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February 18, 2000

HAND-DELIVERED

Rudolph Contreras, Esquire
U.S. Attorney's Office
555 Fourth Street, N.W.
Tenth Floor - Civil Division
Washington, D.C. 20001

RE: The Hamilton Securities Group, Inc. and The Hamilton Advisory Services

Dear Mr. Contreras:

We have spoken several times over the past few months with regard to my inquiries as to whether or not the government has reached its decision on whether or not to pursue the *qui tam* action filed against my clients. As you know, this *qui tam* complaint was filed nearly four years ago, and the government has therefore necessarily sought several extensions of the 60-day time period within which it is required to make a decision on whether or not to pursue the case. And, as you are aware, while Hamilton has for some time known that it is a named-defendant in this *qui tam* action, the specifics of the allegations and accusations remain sealed. As you may not know, however, but should, rumors, leaks and innuendo that Hamilton and its employees engaged in criminal activities were and have been spread: rumors and innuendo which Hamilton has not been able to specifically refute because it has been denied access to the allegations. The result has been the denial of Hamilton's access to the marketplace in its areas of expertise, for which it has suffered losses in the tens of millions of dollars. While it has certainly been possible for Hamilton to make general denials of any wrongdoing whatsoever, it is impossible to shadowbox with rumors and innuendo when forced to admit that the specific allegations are unknown.

Hamilton has been reduced to a shell of its former self. Its president has been forced to liquidate her retirement fund, sell her home, her car, her furnishings and her artwork just to defend her Company and herself against the onerous, interminable, unjustified and money-wasting investigation of the HUD OIG. Millions of dollars have been spent responding to repetitive and wasteful subpoena requests from the HUD OIG which, after four years of pointless investigation, has failed to reveal any wrongdoing whatsoever by Hamilton or any of its former employees. I find it incredible that the OIG investigators admitted to me a few months ago that, after three and a half years of investigation, they had done nothing to even determine who the winners and losers were in the HUD loan sales - astonishingly despite the fact that one of the primary issues they said they were investigating was whether or not those who were awarded

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winning bids actually should have been! Upon hearing this, Hamilton was able to pull together the information and provide it to your predecessor, Anthony Alexis, in just a few days' time (despite the fact that all of its records are now spread about in packing boxes stored at the Special Masters' office).

Several months ago, Mr. Chapman of the U.S. Attorney's Office advised me that the government was closing its criminal investigation of Hamilton in these matters, and that no indictments would be sought. It remains for the government to now immediately make its determination whether or not to pursue the *qui tam* action and to immediately have all files relating to this matter unsealed. I respectfully suggest to you that Judge Sporkin's retirement from the bench cannot be used as an excuse to delay this matter one day longer, and again ask that the government immediately take the steps necessary to implement its decision, whatever that decision may be.

Every day that the government delays is another day which causes my clients grave and unnecessary financial harm. As I write to you, I have in hand a request from the HUD OIG's office to move forward on further wasteful and unnecessary requests. Over 14 months ago, a procedure was established by which the HUD OIG would have the opportunity to review, on a limited basis, some of Hamilton's digital records being maintained by the Special Masters appointed by Judge Sporkin. Now, after 14 months of total inaction, the HUD OIG is demanding a massive review of information that will cost Hamilton hundreds of thousands of dollars to deal with. This is worse than an Orwellian nightmare, which is only being extended and amplified by the lack of prompt and reasonable action by the government.

The HUD OIG investigation continues despite the fact that Hamilton has produced uncontroverted evidence demonstrating that an audit of the loan sale program, conducted by the Denver audit group of the HUD OIG, concluded that no wrongdoing had taken place during the course of the loan sales. The General Accounting Office has confirmed that the loan sales produced revenue savings to the taxpayer in excess of \$2 Billion, and reported no evidence of wrongdoing during the conduct of the loan sales.

I ask that you immediately intervene with the HUD OIG, who by its own sworn assertions is conducting its investigation at the specific request of the Department of Justice, and call an immediate halt to the OIG's investigation. If you are not able to do this, Hamilton insists on a full and complete explanation as to why it continues to suffer from the most heinous type of injustice, imposed upon it by its own government.

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I look forward to your prompt and immediate response, and reiterate to you my previous statement that we intend to bring these matters to the immediate attention of whichever judge is assigned the transfer of this matter from Judge Sporkin's docket.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Michael J. McManus', written in a cursive style.

Michael J. McManus

MJM/gw

cc: Ms. Catherine A. Fitts