

February 25, 2009

To: Restaurant¹

Dear Sirs:

It was with great concern that I read your letter to the investors stating the company's decision to defer distributions. In particular, the statement that this decision will "facilitate reducing debt and ..." struck a nerve with me because I thought that paying off your investors would be considered part of Restaurants' debt. Also, there was no mention as to whether "deferment" meant that those fourth quarter funds were forthcoming in the future; and if so, in what amount and when?

Furthermore, what is to be interpreted by the statement "We have determined that the cash distributions made in April, July and October of 2008 should exceed the estimated tax liability for each Restaurant entity as applicable."? Is the financial objective to simply keep in line with your estimated tax payments, or is it to live up to your management and financial obligations in *all* areas, including the responsibility of reimbursing those investors (people) who financed the construction and launch of your restaurants?

Thirdly, I was curious as to whether corporate executive and/or management dividends and/or bonuses were paid out for year 2008 and/or or for fourth quarter 2008? If corporate or management bonuses were paid, yet the responsibility to reimburse your debtor investors was decided against, that would represent an unprofessional and ethical disconnect.

Some trends that I've observed since becoming an investor, which may be related, have a logical explanation, or are simply coincidental:

- When I first became an investor the distribution packets were normally mailed out within two weeks of the quarter's end; since the failed roll up and sale, the packets have been arriving four to six weeks following the end of quarter, which could possibly be interpreted as a method of holding onto funds to accrue greater interest for the company's coffers (which in all likelihood don't make it onto your investor's distribution balance sheets). In light of nearly instantaneous computerized accounting software capabilities, this delay doesn't seem logical, (not to mention ethical).
- When the proposed roll up and sale was presented to investors, and there was no perceived value for someone like myself (i.e. return on my investment for agreeing to the roll up), many of us chose to vote 'no'. Following that decision, we received a "letter of disappointment" from Restaurant Corporate, which had a petulant tone, which again could be interpreted as being motivated by the fact that the Restaurants' principals didn't get to 'cash out' and walk away with their millions.
- In August 2006, we investors received a letter from Lloyd Charton, a concerned (disgruntled?) investor stating some objections that he had regarding the proposed roll up and sale and soliciting support for his amended version for the roll up and sale. Then, six months later, voila! - his son's management firm becomes a general partner. The reason I mention this is that

¹ "Restaurant" is a well known restaurant chain

[A principal of Restaurant's] father, Lloyd Charton is again a disgruntled investor stirring up trouble with another company I am an investor with (Point Center Financial). So the questions that must follow are: Did Lloyd Charton 'muscle' his way into Restaurant, paving the way for his son to become a general partner (and by default, he himself), similar to what he's attempting to presently do with PCF via a yet-to-be substantiated smear campaign)? And, as a 'substantial investor', did Mr. Charton receive his distribution for fourth quarter 2008? Or maybe it simply comes indirectly through Chartwell Management Corp. of which he is a member? So, again I ask you, did any of you receive any compensation outside your salary in the form of dividends, etc. for 2008 or fourth quarter 2008? If so, are "deferred distributions" what's left for the small investors like myself?

It could very well be that I've connected dots that don't actually form a picture; then again, maybe the rationalization that has been undertaken within your company's walls is that this is common practice within the legal and corporate world; however, commonality (or even legality) doesn't translate into professional, ethical and moral business practices, as we have witnessed so dramatically in recent months within the meltdown within the financial world. Just like 120/80 isn't 'normal' blood pressure - it's average; it doesn't in any way indicate a healthy individual.

Personally, I choose to live my life by God-centered values and principals. It is certainly not my place to question or judge your core values, but I encourage you to run all your decisions equally through ethical 'filters' as you do through your legal, business and financial filters. There are many, many biblical references to God's abhorrence of unethical business practices on any scale, be it with your neighbor or as a corporate leader. Again, business practices that fall within legal parameters don't always reconcile within ethical and moral boundaries.

Yours in health,
-Investor

cc: Dan Harkey, Point Center Financial