



U.S. COMMODITY FUTURES TRADING COMMISSION

140 Broadway
New York, New York 10005
Telephone: (646) 746-9733
Facsimile: (646) 746-9940

Division of
Enforcement

June 2003

United States Investment Company Receivership

Dear Former USIC Investor:

This letter is addressed to you as a former investor of the United States Investment Company, Ltd. ("USIC"), in order to update you on the status of the USIC receivership and the resolution of court proceedings in the matter of *CFTC v. USIC*, Civil Action No. 81-1070, in the United States District Court for the District of Massachusetts before the Honorable Mark L. Wolf ("Judge Wolf").

In May 2000, the Commission filed a motion to hold Edmund E. Fleming ("Fleming") in contempt of the Court's Order dated April 10, 2000 and corrected as of April 14, 2000 (the "April 2000 Order"). The Court's April 2000 Order found that Fleming had violated his fiduciary duty as Receiver and directed him to restore to the USIC receivership the \$912,592 he misappropriated from the USIC estate. The Commission's motion alleged that Fleming was in civil contempt of the Court's April 2000 Order by failing to make all reasonable efforts to pay \$912,592 as required by the order.

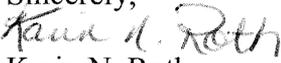
In December 2000, the Court referred this matter to the United States Attorney for possible prosecution for criminal contempt of the Court's Order dated January 17, 1997 (the "January 1997 Order") freezing Fleming's assets. In February 2001, a federal grand jury returned an indictment against Fleming alleging he was criminal contempt of the Court's January 1997 Order. He was convicted of criminal contempt in December 2001 and was sentenced in July 2002 to five months' home detention and five months' community confinement. Fleming has served his sentence.

Between February 18 and 21, 2003, the Court heard evidence on the Commission's motion to hold Fleming in civil contempt. In May 2003, the parties entered into a settlement and agreement resolving the Commission's motion. This settlement and agreement resulted in funds paid to the Clerk of the Court of \$176,569 for the benefit of the USIC estate. In addition, the Court appointed monitor, the National Futures Association ("NFA"), is holding \$15,593 for the benefit of the USIC former investors. This results in \$192,524 plus accrued interest in total funds available to be distributed to the USIC former investors.

Enclosed please find the CFTC's motion papers dated June 13, 2003 concerning the distribution of the total funds held for the benefit of the USIC former investors. The CFTC is seeking the Court's permission to:

1. Transfer the funds held by the Clerk of the District Court for the benefit of the USIC former investors to the NFA for distribution to the former USIC investors;
2. Distribute the total funds of \$192,524 plus accrued interest held by the NFA for the benefit of the USIC former investors equally among the 588 former USIC investors or their heirs or assigns ("Former Investors"), resulting in each investor receiving a check for approximately \$327.42. The NFA will mail checks to former USIC investors based on contact information provided by the Former Investors on the distribution claims form after receiving the Court's permission to pay the approved claim by the Former Investor;
3. Permit the Commission to place copies of its motion papers and this letter on the Commission's USIC website;
4. Require that all objections to the Commission's distribution plan shall be made within sixty days from the Court's approval of Commission's motion to distribute the total funds held for the benefit of the USIC former investors ("Objection date"). All objections must be served upon the Commission at its Eastern Regional Office, 140 Broadway, 19th Floor, New York, New York, 10005, Attention Karin N. Roth, as well as filed with the Court;
5. Allow the Commission to serve and file a response to any objections within fourteen days of the Objection date. The Court will rule on any objections and make any required modifications to the Commission's distribution plan.
6. Require that all requests for distribution from the Former Investors be submitted within sixty days from the Court's ruling on the objections ("Final Distribution Date"). Failure by the Former Investors to submit a request for distribution by the Final Distribution Date shall forever bar their claim;
7. The Commission shall submit the Former Investor's claim forms to the Court for its approval of the Former Investor's claims and a proposed Order to distribute funds.
8. Allow the Commission to distribute any funds that remain unclaimed six months after the Final Distribution Date to the Former Investors who have filed distribution requests. If any funds remain after this second distribution, the funds will be forwarded the United States Treasury as soon as practicable; and
9. Grant such other and further relief as is just and equitable.

As always, if you have any questions, feel free to give me a call at (646) 746-9764 or Angela Bella at (646) 746-9740.

Sincerely,

Karin N. Roth
Senior Trial Attorney