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May 16, 2002

**Re: Merrill Scott and Associates Receivership**

Dear Merrill Scott Client/Investor:

On January 15, 2002, the Securities and Exchange Commission filed a Complaint against MERRILL SCOTT & ASSOCIATES, LTD. and affiliated entities<sup>1</sup> (collectively, "Merrill Scott") and PATRICK BRODY, DAVID E. ROSS II and MICHAEL G. LICOPANTIS, alleging, among other things, fraud, misrepresentation, and misappropriation of client funds. In connection with the Complaint, a Temporary Restraining Order ("TRO") was issued freezing the assets and records of Merrill Scott.

After the filing of the SEC Complaint, most of the former employees of Merrill Scott vacated the former Merrill Scott offices and began operations under various new names, including Concilium Group, Inc.

On January 23, 2002, I was appointed Receiver of the funds, assets and property of Merrill Scott and all affiliated entities for the purpose of marshalling and preserving the assets of Merrill Scott. Since that time, I have started the process of locating and taking possession of Merrill Scott assets, including books, records, files, bank accounts, real and personal property and other items, and will continue to do so over the next weeks and months. As part of the process I will submit monthly progress reports to the Court. Copies of the reports are available at the Receivership website, [www.merrillscott.com](http://www.merrillscott.com).

On March 21, 2002, as Receiver for Merrill Scott, I filed a Complaint against CGI INTERNATIONAL HOLDINGS, INC.; CONCILIUM PLANNING GROUP, INC.; and affiliated entities (collectively "Concilium"),<sup>2</sup> and ROBERT J. HIPPLE; ROD B. READ; DREW ROBERTS; AARON A. NILSEN; and certain other individuals. The Complaint alleges a scheme to divert the assets of Merrill Scott concocted by Hipple, former Chief Executive Officer of Merrill Scott, and carried out in part through International Planning Associates, Inc.

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<sup>1</sup> Additional named entities include Merrill Scott & Associates, Inc., Phoenix Overseas Advisers, Ltd., and Gibraltar Permanente Assurance, Ltd.

<sup>2</sup> Additional named entities include Concilium Insurance Services, Inc.; Concilium Real Estate and Mortgage Services, Inc.; and Concilium Merchant Capital Group, Inc.

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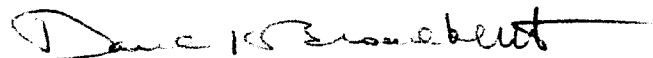
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and Concilium. On March 26, 2002, a TRO was issued against Concilium, ordering an accounting examination of the books and records of Concilium. The court issued a Stipulated Order on April 5, 2002, providing, among other things, that all funds in all identified Concilium bank accounts were to be transferred to the Receiver. A copy of the Complaint, TRO and Stipulated Order issued by the court are available at [www.merrillscott.com](http://www.merrillscott.com).

On April 26, 2002, as Receiver for Merrill Scott, I filed a Motion to Stay Litigation, requesting the court enter a stay of all pending and future litigation against Merrill Scott brought by or to be brought by any party, including former Merrill Scott clients and investors. A copy of the Motion to Stay and supporting memorandum are available at [www.merrillscott.com](http://www.merrillscott.com).

Clients, investors and creditors of Merrill Scott are encouraged to alert the Receiver of the nature of their claims and investments, as well as any other information considered helpful, and to visit the Receivership website. Clients/investors of Merrill Scott are encouraged to complete and submit the preliminary client/investor response form, available on the website.

Very truly yours,



David K. Broadbent  
Receiver  
of Holland & Hart LLP