

**CAROLYN BETTS, ESQ.
SOLARI, INC.
PO BOX 57326
WASHINGTON, DC 20037**

December 21, 1999

Chief, BMF Accts Res & Sup Br
Internal Revenue Service
Philadelphia, PA 19255

District of Columbia
Department of Employment Services
Unemployment Tax Division
500 C Street, NW
Room 501
Washington, DC 20001

**VIA US MAIL
RETURN RECEIPT REQUESTED**

Re: Employer ID No.: 52-1918327
Document Locator No.: 89839-055-58948-8
FUTA Tax Year: December 31, 1997

Ladies and Gentlemen:

I function as in-house counsel for The Hamilton Securities Group, Inc. ("Hamilton") pursuant to a contract between Hamilton and Solari, Inc. under which Solari provides certain services to Hamilton, which has had no active operations or employees since the spring of 1998. I enclose as *Exhibit A* a copy of correspondence that has come to my attention. Enclosed and labeled *Exhibit B* is a letter from Hamilton's outside counsel, Drinker Biddle & Reath, dated December 30, 1998 concerning the identical problem during the previous FUTA tax year.

As you can see from a review of these attachments, the problem has arisen because of an erroneous state reporting number, which is shown as 000000 in the Exhibit A notice. In fact, Hamilton's correct reporting number is 057253. I do not know why this problem was not corrected last year. Due to the relative inaccessibility of Hamilton's 1997 records, it is extremely difficult to produce 1997 cancelled checks and quarterly reporting forms at this time.

I tried to resolve this problem by telephone, both with the IRS and with the District of Columbia unemployment tax division, to no avail. The helpful IRS representative explained that only the District of Columbia could fix the problem. After numerous telephone calls to the District of Columbia Department of Taxation, I was never even able to reach anyone who purported to handle unemployment tax matters.

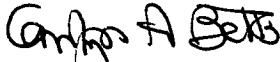
I am hoping that by copying both the IRS and the District of Columbia Department of Taxation on this letter, you will be able to communicate with each other to change the erroneous number. If Hamilton is in existence at this time next year, it will be even more difficult to locate relevant

1998 information. Therefore, I implore you to let me know if there is anything more I need to do to straighten this our once and for all.

My telephone number is 202/529-2993. The best time to reach me at this telephone number is between 9:30 am and 4:30 pm, Monday through Friday. I will be on vacation from December 23 - January 2.

Thank you very much for your assistance and Happy New Year.

Very truly yours,

A handwritten signature in black ink, appearing to read "Carolyn A. Betts". The signature is written in a cursive, somewhat stylized font.

Carolyn A. Betts
Attorney at Law

DEPARTMENT OF THE TREASURY
Internal Revenue Service
Philadelphia, PA 19255

199918 1997 CP167-S MAIL STOP: 84100 **Exhibit A**
If you have any questions, refer to this information
Date of This Notice: 09/14/1999
Employer Identifying Number: 52-1918327
Document Locator Number: 89839-055-58948-8
Form: 940 Tax Year: Dec. 31, 1997

Call: 1-800-829-8815
TOLL FREE NUMBER

or
Write: Chief, BNF Accts Res & Sup Br
Internal Revenue Service Center
Philadelphia, PA 19255

HAMILTON SECURITIES GROUP INC
PO BOX 57208
WASHINGTON DC 20037-0208080

If you write, attach this notice and include your telephone number and the best time for us to call if we need more information. The copy of this notice is for your records.

Statute Expiration Date: 01/31/2001

**WE ARE PROPOSING A FEDERAL UNEMPLOYMENT TAX INCREASE
BECAUSE OF INFORMATION WE RECEIVED FROM YOUR STATE**

Information you reported on your Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, for the tax year 1997 doesn't agree with the following information we received from your state unemployment insurance agency.

State: DC
State reporting number: 000000
Taxable state wages you paid..... \$ 0.00
0.00
0.00
0.00
Experience rates..... 0.000000
0.000000
0.000000
0.000000
Contributions you paid the state by the Form 940 due date... \$ 0.00
Contributions you paid the state after the Form 940 due date \$ 0.00

The law allows you full credit for all state contributions you paid by the Form 940 due date, up to a maximum of 5.4% of the total wages subject to federal tax. For contributions you made after the Form 940 due date, however, the law allows credit for only 90% of those contributions.

If you **DISAGREE** with the state's information or if the state reporting number is incorrect, you must contact the state for a corrected proof of credit. Then send us the corrected proof and this notice.

If you **AGREE** with the information furnished by the state, we will adjust your tax as follows:

	Reported On Return	As Changed
Total taxable wages.....	\$ 163,569.05	\$ 163,569.05
Gross FUTA tax.....	\$ 10,141.28	\$ 10,141.28
Less allowable credit.....	\$ 8,832.73	\$ 0.00
Tax balance.....	\$ 1,308.55	\$ 10,141.28
Less tax previously charged.....	\$	\$ 1,308.55
Increase in tax.....	\$	\$ 8,832.73

If we don't hear from you by Dec. 13 1999, we'll assume you agree and bill you for the additional tax plus any failure to pay, failure to deposit penalties, and interest that may apply as required by law. We will figure interest from the due date of your return until you pay the full amount you owe.

()
YOUR TELEPHONE NUMBER _____

BEST TIME TO CALL _____

Exhibit B

LAW OFFICES

DRINKER BIDDLE & REATH LLP

PHILADELPHIA NATIONAL BANK BUILDING
1346 CHESTNUT STREET
PHILADELPHIA, PA 19107-3496
(215) 968-2700

BRIAN A. COLEMAN
(202) 842-8868
COLEMABA@DBRL.COM

SUITE 900
901 FIFTEENTH STREET, N.W.
WASHINGTON, D.C. 20005-2333
TELEPHONE: (202) 842-8800
FAX: (202) 842-8485

SUITE 300
108 COLLEGE ROAD EAST
P.O. BOX 627
PRINCETON, NJ 08542-0627
(609) 716-6500

SUITE 300
1000 WESTLANES DRIVE
BERWYN, PA 19312-2409
(610) 893-2200

December 30, 1998

VIA FEDERAL EXPRESS

Department of the Treasury
Internal Revenue Service
Philadelphia, PA 19255

Re: Employer ID No.: 52-1918327
Document Locator No.: 89839-045-46696-7
FUTA - Tax Year Dec. 31, 1996

Dear Sir or Madam:

This firm represents Hamilton Securities Group, Inc. ("Hamilton") in connection with the above-referenced matter. We are in receipt of a Notice dated November 17, 1998 from the Internal Revenue Service which proposes a federal unemployment tax increase in light of information received the District of Columbia employment insurance agency. Please treat this letter as a response to the aforementioned Notice.

According to the Notice, information received by the IRS from the District of Columbia does not show that Hamilton paid its District of Columbia unemployment taxes for the 1996 tax year. The Notice proposes a tax increase in the amount of \$10,679.62, which represents a 90% federal tax credit for Hamilton's state contributions, rather than the 100% credit permitted when state unemployment tax contributions are paid by the Form 940 due date.

In fact, as the attached information demonstrates, Hamilton did pay its District of Columbia unemployment tax contributions by the Form 940 due date. The error can be traced to the fact that the state reporting number used by Hamilton - 057253 - differs from the state reporting number listed on the Notice (000000).

In conformity with the instructions given in the Notice, I am enclosing copies of the four quarterly forms filed on Hamilton's behalf for the 1996 tax year, as well as copies of both sides of the canceled checks which show that the tax was paid. I am also enclosing an original Employer Account Abstract completed by the District of Columbia Department of Employment Services which certifies that the contributions were paid in a complete and timely fashion.

I trust you will work with the District of Columbia to ensure that this error will not be repeated. The root of the error may be that the District has continuously and mistakenly referred to Hamilton Securities Group, Inc. by its prior corporate name, Fitts Davis & Co.

DC2581641

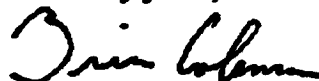
DRINKER BIDDLE & REATH LLP

December 30, 1998

Page 2

If you require further information, or if you have any questions, please contact Carolyn Betts at (202) 483-3004 or at the address given on the Notice.

Sincerely yours,



Brian A. Coleman

Enclosures

cc: Ms. Juwel Harper (Hamilton Securities Group, Inc.)

DC02581641

DEPARTMENT OF THE TREASURY
Internal Revenue Service
Philadelphia, PA 19255

199918 1997 CP167-S MAIL STOP: 84100
If you have any questions, refer to this
information
Date of This Notice: 09/14/1999
Employer Identifying Number: 52-1918327
Document Locator Number: 89839-055-58948-8
Form: 940 Tax Year: Dec. 31, 1997

Call: 1-800-829-8815
TOLL FREE NUMBER

or
Write: Chief, BMF Accts Res & Sup Br
Internal Revenue Service Center
Philadelphia, PA 19255

HAMILTON SECURITIES GROUP INC
PO BOX 57208
WASHINGTON DC 20037-0208080

If you write, attach this notice and include
your telephone number and the best time for
us to call if we need more information. The
copy of this notice is for your records.

Statute Expiration Date: 01/31/2001

**WE ARE PROPOSING A FEDERAL UNEMPLOYMENT TAX INCREASE
BECAUSE OF INFORMATION WE RECEIVED FROM YOUR STATE**

Information you reported on your Form 940, Employer's Annual Federal Unemployment
(FUTA) Tax Return, for the tax year 1997 doesn't agree with the following information
we received from your state unemployment insurance agency.

State: DC
State reporting number: 000000
Taxable state wages you paid..... \$ 0.00
0.00
0.00
0.00
Experience rates..... 0.000000
0.000000
0.000000
0.000000
Contributions you paid the state by the Form 940 due date... \$ 0.00
Contributions you paid the state after the Form 940 due date \$ 0.00

The law allows you full credit for all state contributions you paid by the Form 940
due date, up to a maximum of 5.4% of the total wages subject to federal tax. For
contributions you made after the Form 940 due date, however, the law allows credit for
only 90% of those contributions.

If you DISAGREE with the state's information or if the state reporting number is
incorrect, you must contact the state for a corrected proof of credit. Then send us
the corrected proof and this notice.

If you AGREE with the information furnished by the state, we will adjust your tax
as follows:

	Reported On Return	As Changed
Total taxable wages.....	\$ 163,569.05	\$ 163,569.05
Gross FUTA tax.....	\$ 10,141.28	\$ 10,141.28
Less allowable credit.....	\$ 8,832.73	\$ 0.00
Tax balance.....	\$ 1,308.55	\$ 10,141.28
Less tax previously charged.....	\$	\$ 1,308.55
Increase in tax.....	\$	\$ 8,832.73

If we don't hear from you by Dec. 13 1999, we'll assume you agree and bill you
for the additional tax plus any failure to pay, failure to deposit penalties, and
interest that may apply as required by law. We will figure interest from the due
date of your return until you pay the full amount you owe.

()
YOUR TELEPHONE NUMBER _____

_____ BEST TIME TO CALL

DEPARTMENT OF THE TREASURY
Internal Revenue Service
Philadelphia, PA 19255

199918 1997 CP167-S MAIL STOP: 84100
If you have any questions, refer to this information
Date of This Notice: 09/14/1999
Employer Identifying Number: 52-1918327
Document Locator Number: 89839-055-58948-8
Form: 940 Tax Year: Dec. 31, 1997

Call: 1-800-829-8815
TOLL FREE NUMBER

or
Write: Chief, BMF Accts Res & Sup Br
Internal Revenue Service Center
Philadelphia, PA 19255

HAMILTON SECURITIES GROUP INC
PO BOX 57208
WASHINGTON DC 20037-0208080

If you write, attach this notice and include your telephone number and the best time for us to call if we need more information. The copy of this notice is for your records.

Statute Expiration Date: 01/31/2001

**WE ARE PROPOSING A FEDERAL UNEMPLOYMENT TAX INCREASE
BECAUSE OF INFORMATION WE RECEIVED FROM YOUR STATE**

Information you reported on your Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, for the tax year 1997 doesn't agree with the following information we received from your state unemployment insurance agency.

State: DC
 State reporting number: 000000
 Taxable state wages you paid..... \$ 0.00
 0.00
 0.00
 0.00
 Experience rates..... 0.000000
 0.000000
 0.000000
 0.000000
 Contributions you paid the state by the Form 940 due date... \$ 0.00
 Contributions you paid the state after the Form 940 due date \$ 0.00

The law allows you full credit for all state contributions you paid by the Form 940 due date, up to a maximum of 5.4% of the total wages subject to federal tax. For contributions you made after the Form 940 due date, however, the law allows credit for only 90% of those contributions.

If you DISAGREE with the state's information or if the state reporting number is incorrect, you must contact the state for a corrected proof of credit. Then send us the corrected proof and this notice.

If you AGREE with the information furnished by the state, we will adjust your tax as follows:

	Reported On Return	As Changed
Total taxable wages.....	\$ 163,569.05	\$ 163,569.05
Gross FUTA tax.....	\$ 10,141.28	\$ 10,141.28
Less allowable credit.....	\$ 8,832.73	\$ 0.00
Tax balance.....	\$ 1,308.55	\$ 10,141.28
Less tax previously charged.....	\$	\$ 1,308.55
Increase in tax.....	\$	\$ 8,832.73

If we don't hear from you by Dec. 13 1999, we'll assume you agree and bill you for the additional tax plus any failure to pay, failure to deposit penalties, and interest that may apply as required by law. We will figure interest from the due date of your return until you pay the full amount you owe.

()
YOUR TELEPHONE NUMBER

BEST TIME TO CALL