

Craig Orrock & Associates

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As you may know, Val Southwick, the owner and President of Vescor Capital Inc. was recently convicted of 9 counts of securities fraud involving trust deed investments sold in Utah and Nevada. The numerous press reports and testimony of the accountant for Vescor during the bankruptcy proceedings acknowledged that he was running a Ponzi investment scheme for the entire time he was in business, some 17 years. Under such a scheme, money contributed by new investors is used to pay off returns to old investors. The trust deeds and security interest were shams and not properly documented. Although I warned the federal and state authorities about the scam in early 2004, they ignored my warnings largely since Southwick had exerted substantial political pressure on the Utah State securities division not to prosecute him. This is unfortunate since millions of additional funds were invested by innocent investors from 2004 through 2007.

In 2003 I acquired two investor notes which had at that time, amounts outstanding due from Vescor in the millions of dollars. Although some payments were received on these notes, there remains due and outstanding claims, (as evidenced by my filing in the United States Bankruptcy court claim No. 295)) for amounts due which represents approximately 35% of the entire alleged unpaid and delinquent obligations due investors from Vescor.

For several years, a few Vescor investors have been receiving money that should have been allocated among all investors equally due to the fact that Southwick was conducting a Ponzi scheme and all the obligations sold to investors were technically unsecured obligations. In many case, friends and associates that raised money for the company or certain large investors were given preferential treatment over individual investors that neither had the power or influence to demand that they be treated fairly.

The evidence over the last several months indicates that even investors that thought they were secured were actually the victims of fraud and deception, and upon closer examination, there was no direct link between the investment of funds, closing of escrow and use fo those funds for a secured loan. Mis-representations were simply made to the investors in order to induce them into making the investment but the funds were actually paid into a general fund without separate accountings.

Technically, it is my opinion, that *all funds* paid to you within the last four years and perhaps longer, would be subject to a claim by me for a percentage of the amounts received, in order to help equalize the preferential distributions. However, I am willing to settle for a partial distribution of funds you received on the closing, as reflected in the enclosed attachment. I realize that this might seem unfair since you have may have not received back your entire investment, however, by allowing a few to get paid with the rest being ignored, it treats some investors more favorably that others.

If you are willing to settle this matter you should complete and sign the enclosed form. If you disagree with this settlement position and have direct evidence contrary to the facts contained in this letter I certainly will consider such evidence

Sincerely yours,

Craig Orrock

Name:	Distribution
Hammonds	5,459.00
Orrock percentage 35%	1,910.65
Settlement percentage -50%	955.33

The party identified herein together with all other related entities or investments pertaining to the Vescor/Southwick investments scheme is relieved of any and all further liability to Craig Orrock, a creditor of Vescor.

By: 

Craig Orrock

Dated: 8/2/00