

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

SECURITIES AND EXCHANGE COMMISSION
Plaintiff,

v.

STEPHEN C. SAYRE, INDEPENDENT FINANCIAL
REPORTS, INC.,

Defendants,

and

SILVER SCREEN INDUSTRIES, INC.,

Relief Defendant.

Case Number
00-CV-3800 MMM (JWJx)

Dear Investor,

You may be eligible to participate in a Distribution Fund related to the *SEC v. Stephen C. Sayre, et al.* matter. The Distribution Fund was created as a result of an enforcement action brought by the Securities and Exchange Commission (the "Commission") against Stephen C. Sayre ("Sayre"), Independent Financial Reports, Inc. ("IFR") and Silver Screen Industries, Inc. (collectively "the Sayre Parties"), alleging a "pump and dump" stock manipulation in the securities of eConnect, Inc. ("eConnect"), which traded under the symbol ECNC on the OTCBB. **If you purchased eConnect common stock between February 29, 2000 and March 10, 2000, you may be entitled to receive payment from the Distribution Fund.** Please see the enclosed Notice for more details regarding qualifying transactions.

If you qualify and would like to participate, you must submit a claim. Follow the instructions and complete the Proof of Claim included in this packet. Fill out the Proof of Claim Form completely, sign it, include copies of all required supporting documentation, and return the Proof of Claim Form and supporting documentation in the enclosed envelope.

There is a deadline to submit a claim for payment from the Distribution Fund. **You must mail your signed Proof of Claim no later than November 30, 2010.**

If you need assistance completing the Proof of Claim Form or if you have any questions about the Settlement, you may obtain assistance via one of the following methods:

- Visit the case website at www.gilardi.com/sayrefund
- Call the dedicated toll free number 1-866-967-6895 or
- Send an email inquiry to classact@gilardi.com

Best Regards,

Gilardi & Co. LLC
Commission-Appointed Distribution Agent

SEC v. Sayre, et al. 00-CV-03800-MMM (JWJx)
United States District Court Central District of California Western Division

Attn: All Persons or Entities who purchased eConnect Inc. common stock (CUSIP 27889S107) between February 29, 2000 and March 10, 2000 (the "Relevant Period"), inclusive, you may be eligible to participate in the Sayre Distribution Fund.

The Commission intends to release a Distribution Fund comprised of amounts paid by the Defendant pursuant to the final judgment entered in this stock manipulation case. The Distribution Fund of approximately \$987,333 includes disgorged profits, prejudgment interest and accrued interest.

Background of the Case

The Commission alleged that Sayre and his company IFR made materially false and misleading statements in stock recommendations about eConnect, whose stock at the time was quoted on the Over-The-Counter Bulletin Board. The Commission also alleged that Sayre purchased eConnect stock before issuing the recommendations and then, after the two of the reports were released, sold them at dramatically higher prices. The Commission further alleged that the reports were false and misleading because they stated that IFR held no eConnect stock and would not be compensated for its opinion, even though Sayre, its sole officer and director, had purchased the stock and made substantial profits by selling it through Silver Screen brokerage accounts.

Damage Plan Summary

If you purchased eConnect, Inc. common stock (CUSIP 27889S107) between February 29, 2000 and March 10, 2000 (the "Relevant Period"), inclusive, you may be eligible to participate in the SEC v. Sayre Distribution Fund. Claims will be calculated as follows:

1. For eConnect common stock purchased on February 29, 2000,
 - a. And sold between February 29, 2000 and March 10, 2000 inclusive, the claim per share shall be \$0.
 - b. And still held at the close of trading on March 10, 2000, the Claim per share shall be the lesser of: (i) The purchase price less \$1.75; or (ii) \$1.11 per share.
2. For eConnect common stock purchased on March 1, 2000 and March 2, 2000,
 - a. And sold between March 1, 2000 and March 10, 2000 inclusive, the claim per share shall be \$0.
 - b. And still held at the close of trading on March 10, 2000, the Claim per share shall be the lesser of: (i) The purchase price less \$1.75; or (ii) \$2.86 per share.
3. For eConnect common stock purchased between March 3, 2000 and March 7, 2000, inclusive:
 - a. And sold between March 3, 2000 and March 10, 2000 inclusive, the claim per share shall be \$0.
 - b. And still held at the close of trading on March 10, 2000, the Claim per share shall be the lesser of: (i) The purchase price less \$1.75; or (ii) \$3.27 per share.
4. For eConnect common stock purchased between March 8, 2000 and March 10, 2000, inclusive:
 - a. And sold between March 8, 2000 and March 10, 2000 inclusive, the claim per share shall be \$0.
 - b. And still held at the close of trading on March 10, 2000, the Claim per share shall be the lesser of: (i) The purchase price less \$1.75; or (ii) \$9.77 per share.

The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement" date.

The determination of the total price paid and the total proceeds received, shall be net of commissions.

For claimants who held eConnect common stock at the close of trading on February 28, 2000, or made multiple purchases or sales during the relevant period, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases, and sales for purposes of calculating a claim. Under the FIFO method, sales of shares during the Relevant Period will be matched, in chronological order, first against shares held at the beginning of the Relevant Period (at the close of trading on February 28, 2000). The proceeds from those sales will not be used in the calculation of the Recognized Loss. The remaining sales of shares during the Relevant Period will then be matched, in chronological order, against shares purchased during the Relevant Period.

To the extent a Claimant had a gain from his, her or its overall transactions in eConnect common stock during the Relevant Period, the value of the Recognized claim will be zero. For shares purchased during the relevant period and still held at the close of trading on March 10, 2000, these shares will be assigned a hold value of \$1.75, the value of eConnect stock once trading resumed. To the extent that a Claimant suffered an overall loss on his, her or its overall transactions in eConnect common stock during the Relevant Period, but that loss was less than the Recognized Claim calculated above, then the Recognized Claim shall be limited to the amount of the actual loss.

Shares "transferred into," "delivered into" or "received into" an account will not be considered as a purchase of shares unless documentation is submitted that demonstrates the original purchase of these shares occurred during the Relevant Period.

Transactions involving short sales and their covers are not eligible for compensation.

Each Claimant shall be allocated a pro rata share of the Net Available Fund based on his, her, or its recognized claim as compared to the total recognized claims of all Claimants. The minimum distribution amount to a Claimant with a valid recognized claim shall be \$10.00.

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United States District Court Central District of California Western Division

Proof of Claim Form Instructions

If you purchased eConnect common stock between February 29, 2000 and March 10, 2000 (the "Relevant Period"), inclusive, you may be eligible to participate in the SEC v. Sayre Distribution Fund.

YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM NO LATER THAN NOVEMBER 30, 2010, ADDRESSED AS FOLLOWS:

SEC v. Sayre Distribution Fund
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

1) Claimant Identification

- a) Fill in the requested information. This Proof of Claim must be completed by the actual beneficial owner or the legal representative of the beneficial owner. If there is more than one beneficial owner, all owners must be identified and must sign this form.
- b) If you owned shares of eConnect and held the certificate(s) in your name, you were the beneficial owner. If, however, the certificate(s) were registered in the name of the third party, such as a brokerage firm or other nominee, you were the beneficial owner and the third party was the record purchaser.
- c) If you are a trustee, custodian or other nominee and are completing and signing this form on behalf of the beneficial owner, you must attach documents showing your authority to make a claim.
- d) Fill in your Social Security Number or Taxpayer Identification Number, and provide a telephone number and a complete mailing address. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

2) Transaction Identification

- a) If you wish to submit a claim, you must provide data regarding all eConnect common stock transactions between February 29, 2000, and March 10, 2000, inclusive. The Distribution Agent will need to collect all common stock transaction data to help determine if you have an eligible claim. If you need more space or additional schedules, you may use photocopies of the sheets. Sign and print or type your name on each additional sheet.
 - i) For all common stock, enter the trade date, number of shares you purchased and/or sold, and the total price you paid and proceeds you received, if any (including fees and commissions).
 - ii) Broker confirmations or other documentation of your transactions in eConnect shares should be attached to your claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

SPECIAL NOTICE TO NOMINEES

If you hold any eConnect securities purchased between February 29, 2000 and March 10, 2000 as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice and the Proof of Claim by first class mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Distribution Agent:

SEC v. Sayre Distribution Fund
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Distribution Agent (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and Proof of Claim and which would not have been incurred but for the obligation to forward the Notice and Proof of Claim, upon submission of appropriate documentation to the Distribution Agent.

Frequently Asked Questions

1. Why did I receive this notice package?

You were identified as someone who purchased eConnect common stock between February 29, 2000, and March 10, 2000 and may be entitled to receive payment from the SEC v. Sayre Distribution Fund (the "Distribution Fund").

2. Why is there a Distribution Fund?

The Defendants in this case were accused of orchestrating a "pump and dump" stock manipulation scheme in which they promoted the stock before selling shares -- which had previously been purchased -- at an inflated price. The Distribution Fund includes disgorged illegal profits and prejudgment interest paid by the Sayre Parties, if any, as well as interest that was earned on that money. The Commission has ordered that the money paid by the Defendants be distributed to eligible investors.

3. How do I know if I am eligible for compensation?

If you purchased eConnect, Inc. common stock between February 29, 2000 and March 10, 2000 (the "Relevant Period"), inclusive, you may be eligible to participate in the SEC v. Sayre Distribution Fund and you may be entitled to share in the proceeds.

4. What are the exceptions to being eligible?

Persons not eligible include any Defendants in this action.

5. Does receipt of this notice package mean that I am guaranteed payment from the Distribution Fund?

No, not necessarily. You received a notice package because you may be entitled to payment. After the Distribution Agent has received your Proof of Claim, your pro-rata share, if any, will be determined according to the Distribution Plan.

6. What do I have to do in order to participate?

You must sign the enclosed Proof of Claim form, attach supporting documentation, if any, and submit it to the Distribution Agent. It must be **postmarked no later than November 30, 2010**.

7. Is this a class action? What rights am I giving up by agreeing to this by submitting a claim?

No, this is not a class action. This Distribution Fund is a result of claims brought against the Defendants by the Commission, and you are not giving up rights by submitting a claim.