

McLENNAN ROSS LLP / McNALLY CUMING RAYMAYKER

CLIENT UPDATE re HMS FINANCIAL

This e-mail is to update you on developments since our last e-mail reporting on the status of this litigation.

We continue to settle with certain Defendants who convince us that they were not involved in the HMS Scheme.

We have obtained an Order which prohibits certain Customer Care Specialists from communicating with individuals who invested in the HMS Scheme. This Order was obtained because we were concerned that the proper information was not being provided to HMS investors/victims by certain CCS representatives.

We have entered into a settlement arrangement with the First National Bank of San Diego. That settlement arrangement has been conditionally approved by the Court in Alberta. We are hopeful that this will allow us to recover funds which we believe belong to HMS investors that are presently frozen in the United States. The amount we hope to recover is approximately \$3 million U.S.

The class action we have commenced needs to be certified as a class action. A Court application to have the action certified is scheduled for April of 2007.

Yours truly,

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