

Investors' Advisory Committee Meeting

Re: Wealth Management, LLC Receivership

Monday, October 12, 2009, 1 p.m. CST

Offices of Quarles & Brady, 411 Wisconsin Avenue, Milwaukee, WI

The second meeting of the Investors' Advisory Committee was held on the above date to review the status of the recovery of assets by the Receiver (Faye Feinstein) and to provide the committee with an opportunity to ask questions of the Receiver, and an opportunity to provide information to the Receiver.

All individual Wealth Management clients who expressed an interest in joining the committee were so appointed and invited to the meeting. A list of meeting attendees follows:

Quarles & Brady

Faye Feinstein, atty

Michael Schaalman, atty

Advisory Committee

Charles H. Bergmann, Jr.

Keith Kwaterski (by conference call)

Gary & Joan Bernegger

Don Smith (by conference call)

Ken Huizenga

Dale Van Soik (by conference call)

David Lawrence

Rollie Stephenson (by conference call)

Julie Leschke

Michael Berglund (by conference call)

Tom Weber

John R. Soeter

David & Mary Weber

The meeting began shortly after 1 p.m. and concluded shortly after 5 p.m.

The Receiver provided an Agenda of the following topics, to be discussed in no set order:

1. Update on Baetis and Brown
2. Update on other sub-funds
3. Request for Settlement from Simone Fevola
4. Update on business Issues

The major issues concerning the history of the Receivership, Investors' Advisory Committee, Plan of Distribution, and organizational aspects of the liquidation of the funds

were covered in detail at the meeting of August 21, 2009. Minutes of that meeting are posted on the Wealth Management WEB site (www.wealthmgmt.com) and can be accessed by clicking on the black bar: Receiver Appointed By Court

Also posted on the WEB site are the 1st and 2nd Reports of the Receiver; The Proposed Plan of Distribution; Objections to the Plan of Distribution; Receiver's Response to Objections.

Business Issues

The initial discussion was an update on the state of the business of Wealth Management, LLC.

The company is still under control of the Receiver and has one part-time employee (John Wypiszynski).

The Receiver plans to vacate the leased office space at W6272 Communications Court, Appleton by the end of November. The office space has been maintained in order to have access to the records held on the company's computer servers. Certain information is being copied from the servers and the Receiver feels that she will have sufficient data and hard copy backup to allow the servers to be shut down. However, if need be, the servers can be re-booted in the future. Once the servers are shut down and moved to secure storage (along with hard copy records), there will be no need to occupy the premises and incur the costs of the lease.

All of the building contents are being held as collateral by the bank and the bank is currently paying insurance on those assets.

2008 WML Fund K-1s

The accountants have issued K-1s for 2008 for all the WML funds.

There were questions regarding whether or not past K-1s would be amended to reflect the fact that some distributions may have represented return of capital, rather than income. At the present time there is no plan to amend past K-1s.

2008 Audit

The 2008 audit was started prior to the Receiver's receipt and review of financial data from the sub-fund managers. Upon review of this information, it was determined that the values placed on the assets had little true meaning and true values could not be determined. Based on the fact that a true audit would be time consuming and costly, and would not bear any

relationship to the ultimate distributions to investors, the Receiver determined not to complete the 2008 audit.

Baetis & Brown

Baetis & Brown is the primary entity holding the Life Insurance Premium Finance investments for the funds. Wood, Hat & Silver is the general Partner of Baetis & Brown, under the direction of Joseph Aaron.

Baetis & Brown received investment funds from Wealth Management and these funds in turn went into a trust that made loans to individuals to buy insurance policies. Income on the investments was in the form of return of principal plus interest to be paid on the loans to the insureds. When the policies were to be sold on the secondary market at the end of the two year contestability period, the fund would receive a return of principal plus interest.

In 2006, the secondary market for these policies began to dry up, and there is a very limited demand for policies. There was never a contingency fund funded by Baetis & Brown to make premium payments beyond the two year time frame (if the policy holder opted not to do so). Therefore, a number of these policies have lapsed, with a resultant zero value.

At the present time, the Receiver arranged for Baetis & Brown to employ an individual on a retainer basis to market the policies with an additional, pre-set commission fee to be paid for each policy sold and investment dollars recovered. The Receiver has also hired a consultant to assist in locating buyers and in analyzing, on an actuarial basis, whether premiums should continue to be paid beyond the two-year period.

There are presently approximately 30 policies outstanding in both Baetis & Brown and it is anticipated that five sales will close in October. It is also anticipated that five policies will lapse in October, leaving approximately 20 policies with premium plus interest values of approximately \$4M. If a market is found for these policies, it is most likely that they will sell at a discount from the policy + interest value.

As policies near their lapse date, the Receiver is examining whether there is potential future marketability of the policies that would warrant paying an additional premium.

Committee member Dale Van Soik has met with an investment group that manages 500 policies of this type. He is exploring ways policies could be marketed through them or negotiated sales could be made at a discount before policies lapse. However, the probability that the full investment principal can be recovered in any sale is low.

In addition to aggressively seeking buyers of the policies, the Receiver is considering whether it would be possible to recoup premiums paid to the insurance companies. This theory is based on the belief that possibly both inappropriate disclosures and lack of

disclosure in connection with some of the insurance agreements may render the agreements void.

Claims made by the funds against Brown are presently subordinated (as equity investments) to any claims made by creditors. The Receiver is currently disputing the claim that creditors with promissory Notes against the Brown Fund have priority over the equity investors (WML clients).

The Securities and Exchange Commission may also be investigating the Baetis & Brown investments under the belief that there may be multiple layers of fraud involved, in addition to the kickbacks totaling \$5M received by Putman, Fevola, Aaron and Riek (Baetis & Brown; Wood, Hat & Silver), the four principals of Quadrimus.

Additional Sub-Funds

A discussion was held regarding the assets and anticipated income or recovery of principal from the various sub-fund investments. The Receiver noted that there are numerous entities involved and some of them have returned all of the funds' investment; others have returned partial value of the funds' investments; while others are unlikely to produce any significant return. At present, there are some sub-funds producing income and negotiations are being conducted with other sub-fund managers regarding re-purchase of fund interests.

Investments in L3 Fund (real estate)

The L3 Fund does not have cash to pay its proportional share of real estate tax obligations for a 31 acre property on Wisconsin Ave, Appleton. These payments are being made by one of two other investors in the property.

The Green Bay Mall/Office Park space is not producing revenue and has not attracted buyers.

The Waukesha Water Park interest is not producing income and discussions have been initiated regarding the possibility of selling the fund's position back to the owner.

The Receiver plans on calling a separate meeting for L3 Fund investors to address the status and strategy with respect to the Fund's assets.

Plan of Distribution

The proposed plan of Distribution will be addressed by the Green Bay Court on November 4. It is anticipated that a distribution will be made early in 2010. The recommendation was made for the Receiver to send out claim reconciliations to all fund investors and these can be checked against individual's records and contested if appropriate.

Claims will be determined by the fund owner's percentage of ownership in the fund. That percentage of ownership will be the determining factor as to how much of a distribution each investor receives from the cash available.

Fund ownership percentage will be determined by the amount of money invested in the fund, reduced by the amount of all redemptions received prior to June 1, 2008. Redemptions received on and after June 1, 2008 will count as a credit against distributions by the Receiver. As an example, if a fund owner is entitled to a \$1000 initial distribution under the Plan, but received \$800 of distributions after June 2008, the initial distribution would be reduced to \$200.

Individual objections to the Plan of Distribution are posted on the Wealth Management web site, as is the response of the Receiver to those objections.

Recovery of Assets From Wealth Management Principals

On June 6, 2008, the day following Putman and Fevola's disclosure of the kickbacks received, they stated that they would disgorge the ill-gotten gains. To date, this has not happened.

Putman has issued a promissory note to the funds for \$722,000 (approximately 57% of the amount of the kickback), payable in seven years, with interest only payments beginning October 2009. The initial interest payment has not been made and the note is in default. The Receiver will pursue this issue.

As to recovering damages from Putman, the Receiver anticipates that there may be few assets available, in that the public records show that he has property in foreclosure and is representing himself without counsel.

Fevola and the Receiver have engaged in settlement discussions. It is not known whether the Receiver and Fevola will reach a settlement (which would be subject to court approval).

Next Hearing/Adjournment/Next Meeting

The meeting was adjourned shortly before 5 p.m. with plans to meet next after the November 4th hearing in Green Bay. This hearing will be to seek approval for continuing the stay against individual lawsuits being filed against the funds and to approve the Plan of Distribution.

C.H. Bergmann, Jr.
For the Investors' Advisory Committee
WML Receivership
10-15-09

