

Dear Investor,

August 17, 2013

SEC's motion for summary judgment was approved by the Court, mine was not. I will appeal the judgment on the grounds that the Judge came to incorrect factual findings, acted in excess of his jurisdiction, failed to consider evidence, and that SEC coerced the fund's CPA and outside consultant. My appeal will not be meant to slow down the process of allowing investors, who are caught in the middle of this, to regain their capital investments. The Judge makes no reference to those issues you expect to see in securities lawsuits, i.e., investor money for private jets, oil paintings, jewelry, or similar self-enrichment schemes. I live in the same one hundred year old house that my wife and I purchased a decade ago, which still has most of its original wiring, and my kids don't go to private school, and we don't belong to any country clubs.

The report makes frequent reference to the "declarations" of David Gruebele and Jeff Spiegel, who were the funds' outside financial consultant and CPA, and had ten years between them of working for the funds. What goes unquestioned by the Court is why these parties would suddenly reverse their positions on the operations of the funds "in hindsight". What goes unmentioned in the report is that their statements were not taken, as they should have been, with the benefit of cross examination or in Court testimony, or that David Gruebele was immediately placed into his own separate Enforcement proceedings by SEC immediately after the injunction last year in order to soften him up and make him malleable for SEC's cause down the road. I'm not trying to sound like a conspiracy monger, but it appears that SEC scripted the declarations of both Gruebele and Spiegel, and likely has given them both immunity for providing beneficial statements for SEC's cause. SEC needed beneficial comments, after all, once it was shown that their own CPA's made false financial illustrations in this lawsuit, and false statements about the receiver's licensing. In most lawsuits with accusations of securities fraud, a fund's CPA and consultants face their own lawsuits from SEC and/or the Receiver. If neither Gruebele or Spiegel face any such lawsuits in the next year, you know it is because SEC put incredible pressure on them to make statements to support their cause, and in return for immunity to them (or silent agreement) of SEC not going after them with similar falsely based pretense. Time will tell in this matter.

SEC also hand-picked an investor for declarations to support their cause, when they saw that this investor was, perhaps, the single investor who wrote the Court with negative comments about the funds, while 98% of the scores of investor letters to the Court questioned the lawsuit. The Court seemed to disregard this matter, though. I don't know where things go next, but I share with you the comment made to me by the fund's CPA when I showed him that the SEC made false statements about the receiver being a CPA, which followed knowledge of their false financial illustrations in the lawsuit. Between the date of th CPA's email reply in February, and his declarations just four months later provided to SEC, SEC seems to have clearly worked him over:

Subject: RE: false statements by SEC that the receiver is a CPA, and receiver's failure to correctly notify the court of these matters

From: Jeff Spiegel (jeff@spiegelcorp.com)

To: markfeathers@sbcglobal.net;

Date: Monday, February 25, 2013 7:46 AM

Good luck with all of this. It is a travesty what has happened to this fund. I really do not see how this helps the investor.

Jeffrey B. Spiegel, CPA

If you wish to offer me guidance or your opinion in any matters related to this lawsuit, or to vent (even against me), I encourage you to do so. I managed the funds in ways I believed to be in members' best interest, and made personal sacrifices of millions of dollars invested and bypassed from income I earned from my banking career, along with seventy hour work weeks for the better part of a decade. SEC lost its request for sanctions against me last month, so I am at a loss as to the consistency in Court decisions. Clearly, I have been substantially outnumbered and out-resourced by SEC. I have been warmed numerous times by attorneys that "pro se" (without attorney representation) defendants never win in a court in a lawsuit like this, but unfortunately I did not have any resources to hire an attorney, since almost all of my net worth went into SB Capital. I apologize to you sincerely for this situation being where it is, and also for, as the funds' CPA put this six months ago before he apparently unwound from SEC's pressure, "the travesty of what has happened"Mark Feathers