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February 29, 2000

Honorable Robert F. Kelly
Judge, United States District Court
11613 United States Courthouse
601 Market Street
Philadelphia, PA 19106

*Re: United States v. Arthur Toll
Criminal No. 98-603-01*

Dear Judge Kelly:

Enclosed is the government's expert report regarding proposed calculations for the distributions of restitution monies collected from defendant Arthur Toll pursuant to his sentence. A hearing to determine the distribution amounts for each victim is scheduled to be held on March 2, 2000 at 3 p.m. Notice of this hearing was sent to the victims by mail (via postcards) on February 28, 2000 and a Certificate of Service for this notice will be filed with the Clerk.

As the Court will recall, funds paid as restitution from this defendant, as well as from his co-defendants, will not make whole the nearly 3,000 victims of this securities fraud case. We have identified and quantified the losses of these victims and those findings are included in the enclosed report submitted by the government's expert, Heffler, Radetich & Saitta L.L.P. On the basis of this report, the government will recommend at the March 2, 2000 hearing that this Court enter an order making a pro rata distribution of the monies received from defendant Toll based on the approved claim forms submitted in the above referenced matter. For Your Honor's consideration, we have enclosed a proposed form of order.

The government's expert report includes attached schedules and the following defined terms:

"Common Stock Loss" is the difference between the total purchase price of acquiring Regal Communications Corporation ("Regal") common stock during the period from January 1,

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1991 through and including April 19, 1994 (the "Relevant Time Period") and: (i) if sold on or before April 19, 1994, the total sale price; or (ii) if held through April 19, 1994, \$0.53 per share;

"Debenture Loss" is the difference between the total purchase price of acquiring Regal debentures during the Relevant Time Period and: (i) if sold on or before April 19, 1994, the total sale price; or (ii) if held through April 19, 1994, \$200 per \$1,000 debenture;

"Recognized Loss" is the combined total of each claimant's Common Stock Loss and their Debenture Loss;

"Payable Claims" are claims for which the claimant purchased Regal common stock and/or debentures during the Relevant Time Period and incurred a Common Stock and/or Debenture Loss as a result of their purchase(s);

"Non-Payable Claims" are claims for which the claimant did not meet the applicable guidelines for the reason(s) indicated in that section of our report; and

"Distribution Ratio" is the mathematical result of each claimant's Recognized Loss divided by the total Recognized Losses of all Payable Claims. Each claimant's share of the restitution funds will be determined by multiplying their Distribution Ratio times the net restitution funds available at distribution.

The government's expert report is broken down into two sections as follows:

I. PAYABLE CLAIMS

This section lists the claim numbers, names, addresses, Recognized Losses and Distribution Ratios for the 2,744 claimants who filed valid or partially valid claims.¹ A summary of the number of claims in this section, along with the Common Stock,

¹ Claim No. 90086, filed on behalf of Joan Rivers (Rosenberg), is considered valid for her Common Stock Losses only, based upon the Regal common stock she acquired during the Relevant Time Period. The amounts Ms. Rivers incurred due to legal fees and the buying back of her company's name have not been included in the calculation of her Recognized Loss.

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Debenture and Recognized Losses for this section is set forth on the accompanying schedule in the enclosed report.

II NON-PAYABLE CLAIMS

This section lists the claim numbers, names, addresses and rejection codings for the 30 claimants who filed entirely rejected *Toll* claims. (Claims previously denied in the *Regal Communications Corporation Securities Litigation* are considered non-payable, but are not listed herein.) A key identifying the reason(s) for the entire rejection is included as part of that section of the report. No Common Stock or Debenture Loss was calculated for these claims as their purchases are outside the applicable guidelines. A summary of the number of claims in this section is set forth on the accompanying schedule.

Each of these claimants was sent a letter allowing ten (10) days to contest the pending entire rejection of their claim. This time period has expired and, to date, none of these claimants has contested the pending rejection of their claim.

All claim forms received were assigned a claim number based upon the date of filing, as follows:

1	-	2,895	Timely-filed <i>Regal</i> claims, postmarked on or before April 18, 1997.
10,001	-	10,095	Late-filed <i>Regal</i> claims, postmarked after April 18, 1997.
80,001	-	80,011	Additional late-filed <i>Regal</i> claims, filed after the Distribution.
90,001	-	90,089	Timely-filed <i>Toll</i> claims, postmarked on or before January 14, 2000.
100,001	-	100,012	Late-filed <i>Toll</i> claims, postmarked after January 14, 2000.

A total of twelve *Toll* claim forms were postmarked after January 14, 2000, the deadline specified in the Proof of Claim form. The

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government, however, did not reject these claims solely on the grounds of late filing, as they did not substantially delay the claims administration process. Accordingly, these claims are included in the applicable report sections as set forth above.

Unless otherwise instructed, the government will not process any additional claim forms or additional information from claimants concerning their already-filed claim, with the exception of any change of address notifications received.

Michael Hamer from Heffler, Radetich & Saitta, L.L.P., will be present at the March 2, 2000 hearing to present evidence and/or to answer any questions that the Court or parties may have regarding our claim process and calculations for the distribution of restitution monies in this case. It will be the government's intention that similar orders regarding the distribution of funds collected from co-defendants Bruce Edmondson and Elliot Fisher be entered at the appropriate time in these proceedings.

Respectfully,

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Assistant United States Attorney
Senior Litigation Counsel

ALICIA STROHL RESNICOFF
Assistant United States Attorney

cc: John Morris, Esq., and
Howard Kaufman, Esq., counsel for defendant Arthur Toll
Joseph M. Donley, Esq., counsel for defendant Bruce Edmondson
Howard Klein, Esq., counsel for defendant Elliot Fisher
John Zingo, United States Clerk's Office
Michael Hamer, Heffler, Radetich & Saitta, LLP
United States Probation Office