

**Carl F. Schoeppl, Esq., Receiver
U.S. CAPITAL FUNDING, INC.
RECEIVERSHIP ESTATE
Post Office Box 2545
Boca Raton, Florida 33427
Toll Free: (888) 670-4700**

October 15, 2003

Re: *SEC v. First Capital Services, Inc., U.S. Capital Funding, Inc., Larry Schwartz, and Raphael "Ray" Levy, Case No. 00-8445-CIV-MIDDLEBROOKS (S.D. Fla.) (the "SEC Case"); and In re: First Capital Services, Inc., Case No. 00-32103-BKC-PGH (Bankr. S.D. Fla.) (the "First Capital Bankruptcy Case")*

Dear Investors and Potential Creditors:

As you are aware, I was appointed by the United States District Court for the Southern District of Florida (the "District Court"), to act as the Receiver for U.S. Capital Funding, Inc. ("U.S. Capital") in the SEC Case, and my goal has been and will continue to be seeking to recover assets of the Receivership Estate and providing you with a forum to administer your claims against U.S. Capital through the claims procedure established by the District Court in the SEC Case. Since my last letter to you, a number of developments have taken place with respect to the U.S. Capital Receivership Estate which are described in detail below.

At the present time, the U.S. Capital Receivership Estate is still awaiting the receipt of additional funds from First Capital in the First Capital Bankruptcy Case, from: (a) the proceeds of the sale of certain artifacts and treasures at an auction previously scheduled for October 2003 has been postponed to take place in early 2004 due to circumstances with the auctioneer outside the control of the Receivership Estate; and (b) a monetary settlement reached between First Capital and Larry Schwartz, wherein Schwartz agreed to sell his home worth more than \$400,000.00 and pay additional sums to satisfy a \$600,000.00 judgment against him by First Capital. As the largest single creditor of First Capital, the U.S. Capital Receivership Estate is entitled to the majority of all funds collected by First Capital through the auction, and the payment of settlement funds by Schwartz. Counsel for First Capital estimates that the artifacts and treasures are worth approximately \$5 million, and that the auction will net between \$2 million to \$4 million to the First Capital Bankruptcy Estate. In addition, counsel for First Capital has informed me that the next distribution of assets to creditors of First Capital, including the U.S. Capital Receivership Estate, will take place after the auction has taken place.

Due the unforeseen delays described above, the Receiver has rescheduled the targeted filing date for the final accounting of the claims submitted to the Receivership Estate to the end of the fourth quarter of 2003. After the accounting is filed with the District Court, the Receiver will send each claimant whose claim has been objected to by the Receiver, in part or in whole, a "Notice of Objection," which will notify the claimant of the specific objection by the Receiver to their claim and that the claimant, if he or she believes the Receiver's objection is not well-founded may, within thirty (30) days after the mailing of the Notice of Objection, file with the District Court a response

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U.S. Capital Funding, Inc.
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to the Receiver's objection. All objections which are not resolved will then be heard by the District Court approximately sixty (60) days following the Notice of Objection. The Receiver will arrange a specific date with the District Court for the hearing, and will include the hearing date on the Notices of Objection mailed to the claimants. The Receiver will attempt to coordinate the completion of the objection process with the recovery of additional assets from First Capital to be in a position to make a distribution to claimants in accordance with a proposed plan of distribution approved by the District Court. During the interim, the Receiver will make every effort to conserve the resources to maximize the eventual recovery for claimants.

As I have previously informed you in previous correspondence, neither I, nor my legal counsel, can give you individual legal advice concerning your claim or your rights, if any, against third parties, and you should consult with the attorney of your choice regarding your legal rights.

Sincerely,

U.S. CAPITAL FUNDING, INC. RECEIVERSHIP ESTATE

By: Carl F. Schoeppl, As Receiver

Carl F. Schoeppl, Esq., Receiver
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