

AEM Investor Group
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20 August 2019

To: AEM Investor Pool Members

Subject: American Eagle Mortgage (AEM) Investments, managed by
American Equities, Inc., Vancouver WA

You are receiving this letter because your name appears on the AEM investor lists for funds now in financial distress. Those are the American Equities, Inc. and American Eagle Mortgage loans in the pooled partnerships (LLCs), through Ross Miles' Vancouver office, into which hundreds of us invested; many with retirement monies.

On May 10, 2019 fifteen of these "investment pools" were handed over to Hamstreet & Associates, LLC as the legally designated Receiver for disposition. In this process, control of accounts is held by an appointed receivership to avoid financial bankruptcy or legal actions. At the May 30th initial investors meeting with Hamstreet & Associates, they explained that we could expect to recover only 10% to 20% of our accounts. The Receiver has estimated assets in these funds' present value at \$34,000,000, with liabilities (or debts) of \$77,000,000, listing a loss of +/- \$43,000,000. The Receiver said that there is no evidence that AEM has ever had a routine financial audit, nor has it filed tax returns in the last decade. The Receiver also noted there have been multiple unapproved transfers between the separate LLC funds (comingling our money and concealing shortfalls).

What caused the AEM funds to suffer a loss of \$43,000,000? Investors in the AEM LLCs must recognize that our losses were not the result of bad property selections or economic slumps. We were the victims of an organized and colossal fraud in which our money was not used to purchase income-producing real estate as we were promised. In the AEM 600LLC alone, schedules of property filed by the Receiver show that investors loaned over \$26,000,000 and only \$3,500,000 is currently invested in secured real estate contracts. It now appears that most of the investment payments to AEM and interest payments to investors were funded by unlawfully transferred money from some funds to others in deceptive re-circulation. AEM also continued to solicit investment in corrupted funds.

These AEM investors are facing catastrophic losses with many facing desperate financial straits. We are a group of 15 of your fellow defrauded investors, all with similar losses to yours. We are cooperating to attempt to recover more of our money and pursue justice. There are legal and investigative efforts on these matters underway, but they will take time and our participation to protect your remaining funds as much as possible. Our current approach is to allow and assist them to complete their work and not participate in additional outside legal funds at this stage. Contacting our group will keep you informed of various ongoing processes and developments and allow investors to support and educate each other.

What can investors do now? Our goal is to achieve a communication link with everyone else who has been put in this precarious position. The least expensive method is by email, which saves limited volunteer time and postage while keeping you updated. We know from the meeting with the Receiver on May 30th and the meeting in Tigard on July 25th that most AEM investors have been unable to attend in person. (Investors will receive some infrequent mailed updates from Hamstreet & Associates. You can also sign up for email alerts when updates are available from them at <http://www.AEMinvestors.com>.) Our effort is to fill the information gap for us all.

This one-time mailing is to ensure investors are aware of the receivership and to request your email address for future periodic contact as we progress (if you do not have email access, please use the USPS mailing address above). If you would to chat with a member of the core group, please make that request in your response either in email or postal mail. These details will help us better define the scope of this issue.

What we need from you:

- ✓ Full name
- ✓ Email address
- ✓ Telephone number
- ✓ Fund name and number
- ✓ Fund investment year and original amount

To stay informed further, send any of your information to AEMVancGroup@gmail.com. You will then receive an invitation to our listserv program for regular information and discussion. (Your information is only used for these AEM-related matters and will not be shared.) Please join us so we can help each other through this complex legal and financial process.

Thank you for your consideration. We look forward to hearing from you to join us in our fight for justice.

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