

ROBB EVANS
Receiver of TLC Investments et al.
11450 Sheldon Street
Sun Valley, California 91352-1121

December 21, 2001

Dear Investor:

We are all aware that you have been anxiously awaiting news of the second distribution to investors.

Regrettably, the traumatic events of the last few months have seriously impacted the short term timing of our distributions. Several major sales of properties were canceled by buyers in the wake of the uncertainty and others have been delayed.

The enclosed check represents the second distribution amounting to 2.8% of approved claims. The total of this distribution is \$3 Million. With our earlier distribution, we have so far returned to investors a total of about \$11 Million or about 9.5% of approved claims.

We believe that the next distribution will be in the first quarter of 2002.

As the economic dust settles, we will, during the first quarter, be reevaluating the inventory of properties to be sold and the expenses necessary to do so. At that time, I will be in a position to once again make a forecast of the ultimate recovery you may expect. At this writing, although there have been negative impacts to various assets due to economic and other events, there have also been positive developments in a number of areas. Pending the detailed evaluation mentioned above, I have no reason to change our forecast of an ultimate 50% recovery, although recent events will impact the timing of that recovery.

Very truly yours,

Robb Evans
Receiver
