

UNITED STATES DISTRICT COURT  
DISTRICT OF CONNECTICUT

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SECURITIES AND EXCHANGE COMMISSION, )  
)  
Plaintiff, )  
)  
v. ) C.A. No. 3:01-cv-1027(PCD)  
)  
IAN L. RENERT, )  
HAWTHORNE STERLING & CO. and )  
DONNA L. WOOD, )  
)  
Defendant. )

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**NOTICE OF SETTLEMENT AND  
DEADLINE TO FILE PROOFS OF CLAIM**

**TO: ALL ELIGIBLE CLAIMANTS (AS DEFINED BELOW) WHO INVESTED AND SUSTAINED A NET CASH LOSS IN ONE OR MORE OF THE OFFSHORE INVESTMENT COMPANIES CONTROLLED BY IAN L. RENERT OR HAWTHORNE STERLING & CO.**

**IMPORTANT: PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOU MAY BE ENTITLED TO RECEIVE MONEY PURSUANT TO THE SETTLEMENT DESCRIBED HEREIN.**

**CLAIMS DEADLINE: ELIGIBLE CLAIMANTS MUST SUBMIT PROOFS OF CLAIM, ON THE FORM ACCOMPANYING THIS NOTICE, POSTMARKED ON OR BEFORE SEPTEMBER 28, 2009.**

**REASON FOR NOTICE**

You are receiving this Notice to advise you of certain benefits that you may be entitled to receive pursuant to the settlement of and certain orders entered by the Court in an action brought

by the United States Securities and Exchange Commission (the “SEC”) entitled *Securities and Exchange Commission v. Ian Renert, Hawthorne Sterling & Co. and Donna Wood* (the “Litigation”), that was filed in the United States District Court for the District of Connecticut (the “Court”). In order to be eligible for such benefits, you must file a completed proof of claim on the accompanying form, as described below.

#### DESCRIPTION OF THE LITIGATION

On June 6, 2001, the SEC filed the Litigation in the Court against defendants Ian Renert (“Renert”), Hawthorne Sterling & Co. (“Hawthorne”) and Donna Wood. The Complaint alleged that Renert and Hawthorne offered and sold unregistered securities in the form of interests in a group of unregistered foreign investments companies known as the “Hawthorne Sterling Family of Funds” (the “Funds”). These Funds were offered and sold to the general public through offshore seminars targeted at U.S. residents, via two internet websites, sales agents, and private placement memoranda. The Complaint alleged defendants’ conduct violated Section 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a), (c); Section 7(d) of the Investment Company Act, 15 U.S.C. §80a-7(d); Section 17(a) of the Securities Act, 15 U.S.C. §77q(a); Section 10b of the Exchange Act, 15 U.S.C. §78j(b) and Rule 10b-5 thereunder, 17 C.F.R. §240:10b-5; and Sections 206(1) and (2) of the Investment Advisers Act, 15 U.S.C. §§ 80b-6(1), (2). Among other relief, the Complaint sought a permanent injunction and disgorgement of ill-gotten gains, plus interest and a civil monetary penalty.

#### SUMMARY OF SETTLEMENT AND DISTRIBUTION PLAN

After further proceedings, on April 14, 2004, defendants Renert and Hawthorne consented to the entry of a Final Judgment of Permanent Injunction, Disgorgement and Other Relief (the “Final Judgment”). Pursuant to the Final Judgment, a Disgorgement Fund was

established, consisting of (a) monies paid to the Registry of the Court on behalf of defendants Renert and Hawthorne, plus any accumulated interest and earnings thereon; and (b) any monies subsequently paid to the Registry of the Court pursuant to related proceedings pending before the Ontario Superior Court in the Province of Ontario, Canada (the “Canadian Court”). The Final Judgment also permanently enjoins the defendants from violating the provisions of the federal securities laws referenced in the Complaint.

On November 19, 2007, the Court entered an order (the “Order”) appointing Richard J. Yurko, Esq. of Yurko, Salvesen & Remz, P.C. as Receiver responsible, in consultation with the SEC staff, for handling all aspects of the Disgorgement Fund and distributing the amounts paid by defendants into the Disgorgement Fund. Thereafter, the Canadian Court authorized the transfer of monies to the Disgorgement Fund, which was subsequently transferred to the Escrow Fund established by the Receiver in accordance with the Order. As of June 30, 2009, there was \$893,851.71 in the Escrow Fund. Under the Order, only those persons (“Eligible Claimants”) who, as determined by the Receiver, invested in one or more of the offshore investment companies controlled by Renert or Hawthorne (“the Hawthorne Sterling Funds”), and sustained a “Net Cash Loss” as a result of such investment, are eligible to receive a distribution from the Escrow Fund upon the timely filing of a proper Proof of Claim. A “Net Cash Loss” is the amount by which (a) the total amount the Eligible Claimant paid directly or indirectly to invest in the Hawthorne Sterling Funds exceeds (b) the total amount the Eligible Claimant received directly or indirectly as a return on investment in the Hawthorne Sterling Funds. A person who has previously compromised a claim against Renert or Hawthorne arising from such investment is not an Eligible Claimant. Defendants or any sales representatives or sales agents who were

compensated for others to invest in any of the Hawthorne Sterling Funds are not Eligible Claimants.

#### SUBMISSION OF PROOF OF CLAIM

**In order to receive a distribution, you must complete and execute the accompanying Proof of Claim form in accordance with its instructions and return it to the address indicated on it by mail postmarked no later than September 28, 2009.** The purpose of the Proof of Claim is to prove that you are a valid Eligible Claimant. For your claim to be accepted you must:

- 1) sign the form under the pains and penalties of perjury;
- 2) provide a valid mailing address and phone numbers;
- 3) provide documentary evidence showing proof you had a “Net Cash Loss” from investing in one or more of the Hawthorne Sterling Funds, including but not limited to copies of contracts with Hawthorne or its affiliates, copies of cancelled checks reflecting an investment in the Hawthorne Sterling Funds, records of any payments received as a return on the investment; and/or correspondence with Renert, Hawthorne or their agents; and
- 4) state whether you (i) had compromised any claims against Renert and/or Hawthorne arising from an investment in one or more of the Hawthorne Sterling Funds, and (ii) were compensated for soliciting others to invest in one or more of the Hawthorne Sterling Funds.

The amount of payment to which you are entitled, if any, will be determined by the Receiver in accordance with a Plan of Distribution to be approved by the Court. If you submit a Proof of Claim, the Receiver will make a preliminary determination as to whether you are an Eligible Claimant and, if so, the amount of our Net Cash Loss. The Receiver will send you notice of his preliminary determination for your review. If you disagree with the Receiver’s preliminary determination, you will have the opportunity to make a written objection, which

must be made within 30 days after the mailing of the Receiver's preliminary determination. The Receiver will then review any such written objections and make a final determination, which will not be subject to appeal.

The amount an Eligible Claimant filing a proper Proof of Claim receives will depend upon the "Net Cash Loss" he or she incurred and the total Net Cash Losses for which proper Proofs of Claim are filed. The Receiver estimates that, after allowance for Receivership costs, in excess of \$800,000 will be available for distribution to Eligible Claimants who file proper Proofs of Claim. Based on the estimated response rate of Eligible Claimants, the Receiver currently anticipates that, on a pro rata basis, Eligible Claimants filing proper Proofs of Claim could receive 25% or significantly more of their "Net Cash Losses". However, should each Eligible Claimant file a proper Proof of Claim, the payments would be substantially less than that.

#### ADDITIONAL INFORMATION

This Notice is only a summary. For a more detailed description of the matters described in this Notice, you may refer to the papers filed in this case during regular business hours of the office of the Clerk of Court, United States District Court for the District of Connecticut, Richard C. Lee U.S. Court House, 141 Church Street, New Haven, CT 06510. **Should you have any questions about this Notice, the Settlement or the filing of a Proof of Claim, please direct them to the Receiver via email to [info@strategicclaims.net](mailto:info@strategicclaims.net) or call 866-274-4004. Please do not contact the Court or the SEC.**

RICHARD J. YURKO, ESQ.  
Receiver

Dated: July 30, 2009  
Boston, Massachusetts







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C) Please subtract the total amount of Section B from the total amount of Section A. This is your "Net Cash Loss." \$ 

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If you require additional space, attach extra schedules in the same format above, or make a photocopy of the page. Please sign each additional page provided.

**Under the penalties of perjury, I certify that: (i) All of the information provided on this claim form is true, correct and complete; (ii) I have not compromised any claims against Ian Renert and/or Hawthorne Sterling & Co. arising from an investment in one or more Funds; and (iii) I was not compensated for soliciting others to invest in one or more of the Funds.**

Date

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Signature

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**THIS PROOF OF CLAIM MUST BE SUBMITTED TO THE ADDRESS BELOW BY FIRST CLASS MAIL, POST-MARKED NO LATER THAN SEPTEMBER 28, 2009:**

SEC v. Renert  
c/o Strategic Claims Services  
600 N Jackson Street - Suite 3  
Media, PA 19063

**ANY CLAIM POSTMARKED LATER THAN THE DEADLINE WILL BE DENIED.**