

JAMES C. SELL, TRUSTEE
MATHON FUND LIQUIDATING TRUST
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October 14, 2010

Dear Investors:

The US Attorney unsealed a 40-count indictment charging five defendants in a \$160 million Ponzi scheme. There is a link on the Mathon Conservatorship website that indicates the hearing dates as they are scheduled if you wish to attend.

As many of you are aware, this case is currently proceeding through the courts and we have made considerable strides. To date we have returned **35.6%** of your initial investment. Ponzi cases, in general, yield minimal returns, if recovery is possible at all. We are continuing to progress through the list of net winners and have finalized settlements with a number of them.

Net Winner Amount Still Owed	\$6,236,709
Net Winner Settlement Collected	\$1,698,254
Salesman/Insider Amount Forfeited	\$1,786,000
Salesman/Insider Amount Still Owed	\$6,842,000
Salesman/Insider Settlement Collected	\$528,000
Status: Any settlement or negotiated settlement is approved through The Participating Trust's Board of Trustees. Each claim is settled on a case by case basis. Details of any settlement cannot be released due to confidentiality issues. Detailed information could jeopardize any pending and/or future settlements. Some figures and amounts may be subject to change based on settlement status and are approximate.	

3rd Party Status: Sherman & Howard, continue to work to pursue these claims against the 3rd parties that we believe are liable for their role in the Mathon scheme. Lewis and Roca is in Discovery at this time and we anticipate this fall before progressing. The attorney for Squire is attempting to disqualify our attorneys, thus delaying moving forward until able to resolve.

Assets: Listed below are a few of the activities undertaken by the development group of the Connecticut property thus far. Over the past several months a number of Real Estate Brokers in the Waterford area have requested to have some involvement in the Waterford Airport Property. Engineering and architectural firms have been selected. A local well respected attorney who in the past was the Town of Waterford Attorney will be working closely with the Engineers and Architects in the final stages to assist in the presentation of all material to the appropriate Town and Governmental agencies. Liability insurance is in place to protect all parties including the Liquidating Trust.

The 4Energy (Coal Mine) Bankruptcy Trustee is in the process of closing the bankruptcy case. Mathon is the largest Class 3 claimant at 48.78%. The sales of certain assets were sold to T&T Energy, LLC that included coal leases. T&T Energy is obligated to make royalty payments directly to the unsecured creditors of Parsons 4E i.e. Mathon.

Should you have any questions, please call Nancy Stryker @ 480-403-1496. The efforts mentioned above have been and continue to be worth pursuing to obtain the maximum return for the investor.

We will continue to keep you updated on significant developments, as they occur.