

STATUS UPDATE AS OF DECEMBER 30, 2009

The following is intended to provide investors with a status update, as well as answer questions you may have.

When will distributions be made from the Wealth Management Funds?

I had anticipated making distributions during the first quarter of 2009. The judge has ordered that by December 30, 2009, I send to each investor a Notice of Investor Claim, which will show each of you what your “net cash” calculation is. “Net Cash” is defined in the Receiver’s Plan for Allocation of Assets (as amended, the “Plan”) as the total of all cash investments made into a fund by an investor, less the total of all distributions/redemptions received from that fund by that investor on or before May 31, 2008.

Notices of Investor Claims are being prepared, and will be mailed to each investor on December 30. The Court Order (a copy of which will be enclosed in the package with your Notice of Investor Claim) provides that **if you object to the calculation of your Net Cash, you must file an objection by January 27, 2010**. Objections must be supported by documentation establishing the transfer of cash into a fund, and distributions from that fund. The Notice will describe the procedure for asserting such objections.

If objections are made to calculations of Net Cash, they will have to be resolved by agreement or court order. Only after the objections are resolved can we proceed to calculate the percentage distribution each investor is to receive, and to calculate the dollar amount of the distribution. If no objections are received, we may be able to make distributions during the month of February - **subject to the pending appeal, discussed below**. If objections are made, it will depend upon how long it takes to resolve those objections, which, unfortunately, I cannot predict.

Two Investors are appealing the Order Approving the Distribution Plan

Two investors - the Edwin Wilson M.D. IRA and the James P. and Sandra J. Verhoeven Revocable Trust - have appealed from the Court’s order approving the Receiver’s Plan. They have filed a notice of appeal with the Court of Appeals for the Seventh Circuit, and have also requested Judge Griesbach to stay all distributions pending resolution of the appeal. The Motion to Stay and the Receiver’s Objection thereto are being posted to the website. We will continue to post all appellate pleadings to the website, with explanations as necessary.

Does the pending appeal mean distributions will be delayed?

Maybe. The appellants have requested that I be stayed from making all distributions until the appeal has been decided. We have objected to that. If Judge Griesbach agrees with the appellants, then I will not be able to make any distributions until the appeal is resolved. That could take from 9 months to one year, or longer.

If Judge Griesbach does not impose a stay, the appellants are likely to request a stay from the Circuit Court. We will keep you informed.

How will I receive my distribution?

Distributions will ultimately be made **by check**, and mailed to you. We have no ability to make any direct transfers to your accounts. Further, issuing checks is the most cost-effective way to make distributions.

How much money will I receive?

It is too soon to tell. We will not be able to calculate the pro-rata percentage distribution until all Net Cash calculations have been mailed and any disputes are resolved. At that point, unless there is a stay against making distributions due to the appeal, we will be able to distribute a portion of the funds then available in each WM Fund. It is anticipated that subsequent distributions will be made as and when sufficient additional cash becomes available in each fund.

Will investors be receiving K-1's for 2009? If so, when?

We do expect to issue K-1's for 2009. As always, the timing is in the hands of the sub-funds, as we cannot finalize the WM Funds' tax returns and K-1's until we receive K-1's from each sub-fund. This was only recently completed for 2008, and we have no reason to expect it to take any less time in 2009.

How much cash is in the Funds?

As of 12/29/09, fund balances are as follows:

WML Gryphon	\$1,677,279.99
WML L3	\$6,665.35
WML Palisade	\$1,523,850.26
WML Pantera	\$115,206.05

WML Quetzal	\$548,409.54
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WML Watchstone	\$266,581.60
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When you make distributions, will you distribute all of the cash which is then in each of the WM Funds?

No. We will hold back a projected amount to cover administrative costs of the receivership, including fees.

Status of Baetis & Brown subfunds

As of 10/31/09 the Baetis subfund had cash in the amount of \$2,004,817.36, and the Brown subfund had cash in the amount of \$1,018,653.08.

With respect to the Brown subfund, three parties have filed motions in the receivership case asking the judge to rule that the asset freeze does not prohibit the Brown fund from making distributions to those parties since they are noteholders, i.e. creditors, of the Brown fund, and their claims, therefore should be paid ahead of investors. Each of those parties has alleged that they lent money to the Brown fund. The total principal amount which they allege they collectively lent to the Brown fund is \$793,000. The Receiver and the noteholders have agreed to a discovery schedule in order for the Receiver to investigate the circumstances surrounding issuance of the notes, and to determine whether or not to take a position adverse to the noteholders, i.e. to object to their being paid ahead of the investments made in those subfunds by the WM Funds. We will keep you informed.

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