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February 3, 2017

Harrisburg and Harrisburg 2 Investors:

Initially, 2016 K-1s were mailed today, February 3, 2017. If you have not received a K-1 by the end of February, please contact my legal assistant, Lauren LaBar (LLaBar@eliasbooks.com), and provide her with updated contact information, as such is the likely reason you have not received a K-1. Please direct all other questions about the receivership to me, Wyatt Swinford.

Additionally, we have received several inquiries from IRA investors regarding placing a value or a "\$0.00" value on the Harrisburg investment and providing documentation of same. There are several reasons why we cannot list any type of value for you other than what you will receive on your K-1s:

1. We are not tax accountants, CPAs, or otherwise qualified to appraise your interest, and therefore are not qualified to give such documentation; and
2. Despite all of the Harrisburg leases expiring, the 2016 K-1s will still reflect a substantial balance in each investor's capital account. This is because the primary asset in each of the Harrisburg Prospects was a note receivable from one of the other Gray entities in receivership. While it is apparent that these notes receivable are worthless in their own right, the Receiver's third party CPA and tax accountant has indicated that IRS rules and regulations will not allow those notes to be written off until the receivership estate is closed. However, the 2016 K-1s will reflect a slight loss which correlates to the value of the leases that have expired. Previously, Nick Johnson of our office had indicated that our CPA had believed that values on K-1s would be \$0.00 once the leases expired. Such indication should have been clarified and qualified that a \$0.00 balance would only result in the final K-1s issued upon the closing of the receivership estate.

Despite this, the Receiver is willing to assist in any way permissible to help investors resolve issues with their IRAs. This includes communicating with IRA administrators to give a status update, which has helped some investors with issues regarding mandatory minimum distributions. Again, **neither the Receiver nor his attorneys can give tax or legal advice to investors**. Each investor should discuss options with their own tax accountants or financial advisors as to issues with the Harrisburg investments.

The Receiver is committed to resolving the case and closing the estate in calendar year 2017, but this depends on the ability to resolve the ancillary litigation involving the brokers who sold investments in the Gray entities and liquidating the estate property.

Should you have any questions, please feel free to call or email me.

Sincerely,

WYATT D. SWINFORD,
For the Receiver