

**Frequently Asked Questions
Volume #3 – Dated 3/1/06**

Re: Questions and Answers regarding Preliminary Distribution #1

Why didn't you seek to provide an interim distribution earlier?

In a typical chapter 11 case, the plan is usually confirmed first and the claims reconciled to make any distributions. However, given that this is an unusual case, the Committee and I have decided to seek permission from the bankruptcy court to provide an interim distribution without having completed the usual steps.

You have over \$60 million in the bank, why don't you distribute more than \$.10 on the dollar?

Many people, based on what they had been told by Brasota, filed as secured creditors. Until their claims are adjudicated by the courts or these individuals agree to become unsecured investors, we will be required to hold enough cash to pay their claims in total.

This being the case, approximate \$45 million is being set aside to handle any potential distribution which conceivably could be made to those secureds in the event that the court ruled favorably for them.

When I filed my claim I indicated that a portion of my claim secured in the portion was unsecured, will I participate in this preliminary distribution?

Unfortunately, since you did file a claim that is being objected to in the Trustee's Second Omnibus Objection to Claims (Secured) ("Second Omnibus"), you will not be eligible to participate in the preliminary distribution. Shortly, we are filing the Second Omnibus, objecting to all of those claims indicating a classification of both secured and unsecured status.

In that package served with the Second Omnibus, you will be receiving a Response Form. ("Response Form.") The Response Form may look familiar because it was already served on all investors by the Court. Page 2 of the Response Form allows for an investor to elect to have their claim treated as unsecured. When we do receive the Response Form, **assuming** the court has favorably ruled on allowing the preliminary distribution, we will be making a distribution for the now "settled" claim using the same rate as covered in the current preliminary distribution. A copy of this waiver form will also be available physically at Brasota at the front desk.

How much time do I have to file the response allowing me to claim unsecured status?

First, no distribution can be made until the ruling is made by the court as to the appropriateness of this preliminary distribution. Since the hearing is not until March 17 at 10:00 a.m. and there will be some delays after that, I would suggest that should you desire to make this election, you do so by returning the response form as soon as it is received. If we do not receive the response form and if the court ultimately rules that you are unsecured, you will still receive the preliminary distribution. However, there may be a delay before your distribution is actually paid.

By accepting this preliminary distribution, am I affecting how I might be treated in the future in the bankruptcy court?

The current distribution will be deducted from the total amounts that will ultimately be received by you as a creditor. The distribution is essentially an advance on the amounts you will ultimately receive and does not affect your rights as a creditor. Please note that the amount used to determine your distribution will be the lesser of that reflected in the Debtor's books or the filed claim. We will be filing another set of objections to resolve any differences in the amount reflected in the claim and Brasota's books.

When might I receive this distribution?

First, Bankruptcy Court approval is necessary. The court hearing for the approval of this distribution is not until March 17. It is not mandatory for the court to make a ruling on that date, and possibly objections could be made which the Court would need to take into consideration. There is no mandatory timeframe in which the court must decide; however, perhaps a ruling within 30 to 60 days may be a reasonable guess.. Assuming that the rulings were favorable for the distribution, the distribution can be accomplished in approximately 2-3 weeks.

How much might I ultimately receive in distributions?

Although the current distribution is anticipated to be 10% of your claim, if we are successful in having the court ruled that the secureds must have possession of the original Brasota borrower's notes, the amount that ultimately would be distributed at the end of the case could well be in excess of \$0.50 on the dollar in total. Again, any amounts that are received as preliminary distributions are taken into consideration (deducted) in calculating this amount.

When might I expect see the balance of the funds?

As stated, the first thing we need to do is handle the issue of whether the secured creditors are in fact secured. Assuming the Court does find that the secureds are in fact unsecured, we could make a distribution of another \$.30 to \$.35 at that time, if the Court approves and/or after a plan is filed.

Of course, this is all based upon my best projections and these figures are by no means assured.

I sold my claims to one of the claims traders. Now that the distribution may be in the greater than \$.50 range how do I go about voiding that sale?

Unfortunately, you don't. The purchasing entity acquired your rights to any distributions. In exchange, you received immediate cash from them and also solidified your tax loss based on the dollar amount that you received.

With this distribution, how much will I now be able to claims of tax loss in 2005?

This is a matter that you will have to take up with your tax advisor. However, as a general proposition, the tax code does require that a loss be both "fixed and determinable" before a deduction can be taken. Here again, we do not give tax advice and this should be discussed with your advisor.

Can I take a tax loss for the year 2006?

At the end of 2006, if the actual amount of your loss is known, it might be appropriate to take a loss during that year. Here again, we STRONGLY suggest you discuss this with your tax advisor.

Who do I call if I did not remember whether I filed a secured or unsecured claim?

Check your records and it should be on the front page of the proof of claim. If you still can't tell, call Laura at Brasota. (941) 746-6119

How can I check on the status of the motion after the March 17 Hearing?

We intend to keep everyone posted as soon as a decision is made by the Bankruptcy Court, either on the website or we will issue a press release to the local newspapers.