulsory Redemption/Distribution

Cash on Hand (9/27/11)		9,530,341.95
Fees & Expenses		
Currently Due and Payable		
Bennett Thrasher (2010 Audit)	1,061.62	
SJK Mgt and Performance	<u>0.00</u>	(1,061.62)
Estimated Future		
SS&C (Q4-11 and Q1-12) (1)	<u>18,000.00</u>	(18,000.00)
Miscellaneous Reserve	0.25%	(23,778.20)
Net Amount Available for First Compulsory Redemption/Distribution		<u>9,487,502.13</u>
Percentage of June 30, 2011 NAV Being Distributed to Members		85.9%

(1) The Fund's Administrator

SJK Long/Short Equity Fund, LLC
Asset/Distribution Analysis
September 28, 2011

Potential Future Redemptions/Distributions *

Miscellaneous Reserve	23,778.20
Unredeemed Investments	
Artis Partners 2X LP (6/30/11) (2)	1,075,363.55
Third Party Fund Holdbacks	431,644.61
Total Potential Future Redemptions/Distributions	<u>1,530,786.36</u>
Percentage of June 30, 2011 NAV	13.9%

* All Amounts are estimates and subject to change.

(2) Subject to market fluctuations prior to the Fund's redemption of its interest, effective December 31, 2011; redemption also will be subject to a 2% early redemption fee

SJK Absolute Return Fund, LLC
Asset/Distribution Analysis
September 28, 2011

Summary of Cash on Hand

Net Asset Value (6/30/11)	18,915,578.46
Unredeemed Investments	
SJK Long/Short Equity Fund, LLC (6/30/11)	(1,487,568.42)
Double Black Diamond - Series D (6/30/11)	(519,601.40)
SJK Special Opportunities Fund (6/30/11)	(679,986.20)
Third Party Fund Holdbacks	-
Adjustment for Accrued Expenses as of 6/30/11 - Unpaid as of 9/27/11)	66,746.23
Interest Income Less Expenses (7/1/11 through 9/27/11)	(25,030.69)
Cash on Hand (9/27/11)	16,270,137.98

First Compulsory Redemption/Distribution

Cash on Hand (9/27/11)	16,270,137.98
Fees & Expenses	
Currently Due and Payable	
Bennett Thrasher (2010 Audit)	524.57
Bennett Thrasher (2010 Tax)(Est)	4,000.00
SJK Mgt and Performance	46,196.23
Due to SJK 401(k)	15,550.00
Due to ARF LTD	5,000.00
	(71,270.80)
Estimated Future	
Bennett Thrasher (2011 Tax)	15,000.00
Bennett Thrasher (2012 Tax)	15,000.00
SS&C (Q4-11 and Q1-12) (1)	18,000.00
	(48,000.00)
Miscellaneous Reserve	0.25% (40,377.17)
Net Amount Available for First Compulsory Redemption/Distribution	16,110,490.01
Percentage of June 30, 2011 NAV Being Distributed to Members	85.2%

(1) The Fund's Administrator

SJK Absolute Return Fund, LLC
Asset/Distribution Analysis
September 28, 2011

Potential Future Redemptions/Distributions *

Miscellaneous Reserve	40,377.17
Unredeemed Investments	
SJK Long/Short Equity Fund, LLC (Est Final Distribution)	1,461,105.06
Double Black Diamond - Series D (6/30/11) (2)	519,601.40
SJK Special Opportunities Fund (6/30/11)	679,986.20
Third Party Fund Holdbacks	0.00
Total Potential Future Redemptions/Distributions	<hr/> 2,701,069.83
Percentage of June 30, 2011 NAV	14.3%

* All Amounts are estimates and subject to change.

(2) Subject to market fluctuations prior to the Fund's redemption of its interest, effective December 31, 2011.