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Receiver

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JULY 30, 2009

TO: SUN EMPIRE RELATED INVESTORS

RE: SECOND STATUS REPORT - SEC v. SUN EMPIRE CLUB, LLC, et al.

Dear Investors:

This letter will serve to update you on a few procedural issues and makes a request of the individual Club "team leaders" regarding Club bank account records.

1. New Website: We have established a website for this and other regulatory cases I administer as a receiver. The website address is:

www.richardweissmanreceiver.com

This website contains the previously issued Investors Status Report. Over the next week or so, we will include various Court Orders that are pertinent either to you as investors or my duties and powers as receiver. The website will also contain additional investor status reports as they are prepared from time to time. They will be updated based on milestones achieved in the case in the recovery of assets and/or relating to issues directly affecting you as investors. Periodic reports to the Court will be posted as they are filed with the Court.

2. E-mail Address: Please send your e-mails to my secretary for prompt processing, at mariab@rwreceiver.com.

3. Bank Information: The acquisition of accurate bank records has been slow. What has been received from banks appear to be incomplete for many accounts. This fact has and will impede the audit process of your investments and ascertaining the magnitude of damages that respective Clubs, and their individual members, may have sustained.

To expedite the process, I request that the respective Club Team Leaders provide me with copies of the Club's bank statements, canceled checks and wire instructions from the time of its formation to now. Tracing the money transfers from each Club can be best achieved by its source records. If you can scan these documents and provide a CD Rom with a paper copy of the records that would be the best method. If you cannot scan them, please provide paper copies.

I would also appreciate a narrative from each Team Leader about what the investment was to be, the amount of the Club's overall investment and with whom the investment ultimately was to be made, as well as who "promoted" the investment to the Club. Please indicate the expected investment type and result, such as a high interest Certificate of Deposit, how much interest or investment return has been recovered thus far, if any.

Please include a copy of all of the documentation provided to you by the investment promoter and what documents you may have signed on behalf of the Club. "Documents" would include any and all e-mails that you received as the Club Team Leader and that you received as an individual investor.

Your narrative statement should include the names and contact information of all the investment promoters with whom you spoke or from whom you received any e-mail or regular mail regarding investment solicitations or investment instructions.

4. New Court Hearing Date:

There is currently scheduled a Status Conference with Judge Carter by counsel at 8:30 AM, on August 31, 2009, at the US District Court located in downtown Santa Ana, located at 411 West 4th Street, Santa Ana, California, Courtroom 9D. This may become a purely administrative or perfunctory hearing as the attorneys are endeavoring to develop a discovery plan and anticipate a projected trial date. It is unlikely anything substantive will be addressed by the Court regarding the status of the investments or any distribution of funds currently held. If there is any change of date or scope of the hearing, I will try to inform you timely about it.

5. Investment Recovery:

Approximately \$3.6 million has been either frozen by the SEC

or recovered by the receiver and are under the immediate control of the receiver. I am in continuing discussions with counsel representing some of the principal defendants regarding the recovery of investment capital.

With regard to recovered funds from specific investments, the amount actually recovered is less than the amounts transferred to the investment entities. The Clubs' investments were thus commingled by that entity, making it impossible to "trace" or identify which Club's cash was actually recovered. An example is Recommended Services, Inc. (also possibly part of First Pacific Bank): 2 or more Clubs claim to have invested with it. The known investment amounts exceed \$2.6 million. The amount recovered from it to date was \$1,070,000.

Procedurally, the funds could not be distributed unless there was a Court supervised claims program for the individual investors to establish their investments and to establish the magnitude of all such claims against Recommended Services (First Pacific Bank). A proration formula among the investors for the distribution would be developed and recommended to the Court. Only following the Court's approval of the proposed distribution plan could the specific funds be disbursed.

I look forward to receiving Team Leaders' records and narratives as soon as possible. If any individual investor wishes to ask general questions about the process not addressed above, or to provide information about investment promoters, please do so through the above e-mail address. We will not be able, at this time, to answer any questions regarding specific investors or the return of individual investments.

Very truly yours,


Richard Weissman
Receiver