

December 15, 2009

McLENNAN ROSS LLP / CUMING GILLESPIE RAYMAKER

CLASS UPDATE re HMS FINANCIAL

On September 30, 2009, the San Diego Court appointed a receiver with respect to distribution of the seized funds in the First National Bank of San Diego. The receiver is currently reviewing all claims. We hope that he will have a decision with respect to distribution in the next 3 months.

For class members who signed up with us prior to the Opt-In / Opt-Out process, we are now wrapping up our Assurance Fund Application process. We have advised clients with outstanding applications that the deadline for returning them is January 30, 2009, and shortly thereafter we will be seeking a meeting with the Law Society of Alberta to discuss where the applications are at.

Following an Order from Justice Rooke seeking the assistance of the Court in San Diego in paying out traceable claims that had already been submitted and then paying the remainder of the funds into the action in Alberta for the benefit of the Class, and our subsequently successful application in San Diego, there was an appeal of Justice Rooke's order filed by Clint Docken on behalf of four defendants, Skyward Management Inc., Victor Bauman, 1037149 Alberta Ltd. operating as Cedar Management and Stan Remin. We are currently finalizing our appeal Factum in this matter, and the appeal will be heard in April of 2010.

We have also been working on preparing materials to oppose Summary Dismissal Applications by the Financial Institution Defendants. We have cross-examined the witnesses that they had swear affidavits in support of their motions, and will be filing briefs with respect to same early in the New Year. The Application will be heard in February 2010. If we are successful, then we will proceed to Examinations for Discovery of the Defendant banks.

We appear to have settled a claim in Indiana which should realize \$50,000.00 for the Class.

We continue to entertain settlement discussions with counsel for the defendant lawyer Dana Carlson. We will be conducting Examinations for Discovery of Mr. Carlson in December.

We will continue to update you with any news if there is anything to update you with. But please remember that we ask that you NOT CALL OR E-MAIL FOR UPDATES. It is very time consuming and expensive for us to deal with class members seeking individual updates, so please understand that if you do not receive an update for several months, this means that there is nothing newsworthy to share with you.

Thank you for your understanding.

Yours truly,

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