

July 21, 2009

Dear Investor:

I apologize for having to report once again on the Charton matter but we want to assure you that we continue to work and succeed on your behalf. The unfortunate truth of the matter is that Chartons' activities impact **every** investor at Point Center with futile costly and time-consuming litigation. Should you again be contacted by this investor group we want to be sure you have the facts.

We wish the Charton investors would acknowledge our successes but since they continue to refuse to see the facts, we feel the need to remind you of how the accusations and actions are being addressed and resolved thus far. First, you may recall there were Charton's threatening emails to Dan Harkey demanding that he be treated specially, above and beyond other investors (excerpts are enclosed). Despite his barrage of emails, Lloyd struck out on *all* intimidation efforts. We at Point Center refused to give him special treatment or "*preferential redemption*". *It is simply against the law.*

Second, there was mediation with Charton, where he once again expected to cut a special deal and demanded to be treated better than all the other investors. Point Center again refused.

Third, came the lawsuit to compel production of documents. Charton's motion to compel production of the documents was denied by the court because the lawsuit was subject to an arbitration clause. (Nevertheless, Point Center produced the requested documents **without** any need for court intervention, not as a result of being "forced" to turn them over, as the plaintiffs would have you believe).

Fourth, with three strikes already against him, Charton filed another motion attempting to strangle our ability to pay our usual and authorized business related bills on your behalf. Despite the erroneous claims on the website, none of the purported "wrong doing" was presented to the court in support of their motion. For the record, the judge specifically

stated: “I think that if we start from the current state of the records, which I believe is no evidence of any mismanagement in terms of lies, fraud in the investment, stealing from the company, or exaggerated management fees, then that might lead us to the conclusion that the plaintiff loses the case.” (Emphasis added.) Just before denying the plaintiffs’ motion the judge reiterated “As we stand now, plaintiff loses. Right now. In the facts of this case, as they exist on my bench, plaintiff loses because you have no evidence.” (Emphasis added.) See the whole transcript of the hearing, enclosed.

But still Charton persists, now joining forces with defaulted borrowers to fight Point Center’s efforts to protect your investment.

Having been thwarted at every turn, the Charton investors are now trying a new tactic. *They have joined forces to try to protect borrowers that have defaulted on your investments.* Lawyers for the Charton group of investors actually appeared at a bankruptcy hearing to oppose Point Center’s request to proceed with its foreclosure of property securing the defaulted loan to The Preserve, LLC. Lloyd’s group opposed Point Center’s request by filing written opposition to prevent Point Center from foreclosing and sending not one, but two attorneys to oppose our foreclosure, joining forces with the debtor’s three attorneys sitting at the debtor’s counsel table. A court hearing has been set for September 17th to determine Point Center’s authority to act on behalf of the trust deed investors. The property’s decline in value since the filing of the bankruptcy will also be addressed.

With less than a 4% interest in the loan, the Charton group of investors wants to determine how the loan and foreclosure process is managed. Less than 4% does **not** represent “all” of the investors as they would have the court believe. Plaintiffs’ goal is simple: They want to confuse the courts, the media and the regulatory agencies, and they want to undermine you so that they can take over Point Center and create their own profit center. They will then attempt to buy all of your investments for pennies on the dollar so they can make a profit at your expense. It is crystal clear that Charton’s group has no interest in protecting you or your investment unless it is profitable to them, and they certainly have no interest in a long term profitable relationship with you, the way Point Center has for almost four decades.

In another transaction where Point Center manages a small income property on behalf of fractional owners, Charton has wedged himself between Point Center and the tenant in the property by attempting to have the rent paid directly to him despite the fact that he signed a Servicing Agreement appointing Point Center as the Property Manager. In doing so, he so convinced the tenant to stop payment on its rent check and refuse to make further payments until the matter was “cleared up” to its satisfaction. Ultimately, Point Center was forced to file an unlawful detainer action and the tenant filed a retaliatory law suit against Point Center for wrongful eviction due to Lloyd’s meddling.

Another case in point - T.M. Kumar v. Lloyd Charton

Point Center has just learned that Charton, who wants to manage your portfolio, has been sued for usury, fraud, unfair trade practices and breach of contract!

In a lawsuit filed last week, *T.M. Kumar v. Lloyd Charton*, Mr. Kumar alleges that Lloyd charged an unlawfully high rate of interest on a second trust deed, behind a \$4,500,000 negatively amortizing first trust deed. It is reported that Charton made this second trust deed

loan in the amount of \$2,250,000, but failed to disclose \$27,500 in various loan fees (including \$10,000 in fees that went to the “No Square Theater of Laguna”). If true, Charton misrepresented the total cost of the loan, and misrepresented the annual interest rate by charging 1.5% higher than the written disclosure stated. Handled properly Kumar might have backed out during his contractual right to rescind the deal within three days, but Charton recorded the documents early, not allowing Kumar the three day “cooling off period” provided for in the documents. In addition, the borrower has reported that he was charged a \$40,000 “underwriting fee.”

Unfortunately, Lloyd Charton continues his usual and customary approach to confuse and subvert in order to gain benefits for himself. While others pay his attorneys fees and litigation costs, he continues his charade with a simple goal to take over Point Center’s business for his own benefit.

In spite of the Charton investors, we want to assure you that we at Point Center continue to work on your behalf. Should you hear from Lloyd Charton or anyone else in his investor group, please issue a resounding “NO” to their requests. No to Charton; no to a change in management; no interest in any of their pursuits.

Sincerely,

A handwritten signature in black ink that reads "Dan J. Harkey". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

Dan J. Harkey
President

Enclosures