



SHEPHERD FINANCIAL GROUP, LLC

October 7, 1999

Mr. Brooks Johnson
NASD
15201 Diamondback Drive
Rockville, MD 20851

Dear Mr. Johnson:

I am writing this letter to inform you that despite our best efforts, as of the close of business August 31, 1999, one of our mission critical systems was not fully Year 2000 compliant (please see attached letter).

This letter is to further indicate that:

- 1.) Our firm is in the process of remedying its material Year 2000 problem;
- 2.) We had scheduled testing of the affected mission critical system and it has been completed as of September 28, 1999;
- 3.) To the best of my knowledge, our firm does not anticipate that the existence of the aforementioned problem will impair the firms ability to ensure prompt and accurate processing of securities transactions, including order entry, comparison, allocation, clearance, and settlement of securities transactions, the maintenance of customer accounts, or the delivery of funds and securities.

Please let us know if there is any additional information you require.

Very truly yours,


George D. Guritz
Chairman & CEO

Enclosure

To Whom It May Concern:

Please be advised that Ameritech will be testing a local loop to be installed at Sheppard Financial Group, 3 E Hawthorn Pkwy in Vernon Hills IL 60061 on Friday, September 10, 1999 with a final install date of September 14, 1999.

Unfortunately, due to confusion on the exact address of Sheppard Financial, this order has been delayed. Bob Linehan originally placed the order through Reuters and it was processed through our office on July 9, 1999.

Our plan of action is to install the router needed as soon as Ameritech has tested good with MCI Worldcom.

I apologize for the delay in providing service to Sheppard Financial. We value our customers and regret any inconvenience caused by this delay in service.

If I can answer any questions, please feel free to call me.

Sincerely,

Jan Burrows
Strategic Accts provisioning specialist
MCI Worldcom
Reuters/Quotron
314 216-1274