

SEC v. Wamex Settlement Fund

Tax Information

Dear Eligible Claimant:

You have or will receive a distribution that represents your share of the Court-approved Distribution Fund established by the settlement of the four consolidated cases in the United States District Court for the Southern District of New York captioned *SEC v. Wamex Holdings, Inc., et al.*, Case No. 01 Civ. 9056 (DAB), *SEC v. Ramoil Management, Ltd., d/b/a Jump Automotive Experts, Inc.*, Case No. 01 Civ. 9057 (DAB), *SEC v. AbsoluteFuture.com, et al.*, Case No. 01 Civ. 9058 (DAB), and *SEC v. U.N. Dollars, et al.*, Case No. 01 Civ. 9059 (DAB). The Distribution Fund, totaling over \$14 million, represents disgorgements paid by Defendants in settlement of this matter, pursuant to Final Judgments entered by the Court. The Distribution Fund is a “Qualified Settlement Fund” (“QSF”) as defined in U.S. Treas. Reg. Sec. 1.468B-1 et seq. Your distribution was calculated in accordance with the Distribution Plan described in the Distribution Plan Notice, which was sent to you with a Proof of Claim form.

Please be advised that approximately 1,210 Proof of Claim forms were submitted, representing total Recognized Claims of approximately \$6.5 million. The Net Settlement Fund available for distribution is approximately \$14 million. Therefore, you are receiving 100% of your Recognized Claim. In addition, as the Available Distribution is greater than the aggregate Eligible Loss Amount for all Eligible Claims, the Receiver has decided to pay interest on a Claimant’s Eligible Claim pursuant to the Plan of Distribution at the annual federal short term rate dating back to November 1999 when the conduct alleged in the SEC enforcement actions first took place. Therefore, your distribution consists of two components, losses and interest. Determining the appropriate tax consequences and treatment of each of these components is the responsibility of each Eligible Claimant.

Losses. In general, the losses component of your distribution is not income to you to the extent of your basis in your investment. However, you must reduce your basis by the amount of the losses component. If the losses component exceeds your tax basis in your investment, then the excess is includable in your income as capital gain. Any such capital gain is long-term capital gain, unless you disposed of your investment before holding it for longer than one year. If you do not have reasonable access to records indicating the tax basis of your investment, then you may assume that your tax basis is zero and that the entire losses component of your distribution is includable in your income as capital gain. The QSF is not required to – and will not – issue a Form 1099 to you with respect to the losses component of the distribution.

Interest. The interest component of your distribution constitutes taxable interest income to you. Your interest component constitutes 5.57% of your total distribution. However, as required by Treasury regulations, you will only receive a Form 1099-INT if: (1) your distribution contains \$600 or more of interest; and (2) you are not an entity exempt from reporting on such form.

Damasco & Associates LLP (“Damasco”) was retained by the Receiver to provide tax services to the Distribution Fund. Damasco has participated in the preparation of the information provided herein, but is not providing services to you or any other Eligible Claimant receiving a distribution payment. The parties to the above-referenced matter, the Receiver, the Claims Administrator and Damasco cannot provide tax advice to Eligible Claimants. The information contained herein is being provided to assist you in determining the U.S. federal income tax consequences of the distribution payment if you are a citizen or resident of the U.S. The tax consequences of the distribution may vary depending on your individual circumstances. The information provided herein does not address the alternative minimum tax provisions of federal tax law, nor state, local and non-U.S. tax rules, nor the effect of possible changes in laws.

YOU SHOULD NOT RELY ON THE INFORMATION CONTAINED HEREIN AS TAX ADVICE. CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF THE DISTRIBUTION TO YOU.

If you have changed your address or if you have any questions, you may contact the Claims Administrator by calling the toll-free number 1-866-405-2132, by sending an email to questions@wamexsecsettlement.com, or by writing to the SEC vs. Wamex Holdings, Inc. Securities Litigation, c/o The Garden City Group, Inc., Claims Administrator, P.O. Box 9519, Dublin, OH 43017-4819.