

Millennium Receivership Update – September 22, 2009

1. Disclosure of Records and Evidence Obtained by the Receivership

On July 9, 2009, the Court found that William Wise and the Defendants did operate a Ponzi scheme since *at least* 2004. In the course of his investigation of the Ponzi scheme operated by William Wise and the other Defendants, the Receiver has obtained evidence and records that were either seized from the Defendants or provided from third parties under subpoena. Because both the civil and criminal investigations against the Defendants are still ongoing, maintaining the chain of custody and integrity of these documents is essential. Accordingly, any parties seeking to obtain these records must do so by complying with the appropriate legal requirements. This process is necessary for the protection of investors as well as to preserve the integrity of the criminal and civil prosecutions. This requirement extends to attorneys who represent investors for the purpose of pursuing claims against Defendants' service providers (including Google or WAMU) or other parties. The Receiver has not, and will not, withhold any information properly requested.

2. Current Status of Located Funds

Some investors have expressed concern that the Receiver has failed to disclose funds he has recovered in an effort to artificially inflate his fees. To date, the Receiver has not located any significant source of funds held by the Defendants, including the Defendants' bank accounts. The Receiver is under a continuing duty by order of the United State District Court for the Northern District of Texas ("the Receivership Court") to disclose what, if any, assets the Receiver has discovered. The Receiver is complying with this requirement, and the Court is aware of all the assets that have been located by the Receiver. The Receiver is preparing to file a report of all of his activities and fees incurred to date, which document will be made publicly available, including through the Receivership website. Regarding his fees and the fees of his lawyers and other service providers, the Receiver must account to the Court for every minute that is spent administering the Receivership Estate and for every dollar that is charged in order to recover the costs of Estate administration. To date, the Receiver has worked diligently since the Receivership was instituted to administer the Estate without receiving any compensation for the expenses or time of himself or his representatives. The Receivership Court will ensure that Receiver is compensated in an amount that is fair both to him and the investors. In any event, do not misunderstand this important point: neither the Receiver nor the SEC has located any significant source of funds belonging to accounts held by the Defendants or Relief Defendants and are not withholding any funds or assets from the Estate.

3. The Receiver Has No Prior Connection with William Wise

A number of emails from investors to the Receiver have erroneously stated that the Receiver, Richard Roper, previously represented William Wise in connection with a past Ponzi scheme. This is absolutely untrue. Before joining Thompson & Knight in

2009, Richard Roper spent his entire career as a government attorney, serving primarily as a prosecutor on the behalf of both state and federal governments. He most recently served as the United States Attorney for the Northern District of Texas. Mr. Roper has never represented William Wise in any capacity and had no knowledge of Mr. Wise prior to being appointed as the Receiver in this case. While the source of this misinformation is unknown, the spread of these rumors does nothing more than create additional stress and anxiety to already defrauded investors. Further, it causes more expense to the Receivership Estate to dispel and correct the misinformation.

4. The Receivership Court Denied the Hoegels' Claims

On Wednesday, September 16, 2009, Jackie Hoegel and the Receiver, through his counsel, appeared before the Receivership Court. The Receiver presented arguments and evidence to the Court, tracing payments of proceeds from the Ponzi scheme directly to the Hoegels' personal bank accounts. As a result, the Receivership Court denied the Hoegels' request to return to them any of the monies seized from their bank accounts. Further, the Hoegels' personal property, including cars, furnishings, a sports memorabilia collection, and other assets of value, have been sold at auction, and the proceeds will be deposited into the Receivership Estate account. Those homes and land previously owned by the Hoegels that have valuable equity are also being sold for the benefit of the Receivership Estate.

5. Tracing of the Monies by Accounting Experts is Still Ongoing

Accounting experts retained by the Receiver continue their analysis of seized records and data in an effort to (a) locate any funds that may be recoverable by the Receivership Estate; and (b) identify parties from whom the Receiver should claw back monies received from the fraud to which they are not entitled. The accountants are reviewing thousands of transactions to determine whether any previously unknown bank accounts exist. As always, any results from these reviews will be made known as soon as warranted.

6. A Letter Has Been Sent to All Investors

On Friday, September 18, 2009, a letter was sent, via United States mail, to every investor listed in the investor database that was recovered from the Defendants' computers. These letters were sent to ensure that the Receivership reaches out to every known investor. Included with these letters is an "Investor Information Sheet." The Receiver requests that every investor, even those who have already made claims on the Receivership Estate, fill out this Sheet and return it using the enclosed, pre-paid envelope.

7. Receiver Prepares to Seek Approval of Investor Claims Process

The Receiver is preparing to go before the Receivership Court to seek approval of a method for processing the claims made and yet to be made by the investors and other claimants against the Receivership Estate. It should be noted, however, that at this time

the Receiver has been unable to locate significant sources of funds. Instead, the evidence indicates that the vast majority of the Ponzi scheme funds were spent both in support of the lavish lifestyle of William Wise and the other Defendants and the expenses incurred by them to perpetuate the fraud.

8. Wise Has Yet to Be Taken Into Custody

At this point, William Wise has still not been taken into custody by the criminal authorities capable of doing so. The Receiver understands that that criminal authorities are still pursuing their investigations against Wise and the other Defendants. The Receiver continues to allow these authorities full access to the Receiver's documents and evidence to aid in their criminal investigations.

9. A Tentative Trial Setting Is Under Discussion

The Receiver and his representatives have met with counsel for certain Defendants and Relief Defendants, including Brijesh Chopra, Phillippe Angeloni, and Lynn Wise to discuss the potential scheduling of a trial. The trial is currently anticipated to occur some time in 2010.

10. The SEC Seeks Alternative Service Against William Wise

Because of his evasion of both civil and criminal authorities, the SEC has not yet been able to serve William Wise with service of process of the SEC's civil lawsuit. To the best of the Receiver's knowledge, William Wise has fled the country. Because he cannot be served while he is outside of the country, the SEC has filed a motion requesting that the Receivership Court permit the SEC to complete service on Wise through his wife or his wife's attorney. Once served, Wise will be subject to all legal processes available to the SEC and the Receiver. Please note, however, that this does not include taking Wise into custody, an issue that is solely within the discretion of criminal authorities, not the SEC or the Receiver.

11. The Wises' Real and Personal Property Is Being Sold

In the past month, the Receiver has completed the sale of the personal residence of William and Lynn Wise, located in Raleigh, North Carolina. This sale netted approximately \$800,000 to the Receivership Estate. In addition, the Receiver has retained a firm to auction the personal property that was located in the home, as well as other property of the Wises, including luxury cars and wine. Updates on the proceeds received from auctions will be made available once the auctions have occurred.