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**Carl Dilley**

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**To:** Marc M. Harris  
**Cc:** Donald A. Mitchell  
**Subject:** Arrowhead privat placement

Private & Confidential

Marc & Don,

I just reviewed our private placement program with Javier. We will need \$90,000 to participate for the funds and Southeast Asia will use about \$100k of in house funds. Javier does not have settlement date yet , but anticipates it being next week some time.

Today we are short \$200,000 for operations and pending transfers out. It will be very tight for us to manage funds for payroll this week.

I am very concerned that even with the stock sales made yesterday that we will continue in a cash crisis mode. This will only generate about \$400k cash due to the current margin position.

I have shut down substantially all purchases that are not urgent or were previously contracted for.

The incoming funds are substantial, but one can never count incoming client \$\$ until the check clears. We are on an ongoing basis using up securities and cash positions to fund operations and are now at the point where very little in liquid company controlled resources exist.

Any large failure on the part of incoming client funds, requests for client outgoing transfers or securities purchases, a drop in the stock market may or some combination thereof may leave us in a substantial cash shortage that could not be met immediately.

My suggestion is that we arrange for the purchase of the Arrowhead placement from AMDG's segregated accounts or cancel the order pending an improvement in our position.

This situation is causing considerable distress with the people in the know in operations, investments, and client services.

Please let me know how you would like to proceed, and what we should be telling the staff.

In my opinion we need to put a positive face on this and tell people what we are going to do to solve this problem.

Thx

Carl