

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
Tallulah Falls School
Georgia Ports Authority

From: David Dantzler

Date: September 29, 2011

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

Earlier this afternoon, Judge Batten held the hearing on the SEC's contempt motion and the other pending matters. The results were as follows:

1. The Court approved the Receiver's settlements with Stanley and Traci Kowalewski and terminated the receivership over Kowalewski, individually, in accordance with the Receiver's request.
2. The Court entered a monetary judgment against Stanley Kowalewski as follows: disgorgement and interest totaling approximately \$8.6 million, plus penalties equal to twice that amount. Hence, the total judgment amount will exceed \$25 million.
3. The Court found Kowalewski in contempt of the order entered on August 31st. Kowalewski may purge the contempt by providing all details, under oath, regarding the removal and sale of the items from the Henson Farms House. Kowalewski was immediately taken into custody and will be incarcerated until the contempt is purged. Currently, the SEC is scheduled to take his deposition on Tuesday afternoon. While Kowalewski may put together an affidavit before Tuesday, it is unlikely that he will be released before that day. As a practical matter, the SEC must be satisfied with his explanations, which may require confirmation.

During the course of the hearing, Judge Batten made findings regarding the egregious nature of Kowalewski's conduct, the sophistication and concealment of the fraud and his lack of good faith throughout.

Finally, you will be pleased to know that the initial distribution to the Onshore Funds' investors should be wired (or mailed, as the case may be) beginning late this afternoon or tomorrow. If you have not provided wiring instructions, please do so immediately. Regarding the Offshore Funds, the issues with PBGC are "procedural" in nature; there are no substantive objections to the Receiver's prior proposal for the treatment of Hickory Springs. As soon as we are able to work through those issues, the OffShore Funds will be able to make their initial distributions.