

Message to the Three Hebrew Boys Victims from the Receiver

On November 24, 2009, the Honorable Margaret B. Seymour, United States District Court Judge, District of South Carolina entered an Order which unsealed prior Orders relating to my appointment and work as the Receiver in this case, commonly referred to as the Three Hebrew Boys matter (Case no. 6:07-mc-135). It is an honor to serve in this capacity and I want to assure you that my staff and I are committed to locating and managing assets in order to maximize the return to the victims of this fraudulent scheme.

After a two week trial in the United States District Court for the District of South Carolina, Columbia Division, a jury returned a guilty verdict for all 174 counts against Mr. Tim McQueen, Mr. Tony Pough, and Mr. Joseph Brunson after less than two hours of deliberation. There are approximately 7,000 victims in this case and thousands of victims are active-duty military. The self-named Three Hebrew Boys never made any investments as they promised with your money. Instead they lived lavish lifestyles with the money they gained from your "investments". They purchased more than twenty-two new high end vehicles; a multi-million dollar Gulfstream Jet; a nine hundred thousand dollar Prevost Motorcoach; three condominiums in the trendy Buckhead area of Atlanta, Georgia; two six bedroom, six bathroom vacation homes near Orlando, Florida; two luxury suites for the Atlanta Falcons and Charlotte Panthers football teams; and many other extravagant purchases. Furthermore, they withdrew over three million dollars in cash in increments of less than \$10,000.00 each between the years 2006-2009. According to one of the jurors, "You don't use God if you're going to defraud people." (Shain, A., '3 Hebrew Boys guilty of \$82 million ponzi scheme', *The State*, November 21, 2009) Each one of the Three Hebrew Boys was immediately placed in custody after the jury returned its verdict. The United States Attorney's Office prosecuted the entire case and will handle the sentencing and any appeals that may follow.

Of course, of most concern to you is the process going forward and the expectations as to "when" and "how much" money will be disbursed. Please understand that this process is set forth by Federal statutes. Obviously, this has already been a lengthy process. However, at a minimum before any distribution can be made, a Preliminary Order of Forfeiture must be entered, the Three Hebrew Boys must be sentenced, a Final Order of Forfeiture must be entered after hearings to determine if any third parties may make a claim to the assets, and finally Proof of Claim forms must be filed and approved for payment. We hope to have Court approval for the Proof of Claim form in the near future. You MUST submit a Proof of Claim form in order to take part in any distribution. Each Proof of Claim form must be analyzed for accuracy and authenticity. The Three Hebrew Boys and their refusal to cooperate with the Receiver's efforts have caused a tremendous delay. Had they pled guilty at the outset and identified and turned over all of the hidden assets, a distribution would likely have already been made.

Everything that my staff and I have done to date is pursuant to Court Order. In spite of the obstructive and contemptuous efforts of the Three Hebrew Boys, my staff and I have diligently searched for their assets. We have analyzed over 17,000 financial

transactions, reviewed dozens of bank accounts, and interviewed many witnesses. If you have any information concerning the location of possible assets of the Three Hebrew Boys, please contact my office immediately. We will continue to search for additional assets throughout the life of this case.

In spite of the overwhelming evidence produced by the Government in this case and the 174 convictions, there still appears to be a small but vocal group of supporters for the Three Hebrew Boys. To them I would say that the same laws that the Three Hebrew Boys continue to disavow are the laws that will be used to make a distribution to their victims. Feel free to write to me and indicate that due to your beliefs you will not file a Proof of Claim form and that you do not wish to take part in any distribution. I will honor such a directive.

To those of you that have assisted us in our efforts and sent kind words of appreciation, I thank you for your support. My staff and I are painfully aware of the financial hardship that the Three Hebrew Boys have caused for each one of you. We have worked very hard to trace assets while controlling costs in an effort to maximize the ultimate distribution to you. Unfortunately, since the inception of this case, it has been necessary to spend over one million dollars just to maintain the assets purchased by the Three Hebrew Boys with your money. As an example, we have paid over \$163,000.00 in insurance and over \$183,000.00 in property taxes alone. Repairs, routine asset maintenance, and homeowner's association dues paid to date total over \$500,000.00. We have had to initiate legal action to recover a number of assets hidden by the Three Hebrew Boys. Wherever possible, we have leased certain assets in order to generate income from them. In a few cases, we have sold assets through Court Orders that were too costly or problematic to maintain. Eventually, all assets will be sold and converted to cash for distribution.

In spite of these tremendous necessary expenses, we currently have over eighteen (18) million dollars which is being conservatively managed in conjunction with a highly reputable trust department. The total liquidation of real property will generate additional funds, but keep in mind the current economy makes it extremely difficult to sell these types of assets for a premium.

We have provided a written accounting and report to the Court at least every 90 days over the course of the past two years. An independent auditor has been hired to review all of the books and records and the accounting firm's findings will be posted on our website when they are made available to us.

Please be advised that we cannot give legal advice or accounting advice to include tax issues. Please consult your own attorney or accountant for advice in regards to this case and the submission of your Proof of Claim form.

In closing, let me again tell you that I am sorry that you find yourself as a victim of the Three Hebrew Boys. My staff and I are doing the best that we can for you, the 7,000 victims. We know the vast majority of you are honest and hard working every day people and we want to see as much money as possible returned to you as quickly as possible. Unfortunately, the Three Hebrew Boys and those working in concert with them have delayed this process and continue to frustrate our efforts. They continue to hide assets and refuse to cooperate.

Sincerely,

Beattie B. Ashmore, Receiver 3HB

December 2009