

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

March 27, 2002

Dear Investor:

On March 11, 2002, the U.S. District Court approved a third interim distribution to investors.

The enclosed check represents approximately 4.3% of approved claims. The total of this distribution is \$5 million. With our earlier distributions, we have so far returned to investors a total of about \$16 million or approximately 13.8% of approved claims.

We believe that the next distribution will be completed by June 30, 2002.

Following is an excerpt from a March 23, 2002 article in the San Diego Union Tribune:

In U.S. District Court yesterday morning, Ernest Frank Cossey, former chief executive of TLC America, pleaded guilty to running an investment scam that fleeced 1,850 mainly elderly investors out of \$146 million between 1997 and 2000.

In a plea agreement, Cossey pleaded guilty to one count of conspiracy to commit mail fraud and one count of filing a false tax return, according to assistant U.S. attorney Daniel E. Butcher.

Cossey will be sentenced July 15 by Judge Napoleon Jones, and could spend 57 to 71 months in custody, says Tami Stine, special agent of the Internal Revenue Service.

The Securities and Exchange Commission initially charged TLC with fleecing investors in October 2000. Last year, Cossey and Gary W. Williams, TLC's chief financial officer, agreed to pay \$11.3 million to settle SEC charges.

While the SEC case was moving through the courts, the San Diego criminal investigation launched by the Boiler Room Task Force was moving forward. For that reason, Cossey and Williams invoked their Fifth Amendment privileges in the SEC case.

Cossey moved TLC from San Diego to Brea in August 1998. Eunan "Brian" Aeria of San Diego pleaded guilty Dec. 15 for his role in the scam. He will also be sentenced July 15.

On Feb. 14, Williams pleaded guilty to preparing a false tax return for Cossey. Williams will be sentenced July 18.

Very truly yours,

Robb Evans
Receiver
