

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM GREENVILLE COUNTY
Court of Common Pleas

Edward W. Miller, Circuit Court Judge

Case No. 2008-CP-23-3665

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SC Court of Appeals

William. F. Tomz and Francis W. Tomz, Individually and as Class Representatives,
..... Respondents,

v.

Capital Investment Funding, LLC, and Arthur M. Field, Defendants,
Of Whom Arthur M. Field is the Appellant,
And Capital Investment Funding, LLC is a Respondent.

**RECORD ON APPEAL
VOLUME I**

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STATE OF SOUTH CAROLINA) 24 IN THE COURT OF COMMON PLEAS
COUNTY OF GREENVILLE) 8 THIRTEENTH JUDICIAL CIRCUIT

William F. Tomz and Frances W. Tomz,)
Individually and as Class Representatives,)
Plaintiffs,)
Case No. 2008-CP-23-3665

versus)

Capital Investment Funding, LLC and)
Arthur M. Field,)
Defendants.)

Richard S. Roberts and Jeannette T.)
Roberts,)
Plaintiffs,)

Case No. 2008-CP-23-5514

versus)

Capital Investment Funding, LLC,)
Bradford Financial Group, LLC, Dr.)
Arthur Field, Rev. Brad Kelly, Dr. Calvin)
L. Williams, Bart Kelly, The Lancaster)
Group, LLC, Cosimo, LLC, Monmouth)
Financial Group, Ltd., Lancaster Resources)
(South Carolina), Inc., Capital Intrastate)
Funding, LLC, F. Scott Pfeiffer, Krondor)
Trading Co, LLC, Red Lion Trading House)
LLC, First Alliance Enterprises, Inc.,)
Tiger Transport Service, Inc., Credo Land)
Holdings, LP, Thomas E. Moore, Bountiful)
Bingo, LLC, and Kathryn Taillon)
Defendants)

Arthur M. Field,)
Third Party Plaintiff)

versus)

John A. Hagins, Jr., and Covington,)
Patrick, Hagins, Stern & Lewis, P.A.,)
Third Party Defendants)

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copies given to court

Troy Bridges, Polly W. Bridges,
Joseph L. Baker, Ann T. Baker,
Dennis Bates, Jennie Bates, Tom H. Badger,
Hilda G. Badger, T. Lyell Garland,
and Shirley Garland,
Plaintiffs,

Case No. 2008-CP-23-7457

versus

Capital Investment Funding, LLC,
Arthur M. Field, Bart Kelley, Brad
Kelley, Calvin Williams; Lancaster
Resources, Inc.; Lancaster Mortgage
Bankers, LC, Bradford Financial Group,
Monmouth Financial Group, Ltd., CIF TC
LLC; Log Cabin Financial Group, LLC and
Trazom, LLC,
Defendants.

STATE OF SOUTH CAROLINA)
COUNTY OF PICKENS)

IN THE COURT OF COMMON PLEAS
THIRTEENTH JUDICIAL CIRCUIT

Robert E. Lee and Janey Lee,
Plaintiffs,

Case No. 2008-CP-39-1184

versus

Bradford Financial Group, LLC, Capital
Investment Funding, LLC, CIF TC, LLC,
Arthur M. Field, Bart Kelly, Brad Kelly,
Lancaster Mortgage Bankers, LLC,
Lancaster Resources, Inc., Log Cabin
Financial, LLC, Monmouth Financial Group
Ltd., Trazom, LLC and Calvin Williams,
Defendants.

**MEDIATED GLOBAL SETTLEMENT AGREEMENT
AND ORDER APPROVING SETTLEMENT**

Now come the Parties set forth above and move this Honorable Court for an
Order approving this Mediated Global Settlement Agreement. Each of the parties
participated in a two-day mediation of all issues in these related cases with the Honorable



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H. Samuel Stilwell acting as Mediator. Prior to, and outside of the mediation, Defendant Capital Investment Funding, LLC made certain financial records available to the Class Plaintiff's expert accountant for review, and met with the Class Plaintiffs' Attorneys and accountant on several occasions to answer questions regarding the financial condition of the Company. Capital Investment Funding also made the Independent Fraud Examiner's Report available to Class Counsel, in addition to the documents previously provided, under seal, to Class Counsel pursuant to Order of the Honorable Edward Miller.

After reviewing the books and records made available to the Class Counsel and after participation by all parties in the mediation and with the assistance of the Mediator, the parties have reached a Global Settlement Agreement, the terms of which are as follows:

Troy Bridges et al. versus Capital Investment Funding, LLC, et al.
Case No. 2008-CP-23-7457

1. Plaintiffs Troy Bridges, Polly W. Bridges, Joseph L. Baker, Ann T. Baker, Dennis Bates, Jennie Bates, Tom H. Badger, Hilda G. Badger, T. Lyell Garland, and Shirley Garland, shall join the Class of Plaintiffs in Tomz v. Capital Investment Funding, LLC as Class Plaintiffs, and shall share *pro rata* with the other Class Plaintiffs in that case.
2. The Complaint in this case as to Capital Investment Funding, LLC, Dr. Arthur Field, Lancaster Resources, Inc.; Lancaster Mortgage Bankers, LC, Bradford Financial Group, Monmouth Financial Group, Ltd., CIF TC, LLC, Trazom, LLC and Log Cabin Financial Group, LLC will be dismissed without prejudice, subject however to the same conditions outlined in paragraph 9 following.



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Brad Kelley, Bart Kelley and Calvin Williams hereby agree to cooperate and provide any and all information, records, emails, reports in their possession, if any, to the receiver which may be necessary based on their involvement with the company. This cooperation clause shall be an affirmative duty by Brad Kelley, Bart Kelley and Calvin Williams and they shall not be able to request payment for their cooperation. Further, Capital Investment Funding agrees that it has no officers and directors errors and omissions coverage and hereby affirmatively indicates that no such coverage exists. It is also agreed that Brad Kelley, Bart Kelley and Calvin Williams shall offer truthful testimony in any court proceeding, deposition or trial which may be necessary should the receiver decide to proceed with additional litigation. Notwithstanding the foregoing, Bart Kelley, Brad Kelley and Calvin Williams specifically reserve their ability to assert all rights, privileges and immunities accruing to them under any state or federal law and both the United States and State of South Carolina Constitutions. It is further agreed that without waiving any of his rights, Arthur Field shall also offer truthful testimony, shall agree to cooperate in any proceeding in state or federal court to include bankruptcy court and such cooperation shall include testimony and/or depositions which shall be without cost to the receiver or to the noteholders, however out of pocket expenses will be reimbursed while traveling more than fifty miles from Greenville, SC. Further, Dr. Field agrees that he shall give up any and all claim for any future payments on account of his employment contract and shall immediately resign his offices at Capital Investment Funding, but shall provide copies of all records, emails, reports, letters, documents, mortgages, notes and any other materials which shall support the receiver's right to collect from any individual or corporation which has been loaned any monies by



Capital Investment Funding, LLC or its related companies. However, the parties acknowledge that Dr. Field has asserted state and federal statutory and constitutional privileges over these documents. In order to preserve whatever rights and expectations of privacy Dr. Field Capital Investment Funding, LLC and all related companies may have in these documents and in order enable Dr. Field and Capital Investment Funding, LLC and all related companies to deliver the documents to the Receiver without any delay, the Court by approving this Settlement Agreement does Order Dr. Field and Capital Investment Funding to turn over all records including all documents, emails, computer records, mortgages and the like to the Receiver within ten (10) days of the approval of this agreement and all of Dr. Field's rights shall run with the documents. The Court also Orders, by approval of this settlement, that the Receiver is working for the Court and that neither the Receiver, Class Counsel nor agent or employee of the Receiver or Class Counsel shall allow any person or entity to have or to have access to the documents turned over to the Receiver at any time by Dr. Field except upon written Order from Judge Miller. The Honorable Edward W. Miller retains jurisdiction over this matter to ensure compliance with this Order. Further the court makes these Orders with regard to the documents after a Fairness Hearing which was noticed to all Class Members and attended by many Class Members, all parties were present or represented by counsel and the SC Attorney General attended by designee as a Friend of the Court. After hearing from all parties who wished to be heard, the Attorney General as a Friend of the Court and several class members I find that the Orders regarding the documents contained herein are in the best interest of the class because the Receiver must have

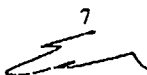
the documents as soon as is possible so that he may begin marshalling the assets of Capital Investment Funding, LLC and without these Orders neither Capital Investment Funding, LLC or related companies nor Dr. Field would consent to turning over any documents and this Settlement would fail.

3. Upon receipt of documents from attorney Bruce Bannister demonstrating that Defendants, Brad Kelly and Bart Kelly,, received no assets of Capital Investment Funding, LLC, other than distributions from their paid-in Capital Accounts and/or annual earnings distributions prior to Capital Investment Funding declaring its winding up and Brad Kelly's W-2 and/or 1099 income, which shall be fully disclosed to Class Counsel, and have insufficient assets to respond to a judgment in favor of Class Plaintiffs then those Defendants will be dismissed with prejudice. It is agreed that the Defendant Calvin Williams has already provided documentation to Class Counsel showing that he has received no assets of Capital Investment Funding, LLC, other than distributions from his paid-in Capital Accounts and/or annual earnings distributions prior to Capital Investment Funding declaring its winding up received only such distributions and a total of \$5,000 by way of partial indemnification for attorneys fees. He has further provided documentation showing that he does not have sufficient assets to respond to a judgment and is entitled to be dismissed with prejudice by this Order. Provided, however, that in the event it is determined that the information provided by or on behalf of the above-named Defendants is inaccurate or false in any material respect, Class Counsel shall have the right to reinstate suit against these Defendants notwithstanding their dismissal with prejudice. All documentation produced shall be subject to an appropriate confidentiality order. It is

further provided that Calvin Williams expressly denies any wrongdoing. Class Counsel has determined that Calvin Williams cannot respond to a judgment and shall be released and dismissed from all claims with prejudice. All actions set forth in this Order against Calvin Williams are dismissed with prejudice, and he is released from all claims raised or which could have been raised against him in these actions, including in the Tomz and any claims of the Class.

**William F. Tomz, et al. versus Capital Investment Funding, LLC
and Arthur M. Field
Case No. 2008-CP-23-3665**

4. Capital Investment Funding, LLC will record a Confession of Judgment to the Class Plaintiffs in the amount of \$38,491,321.92 upon approval of this Agreement.
5. Jerry Saad, CPA will be appointed Receiver of Capital Investment Funding to continue winding up the affairs of Capital Investment Funding in accordance with the SC Limited Liability Company Act, and exercising all the rights, duties and responsibilities vested in a receiver pursuant to the law of South Carolina. Without limiting any of the foregoing, the receiver shall take all actions necessary and prudent to collect the assets of Capital Investment Funding, LLC, prosecute and defend lawsuits on behalf of Capital Investment Funding, LLC, safeguard the privacy of Capital Investment Funding, LLC's and related companies and Arthur Field's documents and records in accordance with State and Federal law by producing documents only pursuant to a written Order from Judge Miller per the provision in Paragraph 2 above, manage and preserve the assets of Capital Investment Funding, LLC, and to make *pro rata* distributions of the assets and income of Capital Investment Funding, LLC to the Class Plaintiffs, and take such other actions



necessary or appropriate as may be required and/or approved by Class Co-Counsel or a court of competent jurisdiction.

6. Gene M. Connell, Jr. of Kelaher, Connell & Connor, PC and Stanley T. Case and Edward G. Smith of Butler, Means, Evins & Browne will be confirmed as Class Co-Counsel. Class Co-Counsel will oversee the activities of the Receiver. The Receiver will report to Class Co-Counsel no less than monthly, and Class Co-Counsel will be responsible to keep the Class informed of the progress of the winding up of the affairs of Capital Investment Funding, LLC.
7. Class Co-Counsel will be entitled to petition the Court for compensation for the prosecution of this Action and for oversight of the Receiver, and shall be paid for their services and reimbursed for costs as approved by the Court.
8. Arthur M. Field will resign as Manager of Capital Investment Funding, LLC upon Court approval of this agreement and the complaint in this action against Mr. Field will be dismissed without prejudice within five (5) days of such approval, subject to conditions hereafter set forth.
9. The parties agree that Class Counsel may reinstitute any claim or action dismissed without prejudice in Troy Bridges, et al. vs. Capital Investment Funding, LLC, et al., Case No. 2008-CP-23-7457 and William F. Tomz, et al. vs. Capital Investment Funding, LLC and Arthur M. Field, Case No. 2008-CP-23-3665 on behalf of the class within the time limit imposed by law or court rule. Other causes of action against parties not named in the Bridges or Tomz law suits are not affected by this settlement, except as to Calvin Williams as set forth herein. Further, the rights of the class under any state or federal securities law shall not

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be affected by this settlement, except as to parties released or dismissed with prejudice. In consideration of Dr. Field being dismissed without prejudice in the above-referenced actions, Dr Field agrees to forego the severance pay allegedly due to him under his Employment Agreement. The parties further agree that in the event Class Counsel initiates a claim against Dr. Field he shall be entitled to all defenses, cross-claims and counterclaims that would have been available to him in the dismissed actions, specifically Troy Bridges, et al. vs. Capital Investment Funding, LLC, et al., Case No. 2008-CP-23-7457 and William F. Tomz, et al. vs. Capital Investment Funding, LLC and Arthur M. Field, Case No. 2008-CP-23-3665, and may also revive any claims to severance pay and indemnification as cross-claims against Capital Investment Funding, LLC, in addition to any other defenses, cross actions and counterclaims.

10. The Receiver shall be empowered to employ such persons as he deems necessary, with approval of the Class Co-Counsel, to carry out his work under this Agreement.
11. Receiver Saad will be entitled to a fee of \$200 per hour for his work as Receiver, and Class Co-Counsel shall review and approve all billings on behalf of the Class.
12. In accordance with Paragraph 3, tax returns and other financial documents of the Defendants Bart Kelley and Brad Kelley will be produced by Attorney Bruce Bannister within fifteen days of the execution of this agreement. Such documents will provide valid evidence that Defendants Bart Kelley and Brad Kelley have no assets of Capital Investment Funding and insufficient assets to respond to a judgment in favor of class plaintiffs. Such documents shall include tax returns and a list of assets, if any, which



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any of these individuals may have in their respective names. All such information shall be subject to an appropriate confidentially order.

13. The receiver shall obtain from Capital Investment Funding through its officers, agents and/or employees and Arthur Field on the day the receivership is approved by the court a complete and itemized listing of all cash and monies available to Capital Investing Funding to include all monies expected to be obtained by Capital Investment Funding within the following six months. The Receiver shall immediately send notice to all debtors of Capital Investment Funding advising them of the new address for payment. Further, Arthur Field and any and all employees of Capital Investment Funding agree to immediately turn over any and all funds due to Capital Investment Funding which are sent to them after the approval of the receivership. Such funds shall be forwarded to the receiver within 48 hours of receipt by Field. Further, a complete listing of any all real property shall be provided to the receiver at his address to include any and all notes, mortgages and other assets of any value to include records as to whether or not taxes have been paid on the aforementioned properties to include receipts for those tax payments and the Company will deliver its files on all properties, notes and mortgages at such time and to such reasonable place as the Receiver shall direct at Capital Investment Funding's expense. Inasmuch as Calvin Williams is dismissed with prejudice under the terms of paragraph 3 of this agreement, all potential claims of the Tomz, the Class, and all other plaintiffs as to Calvin Williams are hereby dismissed with prejudice and Calvin Williams will be released from all such claims.

Richard S. Roberts, et al. versus Capital Investment Funding, LLC, et al.
Case No. 2008-CP-23-5514

14. Plaintiffs Roberts or their designee shall receive as full and final settlement of their claim all the remaining Textile Mill Revitalization Act Tax Credits held by CIF TC, LLC, a wholly owned subsidiary of Capital Investment Funding, LLC.
15. Plaintiff Roberts or the designee taking possession of the Credits shall pay the Receiver the sum of \$0.20 for every \$1.00 of 2009 and 2010 Tax Credits when and if they are sold, as demonstrated annually by the delivery to the Receiver of the annual Tax Returns of CIF TC, LLC or any other entity then holding the Tax Credits.
16. Defendant Capital Investment Funding, LLC will transfer these Tax Credits by transferring the respective membership interests in CIF TC, LLC to the Roberts or their designee, free and clear of all claims or encumbrances, and hereby covenant to provide such further cooperation reasonably necessary to effect the transfer of the Tax Credits.
17. Because of the nature of the tax credits, a supplemental agreement detailing the terms of the transfer of the tax credits will be executed and is made a part of this Mediated Global Settlement Agreement by reference.
18. The Complaint in Roberts v. Capital Investment Funding, LLC will be dismissed with prejudice within five (5) days after the Order approving this Agreement is entered and proof provided to all defendants. The Roberts' four (4) Notes (##6684, 6686, 6859, and 6966) shall be marked "Satisfied" and surrendered to the Receiver within five (5) days.
19. Any and all Third Party Complaints filed against John A. Hagins and/or Covington, Patrick, Hagins, Stern & Lewis, PA will be dismissed with prejudice within five (5)

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days after the Order approving this Agreement is entered and proof provided to all defendants.

20. Plaintiff Roberts or his designee will take the entire risk and expense of selling the Tax Credits, and in the event they are not sold or are sold at a loss shall nonetheless have no further claim against the Company or any third party with respect to their Notes or the causes of action that were or could have been set forth in their Complaint, and shall enjoy the full benefit of any profit received from the sale of the Tax Credits, regardless of amount.

**Robert E. Lee and Janey Lee versus Bradford Financial Group, LLC, et al.
Case No. 2008-CP-39-1184**

21. Defendant Capital Investment Funding, LLC, without admission of liability and through its receiver Jerry Saad, CPA, shall pay to Plaintiffs Robert E. and Janey Lee within thirty (30) days of Court approval of the settlement by way of a certified check the sum of Twenty-Five Thousand and No/100 Dollars (\$25,000.00) in settlement of Lee v. Bradford Financial Group, LLC, et al. (Case No.: 2008-CP-39-1184).
22. Plaintiffs Robert E. and Janey Lee are hereby given permission to sell their Notes to a third party for Fifty Thousand and No/100 Dollars (\$50,000.00) and that third party shall be given leave to join the Class as a Class Plaintiff and to receive its pro rata share of the assets of the receivership. Third-party purchaser shall have forty-five (45) days after purchasing the Notes to opt in as a member of the Class. Failure to do so shall bar third-party purchaser's recovery claim. Additionally, third-party purchaser shall not be permitted to bring a separate action against Capital Investment Funding,

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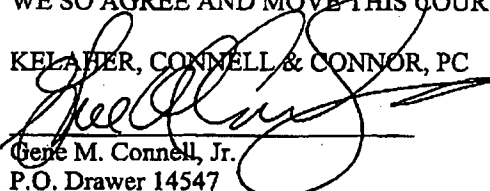
LLC or any person whom Capital Investment Funding, LLC is required or permitted to indemnify under the South Carolina Limited Liability Company Act.

23. Any potential class member of Lee v. Bradford Financial Group, LLC, et al. (Case No.: 2008-CP-39-1184) shall join or shall be allowed to join the Class of Plaintiffs in Tomz v. Capital Investment Funding, LLC, and Lee v. Bradford Financial Group, LLC, et al. (Case No.: 2008-CP-39-1184) will be dismissed with prejudice.

WHEREFORE, the Parties hereto, represented by the Attorneys set forth below, having negotiated in good faith and believing this settlement to be equitable to all, each pray this Honorable Court to approve this Global Mediated Settlement Agreement as being in the best interests of all parties after notice to all class members of a hearing at which all class members shall have a right to appear and object.

WE SO AGREE AND MOVE THIS COURT TO APPROVE:

KELAFER, CONNELL & CONNOR, PC


Gene M. Connell, Jr.

P.O. Drawer 14547

Surfside Beach, SC 29587

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John B. White, Jr.

P.O. Box 3547

Spartanburg, SC 29304

Attorney for Plaintiffs Robert E. Lee and Janey Lee

LLC or any person whom Capital Investment Funding, LLC is required or permitted to indemnify under the South Carolina Limited Liability Company Act.

23. Any potential class member of Lee v. Bradford Financial Group, LLC, et al. (Case No.: 2008-CP-39-1184) shall join or shall be allowed to join the Class of Plaintiffs in Tomz v. Capital Investment Funding, LLC, and Lee v. Bradford Financial Group, LLC, et al. (Case No.: 2008-CP-39-1184) will be dismissed with prejudice.

WHEREFORE, the Parties hereto, represented by the Attorneys set forth below, having negotiated in good faith and believing this settlement to be equitable to all, each pray this Honorable Court to approve this Global Mediated Settlement Agreement as being in the best interests of all parties after notice to all class members of a hearing at which all class members shall have a right to appear and object.

WE SO AGREE AND MOVE THIS COURT TO APPROVE:

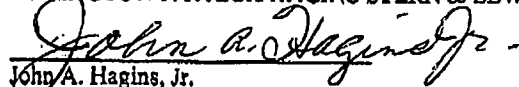
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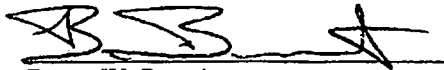
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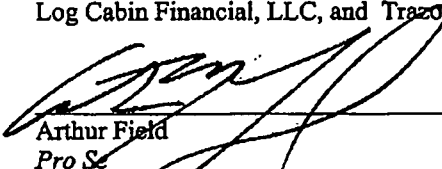
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Jeannette T. Roberts

BUTLER, MEANS, EVINS & BROWNE, P.A.

Stanley T. Case
P.O. Drawer 451
Spartanburg, SC 29304-0451
Attorneys for Plaintiffs Troy D. Bridges, Polly W. Bridges,
Joseph L. Baker, Ann T. Baker, Dennis Bates, Jennie
Bates, Tom H. Badger, Hilda G. Badger, T. Lyell Garland,
and Shirley Garland and Co-Counsel for the Certified Class of Plaintiffs

BANNISTER & WYATT, LLC

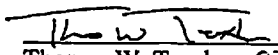
Bruce W. Bannister
P.O. Box 10007
Greenville, SC 29603
Attorney for Defendant Bart Kelley, Brad Kelley,
Log Cabin Financial, LLC, and Trazon, LLC



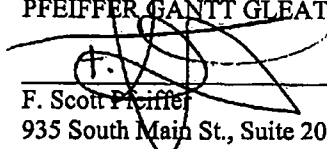
Arthur Field
Pro Se
310 Thornblade Blvd.
Greer, SC 29650

Kathryn Taillon
Pro Se
310 Thornblade Blvd.
Greer, SC 29650

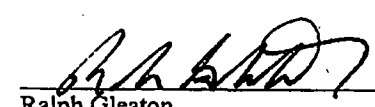
CARTER, SMITH, MERRIAM, ROGERS & TRAXLER, PA


Thomas W. Traxler 
P.O. Box 10828
Greenville, SC 29603
Attorneys for Defendant Calvin Williams

PFEIFFER GANTT GLEATON WYATT, PA


F. Scott Pfeiffer
935 South Main St., Suite 203
Greenville, SC 29601
Attorneys for Defendants CIF TC, LLC, Bradford Financial Group, LLC and
Monmouth Financial Group, Ltd.,

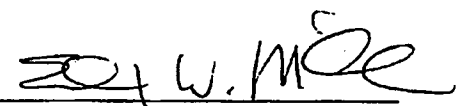
PFEIFFER GANTT GLEATON WYATT, PA


Ralph Gleaton
935 South Main St., Suite 203
Greenville, SC 29601
Attorneys for Capital Investment Funding, LLC, F. Scott Pfeiffer,
Red Lion Trading House, LLC, Capital Intrastate Funding, LLC,
Kronador Trading House, LLC, Bountiful Bingo, LLC, and Cosimo, LLC

I find, after a fairness hearing on the record, that the matters set forth above are fair, reasonable and in the best interest of the class.

IT IS THEREFORE ORDERED that the entirety of the Mediated Global Settlement Agreement as set out above should be and is adopted as an Order of this Court.

IT IS SO ORDERED!


The Honorable Edward W. Miller
Judge, Thirteenth Judicial Circuit

Greenville, SC
July 2009

8/24



**IN THE COURT OF COMMON PLEAS
THIRTEENTH JUDICIAL CIRCUIT
C/A NO. 2008-CP-23-3665**

ENTERED COMPUTER

**STATUS CONFERENCE
ORDER**

VS.

(Signature)
JUN 29 PM 4 29
FBI - NEW YORK

Defendants.

A handwritten signature in dark ink, appearing to be "G. H. B." or similar, located at the bottom right of the document.

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Office of the alleged theft of those docks. The Receiver indicated that he would immediately advise the South Carolina Attorney General's Office or the police once he obtained additional information.

III. HAGINS' REPORTS

The Court also heard statements from Johnny Hagins, counsel for Roberts, that he had obtained certain information which may be helpful to the Class in any pending litigation they might have against any responsible and/or third party. Class Counsel stated that he was unwilling to pay for information that he was not sure would help prosecution of any person or entity responsible for the losses of the Class without seeing the documentation. Attorney Hagins then agreed to turn the documentation over to Attorney Curt Stodghill to review to determine whether or not there was any information which was helpful to the Class. If Attorney Stodghill, as counsel for the Receiver, believed the information was of value, then he was to report to the Court his findings or resolve this issue at the mediation involving the tax credit settlement.

IV. CLASS MEMBER CONCERNS

The Court also heard the concerns of Class members regarding reports concerning the Receiver's findings. The Court requested Class Counsel to look into posting the Receiver's findings on his law firm website. The Court advised the Class members who were there that it would only require an annual report because of the costs involved. Further, the Receiver should attempt to communicate every month with Class Counsel as to any issues and developments in the case. Class Counsel will then post the report on his website so the Class members could then review the progress of the case without the costs of an expensive report.

V. IRA ACCOUNTS OF CLASS MEMBERS

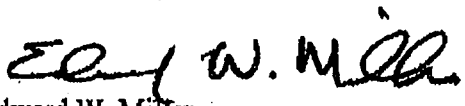
Finally, Class members advised the Court that they were concerned about the value of certain IRA accounts held through the Fiserv Corporation. The Court agreed that the value of each

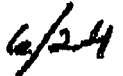
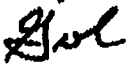
Class member's IRA had been dramatically affected because of the huge losses of CIF. The Court requested the Receiver and his counsel, Curt Stodghill, determine whether or not they could place a value on any Fiserv account held by a Class member. The Court will then issue an Order in regard to the value of the IRA at a later date. Counsel for the Receiver indicated that he would have to consider the tax implications of determining the value of each member's IRA account and would attempt to do so within the next three weeks.

VI. SAAD'S PERFORMANCE AS RECEIVER

Finally, the Court assured the Class members that it was supervising this case and was doing everything possible to make sure Class members' interests were protected. I also am sympathetic to the note holders who have lost much of their life savings in this failed business. I direct the Receiver to continue to pursue anyone who may have assets to pay the note holders or who may have liability for the failure of the company. The Court noted that approximately Forty Million Dollars had been invested in Capital Investing Funding, and of those funds, approximately Seventeen Million Dollars was involved in real estate tied up in a bankruptcy in New Jersey. The Court once again requested that counsel and the Receiver diligently continue to investigate assets which may be available for distribution and to post those progress reports on Class counsel's website.

AND IT IS SO ORDERED.


Edward W. Miller
Judge, Thirteenth Judicial Circuit

 , 2010
 , South Carolina

STATE OF SOUTH CAROLINA

COUNTY OF GREENVILLE

IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE

CASE NO: 2008CP2303665

William F Tomz vs. Capital Funding Llc

CHECK ONE:

- ☐ JURY VERDICT. This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☐ DECISION BY THE COURT. This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ☐ ACTION DISMISSED (CHECK REASON): ☐ Rule 12(b), SCRPC; ☐ Rule 41(a), SCRPC (Vol. Nonsuit); ☐ Rule 43(k), SCRPC (Settled); ☐ Other:
- ☐ ACTION STRICKEN (CHECK REASON): ☐ Rule 40(j) SCRPC; ☒ Bankruptcy;
- ☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award;
- ☐ Other:

IT IS ORDERED AND ADJUDGED:

☐ See attached order;

☐ Statement of Judgment by the Court;

Dated at Greenville, South Carolina, this .

Court Reporter:

PRESIDING JUDGE -

This judgment was entered on the 29th day of June, 2010, and a copy mailed first class this 29th day of June, 2010, to attorneys of record or to parties (when appearing pro se) as follows:

Gene McCain Connell Jr. Kelaher Connell &
Connor, PC P.O. Drawer 14547 Surfside Beach,
SC 295874547

Fredrick Scott Pfeiffer Pfeiffer Gantt & Gleaton
John Belton White Jr. Harrison White Smith
Hayes & Coggins PC P.O. Box 3547
Stanley T. Case Butler Means Evins & Browne,
PA P.O. Drawer 451 Spartanburg, SC 29304
J. Emory Smith Jr. Assistant Deputy Attorney
William H. Ellis II 310 Mills Ave., Ste. 201 S
Bruce Wycho Bannister Bannister & Wyatt,
LLC P.O. Box 10007 Greenville, SC 29603
Henry Dargan McMaster Attorney General
P.O. Box 11549 Columbia, SC 29211

STATE OF SOUTH CAROLINA)

COUNTY OF GREENVILLE)

JUN 25 2009 IN THE COURT OF COMMON PLEAS

FILED-CLERK OF COURT
GREENVILLE, SC

ENTERED COMPUTER

William F. Tomz and Francis W.
Tomz, Individually and as Class
Representatives,

Plaintiffs,

vs.

Capital Investment Funding,
LLC and Arthur M. Field,

Defendants.

C.A. No. 2008-CP-23-3665

**ORDER COMPELLING PRODUCTION
OF DOCUMENTS, RECORDS, PROPERTY
AND THINGS**

By Order of this Court dated August 24, 2009, Jerry T. Saad was appointed to act as Receiver for Capital Investment Funding, LLC ("CIF") in the above-referenced matter. The aforementioned Order required, among other things, that the Receiver "take all actions necessary and prudent to collect the assets of [CIF], prosecute and defend lawsuits on behalf of [CIF] . . . manage and preserve the assets of [CIF] and to make *pro rata* distributions of the assets and income of CIF to the Class Plaintiffs, and take such other actions necessary and appropriate as may be required and/or approved by class co-counsel or a court of competent jurisdiction."

Prior to the appointment of Mr. Saad as Receiver of CIF, CIF had taken over ownership and management of Cosimo, LLC ("Cosimo"). Cosimo had borrowed funds from CIF and then loaned those funds to other persons; with the intention of profiting on the difference between the rate Cosimo paid CIF and the rate to which Cosimo lent funds to the other persons. Because of CIF's position as owner and manager of Cosimo, the Receiver is also the acting manager of Cosimo. The Receiver, in his

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en

Mr. Case rec'd copies @ counter and will get other attys copies

capacity as manager of Cosimo, recently demanded full payment of all outstanding loans secured by collateral for amounts loaned by Cosimo to several entities, namely, WE3 Company, Inc. ("WE3"), SD Trust, LLC ("SD"), Big Deal Land Company, LLC ("Big Deal"), and Rolling Hills Land Co., LLC ("Rolling Hills"). After WE3, SD, Big Deal, and Rolling Hills failed to satisfy the Receiver's demand he exercised Cosimo's rights to the collateral securing such loans which entitled Cosimo to take over control of all capital interests and consequently, all ownership in and management interests of WE3, SD, Big Deal, and Rolling Hills. Receiver is now managing those businesses as well.

The Receiver, as manager of CIF, Cosimo, WE3, SD, Big Deal and Rolling Hills ("the Businesses"), has any and all right, title and interest in and to any and all information and assets including, but not limited to, bank accounts, security deposit boxes, securities, loans, receivables, cash, assets, real and personal property and/or investment vehicles, belonging to the Businesses, and consistent with his mandate to discover, marshal and preserve such assets, has requested that individuals currently and/or previously associated in a business capacity (including for example, representatives, agents, employees, directors, managers, shareholders, members, lenders, financial institutions, banks, vendors, and customers) with the Businesses ("Business Associates") (i) provide Receiver with any and all information they may have in their respective possession and/or control related to the Businesses; (ii) turn over to the Receiver any and all records in their respective possession and/or control related to such Businesses; and (iii) turn over to the Receiver any and all property in their respective possession and/or control of such Businesses. Receiver shall have complete and unfettered access, control and possession of any and all information and

assets of the Businesses. Receiver shall have sole signatory power, control and possession of any and all bank accounts, security deposit boxes, securities, loans, receivables, cash, assets, real and personal property and/or investment vehicles, belonging to the Businesses subject only to any restrictions deemed necessary and appropriate by class co-counsel or a court of competent jurisdiction.

On certain occasions and from certain persons, the Receiver has encountered resistance to and difficulty in obtaining such information, records, and property. Because of such difficulty, on June 3, 2010, the Receiver came before this Court and requested an Order requiring certain Individuals to (i) provide Receiver with any and all information they may have in their respective possession and/or control related to the Businesses; (ii) turn over to the Receiver any and all records in their respective possession and/or control related to such Businesses; and (iii) turn over to the Receiver any and all property in their respective possession and/or control of such Businesses. In doing so, Mr. Saad was acting in his capacity as Receiver as well as the owner and management of the Businesses. The Receiver has requested the Court Order to include, without limitation, the following individuals: Gene Hopper, Chuck Pinion, David Gantt, Scott Pfeiffer, Joshua Ward, and Anthony Edgar (the "Individuals")) to (i) provide Receiver with any and all information they may have in their respective possession and/or control related to the Businesses; (ii) turn over to the Receiver any and all records in their respective possession and/or control related to such Businesses; and (iii) turn over to the Receiver any and all property in their respective possession and/or control of such Businesses. Having heard from the Receiver, and hearing no objection

from other interested parties and individuals, the Court is convinced that the requested relief is in the best interest of the class.

For the foregoing reasons, the Court makes the following Order:

IT IS HEREBY ORDERED that the Individuals, within ten (10) days of the service of this Order, and with respect to Business Associates, within a reasonable time after written request (or provision of subpoena) (i) turn over or provide access for review and reproduction to the Receiver of all records in their respective possession and/or control related to such Businesses; and (ii) turn over to the Receiver all property of such Businesses in their respective possession and/or control at the offices of the Receiver, Jerry T. Saad, Saad & Manios, LLC, 1249 South Pleasantburg Drive, Greenville, SC 29605, or at such other place as may be agreed upon by the Receiver, the following records, documents, property and things:

1. All documents related in any manner whatsoever to the boat docks that were the apparent subject of the \$500,000 loan from Cosmo to Big Deal, and/or SD, including, but not limited to, the planning, application, designing, ordering, invoicing, building, licensing, permitting, purchasing, receiving, installing, marketing, offering for sell or lease, leasing, selling, re-leasing, re-selling, moving, removing, delivering, destruction, disassembling, or theft of the boat docks originally represented to be used in the Sweetwater Subdivision. Such records shall include, without limitation, all estimates, quotes, purchase orders, permits, licenses, cancelled checks, deposit slips, notes, letters, memoranda, phone records, police reports, and other records showing the building and acquisition costs of such boat docks, the original, past and current value of such docks, the identity and address of the original and any subsequent owners and/or possessors of such docks, and the known or suspected locations of the docks at any time in the past and at the current time.

2. All documents related to any bank account, security deposit boxes, securities, loans, receivables, cash, assets, real and personal property and/or investment vehicle used by and/or held by any of the Businesses, whether checking, savings, or some other type of account, including without limitation, all account statements, account summaries, cancelled

checks, deposit slips, checks, check registers and other documents normally associated with such accounts.

3. All documents related to any discussions, solicitations, or negotiations of potential loan to, or investment in, or any business transaction with any one or more of the Businesses by one Eric Foss, The Foss Foundation, and/or any business partner, associate, or person related to or dealing or potentially dealing in conjunction with Mr. Eric Foss.

4. All documents related to any transaction between any of the Businesses and Faulstine Smith.

5. All remaining documents in the possession, custody or control of any of the Individuals that are in any way related to any of the Businesses for the time period of January 1, 2004, to the date of this Order.

6. It shall be understood that this Order, and the responsibilities of the Individuals hereunder, is continuing in nature. The Individuals are, therefore, under a duty to seasonably supplement or amend their responses to the Order if they subsequently receive information which leads them to believe that a response is incorrect, insufficient, or not wholly true.

7. It also shall be understood that the terms "documents" and "records" shall be interpreted as broadly as possible to mean all writings of any kind, including the originals and all non-identical copies, whether different from the originals by reason of any notation made on such copies or otherwise, including without limitation: correspondence; memoranda; notes; diaries; statistics; letters; telegrams; minutes; contracts; reports; studies; checks; deposit slips; statements; receipts; returns; summaries; pamphlets; books; interoffice and intra-office communications; notations of any sort of conversations, telephone calls, meetings, or other communications, including, without limitation, voice mail, e-mail, attachments to emails, electronic images and text-messaging; bulletins; printed matter; computer print-outs; tele-types; tele-fax; quotes, estimates and invoices; worksheets; all drafts, alterations, modifications, changes, and amendments of any of the foregoing; graphic or oral records or representations of any kind (including, without limitation, photographs, charts, graphs, microfiche, microfilm, videotapes, recordings, and motion pictures); and any electronic, mechanical, or electric records or representations of any kind (including, without limitation, tapes, cassettes, discs, diskettes, hard drives, "thumb" or "flash" drives, recordings, and computer memories).

8. Any and all boat docks that were the apparent subject of the \$500,000 loan from Cosimo to Big Deal, and/or SD.

9. Any and all right, title and interest of the Businesses including CIF and Cosimo to any bank account, security deposit boxes, securities, loans, receivables, cash, assets, and/or investment vehicle used by and/or held by any of the Businesses including CIF and Cosimo, whether checking, savings, or some other type of asset and/or account, providing complete control and possession thereof.

10. Any and all right, title and interest of the Businesses including CIF and Cosimo to real or personal property including, but not limited, copyrights, trademarks, trade secrets, customer lists, patents, goodwill, licenses, royalties, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter of credit rights, letters of credit, money, and oil, gas, or other minerals before extraction, easements, options and rights of first refusal.

IT IS FURTHER ORDERED that the failure to produce the documents and/or property, as applicable, to the Receiver within the time allotted will subject the individuals and Business Associates on which this Order is served to potential sanctions or an appropriate Rule to Show Cause.

IT IS FURTHER ORDERED that the Receiver is confirmed by the Court to have the authority to request the issuance of subpoenas, conduct depositions, and conduct all other discovery allowed under South Carolina law, through appropriate counsel, in order to accomplish the purposes of his receivership and to fulfill his duties under this Order and prior Orders of this Court and South Carolina law.

AND IT IS SO ORDERED.

DATED THIS 29 DAY OF JUNE, 2010.



The Honorable Edward W. Miller
Judge, Thirteenth Judicial Circuit

FILED-CLERK OF COURT
STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE

IN THE COURT OF COMMON PLEAS

William F. Tomz and Francis W.
Tomz, Individually and as Class
Representatives,

C.A. No. 2008-CP-23-3665

Plaintiffs

ORDER

vs.

ENTERED COMPUTER

Capital Investment Funding,
LLC and Arthur M. Field,

Defendants.

This matter came before this Court pursuant to the Motion for an Order Requiring Testimony and Authorizing Waiver of Attorney-Client Privilege By the Receiver, Jerry T. Saad, as receiver ("Receiver"), joined by counsel for the Class Action Plaintiffs (William F. Tomz and Francis W. Tomz, Individually and as Class Representatives) (the "Motion"). I have reviewed the Motion and Field's Objection to Saad's Motion for Order Requiring Testimony and Field's Request to Enforce Settlement Agreement or Discharge Receiver, and the arguments in the matter from Saad, class counsel, Arthur M. Field ("Field"), and F. Scott Pfeiffer ("Pfeiffer") by Steven E. Farrar.

Based on the record and applicable law, I have determined:

1. The constitutional privileges, rights, and expectations of privacy maintained by Arthur M. Field ("Field") and addressed in this Court's Mediated Global Settlement Order and Order Approving Settlement dated on or about August 24, 2009 ("Global Settlement Order"), as clarified and modified by this Court's Order Compelling Production of Documents, Records, Property and Things made on or about June 29, 2010, are separate from the interests of Capital Investment Funding, LLC ("CIF"); Cosimo, LLC ("Cosimo"); SD Trust, LLC ("SD Trust"); Big Deal Land Company, LLC ("Big Deal"); Rolling Hills Land Company, LLC ("Rolling Hills");

SD Trust Fractional, LLC ("SD Fractional"); SD Trust Management, LLC ("SD Management"); and WE3 Company, Inc. ("WE3"), and with respect to which Field has asserted the authority to waive the attorney-client privilege.

2. The powers of the Receiver and a debtor-in-possession in a Chapter 11 bankruptcy are analogous to the powers of a trustee in bankruptcy. *Commodity Futures Trading Commission v. Weintraub*, 471 U.S. 343 (1985) and 11 U.S.C. §1107.

3. The rationale of *Commodity Futures* applies in this case; therefore, (a) the attorney-client privilege attaches similarly to corporations and limited liability companies ("Entities" where no distinction is required); (b) the power to waive the attorney-client privilege rests with the respective Entities' management; (c) when control passes to new management, the authority to assert and waive the Entity's privilege passes to new management; (d) new managers may waive the attorney-client privilege with respect to communications made by former managers, officers, and directors; (e) the Receiver, a debtor-in-possession in a bankruptcy proceeding, or a trustee in bankruptcy is analogous to company management and may waive the attorney-client privilege with respect to communications made by former managers, officers, and directors; and (e) displaced managers, officers, and directors may not assert the attorney-client privilege over the wishes of current manager, the Receiver, a trustee in bankruptcy, or debtor-in-possession in bankruptcy.

4. If the Receiver's requested relief is granted, the relief will reasonably assist the Receiver in performing his duties as set forth in the Global Settlement Order, as amended.

5. If the Receiver's requested relief is granted, the relief is not anticipated to affect or interfere with Field's constitutional privileges, rights, and expectations of privacy as discussed in the Global Settlement Order.

IT IS ORDERED:

1. That the Receiver alone has a right to waive the attorney-client privilege with regard to CIF, Cosimo, WE3, SD Trust, Big Deal, Rolling Hills, SD Fractional, SD Management, and any other Entities with respect to which the Receiver acts as management, debtor-in-possession in a Chapter 11 bankruptcy, or trustee in a bankruptcy proceeding for such Entities as it may apply to Pfeiffer and any current or former attorney of the law firm of Pfeiffer, Gleaton, Wyatt & Hewitt,

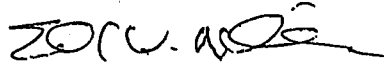
P.A. (formerly known as Pfeiffer, Gantt, and Gleaton, P.A. and Pfeiffer and Gantt, P.A.) or any other lawyer representing such Entities.

2. That the Receiver effectively waived the attorney-client privilege with respect to Pfeiffer, Pfeiffer, Gleaton, Wyatt, & Hewitt, P.A. and any other lawyer related to CIF, Cosimo, WE3, SD Trust, Big Deal, Rolling Hills, SD Fractional, and SD Management by the written waiver attached to the Motion.

3. Nothing herein shall be interpreted to impact or waive the individual privileges held by Field and the Receiver and his counsel are not to seek to invade those privileges either directly or indirectly through the questioning of Pfeiffer.

Dated:

10/10/11



The Honorable Edward W. Miller, Judge
Thirteenth Judicial Circuit

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE
IN THE COURT OF COMMON PLEAS

FILED-CLERK OF COURT
GREENVILLE CO. S.C.
PAUL B. MICKENSIMER
JUDGMENT IN A CIVIL CASE
2011 OCT 12 PM 3:19
CASE NO: 2008CP2303665

William F Tomz vs. Capital Funding Llc

CHECK ONE:

- ☐ **JURY VERDICT:** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☐ **DECISION BY THE COURT:** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ☐ **ACTION DISMISSED (CHECK REASON):** ☐ Rule 12(b), SCRCP; ☐ Rule 41(a), SCRCP (Vol. Nonsuit); ☐ Rule 43(k), SCRCP (Settled); ☐ Other:
- ☐ **ACTION STRICKEN (CHECK REASON):** ☐ Rule 40(j) SCRCP; ☐ Bankruptcy: ☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other:
- ☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):** ☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other:

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; ☐ Statement of Judgment by the Court:

NOTICE

This is a notice to you that an Order on the Motion Requiring Testimony and Waiver of Attorney Client Privilege by the Reciever in this case has been filed in the Clerk of Court's Office. To obtain a certified copy, you may contact our office by phone (864) 467-8551 or email a request to dajones@greenvillecounty.org. If you would like a copy via email, please provide a valid email address.

Dated at Greenville, South Carolina, this .

Court Reporter:

PRESIDING JUDGE -

Gene McCain Connell Jr. Kelaher Connell &
Connor, PC P.O. Drawer 14547 Surfside Beach, SC
295874547

Fredrick Scott Pfeiffer Pfeiffer Gantt & Gleaton 935
South Main Street Ste 203 Greenville, SC 296013314
Arthur M Field 310 Thornblade Blvd Greer, SC
29650

CPFORM4M
SCCA SCRCP Form 4 Revised 06/2008

John A. Jr. Hagins Covington Patrick Hagins Stern
& Lewis P.O. Box 2343 Greenville, SC 29602
John Belton White Jr. Harrison White Smith Hayes
& Coggins PC P.O. Box 3547 Spartanburg, SC 29304
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William H. Ehliis II 310 Mills Ave., Ste. 201
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Bruce Wyche Bannister Bannister & Wyatt, LLC
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Henry Dargan McMaster Attorney General P.O.
Box 11549 Columbia, SC 29211

ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

Paul B. Wickensimer Greenville County Clerk Of Court
- Clerk of Court

STATE OF SOUTH CAROLINA
 COUNTY OF GREENVILLE
 CIVIL ACTION NO. 2008-CP-23- 3665

William F. Tomz and Francis W. Tomz, Individually and as Class Representatives,
 Plaintiff,

v.

Capital Investment Funding, LLC and Arthur M. Field
 Defendants.

**ORDER AND RULE
 TO SHOW CAUSE**

This order is issued based upon asserted violations of orders of this Court including (i) the order dated August 27, 2009 ("Global Settlement Order") appointing Jerry T. Saad as receiver (the "Receiver") for Capital Investment Funding, LLC ("CIF") and empowering him to take actions as such including obtaining records and information; (ii) the order dated June 29, 2010 ("Production Order") elaborating on the Global Settlement Order by specifying the obligation to produce records, property, and information; and (iii) the order dated October 10, 2011 ("Privilege Order") clarifying the Receiver's authority to waive attorney client privilege on behalf of certain entities.

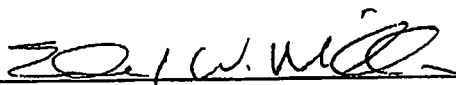
A Request for Production of Records ("RFP") was served on Arthur M. Field ("Field") by the Receiver by and through his counsel, Curtis Stodghill and counsel for the Class Action Plaintiffs, Stanley T. Case on or about November 28, 2011 (copy attached).

Field has failed to comply with the RFP. A copy of an affidavit of Receiver related to Field's failure to comply with the RFP and orders of this court is attached to this Order and Rule to Show Cause.

Counsel for the Receiver and for the Class Action Plaintiffs request the Court to issue this Order and Rule to Show Cause. The Receiver is entitled, pursuant to S.C. Code Ann. § 15-65-10, et seq., Rule 37 of the South Carolina Rules of Civil Procedure, the Global Settlement Order, the Production Order, and the Privilege Order to a hearing requiring Field to show cause why he has not produced the records requested pursuant to Rule 34 of the *South Carolina Rules of Civil Procedure* and the aforementioned Global Settlement Order; Production Order, and Privilege Order, and why Field should not be held in contempt of the aforementioned court orders; and further for an order compelling production of the requested documents.

IT IS THEREFORE ORDERED that Arthur M. Field, TO APPEAR before the Honorable Edward W. Miller of Greenville County at the Greenville County Courthouse, 305 East North Street, Greenville, South Carolina, in Courtroom 4, on the 21ST day of June, 2012, at 2:30 ~~a.m.~~ p.m. TO SHOW CAUSE why he has not performed pursuant to Rule 34 of the *South Carolina Rules of Civil Procedure* and the aforementioned orders of this court.

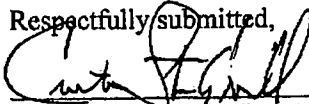
IF YOU DO NOT APPEAR AS ORDERED, YOU MAY BE HELD IN CONTEMPT OF COURT, WHICH COULD RESULT IN A FINE and/or JAIL SENTENCE.



Circuit Court Judge, Thirteenth Judicial Circuit

Greenville, South Carolina
6-5, 2012

Respectfully submitted,



Curtis Stodghill SC #6458

Stodghill Law Firm Chartered

P.O. Box 2431

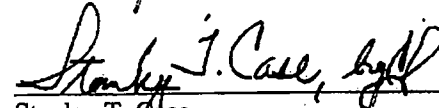
Greenville, SC 29602

(864) 271-0966

(864) 770-6167 Fax

Attorney for Receiver, Jerry T. Saad

Date: 5/25/12



Stanley T. Case

Butler, Means, Evins & Browne, P.A.

P.O. Box 451

Spartanburg, SC 29304

(864) 582-5630

(864) 585-2034 Fax

Attorney for the Class Action Plaintiffs

(William F. Tomz and Francis W. Tomz,

Individually and as Class Representatives)

Date: 5/25/12



STATE OF SOUTH CAROLINA

COUNTY OF GREENVILLE

IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE

CASE NO: 2008CP2303665

FILED-CLERK OF COURT
GREENVILLE CO. S.C.
PAUL B. WICKENSIMER

William F Tomz vs. Capital Funding, LLC - 7 A 8:27

CHECK ONE:

- ☐ **JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☐ **DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ☐ **ACTION DISMISSED (CHECK REASON):** ☐ Rule 12(b), SCRPC; ☐ Rule 41(a), SCRPC (Vol. Nonsuit); ☐ Rule 43(k), SCRPC (Settled); ☐ Other: _____
- ☐ **ACTION STRICKEN (CHECK REASON):** ☐ Rule 40(j) SCRPC; ☐ Bankruptcy: ☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other: _____
- ☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):** ☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☒ See attached order; ☐ Statement of Judgment by the Court:
Dated at Greenville, South Carolina, this .

Court Reporter:

PRESIDING JUDGE -

This judgment was entered on the 7th day of June, 2012, and a copy mailed first class this 7th day of June, 2012, to attorneys of record or to parties (when appearing pro se) as follows:

Gene McCain Connell Jr. Kelaher Connell &
Connor, PC P.O. Drawer 14547 Surfside Beach, SC
295874547

Fredrick Scott Pfeiffer Pfeiffer Gantt & Gleaton 935
South Main Street Ste 203 Greenville, SC 296013314
Arthur M Field 310 Thornblade Blvd Greer, SC
29650

John A. Jr. Hagins Covington Patrick Hagins Stern
& Lewis P.O. Box 2343 Greenville, SC 29602

John Belton White Jr. Harrison White Smith Hayes
& Coggins PC P.O. Box 3547 Spartanburg, SC 29304

Stanley T. Case Butler Means Evins & Browne, PA
P.O. Drawer 451 Spartanburg, SC 29304

J. Emory Smith Jr. Assistant Deputy Attorney
General P.O. Box 11549 Columbia, SC 29211

William H. Ehlers II 310 Mills Ave., Ste. 201
Greenville, SC 29605

Bruce Wyche Bannister Bannister & Wyatt, LLC
P.O. Box 10007 Greenville, SC 29603

Henry Dargan McMaster Attorney General P.O.

ATTORNEY(S) FOR THE PLAINTIFF(S)

Box 11549 Columbia, SC 29211

ATTORNEY(S) FOR THE DEFENDANT(S)

Paul B. Wickensimer Greenville County Clerk Of Court
- Clerk of Court

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

IN THE COURT OF COMMON PLEAS

William F. Tomz and Francis W.)
Tomz, Individually and as Class)
Representatives.)

C.A. No. 2008-CP-23-3665

Plaintiffs)

**REQUEST FOR PRODUCTION
OF RECORDS**

vs.)

Capital Investment Funding,)
LLC and Arthur M. Field,)

Defendants.)

To Arthur M. Field ("Field"):

Jerry T. Saad, Receiver, for Capital Investment Funding, LLC ("CIF") by and through undersigned counsel, serves upon Field, pursuant to Rule 34 of the *South Carolina Rules of Civil Procedure*, the following requests for production of documents to be answered in writing. Responses hereto should be served upon the undersigned attorney within thirty (30) days of the date of service of these requests for production of documents. These requests for production of documents shall be deemed continuing so as to require supplemental answers Field obtains further information/documents. The authority for this request is summarized below.

Jerry T. Saad, was appointed as receiver (the "Receiver") for Capital Investment Funding, LLC ("CIF") pursuant to the Mediated Global Settlement Order And Order Approving Settlement, dated August 27, 2009 ("Global Settlement Order"), issued by The Honorable Edward W. Miller of the Greenville County Court of Common Pleas (the "Court"). Jerry T. Saad was appointed as the Receiver for CIF. The Global Settlement Order directed, among other things, that the Receiver:

... continue winding up its [referring to CIF] affairs in accordance with the South Carolina Limited Liability Company Act and to exercise all the rights, duties and responsibilities vested in a receiver pursuant to the law of South Carolina. Without limiting the foregoing, the Receiver, shall take all actions necessary and prudent to collect the assets of Capital Investment Funding, LLC, prosecute and defend lawsuits on behalf of [CIF], safeguard privacy of Capital Investment Funding, LLC's and related companies and Arthur Field's documents and records in accordance with State and Federal law by producing documents only pursuant to a written Order from Judge Miller per the provision in Paragraph 2 above, manage and preserve the assets of Capital Investment Funding, LLC, and to make pro rata distributions of the assets and income of Capital Investment Funding, LLC to the Class Plaintiffs, and take such other actions necessary or appropriate as may be required and/or approved by the Class Co-Counsel or a court of competent jurisdiction.

In pursuing his responsibilities, Receiver has become manager of CIF: Cosimo, LLC ("Cosimo"); SD Trust, LLC ("SD Trust"); Big Deal Land Company, LLC ("Big Deal"); Rolling Hills Land Company, LLC ("Rolling Hills"); SD Trust Fractional, LLC ("SD Fractional"); SD Trust Management, LLC ("SD Management"); and WE3 Company, Inc. ("WE3").

Further, the Court issued another order dated June 29, 2010 ("Second Order"), requiring certain persons to turn over or provide access for review and reproduction of certain records in their respective possession and/or control related to the above-referenced business entities to the Receiver, and to turn over to the Receiver all property of such entities in their possession and/or control at the offices of the Receiver. Pfeiffer was among the persons specifically referred to in the Second Order. The Second Order further provided:

The Receiver is confirmed by the Court to have the authority to request the issuance of subpoenas, conduct depositions, and conduct all other discovery allowed under South Carolina law, through appropriate counsel, in order to accomplish the purposes of his receivership and to fulfill his duties under this Order and prior Orders of this Court and South Carolina law.

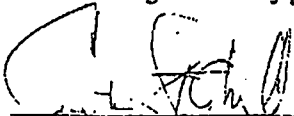
Further, the Court issued another order dated ^{October 10th} ~~September 16~~, 2011 ("Privilege Order"), which provided:

1. That the Receiver alone has a right to waive the attorney-client privilege with regard to CIF, Cosimo, WE3, SD Trust, Big Deal, Rolling Hills, SD Fractional, SD Management, and any other Entities with respect to which the Receiver acts as management, debtor-in-possession in a Chapter 11 bankruptcy, or trustee in a bankruptcy proceeding for such Entities as it may apply to Pfeiffer and any current or former attorney of the law firm of Pfeiffer, Gleaton, Wyatt & Hewitt, P.A. (formerly known as Pfeiffer, Gantt, and Gleaton, P.A. and Pfeiffer and Gantt, P.A.) or any other lawyer representing such Entities.
2. That the Receiver effectively waived the attorney-client privilege with respect to Pfeiffer, Pfeiffer, Gleaton, Wyatt, & Hewitt, P.A. and any other lawyer related to CIF, Cosimo, WE3, SD Trust, Big Deal, Rolling Hills, SD Fractional, and SD Management by the written waiver attached to the Motion.
3. Nothing herein shall be interpreted to impact or waive the individual privileges held by [Arthur M.] Field and the Receiver and his counsel are not to seek to invade those privileges either directly or indirectly through the questioning of Pfeiffer.

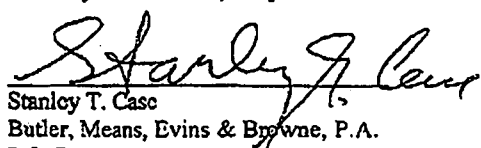
Field shall deliver the following documents (for these purposes "documents" specifically include any digital media, convertible to paper documents along with username, password, and other access information necessary to obtain information or documents from digital media) to the offices of Receiver:

1. All documents related to the organization of CIF, including subscriptions for purchase of capital interests and the appointment of persons to manage CIF.

2. All documents related to the sale of CIF securities excluded from request 1, including specifically the "Investor Notes" as well as the use of proceeds of such sales.
3. All documents related to loans made by CIF to Cosimo, WE3, SD Trust, Big Deal, Rolling Hills, SD Fractional, SD Management, and any other Entities or individuals including but not limited to matters related to CIF operations in making, holding, and satisfying such loans, loan documents, documents purporting to purchase or sell loans, correspondence among CIF and borrowers, purchasers, or sellers of such loans or their legal counsel.
4. Correspondence between CIF and legal counsel related to CIF loans described in 3 above.
5. All documents related to the direct or indirect transfer of any property of CIF or with respect to which CIF had any rights as creditor to Cosimo, WE3, SD Trust, Big Deal, Rolling Hills, SD Fractional, SD Management, and any other Entities or individuals including Field or any person related to Field.



Curtis Stodghill SC #6458
Stodghill Law Firm/Chartered
P.O. Box 2431
Greenville, SC 29602
(864) 271-0966
(864) 770-6167 Fax
Attorney for Receiver, Jerry T. Saad



Stanley T. Case
Butler, Means, Evins & Browne, P.A.
P.O. Box 451
Spartanburg, SC 29304
(864) 582-5630
(864) 585-2034 Fax
Attorney for the Class Action Plaintiffs
(William F. Tomz and Francis W. Tomz,
Individually and as Class Representatives)

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
COUNTY OF GREENVILLE	)	CIVIL ACTION NO. 2008-CP-23- 3665
William F. Tomz and Francis W.	)	
Tomz, Individually and as Class	)	
Representatives,	)	
Plaintiff,	)	CERTIFICATE OF SERVICE
	)	
v.	)	
Capital Investment Funding,	)	
LLC and Arthur M. Field	)	
Defendants.	)	

I certify that I personally served the REQUEST FOR PRODUCTION OF RECORDS upon Defendant, Arthur M. Field, in the presence of Jerry T. Saad, Receiver for Capital Investment Funding, LLC, during our meeting of November 28, 2011 at 1249 South Pleasantburg Drive, Greenville, SC 29605.

Date: November 28, 2011



Curtis Stodghill
Attorney for Jerry T. Saad, Receiver for Capital Investment Funding
S.C. Bar No. 6458
Stodghill Law Firm Chartered
201 E. McBee Avenue, Suite 300 A (29601)
Post Office Box 2431
Greenville, SC 29602
Tel. (864) 271-0966
Fax (864) 770-6167

STATE OF SOUTH CAROLINA)

IN THE COURT OF COMMON PLEAS

COUNTY OF GREENVILLE)

CIVIL ACTION NO. 2008-CP-23- 3665

William F. Tomz and Francis W. Tomz, Individually and as Class Representatives,

Plaintiff,

v.

Capital Investment Funding, LLC and Arthur M. Field

Defendants.

**AFFIDAVIT OF JERRY T. SAAD
RECEIVER FOR CAPITAL
INVESTMENT FUNDING, LLC**

I, Jerry Saad, being first duly sworn, say:

1. On or about August 24, 2009, I was appointed as receiver of Capital Investment Funding, LLC ("CIF") by order of Judge Edward W. Miller in Tomz v. Capital Investment Funding, LLC, et al., Case No 2008-CP-23-5514 in the South Carolina Court of Common Pleas Thirteenth Judicial Circuit ("Global Settlement Order"). The Global Settlement Order provided that Arthur Field's rights were to be preserved with respect to his provision of records and information to me.
2. Shortly after the Global Settlement Order, Arthur Field ("Field") provided me with several banker boxes of paper business records and a digital copy of what he stated included all documents of CIF..
3. From the time I received such records however, I have needed additional documents and information related to the business activities of CIF, which were not included in the records Field provided to me.
4. After the date of the Global Settlement Order, Field informed me on several occasions that he had in his possession or control substantially more records of CIF, which had not been provided to me – upwards of 90 banker boxes.
5. Periodically from the Global Settlement Order I have needed information related to the business of CIF which I could not obtain from business records received from Field. In those instances, where appropriate I called Field, and he provided me emails or other information which was helpful with respect to the issue about which I needed information.
6. Since the Global Settlement Order, obtaining desired information beneficial to the receivership has been difficult and slow. On information and belief Field has contributed to the difficulty and slowness in my ability to obtain information related to CIF business.
7. Judge Miller clarified and supplemented the Global Settlement Order on two occasions to facilitate my ability to obtain information related to CIF business. Specifically, June 29, 2010

("Production Order") elaborating on the Global Settlement Order by specifying the obligation to produce records, property, and information; and October 10, 2011 ("Privilege Order") clarifying my authority as CIF's receiver to waive attorney client privilege on behalf of certain entities.

8. On November 28, 2011 at a meeting in my offices Curtis Stodghill served a Request for Production of Records on Field to obtain all records related to CIF in Field's possession and control.

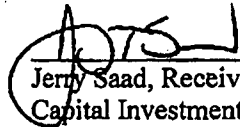
9. Within two weeks of service of the Request for Production of Records on Field, and after he had provided email documentation with respect to one matter, Field informed me in a telephone conversation that his computer had been destroyed, and he could not provide additional computerized documents.

10. Among the actions I have taken as Receiver is to file an action on behalf of CIF against legal counsel who has provided services to CIF. Counsel has recently received a response to discovery in that case, where counsel for the defendants indicated that files held by the law firm related to CIF/Cosimo, a subsidiary of CIF were tendered to Field. On information and belief, I have not received all those files. (see attached excerpt from responses to interrogatories in Capital Investment Funding, LLC v. Pfeiffer, Gleaton, et. al., Case No. 2011-CP-23-7359).

11. Since providing the Request for Production of Records, Another example of withheld documents relates to a loan outstanding from Trazom, LLC, an affiliate of Field. There is presently a dispute over the failure of Trazom, LLC to perform repayment of its loan obligations after repeated assertions by Trazom, LLC that the loan was properly serviced. When we commenced collection actions, I determined that I did not have the files or original documents related to the loan. Only upon request of Trazom, LLC were some, but not all of such documents provided.

Further, affiant sayeth not.

Dated this 25th day of May, 2012.


Jerry Saad, Receiver for
Capital Investment Funding, LLC

SUBSCRIBED AND SWORN to before me this 25th day of May, 2012.


Notary Public for the State of South Carolina

My commission expires on: 11-22-2021

- (e) state whether or not you or anyone acting on your behalf have received a report in writing or by reporting in any form from any expert, and if so, furnish a copy of such report to the attorney propounding these interrogatories on behalf of the Defendants.

ANSWER: As of this time these Defendants have not identified any expert witnesses but will supplement this response as appropriate under the rules.

3. Please provide the date that Defendants notified their insurance carrier (either orally or in writing), of a potential claim that could be brought against Defendants in this action, or the date Defendants provided any of their insurance carriers with notice of a potential claims in favor of Plaintiffs against them.

ANSWER: April 28, 2011

4. Identify all correspondence, ESI and/or any and all other documents (as such terms are defined herein) which relate in whole or in part to the facts and circumstances of this litigation.

ANSWER:

This interrogatory is overly broad.

At the time that the Mediated Global Settlement was being finalized, pursuant to discussions with the proposed Receiver and Field, the vast bulk of documents relating to CIF and/or Cosimo were delivered to Field who, in turn, was to review the documents to ascertain privilege and then deliver them to the Receiver upon settlement. These defendants believe that occurred and therefore Plaintiff is asking for documents most of which Defendants believe are already in the Receiver's possession and pursuant to the

terms of the order cannot be shared with anyone other than those identified in the order without an order from Judge Miller.

Additional hard copy files have been discovered. In lieu of identifying them individually, they are being held by defense counsel for inspection by the Receiver once Field has had the opportunity to examine for privilege.

Further, Defendants utilize a variety of different sources of electronically stored information ("ESI"), including: eight Mac laptops/desktops, a Mac server, a Microsoft Windows server and eight Gmail accounts hosted by Google Inc. As a result of the litigation hold procedures implemented by Defendants, Defendants possess twelve (12) inactive, external hard drives of potentially relevant ESI. Collectively, these drives store approximately 1.2 terabytes of inactive ESI; this is the equivalent of 1,200 gigabytes of data. The process of culling this ESI into a manageable database for review will be extremely costly and unreasonably burdensome to Defendants; therefore Defendants expect to shift that burden to Plaintiffs. Defendants have already expended funds in excess of \$3,000 for simply the collection of this ESI (not including attorneys' fees). The review and analysis of this ESI for privilege and relevancy will likewise be extremely costly and unreasonably burdensome to Defendants, absent an agreement between the parties with limited search terms and a claw-back provision. Initial predictions as to the cost of harvesting and indexing this information runs between \$20,000 to as much as \$60,000 depending upon the level of sophistication being sought. Accordingly, until such time as Defendants can meet-and-confer with Plaintiffs and reach an agreement on limited search terms, a claw-back provision and appropriate cost-sharing measures, then Defendants

object to producing any ESI from these drives on the grounds that such are not reasonably accessible and the request is unreasonably burdensome to Defendants.

5. Set forth specifically all the things Defendants contend Plaintiffs did that they should not have done and the things that Plaintiffs did not do which Defendants contend should have been done.

ANSWER: This interrogatory is unintelligible to the Defendants. It appears to be seeking attorney work product, opinions and impressions and such information is not proper. Subject to the objections, Defendants believe that, generally speaking, Plaintiff failed to protect the receivership estate and has squandered receivership assets. Furthermore, it has acted in concert with creditors of the receivership estate to forestall efforts to maximize its value. Additional details will be provided as discovery proceeds.

In addition to the foregoing, please refer to these Defendants' Motion to Dismiss for the identification of additional contentions responsive to this interrogatory.

6. Provide a complete list of the names, addresses and job titles of all Defendant's employees, whether partners, members, associate attorneys, paralegals, law clerks, secretaries, information technology, litigation support, etc. who worked on any matter concerning Plaintiff. For each such individual, please also indicate their role, involvement, date of services and scope of service for the matter.

ANSWER:

- A. Scott Pfeiffer
Owner
Scott Pfeiffer began with the firm on 02/01/1999.
Presently an owner in Pfeiffer Gleaton Wyatt & Hewitt, PA.

Primary attorney who worked on Plaintiff's matters.

- B. Ralph Gleaton

Comp

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

IN THE COURT OF COMMON PLEAS
CIVIL ACTION NO. 2008-CP-23- 3665

William F. Tomz and Francis W. Tomz, Individually and as Class Representatives,
Plaintiff,

**ORDER AND RULE
TO SHOW CAUSE**

v.

Capital Investment Funding, LLC and Arthur M. Field
Defendants.

2013 APR -3 A 9:16
PAUL B. WICKENS
CLERK OF COURT
GREENVILLE CO. S.C.

This order is issued based upon asserted violations of orders of this Court including (i) the order dated August 27, 2009 ("Global Settlement Order") appointing Jerry T. Saad as receiver (the "Receiver") for Capital Investment Funding, LLC ("CIF") and empowering him to take actions as such including obtaining records and information; (ii) the order dated June 29, 2010 ("Production Order") elaborating on the Global Settlement Order by specifying the obligation to produce records, property, and information; and (iii) the order dated October 10, 2011 ("Privilege Order") clarifying the Receiver's authority to waive attorney client privilege on behalf of certain entities.

A Request for Production of Records ("RFP") was served on Arthur M. Field ("Field") by the Receiver by and through his counsel, Curtis Stodghill and counsel for the Class Action Plaintiffs, Stanley T. Case on or about November 28, 2011 (copy attached).

Field has failed to comply with the RFP. A copy of an affidavit of Receiver related to Field's failure to comply with the RFP and orders of this court is attached to this Order and Rule to Show Cause.

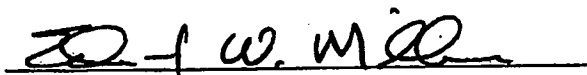
ENTERED COMPUTER

Emy

Counsel for the Receiver and for the Class Action Plaintiffs request the Court to issue this Order and Rule to Show Cause. The Receiver is entitled, pursuant to S.C. Code Ann. § 15-65-10, et seq., Rule 37 of the South Carolina Rules of Civil Procedure, the Global Settlement Order, the Production Order, and the Privilege Order to a hearing requiring Field to show cause why he has not produced the records requested pursuant to Rule 34 of the *South Carolina Rules of Civil Procedure* and the aforementioned Global Settlement Order; Production Order, and Privilege Order, and why Field should not be held in contempt of the aforementioned court orders; and further for an order compelling production of the requested documents.

IT IS THEREFORE ORDERED that Arthur M. Field, TO APPEAR before the Honorable Edward W. Miller of Greenville County at the Greenville County Courthouse, 305 East North Street, Greenville, South Carolina, in Courtroom 4, on the 1st day of May, 2013, at 10:00 a.m. TO SHOW CAUSE why he has not performed pursuant to Rule 34 of the *South Carolina Rules of Civil Procedure* and the aforementioned orders of this court.

IF YOU DO NOT APPEAR AS ORDERED, YOU MAY BE HELD IN CONTEMPT OF COURT, WHICH COULD RESULT IN A FINE and/or JAIL SENTENCE.


Circuit Court Judge, Thirteenth Judicial Circuit

Greenville, South Carolina
April 1, 2013

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE
CASE NO: 2008CP2303665

William F Tomz vs. Capital Funding Llc

CHECK ONE:

- ☐ **JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☐ **DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ☐ **ACTION DISMISSED (CHECK REASON):** ☐ Rule 12(b), SCRCP; ☐ Rule 41(a), SCRCP (Vol. Nonsuit); ☐ Rule 43(k), SCRCP (Settled); ☐ Other: _____
- ☐ **ACTION STRICKEN (CHECK REASON):** ☐ Rule 40(j) SCRCP; ☐ Bankruptcy; ☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other: _____
- ☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):** ☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☒ See attached order; ☐ Statement of Judgment by the Court:

Dated at Greenville, South Carolina, this .

Court Reporter:

PRESIDING JUDGE -

This judgment was entered on the 3rd day of April, 2013, and a copy mailed first class this 3rd day of April, 2013, to attorneys of record or to parties (when appearing pro se) as follows:

Gene McCain Connell Jr. PO Drawer 14547
Surfside Beach, SC 29587

Fredrick Scott Pfeiffer 935 S Main St Ste 203
Greenville, SC 296013314
John A. Hagins Jr. Covington Patrick Hagins Stern

CPFORM4M
SCCA SCRCP Form 4 Revised 06/2008

& Lewis P.O. Box 2343 Greenville, SC 29602
Stanley T. Case PO Drawer 451 Spartanburg, SC
29304
J. Emory Smith Jr. PO Box 11549 Columbia, SC
29211
William Harry Ehli II 310 Mills Ave., Ste. 201
Greenville, SC 29605
Bruce Wyche Bannister Bannister & Wyatt, LLC
P.O. Box 10007 Greenville, SC 29603
Henry Dargan McMaster PO Box 11063 Columbia,
SC 29211
Curtis Warren Stodghill PO Box 2431 Greenville,
SC 296022431

ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

Paul B. Wickensimer Greenville County Clerk Of Court
- Clerk of Court

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE

FILED-CLERK OF COURT
GREENVILLE CO. S.C.
PAUL B. WICKONSIMER

IN THE COURT OF COMMON PLEAS

2013 AUG 19 A 11:11

Defendants.

ORDER AND RULE TO SHOW CAUSE

It has been asserted that Field has failed to comply with the RFP and the Orders of this Court. A copy of the following Affidavit, which relates to Field's asserted failure to comply with the RFP and Orders of this Court, is attached to this Order and Rule to Show Cause:

1. Affidavit of the Receiver, Jerry T. Saad

1

53

Counsel for the Receiver and for the Class Action Plaintiffs have requested the Court to issue this Order and Rule to Show Cause. The Receiver is entitled, pursuant to S.C. Code Ann. § 15-65-10, et seq., Rule 37 of the south Carolina Rules of Civil Procedure, the Global Settlement Order, the Production Order, and the Privilege Order to a hearing requiring Field to show cause why he has not produced the records requested pursuant to Rule 34 of the *South Carolina Rules of Civil Procedure* and the aforementioned Global Settlement Order, Production Order, and Privilege Order, and why Field should not be held in contempt of the aforementioned Court Orders; and further, for an Order compelling production of the requested documents and an Order requiring continued adherence to the previous Orders of this Court, thereby restraining the Defendant Arthur Field from violating the spirit and rule of said Orders.

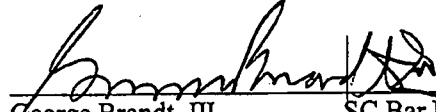
IT IS, THEREFORE, ORDERED that Arthur M. Field, TO APPEAR before the Honorable EDWARD W. MILLER of Greenville County at the Greenville County Courthouse, 305 East North Street, Greenville, South Carolina, in Courtroom 4, on the 17 day of SEPTEMBER, 2017, at 2:00 pm TO SHOW CAUSE why he has not performed pursuant to Rule 34 of the *South Carolina Rules of Civil Procedure* and the aforementioned Orders of this Court.

IF YOU DO NOT APPEAR AS ORDERED, YOU MAY BE HELD IN CONTEMPT OF COURT, WHICH COULD RESULT IN A FINE and/or JAIL SENTENCE.

Edward W. Miller
Circuit Court Judge, Thirteenth Judicial Circuit

Greenville, South Carolina
8-19, 2013

Respectfully submitted,



George Brandt, III SC Bar No. 00855

HENDERSON, BRANDT & VIETH, P.A.

360 E. Henry St., Suite 101

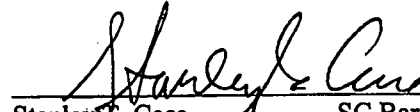
Spartanburg, SC 29302

Phone: (864) 583-5144

Fax: (864) 582-2927

Attorney for Jerry T. Saad, Receiver

Date: August 19, 2013



Stanley F. Case SC Bar No. 001158

BUTLER, MEANS, EVINS & BROWNE, P.A.

P.O. Box 451

Spartanburg, SC 29304

Phone: (864) 582-5630

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Attorney for the Class Action Plaintiffs

(William F. Tomz and Francis W. Tomz,
Individually and as Class Representatives)

Date: August 19, 2013

STATE OF SOUTH CAROLINA IN THE COURT OF COMMON PLEAS
COUNTY OF GREENVILLE

FILED CLERK OF COURT
PAUL B. WICKENSIMER

CIVIL ACTION NO. 2008-CP-23- 3665

2013 AUG 19 A 11:11

William F. Tomz and Francis W.
Tomz, Individually and as Class
Representatives,
Plaintiff,

v.

Capital Investment Funding,
LLC and Arthur M. Field

Defendants.

**AFFIDAVIT OF JERRY T. SAAD
RECEIVER FOR CAPITAL
INVESTMENT FUNDING, LLC**

I, Jerry Saad, being first duly sworn, say:

1. On or about August 24, 2009, I was appointed as receiver of Capital Investment Funding, LLC ("CIF") by order of Judge Edward W. Miller in Tomz v. Capital Investment Funding, LLC, et al., Case No 2008-CP-23-5514 in the South Carolina Court of Common Pleas Thirteenth Judicial Circuit ("Global Settlement Order").
2. Among other things, the Global Settlement Order specifically provides for the following:
 - a. Arthur Field ("Field") was ordered to turn over to the Receiver all CIF and related company records within ten (10) days of the date of the Order;
 - b. Field's state and federal statutory and constitutional privileges with regards to the documents delivered to me were to be preserved;
 - c. Field was ordered to offer truthful testimony and to cooperate in any court proceedings in state or federal court; and
 - d. Judge Miller retains jurisdiction over this matter to ensure compliance with his Order.
3. In August and September 2009, pursuant to the Global Settlement Order, Arthur Field ("Field") provided me with several storage boxes of paper business records and a digital copy of what he stated included all documents of CIF ("Initial Production"). At the time of the Initial Production and on several occasions thereafter, Field informed me that he had in his possession or control substantially more records of CIF, which had not been provided to me - upwards of 90 storage boxes, including original paper documents that had previously been scanned and given to me in electronic format with the Initial Production.

ENTERED COMPUTER

4. On June 29, 2010, Judge Miller issued an order ("Production Order") elaborating on the Global Settlement Order by specifying the obligation to produce records, property, and information. The Production Order was not appealed.

5. On October 10, 2011, after Scott Pfeiffer ("Pfeiffer") asserted attorney client privilege in a deposition related to SD Trust, LLC, Judge Miller issued an order ("Privilege Order") clarifying my authority as receiver of CIF to waive attorney client privilege on behalf of CIF and certain other affiliated entities. The Privilege Order was not appealed.

6. After the Initial Production, on several occasions I needed CIF information which I could not find in the records included in the Initial Production. In 2009, 2010, and the first three quarters of 2011 where appropriate I called Field, and he generally was responsive to my requests and provided me emails or other information.

7. On November 28, 2011 at a meeting in my offices, Curtis Stodghill served a Request for Production of Records on Field to obtain all records related to CIF in Field's possession and control.

8. On the morning of November 29, 2011, by email Field forwarded to me approximately 74 emails related to CIF, including copies of emails sent or received by Field in 2006, 2007 and 2008. In the afternoon of November 29, 2011, Field called me and told me his computer caught on fire and became inoperative. Field subsequently produced selected computerized documents which were applicable to periods before November 29, 2011.

9. Field did not and has not produced the paper records he previously informed me were in his possession or control.

10. As of this date Field has not produced all of the records in his possession or control, despite my repeated requests and my formal demand in the Request for Production of Records.

11. In 2011, in a malpractice lawsuit CIF filed against Pfeiffer and his associates who provided services to CIF prior to the Global Settlement Order, counsel for the defendants responded to discovery requests with statements that files held by the law firm related to CIF/Cosimo, a subsidiary of CIF, were previously tendered to Field. As of this date Field has not produced all of these records.

12. Field's failure to produce the requested documents has delayed and obstructed my ability to perform my directives as receiver. The following are two examples:

- a. Records related to the loan outstanding from Trazom, LLC ("Trazom"), an affiliate of Field, have not been delivered to me by Field. There is presently a dispute over Trazom, LLC's failure to comply with payment terms under its loan obligations to CIF. In January 2012, after determining that I did not have CIF's file or original documents related to the Trazom loan, I requested Field provide me with the Trazom files and documents. After an exchange of emails between me and Field and between Field and my counsel, Curtis Stodghill, in January 2012, Field delivered to me copies

of several Trazom documents, which he noted in his emails as being in his possession. However, Field has never provided me with either an original file or an electronic computer file of CIF's Trazom loan file. Furthermore, on April 6, 2012, Field's son, Davyd Field, delivered to me a copy of a purported "Modification Agreement" dated June 2009 which was not mentioned in any of the more than 350 Trazom related emails or other documents I received since 2009. The purported Modification Agreement, if valid and enforceable, would materially and adversely affect CIF. Field has never mentioned to me the existence or consideration of the purported Modification Agreement.

- b. Records, including a check made payable to CIF in the amount of \$305,778.63 dated October 2008, related to the 457 Carlton Road Property, were not delivered to me by Field until November and December 2011, twenty three (23) months after the property was sold to an unrelated third party without notice to me and without my knowledge or consent. There is presently a matter pending in New Jersey state court regarding the sale of the property and related matters.
- c. Records related to over \$20 million of delinquent and defaulted loans due from Lancaster Resources, Inc., Bradford Financial Group, LLC, Lancaster Mortgage Bankers, LLC, Lion Financial, LLC, Monmouth Financial Group, LLC, York Funding, LLC, and others have not been delivered to me by Field.

13. Field has taken actions which have delayed and obstructed my ability to perform my directives as receiver. Field's actions, which I am informed and believe are in conflict and are contrary to the GSO, Production Order, and Privilege Order include but are not limited to the following:

- a. Upon information and belief, Field has prepared and filed or assisting in the preparation and filing of spurious complaints against me with the South Carolina Department of Labor and against Curtis Stodghill, Rodney Pillsbury, Jack Read, and Craig Allen, who are lawyers assisting me in my duties as receiver, with the Office of Disciplinary Counsel of the South Carolina Supreme Court, for actions taken in pursuit of my duties as receiver. All of their actions have been dismissed.
- b. Upon information and belief, Field has submitted false assertions of fact and/or misrepresentations through testimony and filings in an action before the Superior Court of New Jersey, Law Division, Bergen County, which include but are not limited to the following:
 - i. Field submitted affirmative statements to the New Jersey court that all matters of controversy between Field and CIF were fully litigated in the cases governed by the GSO, thereby misleading the court to believe that the doctrines of *Res Judicata* and Collateral Estoppel bar CIF from suing Field in New Jersey over an allegedly fraudulent real estate transaction involving a property in Wyckoff, New Jersey. (Field Brief in Support of Motion to Dismiss CIF's Claims and to Disqualify CIF's Counsel). Upon

information and belief, the New Jersey court dismissed CIF's claims against Field and disqualified CIF's chosen New Jersey counsel, based specifically upon the false assertions made by Field concerning the GSO, as detailed further below. (February 15, 2013 Order and Rider).

ii. Field submitted affirmative statements to the New Jersey court that the GSO (which he calls the "GMSA") adjudicated all claims against Field with prejudice. For example:

1. "Said GMSA disposed of all claims between or among all parties, raised or which might have been raised by them. Field was dismissed from all actions." (Field Affidavit in Support of Motion to Dismiss and Disqualify CIF's Counsel, ¶ 113).
2. "Any claim CIF might have had against Field was disposed of by the GMSA." (Field Affidavit in Support of Motion to Dismiss and Disqualify CIF's Counsel, ¶ 114).

iii. In his testimony before the New Jersey court, Field testified under oath regarding the scope, meaning and intent of the GSO, as follows:

The Court: When you state in your original certification that there are multiple, I'm paraphrasing, there were adjudications by Judge Miller.

Mr. Field: Multiple.

The Court: Which then flows through to the global settlement agreement.

Mr. Field: It certainly did, because it was all considered and everybody was dismissed with prejudice by everyone across issues, everything, everybody resolved it and there were payments made across, external of the settlement. Everybody go[sic] paid and the only thing I agreed to do was leave myself open, dismiss without prejudice as to the class itself. Everybody else dismissed everyone with prejudice

(Transcript of oral argument before Superior Court of New Jersey, May 28, 2013, p. 56, lines 16-25.)

iv. Field submitted affirmative statements to the New Jersey court that the GSO encompassed the specific property in Wyckoff, New Jersey, which is the subject of pending litigation, and that such claims were "merged into" the GSO:

1. "All parties to the GMSA were aware of the acquisition of the choses-in-action[sic] from Trazom, LLC and the acquisition and sale of the [Wyckoff] property by CIF in or about October, 2008 and had ample opportunity to object thereto or raise any issues related to such sale prior to mediation and/or execution and/or ratification of GMSA." (Field Affidavit in Support of Motion to Dismiss and Disqualify CIF's Counsel, ¶ 115).
 2. Field submitted a brief to the New Jersey court which stated: "On August 24, 2009, the MGSA was ratified without any objection or new issue being raised by CIF or any other party. All issues raised or which might have been raised were merged in the MGSA under South Carolina law." (Field Reply Brief dated May 23, 2013).
- v. In his testimony before the New Jersey court, Field testified under oath that pursuant to the GSO that "Judge Miller retained jurisdiction over everything", meaning any and all potential claims between CIF and Field (Transcript of oral argument before Superior Court of New Jersey, May 28, 2013, p. 59, lines 10-11); Upon information and belief, Field specifically misled the New Jersey court to believe that if CIF ever had or has any other claim against him, regardless of the subject matter or nature of the claim, it must be brought before Judge Miller. (February 15, 2013 Order and Rider).
 - vi. Field has attempted to file legal claims that can only belong to CIF and/or its noteholders, such as malpractice claims against CIF's attorneys. (Field Proposed Third Party Complaint, Counts XIII, IX, X, XIV, XV);
 - vii. Field has attempted to file derivative legal claims on behalf of "CIF and its members" (Field Proposed Third Party Complaint, ¶¶ 2 and 267);
 - viii. Field has specifically misrepresented to the New Jersey court the scope of my authority under the GSO (Field Proposed Third Party Complaint, ¶ 27);
 - ix. Field has attempted to assert authority as Manager of CIF to "repudiate, rescind, revoke . . . and withdraw" the legal action filed by CIF against Field and others in New Jersey (Field Proposed Third Party Complaint, ¶¶ 34, 38, 44);
 - x. Field has represented to the New Jersey court that my activities, conducted pursuant to the GSO, were wrongful, conspiratorial and/or somehow illegal (Field Proposed Third Party Complaint, ¶¶ 96-102, 109-122);
 - xi. Suggesting the suit by CIF against him in New Jersey is invalid, Field stated in a sworn Affidavit to the New Jersey court: "Field as a principal

member holding a 90% ownership interest, has not authorized any suit by CIF against any person, entity or party." (Field Affidavit in Support of Motion to Dismiss and Disqualify CIF's Counsel, ¶ 118).

- xii. Field submitted affirmative statements that I have paid more than \$40,000 of CIF assets to my "paramour" (Field Proposed Third Party Complaint, ¶ 24);
 - xiii. Field has made spurious allegations of illegal and conspiratorial activity against me (Field Proposed Third Party Complaint, ¶ 13);
 - xiv. Field has attempted to circumvent the GSO by seeking to reassert his previously dismissed claims for severance pay before the New Jersey Court (Field Proposed Third Party Complaint, ¶¶ 45-52 and Count IX (¶¶ 215-224));
 - xv. Field specifically misrepresented to the New Jersey Court the conditions under which the GSO permitted him to revive his claims for severance pay against CIF (Field Proposed Third Party Complaint, ¶ 61);
- c. Field has asserted that he has the authority to act as the Manager of CIF and with such assumed authority he has asserted that I have no authority to pursue certain legal actions on behalf of CIF;
- i. Field wrote to CIF's New Jersey counsel purporting to exercise control over CIF, to discharge New Jersey counsel, and to discharge Jerry Saad as "acting manager" as follows:

Be advised, as principal member of Capital Investment Funding, LLC, I am notifying you the members hereby discharge your firm. Further, Jerry Saad is discharged as acting manager under the terms of the Operating Agreement. TAKE NO FURTHER ACTION purporting to represent Capital Investment Funding, LLC. (correspondence from Field to Christopher Westrick, Esq. dated January 17, 2013).
- d. Field filed a Third Party Claim in U.S. District Court in Greenville, South Carolina on May 3, 2013 alleging claims I believe to be meritless and frivolous, asserting attacks against me as receiver and against various attorneys representing CIF and class co-counsel, and naming as defendants individuals and an entity that have no connections with or dealings with CIF. This Third Party Complaint submitted by Field included many of the same false assertions of fact and/or misrepresentations that he submitted to the New Jersey Court discussed in section "b" above.

- e. Field has engaged in the unauthorized practice of law by filing on May 3, 2013 a Third Party Claim in U.S. District Court in Greenville, South Carolina attempting to act as representative of the Noteholders of CIF and the following members of CIF: T. Bart Kelley, T. Brad Kelley, Calvin Williams, and Log Cabin Financial, LLC. This attempted claim was likewise dismissed summarily by the U.S. District Court as Field had no authority to make a claim on behalf of a potential class of plaintiffs as a matter of law. (Order).

Affiant reserves the right to supplement this Affidavit as is appropriate in connection with the hearing to be scheduled in this matter.

Further, affiant sayeth not.

Dated this 19 day of August, 2013.

Jerry Saad
Jerry Saad, Receiver for
Capital Investment Funding, LLC

SUBSCRIBED AND SWORN to before me this 19 day of August, 2012.

Sharon Wilson
Notary Public for the State of South Carolina

My commission expires on: 9/9/2021



Sharon R. Wilson
NOTARY PUBLIC
State of South Carolina
My Commission Expires
September 9, 2021

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE
IN THE COURT OF COMMON PLEASJUDGMENT IN A CIVIL CASE
CASE NUMBER 2008CP2303665

William F Tomz

Frances W Tomz

Capital Funding Llc

FILED - CLERK OF COURT
GREENVILLE, S.C.

PLAINTIFF(S)

DEFENDANT(S)

Submitted by:

Attorney for: ☐ Plaintiff ☐ Defendant
☐ Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

- ☒ **JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☐ **DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried and a decision rendered. ☐ See Page 2 for additional information.
- ☒ **ACTION DISMISSED (CHECK REASON):** ☐ Rule 12(b), SCRCP; ☐ Rule 41(a), SCRCP (Vol. Nonsuit);
☐ Rule 43(k), SCRCP (Settled); ☐ Other: _____
- ☐ **ACTION STRICKEN (CHECK REASON):** ☐ Rule 40(j) SCRCP; ☐ Bankruptcy;
☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other: _____
- ☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):** DEFENDANT(S)
☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other: ☐ Defendant
☐ Self-Represented Litigant

Submitted by:

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; (formal order to follow) ☐ Statement of Judgment by the Court.

COUNCIL OF JUDGES

ORDER INFORMATION

This order ☐ ends ☐ does not end the case.

Additional information for the Clerk: _____

☐ Rule 43(k), SCRCP (Settled)

Rule 41(a), SCRCP (Vol. Nonsuit)

☐ ACTION STRICKEN

INFORMATION FOR THE JUDGMENT INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

☐ Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)
Submitted by:		
NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.		
IT IS ORDERED AND ADJUDGED:		
IF APPLICABLE, describe the property, including tax map information and address, referenced in the order.		
☐ Rule 43(k), SCRCP (Settled)		

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be enrolled such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. Note: Title abstractors and researchers should refer to the official court order for judgment details.

Submitted by:

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

Circuit Court Judge

Judge Code

Date

For Clerk of Court Office Use Only

SCCA SCRCP Form 4C (Revised 3/2013)

The judgment information

may be provided to the clerk

This judgment was entered on 19th day of August, 2013, and a copy mailed first class or placed in the appropriate attorney's box on 19th day of August, 2013, to attorneys of record or to parties (when appearing pro se) as follows:

Gene McCam Connell Jr. PO Drawer 14547 Surfside
Beach, SC 29587

Fredrick Scott Pfeiffer 935 S Main St Ste 203 Greenville, SC
296013314
John A. Hagins Jr. Covington Patrick Hagins Stern & Lewis
P.O. Box 2343 Greenville, SC 29602
Stanley T. Case PO Drawer 451, Spartanburg, SC 29304
J. Emory Smith Jr. PO Box 11549 Columbia, SC 29211
William Harry Ehliel II 310 Mills Ave., Ste. 201
Greenville, SC 29605
Bruce Wyche Bannister Bannister & Wyatt, LLC P.O. Box
10007 Greenville, SC 29603
Henry Dargan McMaster PO Box 11063 Columbia, SC
29211
Curtis Warren Stodghill PO Box 2431 Greenville, SC
296022431

ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

Court Reporter

Paul B. Wickensimer Greenville County Clerk Of
Court - Clerk of Court

ADDITIONAL INFORMATION REGARDING DECISION BY THE COURT AS REFERENCED ON PAGE 1:

This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered:

STATE OF SOUTH CAROLINA

COUNTY OF GREENVILLE

William F. Tomz and Francis W. Tomz,
Individually and as Class Representatives,

IN THE COURT OF COMMON PLEAS

THIRTEENTH JUDICIAL CIRCUIT,
COUNTY OF GREENVILLE,
SOUTH CAROLINA

Plaintiff (s),

2012 AUG 28 AM 9:29
FILED-CLERK OF COURT
GREENVILLE CO. S.C.
JULY 2012

VS

Capital Investment Funding, LLC, and
Arthur M. Field,

AFFIDAVIT OF SERVICE

Defendant (s),

CASE NO.: 2008-CP-23-3665

PERSONALLY PREPARED BEFORE ME, the undersigned, who being duly sworn states that she
arrived at 310 Thornblade Boulevard, Greer, South Carolina at Approx. 8:38 P.M. Eastern Time
on Thursday the 22nd day of August, 2013

with the property best described as ☐ Residential: ☐ Commercial:
☐ Site Built/Premanufactured ☐ Manufactured/Mobile ☐ Apartment(s) ☐ Industrial/Corporate Park
☐ Single ☐ Duplex/Double Wide ☐ Triplex/Triple Wide ☐ Multi Unit: ☐ Townhome(s) ☐ Strip Mall
☐ OTHER: ☐ Condominium(s) ☐ Hotel/Motel

and performed service of

☐ Amended

☐ Countersigned

Summons ☐ Clocking Date

Subpoena ☐ Clocking Date

Complaint ☐ Clocking Date

Affidavit ☐ Clocking Date

Order ☐ Clocking Date

Petition ☐ Clocking Date

Rule to Show Cause ☐ Clocking Date

Letter ☐ Clocking Date

Motion ☐ Clocking Date

Lis Pendens ☐ Clocking Date

☒ Order and Rule to Show Cause

☒ Affidavit of Jerry T. Saad Receiver for Capital Investment Funding, LLC

In this action on Arthur M. Field

☒ by delivery to him personally,

MARRIED: () Yes () No; SPOUSE NAME:
MILITARY: () Yes () No; BRANCH NAME:

☐ by delivery to

a person of discretion residing in the same residence and present at the time of service,

☒ being described as: RACE White/Caucasian SEX Male AGE 56 to 65 HT 5' 6" to 6' 0" WT 150 lbs. to 200 lbs
HAIR LENGTH Short COLOR Reddish OTHER _____

☐ and could not perform service because

Sworn to before me this 23rd
day of August, 2013.

Susan S. Hines

Susan S. Hines

Notary Public for South Carolina.

My commission expires October 20, 2020

D. Michelle Murphy

D. Michelle Murphy
Server's Signature

FILED-CLERK OF COURT
GREENVILLE CO. S.C.
PAUL B. WICKENSIMER

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE) 2013 OCT -1) P 4: 16 IN THE COURT OF COMMON PLEAS

William F. Tomz and Francis W. Tomz,
Individually and as Class Representatives,

Plaintiffs,

vs.

Capital Investment Funding, LLC, and
Arthur M. Field,

Defendants.

CIVIL ACTION NO. 2008-CP-23-3665

ORDER

The above referenced matter came before me on September 17, 2013 based upon an Order and Rule to Show Cause which was issued by the Court on August 19, 2013.

The Order and Rule to Show Cause was based upon asserted violations of Orders of this Court by Arthur M. Field. The Order made reference to the Order dated August 24, 2009 ("Global Settlement Order") which appointed Jerry T. Saad as Receiver ("The Receiver") for Capital Investment Funding, LLC ("CIF"), and empowered him to take actions as Receiver, including the obtainment of records and information. The Court had also issued an Order dated June 29, 2010 ("Production Order") which elaborated on the Global Settlement Order by specifying the obligation to produce records, property and information; and had issued an Order dated October 10, 2011 entitled The Privilege Order ("Privilege Order") which clarified the Receiver's authority to waive the attorney/client privilege on behalf of certain entities.

It was noted in the Order and Rule to Show Cause that a Request for Production of Records was served on Arthur M. Field by the Receiver, by and through his counsel, Curtis

1.
Em

Stodghill, and counsel for the Class Action Plaintiffs, Stanley T. Case, on or about November 28, 2011.

Based upon an Affidavit of the Receiver, Jerry T. Saad, it was asserted to the Court that Arthur M. Field had failed to comply with the Request for Production of Records and the Orders of the Court. The Affidavit of the Receiver, Jerry T. Saad, was attached to the Order and Rule to Show Cause and is a part of the record.

The Order of the Court dated August 19, 2013 required Arthur M. Field to appear and show cause why he had not produced the records requested, pursuant to Rule 34 of the South Carolina Rules of Civil Procedure and the aforementioned Global Settlement Order and the other Orders of the Court, and required him to show cause why he should not be held in contempt of the aforementioned Court Orders. An Order was further requested by the Receiver compelling production of the requested documents and materials, and requiring continued adherence to the previous Orders of the Court, and an Order was requested restraining Defendant Arthur M. Field from violating the spirit and rule of said Orders.

The matter came on for hearing in Greenville County, South Carolina, on September 17, 2013, and Defendant Arthur M. Field appeared with his attorney, Bradford N. Martin.

Based upon filings of Bradford M. Martin on behalf of Arthur M. Field, which included a Motion to Quash the Rule to Show Cause and a Motion for Continuance of the matter, the Court dealt with several preliminary matters at the commencement of the hearing.

The Motion for Continuance was filed on or about September 12, 2013 and sought a continuance of the hearing scheduled for September 17, 2013. An Affidavit was filed with the Court at the hearing which indicated that Arthur M. Field was served with the Order and Rule to

Show Cause on August 22, 2013. Also, the record in the case indicates that a prior Order and Rule to Show Cause was served upon Arthur M. Field and a Rule to Show Cause hearing, which was previously scheduled at approximately the time that Arthur M. Field pled guilty to criminal charges, was cancelled by the Court. The issue of Arthur M. Field's compliance with the Court's Orders for cooperation and production of documents has been an issue for an extended period of time and the parties were properly before the Court with counsel. Accordingly, based upon the record, the Motion for Continuance was denied by the Court at the hearing on September 17, 2013.

The Court received testimony at the hearing related to the Motion to Quash the Rule to Show Cause based upon the asserted lack of personal service. The Process Server, Michelle Murphy, testified in Court that she knew Mr. Field, having served him previously, and she observed him on August 22, 2013 at his residence at which time he would not accept the papers. Michelle Murphy advised him, "Mr. Field, you have been duly served" and put the papers inside his garage. She later affixed the papers to the door.

There is no evidence in the record which would give rise to an inference that Mr. Field was not properly served. He was present in Court on the day of the hearing and did not personally dispute the testimony of the Process Server. Accordingly, the Court determined at the hearing that the service of process on Arthur M. Field was effective and complete under South Carolina Law.

Additionally, there were arguments made in connection with the Motion to Quash relating to an alleged lack of subject matter jurisdiction. Based upon arguments of counsel at the hearing and the record in this matter, specifically including the clear terms of the Global

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Settlement Order issued in this case, the Court determined that it has personal jurisdiction and subject matter jurisdiction of the issues pertaining to the Order and Rule to Show Cause under the specific terms of the Court's prior Orders. Additionally, under South Carolina Law, the Court has jurisdiction over the matter. The law in South Carolina is clear that a Court which creates a Receivership draws to itself jurisdiction over all controversies concerning the assets and liabilities of the Debtor in Receivership. See National Cash Register Company v. Burns, 217 SC 310, 60 S.E.2d 615. Also, it is clear under South Carolina Law that a Court of Equity, by taking jurisdiction over a matter and appointing a Receiver, draws to it the right to hear and determine all claims involving the Receiver and to completely adjudicate the Receivership. Based on the foregoing and the record, the Court denied the Motion to Quash the Rule to Show Cause made by Arthur M. Field at the hearing held on September 17, 2013 insofar as it related to all issues of jurisdiction.

A Motion for Recusal was also made at the hearing on the Rule to Show Cause by the attorney for Arthur M. Field. The Court carefully considered all arguments of counsel and determined, based upon the record in the case, that an Order of Recusal was not appropriate and the Court denied the Motion.

At the hearing, testimony was received from Jerry T. Saad, the Receiver, attorney Christopher Westrick, who represented the Receiver in actions in the State of New Jersey, and Arthur M. Field, who testified in response to the Order and Rule to Show Cause.

Based upon the record, the Court finds that Arthur M. Field has not produced all of the records of Capital Investment Funding, LLC in his possession to the Receiver. I find that Arthur M. Field has not produced certain paper records that he informed the Receiver were in his

possession and control. I also find that Arthur M. Field has not produced all of the records in his possession or control, despite the Receiver's repeated requests and the Receiver's formal demand, which was made in the form of a Request for Production of Records. These include, but are not limited to, records relating to a malpractice lawsuit of Capital Investment Funding, LLC against attorney F. Scott Pfeiffer and his law firm, and also include records relating to a loan outstanding from Trazom, LLC, which is an affiliate of Arthur M. Field. Additionally, records have not been produced which relate to over \$20,000,000 of delinquent and defaulted loans due from Lancaster Resources, Inc. and others, which are involved with loan transactions in the State of New Jersey.

The Court also finds that Arthur M. Field has taken actions which have delayed and obstructed the Receiver's ability to perform his directives as Receiver. I find that Defendant Field's actions are in conflict with and are contrary to the duties of Arthur M. Field under the Court's prior Orders, including the Global Settlement Order.

Based upon the testimony of Jerry T. Saad, the Receiver, and attorney Christopher Westrick, The Court makes the following additional Findings of Fact:

1. Arthur M. Field has misrepresented the terms of the Global Settlement Order in the following respects:
 - a. Arthur Field has misrepresented to other Courts that the Global Settlement Order disposed of all claims that were or could be brought by Capital Investment Funding, LLC against Arthur M. Field.
 - b. Arthur M. Field has misrepresented to other Courts that the Global Settlement Order specifically included any dispute regarding a certain piece of real property in Wyckoff, New Jersey.
 - c. Arthur M. Field has misrepresented to other Courts that this Court

retained jurisdiction over any and all claims Capital Investment Funding, LLC could have against Arthur M. Field at any time, and that any future claim by Capital Investment Funding, LLC against Arthur M. Field must be brought before this Court.

2. By misrepresenting the terms of the Global Settlement Order, Arthur M. Field has violated his duty to cooperate under the Global Settlement Order.
3. Arthur M. Field has asserted authority over Capital Investment Funding, LLC and attempted to make decisions on its behalf in the following respects:
 - a. Arthur M. Field wrote to Capital Investment Funding, LLC's New Jersey counsel purporting to exercise control over Capital Investment Funding, LLC, to discharge New Jersey counsel, and to discharge Jerry Saad as "acting manager".
 - b. Arthur M. Field has attempted to file legal claims that can only belong to Capital Investment Funding, LLC and/or its noteholders.
 - c. Arthur M. Field has specifically misrepresented to the New Jersey Court the scope of Jerry Saad's authority as Receiver under the Global Settlement Order.
4. Arthur M. Field's assertions of authority over Capital Investment Funding, LLC and efforts to make decisions on its behalf having directly interfered with the ability of Capital Investment Funding, LLC's Receiver to execute his responsibilities.
5. Arthur M. Field has taken other actions specifically designed to interfere with Jerry Saad's ability to perform his duties as Receiver, including participating in attempts to file frivolous legal claims against Mr. Saad and numerous attorneys retained by Capital Investment Funding, LLC, accusing these individuals of illegal and conspiratorial conduct associated with the execution of their professional responsibilities.
6. Arthur M. Field's interference with the Receiver's execution of his responsibilities has caused Capital Investment Funding, LLC to expend substantial sums of money unnecessarily.
7. Arthur M. Field made misrepresentations of fact to a New Jersey Court designed to disqualify Capital Investment Funding, LLC's New Jersey counsel and, therefore, frustrate the purposes of Capital Investment

Funding, LLC's Receiver, including:

- a. Misrepresenting that counsel for Capital Investment Funding, LLC also represented Arthur M. Field personally.
 - b. Misrepresenting that counsel for Capital Investment Funding, LLC performed services that he did not perform.
8. Arthur M. Field's misrepresentations concerning Capital Investment Funding, LLC's New Jersey counsel have caused Capital Investment Funding, LLC to expend substantial sums of money unnecessarily.

At the hearing on September 17, 2013, the Court received into evidence Plaintiff's Exhibit No. 1, which included documentation relating to a case entitled Capital Investment Funding, LLC, Plaintiff, vs. Calvary Asset Management, LLC, et al, Defendants. That case was filed in the Superior Court of New Jersey, Law Division: Bergen County, Docket No. L-3790-12.

The Court also received testimony of attorney Christopher Westrick who represented Capital Investment Funding, LLC, and the Findings of Fact referred to above, which deal with the New Jersey litigation are based, in part, upon the proceeding involving Calvary Asset Management, LLC, et al.

The Court finds that Arthur M. Field's testimony at the hearing generally misconstrued and misstated facts to benefit his position. The Court also finds that Arthur M. Field is not credible and that his testimony cannot be relied upon.

Additionally, the Court takes judicial notice of the criminal proceedings involving Arthur M. Field and his plea of guilty to the charges set forth in Indictment No. 2012-GS-47-08, which relate to Securities Fraud Crimes and State Crimes relating to Securities that Arthur M. Field committed through the offer or sale of Securities while a manager or member of Capital Investment Funding, LLC.

7
Sm

Based on the foregoing and the entire record in this matter, the Court found on September 17, 2013 that Arthur M. Field was in contempt of the prior Orders issued by the Court.

At the conclusion of the hearing, an oral Order was issued requiring Arthur M. Field to deliver all records in his possession and/or control which had been requested by the Receiver which include, but are not limited to, paper records, computer records, back-up tapes, video tapes, photographs, written documents, and other documents related to Capital Investment Funding, LLC and all related companies. The Order included all electronic media in his possession and/or control, and Arthur M. Field was ordered to deliver the material to the office of the Receiver, Jerry T. Saad, by 5:00 p.m. on Friday, September 20, 2013.

The Receiver requested leave to submit an Affidavit relating to the costs and attorneys' fees associated with the preparation of the Order and Rule to Show Cause, and the preparation for the Rule to Show Cause hearing and participation in the hearing. The Court will allow the Receiver to submit an Affidavit relating to the attorneys' fees and costs incurred by the Receiver in connection with the Order and Rule to Show Cause and Hearing for future consideration. Also, testimony was received at the hearing concerning attorney's fees incurred by the Receiver due to improper interference by Arthur Field in actions filed in New Jersey, which were handled by attorney Christopher Westrick. While the Court finds Christopher Westrick's testimony credible on the issue of fees unnecessarily incurred in New Jersey as a result of Arthur Field's actions, the Court believes the issue of the assessment of fees against Arthur Field involved with the New Jersey actions should be resolved by the Courts in New Jersey.

At the hearing, the Receiver requested the Court to leave the hearing open in order that appropriate Orders might be issued which will enforce the provisions of this Order and the prior

Orders of the Court. Accordingly, the Hearing and the record is left open in order that the Receiver may submit a report to the Court following his examination of the records produced by Arthur M. Field and the Court will make such further Orders as are deemed just and proper.

IT IS, SO, ORDERED on this 1 day of October, 2013.

A handwritten signature in dark ink, appearing to read "E. M. Miller", written over a horizontal line.

Edward M. Miller
Judge, 13th Judicial Circuit of South Carolina

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE
CASE NUMBER 2008CP2303665

William F Tomz

Frances W Tomz

FILED: CLERK OF COURT
GREENVILLE
PAUL B WICK
NSIMER

Capital Funding Llc

2013 OCT -1 P 4:31

PLAINTIFF(S)

DEFENDANT(S)

Submitted by:

Attorney for: ☐ Plaintiff ☐ Defendant
☐ Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

- ☐ **JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☐ **DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered. ☐ See Page 2 for additional information.
- ☐ **ACTION DISMISSED (CHECK REASON):** ☐ Rule 12(b), SCRPC; ☐ Rule 41(a), SCRPC (Vol. Nonsuit);
☐ Rule 43(k), SCRPC (Settled); ☐ Other: _____
- ☐ **ACTION STRICKEN (CHECK REASON):** ☐ Rule 40(j) SCRPC; ☐ Bankruptcy;
☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other: _____
- ☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):**
☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; (formal order to follow) ☐ Statement of Judgment by the Court:

ORDER INFORMATION

This order ☐ ends ☐ does not end the case.

Additional Information for the Clerk: _____

INFORMATION FOR THE JUDGMENT INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)

If applicable, describe the property, including tax map information and address, referenced in the order:

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. Note: Title abstractors and researchers should refer to the official court order for judgment details.

Circuit Court Judge

Judge Code

10/1/2013

Date

For Clerk of Court Office Use Only

This judgment was entered on 1st day of October, 2013, and a copy mailed first class or placed in the appropriate attorney's box on 1st day of October, 2013, to attorneys of record or to parties (when appearing pro se) as follows:

Gene McCain Connell Jr. PO Drawer 14547 Surfside
Beach, SC 29587

Fredrick Scott Pfeiffer 935 S Main St Ste 203 Greenville, SC
296013314
Stanley T. Case PO Drawer 451 Spartanburg, SC 29304
J. Emory Smith Jr. PO Box 11549 Columbia, SC 29211
William Harry Ehliel II 310 Mills Ave., Ste. 201
Greenville, SC 29605
Bruce Wyche Bannister Bannister & Wyatt, LLC P.O. Box
10007 Greenville, SC 29603
Henry Dargan McMaster PO Box 11063 Columbia, SC
29211
Curtis Warren Stodghill PO Box 2431 Greenville, SC
296022431
Bradford Neal Martin Bradford Neal Martin & Associates,
PA P.O. Box 10410 Greenville, SC 29603

ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

Court Reporter

Paul B. Wickensimer Greenville County Clerk Of
Court - Clerk of Court

ADDITIONAL INFORMATION REGARDING DECISION BY THE COURT AS REFERENCED ON PAGE 1.

This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE
IN THE COURT OF COMMON PLEAS

FILED-CLERK OF COURT
GREENVILLE CO. S.C.

JUDGMENT IN A CIVIL CASE
CASE NUMBER 2008CP233665

William F. Tomz and
Francis W. Tomz,
individually and as Class
Representatives

PAUL D. WICKENS

2013 NOV 7 PM 3 14

Capital Investment
Funding, et al.,

PLAINTIFF(S)

DEFENDANT(S)

Submitted by:

Attorney for: ☐ Plaintiff ☐ Defendant
☐ Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

- ☐ JURY VERDICT. This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☒ DECISION BY THE COURT. This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ☐ ACTION DISMISSED (CHECK REASON): ☐ Rule 12(b), SCRPC; ☐ Rule 41(a), SCRPC (Vol. Nonsuit);
☐ Rule 43(k), SCRPC (Settled); ☐ Other: _____
- ☐ ACTION STRICKEN (CHECK REASON): ☐ Rule 40(j) SCRPC; ☐ Bankruptcy;
☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other: _____
- ☐ DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):
☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; (formal order to follow) ☒ Statement of Judgment by the Court:

Arthur M. Field's Motion to Alter or Amend is DENIED.

ORDER INFORMATION

This order ☐ ends ☒ does not end the case.

Additional Information for the Clerk:

INFORMATION FOR THE PUBLIC INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)

If applicable, describe the property, including tax map information and address, referenced in the order:

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. Note: Title abstractors and researchers should refer to the official court order for judgment details.

George Brandt, III
Circuit Court Judge

2130

Judge Code

4/7/13
Date

For Clerk of Court Office Use Only

This judgment was entered on 11-7-13, and a copy mailed first class or placed in the appropriate attorney's box on 11-7-13, to attorneys of record or to parties (when appearing pro se) as follows:

George Brandt, III
360 E. Henry Street
Spartanburg, SC 29605

Bradford N. Martin Bar
No. 3658
P.O. Box 10410
Greenville, SC 29603

ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

Paul B. Wickensimer

Paul B. Wickensimer Greenville County Clerk Of
Court - Clerk of Court

Court Reporter

The South Carolina Court of Appeals

William F. Tomz and Francis W. Tomz, Individually and
as Class Representatives, Respondents,

v.

Capital Investment Funding, LLC, and Arthur M. Field,
Defendants.

Of Whom Arthur M. Field is the Appellant.

Appellate Case No. 2013-002676

ORDER

In a June 9, 2014 order, this Court ordered Appellant to serve and file his initial brief and designation of matter within thirty days unless the current transcript rendered his appeal unreviewable. Subsequently, Appellant filed what this Court construes as a motion to remand to reconstruct the record because the current transcript has rendered his appeal unreviewable. After careful consideration, Appellant's motion is granted and this case is remanded to the Greenville County Court of Common Pleas. Counsel for Appellant is ordered to contact counsel for Respondents and the circuit court judge, the Honorable Edward W. Miller, within ten days of this order to schedule such hearings as the circuit court judge deems appropriate. Counsel for Appellant shall provide a periodic update to the clerk of this Court at least every fifteen days from the date of this order regarding the status of the remand, with a copy to counsel for Respondents.


FOR THE COURT

Columbia, South Carolina

FILED

July 18, 2014

cc:

Bradford Neal Martin, Esquire
Laura Wilcox Howle Teer, Esquire
Evan Brook Bristow, Esquire
George Brandt, III, Esquire
South Carolina Office of Court Administration
Caroline Hiskell

Comp
Miller

FILED-CLERK OF COURT
GREENVILLE CO. S.C.
PAUL D. WICKENS, CLERK
COURT OF COMMON PLEAS
13TH JUDICIAL CIRCUIT
2015 FEB 3 PM 3 35

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE

William F. Tomz and Francis W. Tomz,
Individually and as Class Representatives,
Plaintiffs,
vs.
Capital Investment Funding, LLC, and
Arthur M. Field,
Defendants.

ORDER
Civil Action No. 2008-CP-23-3665

On September 17, 2013, this Court held a hearing regarding a Rule to Show Cause requiring the Defendant, Arthur M. Field, to show why he should not be held in contempt. In an Order entered on October 1, 2013, this Court found Arthur M. Field in contempt.

The Defendant Field appealed the Order of October 1, 2013 to the South Carolina Court of Appeals.

Subsequently, Field filed with the Court of Appeals a Motion which the Court of Appeals construed as a Motion to Remand to reconstruct the record because Appellant Field contended the current transcript had rendered his appeal unreviewable.

By Order dated and filed July 19, 2014, the Court of Appeals remanded the case to the Greenville County Court of Common Pleas for a hearing to address the issues concerning Field's Motion to Remand to reconstruct the record.

The hearing on Field's Motion was held on October 27, 2014. Present at the hearing was Attorney Bradford N. Martin of the Greenville County Bar, who represented Arthur M. Field at the

hearing on the Rule to Show Cause on September 17, 2013 and is his attorney in connection with the appeal. Also present at the hearing were George Brandt, III of the Spartanburg County Bar, representing Jerry Saad, the Receiver for Capital Investment Funding, LLC, and Stanley T. Case of the Spartanburg County Bar, attorney for the Plaintiffs (the Class).

The Appellant Field contends that the Court made certain comments before the case was called for a hearing and that a description of the comments of the Court is necessary for the purpose of Appellate review. The Appellant has tendered four (4) Affidavits to the Court, which include the Affidavit of Arthur M. Field, the Affidavit of Angie Orfanedes, the Affidavit of Henry Van Dyke and the Affidavit of Richard Lackey. Orfanedes, Van Dyke and Lackey are neighbors of Defendant Field from the Thornblade neighborhood, and testified on behalf of Field at his sentencing hearing.

Prior to the September 17, 2013 hearing, Arthur M. Field had pled guilty to eleven (11) counts of securities fraud, two (2) counts of criminal conspiracy to commit securities fraud, and one (1) count of forgery. Subsequent to the September 17, 2013 hearing, Arthur M. Field was sentenced and ordered to pay the sum of \$2,877,711.72 as restitution.

It appears that the tendered Affidavits make reference to a question that is contained at page 7 of the Transcript of the September 17, 2013 hearing. The transcript indicates that, among other things, the Court asked Mr. Martin a question as follows: "So, let me get this straight, your client stole forty million dollars and now he's the victim?"

It also appears that the tendered Affidavits contain personal commentary about the demeanor of the Court during the hearing. The proposed Affidavits do not claim that the trial transcript is in any way inaccurate or incomplete. The proposed Affidavits do not state that the Affiants have read the transcript. Nor do they state that the transcript does not contain or include any particular

testimony or statements.

It is the finding and determination of the Court that the proposed Affidavits should be disallowed. The Affidavits are self serving and include an attempt to introduce into the record things that were not part of the record. No effort was made by the Appellant to provide testimony in keeping with the proposed Affidavits at the hearing. Accordingly, the proposed Affidavits are disallowed and will not be included as a part of the record.

An exhibit has been submitted to the Court that relates to the correction of certain scrivener's errors. The Court will allow the correction of the scrivener's errors as proposed, but will not allow any other changes to the transcript of the testimony or additions to the record.

Therefore, it is the finding of this Court that the transcripts of the aforementioned hearing held on September 18, 2013 shall be modified only to reflect the correction of the scrivener's errors that are stated in the exhibit attached to this order, and that no other changes or additions to the record shall be made to the record because no other changes are warranted or proper.

AND, IT IS, SO, ORDERED on this ____ day of ~~December~~, 2014.

2/2/15



Edward W. Miller
Judge for the Court of Common Pleas for
Greenville County

Jerry T. Saad, CPA, P.A.
Certified Public Accountant
1249 South Pleasantburg Drive Greenville, SC 29605

Office Phone: 864-277-9600
Office Fax: 864-422-9049
Mobile Phone: 864-617-1300
email: jerry@jtsaad.com

Member
American Institute of
Certified Public Accountants
South Carolina Association of
Certified Public Accountants

Receiver's Status Report
To the Noteholders of Capital Investment Funding, LLC
As of September 30, 2009

November 12, 2009

Dear Noteholder:

The following is my initial report of findings and actions taken from August 24, 2009 through September 30, 2009, in connection with my appointment as Receiver for Capital Investment Funding, LLC. (hereinafter referred to as "Company" or "CIF")

Please note that this report is not intended to be a comprehensive report of all transactions, events, or activities, but rather an overview of some of the more significant activities and actions encountered to date. Furthermore, because we have not yet been provided with all of the company's records, much of the information provided herein should be viewed as preliminary and subject to change, revision, and correction.

Summary of Cash Balances and Cash Activities

Cash Balances (existing accounts) as of August 24, 2009

Capital Investment Funding, LLC	
BB&T	\$ 80,317
Greenville First National Bank	43,955
CIF Property Holdings, LLC	
BB&T	22
CIF TC, LLC	
BB&T	22
Cosimo, LLC	
Palmetto Bank & Trust	16,179
Palmetto Bank & Trust	1,513
Total cash balances (existing accounts) as of August 24, 2009	<u>\$ 142,008</u>

Mr. Gene Connell
 Mr. Stanley Case
 November 12, 2009
 Page 2

Recap of cash activities from August 24, 2009 through September 30, 2009

Transfer of cash from existing accounts to new Receiver Accounts: \$142,008

Deposit Activity

Return of funds held in trust for legal fees 15,000

Mortgage payment received from Trazom, LLC 7,000

Mortgage payment received from:

Eric King 729

Sabillon 397

Rents (and rental expense reimbursements) received

Y11 America SC, LLC (warehouse in Liberty, SC) 2,906

Cream, LLC (Commercial building in Greenville, SC) 6,500

Total deposits 174,540

Disbursements

Past due invoices

Legal fees in connection with:

Lancaster Resources et al bankruptcy 6,483

Lancaster Resources et al civil lawsuit 27,000

Mediator fee 2,307

Filing fees (notices of change of registered agents) 30

Mortgage payment NBSC (Commercial building in Greenville, SC) 9,754

Settlement payment required under Mediated Global Settlement Agreement 25,000

Total disbursements 70,573

Cash balance as of September 30, 2009 \$103,967

Reconciliation to cash balance per bank statement

Cash balances per bank statements as of September 30, 2009 \$117,450

Plus deposit in transit as of September 30, 2009 -

Less checks written but not cleared as of September 30, 2009 (13,483)

Cash balance per books as of September 30, 2009 \$103,967

Two new checking accounts were opened at the South Main Street (Greenville, SC) branch of Carolina First Bank — one account for Capital Investment Funding, LLC and one account for CIF Property Holdings, LLC. The cash balances in the bank accounts that were existing before my appointment as Receiver were transferred to the new accounts, and the old accounts were closed. I am the only signer on the new bank accounts. The new accounts are monitored online daily.

Initial Activities of Receivership

Meetings and Receipt of Certain Records

Arthur Field met with me several times during the month and delivered certain records, including the official electronic accounting financial records file (QuickBooks), bank account checkbooks, bank statements, and banking documents, active customer loan files, and unpaid trade payable invoices. Files were reviewed for general content, organized, labeled and inventoried.

Mr. Gene Connell
Mr. Stanley Case
November 12, 2009
Page 3

Scott Pfeiffer, attorney for and manager of Cosimo, LLC, now a wholly owned subsidiary of Capital Investment Funding, LLC, met with me and delivered the official electronic accounting financial records file (QuickBooks) and unpaid trade payable invoices. Mr. Pfeiffer also delivered to Arthur Field certain Cosimo loan files and Arthur allowed me to inspect those files. Files were reviewed for general content, organized, labeled and inventoried.

Review of Financial Records (QuickBooks file and bank records)

The general ledgers of Capital Investment Funding, LLC and Cosimo, LLC were studied to gain an understanding and familiarity of the transactions of each company. The financial accounting records in QuickBooks appear to be properly maintained, complete, current, and easy to access. An audit of the QuickBooks records should be feasible, provided all source documents are also made available for examination.

Review, Coordination, and Planning Legal Activities

Prior to August 24, 2009, the company was involved in several legal matters, of which the following are the most significant and pressing:

- Motion To Quash Subpoena – This matter deals with the Attorney General's subpoena requesting certain Company records from Arthur Field and Arthur Field's efforts to protect his 4th and 5th Amendment rights as provided for in Judge Miller's Order Approving Settlement. Accordingly, my access to additional records is limited, pending the outcome of the motions and rulings.
- Civil Litigation and Bankruptcy In New Jersey – This matter involves a civil lawsuit (filed against a customer and its principals) and related bankruptcy filings. The customer, Lancaster Resources, Inc. ("LRI") borrowed in excess of \$34 million over the course of seven years, having paid back all but \$18 million at the time it defaulted on its loans in 2008. The Company filed a lawsuit against LRI alleging, among other charges, that LRI and its managers fraudulently recorded releases on the company's mortgages. Subsequently, LRI and one of its principals, Robert L'Abatte, filed for protection under federal bankruptcy laws. Action in the civil lawsuit has been stayed in the state court until the federal bankruptcy matter is completed. Hearings are scheduled for November 2009.
- "1983" Civil Rights Violation Lawsuit – A lawsuit was filed in federal court in July 2009, against the State of South Carolina Attorney General and several employees of the Attorney General's Office. The Plaintiffs in the lawsuit include Capital Investment Funding, LLC, Arthur Field, Kathryn Taillon (Arthur Field's wife), and Bart Kelley (previously an employee of Capital Investment Funding, LLC). The lawsuit claims (among other issues) its civil rights were violated and as a result the Company seeks to recover damages in excess of \$40 million. The complaint (as filed) has been given to three separate attorneys for review and consideration of representing the Company in this matter. Each of the three attorneys expressed a lack of desire to handle the case – primarily because the task of suing and winning against the State is deemed to be very costly (in terms of time and resources) and the chances of winning against the State is deemed to be very low. The federal court granted an extension of time until October 31, 2009 to designate an attorney to represent the Company in this matter.

- Civil Lawsuit In Columbia County, Oregon - In prior years, Cosimo loaned approximately \$900,000 to unrelated third parties for the purpose of purchasing land in Columbia County, Oregon. The loan was secured by a 1st mortgage on a 7 acre tract of land. Part of the property was sold to another unrelated person, subject to an easement. Subsequently, the buyer filed suit against the unrelated third parties alleging the easement was fraudulently obtained. After the buyer filed suit, the unrelated parties defaulted on the loan and then transferred the property back to Cosimo. Cosimo (and now CIF) are now defending the suit in order to protect the property value (without the easement, the property is inaccessible and therefore the value would be severely reduced). A hearing is anticipated to be scheduled for sometime in November 2009.
- Foreclosure Action In Sheldon, Washington - In prior years, Cosimo loaned approximately \$1.6 million to Tcholak, LLC. The loan was secured by a 2nd mortgage on a 7,000 square foot house and 7 acres of waterfront land overlooking the Columbia River in Sheldon, Washington. The loan had been in default for more than a year. The first mortgage holder, Chase Mortgage, foreclosed on the property in September 2009. The balance of the first mortgage was in excess of \$1 million. The foreclosure had been postponed several times prior to the sale in September. No one bid the property and the bank received the property through foreclosure. It immediately listed the property for sale at a price of approximately \$575,000. The property is still for sale. Based on that process, the 2nd mortgage on the property is extinguished and we no longer have any legal interest in the property.

Inspection of Real Properties and Mortgaged Properties

Arthur Field traveled with me in upstate South Carolina and Newark, New Jersey, facilitating my inspection of approximately 10 properties which represented the most significant properties in terms of potential value. He also introduced me to various persons connected with the properties including the developers of lake properties and owners of properties that are pledged as collateral on mortgage loans payable to CIF.

The following properties were visited and observed:

- South Carolina properties owned by CIF (or subsidiaries)
 - o 5115 Old Greenville Road, Anderson County, SC - 60,000 square foot building
 - o 124 Masters Woods Way, Easley, SC - unfinished (approx 60% complete) house
 - o 610 Congaree Road, Greenville, SC - commercial building and lot
 - o 21 Buriss Road, Lyman, SC - rental property - lot and mobile home
- Newark, New Jersey property owned by CIF (or subsidiaries)
 - o 39 Union Square, Newark, NJ - 1,600 square foot condo
- South Carolina properties pledged as collateral on mortgage loans payable to CIF
 - o Cornerstone Printers - building, land and equipment, 2 American Way, Greenville, SC
 - o EarthArtist LLC - Textile Warehouse, Seneca, SC
 - o SD Trust, LLC - 10 lake front lots and 80 lake view lots, Lake Keowee, SC
 - o WE3, LLC - 90+ lake view lots, Lake Keowee, SC

- Newark, New Jersey properties pledged as collateral on mortgages payable to CIF (the loans are unperfected mortgage loans; the validity and enforceability of the various mortgages are being challenged in bankruptcy court)
 - o Lancaster Resources, Inc. — Skymark Condominiums, 48 units under construction (90% complete), Palisades, NJ
 - o Lancaster Resources, Inc. — Skymark Townhomes, 36 units under construction (80% complete), Upper Saddle River, NJ
 - o Lancaster Resources, Inc. — office building (occupied by LRI), estimated 7,000 square feet, Hackensack, NJ
 - o Lancaster Resources, Inc. — undeveloped land, 36 acres, Highway 46, Newark, NJ
 - o Lancaster Mortgage Bankers — house, vacant and being renovated (approx 95% complete), approximately 3,500 square feet, 457 Carlton Road, Wyckoff, NJ

Preliminary Identification and Discussion of Assets

Arthur Field provided a list and files containing documentation of identifiable assets owned by CIF (and subsidiaries). The assets primarily consist of a conglomeration of 21 real estate mortgage loans to customers (aggregate loan balances of approximately \$32 million) and real estate properties acquired through customer loan defaults and foreclosures. Each of the loans, the various real estate properties pledged as collateral on the loans, and the real estate properties acquired from loan defaults and foreclosures has a uniquely troubled history. While three customer loans (having combined balances of approximately \$1.2 million) appear to be in good standing, as records indicate required payments are current, the remaining 18 loans are all in default. Most of the acquisitions of real estate properties through customer loan defaults and foreclosures occurred in 2008 and 2009, and were detrimentally affected, if not caused by, the global economic downturn.

Real Estate Mortgage Loans To Customers

Real estate mortgage loans to customers consist of 21 loans with loan balances totaling approximately \$32 million. Each of the mortgage loans has real estate properties pledged as collateral on the loan. Efforts in the months to come will be focused on investigating and evaluating each loan and its underlying collateral, and where economically justified and warranted, pursuing collection and liquidation of the loans and foreclosure and liquidation of the collateral. All of the properties pledged as collateral on the loans are located in South Carolina, New Jersey, New York, and Washington State.

Three customer loans appear to be in good standing, as records indicate all required payments are current. The following is a summary of the loans that are current, and their respective outstanding balances as of August 31, 2009.

<u>Borrower</u>	<u>Outstanding Balance</u>
Trazom, LLC	\$1,038,327
King	130,247
Sabillion	58,245
Total	<u>\$1,226,819</u>

Mr. Gene Connell
Mr. Stanley Case
November 12, 2009
Page 6

The remaining 18 loans are all in default. The following is a summary of the defaulting loans and their respective outstanding balances as of August 31, 2009.

<u>Borrower</u>	<u>Outstanding Balance</u>
Lancaster Resources, Inc.	\$17,057,623
Lancaster Mortgage Bankers, L.L.C.	891,454
Lion Financial, LLC	2,581,255
SD Trust, LLC	2,051,155
WE3, LLC	2,671,200
Tcholak, LLC	2,500,000
12 Others (all less than \$1 million each)	<u>3,043,468</u>
Totals	<u>\$30,796,156</u>

Each of the defaulting loans has a uniquely troubled history. The most significant loans are briefly described below. Each loan will be pursued for collection in the months to come.

Lancaster Resources, Inc. ("LRI") - From 1999 until 2002, LRI was the parent company of CIF. In 2002, Arthur Field purchased all of LRI's 91% interest in CIF. Thereafter LRI had no ownership interest in CIF. As discussed on page 3 (see "Civil Litigation and Bankruptcy In New Jersey"), LRI borrowed more than \$34 million over the course of many years, and had repaid all but \$18 million at the time it defaulted on its loans in 2008. After the default occurred, CIF filed a lawsuit against LRI alleging fraud and other charges. LRI (and its 12 or more subsidiaries) later filed for protection under federal bankruptcy laws. The bankruptcy was classified as a "complex" case by the U.S. Bankruptcy Court in New Jersey. Meanwhile, the civil lawsuit was stayed in the state court until the federal bankruptcy is completed. The moneys LRI borrowed from CIF over the years were secured by first mortgages on multiple properties. The properties are in various stages of development, ranging from vacant land to finished but unsold condominium units. All of the properties are located in prominent areas of Newark, New Jersey and surrounding communities. Several of the properties are high profile projects with values projected in excess of \$20 million. The economic crises in 2008 and 2009 brought the development of all of these projects to a screeching halt, and the values plummeted. Banks and other lenders now claim to have mortgage positions ahead of CIF mortgages. Based on initial discussions with attorneys representing CIF in the bankruptcy and civil litigation, recovery of any assets in the next 12 months is highly unlikely. Furthermore, recovery of any assets or values through the bankruptcy or from civil litigation is purely speculative at this time. Nevertheless, the merits of the bankruptcy and civil litigation justify continued pursuit of both for the time being, with continued evaluation being required as the cases develop.

Lancaster Mortgage Bankers, L.L.C. ("LMB") - LRI was a mortgage loan broker firm, which provided mortgage lending services to commercial and residential borrowers and purchasing. It also traded multi-million dollar loan portfolios to mortgage investors. When the mortgage industry collapsed in 2008, LMB became insolvent and filed for bankruptcy. LMB's debts were discharged in bankruptcy and therefore there are no assets available for recovery.

Lion Financial, LLC ("Lion") - Lion is owned by unrelated third parties who reside in Pennsylvania. Arthur Field reported that the Company is insolvent and that all of the cash it holds will be delivered to CIF. He did in fact deliver payment from Lion to CIF in the amount of \$94,660.89 on October 3, 2009.

SD Trust, LLC ("SD Trust") - SD Trust is owned by unrelated persons. In 2006, SD Trust borrowed approximately \$2.0 million to fund the purchase and development of lake property on Lake Keowee, South Carolina. CIF's mortgage loan is subordinate to a \$4 million first mortgage on the same property, payable to a third party. Development of the property began in or about 2006 and ceased in 2008 with the economic downturn. The project initially consisted of 14 lake front lots and approximately 90 interior lots. Four lake front lots and at least four interior lots were sold to parties related to or affiliated with the owner/developers. The new owners obtained bank financing for the purchase and construction of houses on these lots. These lots were released from CIF's mortgages (after receiving "lot release" payments at the closings) and construction of houses began on these lots in or about 2006. None of the houses were completed and construction activities ceased in 2008. The houses are in various stages of completion - from 20% complete to 60% complete. While CIF has no claim or interest in the properties under construction, the poor physical condition and unfinished status of these properties has a detrimental effect on the values of the remaining properties that are pledged as collateral on CIF's mortgage loans. SD Trust is in default on the first mortgage and CIF's mortgage. Principals of SD Trust have been attempting to and continue to seek funding to pay the mortgages and restart construction efforts on the project. At this time, SD Trust is not expected to have any significant assets available for recovery.

WE3, LLC ("WE3") - WE3 is owned by the same unrelated persons that own SD Trust. WE3 borrowed approximately \$3.3 million in 2005 to fund the purchase and development of lake view property on Lake Keowee, South Carolina. CIF holds a first mortgage loan on the properties. Development of the property began in or about 2006 and ceased in 2008 with the economic downturn. The project initially consisted of approximately 87 interior lots (no lake front lots). More than half of the infrastructure was put in place (underground utilities and road paving and curbs) in 2006 and 2007. Several lots were sold to unrelated parties in 2006 and 2007 and several houses were fully constructed and are occupied. The lots sold were released from CIF's mortgages (after receiving "lot release" payments at the closings). Construction activities ceased in 2008. Some (perhaps up to 40%) of the infrastructure still needs to be completed. The unfinished status of the project has a detrimental effect on the values of the remaining properties that are pledged as collateral on CIF's mortgage loans. WE3 is in default on CIF's mortgage. Principals of WE3 have been attempting to and continue to seek funding to pay the mortgages and restart construction efforts on the project. At this time, WE3 is not expected to have any significant assets available for recovery.

Tcholak, LLC ("Tcholak") - Tcholak is owned by an unrelated person. Tcholak borrowed approximately \$2.5 million in 2005 to fund the purchase and development of several properties in Washington State and Oregon. CIF's mortgage loan was subordinate to a \$1 million first mortgage on one property and a \$500,000 mortgage on another property, each payable to a different bank. Development of the properties began in and was completed in or about 2006 and 2007. With the economic downturn in 2008, Tcholak defaulted on the bank mortgages and CIF's mortgages. In September 2009, Chase Bank foreclosed on one property. The property was auctioned at a foreclosure sale, but there were no bidders. The bank therefore received the property in foreclosure and has since listed the property for sale at an asking price of \$575,000. Several other banks have started foreclosure proceedings on several other properties in Washington State. The foreclosure sales are scheduled for November 2009. Because the loan balances of the existing bank mortgages exceed the expected values of the properties, the second mortgage position of CIF is deemed to be of no value. At this time, Tcholak is not expected to have any significant assets available for recovery.

Real Estate Properties Owned By CIF (and Subsidiaries)

The real estate properties owned by CIF (and subsidiaries) are all held debt free with one exception, discussed below. All of the properties owned are located in South Carolina, New Jersey, New York, and Oregon. The conditions of the properties owned by CIF vary from vacant land ready to sell to untenable dilapidated houses in disrepair. Efforts in the months to come will be focused on investigating and evaluating each property, making improvements and repairs where economically justified and warranted, and ultimately marketing and selling properties for values deemed appropriate, with due consideration of the physical conditions and histories of the properties and economic conditions of the market place.

The one property that is subject to a mortgage is a commercial building located in Greenville, South Carolina. The property was deeded to a CIF subsidiary in July 2009 in lieu of foreclosure. CIF held a second mortgage on the property. The first mortgage is held by NBSC and the outstanding balance is approximately \$1.1 million. The property is leased to an unrelated third party pursuant to a written lease which expires April 2010. The lease provides the Tenant an option to renew for an additional 3 years. Pursuant to the lease, the Tenant pays monthly rent of \$6,500. However, the monthly mortgage payment to NBSC is \$9,750; thus, the property results in a cash outflow of \$3,250 each month. Furthermore, the lease requires the Tenant to pay taxes, insurance and non-structural maintenance. Accordingly, this property will be investigated, reviewed, and evaluated as a priority to determine if the expected value of the property justifies the monthly cash outflow.

The following is a preliminary list of real properties identified as being owned by CIF (or its affiliates):

<u>Description</u>	<u>Location</u>	<u>Status</u>
65,000 square foot warehouse	Anderson County SC	5% rented (month to month)
House—dilapidated and in disrepair	Anderson County SC	vacant
Commercial building in good condition*	Greenville County SC	leased (multi-year lease)
6 houses—dilapidated and in disrepair	Greenville County SC	vacant
Residential lot	Greenville County SC	vacant
3 residential lots	Laurens County SC	vacant
1 house—dilapidated and in disrepair	Laurens County SC	vacant
1 residential lake lot (25% interest)	Oconee County SC	vacant
1 house—dilapidated and in disrepair	Pickens County SC	vacant
1 house—partially constructed	Pickens County SC	vacant
Commercial land—40 acres on I-85	Spartanburg County SC	vacant
1 house—dilapidated and in disrepair	Spartanburg County SC	vacant
Land (Drag strip)—80 acres	Williamsburg County SC	lease (month to month)
Condominium—newly constructed	Newark NJ	vacant
Residential land—100 acres	Saratoga Springs NY	vacant
1 residential lot—7 acres	Columbia County OR	vacant

* Note: This is the commercial property described in the previous paragraph as having a mortgage payable to NBSC.

Mr. Gene Connell
 Mr. Stanley Case
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Preliminary Estimation of Potential Asset Values

The significant assets of CIF (and its subsidiaries) identified so far consist of real estate mortgage loans to customers and real estate properties acquired through customer loan defaults and foreclosures. (Other assets of nominal value have been identified and include a very limited amount of office furniture and equipment, and company records. However, those items do not merit discussion at this time.)

Understandably, noteholders of CIF are anxious to know the values of the assets and ultimately how much money they will receive. Unfortunately, the nature of the assets, the legal and economic complexities, the restrictions on the release of information, and the current economic turmoil all provide formidable obstacles for determining values, releasing information and estimating potential distributions. In short, it is too early in the process to know or provide reliable estimates of values at this time.

However, in order to provide some general framework of information to you, I have prepared preliminary estimates of values of the assets that have been identified as belonging to CIF (or its subsidiaries). Accompanying this report is Schedule I - Initial Schedule of Identifiable Assets and Preliminary Estimates of Values. It is important to know this schedule reflects preliminary estimates of liquidation values. The estimates are preliminary because they are based on very limited knowledge and experience with each asset. It is equally important to know the values are estimates, which means that the actual amounts ultimately realized will differ from the estimates and the differences may be significant.

With that in mind, the following is a summary of the information provided in Schedule I - Initial Schedule of Identifiable Assets and Preliminary Estimates of Values:

	Immediate Liquidation Value	Orderly Liquidation Value
Mortgage Loans Secured By Real Estate		
South Carolina properties	\$ 650,000	1,815,000
Georgia properties	-	-
New Jersey properties	100,000	375,000
Washington properties	-	-
Total Mortgage Loans Secured By Real Estate	<u>\$ 750,000</u>	<u>\$2,190,000</u>
Real Estate		
South Carolina properties	\$1,060,000	2,543,000
New Jersey properties	50,000	100,000
New York properties	100,000	300,000
Oregon property	40,000	100,000
Total properties owned	<u>\$1,250,000</u>	<u>\$3,043,000</u>
Combined totals	<u>\$2,000,000</u>	<u>\$5,233,000</u>

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Please keep in mind, these values represent estimated gross proceeds to be realized upon sale and liquidation of assets. Operating expenses, legal fees, and Receiver fees will all be paid from such gross proceeds, and only the residual amounts after payments of such expenses will be available for distribution to Noteholders.

In the months to come, efforts will be focused on in-depth studies of the assets, inspections of the properties, examination of records and documents, examination and verification of court records (recordings of deeds and mortgages and such), management of legal processes related to protecting and recovering assets, studies of market conditions related to the properties, and evaluations of economic factors which affect the properties and their underlying values.

My next report to you for the period ended December 31, 2009 will be issued in early February 2010.

Sincerely,



Jerry T. Saad, CPA
As Court Appointed Receiver for
Capital Investment Funding, LLC

w/enclosure

Capital Investment Funding, LLC (and subsidiaries)

Schedule 1 – Initial Schedule of Identifiable Assets and Preliminary Estimates of Values As of September 30, 2009

Description		Immediate Liquidation Value	Orderly Liquidation Value
<u>Properties Pledged As Collateral On Mortgage Loans Receivables</u>			
<u>Properties Located In South Carolina</u>			
2 GreenTree Rd Warehouse	warehouse 18.25 acres	300,000	900,000
Cornerstone Commercial Properties	warehouse 1 acre	200,000	400,000
EarthArtist Mountain Studio	JP Stevens cotton mill	50,000	400,000
121 Sabra Dr / Eric King	house and lot	20,000	35,000
WE3 Company (Water's Edge Sbdv)	94 lots (lakeview) Lake Keowee SC	80,000	80,000
Asante Properties vs WE3 Company	4 lots (lake view) Lake Keowee SC	-	-
SD Trust - Docks (Sweetwater Sbdv)	Dock - Lot 4A - Robert Alexander	-	-
SD Trust - Docks (Sweetwater Sbdv)	Dock - Lot 58 - Doug Bryson	-	-
SD Trust - Docks (Sweetwater Sbdv)	Dock - Lot 58A - Christina & Elizabeth Canas	-	-
SD Trust - (Sweetwater Sbdv)	90 acres on Lake Keowee SC	-	-
SD Trust - (Sweetwater Sbdv)	Lot William & Angela Cromar	-	-
SD Trust - (Sweetwater Sbdv)	84 lakeview lots Lake Keowee SC	-	-
		650,000	1,815,000
<u>Properties Located In Georgia</u>			
Big Deal Land/Rolling Hills Land Co	62.76 acres in Yoccoa	-	-
<u>Properties Located In New Jersey</u>			
Lancaster Resources Inc.	457 Carlton Road Wyckoff, NJ	100,000	275,000
Lancaster Resources Inc.	38 Union Square, Unit 401, Newark NJ	-	100,000
Lancaster Resources Inc.	Skymark Condominiums, 48 units under construction, Palisades, NJ	-	-
Lancaster Resources Inc.	Skymark Townhomes, 36 units under construction, Upper Saddle River, NJ	-	-
Lancaster Resources Inc.	Office building (used by LRI), estimated 7,800 square feet, Hackensack, NJ	-	-
Lancaster Resources Inc.	Undeveloped land, 38 acres, Highway 46 Newark, NJ	-	-
		100,000	375,000
<u>Properties Located In Washington State</u>			
Tcholok/Big Deal	House and lot, Olympia WA	-	-
Tcholok/Big Deal	House and lot, Olympia WA	-	-
		-	-
Total Properties Pledged As Collateral On Mortgage Loans Receivables		750,000	2,190,000

Capital Investment Funding, LLC (and subsidiaries)

Schedule 1 – Initial Schedule of Identifiable Assets and Preliminary Estimates of Values

As of September 30, 2009

Description		Immediate Liquidation Value	Orderly Liquidation Value
<u>Real Estate Properties Owned</u>			
<u>South Carolina Properties</u>			
<u>Anderson County</u>			
5115 Old Greenville Hwy-Liberty	66,000 square foot warehouse	450,000	1,000,000
1 Hawthorne Street, Hones Path	Dilapidated house	2,000	20,000
<u>Greenville County</u>			
810 Congaree Rd	commercial building	.	200,000
DCB Management (Donna Brown)	111 1st Street (13 1st Street)	6,000	5,000
DCB Management (Donna Brown)	103 2nd Street	5,000	5,000
DCB Management (Donna Brown)	107 2nd Street	5,000	6,000
DCB Management (Donna Brown)	113 2nd Street	5,000	5,000
DCB Management (Donna Brown)	103 3rd Street	5,000	6,000
DCB Management (Donna Brown)	107 4th Street	5,000	5,000
231 Hipps Ave/Simpsonville	lot	8,000	20,000
<u>Laurens County</u>			
112 Chavis Road, Gray Court	Golden Gate Estate Sbdv	2,000	7,000
101 Bowknot Lane, Gray Court	trailer and lot	2,000	7,000
101 Chavis Road, Gray Court	empty lot	2,000	7,000
119 Syndey Lane, Gray Court	empty lot	2,000	7,000
<u>Oconee County</u>			
Keowee Key, Unit 16 Lot 21 (25% interest Empty lot)		.	8,000
<u>Pickens County</u>			
124 Masters Woods Way/Cabrera Rosa	1.39 acres	20,000	50,000
806 Saluda Dam Rd (Veracruz/Sandoval)		20,000	30,000
<u>Spartanburg County</u>			
40.5 acres on I-85	vacant commercial property	400,000	800,000
21 Burris Road, Lyman	Mobile home and lot	25,000	60,000
<u>Williamsburg County</u>			
80+/- acres dragstrip racetrack		100,000	300,000
		1,060,000	2,543,000
<u>New Jersey Property</u>			
Condominium, newly constructed	39 Union Square, Unit 109, Newark	50,000	100,000
<u>New York Property</u>			
Saratoga Springs, NY	100 acres in Saratoga County	100,000	300,000
<u>Oregon Property</u>			
Lot in Morgan's Ridge Sbdv	vacant residential 7 acre lot	40,000	100,000
Total Real Estate Properties Owned		1,260,000	3,043,000
<u>Recap</u>			
Total Real Estate Properties Owned		1,250,000	3,043,000
Total Properties Pledged As Collateral On Mortgage Loans Receivables		750,000	2,180,000
Total Properties		2,000,000	5,233,000

FILED-CLERK OF COURT
GREENVILLE CO. S.C.
PAUL D. WICKEN
STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
COUNTY OF GREENVILLE) THIRTEENTH JUDICIAL CIRCUIT
2012 JUL 13

William F. Tomz and Frances W. Tomz,	)	MOTION TO RECUSE
Individually and as Class Representatives,	)	
Plaintiffs,	)	
	)	Case No. 2008-CP-23-3665
versus	)	
	)	
Capital Investment Funding, LLC and	)	MOTION AND ARGUMENT
Arthur M. Field,	)	
Defendants.	)	

The undersigned hereby moves this Court to recuse the Hon. Edward Miller from any and all further action in the above-captioned matters and any other matters, which may now come before the courts of South Carolina involving any of the above named or persons related thereto, whether civil, criminal, administrative or otherwise.

Judge Miller appears to have become highly prejudiced as a result of one or more *ex parte* communications and/or exposure to various extra-judicial sources, and has been irrevocably tainted as a direct result. No hearing on the merits has ever taken place in this matter, no evidence has ever been tendered, no testimony has ever been heard. Field was dismissed from this action in August, 2009. On December 14, 2011, in an informal presentation to the Note Holders, Judge Miller exhibited extreme bias, made highly prejudicial statements on the bench in front of the Note Holders, the public and the Attorney General, and acted in a manner unbecoming of a judge as evidenced by the Transcript of such hearing.

Judge Miller apparently has been exposed to massive amounts of *ex parte* highly prejudicial material, news articles, emails, phone calls, letters, correspondence, and/or conversations from outside sources, CIF Notcholders, the Receiver, the Receiver's attorney, and the Attorney General and/or from numerous counsel herein and has solicited or knowingly accepted or viewed such material in the absence of the adverse parties and failed to give notice thereof.¹ His bias is manifestly apparent.

¹ All factual allegations in this Motion are to be taken as true. State v. Shaw, 276 S.C.190, 277 S.E.2d 140 (S.C. 1981). Field enters this Motion without consenting to jurisdiction over the person.

FACTS AND TRANSCRIPT EXCERPTS

Judge Miller's prejudice is easily observed from the Official Transcript December 14, 2011, (Caroline Hiskell Circuit Court Reporter) of the informal meeting of the Receiver and Noteholders. Such informal meeting was not scheduled by the Court and notice was not provided to Field or any of the other former parties herein. No hearing is listed on the "Actions" section of the Case Records, Public Index, of the Clerk's Office.² Hence, the informal meeting must be deemed an *ex parte* communication, as would any other in or out of court communications between the Receiver and Judge Miller.³ No Report of the Receiver was ever submitted to any of the former parties herein.

First and foremost: No hearing on the merits has EVER been held in this matter. No evidence or sworn testimony of any sort concerning the underlying merits of any claim or defense has EVER been heard by Judge Miller. The parties entered into a Global Mediated Settlement Agreement at the initial pleading stage after Plaintiffs' counsel had a full and complete opportunity to review the assets and liabilities of Capital Investment Funding, LLC and were fully satisfied therewith.

Consequently, it must follow that ANY opinion Judge Miller has concerning the parties' liability or the merits of the case MUST be drawn from extra-judicial sources or improper communications.

Judge Miller formed numerous highly prejudicial opinions of Field (a former party) and improperly, repeatedly and emphatically voiced such opinions on the bench to Class members and the public in the presence of Creighton Waters, a Deputy Attorney General from the State Grand Jury Division, whom he permitted to speak at the hearing. Waters had no standing and his presence was highly prejudicial.⁴ (How did Waters know to attend?) Judge Miller lauded Waters and implied there was a State Grand Jury investigation and the Note Holders should act accordingly.

² The last item listed in the Official Records of the Clerk is dated October 12, 2011.

³ Field was notified of the Informal Meeting only by the Receiver on November 28, 2011, but the Receiver requested Field NOT attend such meeting. Receiver told Field his presence might be inflammatory and no action would be taken at the informal meeting and Field had fulfilled all obligations to the Receiver and had nothing to add to the proceeding, which would simply be a report to Noteholders of Receiver's progress. Field confirmed this in a letter to Receiver and asked him to submit it to Court, *infra*.

⁴ Judge Miller was fully aware the GMSA sealed all documents, correspondence and records delivered by Field to the Receiver and Judge Miller previously denied the State's attempt to obtain those records. D.A.G. Waters had no standing in the court, was not a party, and his interests were adverse to Field's, and this was well known to Judge Miller, who treated him as a friend of the court, see *infra*.

To wit, Judge Miller stated the following (all excerpts are Judge Miller's statements, i.e. "The Court", except where noted); Miller speaks to public first 7 pages:

- a) Transcript, p.3: THE COURT: "And I also want to tell you that I am also aware of your frustration. If I haven't heard about it, I could have guessed it. You made investments with the intent to rely on those investments and they're not there. They've been inappropriately removed from your possession. I just want you to know everyone involved in this case is aware of that."
- b) Transcript, pp.3-4: THE COURT: "Another judge was given this case to begin with, he was removed, and I was substituted. I was substituted shortly before the settlement of the case, the global settlement. When I came into this and didn't exactly know what kind of fish tank I was getting thrown into. It was a very complicated matter and I tried to get up to speed. Fortunately, there are a lot of very competent qualified people that are representing you and doing everything they can to cover the proceeds.⁵ But in any event, the global settlement, which was reached after a couple of hard days of mediation, mediated by retired appellate court judge, Samuel Stilwell... Now, there are a number of other folks. The two class co-counsel are up here, Mr. Case, Mr. Connell, and I would recognize some other folks up here you all may recognize. I would recognize Mr. Creighton Waters with the Attorney General's Office and I know you all have questions you'd like to ask him."
- c) Transcript, pp.4-5: "I am not and can not be personally involved in a lot of the work that's gone on in this case. Mr. Saad has done an extraordinary job. Mr. Saad and the person that are working with them....have done an extraordinary job. And it is - I will just tell you some of the most complex dodging and weaving shell game type stuff that I've seen and I've been involved in. when I was a lawyer for 25 years I was a

⁵ According to the Report of the Receiver, he collected roughly \$1.2 Million over 2.5 years and spent 75% of those funds on himself, his staff and his lawyers. No funds whatsoever have been distributed to the Note Holders since the inception of the Tomz action. A total of \$1,045,000 was spent. Transcript p.30.

defense lawyer and I've seen quite a few, but this [is] as sophisticated a shell game as I've seen."

- d) Transcript, p.5: "Well, although each of you would like to know all the information but I think that you will understand and trust each of you to have [the] ability to invest. You are intelligent folks and you can understand..."
- e) Transcript, p. 6: "So I guess I'm asking you to continue a level of trust in me as overseeing this case and the people who are doing the hard work in trying to recover your money. Having said that, we are going to tell you some things about what has already occurred, a little historical stuff, and you'll get a flavor for the complexity that these folks have been faced with and what they uncovered in certain things."
- f) Transcript, pp.7-8: "The other thing, and I guess I might as well do it now, is—Creighton, would you just stand up and I'm going to let Creighton speak to you if you would." MR. WATERS: "Most of y'all haven't met me, my name is Creighton Waters. I'm an attorney in the criminal division of the Attorney General's Office. And one thing I know that everybody has a lot of concern about is, is there an investigation and what the status of that investigation is and questions along those lines. ...What I can tell you that is that in any case where there are allegations of criminal activity, the Attorney General's Office takes that very seriously. I understand that probably a very unsatisfying answer for many of you but because of the lack of detail, but again, there are statutory rules that exist to protect the integrity of the process and I'm not at liberty to violate those even if they are frustrating....I'll be here after the proceedings have concluded. If anybody wants to approach [me], I'd be glad to talk with you..."
- g) Transcript p.8: "Let me just say this, ladies and gentlemen, he [Waters] can't talk with you about and he can't talk with me about it. That's how stringent these rules are and y'all ought to be very thankful in the big picture we have persons with kind of integrity who follow the rules

exactly as they are written.⁶ So it ought to restore some faith in our system. And I will tell you that Mr. Saad is cooperating with any appropriate persons with whom he needs to cooperate with.⁷ And the other thing I would point out to you is the fact that Mr. Waters is here and y'all just have to make a reasonable inference about that. I think that covers it."

- h) Transcript, p.13: "Now, there are a number of qualified people that are also working with Mr. Saad in this investigation from our perspective aside from any other investigation that might be going on (implying a criminal investigation), and Curt Stodghill, that's sitting over there in the box with the yellow tie on. He is an attorney. He's been intimately involved in a lot of this. There's another gentleman that's been working with him. He is also an attorney, Mr. Robert Pohl and he's not here today. They have done very impressive work."⁸
- i) Transcript pp.13-16: MR. SAAD⁹: "I think it would probably benefit all to kind of paint a broad picture of what was in the company when I took over on August 27, 2009...there was a confession of judgment that was part of the mediated settlement agreement which accounted for 38 Million and some odd thousand dollars of Note Holder debt that's unpaid. That was almost all the liabilities that the company had. On the books, here's where it was at that point in time. There's about \$18 Million of loans to the or was the parent company in New Jersey, Lancaster Resources, Inc. There's about \$11 Million loan to Cosimo, which is a South Carolina company. There was about a \$2.5 Million dollars loaned to Lion Financial which was another New Jersey company. There was

⁶ In light of the many egregious abuses of the State Grand Jury Act committed by S.C. Waters and those working with him and under his direction, this statement, based upon no information whatsoever known to Judge Miller, is highly inappropriate and inaccurate.

⁷ Any such 'cooperation' would be a direct violation of the GMSA.

⁸ Neither Stodghill nor Pohl have an appearance in this matter and any communication between the Court and such attorneys must, by definition, be extra-judicial and/or *ex parte*. Further, the U.S. Bankruptcy Trustee entered a pleading in the matter handled in federal court by Stodghill and Pohl, wherein it was alleged these were the WORST attorneys with whom the Trustee had ever dealt and moved they be dismissed as totally incompetent and Judge Miller had been made aware of this.

⁹ Lion Financial, LLC is a South Carolina company. Saad makes it clear that the liabilities of the Company were \$38 Million and the assets of the company were \$38 Million and recounts various significant loans which were substantially repaid. He also makes it clear Field did not participate in any fraudulent activity and instituted law suits to collect money due CIF. This would certainly contradict the allegation of "shell game" made by Judge Miller, *supra*.

about a million dollars loaned to Trazom, which was a South Carolina company. There was about \$444,000 loaned to a company that basically was involved in the tax credits, a South Carolina rehabilitation tax credit issue. And then there was about \$400,000 to a half a dozen or a dozen loans to smaller companies that were outstanding. There were also several real estate properties that were entitled in the company's name and the amount that was reported on the books, not necessarily the value of those, the value that was reported on the books are as follows: there was about \$200,000 for a condominium in New Jersey. There was about \$1 Million on a residential lot in New Jersey. There's \$140,000 in a residential lot in Easley, South Carolina. There was \$930,000 on the drag strip in Greeleyville. There's \$906,000 on a warehouse in Anderson and there was a million seven on a restaurant property on Congaree Road in Greenville. This was offset with about a million dollars in mortgage that was out there...That accounts for roughly the \$38 Million dollars. What that means is money went into the company over the years from '99 to 2007 and over those years the moneys went out to these various loans. They went to New Jersey early on and the loans were over \$30 Million. So those loans had paid down. Cosimo, the loans were, I think up to \$15 Million and the loans were paid down, but when the music stopped in 2009 [i.e., 2008], that's where all these things were...For example, the litigation going on in New Jersey, there's a long history of relationship between CIF and LRI. LRI was its parent for several years....Through some process in 2002, 2003, they separated and became independent parties but they were still a loan relationship. Over the course of time there was money paid, lots of money. [by LRI] a lot of interest paid and it was a performing loan for a long time, but early in 2007 or late 2007, 2008, LRI was not paying and they defaulted on their loan and at that time Arthur Field was the manager of CIF and he instigated a lawsuit to collect money, and part of the claims on that lawsuit were fraud and, I believe, civil conspiracy. The focus of the lawsuit was **the people in New Jersey** did a lot of unscrupulous things that resulted in the collateral not being secured, not being collected. That lawsuit was filed [by Field] in federal court in New Jersey. It was active for a long period of time and then LRI filed for bankruptcy... There are other parties involved in that lawsuit, over '40 parties that were named as defendants by Capital Investment Funding [by Field, as attorney and manager]...the whole lawsuit is still active and we believe that we will be able to get...that lawsuit moving forward."

j) Transcript pp.18-20: MR. SAAD: "...The people in the Upstate are familiar with Lake Keowee. It's a profile, high value, property by the lake and the projects that were going on there had the appearance of being very high profile and very profitable enterprises. ...we were concerned about the lack of credible information dealing directly with the borrowers.¹⁰ Within the first year we had foreclosure actions going on those properties and to stop the foreclosure actions, we filed bankruptcy." THE COURT: "Let's explain. The first lienholders were filing the foreclosure actions to take the properties where your money was invested, okay, so you get the flavor of what's going on. Someone had a superior lien and they're trying to get their money out of this real estate where your money was invested." MR. SAAD: "We ended up taking over the companies because they were in default. Our loan agreements [Cosimo's] allowed us to take over their ownership rights to membership pledge agreements so I became the manager of those companies. I obtained all the records...and what we discovered was a very severe lack of credible information, lack of attention to detail. There were no formal accounting records and only one income tax return filed over the course of 4 or 5 years on one entity, one on another, and two on two others. All this group of loans constituted about \$7 Million of the \$11 Million that was outstanding loan to Cosimo."

k) Transcript, p.21: THE COURT: "Correct me, if I'm wrong, the value of the property at the time all this was going on was less than the amount of

¹⁰ The 'borrowers' were a variety of independent, third-party LLC's, none of whom had any relationship whatsoever with CIF, Cosimo, Field or any other CIF member at the time the loans were made by Cosimo, LLC. As a result of the security agreement between Cosimo, LLC and such 'borrowers', the membership interest in all such companies is eventually acquired by Cosimo when the borrowers default. Cosimo, and then the Receiver, take control of the properties, as noted by Saad. Judge Miller negligently or intentionally confuses the borrowers with Cosimo (the lender) or CIF or Field (the source of funds). Judge Miller, in comments directed to the Note Holders and D.A.G. Waters, mischaracterizes the 'foreclosure' as a first lienholder with a "superior lien", which is not possible given that Cosimo, LLC owned the properties. Saad's observations concerning "lack of attention to detail, accountings and tax returns" pertain to the Borrowers, not to CIF nor to Cosimo, LLC, both of which kept rigorous records. CIF voluntarily subjected itself to semi-annual audits in 2004, 2003, and annual audits every other year by independent CPA firms, changed randomly every 3 years.

money owed so that the bank (?), who's in primary position, they get paid first and there's not enough left to pay back the loans involving your money. That's what happened."¹¹

- l) Transcript, p. 21: MR. CONNELL: "And that is from real estate speculation, right? Is that why the property value went below mortgage?"
THE COURT: "It probably was inflated value on the property and if I'm mistaken some of the development that was done out there, the infrastructure was slip shod to say the best."¹²

- m) Transcript, p.25: THE COURT: "I think what you said the note was for \$950,000, but the actual amount of cash received was \$760,000. Does everybody – they took out a 10% origination fee on a loan and they took out prepaid interest so that while Cosimo gets \$760,000, they signed to pay back Nine Hundred and something."¹³

- n) Transcript p. 29: THE COURT: "Having heard that and I've heard it three or four times and I still do not have a complete understanding of it. When I say shell game, a lot of these people are connected in other matters and it's moving around and it's hard to keep up with which has got the pea under it. All the \$38 Million we're trying to find it, but ladies and gentlemen, we don't know where it all went. We know \$18 Million is up in New Jersey. There are a lot of things we can not tell you because it might impair our ability to pursue some of this stuff, but I wanted Jerry to give you an idea the flavor of

¹¹ That does not remotely recount what happened or even what Saad had stated. The Lake Keowee properties are worth vastly more than Cosimo's original loan, even considering the claimed encumbrances, which have little to no merit and are being challenged. All acts, however, were done by the Borrowers.

¹² The original value of the property at the time of the loans was never in question by anyone. The Court has simply invented this concept of 'inflated value', further evidence of its prejudice. How would Judge Miller have any notion of the 'infrastructure' of Keowee properties, or the property valuation, absent prior *ex parte* communication or extra-judicial activity or groundless prejudice?

¹³ Judge Miller is totally confused or deliberately obfuscating matters to cast Field, CIF and/or Cosimo in a bad light. Saad states, the Keowee borrowers, obtained a loan from an independent third party, apparently for \$900,000 and such party imposed legal origination fees and prepaid interest, as is customary in commercial loans. Apparently, Cosimo (which had been sold to another independent third party) received partial repayment as a result. All of this is routine in the commercial lending business. The Court has intentionally characterized this as nefarious. As noted by Saad on page 28, Transcript, "All that happened in 2009..." NONE of these loans or actions described by Saad on pages 24 to 29 of the Transcript involved Field, CIF, Cosimo, Pfeiffer or ANY related party.

what he's been dealing with. And I'm telling you if you could the work that the attorneys have done, they have gone through computers, deleted emails. They have gone through reams of convoluted documents to find out what they know. I know I'm off the track..."¹⁴

- o) Transcript, p. 31: MR. SAAD: "Trazom, that's the one that's owned by Arthur Field's son and they took over a warehouse years ago before receivership. There's a million dollar loan on the books and they pay that like clock work. There's \$103,000 paid to date. Lion Financial, they paid all that they had was \$95,000. They liquidated the company and that was all they had...."
- p) Transcript, p. 39: MR. SAAD: "The Trazom loan is the warehouse of Anderson and that's Trazom again is the company that is owned by a family member of Arthur Field. It's a viable warehouse, it's a good piece of property, it's a valuable piece of property. I question whether we should try to liquidate that loan and I had an appraisal on that property. The appraisal came back out and I think it was \$2.8 Million. There's a first mortgage on about \$1.4 Million and we hold a second mortgage on \$1 Million. It is leased by a company called Inergy and they are automobile manufacture and they manufacture for a multitude of car companies....I think and I've talked with real estate people about this and have come to the same conclusion, my belief is if we want to liquidate that loan today, we could probably get or buy it for 50 cents on the dollar. ...I think ultimately we'll get full value. There's equity in that property. It's a solid piece of property...Unfortunately, the terms of that loan was very long...at some point what I'm going to make efforts to get them to refinance it and get Inergy to renew their lease...and pay us off."

¹⁴ How could the Court know any of this without any prior hearings on this matter or any prior evidence or testimony? What "deleted emails"? What "convoluted documents"? What purpose existed to these statements except to prejudice the Note Holders, the Attorney General, and a potential jury pool since this informal hearing was apparently open to the public? Saad recounted where the money was when the CIF winding up was declared. Judge Miller simply ignored that accounting to inflame the Note Holders and the Attorney General even further. He was successful at both.

- q) Transcript, p.46: THE COURT: "We have set aside some time for Mr. Arthur Field to make some comments if he wanted to. He had declined to be present. He sent a letter and I'm not going to read it. It's self-serving and it's not worth going through. There is nothing of substance in it."¹⁵
- r) Transcript, p.49: MR. CONNELL: "Another question that has been asked is why don't you put this man [Field] in jail? I think you all know that Mr. Case and I are not with the Attorney General's Office...I do not put anybody in jail...That is for other authorities, as the judge has said."
- s) Transcript, p.50: MR. CONNELL: "...somebody has gotten the list of Capital Funding Investor's names somehow and has been contacting individuals...I don't know how the list could have gotten out..."¹⁶
- t) Transcript, p. 53: THE COURT: "How could you understand the complexities of how the monies have been moved and shuffled and I promise you, ladies and gentlemen, you have not heard a tenth of it. It's like peeling the layers off an onion."
- u) Transcript p.54: THE COURT: "I do want to tell you that Mr. Creighton Waters has been here in his capacity with the Attorney General's Office with an outstanding law enforcement member who I've known for over 30 years and I've got the utmost respect for him. They've heard everything we've said—I don't know what all they've heard but I want to tell you that they are here, okay, they don't go willy-nilly anywhere and they are paying attention. I don't know if you noticed, but they're taking notes."
- v) Transcript, p.57: THE COURT: "And if I'm not mistaken, wasn't it presented that these were collateral loans....So it was floated out there

¹⁵ Field was instructed by Saad not to attend. Field learned of the hearing only from Saad, not the Court. The letter (Exhibit A) was sent to Saad, not the Court. There is no mention in the Transcript of the Court receiving the letter, so it must have been given to Judge Miller off the record in an *ex parte* communication.

¹⁶ The list of Note Holders was delivered by Field to Connell to enable his firm to contact the potential class in 2008. It was given to Saad on Excel spread sheet in 2009 and again on December 14, 2011, at his request and possibly to Judge Miller in 2009. Nobody other than Saad, Judge Miller and Connell received this list and it was part of the GMSA seal and was not to be disclosed to any third person. The only way a third party could have obtained such list was improperly and in violation of the GMSA.

that these were collateral loans and in fact they were not." MR. GEORGE: "Some people might go to jail." THE COURT: "They might."¹⁷

- w) Transcript, pp:59-60: THE COURT: "And let me say that early on in the receivership, Mr. Field was cooperating to an extent with Mr. Saad, providing information, and telling him about people and that sort of thing. There is nothing else he can offer. We wanted to get as much information as we possibly could."¹⁸
- x) Transcript p.62: MR. SAAD: "The biggest issue with that question is the state of the economy and I think to a very large extent the loss that has been incurred has been to a large extent as a result of the economy. For example, if the property that we had a second mortgage on for the value of \$2 Million, we had a first mortgage of a \$1.2 Million and our second mortgage was \$400,000, in normal times we could sell the property and get full recovery even if we got a discount. But as we've seen in today's market prices have plummeted particularly in commercial property."
- y) Transcript p.66: MR. MAULMAN: "...As far as any lawsuit against Arthur Fields, has the statute of limitation been tolled? Don't you only get a 3 year statute?" THE COURT: "Things may be coming to light which may cause an ---initiate a cause of action. Things are being discovered through pursuit of these other matters."¹⁹
- z) Transcript, p. 67: MR. MAULMAN: "...does the AG have access to that information if they wanted to have access if there was an investigation?"

¹⁷ Judge Miller has no evidence concerning such loans and has no knowledge of the Prospectus where all such loans, and the collateral supporting same, were fully disclosed at all times. Judge Miller makes a highly prejudicial and uninformed remark, which offends common sensibility and reflects a true lack of impartiality. Saad tried to explain the collateral interest, and the bankruptcy issue, and the fraud claims against LRI, and the Court simply ignored Saad and implied Field was the criminal.

¹⁸ Field cooperated fully with Saad for 3 years at Field's expense, including travel around South Carolina, travel to New Jersey, providing Saad with thousands of documents under seal, meeting with Saad on numerous occasions in Saad's office or with his staff, and responding to every request, including one made at 9 A.M. on December 14, 2011, just prior to the hearing.

¹⁹ Field was dismissed in August, 2009, from this action. The action was initiated in March, 2008. Any actions of Field ended on January, 2008. This hearing took place in December, 2011. Any and all causes of action were dismissed, or are time barred not later than March, 2011. It was highly improper of the Judge to make this remark, and furthermore, how would the judge have access to any such information other than resulting from extra-judicial or *ex parte* activity?

THE COURT: "I don't know if you all remember but we sat in this courtroom when we settled this matter in 2009 and that was how we were able to get an agreement was that Mr. Field refused to give up his Fifth Amendment Rights. If he's innocent, I don't know why he would need those but that was written into the agreement and we got into—well, I was kind of in a pickle because of the law with respect to the State Grand Jury and there's a specific judge who – it's a long story, but the bottom line is there is no Fifth Amendment Right for a corporation and these were corporate documents and will that that the—I think I said before that Mr. Saad will continue to cooperate with any appropriate person in pursuit of all relevant issues surrounding the failure of CIF."

This final statement may be the most egregious. Judge Miller admits the existence of a State Grand Jury investigation. He draws a wholly improper inference concerning the Fifth Amendment. Any judge should be fully aware a person has the absolute constitutional right to invoke the protection of the Fifth Amendment, the South Carolina Constitution and S.C.C.A.14-7-1760 and it is improper to draw an inference therefrom. Judge Miller indicates he has no problem at all with the Receiver violating the GMSA, after he had fully assured Field in 2009 that he would "never permit the Attorney General to make an end run around Field's rights". Stating an innocent person need not invoke the Fifth Amendment is tantamount to calling that person a criminal when he has done so.

ARGUMENT

Judge Miller's actions violate numerous Canons of Judicial Conduct, SCRPC Rule 501. Certainly his conduct does not avoid the appearance of impropriety and reflects bias and the lack of an impartial position. Such conduct violated several portions of Canons 1, 2, and 3, and S.C.C.A.14-7-1770, and was done to incite the public and the Note Holders. Field is hugely prejudiced and irreparably injured as a direct result.

Canon 1 states:

An independent and honorable judiciary is indispensable to justice...A judge should participate in establishing, maintaining and enforcing high standards of conduct, and shall personally observe those standards so that the integrity and independence of the judiciary will be preserved. The provisions of this Code are to be construed and applied to further that objective.

The Comment thereto states, "The integrity and independence of judges depends in turn upon their acting without fear of favor."

The numerous highly prejudicial, inflammatory, inaccurate, and unwarranted statements concerning Arthur Field made by Judge Miller on December 14, 2011, referenced above reflects a lack of integrity and independence. Field was not before Judge Miller. Field was no longer a party to the action. Field's activity was not germane to the proceeding and no comments were relevant or necessary. The Judge exhibited huge favor for the Receiver, the Class counsel and for the South Carolina Attorney General and disfavor of Field, even though no proceeding on the merits was pending.

Canon 2A states, "A judge shall respect and comply with the law and shall act at all times in a manner that promotes public confidence in the integrity and impartiality of the judiciary." Implying Field, who was not in court, was a "criminal" does not reflect impartiality. This was not a criminal proceeding. This was not even a civil proceeding on the merits. No such proceeding had ever taken place and no evidence had ever been received by the Court of any type, so Judge Miller had no evidence of any culpability on the part of Field or any other person. This matter had been mediated in March, 2009, and the parties had reached a Global Mediated Settlement Agreement before a retired Appellate Court Judge wherein all parties consented to the terms and no liability on the part of any party or entity was admitted. Field was fully entitled to the benefit of the bargain of the GMSA and had previously been denied that benefit by Judge Miller.

Consequently, any opinion expressed by Judge Miller reflects solely his bias, prejudice and a lack of impartiality and was wholly improper while presiding over an informal meeting. He had no business whatsoever referring Note Holders to confer with his good friend Creighton Waters, the Deputy Attorney General, nor introducing him or letting him speak to the Note Holders in open court. Judge Miller's violation of Canon 2 is apparent from the transcript and is egregious and has and will harm Field.

Clearly, having expressed a personal opinion while on the bench concerning Field, based upon non-evidentiary matters, Field's and the public's confidence have been eroded in Judge Miller's ability to carry out further judicial responsibilities in this matter "with integrity, impartiality and competence". *Comment*, Canon 2A, SCRCP Rule 501.

It would further appear from the Transcript that Judge Miller was "playing to the crowd" in uttering his improper comments. He appears to have been trying to impress the Note Holders and/or the Attorney General, possibly in response to numerous emails received from Note Holders and/or their appearance in the courtroom. This violates Canon 3B(2), "...A judge shall not be swayed by partisan interests, public clamor or fear of criticism."

It also is an overwhelming violation of Canon 3B(5), "A judge shall perform judicial duties without bias or prejudice. A judge shall not, in the performance of judicial duties, by words or conduct, manifest bias or prejudice..."

Judge Miller's statements, which were highly inflammatory, made while on the Bench in a judicial capacity, certainly manifested bias or prejudice against Field and were clearly meant to incite the Note Holders. These horrible statements could not have resulted from anything other than extra-judicial bias, prejudice or *ex parte* communications; they certainly didn't result from any evidence, documents or testimony. Even the Receiver indicates Field had fully cooperated and no claims existed against Field and no evidence of any wrongdoing by Field was found.

Canon 3B(7)(a), states:

A judge shall not initiate, permit, or consider *ex parte* communications, or consider other communications made to the judge outside the presence of the parties concerning a pending or impending proceeding...

It must be concluded various persons had private conversation(s) or contact with Judge Miller and such were highly prejudicial and caused Judge Miller to have a bias against Field. Alternatively, Judge Miller dislikes Field as a result of out of court communications from third parties, the State or the press, and misused his judicial authority to besmirch Field in open court and essentially directed the Note Holders to file complaints with the Attorney General, in an already dismissed civil proceeding or the pending State Grand Jury investigation. This is unconscionable.

Judge Miller has exhibited considerable bias against Field in court prior hereto, and the acts and statements of December 14, 2011, (See Transcript) are in violation of the Canons of Judicial Conduct. Disqualification is prudent and mandated under Canon 3(E)(1). "Under Canon 3(E)(1)(a), a judge should disqualify himself in a proceeding in which his impartiality might reasonably be questioned, including but not limited to, instances where he has a personal bias or prejudice against a party." Cf., Patel v. Patel, 359 S.C. 515, 599 S.E.2d 114 (S.C. 2004).

Recusal is absolutely essential here. It is axiomatic that the expectation of a fair and impartial tribunal is a basic tenet of all cherished notions of due process embodied in the United States Constitution. In *re Murchison*, 349 U.S. 133, 75 S.Ct. 623 (1955). A reasonable person would believe Judge Miller could not act in an impartial manner after reviewing the above listed statements from the bench made on December 14, 2011. "The responsibility of a judge is to decide matters that have been submitted to the court by the parties. The judge may not, having decided a case, advocate for or, as in this case, materially assist one party at the expense of the other. Such advocacy creates the appearance, and perhaps the reality, of partiality on the part of the judge." *Disciplinary Counsel v. O'Neill*, 103 Ohio St.3d 204, 815 N.E.2d 286, (Ohio 09/07/2004) (2 year suspension and permanent exclusion from the bench); *Disciplinary Counsel v. Squire*, 116 Ohio St.3d 110 (Ohio 10/25/2007). "Judges must scrupulously avoid *ex parte* communications whether or not they consider them. Judges should avoid the appearance of impropriety when they carry out their duties." *Taylor v. Public Convalescent Service*, 245 Ga. 805, 806 (267 S.E.2d 242) (1980).

Similar conduct has often been the grounds for censure or permanent removal of a judge. See, e.g., *In re Davis*, 630 S.E.2d 281, 368 S.C. 662 (S.C. 05/08/2006); *In re Richland County Magistrate Stocker*, 608 S.E.2d 865, 362 S.C. 486 (S.C. 02/07/2005); *In re Bamberg County Magistrate Singleton*, 605 S.E.2d 518, 361 S.C. 364 (S.C. 11/08/2004) (permanent removal for *ex parte* contacts).²⁰

²⁰ "...Canon 3 of the Code of Judicial Conduct "requires a judge to disqualify himself... in a proceeding in which the judge's impartiality might reasonably be questioned. ... Thus, the question is not only whether the particular judge is, in fact, impartial but whether a reasonable person would question the judge's impartiality on the basis of all the circumstances." *State v. Webb*, 238 Conn. 389, 460, 680 A.2d 147 (1996), *aff'd* after remand, 252 Conn. 128, 750 A.2d 448, cert. denied, 531 U.S. 835 (2000); accord *Ajadi v. Comm'r of Correction*, 280 Conn. 514, 527, 911 A.2d 712 (2006); *Papa v. New Haven Federation of*

This Motion must be decided prior to any other business before the Court in this case and of grave consequence and may be immediately appealable if denied, since it goes to the merits, may result in the unsealing of records previously sealed (assuming they even remain sealed, which appears not to be the case) and the Receiver seeks to hold Field in contempt of a non-existent court order, or one improvidently done by Judge Miller and irreparable harm will result. *Brailsford v. Brailsford*, 669 S.E.2d 342, 380 S.C. 443 (S.C.App. 2008); *Ex parte Capital U-Drive-It, Inc.*, 630 S.E.2d 464, 369 S.C. 1(S.C. 2006). All appellate rights are preserved hereby.

A charge of bias [or prejudice] must be deemed at or near the very top in seriousness, for bias kills the very soul of judging- fairness. . . . [A] charge of . . . bias [or prejudice] against a trial judge in the execution of his or her duties is a most grave accusation. It strikes at the very heart of the judiciary as a neutral and fair arbiter of disputes for our citizenry. Such an attack travels far beyond merely advocating that a trial judge ruled incorrectly as a matter of law or as to a finding of fact, as is the procedure in appellate practice. A judge's personal integrity and ability to serve are thrown into question, placing a strain on the court that cannot easily be erased. Attorneys should be free to challenge, in appropriate legal proceedings, a court's perceived partiality without the court misconstruing such a challenge as an assault on the integrity of the court. Such challenges should, however, be made only when substantiated by the trial record.

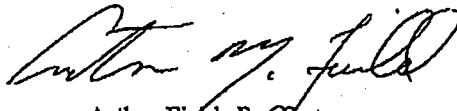
McKenna v. Delente, 123 Conn. App. 137, 144--45, 1 A.3d 260 (2010). See *Abington Ltd. Partnership v. Heublein*, , 246 Conn. 820; *Tracey v. Tracey*, 97 Conn. App. 285, 903 A.2d 679(2006). Field has been deprived of procedural and substantive due process.

Teachers, 186 Conn. 725, 744, 444 A.2d 196 (1982). Disqualification is required even when no actual bias has been demonstrated if a judge's impartiality might reasonably be questioned "because the appearance and the existence of impartiality are both essential elements of a fair exercise of judicial authority." *State v. Webb*, *supra*, 460--61; see also R. Flamm, *Judicial Disqualification* (1996) § 5.4.1, p. 150 ("Judicial decisions rendered under circumstances suggesting bias or favoritism tend to breed skepticism, undermine the integrity of the courts, and generally thwart the principles upon which our jurisprudential system is based. Since an appearance of bias may be just as damaging to public confidence in the administration of justice as the actual presence of bias, acts or conduct giving the appearance of bias should generally be avoided in the same way as acts or conduct that inexorably bespeak partiality."). Indeed, prevention of the appearance of impropriety is of vital importance to the judiciary and to the judicial process. *Bonelli v. Bonelli*, 214 Conn. 14, 19, 570 A.2d 189 (1990). "Members of the judiciary should be acutely aware that any action they take, whether on or off the bench, must be measured against exacting standards of scrutiny to the end that public perception of the integrity of the judiciary will be preserved..." *Abington Ltd. Partnership v. Heublein*, 246 Conn. 815, 823, 717 A.2d 1232 (1998), *aff'd after remand*, 257 Conn. 570, 778 A.2d 885 (2001)." *Rosado v. Bridgeport Roman Catholic Diocesan Corp.*, No. SC 17807 (Conn. 06/02/2009).

Judge Miller should certainly not have commented concerning any implication or inference relating to the Fifth Amendment. Such comments were highly improper and prejudicial and have irreparably damaged Field in the public's eye and tainted a jury pool in any future criminal case. "The framers of the Bill of Rights recognized the dangers inherent in self-incrimination, and as a result, placed in the Fifth Amendment a prohibition against compelling a witness to testify against himself. This prohibition against compelled self-incrimination is a basic constitutional mandate which is not a mere technical rule, but rather, a fundamental right of every citizen in our free society." State v. Thrift 312 S.C. 282, 296, 440 S.E.2d 341, 349 (1994). Therefore, it is legally proper for persons facing criminal prosecution...to invoke their Fifth Amendment privilege against self-incrimination...." Griffith v. Griffith, 332 S.C. 630, 506 S.E.2d 526 (App. 1998). "It is desirable the jury not know that a witness has invoked the privilege against self-incrimination since neither party is entitled to draw any inference from such invocation. 1 McCormick on Evidence, § 137 (1992). See also 3 Wharton's Criminal Procedure, § 354 (13th Ed. 1991) (no inference may be drawn from witnesses' assertion of privilege since exercise of right is personal...and should not be used to hurt...); 98 C.J.S. Witnesses § 455 (general rule that no adverse inference may be drawn from witness' assertion of the privilege)." State v. Hughes, 328 S.C.146, 493 S.E.2d 821 (S.C. 1997).

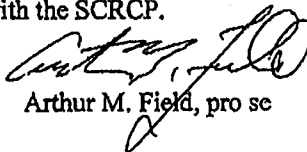
Nor should Judge Miller ever have signed a Rule to Show Cause when he knew Field was not a party and could not be subject to a Request for Production. Any impartial judge would not have done so.

Field respectfully requests Judge Miller recuse himself from these and all future proceedings, as required by Canon 3. Failure to do so will irrevocably harm Field and any other former party herein.



Arthur Field Pro se
310 Thornblade Blvd., Greer, SC 29650

I hereby certify service in accord with the SCRCF.



Arthur M. Field, pro se June 11, 2012.

EXHIBIT A

December 9, 2011

Jerry Saad
Receiver
1249 S. Pleasantburg Dr.
Greenville, SC 29605

Dear Receiver Saad:

Thank you for informing me of the Special Meeting on December 14, 2011 in the Tornz / CIF matter. As you know, as a result of the Global Mediated Settlement Agreement, I was dismissed from the case when all matters were settled. I am no longer a party to this action and do not receive court notices.

I understand the purpose of the meeting is for you to report your progress to the Court and to provide the Noteholder Class members with an opportunity to ask you and Judge Miller general questions. As we discussed, it was your opinion my presence would add nothing to your important task on that date. I have worked closely with you over the last 3 years and will continue to support your efforts to recover and liquidate all assets belonging to CIF, which were turned over by the limited liability company to your control when I resigned as its Manager in your favor. I pray you are successful in all efforts, can repay the Class members as much as possible, and eventually will return the company to its equity members. I am sure all class and CIF members are grateful for your efforts in this task in the face of a prolonged recession. When I projected this severe economic downturn in 2008, I never expected it would be so protracted. I know this has made your appointed job even more difficult than anyone ever expected and significantly reduced the ability to recover asset value far more than we all had originally thought probable.

Please read this letter into the record of the Court. I wish you, Judge Miller, the attorneys and all class members all the blessings of the holiday season.

Sincerely,

Arthur M. Field, Ph.D.

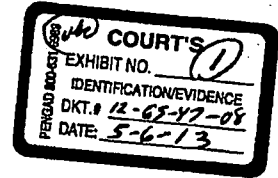
Harold Brooks, Clara Louise Brooks, Benjamin Brooks, William F. Tomz, Frances W. Tomz,
and Sharon Finch, Individually and as Class Representatives,

vs.

Arthur M. Field and Frederick Scott Pfeiffer

EXHIBIT D

Arthur Field Plea Agreement
May 6, 2013



PLEA AGREEMENT

(1) **Plea:** Arthur Field agrees to plead guilty to, and the State agrees to accept a plea of guilty to, the charges set forth in Indictment 2012-GS-47-08. It is agreed as a negotiated term of this plea that any sentence given on the securities fraud counts of the indictment, Counts Three through Eight and Ten through Fourteen, shall be concurrent. As to the two conspiracy counts of the indictment, Counts One and Two, and the forgery count, Count Nine, it will be in the discretion of the sentencing judge whether any sentence given on these counts is consecutive or concurrent.

This plea, if consummated through sentencing and restitution, will resolve Mr. Field's criminal liability for South Carolina securities fraud crimes and state crimes related to securities fraud that Field committed through the offer or sale of securities while a manager or member of Capital Investment Funding, LLC. It does not resolve any state or federal tax liability nor any criminal liability in jurisdictions other than the State of South Carolina. This Agreement in no way limits or affects Mr. Field's potential exposure to further prosecution by the South Carolina Attorney General's Office, any Solicitor's Office in the State of South Carolina, or the United States Attorney for conduct which is not a basis for his indictment and prosecution by the State Grand Jury of South Carolina.

(2) **Time:** It is the intent of the parties that time is of the essence, and the actual plea of guilty in this matter must be accomplished by June 7, 2013. Unless the parties agree in writing to extend this time limit, failure to consummate a plea of guilty by this time shall render this agreement null and void, and the proffer agreement in this matter dated September 14, 2012, and signed by Arthur Field and his attorney Todd Rutherford, Esquire, on September 24, 2012, shall be in effect. Once the plea of guilty is entered by Mr. Field, it may not be withdrawn for any reason.

(3) **Sentencing:** Sentencing, however, is to be deferred at the option of the State until after the trial or other disposition of charges against any existing or future codefendant or any other defendant charged with crimes related to Capital Investment Funding, Capital Intrastate Funding, Monmouth, LRI and all related entities, Cosimo and all related entities, Bolingbroke, Krondor, as well as any other entity, company or person who directly or indirectly had business dealings or any other involvement with these entities. The parties expressly agree that it shall be the State's sole option to determine that the sentencing proceeding needs to go ahead and be held, and the State shall not be limited in making this determination even though charges against others may still be unresolved or have not yet been brought.

(4) **Restitution:** Additionally, at or within a reasonable time of the sentencing proceeding, a restitution hearing must be held to determine the amount of any restitution Arthur Field owes to the victims in this matter. Nothing in this provision prevents the parties from agreeing as to the restitution amount prior to or at any such hearing.

FILED

MAY 06 2013

JAMES R. PARKS
CLERK, STATE GRAND JURY

(5) **Cooperation**: By signing this plea agreement, Mr. Field agrees to be fully truthful and forthright with the Attorney General's office for the State of South Carolina and its law enforcement investigators in their investigation of all unlawful activities, to include, but not limited to, truthful and complete debriefings, with no misstatements, misleading statements, half-truths, or material omissions of fact, of his knowledge concerning all unlawful activities. Mr. Field further understands that he must fully disclose and provide truthful information to the State including any books, papers, documents, or any other items of evidentiary value to the investigation. Mr. Field agrees he must **fully** and **truthfully** answer **all** questions put to him by the State. He must also testify fully and truthfully before any grand juries and at any trials or other proceedings if called upon to do so by the State from time to time, and can be subject to prosecution for perjury for not testifying truthfully. Mr. Field further agrees to submit to polygraph examination(s) by a qualified polygraph examiner selected by the State should such a request be made by the State.

Mr. Field agrees that all statements made by him or information provided by him pursuant to the proffer agreement in this matter dated September 14, 2012, and signed by Arthur Field and his attorney Todd Rutherford, Esquire, on September 24, 2012, **or** pursuant to this agreement, may be used by the State for any purpose whatsoever in the prosecution of him or any others on any charges, **including use of any statements or evidence obtained pursuant to this proffer in the prosecution's case-in-chief at any trial or plea of Mr. Field. Mr. Field hereby expressly waives any claim of inadmissibility of his statements pursuant to Rule 410, SCRE.**

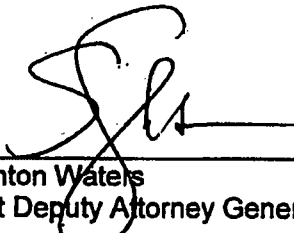
(6) **Presentations at Proceedings**: The Attorneys for the State reserve the right to present and/or to summarize all evidence, statements, and information it deems appropriate in establishing a factual basis for the plea, including statements of Mr. Field or information provided by Mr. Field either pursuant to this agreement or the proffer agreement in this matter dated September 14, 2012, and signed by Arthur Field and his attorney Todd Rutherford, Esquire, on September 24, 2012.

The parties agree that the State is free to characterize the nature and extent of Mr. Field's culpability and the nature, extent, and effect of his criminal activity in any manner it in good faith sees fit. The State also agrees to advise the Court in good faith its own assessment of the extent, value, and truthfulness - **or the lack thereof** - of Mr. Field's cooperation in this matter. The State agrees, though, that it will not ask for any specific sentence and that any sentence will be in the discretion of the sentencing court. The State is permitted at the end of its presentation to ask the sentencing court to fashion an appropriate sentence in its discretion given the State's position as to the nature, extent, and effect of Mr. Field's crimes and any other relevant factors. Mr. Field understands that the victims in this matter have a right to speak at sentencing and this agreement in no way limits any presentation a victim wishes to make as to the effect of the crimes or the appropriate sentence.

(7) Waiver of direct appeals and collateral attacks: Mr. Field hereby waives any entitlement to and agrees never to pursue any and all direct appeals, post-conviction relief applications and appeals therefrom, state habeas corpus petitions and appeals therefrom, federal habeas corpus petitions and appeals therefrom, or any and all other methods of direct or collateral review of these convictions and sentences. Mr. Field hereby acknowledges that he fully understands the nature and extent of the direct and collateral review he is waiving and is making the waiver in this provision freely, intelligently, and voluntarily.

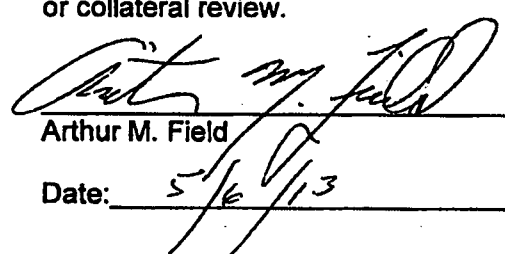
It is the intent of the parties that this agreement and the resulting pleas and sentences finally conclude any and all existing or possible legal proceedings related to indictment 12-GS-47-0008 whether direct or collateral, and that all that remains is for Field to serve any sentence given by the Court in the manner provided for by state law.

ALAN WILSON
Attorney General

By: 
S. Creighton Waters
Assistant Deputy Attorney General

Date: 5/6/13

I have read this plea agreement carefully and reviewed each part of it with my attorney. I understand the terms of the plea and voluntarily agree to it, including the waiver of direct or collateral review.


Arthur M. Field

Date: 5/6/13

I represent Mr. Field as legal counsel. I have carefully reviewed every part of this plea agreement with Mr. Field. To my knowledge, the decision to make this plea agreement is informed and voluntary.



J. Todd Rutherford, Esquire

Date: 5/6/13

IN THE STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
COUNTY OF GREENVILLE)

William F. Tomz and Francis W. Toms,)
Individually and as Class Representatives,)

Plaintiff,)

-v-)

Capital Investment Funding, LLC and Arthur)
M. Field,)

Defendants.)

C.A. No. 2008-CP-23-3665

MOTION FOR CONTINUANCE

TO: PLAINTIFFS AND ALL COUNSEL OF RECORD:

YOU WILL PLEASE TAKE NOTICE that the undersigned, attorneys for Arthur M. Field, reserving the rights of their client as set forth in his previously filed Motion to Quash the Order and Rule, will move before the Chief Administrative Judge for the Thirteenth Judicial Circuit at such time and place as the Court may direct, for an order granting a continuance in accordance with SCRCP 40(i), of the hearing scheduled on September 17, 2013 on the Order and Rule to Show Cause. (Exhibit A) This Motion is made for good and sufficient cause on the following grounds:

1. Rule 40(i), SCRCP authorizes the Court to grant requests for continuances for good and sufficient cause. *Jones v. Doe*, 372 S.C. 53, 640 S.E.2d 514 (Ct.App.2006). Here, good and sufficient cause is present which necessitates a grant of continuance.
2. Counsel for Mr. Field has very recently been retained to represent Mr. Field in this case.
3. Counsel for Mr. Field will be attending a trial that has been scheduled for several months as a special order in Pickens County before The Hon. Doyet Early, captioned *Freeman v.*

Hendrick Honda, C/A No. 2012-CP-39-0154. That trial will most likely take all week. While Counsel is not an attorney of record in the case, he is one of five (5) firms defending over three hundred (300) car dealers in the original case that joined all Defendants as one case in Aiken County (C/A No. 2006-CP-02-1230). The cases were severed up by Order of Judge Early on November 30, 2012. However, by Order of the South Carolina Supreme Court, Judge Early was assigned to all of these cases. (Order of July 11, 2012).

4. Judge Early will be making legal and evidentiary rulings that may have a significant impact on the remaining cases pending before him, including Mr. Martin's remaining 77 clients. Since this trial has been set by special order for months, and there is little likelihood of settlement, the undersigned respectfully requests a continuance of the pending hearing on September 17, 2013.

5. Additionally, surrounding this matter are numerous complex issues, and Counsel for Mr. Field needs more time to adequately prepare for a hearing to afford due process of law. Discovery and depositions are imperative to properly defend this matter. To allow otherwise would be highly prejudicial to Mr. Field. *See Fuqua v. C. P. Couvillion*, 3 La. App. 555; 1926 La. App. LEXIS 42 (Ct. App. LA, 2nd Cir. 1926). (holding that a trial court erred in refusing to grant a continuance to enable a party to procure evidence because he was given insufficient time to procure his evidence before being forced to trial).

6. Such issues include the fact that an existing Motion to Recuse has been filed as to the judge who would hear the subject Motion. The South Carolina Court of Appeals has stated the "better practice suggests disposition of any motion to recuse prior to the resolution of other pending matters." *Brailsford v. Brailsford*, 380 S.C. 443, 453 (S.C. Ct. App. 2008). Additionally, Mr. Field has been dismissed from this matter and is currently a non-party (Order

of August 24, 2009, Exhibit B); thus, questions of jurisdiction exist. Further, Plaintiff's counsel is attempting to compel the production of documents when no Motion to Compel was ever filed pursuant to Rule 37, SCRCP. To issue a Rule to Show Cause regardless of that is inappropriate at this time.

7. The Plaintiff has not requested emergency relief, as shown by the fact that the Rule was brought several years after the Orders the Plaintiff claims were violated, and no showing has been that any right of the litigants would be adversely affected by a short continuance. *See Williams v. Bordon's, Inc.*, 274 S.C. 275, 281 (S.C. 1980).

7. This Motion for Continuance has been filed immediately after Counsel learned of the Plaintiff's counsel's refusal to consent; and therefore it is timely.

8. Field has not previously requested a continuance in this matter but has been continued by other parties or the Court. *See Sheets v. Sheets*, 287 S.C. 596, 340 S.E.2d 542 (1986) (reversing denial of husband's continuance motion in divorce case when he was on business and could not be reached; also noting case continued twice before at wife's request).

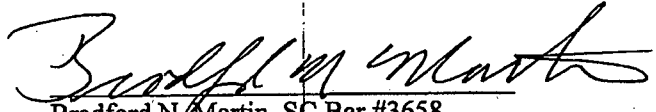
9. Plaintiff was not served with the Rule to Show Cause but found a portion of the document on the front lawn of his house.

8. For the above reasons, good and sufficient cause is present which necessitates a grant of continuance from this Court. Therefore, counsel for Defendant respectfully requests this matter be continued to the next term of Court.

Counsel for Defendant hereby affirms that he has communicated orally and by writing with moving counsel and attempted in good faith to obtain a continuance without the Court's involvement, however, an agreement was unable to be reached.

Respectfully submitted,

Date 12 Sept 13



Bradford N. Martin, SC Bar #3658
Laura W. H. Teer, SC Bar #16698
Brook Bristow, SC Bar #76038
BRADFORD NEAL MARTIN & ASSOCIATES, PA
201 West McBee Avenue, Suite 302
Post Office Box 10410
Greenville, SC 29603
864. 552.9990

**ATTORNEYS FOR DEFENDANT
ARTHUR M. FIELD**

IN THE STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF GREENVILLE	)	
William F. Tomz and Francis W. Toms,	)	
Individually and as Class Representatives,	)	C.A. No. 2008-CP-23-3665
	)	
Plaintiff,	)	
-v-	)	ORDER GRANTING DEFENDANT
	)	ARTHUR M. FIELD'S MOTION FOR
Capital Investment Funding, LLC and Arthur	)	CONTINUANCE
M. Field,	)	
	)	
Defendants.	)	

IT APPEARING that counsel for Arthur M. Field has moved this Court for a continuance of the Order and Rule to Show Cause in the above matter scheduled for September 17, 2013. That Motion was made for good and sufficient cause. I hereby grant the motion on the following grounds:

1. Counsel for Defendant has recently been retained to represent Defendant in this case. Significant time and preparation and discovery is necessary such that it would be prejudicial to proceed; and

2. Counsel for Defendant will be attending a trial that has been scheduled for several months as a special order in Pickens County before Judge Jack Early, captioned *Freeman v. Hendrick Honda*. That trial will most likely take all week.

This Order and Rule shall be scheduled for the next term of Court.

IT IS SO ORDERED.

Date: _____
Greenville, SC

The Honorable D. Garrison Hill
Chief Administrative Judge

BUS

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE
IN THE COURT OF COMMON PLEAS
2013 AUG 19 A 11:11

William F. Tomz and Francis W. Tomz,
Individually and as Class Representatives,

Plaintiffs,

vs.

Capital Investment Funding, LLC, and
Arthur M. Field,

Defendants.

CIVIL ACTION NO. 2008-CP-23-3665

ORDER AND RULE TO SHOW CAUSE

This Order is issued based upon asserted violations of Orders of this Court including (i) the Order dated August 24, 2009 ("Global Settlement Order") appointing Jerry T. Saad as receiver (the "Receiver") for Capital Investment Funding, LLC ("CIF") and empowering him to take actions as such, including obtaining records and information; (ii) the Order dated June 29, 2010 ("Production Order") elaborating on the Global Settlement Order by specifying the obligation to produce records, property and information; and (iii) the Order dated October 10, 2011 ("Privilege Order") clarifying the Receiver's authority to waive attorney client privilege on behalf of certain entities.

A Request for Production of Records ("RFP") was served on Arthur M. Field ("Field") by the Receiver by and through his counsel, Curtis Stodghill and counsel for the Class Action Plaintiffs, Stanley T. Case on or about November 28, 2011 (copy attached).

It has been asserted that Field has failed to comply with the RFP and the Orders of this Court. A copy of the following Affidavit, which relates to Field's asserted failure to comply with the RFP and Orders of this Court, is attached to this Order and Rule to Show Cause:

1. Affidavit of the Receiver, Jerry T. Saad

1
Eg



ENTERED COMPUTER

Counsel for the Receiver and for the Class Action Plaintiffs have requested the Court to issue this Order and Rule to Show Cause. The Receiver is entitled, pursuant to S.C. Code Ann. § 15-65-10, et seq., Rule 37 of the south Carolina Rules of Civil Procedure, the Global Settlement Order, the Production Order, and the Privilege Order to a hearing requiring Field to show cause why he has not produced the records requested pursuant to Rule 34 of the *South Carolina Rules of Civil Procedure* and the aforementioned Global Settlement Order, Production Order, and Privilege Order, and why Field should not be held in contempt of the aforementioned Court Orders; and further, for an Order compelling production of the requested documents and an Order requiring continued adherence to the previous Orders of this Court, thereby restraining the Defendant Arthur Field from violating the spirit and rule of said Orders.

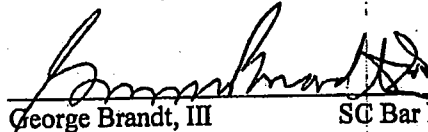
IT IS, THEREFORE, ORDERED that Arthur M. Field, TO APPEAR before the Honorable EDWARD W. MILLER of Greenville County at the Greenville County Courthouse, 305 East North Street, Greenville, South Carolina, in Courtroom 4, on the 17 day of SEPTEMBER, 2017, at 2:00 a.m./p.m. TO SHOW CAUSE why he has not performed pursuant to Rule 34 of the *South Carolina Rules of Civil Procedure* and the aforementioned Orders of this Court.

IF YOU DO NOT APPEAR AS ORDERED, YOU MAY BE HELD IN CONTEMPT OF COURT, WHICH COULD RESULT IN A FINE and/or JAIL SENTENCE.

Edward W. Miller
Circuit Court Judge, Thirteenth Judicial Circuit

Greenville, South Carolina
8-19, 2013

Respectfully submitted,



George Brandt, III SC Bar No. 00855
HENDERSON, BRANDT & VIETH, P.A.

360 E. Henry St., Suite 101

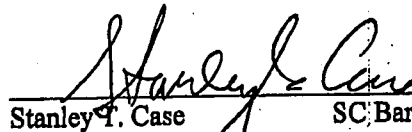
Spartanburg, SC 29302

Phone: (864) 583-5144

Fax: (864) 582-2927

Attorney for Jerry T. Saad, Receiver

Date: August 19, 2013



Stanley T. Case SC Bar No. 001158
BUTLER, MEANS, EVINS & BROWNE, P.A.

P.O. Box 451

Spartanburg, SC 29304

Phone: (864) 582-5630

Fax: (864) 585-2034

Attorney for the Class Action Plaintiffs

(William F. Tomz and Francis W. Tomz,
Individually and as Class Representatives)

Date: August 19, 2013

STATE OF SOUTH CAROLINA IN THE COURT OF COMMON PLEAS
COUNTY OF GREENVILLE

2013 AUG 19 A 11:11 CIVIL ACTION NO. 2008-CP-23- 3665

William F. Tomz and Francis W.
Tomz, Individually and as Class
Representatives,
Plaintiff,

v.

Capital Investment Funding,
LLC and Arthur M. Field
Defendants.

**AFFIDAVIT OF JERRY T. SAAD
RECEIVER FOR CAPITAL
INVESTMENT FUNDING, LLC**

I, Jerry Saad, being first duly sworn, say:

1. On or about August 24, 2009, I was appointed as receiver of Capital Investment Funding, LLC ("CIF") by order of Judge Edward W. Miller in Tomz v. Capital Investment Funding, LLC, et al., Case No 2008-CP-23-5514 in the South Carolina Court of Common Pleas Thirteenth Judicial Circuit ("Global Settlement Order").
2. Among other things, the Global Settlement Order specifically provides for the following:
 - a. Arthur Field ("Field") was ordered to turn over to the Receiver all CIF and related company records within ten (10) days of the date of the Order;
 - b. Field's state and federal statutory and constitutional privileges with regards to the documents delivered to me were to be preserved;
 - c. Field was ordered to offer truthful testimony and to cooperate in any court proceedings in state or federal court; and
 - d. Judge Miller retains jurisdiction over this matter to ensure compliance with his Order.
3. In August and September 2009, pursuant to the Global Settlement Order, Arthur Field ("Field") provided me with several storage boxes of paper business records and a digital copy of what he stated included all documents of CIF ("Initial Production"). At the time of the Initial Production and on several occasions thereafter, Field informed me that he had in his possession or control substantially more records of CIF, which had not been provided to me – upwards of 90 storage boxes, including original paper documents that had previously been scanned and given to me in electronic format with the Initial Production.

ENTERED COMPUTER

4. On June 29, 2010, Judge Miller issued an order ("Production Order") elaborating on the Global Settlement Order by specifying the obligation to produce records, property, and information. The Production Order was not appealed.

5. On October 10, 2011, after Scott Pfeiffer ("Pfeiffer") asserted attorney client privilege in a deposition related to SD Trust, LLC, Judge Miller issued an order ("Privilege Order") clarifying my authority as receiver of CIF to waive attorney client privilege on behalf of CIF and certain other affiliated entities. The Privilege Order was not appealed.

6. After the Initial Production, on several occasions I needed CIF information which I could not find in the records included in the Initial Production. In 2009, 2010, and the first three quarters of 2011 where appropriate I called Field, and he generally was responsive to my requests and provided me emails or other information.

7. On November 28, 2011 at a meeting in my offices, Curtis Stodghill served a Request for Production of Records on Field to obtain all records related to CIF in Field's possession and control.

8. On the morning of November 29, 2011, by email Field forwarded to me approximately 74 emails related to CIF, including copies of emails sent or received by Field in 2006, 2007 and 2008. In the afternoon of November 29, 2011, Field called me and told me his computer caught on fire and became inoperative. Field subsequently produced selected computerized documents which were applicable to periods before November 29, 2011.

9. Field did not and has not produced the paper records he previously informed me were in his possession or control.

10. As of this date Field has not produced all of the records in his possession or control, despite my repeated requests and my formal demand in the Request for Production of Records.

11. In 2011, in a malpractice lawsuit CIF filed against Pfeiffer and his associates who provided services to CIF prior to the Global Settlement Order, counsel for the defendants responded to discovery requests with statements that files held by the law firm related to CIF/Cosimo, a subsidiary of CIF, were previously tendered to Field. As of this date Field has not produced all of these records.

12. Field's failure to produce the requested documents has delayed and obstructed my ability to perform my directives as receiver. The following are two examples:

- a. Records related to the loan outstanding from Trazom, LLC ("Trazom"), an affiliate of Field, have not been delivered to me by Field. There is presently a dispute over Trazom, LLC's failure to comply with payment terms under its loan obligations to CIF. In January 2012, after determining that I did not have CIF's file or original documents related to the Trazom loan, I requested Field provide me with the Trazom files and documents. After an exchange of emails between me and Field and between Field and my counsel, Curtis Stodghill, in January 2012, Field delivered to me copies

of several Trazom documents, which he noted in his emails as being in his possession. However, Field has never provided me with either an original file or an electronic computer file of CIF's Trazom loan file. Furthermore, on April 6, 2012, Field's son, Davyd Field, delivered to me a copy of a purported "Modification Agreement" dated June 2009 which was not mentioned in any of the more than 350 Trazom related emails or other documents I received since 2009. The purported Modification Agreement, if valid and enforceable, would materially and adversely affect CIF. Field has never mentioned to me the existence or consideration of the purported Modification Agreement.

- b. Records, including a check made payable to CIF in the amount of \$305,778.63 dated October 2008, related to the 457 Carlton Road Property, were not delivered to me by Field until November and December 2011, twenty three (23) months after the property was sold to an unrelated third party without notice to me and without my knowledge or consent. There is presently a matter pending in New Jersey state court regarding the sale of the property and related matters.
- c. Records related to over \$20 million of delinquent and defaulted loans due from Lancaster Resources, Inc., Bradford Financial Group, LLC, Lancaster Mortgage Bankers, LLC, Lion Financial, LLC, Monmouth Financial Group, LLC, York Funding, LLC, and others have not been delivered to me by Field.

13. Field has taken actions which have delayed and obstructed my ability to perform my directives as receiver. Field's actions, which I am informed and believe are in conflict and are contrary to the GSO, Production Order, and Privilege Order include but are not limited to the following:

- a. Upon information and belief, Field has prepared and filed or assisting in the preparation and filing of spurious complaints against me with the South Carolina Department of Labor and against Curtis Stodghill, Rodney Pillsbury, Jack Read, and Craig Allen, who are lawyers assisting me in my duties as receiver, with the Office of Disciplinary Counsel of the South Carolina Supreme Court, for actions taken in pursuit of my duties as receiver. All of their actions have been dismissed.
- b. Upon information and belief, Field has submitted false assertions of fact and/or misrepresentations through testimony and filings in an action before the Superior Court of New Jersey, Law Division, Bergen County, which include but are not limited to the following:
 - i. Field submitted affirmative statements to the New Jersey court that all matters of controversy between Field and CIF were fully litigated in the cases governed by the GSO, thereby misleading the court to believe that the doctrines of *Res Judicata* and Collateral Estoppel bar CIF from suing Field in New Jersey over an allegedly fraudulent real estate transaction involving a property in Wyckoff, New Jersey. (Field Brief in Support of Motion to Dismiss CIF's Claims and to Disqualify CIF's Counsel). Upon

information and belief, the New Jersey court dismissed CIF's claims against Field and disqualified CIF's chosen New Jersey counsel, based specifically upon the false assertions made by Field concerning the GSO, as detailed further below. (February 15, 2013 Order and Rider).

ii. Field submitted affirmative statements to the New Jersey court that the GSO (which he calls the "GMSA") adjudicated all claims against Field with prejudice. For example:

1. "Said GMSA disposed of all claims between or among all parties, raised or which might have been raised by them. Field was dismissed from all actions." (Field Affidavit in Support of Motion to Dismiss and Disqualify CIF's Counsel, ¶ 113).
2. "Any claim CIF might have had against Field was disposed of by the GMSA." (Field Affidavit in Support of Motion to Dismiss and Disqualify CIF's Counsel, ¶ 114).

iii. In his testimony before the New Jersey court, Field testified under oath regarding the scope, meaning and intent of the GSO, as follows:

The Court: When you state in your original certification that there are multiple, I'm paraphrasing, there were adjudications by Judge Miller.

Mr. Field: Multiple.

The Court: Which then flows through to the global settlement agreement.

Mr. Field: It certainly did, because it was all considered and everybody was dismissed with prejudice by everyone across issues, everything, everybody resolved it and there were payments made across, external of the settlement. Everybody go[sic] paid and the only thing I agreed to do was leave myself open, dismiss without prejudice as to the class itself. Everybody else dismissed everyone with prejudice

(Transcript of oral argument before Superior Court of New Jersey, May 28, 2013, p. 56, lines 16-25.)

iv. Field submitted affirmative statements to the New Jersey court that the GSO encompassed the specific property in Wyckoff, New Jersey, which is the subject of pending litigation, and that such claims were "merged into" the GSO:

1. "All parties to the GMSA were aware of the acquisition of the choses-in-action[sic] from Trazom, LLC and the acquisition and sale of the [Wyckoff] property by CIF in or about October, 2008 and had ample opportunity to object thereto or raise any issues related to such sale prior to mediation and/or execution and/or ratification of GMSA." (Field Affidavit in Support of Motion to Dismiss and Disqualify CIF's Counsel, ¶ 115).
2. Field submitted a brief to the New Jersey court which stated: "On August 24, 2009, the MGSA was ratified without any objection or new issue being raised by CIF or any other party. All issues raised or which might have been raised were merged in the MGSA under South Carolina law." (Field Reply Brief dated May 23, 2013).
- v. In his testimony before the New Jersey court, Field testified under oath that pursuant to the GSO that "Judge Miller retained jurisdiction over everything", meaning any and all potential claims between CIF and Field (Transcript of oral argument before Superior Court of New Jersey, May 28, 2013, p. 59, lines 10-11); Upon information and belief, Field specifically misled the New Jersey court to believe that if CIF ever had or has any other claim against him, regardless of the subject matter or nature of the claim, it must be brought before Judge Miller. (February 15, 2013 Order and Rider).
- vi. Field has attempted to file legal claims that can only belong to CIF and/or its noteholders, such as malpractice claims against CIF's attorneys. (Field Proposed Third Party Complaint, Counts XIII, IX, X, XIV, XV);
- vii. Field has attempted to file derivative legal claims on behalf of "CIF and its members" (Field Proposed Third Party Complaint, ¶¶ 2 and 267);
- viii. Field has specifically misrepresented to the New Jersey court the scope of my authority under the GSO (Field Proposed Third Party Complaint, ¶ 27);
- ix. Field has attempted to assert authority as Manager of CIF to "repudiate, rescind, revoke . . . and withdraw" the legal action filed by CIF against Field and others in New Jersey (Field Proposed Third Party Complaint, ¶¶ 34, 38, 44);
- x. Field has represented to the New Jersey court that my activities, conducted pursuant to the GSO, were wrongful, conspiratorial and/or somehow illegal (Field Proposed Third Party Complaint, ¶¶ 96-102, 109-122);
- xi. Suggesting the suit by CIF against him in New Jersey is invalid, Field stated in a sworn Affidavit to the New Jersey court: "Field as a principal

member holding a 90% ownership interest, has not authorized any suit by CIF against any person, entity or party." (Field Affidavit in Support of Motion to Dismiss and Disqualify CIF's Counsel, ¶ 118).

- xii. Field submitted affirmative statements that I have paid more than \$40,000 of CIF assets to my "paramour" (Field Proposed Third Party Complaint, ¶ 24);
 - xiii. Field has made spurious allegations of illegal and conspiratorial activity against me (Field Proposed Third Party Complaint, ¶ 13);
 - xiv. Field has attempted to circumvent the GSO by seeking to reassert his previously dismissed claims for severance pay before the New Jersey Court (Field Proposed Third Party Complaint, ¶¶ 45-52 and Count IX (¶¶ 215-224));
 - xv. Field specifically misrepresented to the New Jersey Court the conditions under which the GSO permitted him to revive his claims for severance pay against CIF (Field Proposed Third Party Complaint, ¶ 61);
- c. Field has asserted that he has the authority to act as the Manager of CIF and with such assumed authority he has asserted that I have no authority to pursue certain legal actions on behalf of CIF;
- i. Field wrote to CIF's New Jersey counsel purporting to exercise control over CIF, to discharge New Jersey counsel, and to discharge Jerry Saad as "acting manager" as follows:

Be advised, as principal member of Capital Investment Funding, LLC, I am notifying you the members hereby discharge your firm. Further, Jerry Saad is discharged as acting manager under the terms of the Operating Agreement. TAKE NO FURTHER ACTION purporting to represent Capital Investment Funding, LLC. (correspondence from Field to Christopher Westrick, Esq. dated January 17, 2013).

- d. Field filed a Third Party Claim in U.S. District Court in Greenville, South Carolina on May 3, 2013 alleging claims I believe to be meritless and frivolous, asserting attacks against me as receiver and against various attorneys representing CIF and class co-counsel, and naming as defendants individuals and an entity that have no connections with or dealings with CIF. This Third Party Complaint submitted by Field included many of the same false assertions of fact and/or misrepresentations that he submitted to the New Jersey Court discussed in section "b" above.

- e. Field has engaged in the unauthorized practice of law by filing on May 3, 2013 a Third Party Claim in U.S. District Court in Greenville, South Carolina attempting to act as representative of the Noteholders of CIF and the following members of CIF: T. Bart Kelley, T. Brad Kelley, Calvin Williams, and Log Cabin Financial, LLC. This attempted claim was likewise dismissed summarily by the U.S. District Court as Field had no authority to make a claim on behalf of a potential class of plaintiffs as a matter of law. (Order).

Affiant reserves the right to supplement this Affidavit as is appropriate in connection with the hearing to be scheduled in this matter.

Further, affiant sayeth not.

Dated this 19 day of August, 2013.

Jerry Saad
Jerry Saad, Receiver for
Capital Investment Funding, LLC

SUBSCRIBED AND SWORN to before me this 19 day of August, 2012.

Sharon Wilson
Notary Public for the State of South Carolina

My commission expires on: 9/9/2021



Sharon R. Wilson
NOTARY PUBLIC
State of South Carolina
My Commission Expires
September 9, 2021

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE
IN THE COURT OF COMMON PLEASJUDGMENT IN A CIVIL CASE
CASE NUMBER 2008CP2303665

William F Tomz

Frances W Tomz

Capital Funding Llc

FILED-CLERK OF COURT
GREENVILLE, S.C.

PLAINTIFF(S)

DEFENDANT(S)

Submitted by:

Attorney for: ☐ Plaintiff ☐ Defendant
☐ Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

- ☒ **JURY VERDICT** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☒ **DECISION BY THE COURT** This action came to trial or hearing before the court. The issues have been tried and a decision rendered. ☐ See Page 2 for additional information.
- ☒ **ACTION DISMISSED (CHECK REASON):** ☐ Rule 12(b), SCRPC; ☐ Rule 41(a), SCRPC (Vol. Nonsuit);
☐ Rule 43(k), SCRPC (Settled); ☐ Other: _____
- ☐ **ACTION STRICKEN (CHECK REASON):** ☐ Rule 40(j) SCRPC; ☐ Bankruptcy;
☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other: _____
- ☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):** ☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other: _____

Submitted by:

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IF ORDERED AND ADJUDGED: ☐ See attached order; (formal order to follow) ☐ Statement of Judgment by the Court.

ORDER INFORMATION

This order ends ☐ Does not end the case.

Additional information for the Clerk: _____

☐ Rule 43(k), SCRPC (Settled)

INFORMATION FOR THE JUDGMENT INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

☐ Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)
Submitted by:		
NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.		
IF ORDERED AND ADJUDGED: ☐ See attached order; (formal order to follow) ☐ Statement of Judgment by the Court.		
Additional information for the Clerk: _____		

If applicable, describe the property, including tax map information and address, referenced in the order: _____

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be enrolled such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. Note: Title abstractors and researchers should refer to the official court order for judgment details.

Circuit Court Judge

Judge Code

For Clerk of Court Office Use Only

Date

8/19/2013

SCCA-SCRPC Form 4C (Revised 3/2013)

the judgment information

STATE OF SOUTH CAROLINA) 24 IN THE COURT OF COMMON PLEAS
COUNTY OF GREENVILLE) 8 THIRTEENTH JUDICIAL CIRCUIT

William F. Tomz and Frances W. Tomz,
Individually and as Class Representatives,
Plaintiffs,

Case No. 2008-CP-23-3665

versus

Capital Investment Funding, LLC and
Arthur M. Field,
Defendants.

Richard S. Roberts and Jeannette T.
Roberts,
Plaintiffs,

Case No. 2008-CP-23-5514

versus

Capital Investment Funding, LLC,
Bradford Financial Group, LLC, Dr.
Arthur Field, Rev. Brad Kelly, Dr. Calvin
L. Williams, Bart Kelly, The Lancaster
Group, LLC, Cosimo, LLC, Monmouth
Financial Group, Ltd., Lancaster Resources
(South Carolina), Inc., Capital Intrastate
Funding, LLC, F. Scott Pfeiffer, Krondor
Trading Co, LLC, Red Lion Trading House
LLC, First Alliance Enterprises, Inc.,
Tiger Transport Service, Inc., Credo Land
Holdings, LP, Thomas E. Moore, Bountiful
Bingo, LLC, and Kathryn Taillon
Defendants

Arthur M. Field,
Third Party Plaintiff

versus

John A. Hagins, Jr., and Covington,
Patrick, Hagins, Stern & Lewis, P.A.,
Third Party Defendants

copies given to counter

Troy Bridges, Polly W. Bridges,
Joseph L. Baker, Ann T. Baker,
Dennis Bates, Jennie Bates, Tom H. Badger,
Hilda G. Badger, T. Lyell Garland,
and Shirley Garland,
Plaintiffs,

versus

Capital Investment Funding, LLC,
Arthur M. Field, Bart Kelley, Brad
Kelley, Calvin Williams; Lancaster
Resources, Inc.; Lancaster Mortgage
Bankers, LC, Bradford Financial Group,
Monmouth Financial Group, Ltd., CIF TC
LLC; Log Cabin Financial Group, LLC and
Trazom, LLC,
Defendants.

Case No. 2008-CP-23-7457

STATE OF SOUTH CAROLINA)
COUNTY OF PICKENS)

IN THE COURT OF COMMON PLEAS
THIRTEENTH JUDICIAL CIRCUIT

Robert E. Lee and Janey Lee,
Plaintiffs,

versus

Bradford Financial Group, LLC, Capital
Investment Funding, LLC, CIF TC, LLC,
Arthur M. Field, Bart Kelly, Brad Kelly,
Lancaster Mortgage Bankers, LLC,
Lancaster Resources, Inc., Log Cabin
Financial, LLC, Monmouth Financial Group
Ltd., Trazom, LLC and Calvin Williams,
Defendants.

Case No. 2008-CP-39-1184

**MEDIATED GLOBAL SETTLEMENT AGREEMENT
AND ORDER APPROVING SETTLEMENT**

Now come the Parties set forth above and move this Honorable Court for an
Order approving this Mediated Global Settlement Agreement. Each of the parties
participated in a two-day mediation of all issues in these related cases with the Honorable

H. Samuel Stilwell acting as Mediator. Prior to, and outside of the mediation, Defendant Capital Investment Funding, LLC made certain financial records available to the Class Plaintiff's expert accountant for review, and met with the Class Plaintiffs' Attorneys and accountant on several occasions to answer questions regarding the financial condition of the Company. Capital Investment Funding also made the Independent Fraud Examiner's Report available to Class Counsel, in addition to the documents previously provided, under seal, to Class Counsel pursuant to Order of the Honorable Edward Miller.

After reviewing the books and records made available to the Class Counsel and after participation by all parties in the mediation and with the assistance of the Mediator, the parties have reached a Global Settlement Agreement, the terms of which are as follows:

Troy Bridges et al. versus Capital Investment Funding, LLC, et al.
Case No. 2008-CP-23-7457

1. Plaintiffs Troy Bridges, Polly W. Bridges, Joseph L. Baker, Ann T. Baker, Dennis Bates, Jennie Bates, Tom H. Badger, Hilda G. Badger, T. Lyell Garland, and Shirley Garland, shall join the Class of Plaintiffs in Tomz v. Capital Investment Funding, LLC as Class Plaintiffs, and shall share *pro rata* with the other Class Plaintiffs in that case.
2. The Complaint in this case as to Capital Investment Funding, LLC, Dr. Arthur Field, Lancaster Resources, Inc.; Lancaster Mortgage Bankers, LC, Bradford Financial Group, Monmouth Financial Group, Ltd., CIF TC, LLC, Trazom, LLC and Log Cabin Financial Group, LLC will be dismissed without prejudice, subject however to the same conditions outlined in paragraph 9 following.

①

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E

Brad Kelley, Bart Kelley and Calvin Williams hereby agree to cooperate and provide any and all information, records, emails, reports in their possession, if any, to the receiver which may be necessary based on their involvement with the company. This cooperation clause shall be an affirmative duty by Brad Kelley, Bart Kelley and Calvin Williams and they shall not be able to request payment for their cooperation. Further, Capital Investment Funding agrees that it has no officers and directors errors and omissions coverage and hereby affirmatively indicates that no such coverage exists. It is also agreed that Brad Kelley, Bart Kelley and Calvin Williams shall offer truthful testimony in any court proceeding, deposition or trial which may be necessary should the receiver decide to proceed with additional litigation. Notwithstanding the foregoing, Bart Kelley, Brad Kelley and Calvin Williams specifically reserve their ability to assert all rights, privileges and immunities accruing to them under any state or federal law and both the United States and State of South Carolina Constitutions. It is further agreed that without waiving any of his rights, Arthur Field shall also offer truthful testimony, shall agree to cooperate in any proceeding in state or federal court to include bankruptcy court and such cooperation shall include testimony and/or depositions which shall be without cost to the receiver or to the noteholders, however out of pocket expenses will be reimbursed while traveling more than fifty miles from Greenville, SC. Further, Dr. Field agrees that he shall give up any and all claim for any future payments on account of his employment contract and shall immediately resign his offices at Capital Investment Funding, but shall provide copies of all records, emails, reports, letters, documents, mortgages, notes and any other materials which shall support the receiver's right to collect from any individual or corporation which has been loaned any monies by

Capital Investment Funding, LLC or its related companies. However, the parties acknowledge that Dr. Field has asserted state and federal statutory and constitutional privileges over these documents. In order to preserve whatever rights and expectations of privacy Dr. Field Capital Investment Funding, LLC and all related companies may have in these documents and in order enable Dr. Field and Capital Investment Funding, LLC and all related companies to deliver the documents to the Receiver without any delay, the Court by approving this Settlement Agreement does Order Dr. Field and Capital Investment Funding to turn over all records including all documents, emails, computer records, mortgages and the like to the Receiver within ten (10) days of the approval of this agreement and all of Dr. Field's rights shall run with the documents. The Court also Orders, by approval of this settlement, that the Receiver is working for the Court and that neither the Receiver, Class Counsel nor agent or employee of the Receiver or Class Counsel shall allow any person or entity to have or to have access to the documents turned over to the Receiver at any time by Dr. Field except upon written Order from Judge Miller. The Honorable Edward W. Miller retains jurisdiction over this matter to ensure compliance with this Order. Further the court makes these Orders with regard to the documents after a Fairness Hearing which was noticed to all Class Members and attended by many Class Members, all parties were present or represented by counsel and the SC Attorney General attended by designee as a Friend of the Court. After hearing from all parties who wished to be heard, the Attorney General as a Friend of the Court and several class members I find that the Orders regarding the documents contained herein are in the best interest of the class because the Receiver must have

the documents as soon as is possible so that he may begin marshalling the assets of Capital Investment Funding, LLC and without these Orders neither Capital Investment Funding, LLC or related companies nor Dr. Field would consent to turning over any documents and this Settlement would fail.

3. Upon receipt of documents from attorney Bruce Bannister demonstrating that Defendants, Brad Kelly and Bart Kelly,, received no assets of Capital Investment Funding, LLC, other than distributions from their paid-in Capital Accounts and/or annual earnings distributions prior to Capital Investment Funding declaring its winding up and Brad Kelly's W-2 and/or 1099 income, which shall be fully disclosed to Class Counsel, and have insufficient assets to respond to a judgment in favor of Class Plaintiffs then those Defendants will be dismissed with prejudice. It is agreed that the Defendant Calvin Williams has already provided documentation to Class Counsel showing that he has received no assets of Capital Investment Funding, LLC, other than distributions from his paid-in Capital Accounts and/or annual earnings distributions prior to Capital Investment Funding declaring its winding up received only such distributions and a total of \$5,000 by way of partial indemnification for attorneys fees. He has further provided documentation showing that he does not have sufficient assets to respond to a judgment and is entitled to be dismissed with prejudice by this Order. Provided, however, that in the event it is determined that the information provided by or on behalf of the above-named Defendants is inaccurate or false in any material respect, Class Counsel shall have the right to reinstate suit against these Defendants notwithstanding their dismissal with prejudice. All documentation produced shall be subject to an appropriate confidentiality order. It is



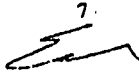
6



further provided that Calvin Williams expressly denies any wrongdoing. Class Counsel has determined that Calvin Williams cannot respond to a judgment and shall be released and dismissed from all claims with prejudice. All actions set forth in this Order against Calvin Williams are dismissed with prejudice, and he is released from all claims raised or which could have been raised against him in these actions, including in the Tomz and any claims of the Class.

**William F. Tomz, et al. versus Capital Investment Funding, LLC
and Arthur M. Field
Case No. 2008-CP-23-3665**

4. Capital Investment Funding, LLC will record a Confession of Judgment to the Class Plaintiffs in the amount of \$38,491,321.92 upon approval of this Agreement.
5. Jerry Saad, CPA will be appointed Receiver of Capital Investment Funding to continue winding up the affairs of Capital Investment Funding in accordance with the SC Limited Liability Company Act, and exercising all the rights, duties and responsibilities vested in a receiver pursuant to the law of South Carolina. Without limiting any of the foregoing, the receiver shall take all actions necessary and prudent to collect the assets of Capital Investment Funding, LLC, prosecute and defend lawsuits on behalf of Capital Investment Funding, LLC, safeguard the privacy of Capital Investment Funding, LLC's and related companies and Arthur Field's documents and records in accordance with State and Federal law by producing documents only pursuant to a written Order from Judge Miller per the provision in Paragraph 2 above, manage and preserve the assets of Capital Investment Funding, LLC, and to make *pro rata* distributions of the assets and income of Capital Investment Funding, LLC to the Class Plaintiffs, and take such other actions



necessary or appropriate as may be required and/or approved by Class Co-Counsel or a court of competent jurisdiction.

6. Gene M. Connell, Jr. of Kelaher, Connell & Connor, PC and Stanley T. Case and Edward G. Smith of Butler, Means, Evins & Browne will be confirmed as Class Co-Counsel. Class Co-Counsel will oversee the activities of the Receiver. The Receiver will report to Class Co-Counsel no less than monthly, and Class Co-Counsel will be responsible to keep the Class informed of the progress of the winding up of the affairs of Capital Investment Funding, LLC.
7. Class Co-Counsel will be entitled to petition the Court for compensation for the prosecution of this Action and for oversight of the Receiver, and shall be paid for their services and reimbursed for costs as approved by the Court.
8. Arthur M. Field will resign as Manager of Capital Investment Funding, LLC upon Court approval of this agreement and the complaint in this action against Mr. Field will be dismissed without prejudice within five (5) days of such approval, subject to conditions hereafter set forth.
9. The parties agree that Class Counsel may reinstitute any claim or action dismissed without prejudice in Troy Bridges, et al. vs. Capital Investment Funding, LLC, et al., Case No. 2008-CP-23-7457 and William F. Tomz, et al. vs. Capital Investment Funding, LLC and Arthur M. Field, Case No. 2008-CP-23-3665 on behalf of the class within the time limit imposed by law or court rule. Other causes of action against parties not named in the Bridges or Tomz law suits are not affected by this settlement, except as to Calvin Williams as set forth herein. Further, the rights of the class under any state or federal securities law shall not

be affected by this settlement, except as to parties released or dismissed with prejudice. In consideration of Dr. Field being dismissed without prejudice in the above-referenced actions, Dr Field agrees to forego the severance pay allegedly due to him under his Employment Agreement. The parties further agree that in the event Class Counsel initiates a claim against Dr. Field he shall be entitled to all defenses, cross-claims and counterclaims that would have been available to him in the dismissed actions, specifically Troy Bridges, et al. vs. Capital Investment Funding, LLC, et al., Case No. 2008-CP-23-7457 and William F. Tomz, et al. vs. Capital Investment Funding, LLC and Arthur M. Field, Case No. 2008-CP-23-3665, and may also revive any claims to severance pay and indemnification as cross-claims against Capital Investment Funding, LLC, in addition to any other defenses, cross actions and counterclaims.

10. The Receiver shall be empowered to employ such persons as he deems necessary, with approval of the Class Co-Counsel, to carry out his work under this Agreement.
11. Receiver Saad will be entitled to a fee of \$200 per hour for his work as Receiver, and Class Co-Counsel shall review and approve all billings on behalf of the Class.
12. In accordance with Paragraph 3, tax returns and other financial documents of the Defendants Bart Kelley and Brad Kelley will be produced by Attorney Bruce Bannister within fifteen days of the execution of this agreement. Such documents will provide valid evidence that Defendants Bart Kelley and Brad Kelley have no assets of Capital Investment Funding and insufficient assets to respond to a judgment in favor of class plaintiffs. Such documents shall include tax returns and a list of assets, if any, which

any of these individuals may have in their respective names. All such information shall be subject to an appropriate confidentiality order.

13. The receiver shall obtain from Capital Investment Funding through its officers, agents and/or employees and Arthur Field on the day the receivership is approved by the court a complete and itemized listing of all cash and monies available to Capital Investing Funding to include all monies expected to be obtained by Capital Investment Funding within the following six months. The Receiver shall immediately send notice to all debtors of Capital Investment Funding advising them of the new address for payment. Further, Arthur Field and any and all employees of Capital Investment Funding agree to immediately turn over any and all funds due to Capital Investment Funding which are sent to them after the approval of the receivership. Such funds shall be forwarded to the receiver within 48 hours of receipt by Field. Further, a complete listing of any all real property shall be provided to the receiver at his address to include any and all notes, mortgages and other assets of any value to include records as to whether or not taxes have been paid on the aforementioned properties to include receipts for those tax payments and the Company will deliver its files on all properties, notes and mortgages at such time and to such reasonable place as the Receiver shall direct at Capital Investment Funding's expense. Inasmuch as Calvin Williams is dismissed with prejudice under the terms of paragraph 3 of this agreement, all potential claims of the Tomz, the Class, and all other plaintiffs as to Calvin Williams are hereby dismissed with prejudice and Calvin Williams will be released from all such claims.

Richard S. Roberts, et al. versus Capital Investment Funding, LLC, et al.
Case No. 2008-CP-23-5514

14. Plaintiffs Roberts or their designee shall receive as full and final settlement of their claim all the remaining Textile Mill Revitalization Act Tax Credits held by CIF TC, LLC, a wholly owned subsidiary of Capital Investment Funding, LLC.
15. Plaintiff Roberts or the designee taking possession of the Credits shall pay the Receiver the sum of \$0.20 for every \$1.00 of 2009 and 2010 Tax Credits when and if they are sold, as demonstrated annually by the delivery to the Receiver of the annual Tax Returns of CIF TC, LLC or any other entity then holding the Tax Credits.
16. Defendant Capital Investment Funding, LLC will transfer these Tax Credits by transferring the respective membership interests in CIF TC, LLC to the Roberts or their designee, free and clear of all claims or encumbrances, and hereby covenant to provide such further cooperation reasonably necessary to effect the transfer of the Tax Credits.
17. Because of the nature of the tax credits, a supplemental agreement detailing the terms of the transfer of the tax credits will be executed and is made a part of this Mediated Global Settlement Agreement by reference.
18. The Complaint in Roberts v. Capital Investment Funding, LLC will be dismissed with prejudice within five (5) days after the Order approving this Agreement is entered and proof provided to all defendants. The Roberts' four (4) Notes (##6684, 6686, 6859, and 6966) shall be marked "Satisfied" and surrendered to the Receiver within five (5) days.
19. Any and all Third Party Complaints filed against John A. Hagins and/or Covington, Patrick, Hagins, Stern & Lewis, PA will be dismissed with prejudice within five (5)

days after the Order approving this Agreement is entered and proof provided to all defendants.

20. Plaintiff Roberts or his designee will take the entire risk and expense of selling the Tax Credits, and in the event they are not sold or are sold at a loss shall nonetheless have no further claim against the Company or any third party with respect to their Notes or the causes of action that were or could have been set forth in their Complaint, and shall enjoy the full benefit of any profit received from the sale of the Tax Credits, regardless of amount.

Robert E. Lee and Janey Lee versus Bradford Financial Group, LLC, et al.
Case No. 2008-CP-39-1184

21. Defendant Capital Investment Funding, LLC, without admission of liability and through its receiver Jerry Saad, CPA, shall pay to Plaintiffs Robert E. and Janey Lee within thirty (30) days of Court approval of the settlement by way of a certified check the sum of Twenty-Five Thousand and No/100 Dollars (\$25,000.00) in settlement of Lee v. Bradford Financial Group, LLC, et al. (Case No.: 2008-CP-39-1184).
22. Plaintiffs Robert E. and Janey Lee are hereby given permission to sell their Notes to a third party for Fifty Thousand and No/100 Dollars (\$50,000.00) and that third party shall be given leave to join the Class as a Class Plaintiff and to receive its pro rata share of the assets of the receivership. Third-party purchaser shall have forty-five (45) days after purchasing the Notes to opt in as a member of the Class. Failure to do so shall bar third-party purchaser's recovery claim. Additionally, third-party purchaser shall not be permitted to bring a separate action against Capital Investment Funding,

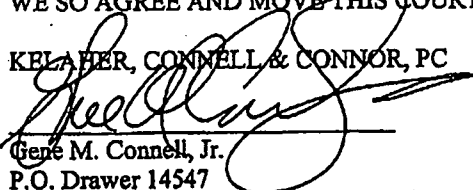
LLC or any person whom Capital Investment Funding, LLC is required or permitted to indemnify under the South Carolina Limited Liability Company Act.

23. Any potential class member of Lee v. Bradford Financial Group, LLC, et al. (Case No.: 2008-CP-39-1184) shall join or shall be allowed to join the Class of Plaintiffs in Tomz v. Capital Investment Funding, LLC, and Lee v. Bradford Financial Group, LLC, et al. (Case No.: 2008-CP-39-1184) will be dismissed with prejudice.

WHEREFORE, the Parties hereto, represented by the Attorneys set forth below, having negotiated in good faith and believing this settlement to be equitable to all, each pray this Honorable Court to approve this Global Mediated Settlement Agreement as being in the best interests of all parties after notice to all class members of a hearing at which all class members shall have a right to appear and object.

WE SO AGREE AND MOVE THIS COURT TO APPROVE:

KELAHER, CONNELL & CONNOR, PC


Gene M. Connell, Jr.

P.O. Drawer 14547

Surfside Beach, SC 29587

Attorneys for Plaintiffs William F. Tomz and Frances W. Tomz and Co-Counsel for the Certified Class of Plaintiffs

HARRISON, WHITE, SMITH & COGGINS, P.C.

John B. White, Jr.

P.O. Box 3547

Spartanburg, SC 29304

Attorney for Plaintiffs Robert E. Lee and Janey Lee

COVINGTON PATRICK HAGINS STERN & LEWIS

John A. Hagins Jr.

John A. Hagins, Jr.

P.O. Box 2343

Greenville, SC 29602

Attorneys for Plaintiff Richard S. Roberts and
Jeannette T. Roberts

BUTLER, MEANS, EVINS & BROWNE, P.A.

Stanley T. Case

P.O. Drawer 451

Spartanburg, SC 29304-0451

Attorneys for Plaintiffs Troy D. Bridges, Polly W. Bridges,

Joseph L. Baker, Ann T. Baker, Dennis Bates, Jennie

Bates, Tom H. Badger, Hilda G. Badger, T. Lyell Garland,

and Shirley Garland and Co-Counsel for the Certified Class of Plaintiffs

BANNISTER & WYATT, LLC

Bruce W. Bannister

P.O. Box 10007

Greenville, SC 29603

Attorney for Defendant Bart Kelley, Brad Kelley,

Log Cabin Financial, LLC, and Trazom, LLC

Arthur Field

Pro Se

310 Thornblade Blvd.

Greer, SC 29650

Kathryn Taillon

Pro Se

310 Thornblade Blvd.

Greer, SC 29650

Stanley T. Case
Stanley T. Case
P.O. Drawer 451
Spartanburg, SC 29304-0451
Attorneys for Plaintiffs Troy D. Bridges, Polly W. Bridges,
Joseph L. Baker, Ann T. Baker, Dennis Bates, Jennie
Bates, Tom H. Badger, Hilda G. Badger, T. Lyell Garland,
and Shirley Garland and Co-Counsel for the Certified Class of Plaintiffs

BANNISTER & WYATT, LLC

Bruce W. Bannister
Bruce W. Bannister
P.O. Box 10007
Greenville, SC 29603
Attorney for Defendant Bart Kelley, Brad Kelley,
Log Cabin Financial, LLC, and Trazom, LLC

Arthur Field
Arthur Field
Pro Se
310 Thornblade Blvd.
Greer, SC 29650

Kathryn Taillon
Kathryn Taillon
Pro Se
310 Thornblade Blvd.
Greer, SC 29650

CARTER, SMITH, MERRIAM, ROGERS & TRAXLER, PA

Thomas W. Traxler
Thomas W. Traxler
P.O. Box 10828
Greenville, SC 29603
Attorneys for Defendant Calvin Williams

PFEIFFER GANTT GLEATON WYATT, PA

IN THE STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
COUNTY OF GREENVILLE)
2013 SEP 12 P 2 48) FOR THE 13TH JUDICIAL CIRCUIT

William F. Tomz and Francis W. Tomz,)
individually and as Class Representatives,)

C. A. No. 2008-CP-23-3665

Plaintiff,)

v.)

MOTION TO QUASH RULE TO
SHOW CAUSE

Capital Funding, et al.,)

Defendants.)

TO: PLAINTIFFS AND THEIR COUNSEL OF RECORD:

YOU WILL PLEASE TAKE NOTICE that the undersigned, attorneys for Arthur M. Field, will move before the Honorable Edward W. Miller at such time and place as the Court may direct, for an order quashing the Rule to Show Cause scheduled to be heard September 17, 2013.

Arthur Field appears for the purpose of moving to quash the Rule to Show Cause for lack of jurisdiction. Field reserves his right to argue any other defenses he may have, including compliance with any obligation to produce documents, until after the Court has ruled on the issue of jurisdiction. Field also reserves his rights to his contemporaneously filed Motion for Continuance.

Arthur Field is not a party to this action, having been dismissed more than four years ago by the Court's August 24, 2009 Order. (¶2, p.3) None of the actions included in the August 24th Mediated Global Settlement Agreement and Order have been reinstituted against him. As a non-party, Field is only required to provide documents in response to a Rule 45 subpoena, which the Plaintiff does not claim to have served upon him. See Rule 34(c), SCRCP. Furthermore, Field

was never served with the Order and Rule to Show Cause. This Court has a duty to protect Field's due process rights, especially as a non-party. See Rule 45(c), SCRCP. The Court has no jurisdiction over Field in this matter and the Rule to Show Cause should be dismissed for lack of jurisdiction.

I. Field was not Served with the Order and Rule to Show Cause

The Court has no jurisdiction in this matter because there was insufficient service on Field. Rule 12(b)(5), SCRCP. An affidavit of service has been filed with the Court stating that Arthur Field was personally served, but, in fact, Field was not. See *Jensen v. Doe*, 292 S.C. 592, 594, 358 S.E.2d 148, 148-49 (Ct. App. 1987) (plaintiff has the burden of showing the court has personal jurisdiction over defendant).

A portion of the Order and Rule was left on Field's front lawn. The only person whom the process server spoke with that day was Carl Stanley, who is not a resident. (See Exhibit B, Affidavit of Carl Stanley) Rule 5(b)(1) SCRCP requires that the personal service be made by handing the document to the party or leaving it at the party's dwelling place with a person a suitable age and discretion then residing there. Leaving a portion of the document on the front lawn is not proper service.

Because Field was not properly served, there is no jurisdiction over him and the Order and Rule to Show Cause should be dismissed.

II. Lack of Personal and Subject Matter Jurisdiction

a. Field is Not a Party to this Action

Arthur Field was dismissed, without prejudice, by the Mediated Global Settlement Agreement and Order Approving Settlement (MGSA) signed on August 24, 2009. (Exhibit A). The parties agreed that Class Counsel could reinstitute claims or actions dismissed without prejudice "within the time limit imposed by law or court rule." (MGSA ¶ 9, p. 8) No action has

been reinstituted against Arthur Field to make him a party to the case. If the Receiver argues that the Rule to Show Cause is such a reinstituted action, it was not filed until more than three years after the entry of the MGSA. Field is no longer a party to this action and cannot be treated as such by the Plaintiff.

b. The Court only Retained Jurisdiction over one Order

Paragraph 2 (pp. 3-6) of the MGSA addresses a number of Orders. (Exhibit A) However, the Honorable Edward W. Miller only retained jurisdiction over one of these Orders:

The Court also Orders, by approval of this settlement, that the Receiver is working for the Court and that neither the Receiver, Class Counsel nor agent or employee of the Receiver or Class Counsel shall allow any person or entity to have or to have access to the documents turned over to the Receiver at any time by Dr. Field except upon written Order from Judge Miller. The Honorable Edward W. Miller retains jurisdiction over this matter to ensure compliance with **this Order**. (emphasis added) (p. 5)

The language of the MGSA in Paragraph 2 makes it clear when the orders are being addressed collectively: "Further the court makes **these Orders** . . ." (p. 5); "... I find that the **Orders** . . ." (p. 5); "... the Receiver must have the documents as soon as is possible so that he may begin marshaling the assets of Capital Investment Funding, LLC and without **these Orders** . . ." (p. 6) (emphasis added). Judge Miller clearly only retained jurisdiction over the single Order addressing access to the documents turned over to the Receiver by Field. Judge Miller did not retain jurisdiction over whether Field turned over the required documents within 10 days of the MGSA, especially more than four years after the order was entered. Therefore, the Court has not retained subject matter jurisdiction over the issues raised in the Rule to Show Cause or personal jurisdiction over Field.

c. Field was not Served with a Rule 45 Subpoena

Rule 34(c), SCRCP allows a party who is not a party to be compelled to produce documents only as provided in Rule 45. Rule 45 requires that a subpoena be issued. It is

undisputed that a subpoena has not been issued, let alone served on Field to produce documents in this case. The scope of the Court's jurisdiction over the analogous Federal Rule of Civil Procedure has been addressed in the federal courts. See *Cuthbertson v. Excel Indus.*, 179 F.R.D. 599, 602 (D. Kan. 1998) (Generally, the court acquires jurisdiction over non-parties during the discovery process by the issuance and service of a subpoena upon the person); *Bueker v. Atchison, T. & S. F. Ry.*, 175 F.R.D. 291 (N.D. Ill. 1997) (When a prospective deponent is not a party to the litigation, the proper procedure for obtaining the jurisdiction necessary to compel attendance is the issuance of a subpoena pursuant to Fed. R. Civ. P. 45.) Therefore, this Court has not obtained jurisdiction over Field as a non-party.

d. The June 29, 2010 and October 10, 2011 Orders do not Give the Court Jurisdiction

The Court's June 29, 2010 Order requires "Individuals" to produce certain documents. The individuals are defined as Gene Hopper, Chuck Pinion, David Gantt, Scott Pfeiffer, Joshua Ward and Anthony Edgar. The Order also requires "Business Associates" to produce certain documents after being served with the proper request. As set forth above, Field was never served with a subpoena. (Exhibit C - Affidavit of Arthur Field, ¶ 4) "Business Associates" are defined as being associated in a business capacity with WE3 Company, SD Trust, LLC, Big Deal Land Company, LLC, or Rolling Hills Land Co., LLC. Field does not have a business association with these Businesses, (Aff. of Field, ¶ 2) therefore, the issuance of this Order does not give the Court jurisdiction over him.

The Court's October 10, 2011 Order simply provides that the Receiver has the right to waive the attorney-client privilege with regard to certain entities and preserves the individual privileges held by Field. The Order does not require Field to take any action nor does it restrain

him from any action. Therefore, the October 10, 2011 Order does not give the Court jurisdiction over Field.

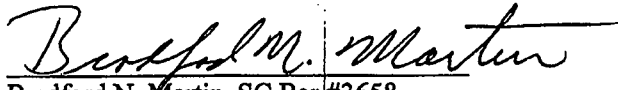
CONCLUSION

Arthur Feld has not been brought within the jurisdiction of this Court regarding the Rule to Show Cause. His due process rights must be preserved, especially when faced with such serious allegations. Field, therefore, respectfully requests that the Court dismiss the Rule to Show Cause for lack of jurisdiction.

Respectfully submitted,

Date

17 Sept 13



Bradford N. Martin, SC Bar #3658

Laura W. H. Teer, SC Bar #16698

Brook Bristow, SC Bar #76038

BRADFORD NEAL MARTIN & ASSOCIATES, PA

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Greenville, SC 29603

864. 552.9990

**ATTORNEYS FOR DEFENDANT
ARTHUR M. FIELD**

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

IN THE COURT OF COMMON PLEAS
THIRTEENTH JUDICIAL CIRCUIT

William F. Tomz and Frances W. Tomz,
Individually and as Class Representatives,
Plaintiffs,

Case No. 2008-CP-23-3665

versus

Capital Investment Funding, LLC and
Arthur M. Field,
Defendants.

Richard S. Roberts and Jeannette T.
Roberts,
Plaintiffs,

Case No. 2008-CP-23-5514

versus

Capital Investment Funding, LLC,
Bradford Financial Group, LLC, Dr.
Arthur Field, Rev. Brad Kelly, Dr. Calvin
L. Williams, Bart Kelly, The Lancaster
Group, LLC, Cosimo, LLC, Monmouth
Financial Group, Ltd., Lancaster Resources
(South Carolina), Inc., Capital Intrastate
Funding, LLC, F. Scott Pfeiffer, Krondor
Trading Co, LLC, Red Lion Trading House
LLC, First Alliance Enterprises, Inc.,
Tiger Transport Service, Inc., Credo Land
Holdings, LP, Thomas E. Moore, Bountiful
Bingo, LLC, and Kathryn Taillon
Defendants

Arthur M. Field,
Third Party Plaintiff

versus

John A. Hagins, Jr., and Covington,
Patrick, Hagins, Stern & Lewis, P.A.,
Third Party Defendants

copies given to counter

Troy Bridges, Polly W. Bridges,
Joseph L. Baker, Ann T. Baker,
Dennis Bates, Jennie Bates, Tom H. Badger,
Hilda G. Badger, T. Lyell Garland,
and Shirley Garland,
Plaintiffs,

Case No. 2008-CP-23-7457

versus

Capital Investment Funding, LLC,
Arthur M. Field, Bart Kelley, Brad
Kelley, Calvin Williams; Lancaster
Resources, Inc.; Lancaster Mortgage
Bankers, LC, Bradford Financial Group,
Monmouth Financial Group, Ltd., CIF TC
LLC; Log Cabin Financial Group, LLC and
Trazom, LLC,
Defendants.

STATE OF SOUTH CAROLINA)
COUNTY OF PICKENS)

IN THE COURT OF COMMON PLEAS
THIRTEENTH JUDICIAL CIRCUIT

Robert E. Lee and Janey Lee,
Plaintiffs,

Case No. 2008-CP-39-1184

versus

Bradford Financial Group, LLC, Capital
Investment Funding, LLC, CIF TC, LLC,
Arthur M. Field, Bart Kelly, Brad Kelly,
Lancaster Mortgage Bankers, LLC,
Lancaster Resources, Inc., Log Cabin
Financial, LLC, Monmouth Financial Group
Ltd., Trazom, LLC and Calvin Williams,
Defendants.

**MEDIATED GLOBAL SETTLEMENT AGREEMENT
AND ORDER APPROVING SETTLEMENT**

Now come the Parties set forth above and move this Honorable Court for an
Order approving this Mediated Global Settlement Agreement. Each of the parties
participated in a two-day mediation of all issues in these related cases with the Honorable



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H. Samuel Stilwell acting as Mediator. Prior to, and outside of the mediation, Defendant Capital Investment Funding, LLC made certain financial records available to the Class Plaintiff's expert accountant for review, and met with the Class Plaintiffs' Attorneys and accountant on several occasions to answer questions regarding the financial condition of the Company. Capital Investment Funding also made the Independent Fraud Examiner's Report available to Class Counsel, in addition to the documents previously provided, under seal, to Class Counsel pursuant to Order of the Honorable Edward Miller.

After reviewing the books and records made available to the Class Counsel and after participation by all parties in the mediation and with the assistance of the Mediator, the parties have reached a Global Settlement Agreement, the terms of which are as follows:

Troy Bridges et al. versus Capital Investment Funding, LLC, et al.
Case No. 2008-CP-23-7457

1. Plaintiffs Troy Bridges, Polly W. Bridges, Joseph L. Baker, Ann T. Baker, Dennis Bates, Jennie Bates, Tom H. Badger, Hilda G. Badger, T. Lyell Garland, and Shirley Garland, shall join the Class of Plaintiffs in Tomz v. Capital Investment Funding, LLC as Class Plaintiffs, and shall share *pro rata* with the other Class Plaintiffs in that case.
2. The Complaint in this case as to Capital Investment Funding, LLC, Dr. Arthur Field, Lancaster Resources, Inc.; Lancaster Mortgage Bankers, LC, Bradford Financial Group, Monmouth Financial Group, Ltd., CIF TC, LLC, Trazom, LLC and Log Cabin Financial Group, LLC will be dismissed without prejudice, subject however to the same conditions outlined in paragraph 9 following.

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Brad Kelley, Bart Kelley and Calvin Williams hereby agree to cooperate and provide any and all information, records, emails, reports in their possession, if any, to the receiver which may be necessary based on their involvement with the company. This cooperation clause shall be an affirmative duty by Brad Kelley, Bart Kelley and Calvin Williams and they shall not be able to request payment for their cooperation. Further, Capital Investment Funding agrees that it has no officers and directors errors and omissions coverage and hereby affirmatively indicates that no such coverage exists. It is also agreed that Brad Kelley, Bart Kelley and Calvin Williams shall offer truthful testimony in any court proceeding, deposition or trial which may be necessary should the receiver decide to proceed with additional litigation. Notwithstanding the foregoing, Bart Kelley, Brad Kelley and Calvin Williams specifically reserve their ability to assert all rights, privileges and immunities accruing to them under any state or federal law and both the United States and State of South Carolina Constitutions. It is further agreed that without waiving any of his rights, Arthur Field shall also offer truthful testimony, shall agree to cooperate in any proceeding in state or federal court to include bankruptcy court and such cooperation shall include testimony and/or depositions which shall be without cost to the receiver or to the noteholders, however out of pocket expenses will be reimbursed while traveling more than fifty miles from Greenville, SC. Further, Dr. Field agrees that he shall give up any and all claim for any future payments on account of his employment contract and shall immediately resign his offices at Capital Investment Funding, but shall provide copies of all records, emails, reports, letters, documents, mortgages, notes and any other materials which shall support the receiver's right to collect from any individual or corporation which has been loaned any monies by





Capital Investment Funding, LLC or its related companies. However, the parties acknowledge that Dr. Field has asserted state and federal statutory and constitutional privileges over these documents. In order to preserve whatever rights and expectations of privacy Dr. Field Capital Investment Funding, LLC and all related companies may have in these documents and in order enable Dr. Field and Capital Investment Funding, LLC and all related companies to deliver the documents to the Receiver without any delay, the Court by approving this Settlement Agreement does Order Dr. Field and Capital Investment Funding to turn over all records including all documents, emails, computer records, mortgages and the like to the Receiver within ten (10) days of the approval of this agreement and all of Dr. Field's rights shall run with the documents. The Court also Orders, by approval of this settlement, that the Receiver is working for the Court and that neither the Receiver, Class Counsel nor agent or employee of the Receiver or Class Counsel shall allow any person or entity to have or to have access to the documents turned over to the Receiver at any time by Dr. Field except upon written Order from Judge Miller. The Honorable Edward W. Miller retains jurisdiction over this matter to ensure compliance with this Order. Further the court makes these Orders with regard to the documents after a Fairness Hearing which was noticed to all Class Members and attended by many Class Members, all parties were present or represented by counsel and the SC Attorney General attended by designee as a Friend of the Court. After hearing from all parties who wished to be heard, the Attorney General as a Friend of the Court and several class members I find that the Orders regarding the documents contained herein are in the best interest of the class because the Receiver must have

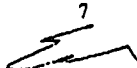
the documents as soon as is possible so that he may begin marshalling the assets of Capital Investment Funding, LLC and without these Orders neither Capital Investment Funding, LLC or related companies nor Dr. Field would consent to turning over any documents and this Settlement would fail.

3. Upon receipt of documents from attorney Bruce Bannister demonstrating that Defendants, Brad Kelly and Bart Kelly,, received no assets of Capital Investment Funding, LLC, other than distributions from their paid-in Capital Accounts and/or annual earnings distributions prior to Capital Investment Funding declaring its winding up and Brad Kelly's W-2 and/or 1099 income, which shall be fully disclosed to Class Counsel, and have insufficient assets to respond to a judgment in favor of Class Plaintiffs then those Defendants will be dismissed with prejudice. It is agreed that the Defendant Calvin Williams has already provided documentation to Class Counsel showing that he has received no assets of Capital Investment Funding, LLC, other than distributions from his paid-in Capital Accounts and/or annual earnings distributions prior to Capital Investment Funding declaring its winding up received only such distributions and a total of \$5,000 by way of partial indemnification for attorneys fees. He has further provided documentation showing that he does not have sufficient assets to respond to a judgment and is entitled to be dismissed with prejudice by this Order. Provided, however, that in the event it is determined that the information provided by or on behalf of the above-named Defendants is inaccurate or false in any material respect, Class Counsel shall have the right to reinstate suit against these Defendants notwithstanding their dismissal with prejudice. All documentation produced shall be subject to an appropriate confidentiality order. It is

further provided that Calvin Williams expressly denies any wrongdoing. Class Counsel has determined that Calvin Williams cannot respond to a judgment and shall be released and dismissed from all claims with prejudice. All actions set forth in this Order against Calvin Williams are dismissed with prejudice, and he is released from all claims raised or which could have been raised against him in these actions, including in the Tomz and any claims of the Class.

William F. Tomz, et al. versus Capital Investment Funding, LLC
and Arthur M. Field
Case No. 2008-CP-23-3665

4. Capital Investment Funding, LLC will record a Confession of Judgment to the Class Plaintiffs in the amount of \$38,491,321.92 upon approval of this Agreement.
5. Jerry Saad, CPA will be appointed Receiver of Capital Investment Funding to continue winding up the affairs of Capital Investment Funding in accordance with the SC Limited Liability Company Act, and exercising all the rights, duties and responsibilities vested in a receiver pursuant to the law of South Carolina. Without limiting any of the foregoing, the receiver shall take all actions necessary and prudent to collect the assets of Capital Investment Funding, LLC, prosecute and defend lawsuits on behalf of Capital Investment Funding, LLC, safeguard the privacy of Capital Investment Funding, LLC's and related companies and Arthur Field's documents and records in accordance with State and Federal law by producing documents only pursuant to a written Order from Judge Miller per the provision in Paragraph 2 above, manage and preserve the assets of Capital Investment Funding, LLC, and to make *pro rata* distributions of the assets and income of Capital Investment Funding, LLC to the Class Plaintiffs, and take such other actions



necessary or appropriate as may be required and/or approved by Class Co-Counsel or a court of competent jurisdiction.

6. Gene M. Connell, Jr. of Kelaher, Connell & Connor, PC and Stanley T. Case and Edward G. Smith of Butler, Means, Evins & Browne will be confirmed as Class Co-Counsel. Class Co-Counsel will oversee the activities of the Receiver. The Receiver will report to Class Co-Counsel no less than monthly, and Class Co-Counsel will be responsible to keep the Class informed of the progress of the winding up of the affairs of Capital Investment Funding, LLC.
7. Class Co-Counsel will be entitled to petition the Court for compensation for the prosecution of this Action and for oversight of the Receiver, and shall be paid for their services and reimbursed for costs as approved by the Court.
8. Arthur M. Field will resign as Manager of Capital Investment Funding, LLC upon Court approval of this agreement and the complaint in this action against Mr. Field will be dismissed without prejudice within five (5) days of such approval, subject to conditions hereafter set forth.
9. The parties agree that Class Counsel may reinstitute any claim or action dismissed without prejudice in Troy Bridges, et al. vs. Capital Investment Funding, LLC, et al. Case No. 2008-CP-23-7457 and William F. Tomz, et al. vs. Capital Investment Funding, LLC and Arthur M. Field, Case No. 2008-CP-23-3665 on behalf of the class within the time limit imposed by law or court rule. Other causes of action against parties not named in the Bridges or Tomz law suits are not affected by this settlement, except as to Calvin Williams as set forth herein. Further, the rights of the class under any state or federal securities law shall not

be affected by this settlement, except as to parties released or dismissed with prejudice. In consideration of Dr. Field being dismissed without prejudice in the above-referenced actions, Dr Field agrees to forego the severance pay allegedly due to him under his Employment Agreement. The parties further agree that in the event Class Counsel initiates a claim against Dr. Field he shall be entitled to all defenses, cross-claims and counterclaims that would have been available to him in the dismissed actions, specifically Troy Bridges, et al. vs. Capital Investment Funding, LLC, et al., Case No. 2008-CP-23-7457 and William F. Tomz, et al. vs. Capital Investment Funding, LLC and Arthur M. Field, Case No. 2008-CP-23-3665, and may also revive any claims to severance pay and indemnification as cross-claims against Capital Investment Funding, LLC, in addition to any other defenses, cross actions and counterclaims.

10. The Receiver shall be empowered to employ such persons as he deems necessary, with approval of the Class Co-Counsel, to carry out his work under this Agreement.
11. Receiver Saad will be entitled to a fee of \$200 per hour for his work as Receiver, and Class Co-Counsel shall review and approve all billings on behalf of the Class.
12. In accordance with Paragraph 3, tax returns and other financial documents of the Defendants Bart Kelley and Brad Kelley will be produced by Attorney Bruce Bannister within fifteen days of the execution of this agreement. Such documents will provide valid evidence that Defendants Bart Kelley and Brad Kelley have no assets of Capital Investment Funding and insufficient assets to respond to a judgment in favor of class plaintiffs. Such documents shall include tax returns and a list of assets, if any, which

any of these individuals may have in their respective names. All such information shall be subject to an appropriate confidentiality order.

13. The receiver shall obtain from Capital Investment Funding through its officers, agents and/or employees and Arthur Field on the day the receivership is approved by the court a complete and itemized listing of all cash and monies available to Capital Investing Funding to include all monies expected to be obtained by Capital Investment Funding within the following six months. The Receiver shall immediately send notice to all debtors of Capital Investment Funding advising them of the new address for payment. Further, Arthur Field and any and all employees of Capital Investment Funding agree to immediately turn over any and all funds due to Capital Investment Funding which are sent to them after the approval of the receivership. Such funds shall be forwarded to the receiver within 48 hours of receipt by Field. Further, a complete listing of any all real property shall be provided to the receiver at his address to include any and all notes, mortgages and other assets of any value to include records as to whether or not taxes have been paid on the aforementioned properties to include receipts for those tax payments and the Company will deliver its files on all properties, notes and mortgages at such time and to such reasonable place as the Receiver shall direct at Capital Investment Funding's expense. Inasmuch as Calvin Williams is dismissed with prejudice under the terms of paragraph 3 of this agreement, all potential claims of the Tomz, the Class, and all other plaintiffs as to Calvin Williams are hereby dismissed with prejudice and Calvin Williams will be released from all such claims.

Richard S. Roberts, et al. versus Capital Investment Funding, LLC, et al.
Case No. 2008-CP-23-5514

14. Plaintiffs Roberts or their designee shall receive as full and final settlement of their claim all the remaining Textile Mill Revitalization Act Tax Credits held by CIF TC, LLC, a wholly owned subsidiary of Capital Investment Funding, LLC.
15. Plaintiff Roberts or the designee taking possession of the Credits shall pay the Receiver the sum of \$0.20 for every \$1.00 of 2009 and 2010 Tax Credits when and if they are sold, as demonstrated annually by the delivery to the Receiver of the annual Tax Returns of CIF TC, LLC or any other entity then holding the Tax Credits.
16. Defendant Capital Investment Funding, LLC will transfer these Tax Credits by transferring the respective membership interests in CIF TC, LLC to the Roberts or their designee, free and clear of all claims or encumbrances, and hereby covenant to provide such further cooperation reasonably necessary to effect the transfer of the Tax Credits.
17. Because of the nature of the tax credits, a supplemental agreement detailing the terms of the transfer of the tax credits will be executed and is made a part of this Mediated Global Settlement Agreement by reference.
18. The Complaint in Roberts v. Capital Investment Funding, LLC will be dismissed with prejudice within five (5) days after the Order approving this Agreement is entered and proof provided to all defendants. The Roberts' four (4) Notes (##6684, 6686, 6859, and 6966) shall be marked "Satisfied" and surrendered to the Receiver within five (5) days.
19. Any and all Third Party Complaints filed against John A. Hagins and/or Covington, Patrick, Hagins, Stern & Lewis, PA will be dismissed with prejudice within five (5)

days after the Order approving this Agreement is entered and proof provided to all defendants.

20. Plaintiff Roberts or his designee will take the entire risk and expense of selling the Tax Credits, and in the event they are not sold or are sold at a loss shall nonetheless have no further claim against the Company or any third party with respect to their Notes or the causes of action that were or could have been set forth in their Complaint, and shall enjoy the full benefit of any profit received from the sale of the Tax Credits, regardless of amount.

**Robert E. Lee and Janey Lee versus Bradford Financial Group, LLC, et al.
Case No. 2008-CP-39-1184**

21. Defendant Capital Investment Funding, LLC, without admission of liability and through its receiver Jerry Saad, CPA, shall pay to Plaintiffs Robert E. and Janey Lee within thirty (30) days of Court approval of the settlement by way of a certified check the sum of Twenty-Five Thousand and No/100 Dollars (\$25,000.00) in settlement of Lee v. Bradford Financial Group, LLC, et al. (Case No.: 2008-CP-39-1184).
22. Plaintiffs Robert E. and Janey Lee are hereby given permission to sell their Notes to a third party for Fifty Thousand and No/100 Dollars (\$50,000.00) and that third party shall be given leave to join the Class as a Class Plaintiff and to receive its pro rata share of the assets of the receivership. Third-party purchaser shall have forty-five (45) days after purchasing the Notes to opt in as a member of the Class. Failure to do so shall bar third-party purchaser's recovery claim. Additionally, third-party purchaser shall not be permitted to bring a separate action against Capital Investment Funding,

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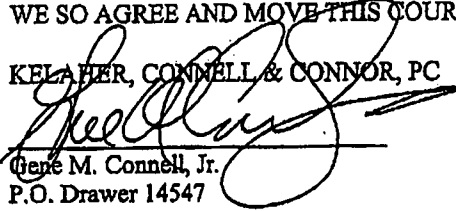
LLC or any person whom Capital Investment Funding, LLC is required or permitted to indemnify under the South Carolina Limited Liability Company Act.

23. Any potential class member of Lee v. Bradford Financial Group, LLC, et al. (Case No.: 2008-CP-39-1184) shall join or shall be allowed to join the Class of Plaintiffs in Tomz v. Capital Investment Funding, LLC, and Lee v. Bradford Financial Group, LLC, et al. (Case No.: 2008-CP-39-1184) will be dismissed with prejudice.

WHEREFORE, the Parties hereto, represented by the Attorneys set forth below, having negotiated in good faith and believing this settlement to be equitable to all, each pray this Honorable Court to approve this Global Mediated Settlement Agreement as being in the best interests of all parties after notice to all class members of a hearing at which all class members shall have a right to appear and object.

WE SO AGREE AND MOVE THIS COURT TO APPROVE:

KELAHER, CONNELL & CONNOR, PC


Gene M. Connell, Jr.

P.O. Drawer 14547

Surfside Beach, SC 29587

Attorneys for Plaintiffs William F. Tomz and Frances W. Tomz and Co-Counsel for the Certified Class of Plaintiffs

HARRISON, WHITE, SMITH & COGGINS, P.C.

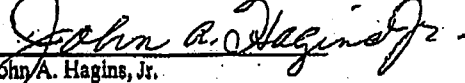
John B. White, Jr.

P.O. Box 3547

Spartanburg, SC 29304

Attorney for Plaintiffs Robert E. Lee and Janey Lee

COVINGTON PATRICK HAGINS STERN & LEWIS


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Jeannette T. Roberts

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Stanley T. Case
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Spartanburg, SC 29304-0451
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Joseph L. Baker, Ann T. Baker, Dennis Bates, Jennie
Bates, Tom H. Badger, Hilda G. Badger, T. Lyell Garland,
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Kathryn Taillon
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310 Thornblade Blvd.
Greer, SC 29650

LLC or any person whom Capital Investment Funding, LLC is required or permitted to indemnify under the South Carolina Limited Liability Company Act.

23. Any potential class member of Lee v. Bradford Financial Group, LLC, et al. (Case No.: 2008-CP-39-1184) shall join or shall be allowed to join the Class of Plaintiffs in Tomz v. Capital Investment Funding, LLC, and Lee v. Bradford Financial Group, LLC, et al. (Case No.: 2008-CP-39-1184) will be dismissed with prejudice.

WHEREFORE, the Parties hereto, represented by the Attorneys set forth below, having negotiated in good faith and believing this settlement to be equitable to all, each pray this Honorable Court to approve this Global Mediated Settlement Agreement as being in the best interests of all parties after notice to all class members of a hearing at which all class members shall have a right to appear and object.

WE SO AGREE AND MOVE THIS COURT TO APPROVE:

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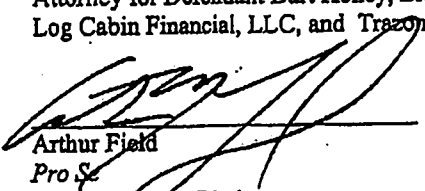
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BANNISTER & WYATT, LLC

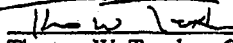
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Log Cabin Financial, LLC, and Trazon, LLC



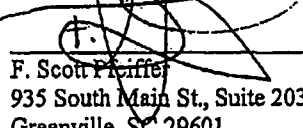
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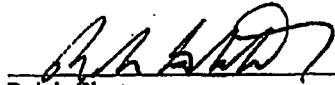
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Attorneys for Defendants CIF TC, LLC, Bradford Financial Group, LLC and
Monmouth Financial Group, Ltd.,

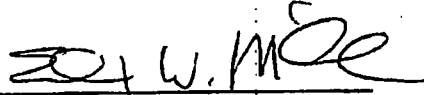
PFEIFFER GANTT GLEATON WYATT, PA


Ralph Gleaton
935 South Main St., Suite 203
Greenville, SC 29601
Attorneys for Capital Investment Funding, LLC, F. Scott Pfeiffer,
Red Lion Trading House, LLC, Capital Intrastate Funding, LLC,
Kronador Trading House, LLC, Bountiful Bingo, LLC, and Cosimo, LLC

I find, after a fairness hearing on the record, that the matters set forth above are fair, reasonable and in the best interest of the class.

IT IS THEREFORE ORDERED that the entirety of the Mediated Global Settlement Agreement as set out above should be and is adopted as an Order of this Court.

IT IS SO ORDERED!


The Honorable Edward W. Miller
Judge, Thirteenth Judicial Circuit

Greenville, SC
July 8/24, 2009



IN THE STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE

William F. Tomz,

Plaintiff,

v.

Capital Funding, et al.,

Defendants.

IN THE COURT OF COMMON PLEAS
FOR THE 13TH JUDICIAL CIRCUIT

C. A. No. 2008-CP-23-3665

AFFIDAVIT OF CARL STANLEY

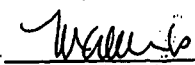
PERSONALLY APPEARED BEFORE ME the undersigned who, after being duly sworn, states:

1. My name is Carl Stanley and I was a house guest of Arthur Field's on August 22, 2013.
2. I am 29 years old, I am 6' tall and weigh approximately 235 lbs.
3. I am not a resident of the household of Arthur Field, located at 310 Thornblade Court, Greer, SC.
4. On August 22, 2013, I was approached by a woman who asked me if I was Arthur Field. I responded clearly to her that I was not and returned into the house.
5. The same woman asked me if Arthur Field was at the residence, and I told her no.
6. I was not handed any papers or documents.
7. I found several pages of a document later on the front lawn of the house.

THE AFFIANT FURTHER SAYETH NOT.


Carl Stanley

SWORN TO BEFORE ME this 12th
day of September, 2013.


Notary Public for South Carolina

My Commission Expires: 11-20-13

M.E. [unclear]

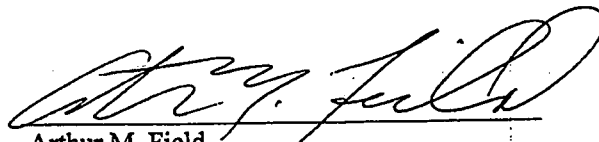
IN THE STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF GREENVILLE	)	FOR THE 13TH JUDICIAL CIRCUIT
	)	
William F. Tomz,	)	
	)	C. A. No. 2008-CP-23-3665
Plaintiff,	)	
	)	
v.	)	
	)	AFFIDAVIT OF ARTHUR M. FIELD
Capital Funding, et al.,	)	
	)	
Defendants.	)	
	)	

PERSONALLY APPEARED BEFORE ME the undersigned who, after being duly sworn, states:

1. My name is Arthur M. Field and I am over 18 years old.
2. I am 60 years old, with graying hair. I am 5'-1" tall, and weigh 126 pounds.
3. I reside at 310 Thornblade Court, Greer, SC.
4. I was not served on August 22, 2013, with the Rule to Show Cause and was not in the presence of the process server who states she served me personally.
5. Several pages of a document were later found on the front lawn of the house without the first page containing the caption.
6. I have no business association with WE3 Company, SC Trust, LLC, Big Deal Land Company, LLC, or Rolling Hills Land Co., LLC. I am not a member, manager, owner, shareholder, or officer in any of these companies.
7. Class Counsel has never served me with any claim or action in an attempt to reinstate the case of William Tomz, et al. v. CIF or any other case included in the Mediated Global Settlement Agreement (MGSA), as contemplated in ¶ 9 of MGSA and Order signed on August 24, 2009.

THE AFFIANT FURTHER SAYETH NOT.




Arthur M. Field

SWORN TO BEFORE ME this 12th
day of September, 2013.


Notary Public for South Carolina MEMPHIS
My Commission Expires: 11.20.15

IN THE STATE OF SOUTH CAROLINA
 COUNTY OF GREENVILLE
 William F. Tomz,
 Plaintiff,
 v.
 Capital Investment Funding, et al.,
 Defendants.

FILED - CLERK OF COURT
 PAUL B. WICKENSTIER
 2013 SEP 19 P 3:33
 IN THE COURT OF COMMON PLEAS
 FOR THE 13TH JUDICIAL CIRCUIT
 C. A. No. 2008-CP-23-3665
 RETURN TO ORDER AND RULE TO
 SHOW CAUSE

The parties to Global Mediated Settlement Agreement (GMSA) worked to create a balance between the Receiver's need to marshal documents related to collectible loans and Field's need to protect his constitutional rights in not having to produce documents. The GMSA also dismissed Field from the actions which had been brought at that time. Plaintiffs and the Receiver are now trying to circumvent the protections provided to Field under the GMSA. They are also attempting to circumvent the protections provided by Rule 45 to Field as a non-party.

Under the GMSA, Field was only required to turn over the documents in his possession that supported the Receiver's right to collect on any loans and to give truthful testimony if called as a witness. Field has gone well beyond the requirements of the GMSA, spending countless hours, weeks, months, and even years, reviewing documents with the Receiver and traveling across the country to assist CIF. Field has provided in excess of 100,000 documents to the Receiver, most of which were located in the CIF offices or with third parties. As late of April 9th of this year, Field delivered information to Class Counsel which he had previously provided, and asked them to identify the specific additional documents still needed. Class Counsel did not respond and the Receiver has not identified the specific documents it believes Field has not produced.

The Receiver did not claim for almost three years that it was lacking information from Field. The Court held a Status Conference on June 24, 2010 to determine the progress of the receivership. The Receiver did not report that he was lacking information from Field that impeded his ability to act as Receiver.

In his January 26, 2011 Report to Note Holders, the Receiver stated only that the books and records for SD Trust, LLC; WE3 Company, Inc.; Big Deal Land Company, LLC; and Rolling Hills Land Co., LLC are in disorder or nonexistent. The Receiver did state that his access to certain records is limited because of Field's efforts to protect his constitutional rights as provided for in Judge Millers Order Approving Settlement. (January 26, 2011 Report to Note Holders, p. 8). The Receiver clearly obtained any documents he needed from Field after January of 2011 and stated in his January 15, 2012 Report to Note Holders only that the records for SD Trust, LLC; WE3 Company, Inc.; Big Deal Land Company, LLC; and Rolling Hills Land Co., LLC were in disorder or nonexistent. There is no mention that the Receiver cannot collect or report on loans because he has not received the necessary information.

Now the Receiver and the Plaintiff Class come before this Court with the vague assertion that Field has not produced all of the documents they think he has. If the Court does not dismiss the Rule to Show Cause for lack of jurisdiction, Field requests the opportunity to conduct discovery to respond to these serious and unsupportable allegations.

I. Field is entitled to the protection of the GMSA

The GMSA stated, "the parties acknowledge that Dr. Field has asserted state and federal statutory and constitutional privileges over these documents." (GMSA, ¶ 2) The GMSA orders that "all of Dr. Field's rights shall run with the documents." The November 28, 2011 Requests to Produce go well beyond the GMSA and ask for documents related to the "organization of

CIF,” “sale of CIF securities,” “the use of proceeds of such sales,” “correspondence between CIF and legal counsel related to CIF loans,” and “related to the direct or indirect transfer of any property of CIF . . . to any . . . Entities or individuals including Field or any person related to Field.”

The GMSA was designed to allow Field to provide documents and testimony to assist the Receiver without waiving his constitutional rights. On January 9, 2012, Curt Stodghill, the attorney for the Receiver, informed Field that his communication with the Receiver would not be considered privileged,¹ effectively chilling Field from his extensive cooperation and indicating that the Request for Production was simply an attempt to make an end-run around the GMSA.

II. Field is entitled to the protection of Rule 45

The GMSA dismissed Field from the case on August 24, 2009 and provided that a claim or action could be reinstituted against him within the time allowed by law or court rule (no later than August 24, 2012). He has not been made a party to the actions addressed by the GMSA. Field is therefore, entitled to the protections afforded to a non-party. As a non-party, Field is not required to respond to a Rule 34 Request to Produce unless it is accompanied by a Rule 45 subpoena. Rule 34(c). It is undisputed that Field has never been served with a Rule 45 subpoena.

Under Rule 45(c)(1), a party or an attorney responsible for the issuance and service of a subpoena must “take reasonable steps to avoid imposing undue burden or expense on a person subject to that subpoena.” An undue burden has been imposed on Field, from which he must be protected.

¹ Exhibit 1 January 9, 2012 email from Curt Stodghill to Arthur Field.

The Receiver is attempting to avoid the protections of Rule 45(3)(A) by serving Field only with a Rule 34 Request for Production. Rule 45(3)(A) states:

On timely motion, the court by which a subpoena was issued, or regarding a subpoena commanding . . . production or inspection directed to a non-party, . . . , shall quash or modify the subpoena if it:

...

(iii) requires disclosure of privileged or otherwise protected matter and no exception or waiver applies; or

(iv) subjects a person to undue burden.

The Receiver is aware that Field has asserted his constitutionally protected rights at all times. He is now being asked to produce documents outside of the protection of the GMSA that the Receiver's counsel has indicated will not be treated as privileged. The Court should grant him protection from such a request.

Field is also being subjected to undue burden in that he is being asked to produce documents he has already produced multiple times and he is being asked to produce documents that are not in his possession. *See Highland Tank & Mfg. Co. v. PS Int'l, Inc.*, 227 F.R.D. 374, 379 (W.D. Pa. 2005) (In order to properly command a nonparty to produce documents for inspection and copying, it must appear that the documents subpoenaed are within the control of the nonparty witness. Therefore, even if a district court has personal jurisdiction over the nonparty witness, the court may not compel production of documents over which the witness does not have control.)

The Court should therefore quash the Request for Production that was improperly served on Field.

III. A Rule to Show Cause is Not Appropriate Where There has been no Motion to Compel.

Even if a Rule 34 Request for Production was proper, which Fields contends it is not, Rule 37(a)(2) would require the filing of a Motion to Compel prior to a Rule to Show Cause.

If . . . a party, in response to a request for inspection submitted under Rule 34, fails to respond that inspection will be permitted as requested or fails to permit inspection as requested, the discovering party may move for an order compelling an answer, or a designation, or an order compelling inspection in accordance with the request.

Plaintiff cannot request a Rule to Show Cause for a failure to comply with a Rule 34 request to produce unless there has first been an order granting a motion to compel. Therefore, the Court should dismiss the Rule to Show Cause.

IV. The Receiver's Objections to Statements Made by Fields in Other Actions Should be Addressed in those Cases

Field was named as a Defendant in New Jersey Superior Court and in the District Court of South Carolina and is defending himself in those actions. Any complaints the Receiver has about statements made by Field in those actions are properly addressed by the Court in which the matter is pending and should not be re-litigated here. Rule 12(b)(8).

V. Field Has Complied with the August 24, 2009 Order

Field has gone above and beyond the requirements of the GMSA. Under the GMSA (dated August 24, 2009), Field agreed to provide "copies of all records, emails, reports, letters, documents, mortgages, notes and any other materials which shall support the receiver's right to collect from any individual or corporation which has been loaned any monies by Capital Investment Funding, LLC or its related companies." (GMSA, ¶ 2) He did this and then made every possible effort to provide any additional information that the Receiver requested.

The Receiver states several times in his Affidavit that he has not received original documents from Field. Field generally did not have original documents in his possession, but kept only the QuickBooks accounts and any necessary copies. Field did not go to the CIF offices personally after January of 2004. Loan documents were sent to CIF's Easley office and maintained there. Saad was given access to all of the CIF offices and took possession of any documents.

I. Field Actively Worked to Provide Documents to the Receiver

Even before the GMSA was entered, Field was actively working to assist in the compilation of loan information. In May 2008, July 2008, and January 2009, Field delivered a complete listing of all CIF and re-lender loans to Class Counsel along with the CIF financial records. This was noted in the GMSA,

... Capital Investment Funding, LLC made certain financial records available to the Class Plaintiff's expert accountant for review, and met with the Class Plaintiffs' Attorneys and accountant on several occasions to answer questions regarding the financial condition of the Company. Capital Investment Funding also made the Independent Fraud Examiner's Report available to Class Counsel, in addition to the documents previously provided, under seal, to Class Counsel pursuant to Order of the Honorable Edward Miller.

(GMSA, pp. 2-3). In July of 2009 the Receiver was provided access to all of the CIF offices. By the time the GMSA was executed, the Receiver had control of the CIF offices and all the documents in the offices, whether stored on paper or electronically.

Field has delivered volumes of documents to the Receiver.² The Receiver admits in his Affidavit (Saad Affidavit, ¶ 6) that Field answered questions for years after the GMSA was executed. The following are examples of the steps taken by Field to ensure the Receiver had any information needed:

² Field requests that any documents that he provides in an attempt to defend the Rule to Show Cause be protected under ¶ 2 of the GMSA and that his constitutional rights be protected.

1. In May of 2008, a spread sheet of all Notes was given to Gene Connell, as Class Counsel;
2. Between January 2009 and March 2009, Field provided Connell and Saad with all financial information regarding CIF;
3. Between March 2009-August 2009, Field provided Class Counsel and/or Saad with the items in Table I;³
4. On March 6, 2009 Field provided all Counsel and Saad with an Excel Spread Sheet containing information as to each Note Holder of CIF. This Spread Sheet provided everything the Class needed to know about every Note and consisted of 689 lines. Field had previously provided Connell with a similar list immediately after the class was certified in July of 2008.
5. In July of 2009, Field went with Saad to BB&T and Greenville First and executed all documents needed to transfer the CIF and Monmouth Financial Group, Ltd. accounts to Saad's control;
6. In July and August of 2009, Field delivered to Saad all bank and accounting records for CIF and related companies from 1999 through 2008 and all QuickBooks records;
7. Between July and October 2009 Field provided Saad with flash drives containing the QuickBooks records for CIF, the electronic scan of all Note Holder files, and the QuickBooks files for Lion Financial, Monmouth Financial Group and Bradford Financial;
8. In September of 2009, Saad was provided with Excel spreadsheets of all Lancaster Resources, Inc. loans;⁴
9. In September of 2009, Saad was provided with an Excel spreadsheet detailing every Note and a Microsoft Access Database of all Note Holder transactions;
10. In August and September of 2009, Field delivered to Saad all files he could locate in his house or on computer records;
11. On November 23, 2009 Field provided previously produced spread sheets of Notes to Saad again;
12. On December 14, 2009 Field again provided spread sheets to Saad.
13. In 2010 and 2011, Field provided extensive assistance in the matters in New Jersey.

³ Exhibit 2; Exhibit 3, April 8th and 9th production to Stand Case.

⁴ Most of the documents relating to these loans were not in Field's possession.

14. On April 8th and 9th of 2013, Field provided documents again to Class Counsel Stan Case and asked if there were any additional documents needed.⁵

The Receiver noted that Field was once again attempting to assist him in November of 2011, when Field's computer caught fire.⁶ The Receiver is speculating when he says, "Field subsequently produced selected computerized documents which were applicable to periods before November 29, 2011." (Saad Affidavit, ¶ 8) The Receiver has no information that this was a selective production. He admits that Field had already sent him 74 emails and then sent him additional emails even after his computer caught fire. (Saad Affidavit, ¶8) The Receiver did not object at this time and, in fact, Saad thanked Field on December 6, 2011 for the "timely update."⁷

The Receiver states in his Affidavit that Field "did not and has not produced the paper records he previously informed me were in his possession or control" (Saad Affidavit, ¶ 9), that "as of this date Field has not produced all of the records in his possession or control" (Saad Affidavit, ¶ 10), and that "counsel for the defendants responded to discovery requests with statements that files held by the law firm related to CIF *Cosimo*, a subsidiary of CIF, were previously tendered to Field. As of this date Field has not produced all of these records;" (Saad Affidavit, ¶ 11.)⁸ However, he does not identify the records that were not produced.

Field cannot defend himself if he does not know the documents that he has allegedly failed to provide. *See Brandt v. Vulcan, Inc.*, 30 F.3d 752, 754 (7th Cir. Ill. 1994) (dismissing motion to compel which stated that "Plaintiff believes that the Defendant has the information requested in said discovery material.")

⁵ Exhibit 3.

⁶ On November 28, 2011 Arthur emailed Saad 52 separate files. (Exhibit 4, Table III). On November 29, 2011 Field was able to retrieve an additional 39 emails and forward them to Saad. (Exhibit 5, Table IV).

⁷ Exhibit 6.

⁸ In September 2009, Field retrieved 15-20 banker's boxes from *Cosimo's* offices and delivered them to SAAD. They were loaded into Field's car by Paula Haney and her assistant and driven to SAAD's office where Field and a SAAD employee deposited them in to SAAD's warehouse. Field delivered every box he was given by *Cosimo*.

II. The Receiver had Access to the Paper Copies of the Note Holder Files

The Receiver states in his Affidavit that he has not received "upwards of 90 storage boxes, including original paper documents that had previously been scanned and given to me in electronic format with the Initial Production." (Saad Affidavit, ¶ 3) This is a disingenuous argument at best. The 96 boxes contained Note Holder files, which were not part of the documents Field was required to give to the Receiver under the GMSA, nevertheless, Field worked to make sure they were all made available.

The Receiver was aware at all times of the location of the 96 boxes of Note Holder files. Several bids were taken for the scanning of documents. Empire Document Service had the lowest bid and they entered into a scanning contract with CIF on May 22, 2009. The Agreement stated in "Empire will transport, at its own expense, all documents and boxes to a storage facility, climate controlled, of its own choosing."⁹ (Empire Agreement, ¶ 3) The Agreement further stated, stated "Upon completion of the work, all files will be transferred back to CIF or stored in a designated location and CIF shall assume the cost of such storage thereafter and CIF shall be fully responsible for all costs involved in transporting such boxes to any new facility." (Empire Agreement, ¶ 18). It was not Field's responsibility to retrieve the documents after they were scanned. The Receiver admits that he has the electronic copy of the documents. (Saad Affidavit, ¶ 3)

On July 2, 2009 the scanning and storage issues regarding the 96 boxes were reviewed with Class Counsel and Saad when the issue of the payment to Empire was raised at the Rule to Show Cause hearing before Judge Few. Another copy of the Empire Agreement was produced at this time.

⁹ Exhibit 7.

Empire scanned the documents from May 24th to the beginning of October. Empire worked three shifts, six days a week to make the scans. In October of 2009 Field delivered the electronic scan of all Note Holder records (in excess of 100,000 pages). Saad was told he had until November 2009 to retrieve the documents as Empire had paid the storage charge through the end of November. If the Receiver does not have the paper copies of the Note Holder files, it is because he did not retrieve them from storage.

Field is not aware of any other documents related to collectible loans in his possession that have not been provided to the Receiver.

III. The Receiver Has the Documents Related to the Trazom Loan

The Receiver states that he was not provided with the Trazom loan file. The GMSA only required Field to provide copies of documents. Trazom and CIF entered into a Second Amended Promissory Note on March 1, 2009. A meeting was held June 1, 2009 and attended by Davyd Field, Arthur Field, and Jerry Saad, and it was agreed to be in the best interest of all parties for Trazom to accelerate principal payments in exchange for forgiveness of a portion of the interest payments. The Modification Agreement Effecting the Second Amended Note was entered into June 3, 2009. Field delivered the Modification Agreement with Amortization Table to Saad's office on June 3, 2009. The Modification Agreement did not change the rate or terms of the Note only the payment schedule to allow for advanced payment of principal in lieu of interest payments.

The Receiver was clearly in possession of all information related to the Trazom loan, including the Modification Agreements since Trazom was making payments in accordance with the Modification Agreement and the Receiver reported in the Report to Note Holders in 2010 and 2011 that all payments were current. (January 26, 2011 Report-"Two mortgage loans are in

good standings, as records reflect all required payments are current.” (p. 9)¹⁰ January 15, 2012 Receiver Report-Trazom listed under “Payments received on loans that are current”(p. 4) ; “... the Trazom loan is current.” (p. 12)).¹¹ The Receiver’s reported to the Note Holders in 2010 and 2011 reflected the exact values of the Trazom Note based on the Modification and amortization agreement. At the December 14, 2011 special meeting before Judge Miller, Saad stated, “Trazar [sic], that’s the one that’s owned by Arthor [sic] Field’s son and they took over a warehouse years ago before receivership. There’s a million dollar loans [sic] on the books and they pay that like clock work [sic].” (Transcript, p. 31, ll. 2-5)

In 2012, Davyd Field asked CIF to confirm Trazom’s balance to CIF with Palmetto Bank. The Receiver’s counsel asked Field on January 3, 2012 for a copy of: (1) the Palmetto Bank commitment; (2) Palmetto Bank’s proposed loan documents; (3) the Inergy lease extension; and (4) other documents of which you are aware that are material to the Receiver’s decisions.¹² The same day Field sent Saad the Trazom terms and conditions for approval.¹³ On January 4th Saad informed Field he has not found the original note or second amended note but has the amended note.¹⁴ Field gave Saad the information on the Note and reminded him of the fact that extra principal was paid and the interest rate adjusted as inducement for the extra principal.¹⁵ Saad thanked Field for the information.¹⁶

IV. The Receiver Was Aware of the Sale of the Carlton Road Property

CIF hired counsel in New Jersey (Christopher Westrick) to obtain title to 457 Carlton Road in Wyckoff, New Jersey. The HUD was delivered to CIF’s attorney Westrickin NJ by the

¹⁰ Exhibit 8.

¹¹ Exhibit 9.

¹² Exhibit 10.

¹³ Exhibit 11.

¹⁴ Exhibit 12.

¹⁵ Exhibit 13.

¹⁶ Exhibit 13.

purchaser in 2008 with copies of the proposed deed and title report. When the check was issued to CIF regarding the Carlton Road Property in October of 2008, the writ of possession had not been obtained and the title company would not let CIF negotiate the check.

Reports were prepared by Field in July of 2008¹⁷ and January of 2009¹⁸ and distributed to Saad and Class counsel. The January 28, 2009 Report states that it was "prepared without review on 1/28/09 at request of attorney Connell for mediation purposes. Data not verified. List for settlement purposes only and transmitted under court seal." (January 28, 2009 Report, p. 1) The assignment of the chose-in action was noted on the July 2008 report (p. 19) as well as the fact that a foreclosure sale was pending. All parties were informed in January of 2009 that "CIF expects to net \$305,000 from sale upon completion of closing within next 60 days." (January 28, 2009 report, p. 14)

A complete copy of the closing file and deed and contract for sale was delivered to Saad and Class Counsel, later acknowledged by Saad to be in his possession in an email to New Jersey counsel in 2011.¹⁹

Saad states in his Affidavit:

Records, including a check made payable to CIF in the amount of \$305,778.63 dated October 2008, related to the 457 Carlton Road Property, were not delivered to me by Field until November and December 2011, twenty three (23) months after the property was sold to an unrelated third party without notice to me and without my knowledge or consent. There is presently a matter pending in New Jersey state court regarding the sale of the property and related matters. (Saad Affidavit, ¶ 12.b.)

Again, this is a disingenuous argument. The Receiver's Status Report to the Note Holders as of December 31, 2010 shows he was aware of the property.²⁰ The Receiver asked Field to

¹⁷ Exhibit 14.

¹⁸ Exhibit 15.

¹⁹ Exhibit 16.

²⁰ Exhibit 9.

hold onto the check and did not request the check until 2011. Field reminded CIF on several occasions that action needed to be taken before the check became stale. Saad had previously been provided with a photocopy of the check as shown by the fact that he noted the exact amount and date of the check in his December 6, 2011 email to Field.²¹ In his January 15, 2012 Report to the Note Holders, Saad describes the relationship between CIF and Calvary Asset Management, to which the property was sold, as a joint venture.

The sale of the Carlton Road property occurred after Field was required to provide documents to the Receiver. Field was no longer managing CIF and the Receiver was aware of the property and the pending contract. The Receiver had only to speak with CIF's New Jersey counsel to determine the status of the property.

V. Delinquent and Defaulted Loans

The Receiver claims he has not been given records related to delinquent and defaulted loans due from Lancaster Resources, Inc., Bradford Financial Group, LLC, Lancaster Mortgage Bankers, LLC, Lion Financial, LLC, Monmouth Financial Group, LLC, York Funding, LLC. (Saad Affidavit, ¶ 12.c.) Again, the GMSA only required Arthur to give SAAD documents related to loans that were collectible. (GMSA, ¶2)

As to Lancaster Resources (LRI)

1. The Receiver is aware that the documents related to LRI were given to CIF's New Jersey counsel to pursue litigation against LRI in New Jersey. The Receiver could have requested any needed information from CIF's counsel.
2. In November of 2010, Field met with bankruptcy counsel regarding LRI to review the QuickBooks entries.
3. Field traveled to New Jersey on several occasions to assist with the matter. (November 2010 email regarding meeting with Vin Papalia.²²

²¹ Exhibit 17.

²² Exhibit 18.

4. On March 27, 2011, Saad reiterated with the bankruptcy counsel that Field was happy to provide any CIF records needed.²³
5. On June 14, 2011, Saad asked Field for his thoughts about a piece of property being sold by the LRI Bankruptcy Trustee.²⁴ Field responded on June 15th but directed Saad to Elliot Salzman as having more information on the matter.²⁵
6. The Receiver's January 26, 2011 report to Note Holders addresses LRI and notes that it is in bankruptcy.
7. On March 27, 2011 Saad again informed Robert Pohl with the Cooper Law Firm that Arthur was glad to provide any records needed to prepare for the civil litigation in New Jersey.²⁶
8. On March 28, 2011 Field reiterated that he had already delivered all the records to Saad but was more than happy to assist them.²⁷ Field explained at that time that he had no records regarding Lancaster's lending and that prior to 2003, all funds were taken from CIF directly to LRI on the revolving note. He also reminded them they had the details for every property in existence regarding LRI as of 2007.

As to Lancaster Mortgage Bankers, LLC (LMB), Lion Financial, LLC, and Bradford Financial Group, LLC

1. The Receiver was aware that any documents related to Lancaster Mortgage Bankers, LLC, Lion Financial, LLC, and Bradford Financial Group, LLC had been given to the bankruptcy counsel and submitted to the Court to prove those loans.
2. The Receiver noted in his January 26, 2011 report to Note Holders that LMB filed for Chapter 7 Bankruptcy in August 2007 and had been liquidated.²⁸
3. The Receiver noted in his January 26, 2011 report to Note Holders that Lion was insolvent and that all of the cash it held was delivered to CIF in October of 2009.²⁹
4. Field disclosed in the Reports to Saad and Class Counsel dated July 25, 2008 (p. 7) and January 29, 2009 (p. 6) that Bradford Financial Group had no assets and limited capitalization and that it was unlikely any assets would be available for distribution.

²³ Exhibit 19.

²⁴ Exhibit 20.

²⁵ Exhibit 21.

²⁶ Exhibit 22.

²⁷ Exhibit 23.

²⁸ Exhibit 8.

²⁹ Exhibit 9.

As to York Funding, LLC

1. The York Note Holders were also CIF Note Holders and the Documents related to them were in their CIF files and scanned by Empire.
2. York had a single loan on a revolving note that was paid in full

As to Monmouth Financial Group

1. The loans to Monmouth were made in 2002 and 2003.
2. Field fully disclosed in the Reports to Saad and Class Counsel dated July 25, 2008 (p. 5) and January 29, 2009 (p. 5) the status of Monmouth Financial Group.

VI. Field has not taken actions that obstructed Saad's ability to act as Receiver

The GMSA requires only that Field "offer truthful testimony" and that he provide "testimony and/or depositions." (GMSA, ¶ 2) Field agreed to appear as a witness when called upon, and nothing more. There is nothing in any of the Orders that prevents Field from defending himself any actions filed against him, or asking for affirmative relief in other cases.

A. Field has not filed Grievances Against the Receiver or Counsel

Field has not filed any grievances or participated in such filings. Documents related to those grievances can be provided to the Court for *in camera* review as they are confidential filings by a third party.

B. Field has not Made Misrepresentations before the Superior Court of New Jersey.

Statements made before a Court in another jurisdiction should be addressed in that jurisdiction. The Receiver claims Field made the following misrepresentations to the Court in New Jersey:

1. "Said GMSA disposed of all claims between or among all parties, raised or which might have been raised by them. Field was dismissed from all actions." (Saad Affidavit, ¶13(b)(ii)(1))

Field did not misrepresent the Order. Judge Miller's October 23, 2009 Order states "there has been no appeal from the Order and the matter is res judicata and binding on all parties." It is also true that Field was dismissed from all the actions made a part of the GMSA. CIF was represented by counsel in this matter and it was actually CIF's counsel that presented the GMSA to the Honorable Lisa Perez Friscia for consideration. Judge Friscia reviewed the Order and determined how the Order should be interpreted and applied to the case in New Jersey.

2. "Any claim CIF might have had against Field was disposed of by the GMSA." (Saad Affidavit, ¶ 13(b)(ii)(2))

Again, the New Jersey Court had the GMSA before it. The action in New Jersey related to Field's performance as Manager of CIF. Field's performance as Manager was also at issue in the cases underlying the GMSA.

3. "All parties to the GMSA were aware of the acquisition of the choses-in-action[sic] from Trazom, LLC and the acquisition and sale of the [Wyckoff] property by CIF in or about October, 2008 and had ample opportunity to object thereto or raise any issues related to such sale prior to mediation and/or execution and/or ratification of GMSA." (Saad Affidavit, ¶13(b)(iv)(1))

CIF made a loan to Trazom, LLC in December of 2006 to enable it to purchases choses-in-action from Lancaster Resources, Inc. in January 2007, together with the underlying promissory note given by New Jersey entity SRG, LLC and/or Robert Miller to LRI in 2002. LRI foreclosed on property located at 457 Carlton Road, in Wyckoff, NJ.³⁰ On or about July 16, 2007 Trazom assigned the assets to CIF in full satisfaction of its loan obligations. The property in Wyckoff, New Jersey sold 8 months before the GMSA and was disclosed at that time.

4. Field submitted a brief to the New Jersey court which stated: "On August 24, 2009, the MGSA was ratified without any objection or new issue being raised by CIF or any other party. All issues raised or which might have been raised were merged in the MGSA under South Carolina law." (Saad Affidavit, ¶ 13(b)(iv)(2))

³⁰ Exhibit 24, July 21, 2008 email.

Field accurately states that any issues that were raised or could have been raised in the actions that were made a part of the GMSA are merged. Rule 13, SCRCP. It was for the New Jersey Court to determine if the action before it was an issue that was raised or could have been raised.

5. In his testimony before the New Jersey court, Field testified under oath that pursuant to the GSO that "Judge Miller retained jurisdiction over everything", meaning any and all potential claims between CIF and Field (Transcript of oral argument before Superior Court of New Jersey, May 28, 2013, p. 59, lines 10-11); Upon information and belief, Field specifically misled the New Jersey court to believe that if CIF ever had or has any other claim against him, regardless of the subject matter or nature of the claim, it must be brought before Judge Miller. (Saad Affidavit, ¶ 13(b)(v))

The matter in New Jersey was about Field's performance as Manager of CIF. This was the exact same issue that was litigated in South Carolina and settled under the GMSA. The Receiver had only three years to reinstitute an action. Field accurately stated that all matters relating to Field in his capacity as Manager of CIF, were disposed of under the GMSA. If CIF wanted to reinstitute actions against Arthur as manager of CIF, they should have been brought in South Carolina before August 24, 2012.

Saad argues that the New Jersey Court's ruling was based on the misstatements of Field. However, the Court relied primarily on the exhibits and certifications of CIF and its attorney Westrick.³¹

6. Field has attempted to file legal claims that can only belong to CIF and/or its noteholders, such as malpractice claims against CIF's attorneys. (Saad Affidavit, ¶13(b)(iv))

Field defended the case and requested leave to file a Third Party Complaint, which leave was denied by the Court.

³¹ Exhibit 25.

7. Field has attempted to file derivative legal claims on behalf of "CIF and its members" (Saad Affidavit, ¶ 13(b)(vii))

As a member of the LLC, Field may initiate a derivative action under S.C. Code. Ann. § 33-44-1101 and 1102. None of the Court's Orders in this case deprive Field of this right.

9. Field has specifically misrepresented to the New Jersey court the scope of my authority under the GSO (Saad Affidavit, ¶ 13(b)(viii))

10. Field has asserted that he has the authority to act as the Manager of CIF and with such assumed authority he has asserted that I have no authority to pursue certain legal actions on behalf of CIF (Saad Affidavit, ¶ 13(c))

Field stated in Paragraph 27 of his Proposed Third Party Complaint that "Saad is not a member of CIF and has no right and no authority to exercise rights as a member or manager, while acting as receiver for the judgment creditor." It is undisputed that Saad is not a member of CIF. Saad's was appointed by the Court as Receiver and by the members as Manager. Under South Carolina statutory law, the Members of an LLC can appoint a new Manager.

9. Field has attempted to assert authority as Manager of CIF to "repudiate, rescind, revoke . . . and withdraw" the legal action filed by CIF against Field and others in New Jersey (Saad Affidavit, ¶ 13(b)(ix))

It is undisputed that Field acted in his capacity as Manager of CIF prior to August 25, 2009 and that he continues to have 90% interest in CIF. It is also a true statement that Field did not authorize CIF to bring an action against him. It is for the New Jersey Court to rule on any motions Field may make before it.

10. Field has represented to the New Jersey court that my activities, conducted pursuant to the GSO, were wrongful, conspiratorial and/or somehow illegal (Saad Affidavit, ¶ 13(b)(x))

Saad may dispute that his actions were wrongful, however, that is a matter to be determined by the New Jersey Court, before which the allegations were made. None of this

Court's Order prevent Field from responding to the action filed against him in New Jersey. This is not an obstruction of justice and does not prevent Saad from performing his duties as Receiver.

11. Suggesting the suit by CIF against him in New Jersey is invalid, Field stated in a sworn Affidavit to the New Jersey court: "Field as a principal member holding a 90% ownership interest, has not authorized any suit by CIF against any person, entity or party." (Saad Affidavit, ¶13(b)(xi))

Again, it is a true statement by Field that he holds a 90% membership interest in CIF. It is also true that he had not authorized a suit by CIF.

12. Field submitted affirmative statements that I have paid more than \$40,000 of CIF assets to my "paramour" (Field Proposed Third Party Complaint, 24);

While Saad may take issue with this statement, it does not violate any of the Court's Orders in this case and does not prevent Saad from acting in his capacity as Receiver. These are issues raised before the court in New Jersey and should be litigated there.

13. Field has made spurious allegations of illegal and conspiratorial activity against me (Saad Affidavit, ¶ 13(b)(xiii))

Again, these statements do not violate any of this Court's Orders and do not interfere with Saad's ability to act as Receiver. Saad is free to object to these claims. CIF chose to bring a lawsuit against Field in New Jersey. Field has a right to defend himself in that action.

14. Field has attempted to circumvent the GSO by seeking to reassert his previously dismissed claims for severance pay before the New Jersey Court (Saad Affidavit, ¶13(b)(xiv))

15. Field specifically misrepresented to the New Jersey Court the conditions under which the GSO permitted him to revive his claims for severance pay against CIF (Saad Affidavit, ¶ 13(b)(xv))

Under the GMSA, Field agreed to forego the severance pay due to him under his Employment Agreement. (GMSA, ¶ 9) It was further agreed that if Class Counsel initiated a claim against him he could revive any claims to severance pay and indemnification. Because

CIF was improperly attempting to bring the action against Field in New Jersey in an attempt to circumvent the GMSA, Field re-asserted the severance pay due to him under his Employment Agreement, as would be his right under the GMSA. This is a matter for the Court in New Jersey to determine.

16. Field wrote to CIF's New Jersey counsel purporting to exercise control over CIF, to discharge New Jersey counsel, and to discharge Jerry Saad as "acting manager" as follows:

Be advised, as principal member of Capital Investment Funding, LLC, I am notifying you the members hereby discharge your firm. Further, Jerry Saad is discharged as acting manager under the terms of the Operating Agreement. TAKE NO FURTHER ACTION purporting to represent Capital Investment Funding, LLC. (Saad Affidavit, ¶13(c)(i)).

The action in New Jersey is still ongoing. Only the action against Field has been dismissed. Field has not interfered with the Receiver's ability to collect on assets and has not violated any Order of this Court by defending himself in New Jersey.

Westrick could not bring suit against Field because he was a witness to the matter regarding the Carlton Road property and previously represented Field. Westrick would not agree to remove himself from the case and eventually, Field was forced to take steps to request his removal.

In 2005 or 2006, Christopher Westrick represented the interests of Salzman and/or LMB against one or more third parties, including but not limited to Lancaster Resources, Inc. (LRI). In 2006, Field was sole member and manager of Trazom, LLC (a South Carolina LLC). CIF made a loan to Trazom, LLC in December, 2006 to enable it to purchase choses-in-action from Lancaster Resources, Inc. (LRI), in January, 2007, together with the underlying promissory note given by New Jersey entity SRG 457, LLC and/or Robert Miller to LRI in or about 2002. The choses-in-action were a foreclosure of the security interest and/or a collection action on such

note. LRI was represented by attorney Arthur Miller in the foreclosure action in Bergen County against property located at 457 Carlton Road, Wyckoff, New Jersey. On or about July 16, 2007, Trazom, LLC assigned such assets to CIF in full satisfaction of its loan obligation to CIF and CIF accepted such assignment.

On or about May, 2008, Field hired Westrick to represent Field and/or CIF in relation to the SRG 457 matter. In August, 2008, Westrick filed a motion to intervene in the LRI v. SRG 457 matter and prepared a certification for Field describing the \$1 Million paid by Trazom to LRI on CIF's behalf.

Field relayed confidential information to attorney Westrick on numerous occasions between May, 2008 and August, 2009, in reliance and expectation such information was covered by attorney-client privilege. As a result of Westrick's assistance, CIF obtained title to 457 Carlton Road, Wyckoff. As a further result of Westrick's assistance, CIF and/or Westrick retained one or more independent firms to market such property.

On or about May 15, 2012, Westrick instituted an action in New Jersey on behalf of Capital Investment Funding, LLC against Field and Salzman. Westrick knew or should have known upon filing the action as CIF's attorney that he would be called as a witness in this and other actions. Field had the right to defend himself in the New Jersey action and to request that Westrick remove himself from the case.

17. Field filed a Third Party Claim in U.S. District Court in Greenville, South Carolina on May 3, 2013 alleging claims I believe to be meritless and frivolous, asserting attacks against me as receiver and against various attorneys representing CIF and class co-counsel, and naming as defendants individuals and an entity that have no connections with or dealings with CIF. This Third Party Complaint submitted by Field included many of the same false assertions of fact and/or misrepresentations that he submitted to the New Jersey Court discussed in section "b" above. (Saad Affidavit, ¶13(d))

CIF sued Field again in South Carolina District Court. Again Field has acted to defend himself in that action. It is not a violation of any Order of this Court for Field to defend himself in another action. Whether or not Field's claims have merit will be addressed in the South Carolina District Court.

18. Field has engaged in the unauthorized practice of law by filing on May 3, 2013 a Third Party Claim in U.S. District Court in Greenville, South Carolina attempting to act as representative of the Note holders of CIF and the following members of CIF: T. Bart Kelley, T. Brad Kelley, Calvin Williams, and Log Cabin Financial, LLC. This attempted claim was likewise dismissed summarily by the U.S. District Court as Field had no authority to make a claim on behalf of a potential class of plaintiffs as a matter of law. (Saad Affidavit, ¶13(e))

Again, this issue should be addressed by the South Carolina District Court and not before this Court. Whether or not Field is engaging in the practice of law in another case is not a violation of any Order in this case and cannot be the basis of a Rule to Show Cause.

VI. The June 29, 2010 and October 10, 2011 Orders do Not Pertain to Field

A person may not be held in contempt where an order commands nothing of him or her. The order must contain language that is clear and certain. *Henderson v. Puckett*, 316 S.C. 171, 447 S.E.2d 871 (Ct. App. 1994).

The Court's June 29, 2010 Order requires "Individuals" to produce certain documents. The individuals are defined as Gene Hopper, Chuck Pinion, David Gantt, Scott Pfeiffer, Joshua Ward and Anthony Edgar. The Order also requires "Business Associates" to produce certain documents after being served with the proper request. As set forth above, Field was never served with a subpoena. (Exhibit C - Affidavit of Arthur Field, ¶ 4) "Business Associates" are defined as being associated in a business capacity with WE3 Company, SD Trust, LLC, Big Deal Land Company, LLC, or Rolling Hills Land Co., LLC. Field does not have a business association with these Businesses, (Aff. of Field, ¶ 2) therefore, he cannot have violated the Order.

The Court's October 10, 2011 Order simply provides that the Receiver has the right to waive the attorney-client privilege with regard to certain entities and preserves the individual privileges held by Field. The Order does not require Field to take any action nor does it restrain him from any action. Therefore, Field cannot have violated the October 10, 2011 Order either.

Conclusion

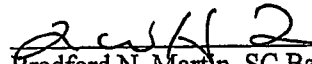
Filed has gone beyond the letter and the spirit of the GMSA for years in an attempt to assist the Receiver in collecting on loans. Field cannot be held in contempt on a Rule to Show Cause for refusing to continue to take actions he is under no obligation to take. The Plaintiff Class and the Receiver have attempted to circumvent the protections afforded to Field under the GMSA.

CIF has additionally brought suit against Field both in New Jersey state court and in the District Court of South Carolina. Despite the fact that CIF asserts that those forums are the proper ones in which to bring their grievances against Field, they now ask this Court to issue an Order against Field for defending himself in this actions. The matters pending before other courts are the province of those courts and not properly brought here.

Therefore, Field respectfully requests the Court to dismiss the Rule to Show Cause against him.

Date Sept. 17, 2013

Respectfully submitted,



Bradford N. Martin, SC Bar #3658

Laura W. H. Teer, SC Bar #16698

Brook Bristow, SC Bar #76038

BRADFORD NEAL MARTIN & ASSOCIATES, PA

201 West McBee Avenue, Suite 302

Post Office Box 10410

Greenville, SC 29603

864. 552.9990

ATTORNEYS FOR DEFENDANT

ARTHUR M. FIELD

RE: Trazom

From: Curt Stodghill (curt@stodghill-law.com)
Sent: Mon 1/09/12 10:48 AM
To: Arthur Field (arthurfield424@hotmail.com)
Cc: Jerry T. Saad (jerrysaad@charter.net) (jerrysaad@charter.net)

Arthur:

I think several statements set forth in your email are inaccurate or misleading.

1. With Judge Miller's orders in mind, it is my judgment that nothing you communicate to Jerry is privileged.
2. I never represented you or Trazom and only represented CIF's interests since Jerry became receiver.
3. I do recall negotiations with Inergy on behalf of Tiger Transport Service, Inc. as debtor in possession, with respect to which I acted as legal counsel. Like you, I would characterize the negotiations as difficult.
4. Any appraisal of the warehouse provided to CIF was done in the context of Tommy Moore attempting to refinance it prior to the Tiger bankruptcy. I do not have a copy, nor do I recall providing it to you or CIF.

Best regards, Curt

From: Arthur Field [mailto:arthurfield424@hotmail.com]
Sent: Wednesday, January 04, 2012 9:09 AM
To: Curt Stodghill; Jerry Saad
Subject: RE: Trazom

Curt

Your email often comes right back.

And, Jerry is the one who emailed me so I responded to him.

He is also the Receiver and technically, the only who with whom my communications are privileged.

I will assume this email is directed to Jerry Saad, as well, and consider it privileged.

The Trazom/Palmetto balance is approximately \$1,453,765.

The increase will be used to pay the roughly \$5,500 bank fees and the balance used immediately for the repairs.

The increase returns the balance to still less than the \$1.65 original.

9w.blm169.mall.live.com/mall/PrintMessages.aspx?cpids=5ea28fea-3ad9-11e1-a9bb-002264c2088...

1/3

TABLE I

**DOCUMENTS SUBMITTED BY FIELD
MAY, 2008 THROUGH AUGUST, 2009**

Each represents a Category of Documents Containing Numerous Pages of Records

1. All financial records for CIF per Order of Baxley, J. and Miller, J. 5/2008;
2. Complete listing of all CIF assets, loans, loan status, profit/loss, balance sheet per Orders of Baxley, J. and Miller, J. 5/2008 and 7/2008. Submitted 5/2008, 7/25/2008 and 1/2009;
3. All Quickbook accounting records for CIF, MFG, Lion Financial;
4. All bank statements for BB&T, Greenville First and other banks for all CIF, MFG and other related accounts;
5. All checks and records of deposits for CIF, MFG, etc.;
6. All CIF files evidencing direct loans;
7. All CIF files evidencing re-lending;
8. All Note Holder files scanned over 5 months and delivered to Saad, October, 2009;
9. All employee files for CIF;
10. All LLC records, including minutes of annual meetings and capital transactions;
11. All audits from LRI for 1999 through 2005;
12. All prospectus documents and amendments for CIF from 1999 through 2007;
13. All disclosure reports issued to Note Holders;
14. All risk disclosures issued to Note Holders;
15. All interim letters or correspondence sent to CIF Note Holders;
16. All correspondence to or from CIF still existing in 2009;
17. All audits for CIF from 1999 through 2007, including semi-annual audits;
18. All regulatory information pertaining to CIF registration from 1999 to 2007;
19. All Regulation D related documents from 2007;
20. All private placement memoranda issued by CIF in 2007;
21. Spreadsheets listing every Note Holder and amounts due;

22. Spreadsheets listing every CIF loan;
23. Microsoft Access Database of all CIF Note Holders and transactions;
24. Emails available to or from CIF;
25. All records for MFG available to Field, 2003--2008;
26. All employee manuals;
27. All records relating to warehouse loans made by CIF;
28. All documents relating to the sale of properties owned by CIF in any location;
29. All documents relating to any legal action involving CIF prior to 2009;
30. All documents relating to the pending 1983 action in U.S. District Court;
31. All documents relating to First Trust Corporation;
32. All documents relating to CIF and IRA accounts;
33. All correspondence with other IRA custodians;
34. All documents relating to acquisition of chose-in-action in New Jersey SRG
457—457 Carlton Road, Wyckoff, NJ including all emails with Westrick;
35. All documents relating to acquisition of condominium units in New Jersey;
36. All correspondence with New Jersey attorneys—including Westrick, Golden,
Rothschild firm, Hellring firm 2005—2009, including all billings;
37. All records relating to Trazom loans, property acquisition and settlement;
38. All emails from L'Abbate and presentation folder from LRI on 1/15/08;
39. Report of independent fraud examiner and FBI agent, Tim Huhn.

TABLE I-A

ITEMS REMOVED FROM CIF OFFICES IN JULY/AUGUST 2009 BY SAAD WITH ASSISTANCE OF FIELD

1. All loan files showing CIF direct loans;
2. All loan files showing 'back loan' from re-lender to CIF;
3. All closed loan files;
4. All applications for loans which were denied by CIF;
5. All correspondence between CIF and LRI, MFG, Cosimo;
6. All correspondence between CIF and any Note Holder;

7. All correspondence between CIF main office and satellites;
8. All correspondence between CIF and IRA Custodian(s);
9. Any relevant emails reduced to hard copy;
10. All computers;
11. All Note Holder files not being scanned;
12. All employee records;
13. All furniture;
14. All audit copies;
15. All promotional material and advertising;
16. All CIF audits and disclosure documents;
17. All LRI audit records;
18. All filing cabinets;
19. All bank records. checks. reconciliation reports. deposit slips;
20. All archived records.

310 Thornblade Blvd.
Greer, SC 29650
April 9, 2013

Stanley T. Case, Esq.
234 North Church Street
Spartanburg, SC 29304

FILED
APR 9 2013
CLERK OF COURT
JULIA A. BROWN
CLERK OF COURT
JULIA A. BROWN

By Telefax (864) 585-2034 864 598 9429 1210 PM
Tomz v. CIF, No. 2008-CP-23-3665 Part 2 of 4/8/13 Letter

Dear Attorney Case:

It was a pleasure meeting with you yesterday and I thank you for your courtesy. Included in my Letter was Table II, containing examples of cooperation by me with CIF and/or the Class of Note Holders.

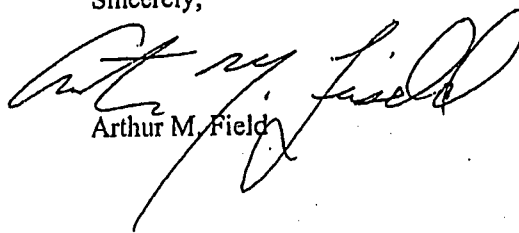
I have updated that Table II and am faxing it to you herewith at 11:35 AM on 4/9. I also include copies of all 59 pages of Exhibits referenced in such Table so you may review those. I have added the bank's copy of the check from Kirsten White to Lion Financial for \$52,500. It was for purchase of the Malvern loan to enable the payment of the legal fee of John White in the Robert E. Lee related cases to permit the GMSA to go forward. You and I discussed it yesterday and you confirmed your recollection of that situation and my work to achieve the compromise solution. I am grateful for your candor and veracity.

It might interest you to know I just located the Request for Production and the Motion for Contempt dated May 25, 2012. It would appear your real signature does not appear on either document. I compared those to the one you provided me yesterday. I assume both the Request for Production and the Show Cause documents were all Stodghill's doing. I doubt you would have totally overlooked the requirements of SCRCF Rule 37 and 45.

If you wish, I will be glad to provide you with the ability to copy those records I supplied to attorney Westrick for CIF in New Jersey. It is another 250+ pages.

I look forward to your response and hope this matter can still be resolved amicably.

Sincerely,


Arthur M. Field

Cc: Gene Connell, Esq.
Bruce Bannister, Esq.
F. Scott Pfeiffer, Esq.
Ralph Gleaton, Esq.
Encl: Table II (revised) 6 pages
Exhibit F, emails and check 59 pages

FAX END 1231 PM
4/9/13

TABLE II

**LIST OF EXAMPLES OF COOPERATION OF FIELD
FROM 2009 TO 2012 (Exhibit F for documents)**

1. December 4, 2009, Field emailed Saad about New Jersey loans. This included a complete copy of email sent on May 22, 2008 at 9:53 AM to Robert L'Abbate and Gary Kraft of LRI. Included was a rundown on Unit 401 and Unit 109, of the 39 Union Square condominiums, and the SRG 457 project and loan acquisition. (Exhibit F-1)
2. On December 4, 2009, Saad at 4:10 P.M. and confirmed receipt. (Exhibit F-2)
3. December 7, 2009 at 3:50 PM Saad emailed Field about 457 Carlton Road, Wyckoff, New Jersey. Field responded by email December 7, 2009 at 6:27 PM. (Exhibit F-2)
4. February 5, 2011, Saad and Field meet again at a Carolina Pops concert and discuss CIF matters, confirmed by Saad to Field in email of Feb. 6, 2011 at 5:21 PM. Saad requests Field present a purchase offer for 2 American Court, Greenville (similar to that requested by Saad for Trazom from Pelican Way Financial). (Exhibit F-3)
5. February 28, 2011, 9:40 PM, Field emails Saad a purchase offer for 2 American Court, Greenville, as requested. (Exhibit F-4)
6. February 28, 2011, 10:27 PM, Saad emails Field "Thank you Arthur. Although the offer seems low to me, I will give it careful consideration. I will talk to Nick Franchina, my real estate broker...If the appraisal comes close to your offer we would be ok. Meanwhile, I will also pass this offer on to Stan for his input." (Exhibit F-5)
7. March 1, 2011, 12:19 PM, Field replies to Saad re American Court. (Exhibit F-6)
8. March 1, 2011, 2:16 PM, Saad replies to Field, "Good facts and arguments. ...Thanks for getting back to me with this info—it is very helpful." (Exhibit F-7)
9. March 22, 2011, 6:21 AM Field emails Saad another copy of the May 22, 2008 email between Field and LRI/Kraft. (Exhibit F-8—F-9)

10. March 24, 2011, Field forwarded another copy of the contract for 457 Carlton Road, Wyckoff, New Jersey to Saad at his request. (Exhibit F-9 attachment)
11. March 24, 2011, Field also sent Saad details concerning all New Jersey loans and property acquisitions and LRI matters. This is confirmed in Saad's email of November 1, 2011, where he stated "Hello Arthur:...I have attached the pdf file you sent to me on 3-24-11... I have also included below a few other emails you sent related to this matter for your quick review...." (F-8)
12. March 27, 2011, Saad sent attorneys Pohl and Westrick an email stating, "I spoke with Arthur on Friday re: your request to review all of the CIF (paper) records in preparation for our civil suit on NJ. Arthur said he is glad to cooperate...Arthur said it would be fine for you to call him direct...." (Exhibit F-10)
13. April 11, 2011—April 12, 2011, Exchanges by email between Robert Pohl, Esq. and Field from 8:42 PM to 12:08 AM. Emails entitled "Cosimo Corporate Minute Book". Field worked with Pohl and delivered to him all records showing chain of ownership concerning the Hopper loans, Cosimo's records and L'Abbate's representations and offers video of L'Abbate. Pohl confirms receipt from Field of the Cosimo corporate minute book in his email of to Field and Saad. Field offered to be present at depositions in the SD Trust case and his assistance was declined by Pohl. (Exhibit F-11—F-14 for all)
14. April 19, 2011, Saad confirmed to attorney Stan Case, Field's offer of assistance in the LOP Capital case and included Field in email. (Exhibit F-15)
15. June 14, 2011, 4:22 PM Pohl and Westrick and Papalia attach correspondence to Saad, which Saad forwards to Field. (Exhibit F-16)
16. June 14, 2011, 7:10 PM Saad requested Field's comments on property in New Jersey. (Exhibit F-17)
17. June 15, 2011 at 11:19 AM, Saad thanked Field for his comments. (Exhibit F-18)
18. September 14, 2011, Field delivered to Saad all documents or copies or information in Field's knowledge or possession relating to LOP Capital, Hopper, D&D, and any related matter.

19. September 14, 2011 12:59 PM, Saad confirms receipt in email. "Arthur: Thank you for the info...I have passed your documents on to Stan and trust he will use as needed." (Exhibit F-19)
20. September 29, 2011, Field objected to the wording of a Proposed Order filed by Curt Stodghill (not appearing herein). (Exhibit F-20—F-21)
21. The Court adopted the alternative wording proposed by Pfeiffer's attorney Farrar in email on 9/29/11 at 5:08 PM and confirmed the Seal of the GMSA. Farrar stated: "Finally, the Court ruled from the bench that Mr. Field's personal rights and privileges are not impacted by this ruling and I have added a paragraph expressly indicating that..." (Exhibit F-22)
22. October 24, 2011 at 11:39 Field emailed a Letter to Master in Equity Cooper re the LOP Capital bankruptcy and copied Jerry Saad. (Exhibit F-28—F-30)
23. October 27, 2011, emails from 6:35 to 7:31 PM. Field and Saad worked together with attorney Westrick in New Jersey on the re-sale of the 457 Carlton Road property. This is confirmed in emails from Westrick to Saad, Saad to Field, Field to both, all to Salzman, etc. including the email exchange between Field and Saad on December 4, 2009 and December 7, 2009 at 6:27 PM. (see above). (Exhibit F-23—F-25)
24. November 1, 2011, 1:54 PM Saad emailed Field confirming receipt of all files and documents relating to 457 Carlton Road from Field on 3/24/11 (see above) and thanked Field for his assistance and referenced all prior emails on the subject. (Exhibit F-26—F-27)
25. November 1, 2011, Saad emailed Field about obtaining a dismissal in the LOP Capital case (in part based upon Field's October 24, 2011 letter to Master Cooper, see above 10/24/11). (Exhibit F-28)
26. November 10, 2011, 5:50 PM email from Saad to Field requesting meeting. (Exhibit F-29)
27. November 10, 2011, 7:45 PM email from Field to Saad about SRG 457 confirming mailed letter to Saad containing another closing statement and copy of check on SRG 457 and confirming availability for meeting. (Exhibit F-29)

28. November 21, 2011, Field phoned Saad and offered to come assist Saad with the New Jersey loan details and law suit.
29. November 21, 2011 9:24 PM Saad emailed Field: "I just heard your voice mail...Yes-I would appreciate you going over 457 Carlton Road in more detail. I would like to go over the Katz/Cacerta federal lawsuit that is still on hold....Could you come in next Monday (Nov 28) around 2 or so?"(Exhibit F-30)
30. November 23, 2011, 9:41 AM Saad emails and phones Field and requested another list of the CIF Note Holders who held IRA accounts. Field delivered a comprehensive list in May, 2008 and July, 2009 to Class Counsel and Saad. Field offered to separate IRA Note holders from regular Note Holders. (Exhibit F-31)
31. November 23, 2011, Field provides Saad with CIF IRA Note Holder spread sheet list to Saad by email in Excel format.
32. December 6, 2011 4:56 AM Field emails Salzman about SRG 457 and forwards same to Saad at 8:45 AM. (Exhibit F-32)
33. December 6, 2011 at 8:39 AM Saad emailed Field, "I need you to deliver to me the \$305,778.63 check from Calvary Asset Management, LLC dated October 21, 2008. Can you bring it by this week?" (Exhibit F-33)
34. December 6, 2011, 9:13 AM Saad emails Field and offers to participate in conference call or let Field consult directly with Salzman. (Exhibit F-44)
35. December 9, 2011 at 9:23 AM Saad sends the request for the check again. (Exhibit F-45)
36. December 9, 2011 at 11:05 AM Field replies concerning request and states he tried to call Saad to schedule check delivery, but didn't receive an answer. (Exhibit F-46)
37. December 9, 2011, Saad emails Field an apology "Thank you for your prompt reply! As we spoke a few minutes ago, I acknowledge a slight miscommunication between us...I will have a letter to you acknowledging receipt of the check waiting here for you to receive in exchange for leaving the original check. Thank you again for your cooperation. Jerry Saad." (Exhibit F-47)
38. December 10, 2011 at 12:33 PM and 4:15 PM Field emails Salzman and Saad and Salzman replies to both re SRG 457. (Exhibit F-48)

39. December 13, 2011 at 10:21 PM, Saad emails Field, Salzman, Westrick, Stodghill, Pohl with copy of Field's email and attachment of 3/24/11 concerning 457 Carlton Road, Wyckoff and confirms Saad does have a copy of the contract between CIF and 457 Carlton Road, LLC. (Exhibit F-49—F-50)
40. December 14, 2011 10:55 AM Saad phones Field and requests another copy of the Note Holder Excel Spread Sheet.
41. December 14, 2011 11:06 AM Field emails Saad another copy of Spread Sheet
42. January 4, 2012 at 9:04 AM Saad emails Field and states "I searched the pdf files for the Trazom loan documents, but did not find any. Do you have pdf copies of the Trazom loan docs?" Field had provided Saad paper copies of all such documents in 2009. (Field had personally delivered the original Modification Agreement to Saad on June 3, 2009 and left the same on Saad's chair in his office in a manila folder addressed to Saad.) (Exhibit F-51)
43. January 4, 2012 at 9:10 AM Field replies "To which are you referring? The Trazom Palmetto docs or the Trazom CIF docs?" and at 9:36 AM in an email to Saad, "Jerry There was a Note, and Amended Note and a Second Amended Note and a Mortgage. Which, if any, do you have? I have photocopies of the Amended Note and Second Amended and can drop off same today." Field had already delivered paper copies or originals or pdf of Note, Amended Note, Second Amended Note and Modification. (Exhibit F-50 and F-52)
44. January 4, 2012 9:42 AM Saad emails Field about Trazom and states he has not found the "original note", but has the amended note, and does not "see" a second amended note, all previously delivered to Saad. "Please drop by what you have." (Exhibit F-54)
45. January 4, 2012 at 10:31 AM, Field describes the Amended Note of 9/14/07 and offers to drop off a photocopy. Since Saad does not mention the June 1, 2009 Note Modification left by Field in Saad's office, it is assumed Saad has such document. (Exhibit F-54)
46. January 4, 2012 at 11:52 AM, Saad replies "Yes--Thank you. Jerry Saad". (Exhibit F-53)

47. January 5, 2012 at 8:07 AM Field notifies Saad the envelope with the Second Amended Note copy is being mailed to Saad that date." It is hand delivered by Taillon in addition. (Exhibit F-55—F-56)
48. January 5, 2012 at 9:34 AM Saad replies "Thank you". (Exhibit F-55)
49. January 9, 2012 at 10:48 AM, attorney Stodghill emails Field and states **"With Judge Miller's orders in mind, it is my judgment that nothing you communicate to Jerry [Saad] is privileged. ...I do recall negotiations with Inergy on behalf of Tiger Transport Service, Inc. as debtor in possession, with which I acted as legal counsel. Like you, I would characterize the negotiations as difficult. Any appraisal of the warehouse provided to CIF was done in the context of Tommy Moore attempting to refinance it prior to the Tiger bankruptcy."** (BUT see Feb. 14, 2007 email from Stodghill to Saad representing Field, Exhibit B, pp. 8-9) (Exhibit F-57—F-58)

Indirect Cooperation:

3/14/--3/15/2009 Field, at the request of Class Counsel and John White, locate a third party willing to purchase a loan from Lion Financial, LLC to enable payment of John White's Legal Fee without knowledge of Class Note Holders. Field objects to concept but agrees to do so. Counsel value Malvern loan held by Lion at approximately \$32,500. Field induces Kirsten White to purchase such loan for \$52,500.

3/16/2009 Kirsten White pays Lion Financial \$52,500 for loan. Funds deposited in Lion Financial's account and cashier's check obtained from BB&T and delivered to attorney Bannister who delivers same to John White, Esq. after White signs GMSA. Lion assigns Note to White. Copy of deposited check for \$52,500 (Exhibit F-59).

4/6/13

Outlook Print Message

F1

See the Golden Rothschild Spagnola Lundell Boylan & Garibo P.C. confidentiality policy at
<http://www.grsl.com/e-mail-disclaimer.html>

EXHIBIT F

From: Arthur Field [mailto:arthur-field@charter.net]
Sent: Monday, December 07, 2009 6:27 PM
To: Jerry Saad
Subject: Re: NJ House

201 394 3500

From: Jerry Saad [mailto:jerrysaad@charter.net]
Sent: Monday, December 07, 2009 3:50 PM
To: 'Arthur Field'
Subject: NJ House

Arthur:

He called again today. I spoke with him. His father is an investor and he saw the \$100,000 estimate on the report sent to the investors. I told him I would not sell for that price at this time.

I still want to talk to Elliot and see if we can get an appraisal on this property.



Jerry Saad Cell: (864) 807-1300

Saad & Mantos Office: (864) 277-8600

1249 S Pleasantburg Dr Fax: (864) 422-9949

Greenville SC 29605

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4/6/13

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F.2

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From: Jerry Saad [mailto:jerrysaad@charter.net]
Sent: Friday, December 04, 2009 4:10 PM
To: 'Arthur Field'
Subject: NJ House

Lloyd Breslin

201-233-8955

Re: Foreclosed property 457 Carlton Rd, Wyckoff, NJ

Is property still available?



JerrySaad Cell: (864) 807-1300

Saad & Menios Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

Greenville SC 29605

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Thank you again for letting Richard participate

From: Jerry Saad (jerrysaad@charter.net) You moved this message to its current location.
Sent: Sun 2/06/11 5:21 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)

Arthur:

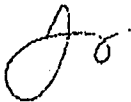
We had a very good time last night – we really enjoyed the show. The Greenville News write up was fairly good – but I think the performance was better than the write up. I did not notice “intonation” problems with the “Phantom” piece – and Richard assures me it was not him. I think the crowd enjoyed the performance too.

Thank you again for letting Richard participate. He had a great experience. I watched and he did sit out several of the songs that he was not comfortable playing. He assured me he was respectful in that regard.

Also - Richard had a nice talk with Ms. Louder (sp? – 1st Cello). Thank you for making that introduction. Richard is anxious to take lessons from her – we will see if we can get that started soon.

Hope you get some rest.

We'll see you soon!



Jerry Saad Cell: (864) 907-1300
Saad & Manios Office: (864) 277-9600
1249 S Pleasantburg Dr Fax: (864) 422-9949
Greenville SC 29605

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F₄

Purchase offer for 2 American Court

From: Arthur Field (arthurfield424@hotmail.com) You moved this message to its current location.

Sent: Mon 2/28/11 9:40 PM

To: Jerry Saad (jerrysaad@charter.net); Davyd Field (gravityvortex@gmail.com)

Jerry

As requested, please accept this offer to purchase the building and business, including all inventory and machinery and equipment, at 2 American Court.

The offer is for \$150,000, subject only to a lien in favor of CIF.

The buyer will be Catan Properties, LLC.

It will pay \$15,000 at closing. CIF will take back a note and first mortgage for \$135,000. 4.0% interest, amortized over 35 years. This is \$597.75/month. Catan will pay an even \$600 monthly. Closing to take place on or before 4/1/11.

Balloon payment on March 31, 2016 of \$125,237.96. However, provided Catan has not been in default at any time, it may pay \$1,250 between Jan 1, 2016 and March 15, 2016 and extend for one additional year at same terms.

No personal guarantees.

CIF must deliver the property free and clear of any claim of any prior owner, business or tenant with a full release of all such claims.

Closing subject to title and building inspection. Will accept equipment in working order only.

Catan will have the right to lease a portion of the space to a printing establishment. CIF will use best efforts to direct printing customers to such establishment. The sublease will permit Catan a 2% share of the gross revenue of the printing establishment as a lease override calculated on 12/31 of each year for the prior year or portion. Of such 2%, Catan will pay 1% to CIF as additional principal reduction, but shall be under no duty to pay any such amount if it does not receive same from tenant. Catan will agree to hire Jim Kopp as an employee to operate such printing facility if prudent.

Taxes, utilities, assessments, etc. to be apportioned as of closing date. Curt Stodghill to do closing.

Let me know asap. We are ready to move forward on this. It should help CIF immensely to get Kopp out and to get \$15k and a regular payment stream, albeit a smaller one.

Arthur

F5

Although the offer seems low to me, I will give it careful consideration.

I will talk to Nick Franchina, my real estate broker (he has listed and sold several of the properties), and seek his input.

I may also decide to get an appraisal - if the appraisal comes close to your offer, we would be ok.

Meanwhile, I will also pass this offer on to Stan for his input.



Jerry Saad Cell: (864) 907-1300

Saad & Manlos Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

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From: Arthur Field [mailto:arthurfield424@hotmail.com]

Sent: Monday, February 28, 2011 9:40 PM

To: Jerry Saad; Davyd Field

Subject: Purchase offer for 2 American Court

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RE: Purchase offer for 2 American Court

From: Arthur Field (arthurfield424@hotmail.com) You moved this message to its current location.

Sent: Tue 3/01/11 12:19 PM

To: Jerry Saad (jerrysaad@charter.net); Davyd Field (gravityvortex@gmail.com)

Jerry

I don't know how to analyze the value of that building. Everything around it is vacant or for sale.

All of the main road going to Furman is under water.

The property sold at the top of the market in June, 2007 at \$275k.

It has a 'taxable market value' based on the last assessment of \$313,882.

This is screwy, since it went UP in 2010 from \$282k.

Clearly the property did not increase in value.

Taxes are \$6549, which is ridiculous. UP from \$5559 the prior year.

Obviously, nobody appealed the increased assessment.

This will add \$550 per month to the carrying charge.

At \$600 per month for p&i and another \$550 per month for tax, that is \$1150 monthly.

It may be too much for this property.

It is only 0.556 acres, after all.

This would tend to make me want to reduce the offer.

151 Sleepy Hollow, a single family, sold last month for \$128k. It was 3BR, 2Ba, on 1.31 acres with an inground pool.

Zillow gave it a value of \$201k.

226 Lehman Mosely Ridge sold for \$227.5k last month. Zillow estimate \$349k.

4 BR, 4 ba, 3,390 sq feet on 2.30 acres. (4 miles away, but in a much nicer area).

Essentially, 2 American Court can't be worth much more than \$150k at this point.

If the business income were a certainty, that would increase the value. But, of course, it isn't and we would need to replace Kopp at some point quickly. He can't be trusted.

I don't have access to commercial sales in that area.

If we had an appraisal it would help.

But the high tax burden is a definite deterrent.

Let me know what price or structure of payment you feel is fair.

All my best.

Arthur

From: jerrysaad@charter.net

To: arthurfield424@hotmail.com

Subject: Purchase offer for 2 American Court

Date: Mon, 28 Feb 2011 22:27:05 -0500

Thank you Arthur.

F7

Purchase offer for 2 American Court

From: **Jerry Saad** (jerrysaad@charter.net) You moved this message to its current location.

Sent: Tue 3/01/11 2:16 PM

To: 'Arthur Field' (arthurfield424@hotmail.com)

Good facts and arguments.

Nick Franchina is going to look at the property this week and get back to me with his opinion. I will weigh his with your rationale and let you know what I think.

Thanks for getting back to me with this info – it is very helpful.



Jerry Saad Cell: (864) 907-1300

Saad & Manlos Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

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From: Arthur Field [mailto:arthur-field@charter.net]
Sent: Tuesday, March 22, 2011 6:21 AM
To: jerrysaad@charter.net
Subject: Fw: Follow up with Kraft

Js

I just came across this. I know it is probably irrelevant at this point, but it was long after the winding up was declared and shows they were still defrauding CIF about the condo units. Skymark received a copy and never objected.

AMF

— Original Message —

From: Arthur Field
To: Maresealnc@aol.com ; Gkkskymark@aol.com ; F. Scott Pfeiffer
Sent: Thursday, May 22, 2008 9:53 AM
Subject: Follow up with Kraft

This will confirm I just spoke with Gary Kraft who advised me of the following:

1) Unit 401

<http://hl1169.mail.lva.com/mail/PrintMessage.aspx?msgid=781b87b5-04b2-11e1-9d44-002264c17d58&isSafe=true&FolderID=f5hh704d-953b-4425-8353-94>

6/7

4/6/13

Outlook Print Message

F9

A binder has been signed with a bona fide buyer for \$310k, with a net to CIF of approximately \$285k with a closing on or about July 22. CIF will require a copy of the listing and the binder and the deposit for CIF to hold in escrow or confirmation and proof the realtor is holding the deposit. CIF will further require the contract between 39 Union and CIF to be recorded to protect CIF's interest. CIF will consent for a transfer from 39 Union directly to buyer to save on transfer taxes provided CIF receives the \$285k from the closing;

2) Unit 109

A tenant is in the property and 39 Union will provide a full accounting of the receipt of the rent and the outlay for the SRG 457 matter. Kraft will contact the tenant and see if he still wishes to purchase the unit for \$290k. CIF will agree to any sale over \$280k. The contract to this unit will also be recorded and proof of the recordation of both contracts (or Notice of Contracts) will be provided CIF immediately by the title company from the County Clerk;

3) SRG457

The assignment prepared by CIF some time ago will be executed and delivered within 48 hours. CIF would appreciate an updated status report on this matter to accompany the assignment.

Arthur Field

Manager, CIF

F 10

CIF - NJ Litigation / LRI Bankruptcy

From: Jerry Saad (jerrysaad@charter.net) You moved this message to its current location.
Sent: Sun 3/27/11 1:26 PM
To: 'RPohl' (RPohl@thecooperlawfirm.com)
Cc: 'Curt Stodghill' (curt@stodghill-law.com); scase@butlermeans.com; 'Arthur Field' (arthurfield424@hotmail.com); 'Vincent F. Papalia' (VPapalia@saiber.com); 'Christopher H. Westrick' (cwestrick@grsl.com)

Robert:

I spoke with Arthur on Friday re: your request to review all of the CIF (paper) records in preparation for our civil suit on NJ. Arthur said he is glad to cooperate and provide us the remaining CIF records. He said he would be out of town from this weekend until about Wednesday this coming week. He also said his wife's father was ill, and they may have to attend to his needs. Rather than me be in the middle of you and your tasks at hand, I told Arthur I would have you contact him. Arthur said it would be fine for you to call him direct. His cell phone number is 864-419-6609.

We should all be aware that we are fast tracking this in bankruptcy court, and time is of the essence.

Please keep me posted.



Jerry Saad Cell: (864) 907-1300
Saad & Manlos Office: (864) 277-9600
1249 S Pleasantburg Dr Fax: (864) 422-9949
Greenville SC 29605

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4/3

F11

RE: Cosimo - Corporate Minute Book

From: **Arthur Field** (arthurfield424@hotmail.com) You moved this message to its current location.
Sent: Mon 4/11/11 11:52 PM
To: Robert Pohl (rpohl@thecooperlawfirm.com)

Actually, Scott was present in the room when L'Abbate made those representations in Jan, 2008.
Ask him.
I will work on getting the video.
Will have to find it.

From: RPohl@thecooperlawfirm.com
To: arthurfield424@hotmail.com
Subject: RE: Cosimo - Corporate Minute Book
Date: Mon, 11 Apr 2011 23:46:44 -0400

Try being me for awhile... you might find that it is not so bad being Arthur Field.

With respect to the chain of ownership, I am just going to admit the contents of the minute book showing the chain of ownership and ask Scott to verify the information as I walk through it, and then when we get to the part about Hopper of which the information is not very clear, I will give Scott full right to fill in the gaps and make sense of it for the record because with the introduction of Onward, things get a little confusing and messy. Hopefully, Scott will be able to clear it up.

Thanks for the use of the Cosimo minute book.

By the way, Jerry mentioned that you had some additional files with regards to CIF that might help in his efforts in New Jersey. When you have time, let's get together and brainstorm some ideas about how to get the facts and information needed to recover something up there. Which reminds me, you mentioned a video tape or CD of L'Abbate stating that CIF had security interest in all the properties. At a minimum, can you get me a copy of that ASAP?

Thanks,

4/8/13

Outlook Print Message

F12

Robert

From: Arthur Field [mailto:arthurfield424@hotmail.com]
Sent: Monday, April 11, 2011 11:39 PM
To: Robert Pohl
Subject: RE: Cosimo - Corporate Minute Book

As to chain of ownership, no problem at all.
I think you may find Hopper did own something for a short period.
I don't recall the circumstances, but I think Saad has all this in the documents, including the transfer back from Hopper.
I doubt that gave him the right to sell the docks however.
Of course, I could be wrong in my recollection since it was many years ago and I may be totally confused.
And, no, I almost never sleep.
It really sucks to be me.
A

From: RPohl@thecooperlawfirm.com
To: arthurfield424@hotmail.com
Subject: RE: Cosimo - Corporate Minute Book
Date: Mon, 11 Apr 2011 23:30:28 -0400

Arthur,

I admire your tenacity. I am seeking merely to establish the chain of ownership of Cosimo, LLC to refute Gene Hopper's claim that he owned Cosimo, LLC and had the right to sell the boat docks free of liens. Nothing nefarious, I am emailing Ralph Gleaton who represents Scott if you can be present for questioning regarding Cosimo, LLC ownership. If he and Scott have no objection, I will confer with the others, but I don't care.

With regards to the reference, thanks for the compliment, but I only represent debtors in bankruptcy. By the way, do you ever sleep?

Sincerely,

[http://bl160 mail live com/mail/PrintMessages.aspx?cnid=48c901fa-869a-493b-aadh-a72a24d8c4a2 m&isSaf=TRUE&FolderID=f5bb704d-853b-4425-9353-84...](mailto:arthurfield424@hotmail.com) 2/5

4/6/13

Outlook Print Message

F13

To: arthur-field@charter.net; arthurfield424@hotmail.com
CC: jerry@saad@charter.net; rhcooper@thecooperlawfirm.com
Subject: RE: Cosimo - Corporate Minute Book
Date: Mon, 11 Apr 2011 23:14:43 -0400

To the best of my knowledge, you are not able to attend because you are neither a party of interest to the SD Trust, LLC bankruptcy case nor are you an officer of the court, i.e. attorney in S.C. representing a party of interest in the SD Trust, LLC bankruptcy.

As for when we will be doing the 2004 Examination, I don't think I am at liberty to say without first seeking the consent of Scott Pfeiffer since you are not a party to the case, and it is not of public record.

Sincerely,

Robert

From: Arthur Field [mailto:arthur-field@charter.net]
Sent: Tuesday, April 12, 2011 12:08 AM
To: RPohl; 'Arthur Field'
Cc: 'Jerry Saad'; 'rhcooper'
Subject: Re: Coslmo - Corporate Minute Book

I would like to be present for that deposition if you don't mind.

Please let me know when and where.

I may object. Not sure yet.

Must think on it.

Arthur

----- Original Message -----

From: RPohl

To: arthur-field@charter.net ; 'Arthur Field'

4/6/13

Outlook Print Message

F14

Cc: 'Jerry Saad'; 'rhcooper'

Sent: Monday, April 11, 2011 8:42 PM

Subject: Cosimo - Corporate Minute Book

Arthur,

As you probably already know, Bob Cooper and I will be conducting a 2004 Examination of F. Scott Pfeiffer tomorrow in connection with SD Trust, LLC, and we will be asking him questions about his role at Cosimo, LLC. In connection with our questioning, I suspect that we will be referring to the corporate minute book for Cosimo, LLC, and I wanted to know if you had any objections due to the settlement order. I don't think it is covered under the order, but for sake of being overly cautious, I figured I would see if you had any objections. Please let me know as soon as possible if you object; otherwise, I will assume it is fine.

Sincerely,

Robert Pohl

F-15

LOP Capital vs Cosimo - LOP Capital issued subpoena to Arthur

From: Jerry Saad (jerrysaad@charter.net) You moved this message to its current location.
Sent: Tue 4/19/11 6:00 PM
To: scase@butlermeans.com
Cc: 'Arthur Field' (arthurfield424@hotmail.com)

Hello Stan:

Arthur called and left a message to me this morning letting me know he received a subpoena (to appear - I think???) regarding the LOP Capital Case. I called him back and left a brief message describing the current action (LOP Capital vs Cosimo re: conditional assignment of mortgage on 40 acres in Spartanburg).

I told Arthur you were handling the case and he should get in touch with you.

Let me know if I need to do anything.

As a reminder - I will be out of the office the rest of this week - be back Monday am.

Arthur - Stan's can be reached at 864-582-5630.



Jerry Saad Cell: (864) 907-1300

Saad & Manlos Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

F-16

From: Bonnie Hahn [mailto:BHahn@salber.com] **On Behalf Of** Vincent F. Papalia
Sent: Tuesday, June 14, 2011 4:22 PM
To: Jerry Saad
Cc: rpohl@thecooperlawfirm.com; cwestrick@grsl.com
Subject: Capital Investment Funding, LLC

Please see attached correspondence.

Vincent F. Papalia

Saiber
ATTORNEYS AT LAW

18 Columbia Turnpike

Suite 200

Florham Park, NJ 07932-2266

☎ Direct 973.645.4818 | ☎ Firm 973.622.3333 | ☎ Fax 973.622.3349

✉ Email: vpapalia@salber.com | [my profile](#) | www.salber.com

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Capital Investment Funding, LLC - Sale of LRI Brinkerhoff Property - Bankruptcy Order 6-6-11

From: Jerry Saad (jerrysaad@charter.net) You moved this message to its current location.

Sent: Tue 6/14/11 7:10 PM

To: 'Arthur Field' (arthurfield424@hotmail.com); 'Elliot S Salzman'
(elliot.salzman@calvaryassetmanagement.com)

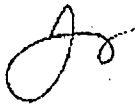
Cc: 'Curt Stodghill' (curt@stodghill-law.com); scase@butlermeans.com; 'RPohl'
(RPohl@thecooperlawfirm.com)

1 attachment

CANONECOPY12_EXCHANGE_06142011-155931.PDF (93.6 KB)

Hello Arthur and Elliot:

Any thoughts about this property being sold by the LRI Bankruptcy Trustee?



Jerry Saad Cell: (864) 907-1300

Saad & Manlos Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

Greenville SC 29605

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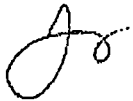
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F-18

RE: Capital Investment Funding, LLC - Sale of LRI Brinkerhoff Property - Bankruptcy Order 6-6-11

From: Jerry Saad (jerrysaad@charter.net) You moved this message to its current location.
Sent: Wed 6/15/11 11:19 AM
To: 'Arthur Field' (arthurfield424@hotmail.com)

Thank you for the comments. I am passing them along to the attorneys.



Jerry Saad Cell: (864) 907-1300

Saad & Manlos Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

Greenville SC 29605

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From: Arthur Field [mailto:arthurfield424@hotmail.com]

Sent: Wednesday, June 15, 2011 10:36 AM

To: Jerry Saad; elliot.salzman@calvaryassetmanagement.com

Cc: Curt Stodghill; Stan Case; Robert Pohl

Subject: RE: Capital Investment Funding, LLC - Sale of LRI Brinkerhoff Property - Bankruptcy Order 6-6-11

F-19

letter to Chase LOP

From: **Jerry Saad** (jerrysaad@charter.net) You moved this message to its current location.
Sent: Wed 9/14/11 12:59 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)

Arthur:

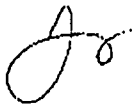
Thank you for the info.

I am puzzled by Mr. Chase representing to you that I waived your privilege. Totally without merit. That being said, if you spoke with him, then you already have a very good read on his personality – and I expect our opinions of him are similar if not identical.

I have passed your documents on to Stan and trust he will use as needed.

While the LOP hearing is scheduled for next week, we are planning to seek a continuance.

Thanks for keeping in touch.



Jerry Saad Cell: (864) 907-1300

Saad & Manios Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

Greenville SC 29605

F-20

RE: 2008 CP 23-3665 -- Saad Receiver Motion Hearing Proposed Order

From: Arthur Field (arthurfield424@hotmail.com) You moved this message to its current location.
Sent: Thu 9/29/11 3:15 PM
To: emillerlc@sccourts.org; Curt Stodghill (curt@stodghill-law.com)
Cc: steve.farrar@smithmoorelaw.com; Stan Case (scase@butlermeans.com); Jerry Saad (jerrysaad@charter.net)

I object to the wording of the Order. This was not at all what was discussed or the relief moved for. Cosimo, We3, SD Trust are not parties to this action and cannot be bound thereby. Saad was never appointed receiver for any of those entities. The bankruptcy on Cosimo is being withdrawn, so it is improper to draw his powers from his role in the bankruptcy. I would ask the Order be redrafted to confine itself to the specific relief originally requested.

I also maintain my objection to the order itself. It violates all law and disregards the GMSA and deprives me of the benefit of the bargain. The ruling is incorrect as a matter of law and I shall consider an appeal. I was most disturbed the court did not seem to have a copy of my filed objection and disregarded all SC law in favor of an inapplicable federal case.

Respectfully,

Arthur Field

From: emillerlc@sccourts.org
To: curt@stodghill-law.com
CC: arthurfield424@hotmail.com; Steve.Farrar@smithmoorelaw.com; SCASE@butlermeans.com; jerrysaad@charter.net
Subject: RE: 2008 CP 23-3665 -- Saad Receiver Motion Hearing Proposed Order
Date: Thu, 29 Sep 2011 16:20:04 +0000

Mr. Stodghill,

Thanks, but there is no need to deliver a paper copy of the proposed order.

Sincerely,

Joey

4/6/13

Outlook Print Message

F21

Joseph B. Maxwell

Law Clerk to the Honorable Edward W. Miller

305 E. North Street, Suite 219

Greenville, South Carolina 29601

(864) 467-8558

(864) 233-4173 Fax

emillerlc@sccourts.org

From: Curt Stodghill [mailto:curt@stodghill-law.com]

Sent: Thursday, September 29, 2011 12:06 PM

To: Miller, Edward W. Law Clerk (Joseph B. Maxwell)

Cc: 'arthurfield424@hotmail.com'; Steve Farrar; Stan Case; Jerry Saad

Subject: 2008 CP 23-3665 -- Saad Receiver Motion Hearing Proposed Order

Mr. Maxwell:

Attached is a draft of a proposed order from the motion hearing yesterday. Please submit it to Judge Miller at your convenience. Would you let me know if you wish me to have a paper copy delivered to you this afternoon. By copy of this email I am providing the draft order to Mr. Field and Mr. Farrar among others for their review.

Thank you,

Curt

Curtis Stodghill

Stodghill Law Firm Chartered

201 E. McBee Avenue, Suite 300A

Greenville, SC 29601

PO Box 2431

F-22

RE: 2008 CP 23-3665 -- Saad Receiver Motion Hearing Proposed Order

From: Steve Farrar (Steve.Farrar@smithmoorelaw.com) You moved this message to its current location.
Sent: Thu 9/29/11 5:08 PM
To: 'Curt Stodghill' (curt@stodghill-law.com); Miller, Edward W. Law Clerk (Joseph B. Maxwell) (emillerlc@sccourts.org)
Cc: 'arthurfield424@hotmail.com' (arthurfield424@hotmail.com); Stan Case (SCASE@butlermeans.com); Jerry Saad (jerrysaad@charter.net)
1 attachment
GREENVILLE-#1284653-v1-Travelers_Saad_revised_order_re_waiver_of_privilege.DOC
(34.0 KB)

Mr. Maxwell:

On behalf of Scott Pfeiffer I object to any portion of this order which requires him to do anything outside of waiving the privilege for entities controlled by the Receiver. I am attaching a proposed alternative draft order which I ask the Court to consider in lieu of that presented by Mr. Stodghill.

Mr. Pfeiffer was not a party to the motion and I do not believe the court can either exert jurisdiction over him in this matter nor can the court exert subject matter jurisdiction over anything in the Bankruptcy Court. While I disagree with the Court's ruling that the Receiver can permissibly waive the privilege I accept that is within Judge Miller's purview to determine and understand that he made that ruling. I think the order proposed by Saad goes too far.

I believe the order should be limited to making it clear that Judge Miller's ruling allows the Receiver to waive the privilege but this court should refrain from ruling on Mr. Pfeiffer's obligations as they may arise in a matter before the Bankruptcy Court. In that regard, we will have issues to raise with the Bankruptcy Judge not relating to the privilege issue and we anticipate that Judge Burris, by necessity, will need to hear those issues. Consequently, I have deleted the first portion of the first paragraph under the order provisions extending beyond the waiver of the privilege.

I added the phrase "and any other lawyer" to paragraph 2 of the order provisions so there won't be an ambiguity there.

Finally, the Court ruled from the bench that Mr. Field's personal rights and privileges are not impacted by this ruling and I have added a paragraph expressly indicating that so that if we end up in Bankruptcy Court again on privilege issues Judge Miller's reasoning will be evident and there won't be any thought that the Court ruled on the personal privileges.

I hope that Judge Miller will favorably consider these changes to Saad's proposed order.

Thank you,

4/6/13

Outlook Print Message

Bridgewater, New Jersey 08807

908-722-6300

<http://www.grsl.com>

F -23

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Begin forwarded message:

From: Elliot Salzman <elliott.salzman@gmail.com>
Date: October 27, 2011 7:28:55 PM EDT
To: "Christopher H. Westrick" <cwestrick@grsl.com>
Subject: Re: CIF- SRG457 (Wyckoff Property)

You will need to discuss this with Arthur. There was an agreement that was entered into between CIF and the purchaser regarding equity sharing on the liquidation of the property.

On Thu, Oct 27, 2011 at 6:35 PM, Christopher H. Westrick <cwestrick@grsl.com> wrote:

Elliot-

I hope you and your family are well.

Sorry to bother you again about this but I am still trying hard to put the pieces back together in my head from several years ago. I believe that after the Sheriff's sale on this property, at which no one made a bid, CIF kept title and then later sold the property to another entity. Assuming that is accurate (and please correct me if I am wrong), the purchaser would have issued payment to CIF in exchange for the deed, correct? There appears to be no record of receipt of payment by CIF for this transaction, which is what prompts the question. Can you shed some light on this for me? Thanks much for your help.

Christopher H. Westrick

Golden, Rothschild, Spagnola, Lundell, Boylan & Garubo, P.C.

1011 Route 22 West

P.O. Box 6881

Bridgewater, New Jersey 08807

908-722-6300

<http://www.grsl.com>

<https://blu169.mail.live.com/mail/PrintMessages.aspx?colds=781b87b5-04b2-11e1-9dc4-002264n17d58m&IsSafe=1true&FolderID=f5b77d7c952c4475c93520a> 2/7

F-24

From: Christopher H. Westrick [mailto:cwestrick@grsl.com]
Sent: Thursday, October 27, 2011 7:31 PM
To: Jerry Saad
Subject: Fwd: CIF- SRG457 (Wyckoff Property)

Jerry- see below.

Golden, Rothschild, Spagnola, Lundell, Boylan & Garubo, P.C.

1011 Route 22 West

P.O. Box 6881

Bridgewater, New Jersey 08807

908-722-6300

<http://www.grsl.com>

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Begin forwarded message:

From: Elliot Salzman <elliot.salzman@gmail.com>
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To: "Christopher H. Westrick" <cwestrick@grsl.com>
Subject: Re: CIF- SRG457 (Wyckoff Property)

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4/6/13

Outlook Print Message

F-25

another entity. Assuming that is accurate (and please correct me if I am wrong), the purchaser would have issued payment to CIF in exchange for the deed, correct? There appears to be no record of receipt of payment by CIF for this transaction, which is what prompts the question. Can you shed some light on this for me? Thanks much for your help.

Christopher H. Westrick

Golden, Rothschild, Spagnola, Lundell, Boylan & Garubo, P.C.

1011 Route 22 West

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<http://www.grsl.com/e-mail-disclaimer.htm>

From: Arthur Field [mailto:arthur-field@charter.net]

Sent: Monday, December 07, 2009 6:27 PM

To: Jerry Saad

Subject: Re: NJ House

201 394 3500

From: Jerry Saad [mailto:jerrysaad@charter.net]

Sent: Monday, December 07, 2009 3:50 PM

To: 'Arthur Field'

Subject: NJ House

Arthur:

He called again today. I spoke with him. His father is an investor and he saw the \$100,000 estimate on the report sent to the investors. I told him I would not sell for that price at this time.

F-26

CIF- SRG457 (Wyckoff Property) - Draft Email To Arthur Field - Curt Please Review

From: Jerry Saad (jerrysaad@charter.net) You moved this message to its current location.
Sent: Tue 11/01/11 1:54 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)
Cc: 'Elliot S Salzman' (elliot.salzman@calvaryassetmanagement.com); 'Christopher H. Westrick' (cwestrick@grsl.com); 'Vincent F. Papalia' (VPapalia@saiber.com); 'Curt Stodghill' (curt@stodghill-law.com); 'Rob Pohl' (RPohl@stodghill-law.com); scase@butlermeans.com
1 attachment
CIF-457 Carlton Rd-Contract for Sale-via email from Arthur Field 3-24-11.pdf (3.9 MB)

Hello Arthur:

Hope you are having fun in your world travels!

When you get back, I need to get with you to discuss the transactions related to 457 Carlton Road in Wyckoff NJ. I have attached the pdf file you sent to me on 3-24-11. Chris Westrick's recent email to Elliot Salzman inquiring about the property is shown below - as is Elliot's response, which punts the matter back to you.

I have also included below a few other emails you sent related to this matter - for your quick review.

I ordered a title search on this property and have its history. It was sold in December 2009 - 3 months after you and Elliot were kind enough to show me the property - but CIF has not received any funds from the sale.

This matter has been undisclosed for too long. I will be taking action within a very short time frame but would like to discuss this matter with you beforehand.

Please call me as soon as you get back so we can discuss.

F-27

I have copied our attorneys and Elliot so we can all be apprised of the matters. Elliott – please feel free to call me if you have information and want to discuss with me.



Jerry Saad Cell: (864) 907-1300

Saad & Manlos Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

Greenville SC 29605

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From: Christopher H. Westrick [mailto:cwestrick@grsl.com]

Sent: Thursday, October 27, 2011 7:31 PM

To: Jerry Saad

Subject: Fwd: CIF- SRG457 (Wyckoff Property)

Jerry- see below.

Golden, Rothschild, Spagnola, Lundell, Boylan & Carubo, P.C.

1011 Route 22 West

P.O. Box 6881

F28

Letter to Master Cooper re LOP

From: **Jerry Saad** (jerrysaad@charter.net) You moved this message to its current location.
Sent: Tue 11/01/11 6:28 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)

Fyi – LOP Capital v Cosimo – case was dismissed! Mr. Chase failed to respond to our counterclaim. It was a sweet victory.



Jerry Saad Cell: (864) 907-1300

Saad & Manios Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

Greenville SC 29605

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From: Arthur Field [mailto:arthurfield424@hotmail.com]
Sent: Monday, October 24, 2011 11:39 AM
To: scott@pgwhlaw.com; Jerry Saad
Subject: Letter to Master Cooper re LOP

F 29

From: Arthur Field [mailto:arthurfield424@hotmail.com]
Sent: Thursday, November 10, 2011 7:45 PM
To: Jerry Saad
Subject: RE: CIF- SRG457 (Wyckoff Property)
Importance: High

Jerry

Funny you should email me this afternoon about this.
Today I mailed you a copy of the letter and the check and the closing statement on SRG.
The check I got for the property from Calvary was for \$305k+.
I can get together with you anytime tomorrow afternoon or next week.
We both came back with a touch of flu, so you may want to wait until Monday.
Let me know.

Arthur

From: jerrysaad@charter.net
To: arthurfield424@hotmail.com
CC: elliot.salzman@calvaryassetmanagement.com; cwestrick@grsl.com; VPapalia@saiber.com; curt@stodghill-law.com; RPohl@stodghill-law.com; scase@butlermeans.com
Subject: CIF- SRG457 (Wyckoff Property)
Date: Thu, 10 Nov 2011 17:50:45 -0500

Arthur:

I trust you had a grand time in your world travels and hope you are safe and back in town.

In my emailed to you dated November 1 (shown below), I mentioned my need to get with you to discuss the transactions related to 457 Carlton Road in Wyckoff NJ.

I am anxious to meet as soon as possible and ask that you reply with a time and date you are available to meet. I am available tomorrow or anytime next week.

4/6/13

Outlook Print Message

F-30

CIF- SRG457 (Wyckoff Property)

From: Jerry Saad (jerrysaad@charter.net) You moved this message to its current location.
Sent: Mon 11/21/11 9:24 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)

Hi Arthur:

I just heard your voice mail – sorry I was in meetings this afternoon and I did not check messages until evening.

Yes – I would appreciate you going over 457 Carlton Rd in more detail. I would like to go over the Katz/Cacerta federal lawsuit that is still on hold due to the LRI bankruptcy.

This week is a short week. Could you come in next Monday (Nov 28) around 2 or so?



Jerry Saad Cell: (864) 907-1300
Saad & Manios Office: (864) 277-9600
1249 S Pleasantburg Dr Fax: (864) 422-9949
Greenville SC 29605

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1/10

F-31

CIF - Noteholder List for Lincoln Trust Company (FiServ) IRAs

From: Jerry Saad (jerrysaad@charter.net) You moved this message to its current location.
Sent: Wed 11/23/11 9:41 AM
To: 'Arthur Field' (arthurfield424@hotmail.com)

Hello Arthur:

Lincoln Trust Company (fka FiServ) sent its IRA holders notices that it is distributing the CIF notes. I have been in touch with them to make sure we minimize the tax impact on this action.

I need to give them a list of the Noteholders that have their notes in IRAs. Can you tell me how I can general a list of the noteholders and the note amounts, and whether they hold the notes in IRAs?



Jerry Saad Cell: (864) 907-1300
Saad & Manios Office: (864) 277-9600
1249 S Pleasantburg Dr Fax: (864) 422-9949
Greenville SC 29605

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He didn't call. And, you do notice there is no actual answer?

Date: Tue, 6 Dec 2011 06:10:24 -0500

Subject: Re: update?

From: elliot.salzman@gmail.com

To: arthurfield424@hotmail.com

Arthur I called you twice on your cell. What the heck. Would I refuse you? After all we do for each other?

On Dec 6, 2011 4:56 AM, "Arthur Field" <arthurfield424@hotmail.com> wrote:

Elliot

You were going to call.

You didn't.

You were going to give me an update on SRG 457.

You didn't.

Saad wants me to update him.

How can I do that?

He has waited 3 years for you to sell the property.

You told Saad when he was there and you showed him Carlton Road you would renovate it and sell it.

When you did, he would get his \$305,000 plus interest plus profit.

You confirmed this agreement.

So, now the judge is after him to do something and he is after me.

And you ignore me?

How long would it take you to just do an update so I can give it to him?

When you want me to help you write a letter for your work, you are all over me to do it until I acquiesce.

Just do something like: we did \$X of repairs of this type.

We listed it for \$Y with so and so agency.

And send him that as an email confirming again the arrangement between Calvary and CIF.

It should go a long way to helping him.

I'm sure he understands the market is slow, but he has a legal duty to perform his job.

Why make it harder for him?

And for me.

Or, is there something you don't want to tell me?

Did the house fall down?

Is Miller still in it?

Please write back and explain your silence on this property the last 3 years.

F 33

457 Carlton Road - \$305,778.63 check from Calvary Asset Management, LLC dated October 21, 2008

From: **Jerry Saad** (jerrysaad@charter.net) You moved this message to its current location.
Sent: Tue 12/06/11 8:39 AM
To: 'Arthur Field' (arthurfield424@hotmail.com)

Arthur:

I need you to deliver to me the \$305,778.63 check from Calvary Asset Management, LLC dated October 21, 2008.

Can you bring it by this week?



Jerry Saad Cell: (864) 907-1300
Saad & Manios Office: (864) 277-9600
1249 S Pleasantburg Dr. Fax: (864) 422-9949
Greenville SC 29605

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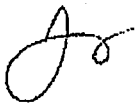
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F-44

RE: update?

From: **Jerry Saad** (jerrysaad@charter.net) You moved this message to its current location.
Sent: Tue 12/06/11 9:13 AM
To: 'Arthur Field' (arthurfield424@hotmail.com)

Do you want to try a conference call with the three of us – or do you prefer to try to work it out between you two first?



Jerry Saad Cell: (864) 907-1300
Saad & Manios Office: (864) 277-9600
1249 S Pleasantburg Dr Fax: (864) 422-9949
Greenville SC 29605

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From: Arthur Field [mailto:arthurfield424@hotmail.com]
Sent: Tuesday, December 06, 2011 8:45 AM
To: Jerry Saad
Subject: FW: update?

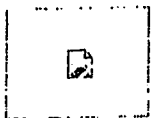
4/6/13

Outlook Print Message

F-45

Date: Fri, 9 Dec 2011 09:23:37 -0500

2nd Request – Please Bring The Original Check To Me Today!



Jerry Saad Cell: (864) 907-1300

Saad & Manios Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

Greenville SC 29605

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From: Jerry Saad [mailto:jerrysaad@charter.net]

Sent: Tuesday, December 06, 2011 8:42 AM

To: 'Arthur Field'

Subject: 457 Carlton Road - \$305,778.63 check from Calvary Asset Management, LLC dated October 21, 2008

Arthur:

I need you to deliver to me the \$305,778.63 check from Calvary Asset Management, LLC dated October 21, 2008.

Can you bring it by this week?

4/6/13

Outlook Print Message

1-46

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From: Arthur Field [mailto:arthurfield424@hotmail.com]
Sent: Friday, December 09, 2011 11:05 AM
To: Jerry Saad
Cc: Stan Case; rpohl@stodghill-law.com
Subject: RE: 2ND REQUEST - 457 Carlton Road - \$305,778.63 check from Calvary Asset Management, LLC dated October 21, 2008

Jerry

Why the formal RED and caps shouting at me???

When we spoke, you said later in the week was fine and you said you would prepare a letter requesting the check and another acknowledging the check for my records. After all, you have the photocopy.

You also said you would let me know when those were ready and then I could come by, but not to bother before then.

I was waiting to hear back from you.

I didn't, so I assumed you got busy with other things.

I have no problem stopping by. It will be either later today if I get free in time, or Monday morning.

I tried to call you, but you didn't answer.

Please let me know when you have the letters ready.

I would appreciate if you would email me drafts of them so I can review here, rather than in your office.

Many thanks and hope all is well.

Arthur

From: jerrysaad@charter.net
To: arthurfield424@hotmail.com
CC: SCASE@butlermeans.com; RPohl@stodghill-law.com; SCASE@butlermeans.com
Subject: 2ND REQUEST - 457 Carlton Road - \$305,778.63 check from Calvary Asset Management, LLC dated October 21, 2008

<https://mail1169.mail.live.com/mail/PrintMessages.aspx?cold=43c6b03f-2281-11e1-86f5-00215ad9e644.m&isSafe=true&FolderID=f5bb704d-953b-4425-9353-940...> 2/4

F47

2ND REQUEST - 457 Carlton Road - \$305,778.63 check from Calvary Asset Management, LLC dated October 21, 2008

From: Jerry Saad (jerrysaad@charter.net) You moved this message to its current location.
Sent: Fri 12/09/11 11:17 AM
To: 'Arthur Field' (arthurfield424@hotmail.com)
Cc: 'Curt Stodghill' (curt@stodghill-law.com); 'Rob Pohl' (RPohl@stodghill-law.com); 'Stan Case' (SCASE@butlermeans.com)

Thank you Arthur for your prompt reply!

As we spoke few minutes ago, I acknowledge a slight miscommunication between us – through no fault of either.

I will have a letter to you acknowledging receipt of the check waiting here for you to receive in exchange for leaving the original check.

Thank you again for your cooperation.



Jerry Saad Cell: (864) 907-1300

Saad & Manlos Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

Greenville SC 29605

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4/6/13

Outlook Print Message

F-48

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From: Elliot Salzman [mailto:elliot.salzman@gmail.com]
Sent: Saturday, December 10, 2011 4:15 PM
To: Arthur Field
Cc: Jerry Saad
Subject: Re: SRG 457

I also spoke with Jerry and he told me he already had a copy of the contract between CIF and 457 Carlton Road, LLC of which Calvary Asset Management, LLC is the sole owner. I also informed him of the claim we have against Robert Miller, the previous owner and mortgagor. Calvary will assign CIF the rights to that claim up to the amount needed to satisfy that contract. Anything collected in excess of that amount would be due to Calvary. I told Jerry I would reach out to Chris Westrick. I already left him a message.

Thanks

On Dec 10, 2011 12:33 PM, "Arthur Field" <arthurfield424@hotmail.com> wrote:

Elliot

Pursuant to our phone conversation today and by request of Jerry Saad, please send Mr. Saad another copy of the contract between Calvary and CIF and confirm to him the contract remains in effect and will be performed in accordance with its terms concerning the property in Wyckoff, New Jersey.

Thank you.

Arthur

F-49

CIF - SRG 457 / 457 Carlton Road Wyckoff NJ Property

From: Jerry Saad (jerrysaad@charter.net) You moved this message to its current location.

Sent: Tue 12/13/11 10:21 PM

To: 'Christopher H. Westrick' (cwestrick@grsl.com); 'Vincent F. Papalia' (VPapalia@saiber.com)

Cc: 'Elliot Salzman' (elliot.salzman@gmail.com); 'Arthur Field' (arthurfield424@hotmail.com); 'Curt Stodghill' (curt@stodghill-law.com); 'Rob Pohl' (RPohl@stodghill-law.com); 'Sharon Wilson' (sharonwilson@saadandmanios.com)

1 attachment

CIF-457 Carlton Rd-Contract for Sale-via email from Arthur Field 3-24-11.pdf(3.9 MB)

Hello Chris:

Elliot Salzman called me this past Saturday. We had a very good and healthy conversation about 457 Carlton Road, Wyckoff, NJ. He followed up with the email below. *(Thank you Elliot!)*

As Elliot's email stated, I do have a copy of the contract between Capital Investment Funding and 457 Carlton Road, LLC (wholly owned by Calvary Asset Management – per Elliot). I have attached the copy that I have, which was sent to me via email from Arthur Field on 3-24-11. However, please note that the copy I have was not signed by Arthur or witnessed by anyone. Hopefully, Elliot (or Calvary) has a fully executed copy.

That being said, I am a little fuzzy about the "agreement" that Elliot referred to. My understanding is that Calvary did write a check to CIF in the amount of \$305,778.63, dated 10-21-08, ck #2541, but the check was never cashed. *(Arthur has given me the original check.)* Thus, Calvary/457 Carlton Road still owes CIF ± \$305,778.63 plus *(based on the "agreement" as Arthur mentioned some time ago)* some percentage of the profits that will ultimately be derived when the property is sold. However, I do not see that provision in the copy of the contract that I have, so perhaps there is another agreement or an addendum.

Regardless, Elliot assured me that the agreement between Capital Investment Funding and 457 Carlton Road, LLC *(whatever it is)* will be honored.

4/6/13

Outlook Print Message

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Elliot acknowledged that Calvary/457 Carlton Road and a builder struck a deal that enabled the builder to tear down the old dilapidated house and construct a new large home on the site. The new house was completed and has been for sale for some time now (*I think it was substantially completed in late 2010*). Elliot believes it is still for sale because the housing market in NJ for that price range (\$2 million+) has been and remains poor. I am not clear if this arrangement is a part of the "agreement" or if there is another contract that covers this. I expect this arrangement is how 377 Atwood Drive, LLC obtained title to the property.

Elliot did say he would look for the agreement. However, in his email below, he may be thinking I have the agreement and he may not be looking for anything. But as you can see, the contract I have is not a complete agreement (not fully executed) and does not make mention of the builders arrangements, his share of profits, transfer of title of the land, etc...

(Elliot - let me know if I misstated anything.)

I did tell Elliot I thought it more efficient if he just dealt directly with you. So with that in mind, can you give Elliot a call and coordinate getting copies of all of the relevant documents and following up to make sure we have all the bases covered. Depending on what all we get, we may need to get a comprehensive document (Memorandum of Understanding?) between all of the parties.

Call me when you have a moment to discuss.



Jerry Saad Cell: (864) 907-1300

Saad & Manlos Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

Greenville SC 29605

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<https://blu169.mail.live.com/mail/PrintMessages.aspx?cpids=ade7fce8-2602-11e1-a3aa-002284c1ca12,m&isSafe=true&FolderID=f6bb704d-953b-4425-9353-94...> 2/3

4/6/13

Outlook Print Message

F 50

Jerry Saad Cell: (864) 907-1300

Saad & Manlos Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

Greenville SC 29605

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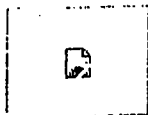
From: Arthur Field [mailto:arthurfield424@hotmail.com]
Sent: Wednesday, January 04, 2012 9:10 AM
To: Jerry Saad
Subject: RE: CIF - Trazom Loan

To which are you referring?
The Trazom Palmetto docs or the Trazom CIF docs?

From: jerrysaad@charter.net
To: arthurfield424@hotmail.com
CC: curt@stodghill-law.com
Subject: CIF - Trazom Loan
Date: Wed, 4 Jan 2012 09:04:36 -0500

Arthur:

I searched the pdf files for the Trazom loan documents, but did not find any. Do you have pdf copies of the Trazom Loan docs?



Jerry Saad Cell: (864) 907-1300

Saad & Manlos Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

Greenville SC 29605

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From: Curt Stodghill [mailto:curt@stodghill-law.com]

Sent: Wednesday, January 04, 2012 7:25 AM

To: arthurfield424@hotmail.com

Cc: Jerry T. Saad (jerrysaad@charter.net)

Subject: Trazom

Arthur:

Jerry forwarded the emails you sent this morning. By going directly to Jerry and attempting to bypass me, you are merely slowing the process down. What is the present balance of the Palmetto Bank loan?

Curt

4/6/13

Outlook Print Message

F 52

Saad & Manlos Office: (864) 277-9600
1249 S Pleasantburg Dr Fax: (864) 422-9949
Greenville SC 29605

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From: Arthur Field [mailto:arthurfield424@hotmail.com]
Sent: Wednesday, January 04, 2012 9:36 AM
To: Jerry Saad
Subject: RE: CIF - Trazom Loan

Jerry

There was a Note, an Amended Note and a Second Amended Note and a Mortgage.

Which, if any, do you have?

I have photocopies of the Amended Note and Second Amended and can drop off same today.

Arthur

From: jerrysaad@charter.net
To: arthurfield424@hotmail.com
CC: curt@stodghill-law.com
Subject: CIF - Trazom Loan
Date: Wed, 4 Jan 2012 09:16:24 -0500

Trazom - CIF

F-53

CIF - Trazom Loan

From: Jerry Saad (jerrysaad@charter.net) You moved this message to its current location.
Sent: Wed 1/04/12 11:52 AM
To: 'Arthur Field' (arthurfield424@hotmail.com)
Cc: 'Curt Stodghill' (curt@stodghill-law.com)

Yes -- thank you!



Jerry Saad Cell: (864) 907-1300

Saad & Manios Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

Greenville SC 29605

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From: Arthur Field [mailto:arthurfield424@hotmail.com]
Sent: Wednesday, January 04, 2012 10:31 AM
To: Jerry Saad; Davyd Field
Subject: RE: CIF - Trazom Loan

4/8/13

Outlook Print Message

8-54

The Amended Note was on September 14, 2007. It was for \$1,090,488.45. 40 year amortization.
The Second Amended Note was on March 1, 2008. \$1,070,008.00. 26 year amortization plus added principal.
It was put into place in order to accelerate principal repayment as part of the initial winding up plan before the law suit was instituted and after Inergy completed its first set of repairs. Interest rates had also dropped dramatically. The 10 Year T Note had declined from 4.49% to 3.53% --a 21% drop in less than 5 months. It dropped to 2.25% by the end of 2008.

Trazom also paid an extra \$20,480.45 in principal between 9/18/07 and 2/28/08, including \$15k on 12/1/07; \$403 on 1/1/08, and \$2,900.53 on 2/1/08 and roughly \$1,300 more on 2/28.

The interest rate was adjusted as an inducement for the extra principal, for the acceleration and to reflect the sudden decline in lending rates and the anticipated further drop.

The monthly principal payments jumped from \$294 per month to \$1427 and the term was shortened by 14.5 years.

It was also assumed this would make it easier to sell the Note.

Trazom has been paying pursuant to that schedule ever since.

I will drop off a copy of my photocopy.
Hope this helps.

Arthur

From: jerrysaad@charter.net
To: arthurfield424@hotmail.com
CC: curt@stodghill-law.com
Subject: CIF - Trazom Loan
Date: Wed, 4 Jan 2012 09:42:00 -0500

I have not found the original note.

I have the amended note.

I do not see a second amended note.

Please drop by what you have.



Jerry Saad

Cell: (864) 907-1300

F 55

Trazom Note

From: **Jerry Saad** (jerrysaad@charter.net) You moved this message to its current location.
Sent: Thu 1/05/12 9:34 AM
To: 'Arthur Field' (arthurfield424@hotmail.com)
Cc: 'Curt Stodghill' (curt@stodghill-law.com)

Thank you.



Jerry Saad Cell: (864) 907-1300
Saad & Manios Office: (864) 277-9600
1249 S Pleasantburg Dr Fax: (864) 422-9949
Greenville SC 29605

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From: Arthur Field [mailto:arthurfield424@hotmail.com]
Sent: Thursday, January 05, 2012 8:07 AM
To: Jerry Saad
Subject: Trazom Note

JS

4/6/13

Outlook Print Message

F-56

I gave K the envelope for your and asked her to drop it off on her way home from Gville.

Unfortunately, she forgot.

Taking D to airport for funeral today.

Mailing you the envelope with copy of Second Amended Note.

Thanks; hope all is well.

Arthur

EXHIBIT
F-57**RE: Trazom**

From: Curt Stodghill (curt@stodghill-law.com) You moved this message to its current location.
Sent: Mon 1/09/12 10:48 AM
To: Arthur Field (arthurfield424@hotmail.com)
Cc: Jerry T. Saad (jerrysaad@charter.net) (jerrysaad@charter.net)

Arthur:

I think several statements set forth in your email are inaccurate or misleading.

With Judge Miller's orders in mind, it is my judgment that nothing you communicate to Jerry is privileged.

I never represented you or Trazom and only represented CIF's interests since Jerry became receiver.

I do recall negotiations with Inergy on behalf of Tiger Transport Service, Inc. as debtor in possession, with respect to which I acted as legal counsel. Like you, I would characterize the negotiations as difficult.

Any appraisal of the warehouse provided to CIF was done in the context of Tommy Moore attempting to refinance it prior to the Tiger bankruptcy. I do not have a copy, nor do I recall providing it to you or CIF.

Best regards, Curt

From: Arthur Field [mailto:arthurfield424@hotmail.com]
Sent: Wednesday, January 04, 2012 9:09 AM
To: Curt Stodghill; Jerry Saad
Subject: RE: Trazom

Curt

Your email often comes right back.

And, Jerry is the one who emailed me so I responded to him.

He is also the Receiver and technically, the only who with whom my communications are privileged.

I will assume this email is directed to Jerry Saad, as well, and consider it privileged.

The Trazom/Palmetto balance is approximately \$1,453,765.

The increase will be used to pay the roughly \$5,500 bank fees and the balance used immediately for the repairs.

The increase returns the balance to still less than the \$1.65 original.

F-58

And, Inergy will fund additional repairs.

The property value will easily be enhanced by the repair value.

Moreover, absent the repairs, Inergy leaves.

They made that very clear.

Since you represented Tommy Moore when he dealt with them, and then represented CIF and Trazom when we dealt with them, I am sure you recall their intransigent attitude.

Undoubtedly, you recall how difficult it was for you when you negotiated the original lease transfer and right of refusal in Moore and the lease continuation between Trazom and Inergy.

They want everything and give very little in return.

I am sure your files in this matter contain all of the work you did 5/6 years ago on behalf of Moore/Tiger/Trazom/CIF.

You undoubtedly have far more than I do including the original appraisal you provided CIF.

Part of the rush is Inergy related.

They had wanted to effectuate the repairs to at least 2 of the docks during their shutdown period.

The other part stems from the \$1,000 per month penalty the bank has been assessing for being beyond the maturity date.

I do not want to try their patience. A foreclosure helps nobody.

I estimate that with the reduced interest rate to Palmetto, the loan balance at the end of the 5 years will be under \$1.33 Million, while the building will have increased in value.

On a side note, once the loan and tenant are in place, we are going to seek a buyer for the CIF loan, as I mentioned to Jerry. I don't know if we will have any success, but that is Davyd's goal. I asked Jerry to come up with a fair price to sell the loan, so we can begin approaching third parties.

Your expediting this will be greatly appreciated.

Trazom is simply trying to keep this matter intact so neither Inergy nor Palmetto balks because of any failure to act in a timely manner on Trazom's part.

Arthur

From: curt@stodghill-law.com

To: arthurfield424@hotmail.com

CC: jerrysaad@charter.net

Date: Wed, 4 Jan 2012 07:25:26 -0500

Subject: Trazom

Arthur:

Jerry forwarded the emails you sent this morning. By going directly to Jerry and attempting to bypass me, you are merely slowing the process down. What is the present balance of the Palmetto Bank loan?

F-59

Amount: \$52,500.00
Account: 763713674
Bank Number: 05390448

Sequence Number: 9592521902
Capture Date: 03/19/2009
Check Number: 3935

KIRSTEN W. GANTT 10/97
1307 ALEXANDRITE LN
MAULDIN, SC 29662

3935

March 16, 2009
Date

87-442-539 SC
3314

Pay to the
Order of

Lion Financial LLC
Fifty two thousand five hundred and 00/100 Dollars \$ 52,500.00
Bank of America

ACH AT 053904443

loan purchase

Kirsten W. Gantt

⑆053904483⑆ 000763713674⑆3935

0531011214 RBT 05129
1251 ARCADE LINE DR PRT 100
CHARLOTTE, NC 28102-3000
7606197402

For Deposit
Lion Financial

031

Received

Stanley T. Case

310 Thornblade Blvd.
Greer, SC 29650
April 8, 2013

Stanley T. Case, Esq.
234 North Church Street
Spartanburg, SC 29304

By Telefax (864) 585-2034 and Hand Delivery on 4/8/13
Email to scase @ butlermeans.com
Re: Request for Production and Rule to Show Cause
Tomz v. CIF, No. 2008-CP-23-3665

Dear Attorney Case:

On April 5, 2013, I received a copy of a Rule to Show Cause ordering me to appear before Judge Miller on May 1, 2013. Such Rule said it was based upon a Request for Production and Affidavit of Jerry Saad "attached". No documents were attached to the Rule, nor was the Rule or any Citation served upon me prior hereto. All objections are preserved.

Nevertheless, I have always made best efforts to comply with the GMSA and any formal or informal requests for documents or assistance made by Jerry Saad, Gene Connell or you.

Detailed in Table I annexed are the 38 broad categories of documents, records, spread sheets, electronic scans, Quickbook records, loan files, bank accounts, etc. I supplied to attorney Class Counsel and Jerry Saad between May, 2008 and August, 2009.

Detailed in Table I-A annexed are the 20 broad categories of documents, records, financial statements, bank records, computers, audits, etc, which Jerry Saad removed from the CIF offices in Easley, Greer and Mt. Pleasant in July and August, 2009.

As you will also recall, Class Counsel requested all Note Holder files be sorted and scanned electronically. This was begun in May, 2009, and completed in October, 2009 and an electronic copy was delivered to Saad immediately upon completion of the scan.

In September, 2009, I delivered approximately 20 bankers' boxes of Cosimo records to Saad, retrieved earlier that day from Cosimo.

These four submissions came to approximately 110,000 pages of material transmitted in hard copy or electronic form. If you object to or refute any such delivery or portion thereof, please advise me within 5 days hereof with specific details and grounds for such objection.

Set forth on Table II are 46 separate examples of my cooperation between December 4, 2009 and January 9, 2012. These are not meant to be all-inclusive. I spent hundreds of hours working with Saad and his staff. If you object to or refute any such examples, please advise me within 5 days hereof with specific details or grounds for such objection.

On November 28, 2011, at the conclusion of a meeting requested by Saad to review loans to help him prepare for his December 14, 2011 presentation, I was handed a Request for Production by Curt Stodghill ostensibly signed by him and by you. Stodghill has no appearance in this matter. He also represented me personally or Trazom, LLC in 2007 and has an obvious

conflict of interest. I objected to the validity of the Request for Production since I was no longer a party to the Tomz Class Action, having been dismissed in August, 2009. I further requested Stodghill specify exactly which documents were still 'missing'. Stodghill refused to do so and stated he wanted "all documents and emails and Note Holder files". I responded that Saad had a complete electronic scan of all Note Holder files and Saad confirmed he did have such scan.

Despite my objection, I immediately made a good faith effort to comply with the Request for Production. Set forth in Table III annexed are the contents of 3 emails sent by me to Saad at 5:55 PM on November 28, 2011, less than 4 hours after meeting with Saad and Stodghill. The 3 emails contained 52 attachments. Table III sets forth each email and its attachments in detail. Many attachments contained hundreds of pages. All had been previously delivered to Saad to the best of my knowledge. If you object to or refute any such delivery or portion thereof, please advise me within 5 days hereof with specific details and grounds for such objection.

In a further effort to comply with the Request for Production, I made a comprehensive search of email records I could locate and forwarded all of them to Saad on November 29, 2011 within 18 hours of Stodghill's Request for Production. Table IV sets forth all emails transmitted to Saad between 11:08 AM and 11:45 AM on November 29, 2012. Numerous emails contained attachments. I was unable to retrieve emails prior to 2007, since I did not have access to that email account in November, 2011. If you object to or refute any such delivery or portion thereof, please advise me within 5 days hereof with specific details and grounds for such objection.

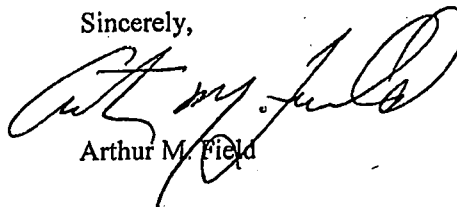
In January, 2013, in Response to CIF's Request for Production in the law suit in New Jersey filed in June, 2012, I provided CIF's attorney Westrick with approximately 252 pages of documents, many of which were duplicative of the above or located with the assistance of third parties in 2012. I made the copies on December 26, 2012 and served them on Westrick. That action was dismissed with prejudice as to me on Feb. 15, 2013. If you object to or refute any such delivery or portion thereof, please advise me within 5 days hereof with specific details and grounds for such objection.

You will agree I have made every reasonable effort to comply with the GMSA, both in letter and in spirit, and with the Request for Production. As you are aware, I was indicted in June, 2012 by the State Grand Jury and continue to assert my Fifth Amendment rights. Based on First Union Nat'l Bank v. First Citizens Bank, 346 S.C.462, 551 S.E.2d 301(App. 2001), I cannot be in contempt for refusing to comply with a discovery request at this juncture. However, it has always been my desire to cooperate and see the Note Holder Class receives as much compensation as possible while still preserving my Fifth Amendment rights guaranteed by the GMSA and subsequent Orders of Judge Miller.

Consequently, within 5 days hereof, please give me a written, specific and detailed list of any documents you feel have not been delivered to the Class (whether in hard copy or electronic form by me). Upon receipt, I will make every reasonable effort to search my records and archives and deliver any documents under Seal which I can locate to you or advise you such documents are not in my possession within 15 days thereafter. I also request the Rule to Show Cause hearing be continued by consent until such time as this is completed. I have no intent whatsoever to impede the progress of the Class.

I look forward to your response and hope this matter can still be resolved amicably.

Sincerely,

A handwritten signature in cursive script, appearing to read "Arthur M. Field", written in dark ink.

Arthur M. Field

Cc: Gene Connell, Esq.
Hon. Edward Miller
Jerry Saad
Todd Rutherford, Esq.
Bruce Bannister, Esq.
F. Scott Pfeiffer, Esq.
Ralph Gleaton, Esq.

TABLE I

**DOCUMENTS SUBMITTED BY FIELD
MAY, 2008 THROUGH AUGUST, 2009**

Each represents a Category of Documents Containing Numerous Pages of Records

1. All financial records for CIF;
2. All Quickbook accounting records for CIF;
3. All bank statements for BB&T, Greenville First and other banks;
4. All checks and records of deposits;
5. All CIF files evidencing direct loans;
6. All CIF files evidencing re-lending;
7. All Note Holder files scanned over 5 months and delivered to Saad;
8. All employee files for CIF;
9. All LLC records, including minutes of annual meetings and capital transactions;
10. All audits from LRI for 1999 through 2005;
11. All prospectus documents and amendments for CIF from 1999 through 2007;
12. All disclosure reports issued to Note Holders;
13. All risk disclosures issued to Note Holders;
14. All interim letters or correspondence sent to CIF Note Holders;
15. All correspondence to or from CIF still existing in 2009;
16. All audits for CIF from 1999 through 2007, including semi-annual audits;
17. All regulatory information pertaining to CIF registration from 1999 to 2007;
18. All Regulation D related documents from 2007;
19. All private placement memoranda issued by CIF in 2007;
20. Spreadsheets listing every Note Holder and amounts due;
21. Spreadsheets listing every CIF loan;
22. Microsoft Access Database of all CIF Note Holders and transactions;
23. Emails available to or from CIF;
24. All records for MFG available to Field;
25. All employee manuals;
26. All records relating to warehouse loans made by CIF;

27. All documents relating to the sale of properties owned by CIF in any location;
28. All documents relating to any legal action involving CIF prior to 2009;
29. All documents relating to the pending 1983 action in U.S. District Court;
30. All documents relating to First Trust Corporation;
31. All documents relating to CIF and IRA accounts;
32. All correspondence with other IRA custodians;
33. All documents relating to acquisition of chose-in-action in New Jersey;
34. All documents relating to acquisition of condominium units in New Jersey;
35. All correspondence with New Jersey attorneys;
36. All records relating to Trazom loans, property acquisition and settlement;
37. All emails from L'Abbate and presentation folder from LRI on 1/15/08;
38. Report of independent fraud examiner and FBI agent, Tim Huhn.

TABLE I-A

ITEMS REMOVED FROM CIF OFFICES IN JULY/AUGUST 2009

BY SAAD WITH ASSISTANCE OF FIELD

1. All loan files showing CIF direct loans;
2. All loan files showing 'back loan' from re-lender to CIF;
3. All closed loan files;
4. All applications for loans which were denied by CIF;
5. All correspondence between CIF and LRI, MFG, Cosimo;
6. All correspondence between CIF and any Note Holder;
7. All correspondence between CIF main office and satellites;
8. All correspondence between CIF and IRA Custodian(s);
9. Any relevant emails reduced to hard copy;
10. All computers;
11. All Note Holder files not being scanned;
12. All employee records;
13. All furniture;
14. All audit copies;
15. All promotional material and advertising;
16. All CIF audits and disclosure documents;
17. All LRI audit records;
18. All filing cabinets;
19. All bank records, checks, reconciliation reports, deposit slips;
20. All archived records.

TABLE II

EXAMPLES OF COOPERATION OF FIELD

FROM 2009 TO 2012

1. December 4, 2009, Field emailed Saad about New Jersey loans. This included a complete copy of email sent on May 22, 2008 at 9:53 AM to Robert L'Abbate and Gary Kraft of LRI. Included was a rundown on Unit 401 and Unit 109, of the 39 Union Square condominiums, and the SRG 457 project and loan acquisition. On December 4, 2009, Saad replied at 4:10 P.M. and confirmed receipt.
2. December 7, 2009 at 3:50 PM Saad emailed Field about 457 Carlton Road, Wyckoff, New Jersey. Field responded by email December 7, 2009 at 6:27 PM.
3. February 5, 2011, Saad and Field meet at Pops concert and discuss CIF matters; confirmed by Saad to Field in email of Feb. 6, 2011 at 5:21 PM. Saad requests Field present a purchase offer for 2 American Court, Greenville.
4. February 28, 2011, 9:40 PM, Field emails Saad a purchase offer for 2 American Court, Greenville, as requested.
5. February 28, 2011, 10:27 PM, Saad emails Field "Thank you Arthur. Although the offer seems low to me, I will give it careful consideration. I will talk to Nick Franchina, my real estate broker...If the appraisal comes close to your offer we would be ok. Meanwhile, I will also pass this offer on to Stan for his input."
6. March 1, 2011, 12:19 PM, Field replies to Saad re 2 American Court.
7. March 1, 2011, 2:16 PM, Saad replies to Field, "Good facts and arguments.**Thanks for getting back to me with this info—it is very helpful.**"
8. March 22, 2011, 6:21 AM Field emails Saad another copy of the May 22, 2008 email between Field and LRI/Kraft.
9. March 24, 2011, Field forwarded another copy of the contract regarding 457 Carlton Road, Wyckoff, New Jersey to Saad at his request.
10. March 24, 2011, Field also sent Saad details concerning all New Jersey loans and property acquisitions and LRI matters. This is confirmed in Saad's email of November 1,

2011, where he stated "Hello Arthur:...I have attached the pdf file you sent to me on 3-24-11... I have also included below a few other emails you sent related to this matter for your quick review...."

11. March 27, 2011, Saad sent attorneys Pohl and Westrick an email stating, "I spoke with Arthur on Friday re: your request to review all of the CIF (paper) records in preparation for our civil suit on NJ. Arthur said he is glad to cooperate...Arthur said it would be fine for you to call him direct...."
12. April 11, 2011, Field worked with Pohl and delivered to him all records showing chain of ownership concerning the Hopper loans, Cosimo's records and L'Abbate's representations. Pohl confirms this in an email on April 11, 2011, entitled "Cosimo Corporate Minute Book".
13. April 11, 2011, Field offered to be present at depositions in the SD Trust case and his assistance was declined by Pohl in email of April 12, 2011.
14. April 11, 2011 at 8:42 PM Pohl confirms receipt from Field of the Cosimo corporate minute book in his email of to Field and Saad.
15. April 19, 2011, Saad confirmed to attorney Case Field's offer of assistance in the LOP Capital case.
16. June 14, 2011, 7:10 PM Saad requested Field's comments on property in New Jersey.
17. June 15, 2011 at 11:19 AM, Saad thanked Field for his comments.
18. September 14, 2011, Field delivered to Saad all documents or copies or information in Field's knowledge or possession relating to LOP Capital, Hopper, D&D, and any related matter.
19. September 14, 2011 12:59 PM, Saad confirms receipt in email. "Arthur: Thank you for the info...I have passed your documents on to Stan and trust he will use as needed."
20. September 29, 2011, Field objected to the wording of a Proposed Order filed by Curt Stodghill (not appearing herein). The Court adopted the alternative wording proposed by Pfeiffer's attorney Farrar in email on 9/29/11 at 5:08 PM and confirmed the Seal of the GMSA. Farrar stated: "Finally, the Court ruled from the bench that Mr. Field's personal rights and privileges are not impacted by this ruling and I have added a paragraph expressly indicating that..."

21. October 24, 2011 at 11:39 Field emailed a Letter to Master in Equity Cooper re the LOP Capital bankruptcy and copied Jerry Saad.
22. October 27, 2011, emails from 6:35 to 7:31 PM. Field and Saad worked together with attorney Westrick in New Jersey on the re-sale of the 457 Carlton Road property. This is confirmed in emails from Westrick to Saad, Saad to Field, Field to both, all to Salzman, etc. including the email exchange between Field and Saad on December 4, 2009 and December 7, 2009 at 6:27 PM. (see above).
23. November 1, 2011, 1:54 PM Saad emailed Field confirming receipt of all files and documents relating to 457 Carlton Road from Field on 3/24/11 (see above) and thanked Field for his assistance and referenced all prior emails on the subject.
24. November 1, 2011, Saad emailed Field about obtaining a dismissal in the LOP Capital case (in part based upon Field's October 24, 2011 letter to Master Cooper, see above 10/24/11).
25. November 10, 2011, 5:50 PM email from Saad to Field requesting meeting.
26. November 10, 2011, 7:45 PM email from Field to Saad about SRG 457 confirming mailed letter to Saad containing another closing statement and copy of check on SRG 457 and confirming availability for meeting.
27. November 21, 2011, Field phoned Saad and offered to come assist Saad with the New Jersey loan details and law suit.
28. November 21, 2011 9:24 PM Saad emailed Field: "I just heard your voice mail... Yes-I would appreciate you going over 457 Carlton Road in more detail. I would like to go over the Katz/Cacerta federal lawsuit that is still on hold....Could you come in next Monday (Nov 28) around 2 or so?"
29. November 23, 2011, Saad phoned Field and requested another list of the CIF Note Holders who held IRA accounts. Field had delivered a comprehensive list in May, 2008 and July, 2009 to Class Counsel and Saad. Field offered to separate IRA Note holders from regular Note Holders.
30. November 23, 2011, Field provides Saad with CIF IRA Note Holder spread sheet list to Saad by email in Excel format.
31. December 6, 2011 4:56 AM Field emails Salzman about SRG 457 and forwards same to Saad at 8:45 AM.

32. December 6, 2011 at 8:39 AM Saad emailed Field, "I need you to deliver to me the \$305,778.63 check from Calvary Asset Management, LLC dated October 21, 2008. Can you bring it by this week?"
33. December 6, 2011, 9:13 AM Saad emails Field and offers to participate in conference call or let Field consult directly with Salzman.
34. December 9, 2011 at 9:23 AM Saad sends the request for the check again.
35. December 9, 2011 at 11:05 AM Field replies concerning request and states he tried to call Saad to schedule check delivery, but didn't receive an answer.
36. December 9, 2011, Saad emails Field an apology **"Thank you for your prompt reply!** As we spoke a few minutes ago, I acknowledge a slight miscommunication between us...I will have a letter to you acknowledging receipt of the check waiting here for you to receive in exchange for leaving the original check. **Thank you again for your cooperation. Jerry Saad."**
37. December 10, 2011 at 12:33 PM and 4:15 PM Field emails Salzman and Saad and Salzman replies to both.
38. December 13, 2011 at 10:21 PM, Saad emails Field, Salzman, Westrick, Stodghill, Pohl with copy of Field's email and attachment of 3/24/11 concerning 457Carlton Road, Wyckoff and confirms Saad does have a copy of the contract between CIF and 457 Carlton Road, LLC.
39. January 4, 2012 at 9:04 AM Saad emails Field and states "I searched the pdf files for the Trazom loan documents, but did not find any. Do you have pdf copies of the Trazom loan docs?" Field had provided Saad paper copies of all such documents in 2009. (Field had personally delivered the original Modification Agreement to Saad on June 3, 2009 and left the same on Saad's chair in his office in a manila folder addressed to Saad.)
40. January 4, 2012 at 9:10 AM Field replies "To which are you referring? The Trazom Palmetto docs or the Trazom CIF docs?" and at 9:36 AM in an email to Saad, "Jerry There was a Note, and Amended Note and a Second Amended Note and a Mortgage. Which, if any, do you have? I have photocopies of the Amended Note and Second Amended and can drop off same today." Field had already delivered paper copies or originals or pdf of Note, Amended Note, Second Amended Note and Modification.

41. January 4, 2012 9:42 AM Saad emails Field about Trazom and states he has not found the "original note", but has the amended note, and does not "see" a second amended note, all previously delivered to Saad. "Please drop by what you have."
42. January 4, 2012 at 10:31 AM, Field describes the Amended Note of 9/14/07 and offers to drop off a photocopy. Since Saad does not mention the June 1, 2009 Note Modification left by Field in Saad's office, it is assumed Saad has such document.
43. January 4, 2012 at 11:52 AM, Saad replies "Yes--Thank you. Jerry Saad".
44. January 5, 2012 at 8:07 AM Field notifies Saad the envelope with the Second Amended Note copy is being mailed to Saad that date." It was also hand delivered by Taillon.
45. January 5, 2012 at 9:34 AM Saad replies "Thank you".
46. January 9, 2012 at 10:48 AM, attorney Stodghill emails Field and states **"With Judge Miller's orders in mind, it is my judgment that nothing you communicate to Jerry [Saad] is privileged. ...I do recall negotiations with Inergy on behalf of Tiger Transport Service, Inc. as debtor in possession, with which I acted as legal counsel. Like you, I would characterize the negotiations as difficult. Any appraisal of the warehouse provided to CIF was done in the context of Tommy Moore attempting to refinance it prior to the Tiger bankruptcy."**

TABLE III
DOCUMENTS PROVIDED TO CIF BY FIELD
ON NOVEMBER 28, 2011

SENT ON November 28, 2011

A. Email at 5:55 PM with 25 attachments (each consisting of entire files)

1. Letter from Clifton Bodiford
2. Pantsari Transcript
3. Corning 4/2/07
4. Condon 3/22/07
5. Response Meyeres 3/9/07
6. Attorney General 2
7. Attorney General Letter
8. Pantsari Letter
9. Meyers Adv2
10. Meyers Adv
11. Meyers
12. Tracy letter
13. AG Jan 14 letter
14. Pantsari Letter with Advertising
15. Patsari Dec 12 letter
16. Rowland Corning document
17. Corning Affidavit
18. Pantsari Letter
19. Corning Letter
20. Panstari document
21. Emergency4 document
22. Emergency4 revised document
23. Emergency 3 document
24. McMaster documents
25. Meyers Documents

B. Email at 5:56 PM with 3 attachments (each consisting of entire files)

1. Tracy Meyers document
2. 1999 Loans made by LRI in Spreadsheet form
3. 2000 Loans made by LRI in Spreadsheet form

C. Email at 6:15 PM with 24 attachments (each consisting of entire files)

1. Meyersadv2
2. Employee Manual for CIF
3. Revolving Loan Agreement re Trazom/LRI loans
4. Revolving Credit Note re said loans
5. Revolving Credit Security Agreement re said loans
6. Risk Disclosures
7. Pfeiffer Opinion Request
8. Registration Checklist 2007
9. Application 2007 for registration to Securities Division
10. Auditors' response to Atty General
11. Legal Opinion
12. Redline Prospectus
13. Evaluation of LRI properties by LRI and presentation
14. 2006 Notes in Excel Spreadsheet Form
15. Contract for Sale of Racetrack
16. Boyd Contract Revised
17. Boyd Contract
18. March 22 document
19. Letter of January 5, 2007
20. Comparison Document
21. Purchase Advice #1
22. Registration checklist
23. CIF LOAN PORTFOLIO, listing and details
24. MONMOUTH LOAN PORTFOLIO, listing and details

TABLE IV

EMAILS FORWARDED TO SAAD ON NOVEMBER 29, 2011
BY ARTHUR FIELD TO COMPLY WITH REQUEST FOR PRODUCTION

All emails were transmitted to Saad from Field between 11:08 AM—11:45 AM
(less than 24 hours after Request for Production of Emails)

1. 2/9/07 9:33 AM from Field to Eric Pantsari, S.C. Securites Division with First Version of 2007 proposed Prospectus
2. 2/14/07 at 11:01 AM from Curt Stodghill, Esq. representing CIF/Trazom in the lease to Inergy to Field
3. 2/14/07 at 12:06 PM from Field to Stodghill concerning Inergy Lease from Trazom
4. 2/21/07 11:29 AM from David Marsidi, VP of Bayview Financial asking to purchase all CIF and Cosimo assets
5. 2/22/07 4:27 PM from Field to Eric Pantsari re Registration and Revised Prospectus eliminating 8 pages per Securities Division Request
6. 2/24/07 4:59 AM from Field to David Marsidi, BayView Financial about sale of all CIF and Cosimo assets;
7. 2/27/07 12:01 PM to Eric Pantsari re Risk Disclosures and Redline Prospectus
8. 3/6/07 11:09 from Field to Pantsari Securities Division re U-1
9. 3/8/07 11:52AM from Field to David Sommers at Baytree Bank, Chicago
10. 3/8/07 12:34 PM from David Sommers at Baytree Bank, Chicago, IL, seeking to purchase various CIF assets to Field
11. 3/8/07 12:53 PM from Sommers to Field re \$4 Million Asset purchase
12. 3/9/07 1:36 PM from Field to David Sommers detailing assets owned by CIF
13. 3/22/07 12:24 PM from Field to Eric Pantsari with Prospectus revisions
14. 4/3/07 9:43 AM from Field to Eric Pantsari concerning registration with Prospectus attachment
15. 5/22/07 5:19 AM from Field to Eric Pantsari concerning registration with Prospectus Revised attachment

16. 8/27/07 1:54 PM series of emails beginning on 8/10/07 8:33 AM from Travis Brown, Esq. and Campitelli to Pfeiffer and Pfeiffer Replies to such emails forwarded to Field re purchase of CIF or Cosimo assets (6 pages)
17. 1/6/08 3:02 PM from Jamie McKeough to Field re offer to purchase CIF and/or Cosimo, includes initial email from Pfeiffer to McKeough
18. 1/10/08 11:29 PM from Brian Payne, Esq. to Field confirming engagement to represent CIF at Annual meeting (no mention of 'winding up')
19. 3/17/08 5:21 AM from Field to Eric Pantsari
20. 4/21/08 3:56 PM from Gary Kraft at LRI to Field re Collateral to Secure LRI II debt to CIF copy to L'Abbate
21. 5/23/08 12:54 PM from Gary Kraft to Field copy to L'Abbate LRI re Unit 401, 39 Union Street, Hackensack re contract for sale of Unit
22. 5/24/08 4:35 PM from Field to Kraft, L'Abbate and Pfeiffer, about Unit 401 and request for deed and confirmation Cif paid in full on 3/27/07
23. 5/26/08 8:38 AM from Field to Gary Kraft re Collateral for Promise to repay indebtedness and requiring pledge of additional collateral
24. 6/3/08 8:29 AM from Field to Gary Kraft and Pfeiffer about Unit 401, 39 Union Square and sale of same to third party buyer
25. 6/10/08 9:42 AM from Gary Kraft at LRI to Field re Contract for Sale of Unit 401, 39 Union Square to Third Party (not Salzman)
26. 7/25/08 1:44 PM from Field to Westrick, Salzman and Pfeiffer re Units 401 and 109, 39 Union Square, Hackensack, NJ
27. 7/25/08 3:15 PM to Chris Westirck re Lis Pendens Units 401 and 109
28. 8/22/08 1:44 PM from Salzman to Westrick and Field re Edgewater Title
29. 8/22/08 2:24 PM from JoAnne Lima of Edgewater Title
30. 9/22/08 12:33 PM from Field to Connell, Case and Pfeiffer re Unit 401, 39 Union Square
31. 9/22/08 1:26 PM from Pfeiffer to Field re Nancy Anderson, IRA Note Holder
32. 1/13/09 3:10 PM from Pfeiffer to Field re Sweetwater and Instant Cash
33. Following included as attachments to one or more above:

- a) 11/29/06 8:57 AM from attorney Jarrett Lanford to Field re Tiger Transport Settlement Agreement
- b) 11/29/06 9:36 AM from Field to attorney Jarrett Lanford re Tommy Moore and Tiger Transport Settlement Agreement and bankruptcy;
- c) 4/6/07 9:15 AM from Field to LRI, Kraft and L'Abbate requesting Deed to Unit at 39 Union Square, Hackensack just purchased and requesting assignment of \$1 Million Note and foreclosure pleadings on SRG 457
- d) 5/3/07 3:51 PM from Field to attorney Baker and Jimmy Cox re sale of Canebrake loan;
- e) 5/4/07 3:51 PM from Field to LRI, Graft, L'Abbate and O'Donnel re receipt of \$50,000 principal and interest of \$9,290.12 and \$492.39;
- f) 5/7/07 2:18 PM from Field to LRI, O'Donnell, Kraft and L'Abbate re rates for LRI loan adjustment for May, June and July, 2007 payments set at 10.96%;

Emails prior to above dates were not recoverable. Other emails may have been deleted prior to 1/15/08 as non-essential and/or not archived and/or archived in some file currently unavailable or not known to or discoverable by Field after reasonable search on November 29, 2011. Best efforts were made to find and forward to Saad as many relevant emails as possible on November 29, 2011 by 11:45 A.M.; others were forwarded thereafter or included in the New Jersey discovery responses when located.



that was easy.

Low prices. Every item. Every day.
1451 Woodruff Road
GREENVILLE, SC 29607
(864) 289-0044

SALE 1601485 10 005 17692
0553 12/26/12 03:15

YOUR OPINION COUNTS AND WILL BE REVIEWED
BY THIS STORE'S MANAGER!

Please take a short survey
and be entered into a monthly drawing
for a \$5,000 Staples gift card.
NO PURCHASE NECESSARY.
Log on to www.StaplesCares.com
or call 1-800-881-1723
Your survey code: 0100 9206 9986 5744
See store for rules.
Survey code expires 01/02/2013.
***Tome nuestra encuesta en Español en
la página de Internet o por telefono.
Consiga las reglas en la tienda.***

QTY SKU⁵ PRICE

REWARDS NUMBER 4102233717
252 BW SS POSS LTR/LGL
632551 0.090ea 22.68
Your Rewards Price \$0.085 -1.26
Coupon No. 3002941806095847 -10.00
2 INK RECYCLING LIMI
725137 0.010ea 0.00
Instant Savings <-0.02>
SUBTOTAL 11.42
Standard Tax 8.00% 0.68
TOTAL \$12.10

MasterCard 12.10
Card No.: XXXXXXXXXXXX0785 [S]
Auth No.: 03719Z

*****STAPLES COUPONS REDEEM*****

EXHIBIT C

From: Stanley T. Case, Class Counsel
To: Arthur Field, Respondent

Arthur Field requests response to the above letter (16 pages) and Tables by April 13, 2013. Please initial after each representation and set forth any objection specifically:

I acknowledge receipt of your letter of April 8, 2013.

1. I have reviewed TABLE I (items tendered to Class Counsel and/or Saad between May, 2008 and August, 2009). I acknowledge receipt of such 38 broad categories of documents and have no objections other than the following:

Initials: _____

2. I have reviewed TABLE I-A (items removed from CIF offices by Saad between March, 2009 and August, 2009). I acknowledge receipt of such 20 broad categories of documents and have no objections other than the following:

Initials: _____

3. I acknowledge receipt by Saad of an electronic file containing the Quickbooks records for CIF on or about August, 2009, delivered to Saad by Field.

Initials: _____

4. I acknowledge receipt by Saad from Field of an electronic file containing the scanned Note Holder records for CIF on or about October, 2009, as requested by Class Counsel in May, 2009.

Initials: _____

5. I acknowledge receipt by Saad of numerous bankers' boxes of Cosimo records on or about September, 2009, delivered by Field.

Initials: _____

6. I have reviewed TABLE II (roughly 40 examples of Field's cooperation with Class Counsel and/or Saad between December 4, 2009 and January 9, 2012). I acknowledge such cooperation and have no objections other than the following:

Initials: _____

7. I have reviewed TABLE III (contents of 3 emails sent by Field to Saad on November 28, 2011 at 5:55 PM containing those attachments set forth). I acknowledge such emails to Saad and all attachments and have no objections other than the following:

Initials: _____

8. I have reviewed TABLE IV (contents of 38 emails forwarded by Field to Saad on November 29, 2011 between 11:08 AM and 11:45 AM containing those attachments set forth). I acknowledge such emails to Saad and all attachments and have no objections other than the following:

Initials: _____

9. I have reviewed the records submitted by Field in response to the Requests for Disclosure and Production in the New Jersey law suit filed in June, 2012 (approximately 252 pages delivered by Field to attorney Westrick). I acknowledge such compliance and delivery to Westrick and have no objections other than the following:

Initials: _____

I request delivery of the following records or documents in addition to those already delivered as set forth above provided such records are in your possession and delivery will not be burdensome, or violate your Fifth Amendment rights. Delivery to be made by May 15, 2013:

I consent to an indefinite continuance of the Order to Show Cause:

Initials: _____

(No Subject)

From: **Arthur Field** (arthurfield424@hotmail.com) You moved this message to its current location.

Sent: Mon 11/28/11 5:55 PM

To: **Jerry Saad** (jerrysaad@charter.net)

25 attachments

CIF-Ltr from Clifton Bodiford 3-22-07.pdf (900.9 KB), Pantsari transcript.pdf (198.3 KB),
corning 4.2.07.wpd (59.0 KB), condon 3.22.07.wpd (14.0 KB), response meyers
3.9.07.wpd (25.7 KB), atty gen 2.wpd (8.8 KB), Atty gen letter.wpd (19.3 KB), pants
letter 06.wpd (4.0 KB), meyersadv2.wpd (17.9 KB), meyersadv.wpd (17.3 KB),
meyers.wpd (7.3 KB), tracy.wpd (3.9 KB), agJan14.wpd (8.6 KB), pants lettr with ad.wpd
(3.6 KB), pantsardec12.wpd (6.1 KB), rowland.wpd (6.6 KB), corn affid.wpd (16.7 KB),
pantsar.wpd (23.2 KB), corning letter.wpd (6.9 KB), pantsar.doc (13.6 KB),
Emergency4.doc (10.8 KB), Emergency4.wpd (15.1 KB), Emergency3.wpd (13.6 KB),
mcmaast.wpd (16.0 KB), meyers 4.3.07.wpd (9.3 KB)

EXHIBIT A-1

(No Subject)

From: **Arthur Field** (arthurfield424@hotmail.com) You moved this message to its current location.

Sent: Mon 11/28/11 5:56 PM

To: **Jerry Saad** (jerrysaad@charter.net)

3 attachments

Tracy Meyers 4.29.07.doc (33.0 KB) , 1999 Loans.xls (25.0 KB) , 2000 Loans.xls (32.0 KB)

EXHIBIT A-2

(No Subject)

From: **Arthur Field** (arthurfield424@hotmail.com) You moved this message to its current location.

Sent: Mon 11/28/11 6:15 PM

To: Jerry Saad (jerrysaad@charter.net)

24 attachments

meysersadv2.wpd (17.9 KB), Emplpye man.rtf (21.0 KB), Revolving Loan Agreement.doc (57.5 KB), Revolving Credit Note.doc (22.5 KB), Revolving Credit Security Agreement.DOC (67.5 KB), risk disclosed.wpd (30.5 KB), pfeiffer opinion request.wpd (3.7 KB), registration checklist 2007.wpd (26.5 KB), application 2007.doc (25.5 KB), Audit response to AG.doc (33.0 KB), legal opinion.doc (25.5 KB), redline prospectus.wpd (377.8 KB), evaluation LRI properties.wpd (5.5 KB), 2006 notes.xls (297.0 KB), Contract for Sale - racetrack .doc (43.0 KB), boyd race2.wpd (3.8 KB), boyd raceway.wpd (9.1 KB), March 22.doc (22.5 KB), jan 05 letter.wpd (4.8 KB), comparison doc.wpd (381.0 KB), AFM Pool Purchase Advice #1.xls (17.5 KB), registration checklist.wpd (18.9 KB), LOAN PORTF.wpd (4.5 KB), MONMOUTH LOANS.doc (24.5 KB)

EXHIBIT A - 3

CIF - 457 Carlton Rd

From: **Jerry Saad** (jerrysaad@charter.net) You moved this message to its current location.
Sent: Tue 12/06/11 7:32 AM
To: 'Arthur Field' (arthurfield424@hotmail.com)

Thank you Arthur for the timely update (I am meeting with Judge Miller today).



Jerry Saad Cell: (864) 907-1300
Saad & Manlos Office: (864) 277-9600
1249 S Pleasantburg Dr Fax: (864) 422-9949
Greenville SC 29605

Please be advised that, pursuant to the Internal Revenue Code and applicable regulations, any tax advice contained in this communication (including any attachments) cannot be used for, and therefore is not intended for, the purpose of avoiding penalties under the Internal Revenue Code.

CONFIDENTIALITY NOTICE: This e-mail is intended only for the addressee named above. It contains information that is privileged, confidential or otherwise protected from use and disclosure. If you are not the intended recipient, you are hereby notified that any review, disclosure, copying, or dissemination of this transmission, or taking of any action in reliance on its contents, or other use is strictly prohibited. If you have received this transmission in error, please reply to the sender listed above immediately and permanently delete this message from your inbox. Thank you for your cooperation.

EXHIBIT A-4

From: Arthur Field [mailto:arthurfield424@hotmail.com]
Sent: Tuesday, December 06, 2011 4:58 AM
To: Jerry Saad
Subject: FW: update?

Fw: 2007 prospectus

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.

Sent: Mon 9/10/12 4:34 PM

To: 'Arthur Field' (arthurfield424@hotmail.com)

2 attachments

prosp07redline.wpd (306.3 KB) , prosp07.wpd (266.4 KB)

— Original Message —

From: Arthur Field

To: jenysaad@charter.net

Sent: Tuesday, November 29, 2011 11:21 AM

Subject: Fw: 2007 prospectus

— Original Message —

From: Arthur Field

To: Eric Pantsari

Sent: Friday, February 09, 2007 9:33 AM

Subject: 2007 prospectus

Eric

Attached is the first version of the 2007 prospectus in WP format. Also attached is a redline comparison to the amended 2006. This should start the 2007 ball rolling.

Hope all is well.

Arthur Field
Capital Investment Funding

EXHIBIT B 46 pages

Fw: Revised prospectus

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.

Sent: Mon 9/10/12 4:34 PM

To: 'Arthur Field' (arthurfield424@hotmail.com)

1 attachment

prosp07.wpd (207.0 KB)

— Original Message —

From: Arthur Field

To: jerrysaad@charter.net

Sent: Tuesday, November 29, 2011 11:22 AM

Subject: Fw: Revised prospectus

— Original Message —

From: Arthur Field

To: Eric Pantsari

Sent: Thursday, February 22, 2007 4:27 PM

Subject: Revised prospectus

Eric

I spent the last 6 hours doing this. I have cut 8 pages out of the Prospectus and tried to tighten up every section and eliminate all 'puffery' as Roland would describe it. The words 'investor', 'investment', etc. have been deleted everywhere needed and replaced with Note Holder. Let me know if more is needed.

I will also do a redline version comparing to 06 amended.

Arthur

Fw:

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
 Sent: Mon 9/10/12 4:40 PM
 To: 'Arthur Field' (arthurfield424@hotmail.com)
 1 attachment
 Commercial Loan Form Multiple.xls (607.5 KB)

— Original Message —

From: Arthur Field
 To: jemysaad@charter.net
 Sent: Tuesday, November 29, 2011 11:45 AM
 Subject: Fw:

— Original Message —

From: Arthur Field
 To: David.Marsidi@bayviewfinancial.com
 Sent: Saturday, February 24, 2007 4:59 AM
 Subject: Re:

David

Nice chatting.

Attached is a beginning spreadsheet with some of our direct loans.
 Also here is a listing of loans to Cosimo, LLC, which acts as our re-lending outfit. Cosimo services the loans.
 We could sell some or all of these to you. I only have limited info on each of these but we can get full info. I am
 giving you current balance. In general, the interest rate on the loans vary from 10.5% to 13%. Loans are
 predominantly current. Most are interest only. All are commercial; virtually all are first mortgages.

Asanti \$412,617
 Badger \$105,000
 Crumpton Lot 6 \$320,000
 D&D \$500,000
 Earthartist \$527,500 approx since 4/16/02 totally current (payments \$6,154)
 Godprop \$150,000
 Lot 36 Waters Edge \$169,000
 Lot 46 Waters Edge \$230,000
 Morgan Greene \$600,000 outside SC.
 Palmetto Afford \$499,636
 SD Trust \$1,900,000
 Southridge Construction \$150,000
 Tcholak Properties Oregon \$2,638,500
 Timms \$76,000
 We3 \$1,460,003

Before we start pulling out all the information on every one of these, could you indicate which might be of interest

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Outlook Print Message

to you? Except as noted, they are properties in SC. Typical interest rate is about 11.5%. We can amend any of these to make longer maturities. None have prepayment penalties and none can be added.

In addition, we hold \$17,057,622 in a loan to Lancaster Resources, Inc. which is in place since 1999 (high balance was about \$29.7 Million) and has a rate of roughly 10.75%, adjusting quarterly. We are in process of rewriting this against specific properties in smaller amounts. I expect we will break it into 5 pieces ranging from \$1 Mil to \$8 Mil in size. What would make this most appealing to you?

I will price anything with an interest rate from 9 to 10 at 100.25. Anything from 10 to 11 at 100.50. Anything over 11 at 101. Does that seem agreeable?

Arthur Field

— Original Message —

From: David.Marsidl@bayviewfinancial.com

To: arthur-field@charter.net

Cc: markisler1@yahoo.com

Sent: Wednesday, February 21, 2007 11:29 AM

Arthur,

It was a pleasure speaking with you today. Attached is our template outlining the info we need to price your loans

Please let me know if you have any questions. I look forward to doing business with you.

David C. Marsidl

Vice President

Bayview Financial L.P.

Tel: (305) 631-6318

Fax: (305) 631-5624

DavidMarsidl@bayviewfinancial.com

4/6/13

Outlook Print Message

From: David Sommers

To: arthur-field@charter.net

Sent: Thursday, March 08, 2007 12:34 PM

Subject: \$4 million loan

Good morning Arthur,

I was referred to you by Bart Kelley, who I spoke to yesterday. I work at Baytree Bank, a bank that is located just north of Chicago. In our conversation, Bart said you were looking at a \$4 million loan purchase. We would be interested in looking at that transaction. Please contact me at (847) 615-3119 if you have any questions. Thanks and have a great day.

David Sommers

Fw: \$4 million loan

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
 Sent: Mon 9/10/12 4:49 PM
 To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: Arthur Field
 To: David Sommers
 Sent: Thursday, March 08, 2007 1:36 PM
 Subject: Re: \$4 million loan

Loan List (All properties in SC unless otherwise noted)

Borrower Property Loan Balance Approx Details

- 1) Trazom Anderson Warehouse \$2.52 Million
 Credit Tenant with 10 year 3x net lease 120k sf warehouse
 Interest rate 8.5% for 5 years, 9% for 5 years
 25 year Amortiz. 10 year balloon
 2nd mortgage subject to a \$98k first at low rate
 Approx value of property \$3.2 to \$3.4 Million 2006 appraisal
 Excellent loan history
- 2) Jade Dragon Liberty Warehouse \$988,583
 Original Balance \$1 Million
 Credit Tenant 3x net lease Excellent Loan history
 \$1.2 Million appraisal
 9% interest 25 year Am 10 year balloon
- 3) Midland Race Properties Greeleyville race track \$915,000
 First mortgage on raceway dragstrip and about 60 acres of land.
 New borrower.
 13% interest. Maturity 10/31/09 balloon.
- 4) Rodriguez Single family house Easley \$152,074
 10% interest 5 year balloon 25 year Am
- 5) The following loans are made to Cosimo, LLC, a re-lending entity of mine. The loan files are in another location so I have only limited info. Rates will range from 10% to 13%. All should be first mortgages, secured by real property in excellent LTV.
 Asanti \$412,617
 Badger \$105,000
 Big Deal Land \$425,000
 Crumpton Lot 6 \$320,000
 D&D \$500,000
 Earthartist \$500,000 approx (Warehouse in Seneca, paid for 6 years solid record at 13%)
 Godprop \$150,000
 Lot 37 Waters Edge \$169,000
 Lot 46 Waters Edge \$230,000

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Morgan Greene (I believe this is a real estate development in NY) \$600,000
Palmetto Affordable \$499,636
SD Trust \$1.9 Million
Southridge Construction \$150,000
Tcholak Properties (development in Oregon) \$2,638,500
Timms \$76,000
We3 \$1,460,000

The loans involving We3 and SD Trust and Lots 37 and 46 are secured by a series of developments on Lake Keowee.

If you have serious interest in these, I can obtain the specifics on each one from my 'partner' who handles the lending side on those. We have full loan files, with recorded mortgages, assignments of rent, conditional assignment of membership interest in LLC, appraisals, loan history, etc. As mentioned, we would sell at a price of approximately 101.00. These loans are all performing and we have no 'need' to sell them other than to turn the money and do it again. Look forward to hearing from you.

Arthur Field, Ph.D.
Capital Investment Funding, LLC

— Original Message —

From: David Sommers
To: 'Arthur Field'
Sent: Thursday, March 08, 2007 12:53 PM
Subject: RE: \$4 million loan

Good afternoon Arthur,

My apologies, as the number is 847-615-3319.

David Sommers

From: Arthur Field [mailto:arthur-field@charter.net]
Sent: Thursday, March 08, 2007 11:52 AM
To: David Sommers
Subject: Re: \$4 million loan

I tried to call you and the phone number will not work. Please verify it and confirm.

— Original Message —

<https://blu169.mail.live.com/mail/PrintMessages.aspx?cpids=a/cb31d5-fb88-11e1-98dc-00237de3f15e,m&isSafe=true&FolderID=4c12e8b7-e323-4b2a-8a1f-5ab...> 2/3

Fw: Draft Lease Agreement Stodghill represented ME

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.

Sent: Mon 9/10/12 4:39 PM

To: 'Arthur Field' (arthurfield424@hotmail.com); gravityvortex@gmail.com

Stodghill represented Trazom in this. He certainly didn't represent Inergy.

— Original Message —

From: Arthur Field

To: jerrysaad@charter.net

Sent: Tuesday, November 29, 2011 11:43 AM

Subject: Fw: Draft Lease Agreement Stodghill represented ME

— Original Message —

From: Arthur Field

To: Curtis Stodghill

Sent: Wednesday, February 14, 2007 12:06 PM

Subject: Re: Draft Lease Agreement

At first reading, this looks good. I would like a clause that says if they hold over after the 5 years the rent increases automatically to \$30k per month.

Arthur

— Original Message —

From: Curtis Stodghill

To: Worden, Mark ; Arthur Field

Sent: Wednesday, February 14, 2007 11:01 AM

Subject: Draft Lease Agreement

Mark and Arthur:

Attached is a first cut at a lease agreement between Trazom and Inergy. As a starting point, it was drafted in substantially the same form as the lease between Trazom and Tiger, which both of you are familiar with. Please let me have your comments.

Curt

PS. Mark, I am working on the Inergy/Tiger material, but this afternoon is committed. I should have it to

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Outlook Print Message

you tomorrow. CS

Curtis Stodghill

Stodghill Law Firm Chartered

PO Box 2431

Greenville, SC 29602-2431

201 East McBee Avenue, Suite 300 A

Greenville, SC 29601-2899

Phone 864.271.0966

Fax 864.770.6167

Cell 864.419.9976

curt@stodghill-law.com

Fw: CIF redline version

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
 Sent: Mon 9/10/12 4:35 PM
 To: 'Arthur Field' (arthurfield424@hotmail.com)

----- Original Message -----

From: "Arthur Field" <arthur-field@charter.net>
 To: <jerrysaad@charter.net>
 Sent: Tuesday, November 29, 2011 11:22 AM
 Subject: Fw: CIF redline version

>
 > ----- Original Message -----
 > From: "Arthur Field" <arthur-field@charter.net>
 > To: "Eric Pantsari" <AGEPANTSAR@ag.state.sc.us>
 > Sent: Tuesday, February 27, 2007 12:01 PM
 > Subject: Re: CIF redline version
 >
 >
 > > Eric
 > >
 > > This is Risk disclosure #8. I would think it takes care of it. I
 > added
 > > something about Pfeiffer, even though I don't think he has any
 > conflict
 > > any
 > > more....Credo no longer exists, Tiger is gone, and Scott is not
 > acting
 > as
 > > my
 > > counsel...but there still could be something since he has acted as
 > counsel
 > > to some of the borrowers in the past and may in the future:
 > > 8. POTENTIAL CONFLICTS OF INTEREST AND RELIANCE ON THIRD PARTIES:
 > The
 > > Company, LRI and/or other re-lender, from time to time, makes loans
 > to
 > > affiliated companies, or members thereof, as noted, in which any
 > such
 > > entity
 > > or its members may hold a direct or indirect interest. Such relation
 > > presents a potential conflict of interest insofar as a loan made to
 > an
 > > entity wherein an interest is held may not be treated in the same
 > manner

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Outlook Print Message

> > (origination, underwriting, collection, etc.) as a loan to a wholly
> > independent third party. The Company's members, its advisors,
parties
> > related thereto, and/or its re-lenders, Note Holders or borrowers
may
have
> > one or more direct or indirect conflicts of interest with the
Company.
> These
> > may result from business relationships with the Company, or with
loans
> made
> > by the Company. Many of these are set forth in greater detail below
(See
> > "Transactions with Related Parties and Conflicts of Interest"), but
it
may
> > not be possible to accurately disclose every potential conflict.
Cosimo,
> LLC
> > is indirectly owned by Field and by F. Scott Pfeiffer, who has acted
as
> the
> > Company's counsel from time to time and may act as counsel to a
particular
> > borrower. The Company has and may directly or indirectly rely upon
the
> > opinions of independent accountants, auditors, credit agencies,
appraisers
> > and / or other professionals as to the financial stability and worth
of
> > those entities doing business with the Company, or with LRI, or any
other
> > re-lender and as to value of any underlying security. (For example,
the
> > Company may rely on audits of borrowers performed by third party
auditors
> or
> > appraisals of property performed for the benefit of borrowers and/or
> > re-lenders.) The Company cannot be certain such accounting or other
firms
> > have arrived at correct opinions or performed their audits in
conformity
> > with generally accepted principles and the Company is not liable for
good
> > faith reliance on such opinions.
> >
> >
> >
> > If you think even more is needed, let me know and I will be glad to
> > accommodate, as ever.
> >
> >

... 4/6/13 4:00 PM - Mail Item Control/Print Message sent/modified 4/10/13 11:46:11a1-953f-00215ad7aa6c.m&lsSafe=true&FolderID=4c12a8b7-e323-4b2a-8a1f-5abd... 2/3

4/6/13

Outlook Print Message

> >
> > Arthur
> >
> > ----- Original Message -----
> > From: "Eric Pantsari" <AGEPANTSAR@ag.state.sc.us>
> > To: "Arthur Field" <arthur-field@charter.net>
> > Sent: Tuesday, February 27, 2007 10:49 AM
> > Subject: Re: CIF redline version
> >
> >
> > Arthur: We are still working our way through the prospectus but
wanted
> you
> > to be working on adding a risk factor. This risk factor would
address
> > conflicts of interests between members of CIF (including affiliated
> persons
> > of CIF and/or those with any connection to CIF) and any of the
re-lenders
> > that CIF does business with. The risk factor should also state the
> > ownership interests of those persons in the re-lender. Eric
> >
> > >>> "Arthur Field" <arthur-field@charter.net> 2/22/2007 4:40 PM >>>
> > Good luck with this one.
> >
> >
> >
>

Fw: Next week's meeting

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
Sent: Mon 9/10/12 4:35 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: Arthur Field
To: jermysaad@charter.net
Sent: Tuesday, November 29, 2011 11:23 AM
Subject: Fw: Next week's meeting

— Original Message —

From: Arthur Field
To: Eric Pantsar
Sent: Tuesday, March 06, 2007 11:09 AM
Subject: Next week's meeting

Eric

I have mailed you today a U1, a check for \$500, and a proposed Senior Note Series 2007. You should receive by Thursday.

I am coming down on Tuesday next week. Please email me a list of loans in which Roland, you or Tommy are interested, so I can get the paperwork in order in time and also so I don't have to haul 150 loan files needlessly. It will be nice to see you all again.

Arthur

Fw: CIF further revision

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
Sent: Mon 9/10/12 4:35 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)
1 attachment
prosp07new.wpd (206.4 KB)

— Original Message —

From: Arthur Field

To: jerrysaad@charter.net

Sent: Tuesday, November 29, 2011 11:23 AM

Subject: Fw: CIF further revision

----- Original Message -----

From: Arthur Field

To: Eric Pantsari

Sent: Thursday, March 22, 2007 12:24 PM

Subject: CIF further revision

Dear Eric

I have incorporated into this latest iteration the suggestions made at the March meeting.

Arthur Field

Fw: Even more revised prospectus for CIF

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.

Sent: Mon 9/10/12 4:35 PM

To: 'Arthur Field' (arthurfield424@hotmail.com)

1 attachment

prosp07new.wpd (223.3 KB)

— Original Message —

From: Arthur Field

To: jerrysaad@charter.net

Sent: Tuesday, November 29, 2011 11:23 AM

Subject: Fw: Even more revised prospectus for CIF

— Original Message —

From: Arthur Field

To: Eric Pantsari

Sent: Tuesday, April 03, 2007 9:43 AM

Subject: Even more revised prospectus for CIF

Eric

In an attempt to comply with the apparently never ending demands of the Securities Division (for something you were trying to shorten, your Division keeps making this much longer), I enclose the newly revised version with a Table listing each loan outstanding as of 12/31/06.

Arthur Field
Manager, CIF

Fw: New application for registration

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
Sent: Mon 9/10/12 4:36 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: Arthur Field
To: jerrysaad@charter.net
Sent: Tuesday, November 29, 2011 11:24 AM
Subject: Fw: New application for registration

— Original Message —

From: Arthur Field
To: Eric Pansari
Sent: Tuesday, May 22, 2007 5:19 AM
Subject: New application for registration

Eric

You will receive a complete package for registration of Series 2007A Notes from me today. This will totally replace prior filing, which is now withdrawn. This is not an admission of any sort, but an attempt to resolve this impasse. The Prospectus has been simplified, revised and every single point raised in the Notice of Intent has been addressed, regardless of my feelings about same. I have had significant portions reviewed by counsel, who like what they see. (For example, the winding up section has been totally replaced with nothing more than a replication of the sections of Title 33 that apply. Even Mr. Condon and Mr. Coming could not argue with just quoting the statute. Disclosure is made in full and the words were written by the Legislature.)

Since the statute merely requires the minimal disclosure set forth in 35-1-304, I trust the extensive, full disclosure contained in the new draft prospectus, the answers to the statute questions attached to the U-1, and the revised audit will more than suffice.

I know this will require re-reading, but I would hope this could be accomplished quite quickly. CIF has been 'in limbo' for 2 months as of today and I hate to have to continue operating at 70% much longer. We have already turned away \$150k in potential new investment (clients referring others to us) in the last 2 weeks. I have loan commitments I would love to be able to fill. Your assistance is much appreciated.

Arthur Field
Manager, CIF

4/6/13

Outlook Print Message

Fw: Well Mortgages? Canadian offer

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
Sent: Mon 9/10/12 4:27 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: **Arthur Field**
To: jerrysead@charter.net
Sent: Tuesday, November 29, 2011 11:08 AM
Subject: Fw: Well Mortgages? Canadian offer

— Original Message —

From: **F Scott Pfeiffer**
To: arthur-field@charter.net
Sent: Tuesday, August 21, 2007 12:56 PM
Subject: Fwd: Well Mortgages?

----- Forwarded message -----

From: **Jack Campitelli** <jack@jackcampitelli.com>
Date: Aug 21, 2007 1:54 PM
Subject: Re: Well Mortgages?
To: **F Scott Pfeiffer** <redlion66@gmail.com>

See you Monday.

Please advise Arthur that we will be there and will be going over the portfolio.

We will want to fly to NJ on Wednesday (after work) to meet the borrowers there Thursday/Friday, see their collateral and discuss repayment schedules.

Arthur/you are welcome (and encouraged) to accompany us.

Please arrange for the appointments in NJ.

We will leave for the West on Friday directly from NJ.

Jack

On 8/21/07 10:46 AM, "F Scott Pfeiffer" <redlion66@gmail.com> wrote:

Yes sure, the 27th is fine.

On 8/21/07, **Jack Campitelli** <jack@jackcampitelli.com> wrote:

Very good, Scott. That will make it easy to use Red Lion — as an agent for PGG.

I'm going to send the revised LOI in a minute. I don't think it's perfect but it's a good start and shows where we are.

I'm talking THIS Monday as in the 27th. Will that work? Labor Day = Saturday and we

should be out by then.

On 8/21/07 10:32 AM, "F Scott Pfeiffer" <redlion66@gmail.com> wrote:

Yes I got it.

Monday week is Labor Day.

Too bad for Alex - I always had a bad feeling about him.

The mortgage paper market being dead is good for us. It makes our money more valuable. I could lend millions on good collateral at great interest right now if I had it.

Haven't seen a revised letter of intent

Yes we can use Red Lion, since my loi has it as the broker.

Scott

On 8/20/07, Jack Campitelli <jack@jackcampitelli.com> wrote:

Did you get this?

I will be there in about 8 days. Monday week. See below. Then off to NJ with Arthur if he wants to meet the borrowers.

Since brokerage accounts are hell to set up, can we do the escrow through Red Lion?

----- Forwarded Message

From: Jack Campitelli <jack@jackcampitelli.com>

Date: Thu, 16 Aug 2007 12:10:52 -0700

To: Scott Pfeiffer <Scott@pfeiffergantt.com>

<mailto:Scott@pfeiffergantt.com> >

Conversation: Well Mortgages?

Subject: Re: Well Mortgages?

Welcome home.

I think Alex may be out of this. Mortgage paper market is dead. Please proceed with the re-fi for warehouses with all deliberate speed. We will need the funds to support our drilling program. However, consider this if the bank is balking: lower the LTV. For instance, say you want to do a \$2m refi to take out CIF/Cosimo paper. Say that represents an 80% LTV. See what happens if you LOWER the LTV to, say, 60%. We do this by sending a pay off balance for 20% less than what is owed. Your LLCs then put a second on

4/6/13

Outlook Print Message

at CIF to soak up the underage and yet we, say, get \$1.5m cash. The blended rate will be dramatically lower.

It's clearly the wrong time to buy this thing since the mortgage paper market is dead. However, I think we can still make it work.

I will be back there in 10 days or less with a CPA / finance guy who will help with the transition. Great resume. (He will represent us on the Interim Governing Board.) We will review the portfolio item by item and then fly to NJ to meet with those borrowers. You and Arthur are of course welcome to join us.

I will have a revised letter of intent to you tomorrow or later today. No surprises, just a memorialization of our conversations as I can best recall.

Together we will work out interim operating agreements which will include a totally revamped sales program to attract new money. We are going to front enough funds to hire professionals to design and implement a program, with your review and approval, to increase "deposits."

While we're waiting for payoffs and re-fis, we've got to get money for our oil programs -- which we can do from new "deposits."

When you have a calm moment give me a call.

Jack

On 8/16/07 9:21 AM, "Scott Pfeiffer" <Scott@pfeiffergantt.com> wrote:

> This is really good. I have also cleared this plan with Arthur. So, what we
> need then is money to lend, and we are working on that.
>
> Any word from Alex?
>
> Scott
>
>

> -----Original Message-----

> From: Jack Campitelli [mailto:jack@jackcampitelli.com] <mailto:jack@jackcampitelli.com>
> <mailto:jack@jackcampitelli.com> >]

> Sent: Tue 8/14/2007 11:49 AM

> To: Scott Pfeiffer; G. Grant Curtis

> Subject: FW: Well Mortgages?

>

<https://blu169.mail.live.com/mail/PrintMessages.aspx?cpids=eb3d19ca-fb85-11e1-871a-00215ad84ba0,m&IsSafe=true&FolderID=4c12a8b7-e323-4b2e-8a1f-5a...> 3/8

>
 > ----- Forwarded Message
 > From: Travis Brown <tbrown@mahaffeygore.com>
 > Date: Tue, 14 Aug 2007 09:34:28 -0500
 > To: Jack Campitelli <jack@jackcampitelli.com>
 > Conversation: Well Mortgages?
 > Subject: RE: Well Mortgages?
 >
 > Jack,
 >
 > It is just a Mortgage or you can call it a "Mortgage of Oil and Gas
 > Interest." What you put in it is much more important than what you call
 > it.
 >
 > Travis
 >
 > Travis P. Brown, Attorney at Law
 >
 >
 > MAHAFFEY & GORE, P.C.
 > Office: ■ ■ ■ ... 405-236-0478 ■ ■ ■
 > Fax: 405-236-1520
 >
 >
 >

=====

> Notice: MAHAFFEY & GORE, P.C. E-MAIL CONFIDENTIALITY
 NOTICE - This
 > transmission may contain confidential information belonging to the
 > sender which is protected by: (1) the attorney-client privilege, (2) the
 > attorney work product doctrine, (3) strict confidentiality or other
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 > please reply and notify sender (only) and delete the transmission. You
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 > or the taking of any action in reliance upon the contents of this
 > transmission is strictly prohibited and any waiver of privilege or
 > confidentiality by sender is expressly denied. Unauthorized
 interception
 > of this transmission is a violation of United States federal law.
 >

=====

>
 >
 >
 > -----Original Message-----
 > From: Jack Campitelli [<mailto:jack@jackcampitelli.com>]
 > <<mailto:jack@jackcampitelli.com%5D>>
 > Sent: Friday, August 10, 2007 1:37 PM
 > To: Travis Brown
 > Subject: Well Mortgages?
 >
 > Travis --
 >
 > NOT apropos of the Wilcox case, but . . .
 >
 > What does the paperwork look like and what is is called to securitize a

4/8/13

Outlook Print Message

> well
> bore assignment -- or the revenue therefrom. Is there a mortgage of
> some
> sort if someone wants to loan against it?
>

> Jack

>

>

> On 8/10/07 8:33 AM, "Travis Brown" <tbrown@mahaffeygore.com>
wrote:

>

>> I agree and this will be covered in the settlement agreement. I will
> be
>> in Court in Kingfisher, County on Monday morning, so I will not have
a
>> final settlement agreement drafted for Bedford until Tuesday. I will
>> send everyone a copy of the settlement agreement for review and
> comment
>> on Tuesday before I deliver it to Bedford's attorneys.
>>

>> Travis

>>

>> Travis P. Brown, Attorney at Law

>>

>>

>> MAHAFFEY & GORE, P.C.

>> Office: ■■■ 405-236-0478 ■■■

>> Fax: 405-236-1520

>>

>>

>>

=====

>> Notice: MAHAFFEY & GORE, P.C. E-MAIL CONFIDENTIALITY
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> the
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> transmission,
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You

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> distribution,
>> or the taking of any action in reliance upon the contents of this
>> transmission is strictly prohibited and any waiver of privilege or
>> confidentiality by sender is expressly denied. Unauthorized
> interception
>> of this transmission is a violation of United States federal law.
>>

=====

>>

>>

>>

>>

>> -----Original Message-----

>> From: Jack Campitelli [mailto:jack@jackcampitelli.com] <mailto:

4/8/13

Outlook Print Message

jack@jackcampitelli.com <mailto:jack@jackcampitelli.com> >]

>> Sent: Friday, August 10, 2007 10:30 AM

>> To: Travis Brown; Scott Pfeiffer; John

>> Subject: Items for the "settlement"

>>

>> Travis -

>>

>> Scott may have covered this with his choses but . . .

>>

>> we need to be able to step into Bedfords shoes regarding claims

> against

>> the

>> various lienholders and the insurance company and all service

> providers,

>> engineers, etc. involved in the Grace leases.

>>

>> Jack

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> ----- End of Forwarded Message

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----- End of Forwarded Message

Fw: Draft of CIF Agreement Part 2

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
 Sent: Mon 9/10/12 4:28 PM
 To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: Arthur Field
 To: jermyasad@charter.net
 Sent: Tuesday, November 29, 2011 11:10 AM
 Subject: Fw: Draft of CIF Agreement Part 2

— Original Message —

From: Jamie McKeough
 To: 'Arthur Field'; 'Scott Pfeiffer'
 Cc: 'Jack'
 Sent: Sunday, January 06, 2008 3:02 PM
 Subject: RE: Draft of CIF Agreement Part 2

Hi Arthur, Happy New Year and thanks for sending this outline.

I think we're way to far apart to take this any further but, in fairness, I want to try and define where I'm at. I arrive at a couple of core starting points (when analyzing CIF/Cosimo) before I even begin to grind the details:

1. At a macro level, the US "credit crunch / real estate slowdown / economic slump" appears to be getting worse, perhaps much worse than we discussed in our car ride to the Charlotte airport. I'd be surprised if you disagree with this assessment.
2. The positive side of this scenario is that I continue to strongly believe that a 'fresh money' lender is going to be in an outstanding position to be well compensated for lending / taking risk in the next few years – development loans, bridge loans, AR backed loans....you name it, the entrepreneurial lenders (read: not banks) that can be creative, act quickly and NOT be unduly burdened by their past baggage are going to do very well for their investors.

CIF/Cosimo's loans are highly concentrated in three buckets: LIR, the Lake-Boys in Cosimo and the CO mortgage loans.....by my estimate this represents 75% of the CIF/Cosimo assets?? Can you can articulate a case that these loans are on the cusp of being liquid which means that these funds could be put back out on the street at mid to high teens rates.....???

If that's the case, then by all means hang on and sell CIF/Cosimo at a much more attractive price. I have always agreed with you Arthur that CIF's audited track record plus its fund raising & admin infrastructure is a very valuable platform.

But, if the new owner takes on the responsibility of recovering & redeploying $\frac{3}{4}$ of total assets, then the purchase price must reflect that reality and the seller's forward pay-out & compensation must be tied to creating this liquidity.

Jamie

Jamie McKeough

www.onwardcapital.com

From: Arthur Field [mailto:arthur-field@charter.net]

Sent: Friday, January 04, 2008 6:56 PM

To: Scott Pfelffer

Cc: Jamie McKeough; Jack

Subject: Re: Draft of CIF Agreement Part 2

Part 2:

I need to continue on the payroll for a while, at least. The 1099 forms must be processed for all persons receiving interest and this is a major January project. I assume I should continue working until such time as advised to the contrary.

4/6/13

Outlook Print Message

All persons who receive interest monthly or quarterly were paid this week. All IRA accounts checks will be issued tomorrow and sent on Tuesday.

No rent has been paid this month pursuant to instructions, but all other accounts are paid current except for a back advertising bill which is still being contested.

Rents are as follows:

Easley \$1273 / month includes utilities

Greer \$830 / month plus electric

Mt Pleasant \$810 / month (they want \$830 but I refused), includes utilities

Mrytle Beach \$150 / month (plus late charges if not paid by the 1st)

Basic Expenses at this time:

Cleaning \$160/month

Insurance for Employees \$825/month for health

IRA Fees \$200/month

Office Supplies \$350/month

Postage & Delivery about \$400/month

Printing about \$400/month

Telephone about \$1200/month

Utilities about \$350/month

We average about \$13k/month for total expenses other than payroll and taxes.

— Original Message —

From: Scott Pfeiffer

To: Arthur Field

Cc: Jamie McKeough ; Jack

4/6/13

Outlook Print Message

Sent: Friday, January 04, 2008 2:14 PM

Subject: Draft of CIF Agreement

Review and advise.

F. Scott Pfeiffer

Pfeiffer Gantt & Gleaton, PA

Symphony Center

200A South Main Street

Greenville, SC 29601

(864) 250-9780

scott@pfeiffergantt.com

Fw: From Brian @ SBLF - CONFIDENTIAL

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
Sent: Mon 9/10/12 4:28 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)
1 attachment
Capital Investment Funding, LLC - Engagement Agreement.pdf (119.1 KB)

— Original Message —

From: Arthur Field
To: jerrysaad@charter.net
Sent: Tuesday, November 29, 2011 11:11 AM
Subject: Fw: From Brian @ SBLF - CONFIDENTIAL

— Original Message —

From: Brian Payne
To: Arthur Field
Sent: Thursday, January 10, 2008 11:29 PM
Subject: From Brian @ SBLF - CONFIDENTIAL

Arthur:

I too enjoyed the meeting and thank you for the opportunity to assist Capitol Investment Funding, LLC ("CIF") in its effort to address the best interests of its members and investors. Attached you will find our two-part Engagement Agreement. Part One includes the general terms and conditions for the engagement of our services, whether for the present matter or future matters. Part Two specifically defines the present matter we are being engaged to assist in, as well as setting forth the initial retainer fee amount.

I do have some ideas to share, but will first complete my review of the initial documents you have kindly provided after both parts of the the attached agreement are fully executed and returned to me, along with the requested initial retainer.

I also anticipate wanting to receive summary information on the number of investors and the invested amounts, as well as copies of the documentation used to secure CIF loans.

Finally, be advised that I will be representing CIF, not yourself, in this matter. Any information shared with me should not be assumed to be withheld from other CIF members. Depending on the guidance needed, the number of hours and duration of the representation could be minimal or quite substantial.

I will follow-up as soon I have completed my review of the documents you have provided.

Kind Regards,

Fw: Economy

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
Sent: Mon 9/10/12 4:36 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: Arthur Field
To: jerrysaad@charter.net
Sent: Tuesday, November 29, 2011 11:25 AM
Subject: Fw: Economy

— Original Message —

From: Arthur Field
To: Eric Pantsari
Sent: Monday, March 17, 2008 5:21 AM
Subject: Economy

EP

I told you it was going to be real bad. It's going to get a lot worse. The US \$ will lose another 10% minimum. Bear Stearns will disappear. Lehman will be next. The mortgage market is collapsing. People are going to lose tons of \$ in the stock market. I expect S&P 1175 as the next target and then it could get as low as 900. Certainly, 1040 is possible. Today may be a blood bath.

CIF will be a itty bitty blip on the economic radar. lol Our best hope may be to just take the properties and hold on to them and distribute them to the former note holders as tenants in common, or wait 4 years for value to return. I doubt anyone at all will be making mortgage payments soon. Except oil companies, of course. Someday, if the Fed starts taking over all these firms, we may be paying our mortgages with our tax payments. The government will soon declare itself the lender of last resort.

It doesn't change anything I do, but it is nice to know I predicted this on Jan 15. I hope you are insulated financially.

Best regards,

Arthur

Fw: 39 Union Street, Unit 401, Hackensack, NJ

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.

Sent: Mon 9/10/12 4:29 PM

To: 'Arthur Field' (arthurfield424@hotmail.com)

----- Original Message -----

From: Arthur Field

To: jerrysaad@charter.net

Sent: Tuesday, November 29, 2011 11:13 AM

Subject: Fw: 39 Union Street, Unit 401, Hackensack, NJ

— Original Message —

From: Arthur Field

To: Gary K. Kraft, Sr. ; Gkkskymark@aol.com

Cc: F. Scott Pfeiffer ; Robert L'Abbate

Sent: Saturday, May 24, 2008 4:35 PM

Subject: Re: 39 Union Street, Unit 401, Hackensack, NJ

Gary

I prefer you deed me the property at this point, free and clear of all liens. I will sign a listing agreement, a contract with the new buyer and I will pay the transfer tax at the closing. Since CIF paid in full for this property on March 27, 2007, it needs to be in the chain of title so I can prove fair value purchase and so I can take the loss on any net sale. My auditors will insist upon this, as I am sure will any reviewing authority.

I will prepare the deed, and also sign a listing. Your Memo of contract is insufficient. The final C of O must be issued since all the other Units have been sold. If necessary, CIF will pay the property tax on this unit. I will certainly agree to the 4.5% realty commission.

As to the new sale, please advise me of the buyer's name and address and attorney. I will represent CIF's interest in the transaction. The \$100,000 deposit should be held by me, as attorney, in my trust account. If necessary, I will draft the formal contract after you deliver the binder to me during the attorney review period. I will handle the legal aspects of the closing. Naturally, I appreciate your assistance in a paralegal capacity.

It is essential we fully document this transaction and move forward immediately. Thank you.

Arthur Field, Manager

CIF

— Original Message —

From: Gary K. Kraft, Sr.

To: Arthur Field

Cc: Robert L'Abbate

Sent: Friday, May 23, 2008 12:54 PM

Subject: 39 Union Street, Unit 401, Hackensack, NJ

4/6/13

Outlook Print Message

Arthur,

I have attached three files that include:

- listing agreement dated 3/4/08 between 39 Union Square, LLC and Preakness Realty
- acknowledgment of the listing agreement with Preakness Realty and the commission to be paid at the sale
- Memorandum of Contract, which we will file in the Bergen County Clerk's Office

Please sign the documents and return them to our office via fax (201-488-4359) and send the original executed documents in the mail. I am not sure if the Clerk will file the Memorandum of Contract with a facsimile signature. We will be receiving a Contract to purchase the unit from a third party for \$310,000. The buyer will be paying a deposit of approximately \$100,000, with the balance coming from mortgage proceeds. The closing of title would be scheduled on or about August 8, 2008, but we will of course push to get it done sooner.

From the gross proceeds of sale, the following customary and ordinary closing costs will be deducted:

Realtor - \$13,950.00
Realty Transfer Fee - 1,793.00
Real Estate Taxes (subject to adjustment) - \$7,000.00
Home Buyers' Warranty - \$775.00
Attorney - \$850.00

This transaction should net you approximately \$285,632.00.

Please contact me if you wish to discuss this matter further, 201-776-6000 or simply execute the documents and return them to this office via fax and mail.

Gary K. Kraft, Sr.
201-678-1000 ext.302

**Fw: Collateral for Promise to Repay Indebtedness owed
between LRI II, LLC and Capital Investment Funding, LLC
dated October 1, 2007**

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.

Sent: Mon 9/10/12 4:30 PM

To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: Arthur Field

To: jerrysaad@charter.net

Sent: Tuesday, November 29, 2011 11:13 AM

Subject: Fw: Collateral for Promise to Repay Indebtedness owed between LRI II, LLC and Capital Investment Funding, LLC dated October 1, 2007

— Original Message —

From: Arthur Field

To: Gary K. Kraft, Sr.

Sent: Monday, May 26, 2008 8:38 AM

Subject: Re: Collateral for Promise to Repay Indebtedness owed between LRI II, LLC and Capital Investment Funding, LLC dated October 1, 2007

Mr. Kraft

Thank you for your email of April 21 below. I have never received the resolution promised. In addition, it would be my uninformed opinion that the collateral pledged is grossly insufficient to secure \$18 Million in debt. Should I be incorrect in this assumption, kindly explain to me where I am wrong. If not, CIF will immediately require delivery of the executed resolution promised 30 days ago, delivery of an actual pledge of the membership or other evidence thereof, formal assignment of the \$1.7 Million Note with proof of its value or an opinion thereof by a competent valuation expert, and a list of collateral comprising the balance of the \$18 Million with proof that CIF has a perfected security interest.

Failure to provide this within the next 30 days will result in the initiation of formal proceedings to protect CIF's interests.

Thank you for your attention to this matter.

Arthur M. Field, Manager
CIF, LLC

— Original Message —

From: Gary K. Kraft, Sr.

To: Arthur Field

Cc: Robert L'Abbate

Sent: Monday, April 21, 2008 3:56 PM

4/6/13

Outlook Print Message

Subject: Collateral for Promise to Repay Indebtedness owed between LRI II, LLC and Capital Investment Funding, LLC dated October 1, 2007

Dear Mr. Field:

Please be advised that in accordance with paragraph 5 of the Promise to Repay Indebtedness owed between LRI II, LLC and Capital Investment Funding, LLC dated October 1, 2007, a schedule of collateral needed to be prepared and submitted to Capital Investment Funding setting forth the collateral LRI II, LLC will pledge to collateralize the loan.

As a result of numerous mergers and acquisitions between affiliated entities of LRI II, LLC and Skymark Holdings, Inc., LRI II, LLC has unencumbered ownership of the following assets which it intends to pledge to Capital Investment Funding:

- a) Twenty-two million six hundred nine thousand five hundred sixty (22,609,560) shares of common stock of Skymark Holdings, Inc., a non-reporting publicly traded company
- b) Partial Settlement Agreement dated April 18, 2002 between Elliot Salzman and Lancaster Resources, Inc. and other affiliated entities in the face amount of \$1,747,728.

Please be advised that a Resolution from the Sole Member of LRI II, LLC confirming said collateral will be shortly forth coming. If you have any questions please feel free to contact Robert L'Abbate or myself.

Gary K. Kraft, Sr.
201-678-1000 ext.302

Fw: Condo units

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
Sent: Mon 9/10/12 4:30 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: **Arthur Field**
To: jerrysaad@charter.net
Sent: Tuesday, November 29, 2011 11:13 AM
Subject: Fw: Condo units

— Original Message —

From: **Arthur Field**
To: **Gary K. Kraft, Sr.** ; Gkkskymark@aol.com
Cc: **F. Scott Pfeiffer**
Sent: Tuesday, June 03, 2008 8:29 AM
Subject: Condo units

Gary

I have not received the documents related to the sale of unit 401 from you. I need proof you have a buyer. The gentleman I have who wishes to purchase the unit will not wait much longer. Please send me the deed and all relevant documentation asap.

Arthur

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
Sent: Mon 9/10/12 4:31 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)
1 attachment
K and Review Ltr.doc (2.9 MB)

From: Arthur Field
To: jerrysaad@charter.net
Sent: Tuesday, November 29, 2011 11:13 AM
Subject: Fw:

From: gkkrealtor@aol.com
To: arthur-field@charter.net
Sent: Tuesday, June 10, 2008 9:42 AM

As per your request, I have attached the Contract and the review letter for the sale of Unit 401 at 39 Union Square. I will keep you advised as to the progress that is made with the sale and if the closing date can be accelerated. Any questions, please do not hesitate to contact me.

Get the Moviefone Toolbar. Showtimes, theaters, movie news, & more!

Fw: Lis Pendens 401 and 109

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
 Sent: Mon 9/10/12 5:29 PM
 To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: Elliot Salzman
 To: Christopher H. Westrick
 Cc: Arthur Field ; Scott Pfeiffer
 Sent: Friday, July 25, 2008 3:15 PM
 Subject: Re: Lis Pendens 401 and 109

PS the letter should come from you, since they don't reply to your correspondence anyway.

On 7/25/08, Christopher H. Westrick <cwestrick@grsl.com> wrote:

I will instruct my paralegal NOT to file the lis pendens as to these 2 properties at this time (we were waiting for a docket # on the otsc being filed today but will now hold off). However, I recommend insisting upon executed documents from Lancaster by a date certain or the lis pendens will be filed. I strongly suggest you immediately confirm your conversation with Mr. Kraft by letter or email to him, with a copy to L'Abbate.

Lets get confirmation of the closing date and, assuming it is no sooner than 8/8 (date listed in contract), I would insist they provide executed docs in the form I previously sent to L'Abbate by end of next week-- and I would insist on them for ALL THREE PROPERTIES, 401, 109 and SRG. If we do receive all by end of next week, we will file lis pendens 1st thing on 8/4.

If you would prefer I issue this letter, I can do so but not until tonight or over the weekend. I am presently out boating on a lake in northern Minnesota (aren't blackberries great?).

Chris-----Original Message-----

From: Arthur Field <arthur-field@charter.net>

Sent: Friday, July 25, 2008 1:44 PM

To: Christopher H. Westrick <cwestrick@grsl.com>

Cc: elliot.salzman@gmail.com <elliot.salzman@gmail.com>; Scott Pfeiffer <Scott@pggpa.com>

Subject: Lis Pendens 401 and 109

Chris

I just spoke with Gary Kraft of Lancaster. He begged me not to file a lis pendens since it would interfere with Oritani and the financing arrangement they are putting in place. He guarantees they will go forward and pay us. He agrees to record a notice of contract and CIF's interest on the land records. I will gladly give you a power of attorney to sign docs relating to this closing, including such a notice of contract. Unless you absolutely feel the lis pendens is required, I don't want to do anything which would tortiously interfere with other financing LRI is endeavoring to obtain.

Arthur

Fw: 457 Carlton Road / FA-1586

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
Sent: Mon 9/10/12 5:31 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)
2 attachments
20080822142638438.pdf (3.4 MB), FA-1586.pdf (79.6 KB)

----- Original Message -----

From: **Elliot Salzman**
To: **Christopher H. Westrick ; Arthur Field**
Sent: Friday, August 22, 2008 1:44 PM
Subject: Fwd: 457 Carlton Road / FA-1586

Please find enclosed title search from Edgewater Title. Mr. Miller made reference to not allowing the foreclosure sale to go through because there might be some other liens besides the tax lien, there are none. Please feel free to supply this to Mr. Miller's attorney.

----- Forwarded message -----

From: **Joanne Lima** <j.lima@edgewater-title.com>
Date: Aug 22, 2008 2:24 PM
Subject: 457 Carlton Road / FA-1586
To: **Elliot Salzman** <elliotsalzman@gmail.com>

Attached, please find title commitment & judgments.

Have a good weekend!

JoAnne B. Lima

Title Officer

Edgewater Title Agency, LLC

753 Bergen Boulevard - Suite 2B

Ridgefield, New Jersey 07657

Tel: (201) 945-0016

Fax: (201) 945-0017

Fw: Unit 401 and SRG insure

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
Sent: Mon 9/10/12 4:32 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: Arthur Field
To: jermyaad@charter.net
Sent: Tuesday, November 29, 2011 11:16 AM
Subject: Fw: Unit 401 and SRG insure

— Original Message —

From: Scott Pfeiffer
To: Arthur Field
Sent: Monday, September 22, 2008 1:26 PM
Subject: Re: Unit 401

Arthur:

Nancy Anderson called. She needs some info for her IRA account. Can someone call her please? 878-2253

F. Scott Pfeiffer
Pfeiffer Gantt & Gleaton, PA
200A South Main St.
Greenville, SC 29601
(864) 250-9780
scott@pggpa.com

On Sep 22, 2008, at 12:33 PM, Arthur Field wrote:

Gentlemen:

As always wanting to keep you up to date on progress (all information continues to be under seal and communicated with that understanding):

We received title to Unit 401, 39 Union Square. Unfortunately, only the smaller mortgage was released, thereby creating a title issue. The original buyer for Unit 401 backed out, since LRI had broken his contract. To mitigate damages, CIF offered to sell it to him at the same price. He declined. They already purchased another unit for less money (not surprising), but at least we mitigated damages to an extent by making the offer. This also should kill any claim for a real estate commission (or at least significantly reduce the claim) since the buyer was no longer

4/6/13

Outlook Print Message

'ready, willing and able'. Of course, he was when he served the time of the essence knowing that LRI couldn't close, but that was on LRI, not on CIF, so we should be ok in that regard.

We located another buyer who is willing to take it for cash and accept the title issue and payoff the balance on the mortgage, if any, and the condo fees. They will also complete the fit out on the unit. I gather it was not full of appliances, etc, when we managed to get it conveyed. We are in the process of negotiating a price now. They have offered \$180k. I countered at \$209k. (With paying off the outstanding, the appliances, a realtor, etc., this is the equivalent of about \$250k.) I believe we will settle in the \$193-195k range. Cash, no contingencies, closing within 15 days. Given that there are 187 similar brand new units on the market right now, and 2 bedroom units start at \$179k with full appliances and no title issues (of which there are 106 listed within 3 miles, many with swimming pools) and full real estate commission, something around \$195k triple net seems about right. And, it will get \$195k back into CIF immediately, which always helps.

CIF's lawsuit against LRI and the many related companies was served and is being filed today electronically.

I received the insurance bill for the SRG 457 property. It is \$460k of dwelling coverage with a \$1k deductible and \$500k of liability coverage. Premium is \$3,199.16. Even though Miller is still not ejected, I think we need to insure this asap to protect CIF's interests. It may be this is our time of greatest exposure.

Absent objection, I will pay the insurance premium immediately and continue to negotiate the Unit 401 sale, assuming I will end up in the \$195k ballpark, and anything above that will be great.

Arthur Field
Manager
Capital Investment Funding, LLC

Fw: Sweetwater:

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
Sent: Mon 9/10/12 4:34 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: **Arthur Field**
To: jerrysaad@charter.net
Sent: Tuesday, November 29, 2011 11:18 AM
Subject: Fw: Sweetwater:

— Original Message —

From: **Scott Pfelffer**
To: **Arthur Field**
Sent: Tuesday, January 13, 2009 3:10 PM
Subject: Sweetwater:

Dr. Field:

Instant Cash, Inc. is the first mortgage holder on the project known as the Legacy Club on Lake Keowee, or as Sweetwater.

Cosimo, LLC has a second mortgage and is owed approximately \$2,250,000.

The collateral is over 100 lots on lake keowee that have been subdivided, roads put in and are ready for development. The lakefront lots are subject to an approved time share permission from the State, and several houses have been built.

However, during the downturn of 2008, no homes or lots could be sold, and the project is now in jeopardy. Cosimo did not receive any interest or principal on this loan in 2008, and has been actively working with the developers to try and help them refinance the project.

The owners are actively seeking a refinancing of the entire project, which would pay Cosimo off and return over \$2,000,000 to CIF - nearly 1/4 of Cosimo's entire debt to CIF. However, the first mortgage holder has now brought a foreclosure lawsuit. Cosimo is named therein as second mortgage holder.

The project was the subject of an 'as is' appraisal on April 1, 2008 showing a value of over 37 million dollars.

<http://www.box.net/shared/sx6qyabs40>

Even in today's environment, the property should be worth half of that.

<https://blu169.mail.live.com/mail/PrintMessages.aspx?clds=d5b77f58-fb86-11e1-a096-00215ad8a844,m&IsSafe=true&FolderID=4c12a8b7-e323-4b2a-8a1f-5ab...> 1/2

Cosimo has no access to funds to bid in the first mortgage. CIF's closure and the fraud allegations against Cosimo and CIF have made it impossible for Cosimo to raise funds. Perhaps CIF, the Class or a Receiver may have more luck.

In any case, I see four likely possible outcomes:

1. Someone bids in the first mortgage amount, Cosimo can't match it, and Cosimo loses all its interest
2. Someone (like the bank that is in third position) bids in Cosimo's interest to protect its own, and Cosimo gets all or partly paid back
3. Cosimo is able to secure funding and bids in its mortgage, the property sells for more and Cosimo gets paid back
4. Cosimo is able to secure funding and bids in its mortgage and is the successful bidder, and takes the property free and clear with \$6,500,000 invested. If this happens, Cosimo might possibly be able to sell the property for even more and repay CIF all its debt.

This is not the only asset Cosimo has leans on to repay its indebtedness to CIF, but it is perhaps the most valuable and represents a very great opportunity to Cosimo to entirely repay its debt to CIF. But Cosimo needs assistance in raising the needed capital to protect its loan. Cosimo needs to raise approximately \$4,000,000 in order to make such a protective bid. I intend to begin to seek such funding on behalf of Cosimo, but wanted you to be aware of what is going on and give any advice or direction you can.

Scott

F. Scott Pfeiffer
Pfeiffer Gantt & Gleaton, PA
200A South Main St.
Greenville, SC 29601
(864) 250-9780
scott@pggpa.com

Fw: Final payment, documents and execution

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
Sent: Mon 9/10/12 3:29 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: **Arthur Field**
To: charles watson ; Pbakerlaw@aol.com ; Jimmy Cox
Sent: Thursday, May 03, 2007 3:51 PM
Subject: Final payment, documents and execution

Gentlemen:

It is my understanding you have been able to raise the funds to purchase the CIF/Canebrake/FG note in full by May 10.
That is excellent news.

I will be on travel on May 10, but am available on May 9 in the afternoon to execute such documents as may be needed to effectuate the transfer. (I will return on Monday)

If attorney Baker will prepare these (in advance if possible), I can print and execute them and deliver them to Jimmy Cox or return them to Peter or the title company for recording. The funds can be wired to the same location (CIF Fund Transfer ABA # 053201607, Acct # 5122873678) on May 10.

Total Due: \$891,556.25 principal balance, \$3,219.50 interest accrual to 5/10, \$3,039.11 discounted sale premium for a total of \$897,814.86.

Hope this helps keep everyone on track.

Best wishes

Arthur Field

Fw: Settlement

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
Sent: Mon 9/10/12 4:22 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: Arthur Field
To: Jarrett Lanford
Sent: Wednesday, November 29, 2006 9:36 AM
Subject: Re: Settlement

If you could fax me a copy of the Tommy signed one, so I have it for my auditors (286 0562) and then send me an original of the fully signed one. I suggest you also send one to bankruptcy atty, since I think there may be stuff in the proposed settlement not in line with this one, but I could be wrong.

Arthur

— Original Message —

From: Jarrett Lanford
To: 'Arthur Field'
Sent: Wednesday, November 29, 2006 8:57 AM
Subject: RE: Settlement

Arthur,

Thank you very much. Everything went well. I wish we could do the honeymoon again, but I'm happy to be done with the more ceremonial stuff.

I just sent Scott and the gang a copy of the Settlement Agreement, and they have not yet signed it. Will an original that has been signed by Tommy but not by Scott et al suffice? Or would you prefer me to wait until all signatures have been collected?

I'm going to put 1/27 on my calendar – no promises, but we might make it.

Jarrett

From: Arthur Field [mailto:arthur-field@charter.net]
Sent: Wednesday, November 29, 2006 4:37 AM
To: Jarrett Lanford; F. Scott Pfeiffer
Subject: Settlement

Jarrett

Hope the wedding was a blast! Can't wait to hear about it.

Would you kindly send out a fully executed copy of the Tiger settlement, as amended. Never received one with all the wedding hoopla. Thanks.

And, our next concert is 1/27. Tickets are only \$50 each. :-)

Arthur

Fw: Rates for 2nd quarter 07

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.

Sent: Mon 9/10/12 3:30 PM

To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: Arthur Field

To: John O'Donnell ; Gary Kraft ; Maresealnc@aol.com

Sent: Monday, May 07, 2007 2:18 PM

Subject: Rates for 2nd quarter 07

Gentlemen:

As you are aware, we continue to suffer upward pressure on rates. There are some signs this will level off, but the effect is a lagging one in our portfolio: as people renew from earlier years, their rates jump so our index continues to creep higher.

The rate for May, June and July 1, 07 payments will be 10.96%

I expect this to continue to increase and assume it will level in the 11.15% to 11.25% range.

Arthur Field
CIF

Fw: wire part 2

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
Sent: Mon 9/10/12 3:29 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: **Arthur Field**
To: Gary Kraft ; Maresealnc@aol.com ; John O'Donnell
Sent: Friday, May 04, 2007 3:51 PM
Subject: wire part 2

ok

Now I have another confirm for \$9290.12

So, I will amend prior receipt of payments from \$9450 and \$50k to \$9,290.12 and \$50,492.39.

I assume what happened is you sent me \$9290.12 and then realized the payment for May increased, so you added it to the \$50k.

Credits to you: Principal \$50,000 and interest \$9,290.12 and \$492.39.

Arthur

Fw: Deed, etc.

From: **Arthur Field** (arthur-field@charter.net) You moved this message to its current location.
Sent: Mon 9/10/12 3:28 PM
To: 'Arthur Field' (arthurfield424@hotmail.com)

— Original Message —

From: Arthur Field
To: Gary Kraft ; Maresealnc@aol.com
Sent: Friday, April 06, 2007 9:15 AM
Subject: Deed, etc.

Mr. Kraft:

I await the deed to the Unit Capital Investment Funding, LLC just purchased.
Please forward a copy of all closing and transfer documentation to
CIF at 808 Powdersville Rd #15, Easley SC 29642 with a copy to me at Arthur Field, 310 Thornblade Blvd.,
Greer SC 29650.

Also, I still am waiting on attorney Malgiere to forward to me an assignment of the \$1 Million Note and copies of
the foreclosure pleadings. It is essential I receive all of this not later than 4/10/07.

Thank you.

Arthur Field
Manager, CIF

Note Modification left by Field in Saad's office, it is assumed Saad has such document. (Exhibit F-54)

47. January 4, 2012 at 11:52 AM, Saad replies "Yes--Thank you. Jerry Saad". (Exhibit F-53)

48. January 5, 2012 at 8:07 AM Field notifies Saad the envelope with the Second Amended Note copy is being mailed to Saad that date." It is hand delivered by Taillon in addition. (Exhibit F-55—F-56)

49. January 5, 2012 at 9:34 AM Saad replies "Thank you". (Exhibit F-55)

50. January 9, 2012 at 10:48 AM, attorney Stodghill emails Field and states **"With Judge Miller's orders in mind, it is my judgment that nothing you communicate to Jerry [Saad] is privileged. ...I do recall negotiations with Inergy on behalf of Tiger Transport Service, Inc. as debtor in possession, with which I acted as legal counsel. Like you, I would characterize the negotiations as difficult. Any appraisal of the warehouse provided to CIF was done in the context of Tommy Moore attempting to refinance it prior to the Tiger bankruptcy."** (BUT see Feb. 14, 2007 email from Stodghill to Saad representing Field, Exhibit B, pp. 8-9) (Exhibit F-57—F-58)

TABLE III

LISTING OF DOCUMENTS PROVIDED TO CIF BY FIELD ON NOVEMBER 28, 2011 (Exhibit A —emails 11/28/11)

SENT ON November 28, 2011

A. Email at 5:55 PM with 25 attachments (each with entire file), Exhibit A-1

1. Letter from Clifton Bodiford
2. Pantsari Transcript
3. Corning 4/2/07
4. Condon 3/22/07
5. Response Meyers 3/9/07
6. Attorney General 2

7. Attorney General Letter
8. Pantsari Letter
9. Meyers Adv2
10. Meyers Adv
11. Meyers
12. Tracy letter
13. AG Jan 14 letter
14. Pantsari Letter with Advertising
15. Patsari Dec 12 letter
16. Rowland Corning document
17. Corning Affidavit
18. Pantsari Letter
19. Corning Letter
20. Panstari document
21. Emergency4 document
22. Emergency4 revised document
23. Emergency 3 document
24. McMaster documents
25. Meyers Documents

B. Email at 5:56 PM and 3 attachments (each with whole file), Exhibit A-2

1. Tracy Meyers document
2. 1999 Loans made by LRI in Spreadsheet form
3. 2000 Loans made by LRI in Spreadsheet form

C. Email at 6:15 PM with 24 attachments (each with entire file), Exhibit A-3

1. Meyersadv2
2. Employee Manual for CIF
3. Revolving Loan Agreement re Trazom/LRI loans
4. Revolving Credit Note re said loans
5. Revolving Credit Security Agreement re said loans

6. Risk Disclosures
7. Pfeiffer Opinion Request
8. Registration Checklist 2007
9. Application 2007 for registration to Securities Division
10. Auditors' response to Atty General
11. Legal Opinion
12. Redline Prospectus
13. Evaluation of LRI properties by LRI and presentation
14. 2006 Notes in Excel Spreadsheet Form
15. Contract for Sale of Racetrack
16. Boyd Contract Revised
17. Boyd Contract
18. March 22 document
19. Letter of January 5, 2007
20. Comparison Document
21. Purchase Advice #1
22. Registration checklist
23. CIF LOAN PORTFOLIO, listing and details
24. MONMOUTH LOAN PORTFOLIO, listing and details

TABLE IV

LIST OF EMAILS FORWARDED TO SAAD CHAMBERLAIN
BY ARTHUR FIELD TO COMPLY WITH REQUEST FOR PRODUCTION
EXHIBIT B HAS ACTUAL EMAILS, INCORPORATED HEREIN
All emails were transmitted to Saad from Field between 11:08 AM—11:45 AM
(less than 24 hours after Request for Production of Emails)

1. 2/9/07 9:33 AM from Field to Eric Pantsari, S.C. Securites Division with First Version of 2007 proposed Prospectus (Exhibit B-1)
2. 2/14/07 at 11:01 AM from Curt Stodghill, Esq. representing CIF/Trazom in the lease to Inergy to Field (Exhibit B-8-9)
3. 2/14/07 at 12:06 PM from Field to Stodghill concerning Inergy Lease from Trazom (Exhibit B-8)
4. 2/21/07 11:29 AM from David Marsidi, VP of Bayview Financial asking to purchase all CIF and Cosimo assets (Exhibit B-4)
5. 2/22/07 4:27 PM from Field to Eric Pantsari re Registration and Revised Prospectus eliminating 8 pages per Securities Division Request
6. 2/24/07 4:59 AM from Field to David Marsidi, BayView Financial about sale of all CIF and Cosimo assets (Exhibit B-3)
7. 2/27/07 12:01 PM to Eric Pantsari re Risk Disclosures and Redline Prospectus (Exhibit B-10—B-12)
8. 3/6/07 11:09 from Field to Pantsari Securities Division re U-1 (Exhibit B-13)
9. 3/8/07 11:52AM from Field to David Sommers at Baytree Bank, Chicago
10. 3/8/07 12:34 PM from David Sommers at Baytree Bank, Chicago, IL, seeking to purchase various CIF assets to Field (Exhibit B-5—B-7)
11. 3/8/07 12:53 PM from Sommers to Field re \$4 Million Asset purchase
12. 3/9/07 1:36 PM from Field to David Sommers detailing assets owned by CIF
13. 3/22/07 12:24 PM from Field to Eric Pantsari with Prospectus revisions (Exhibit B-14)
14. 4/3/07 9:43 AM from Field to Eric Pantsari concerning registration with Prospectus attachment (Exhibit B-15)

15. 5/22/07 5:19 AM from Field to Eric Pantsari concerning registration with Prospectus Revised attachment (Exhibit B-16)
16. 8/27/07 1:54 PM series of emails beginning on 8/10/07 8:33 AM from Travis Brown, Esq. and Campitelli to Pfeiffer and Pfeiffer Replies to such emails forwarded to Field re purchase of CIF or Cosimo assets (Exhibit B-17—B-21)
17. 1/6/08 3:02 PM from Jamie McKeough to Field re offer to purchase CIF and/or Cosimo, includes initial email from Pfeiffer to McKeough (Exhibit B-22—B-25)
18. 1/10/08 11:29 PM from Brian Payne, Esq. to Field confirming engagement to represent CIF at Annual meeting (no mention of 'winding up') (Exhibit B-26)
19. 3/17/08 5:21 AM from Field to Eric Pantsari (Exhibit B-27)
20. 4/21/08 3:56 PM from Gary Kraft at LRI to Field re Collateral to Secure LRI II debt to CIF copy to L'Abbate (Exhibit B-31)
21. 5/23/08 12:54 PM from Gary Kraft to Field copy to L'Abbate LRI re Unit 401, 39 Union Street, Hackensack re contract for sale of Unit (Exhibit B-29)
22. 5/24/08 4:35 PM from Field to Kraft, L'Abbate and Pfeiffer, about Unit 401 and request for deed and confirmation Cif paid in full on 3/27/07 (Exhibit B-28)
23. 5/26/08 8:38 AM from Field to Gary Kraft re Collateral for Promise to repay indebtedness and requiring pledge of additional collateral (Exhibit B-30)
24. 6/3/08 8:29 AM from Field to Gary Kraft and Pfeiffer about Unit 401, 39 Union Square and sale of same to third party buyer (Exhibit B-32)
25. 6/10/08 9:42 AM from Gary Kraft at LRI to Field re Contract for Sale of Unit 401, 39 Union Square to Third Party (not Salzman) (Exhibit B-33)
26. 7/25/08 1:44 PM from Field to Westrick, Salzman and Pfeiffer re Units 401 and 109, 39 Union Square, Hackensack, NJ (Exhibit B-34)
27. 7/25/08 3:15 PM to Westrick re Lis Pendens Units 401 and 109 (Exhibit B-35)
28. 8/22/08 1:44 PM from Salzman to Westrick and Field re Edgewater Title (B-35)
29. 8/22/08 2:24 PM from JoAnne Lima of Edgewater Title (Exhibit B-35)
30. 9/22/08 12:33 PM from Field to Connell, Case and Pfeiffer re Unit 401, 39 Union Square (Exhibit B-36—B-37)
31. 9/22/08 1:26 PM from Pfeiffer to Field re Nancy Anderson, IRA Note Holder (Exhibit B-36)

32. 1/13/09 3:10 PM from Pfeiffer to Field re Sweetwater and Instant Cash (Exhibit B-38—B-39)

33. Following included as attachments to one or more above:

- a) 11/29/06 8:57 AM from attorney Jarrett Lanford to Field re Tiger Transport Settlement Agreement (Exhibit B-41)
- b) 11/29/06 9:36 AM from Field to attorney Jarrett Lanford re Tommy Moore and Tiger Transport Settlement Agreement and bankruptcy (Exhibit B-41);
- c) 4/6/07 9:15 AM from Field to LRI, Kraft and L'Abbate requesting Deed to Unit at 39 Union Square, Hackensack just purchased and requesting assignment of \$1 Million Note and foreclosure pleadings on SRG 457 (Exhibit B-45)
- d) 5/3/07 3:51 PM from Field to attorney Baker and Jimmy Cox re sale of Canebrake loan (Exhibit B-40);
- e) 5/4/07 3:51 PM from Field to LRI, Graft, L'Abbate and O'Donnell re receipt of \$50,000 principal and interest of \$9,290.12 and \$492.39 (Exhibit B-44);
- f) 5/7/07 2:18 PM from Field to LRI, O'Donnell, Kraft and L'Abbate re rates for LRI loan adjustment for May, June and July, 2007 payments set at 10.96% (Exhibit B-43);

CIF - 457 Carlton Rd

From: **Jerry Saad** (jerrysaad@charter.net) You moved this message to its current location.
Sent: Tue 12/06/11 7:32 AM
To: 'Arthur Field' (arthurfield424@hotmail.com)

Thank you Arthur for the timely update (I am meeting with Judge Miller today).



Jerry Saad Cell: (864) 907-1300

Saad & Manios Office: (864) 277-9600

1249 S Pleasantburg Dr Fax: (864) 422-9949

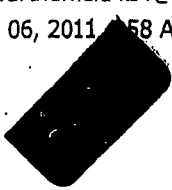
Greenville SC 29605

Please be advised that, pursuant to the Internal Revenue Code and applicable regulations, any tax advice contained in this communication (including any attachments) cannot be used for, and therefore is not intended for, the purpose of avoiding penalties under the Internal Revenue Code.

CONFIDENTIALITY NOTICE: This e-mail is intended only for the addressee named above. It contains information that is privileged, confidential or otherwise protected from use and disclosure. If you are not the intended recipient, you are hereby notified that any review, disclosure, copying, or dissemination of this transmission, or taking of any action in reliance on its contents, or other use is strictly prohibited. If you have received this transmission in error, please reply to the sender listed above immediately and permanently delete this message from your inbox. Thank you for your cooperation.

EXHIBIT A-4

From: Arthur Field [mailto:arthurfield424@hotmail.com]
Sent: Tuesday, December 06, 2011 7:58 AM
To: Jerry Saad
Subject: FW: update?



SERVICE AGREEMENT

AGREEMENT made this 22nd day of May, 2009, by and between

CAPITAL INVESTMENT FUNDING, LLC, acting by its manager Arthur Field, having a place of business in Greer, South Carolina,

And

EMPIRE DOCUMENT SERVICE, ("Empire") acting by its owner, Kirsten Gantt, having a place of business in Greenville, South Carolina.

WHEREAS, Capital Investment Funding, LLC ("CIF") has operated since April 26, 1999, and has accumulated thousands of files each containing approximately 150 pages of documents and wishes to preserve such documents in electronic form; and

Whereas, CIF is involved in 4 civil actions and is entering into a Global Mediated Settlement Agreement and has had extensive negotiations with all parties and counsel thereto and it is the joint desire of all parties to scan a major portion of such documents into electronic form for easy access to effectuate the winding up of CIF after ratification of the settlement; and

Whereas, Field has obtained three quotes for scanning, verified by third parties, as follows: Legal Eagle \$55,000; Pfeiffer contact \$25,000; and Empire Document Service \$17,500; and Field advised attorneys for the Class and other civil action plaintiffs and proposed received for CIF Jerry Saad of the three bids and those persons recommended accepting the \$17,500 bid, and CIF consented; and

Whereas, Empire Document Service will perform such services as set forth herein upon the terms below.

Now, therefore, in consideration of the foregoing and the mutual covenants contained, it is Agreed as follows:

1. CIF will advise Legal Eagle to release all documents to a representative of Empire immediately.
2. Empire will rent a truck and engage persons to contact Legal Eagle and arrange for the removal of all boxes from that company as soon as possible, weather permitting.
3. Empire will transport, at its own expense, all documents and boxes to a storage facility, climate controlled, of its own choosing. Empire will pay to Legal Eagle any cost of that company's storage charges to obtain release of the documents.

4. Empire will pay the storage fees for the documents on a monthly basis and be solely responsible for such charge during the period of service.
5. Empire will act as a limited bailee of the documents, which shall remain the property of CIF and/or Field at all times. Empire will safeguard the documents and the boxes, will keep the location thereof confidential and not release the location or any documents to any person, entity or authority without the express permission of Field. Empire recognizes the documents contain private and confidential information owned by Field and relating to confidential information of Note Holders of CIF, banking records of CIF, Field, and/or debtors, or related companies, or subsidiaries, or related persons and all such information is restricted, secret, a trade secret or otherwise protected and belongs solely to Field, and shall not be released at any time by Empire or any agent, servant, contractor or employee. Empire shall be fully responsible for the maintenance of all privacy regulations concerning such documents.
6. Empire shall permit access to the storage facility solely for the purpose of removing up to 5 boxes at a time to permit the scanning process and then shall return such boxes to storage.
7. Empire shall acquire such equipment, software, hardware, and supplies as may be needed to perform its scanning function at its own expense and shall be the sole owner of such equipment, software, hardware and supplies.
8. Empire shall sort each file into scannable groups of signed, unsigned, notes and other documents. Empire shall remove all staples, clips, etc., from such documents and may reinsert the documents in the file without restapling, reclipping, etc.
9. Empire shall scan each file and store same in alphabetical order by last name of principal Note Holder.
10. Empire shall engage such independent contractors as it may elect to perform file preparation, cartage, scanning, computer work, etc., and all such persons shall agree to maintain the secrecy of the documents and the confidentiality thereof and shall not interfere with this Agreement in any manner.
11. Empire shall be solely responsible for paying any office expense and the cost of third party contractors and its own employees.
12. CIF shall have no further expense other than the agreed fee.
13. CIF shall pay, within 5 days of the execution hereof, if not already paid, the sum of \$17,500 to Empire, as the full fee for all services, unless an increase is agreed to in writing by the parties.
14. Empire shall be fully entitled to the entire fee upon execution hereof and commencement of services. If this agreement is terminated for any reason by CIF prior to completion of services, unless Empire shall have breached this agreement, Empire shall be entitled to retain the entire \$17,500 without claim by CIF or Field, or any successor or assign.
15. The parties contemplate the large volume of documents may take several months to scan. Time for completion is set as December 20, 2009, but may be extended for an additional 90 days by agreement of the parties. Empire shall incur no penalty for late performance, provided it gives at least 30 days notice to CIF of a probable overrun of time. The parties acknowledge neither has any concept of the

total number of documents or the time it will require to sort and scan each file. Empire will use its best efforts to scan at least 2 boxes each week. The parties estimate there are not less than 75 boxes to be scanned, which will require approximately 38 weeks.

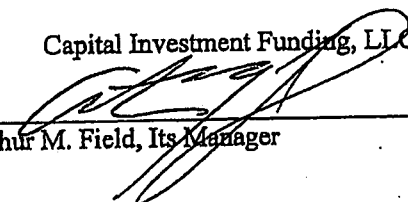
16. Empire will store the data on a backup flash drive to protect the data, but the parties recognize data faults and destruction can and may occur. If such happens, Empire shall have the right to charge an additional \$5,000 to retrieve data, if possible, but shall be under no duty to do so.
17. Empire will provide CIF every 120 days with a complete electronic copy of data stored to that point at no additional expense. CIF agrees to pay for additional flash drive copies at the rate of \$200 per flash drive, which shall include the cost of an 8mg flash drive and the labor for creating such backup copy, estimated to take not less than 8 hours of transfer time.
18. Upon completion of the work, all files will be transferred back to CIF or stored in a designated location and CIF shall assume the cost of such storage thereafter and CIF shall be fully responsible for all costs involved in transporting such boxes to any new facility.
19. Empire shall scan the files in pdf format and shall not edit such files in any manner.
20. Empire may scan a random selection of documents in IRA files, since CIF acknowledges such files contain numerous identical copies of First Trust statements.
21. Empire shall use its best efforts to scan all documents in legible form, but the parties agree many documents are old, of different sizes, have unusual borders, etc., and complete or accurate scanning may not be possible or may be a function of the computer software or hardware. Empire makes no warranty or assurance of the transferability or viability of any electronic format.
22. Empire shall not be responsible for acts of God, fire, flood, electronic failure, viruses, trojans, or other electronic difficulties imbedded in the software, hardware, or flash drives.
23. CIF may, upon 10 days notice, request an electronic copy of the data scanned to that point. Empire shall provide CIF with regular updates concerning the progress of scanning.
24. If Empire shall fail to scan any documents for 10 business days, CIF shall give notice Empire may be declared in default hereof. In such event, Empire shall have an additional 10 business days to cure such default and restart the sorting and/or scanning process or provide written notice to CIF why it has been prevented from doing so for good cause. If Empire shall fail to cure or provide notice, CIF may declare Empire in breach. In such event, Empire shall refund to CIF a pro-rata share of the \$17,500 based on the following formula: a) Empire may retain \$2,500 for costs incurred in transport and storage of files; b) the remaining \$15,000 shall be apportioned based on the number of boxes actually scanned divided by the total number of boxes containing files and excluding bank records, which shall not be scanned. Any balance due CIF shall be returned to it within 15 days following determination by the parties of the balance due. However, if Empire shall have scanned at least 15 boxes of files, it may retain an

additional \$2,500 and the pro-rata division shall be based upon \$12,500 rather than \$15,000 to compensate it for storage, office expense, etc. Upon breach, Empire shall immediately permit CIF access to all stored boxes and return any boxes in its possession or that of any contractor. Empire shall maintain the \$17,500 in a separate account and may pay such expenses for storage, software, hardware, supplies, labor, employees, etc., from such account and may pay itself any reasonable management fee, as it shall determine from time to time, in its sole discretion. Any balance remaining after completion of scanning shall belong solely to Empire.

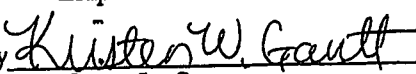
25. Empire shall have liability whatsoever except as set forth herein. No member, owner, employee, agent or servant of Empire shall owe any fiduciary duty to CIF or to Field, or to any Note Holder or any party or counsel in any civil action. Empire will use its best efforts to complete this Service Agreement in a timely manner.
26. If Empire completes all scanning prior to September 20, 2009, CIF will pay to Empire a \$1,000 bonus above and beyond the \$17,500 agreed upon fee as an incentive to accomplish such task swiftly and in a workmanlike manner.
27. CIF will advise Legal Eagle to release the documents to Empire within 5 days of the execution hereof.
28. This Agreement shall be binding upon the parties, their successors and assigns. However, in the event of the death of the owner of Empire, the contract shall terminate and CIF may regain complete possession of the boxes and any storage facility shall yield such possession upon presentation of this Agreement and a valid death certificate.

In Witness Whereof, the parties have set their hands and seals and acknowledge receipt of payment of \$17,500 or promise to immediately pay such \$17,500 within 5 business days hereof.

Capital Investment Funding, LLC

By 
Arthur M. Field, Its Manager

Empire Document Service

By 
Kirsten Gantt, Its Owner

8

Jerry T. Saad, CPA, P.A.
Certified Public Accountant
1249 South Pleasantburg Drive Greenville, SC 29605

Office Phone: 864-277-9600
Office Fax: 864-422-9949
Mobile Phone: 864-907-1300
email: jerrysaad@charter.net

Member
American Institute of
Certified Public Accountants
South Carolina Association of
Certified Public Accountants

Receiver's Status Report
To the Noteholders of Capital Investment Funding, LLC
As of December 31, 2010

January 26, 2011

To the Noteholders of Capital Investment Funding, LLC

This is my third report summarizing findings and actions from April 1, 2010, through December 31, 2010, as Receiver for Capital Investment Funding, LLC and its wholly owned subsidiaries (collectively referred to as "CIF").

This report is not intended to be a comprehensive description of all my activities, but rather an overview of some of the more significant activities and discussions of details with respect to matters of particular importance. Because we have not received all of the necessary records, information provided in this report is subject to change, revision, and correction.

The following is a recapitulation of the cash activities from April 1, 2010 through December 31, 2010 and the cash balances as of December 31, 2010:

Cash Balances and Cash Activities

Cash balances, as last reported as of March 31, 2010		\$ 222,627
Total deposits from April 1, 2010 through December 31, 2010	316,010	
Total disbursements from April 1, 2010 through December 31, 2010	<u>298,697</u>	
Increase in cash balances from April 1, 2010 through December 31, 2010		17,313
Cash balances, as of December 31, 2010		<u>\$ 239,940</u>

More details of these activities and balances are presented in the Summary of Cash Activities and Cash Balances on the next page.

" To the Noteholders of Capital Investment Funding, LLC
 January 26, 2011
 Page 2

Summary of Cash Activities and Cash Balances

Cash Balances, as last reported as of March 31, 2010

\$ 222,627

Recap of cash activities from April 1, 2010 through December 31, 2010

Deposit Activity

Payments received on mortgage loans that are current:	
Trazom, LLC	\$ 69,555
Mr. Trinidad Sabillon	3,182
Mr. Eric King (monthly payments)	4,363
Mr. Eric King (loan paid in full – borrower refinanced with third party lender)	128,750
Payments received on mortgage loan that is in default:	
Cornerstone Printing, LLC	11,917
Proceeds received from sale of real estate:	
21 Burris Road Lyman SC – lot and mobile home	27,792
Proceeds from sale of collateral on loans in default	
Sale of commercial color printer by Cornerstone Printing, LLC	43,975
Partial proceeds from sale of tax credits	26,000
Interest earned on certificate of deposit	476
Total deposits	<u>\$316,010</u>

Disbursement Activity

Fees paid to Receiver	\$ 30,000
Fees paid for bookkeeping and administrative support	28,713
Legal fees and litigation costs paid in connection with:	
Attorney and paralegal fees related to collections from borrowers in default:	
SD Trust LLC, Rolling Hills Land Co., LLC,	
Big Deal Land Company LLC, and WE3 Company, Inc.	17,383
Bankruptcy costs (transfers and loans to and on behalf of SD Trust LLC)	
Bankruptcy attorney fees	130,000
Bankruptcy attorney fee (pre-filing retainer fee)	1,000
Investigative and development costs	5,600
Transfer to SD Trust bank account	10,000
Filing fees and other related costs	2,776
Attorney fees paid for legal representation:	
Lancaster Resources et al bankruptcy (New Jersey)	25,590
Lancaster Resources et al civil lawsuit (New Jersey)	10,122
Foreclosure on Tcholak, LLC loan in default - loan secured by lot in Oregon	2,500
Attorney fees paid to general counsel for Receiver	16,190
Other costs	554
Accounting fees - income tax return preparation for Cosimo LLC	2,931
Property taxes (various properties)	11,503
Insurance expense (warehouse in Anderson, SC)	2,339
Utilities on rental properties	306
Repairs on properties	622
General and administrative expenditures	568
Total disbursements	<u>\$298,697</u>

Increase in Cash balance from April 1, 2010 through December 31, 2010

\$ 17,313

Cash balance as of December 31, 2010

\$239,940

<i>Reconciliation to cash balance per bank statement</i>	
Cash balances per bank statements as of December 31, 2010	\$247,490
Plus deposit in transit as of December 31, 2010	-
Less checks written but not cleared as of December 31, 2010	(7,550)
Cash balance per books as of December 31, 2010	<u>\$239,940</u>

General Discussion of Receivership Activities

Focus on Four Related Entities

From April 1, 2010 through December 31, 2010, my time, attention, and resources have been primarily focused on matters involving SD Trust, LLC, WE3 Company, Inc., Big Deal Land Company, LLC, and Rolling Hills Land Co., LLC (collectively, "Four Entities"). The Four Entities businesses focused on development of lake property and amenities. I believe the residual businesses and properties provide one of the largest opportunities of recovery for the Noteholders. My previous Report dated April 23, 2010 discussed certain facts and circumstances surrounding the \$2 million loan to SD Trust, LLC and the \$2.6 million loan to WE3 Company, Inc. On April 22, 2010 – pursuant to ownership pledge agreements – CIF assumed control of the Four Entities. Significant events related to these four companies are discussed below.

General Information of Four Entities – The Four Entities are all related by common ownership. Two principals owned 100% of two of the entities and more than 50% of the others. The books and records were in disorder or nonexistent. From disparate sources, we have gathered information in an attempt to reconstruct the Four Entities' business activities. It appears that between 2004 and 2007, the Four Entities collectively borrowed \$7.6 million and paid CIF \$1.4 million in principal and \$1.1 million in interest. As of December 31, 2010, the Four Entities owed CIF a combined total of \$9.344 million, including \$3.2 million of unpaid interest. Throughout the period, it has become apparent that there have been persistent material deficiencies and dereliction of management. Significant events and findings related to each entity are described in the sections below.

SD Trust, LLC ("SD Trust") – SD Trust was owned by four individuals who are unrelated to CIF. Two of them also own all or substantially all of WE3 Company, Inc., Big Deal Land Company, LLC, and Rolling Hills Land Co., LLC. In 2006, SD Trust borrowed \$2.0 million from CIF to fund the purchase of approximately 112 acres of undeveloped lake property on Lake Keowee, South Carolina, known as the Sweetwater Subdivision. At the time of purchase, CIF's mortgage loan was subordinate to a \$4.16 million first mortgage on the same property, payable to a third party. SD Trust has been in default on the first mortgage and CIF's mortgage since 2007. CIF records indicate that during 2006 and 2007 SD Trust paid CIF a total of \$477,000, including \$200,000 of principal payments and \$277,000 of interest payments (calculated at 16.5% as provided in the mortgage note). Payments were made primarily through closings on the sale of lots. SD Trust made no payments to CIF after 2007. As of December 31, 2010, the unpaid balance of SD Trust's loan payable to CIF was approximately \$3.2 million, while the unpaid balance on the first mortgage was approximately \$5.3 million. SD Trust owns no significant assets other than this property.

SD Trust began developing the property in 2006 and ceased in 2008 concurrent with the general economic downturn. The development initially consisted of 14 lake front lots and approximately 90 interior lots. Four lake front lots and four interior lots were sold in 2006 and 2007 to third parties, some of whom were related to or associated with the owner/developers. Bank financing was obtained for the purchase and construction of houses on the sold lots. At the time of sale, the sold lots were released from the first mortgagee's and CIF's mortgages (after receiving "lot release" payments at the closings).

Records reflect SD Trust received a total of \$200,000 (\$25,000 per lot) for mortgage releases. No house construction on any of the purchased lots is complete, and all construction activities ceased in 2008. The houses are in various stages of completion – from 20% complete to 60% complete. All eight of them are in a state of disrepair and in some stage of foreclosure by banks that hold the mortgages. Some of the bank loan activities have been under investigation by federal authorities for potential mortgage lending violations. While CIF has no claim or interest in the properties under construction, the poor physical condition and unfinished status of these properties negatively affects the values of the remaining properties (lots) that are collateral for CIF's mortgage loans.

The first mortgagee instituted foreclosure proceedings and a foreclosure sale was scheduled for May 5, 2010. If the foreclosure sale had occurred, it was expected that CIF would lose its second mortgage on the collateral and thereafter have no ability to collect any of the monies owed by SD Trust. In order to stay that loss, SD Trust could have filed for protection under bankruptcy. However, the owners of SD Trust stated they would not take such action. Accordingly, CIF notified the owners of SD Trust on April 22, 2010, that – pursuant to and as allowed in the Membership Interest Pledge Agreement – CIF assumed ownership and control of SD Trust. On April 30, 2010, acting as Manager for SD Trust, LLC, I filed for protection under Chapter 11 of the U.S. Bankruptcy laws. This filing stayed (prevented) the foreclosure sale.

At the time I took control of SD Trust, I scheduled a meeting with the previous owners to acquire all of the business records. On the day before our scheduled meeting, the former owners of SD Trust were evicted for nonpayment of rent from the offices that they had rented for several years. Because of the eviction, they were forced to immediately find a place to move SD Trust's business records (as well as records of several businesses which were not under CIF's control). During the following week, we (legal counsel and I) met with one of the previous owners at a building in Westminster, South Carolina, where the records had been moved. The building had no power and very limited lighting. With flashlights in hand, we examined hundreds of boxes and filing cabinets and identified records of the Four Entities. We transported approximately 10 boxes of records and three computers to my office and, over the next several months, we examined these records and computers.

Records were found to be utterly disorganized and incomplete – almost no banking records, substantially no formal accounting records, ledgers, or financial statements, and (with the exception of the 2006 income tax return filed for SD Trust) no evidence of income tax returns being filed to report the millions of dollars of transactions and sales which had occurred. To determine our rights and the potential for recovery, we needed to substantially reconstruct the business activities of the Four Entities. We therefore expanded our investigative efforts by issuing dozens of subpoenas to banks to obtain missing bank account records; we met with county zoning officials to discuss the history, status and future of the project; and we deposed the four principals of SD Trust and eight other persons having significant transactions with SD Trust. From our examinations and investigations, which are ongoing, we have concluded that actions of management were grossly negligent, derelict, and potentially criminal. We have met with and communicated our findings with federal and state law enforcement authorities and will continue to communicate with them as we proceed.

In recent months, we searched for, contacted, and discussed the redevelopment of the project with several reputable real estate developers. One well-qualified developer has expressed a strong interest in the project and intends to provide a written letter of interest, which will outline the purchase of the property for the purpose of revitalizing the project. The end result of the proposed purchase would be for the mortgage debts (including amounts owed to CIF) to be satisfied. A reorganization plan is being prepared which will enable SD Trust to sell the property to a well-qualified developer. Although some

details remain to be worked out, we expect to submit this plan to the Bankruptcy Court in February 2011. If the plan is approved by the Court, then the sale could be consummated in 2011 with a substantial amount of proceeds being paid at closing.

The decision to file for bankruptcy protection was driven by the belief that SD Trust can reorganize its business in a manner that would pay its secured and unsecured creditors (including CIF) substantially more than if SD Trust simply liquidated under bankruptcy or state law. The Cooper Law Firm of Greenville, South Carolina, is bankruptcy counsel for SD Trust until the bankruptcy reorganization is approved and finalized by the Bankruptcy Court. The Cooper Law Firm specializes in bankruptcy law and is experienced in Chapter 11 bankruptcy matters, handling more Chapter 11 cases in South Carolina than any other bankruptcy firm, with a majority of those cases resulting in successful reorganizations.

I am cautiously optimistic that the reorganization plan being developed will be approved by the bankruptcy court and provide CIF with the best chance of recovering a substantial portion of the amounts owed under its SD Trust mortgage loan (currently in excess of \$3.1 million). When I balanced the potential for recovery to the certainty that no amounts would have been recovered if the foreclosure had occurred, it is my judgment that the time, effort, resources, and money spent to pursue this Chapter 11 reorganization are justified.

WE3 Company, Inc. ("WE3") - WE3 was owned by three individuals who also owned 75% of SD Trust. Between 2004 and 2007, WE3 borrowed \$1.9 million from CIF to fund the purchase and development of lake view (not lakefront) property on Lake Keowee, South Carolina, known as the Waters Edge Subdivision. CIF holds a first mortgage on some of the properties. Additionally, on November 1, 2007, WE3 assumed \$1.5 million of loans made to seven other entities affiliated and or related by common ownership to WE3.¹ WE3 was in default prior to and at the time these loans were assumed, and WE3 has been in default since December 1, 2007, the date the first payment was due under this consolidation loan. Records reflect WE3 paid CIF a total of \$1.1 million, including \$722,000 of principal payments and \$420,000 of interest payments (calculated at 15.0% as provided in the mortgage note) from 2004 through 2007. As of December 31, 2010, the unpaid balance of WE3's loan payable to CIF was approximately \$3.9 million. WE3 owns no other significant assets other than this property.

Development of the property began in 2004 and ceased in 2007 concurrent with the economic downturn. The development initially consisted of approximately 90 acres, comprised of 87 lake view lots. Between 2004 and 2007, WE3 installed infrastructure (underground utilities, road paving, and curbs) in certain areas. In other areas, infrastructure construction has not been completed. Large portions of the project still lack any infrastructure. Between 2004 and 2008, several lots were sold to unrelated parties. When lots were sold, CIF received payments for "lot release" and released the lots from the mortgage. Several houses were fully constructed by the buyers and are presently occupied.

¹ The historical records of these loans show that seven other entities borrowed \$2 million from CIF between 2004 and 2007. The loans appear to have been made primarily to finance the purchase of lake front property on Lake Keowee, South Carolina, some of which were in the Waters Edge Subdivision. These entities repaid CIF a total of \$791,000, including principal payments totaling \$498,000 and interest payments totaling \$293,000. These loans were all in default and substantially in arrears at the time the balances were assumed and transferred to WE3. Loan records do not indicate why these loans were transferred and assumed by WE3. These loans and WE3's assumption of these loans are still under review.

With the owners' attention turned to the Sweetwater development since 2007, WE3 put forth little effort on this project, made no improvements of value, paid no interest, and made only two payments totaling \$45,000 (proceeds from lot releases). The unfinished status of the development substantially impairs the value of the remaining properties pledged as collateral on CIF's mortgage loan.

As a result of the default on the loan and lack of attention and effort on the part of the principals of WE3, CIF notified the members of WE3 on April 22, 2010, that – pursuant to and as allowed in the Membership Interest Pledge Agreement – CIF assumed ownership and control of WE3. Business records and management practices for WE3 were substantially similar to those for SD Trust (discussed above). We have met with and communicated our finding with federal and state law enforcement authorities and will continue to communicate with them as we proceed.

Upon assuming control, efforts immediately began to pool together WE3 properties with the adjoining property owners to form a new company for the purpose of restarting the Waters Edge development and catalyze the sale of CIF collateral. Lot sales and the amounts realized are expected to be substantially enhanced by a revitalized development that has the involvement and support of the other owners of development property.

In November 2010, notice of a court-ordered foreclosure sale was received. The property subject to the foreclosure consists of 5 parcels in the Waters Edge Subdivision, totaling approximately 23 acres, owned by WE3. These parcels were part of the 90 acres acquired with the original mortgage loan from CIF. After the original purchase, WE3 placed a second mortgage loan with a private lender on these 5 parcels. That loan has been in default since 2008. Both CIF and the private lender believe their respective mortgages have priority over the other. However, a foreclosure sale was scheduled for the benefit of the private lender, not CIF. The sale was scheduled to be held on January 4, 2011. On January 3, 2011, acting as the authorized officer of WE3, I filed for protection under Chapter 11 of the U.S. Bankruptcy laws. This filing stayed (prevented) the scheduled foreclosure sale.

Similar to SD Trust, the decision to file for protection under Chapter 11 was driven by the belief that WE3 would be able to reorganize in a manner that would pay its secured and unsecured creditors (including CIF) substantially more than if the company simply liquidated under Chapter 7 of the US Bankruptcy laws or under state laws. WE3 also engaged The Cooper Law Firm as bankruptcy counsel until the bankruptcy reorganization is approved and finalized by the US Bankruptcy Court. Planning and discussions with real estate developers have commenced, and a reorganization plan is being developed. However, the proceeds to be realized from the sale of the property are expected to be less than \$1 million, which is substantially less than the \$3.9 million currently owed to CIF. The plan is due to be submitted to the US Bankruptcy Court by July 2011.

Big Deal Land Company, LLC ("BDLC") – BDLC was owned by two individuals who also owned Rolling Hills Land Co., LLC and a majority of SD Trust and WE3. In 2007, BDLC borrowed \$500,000 jointly with SD Trust to purchase 14 boat docks, which were constructed and installed at SD Trust's Sweetwater development at Lake Keowee in 2007. Liens (UCC filings) on the boat docks were duly executed, filed and recorded to secure the CIF loans with first lien positions. BDLC has been in default on the CIF loan since 2007. BDLC's and CIF's records indicate no payments have been made to CIF in connection with the loan. As of December 31, 2010, the unpaid balance of BDLC's loan payable to CIF was approximately \$744,000, including \$244,000 of unpaid interest (calculated at 15.0% as provided in the note).

As a result of the default on the loan, CIF notified the members of BDLC on April 22, 2010, that – pursuant to and as allowed in the Membership Interest Pledge Agreement – CIF assumed ownership and control of BDLC. Business records and management practices were consistent with those discussed in the SD Trust and WE3 sections above. We have met with and communicated our finding with federal and state law enforcement authorities and will continue to communicate with them as we proceed.

Some investigative efforts for SD Trust revealed information and transactions related to BDLC. The following information summarizes the relevant facts and events we found regarding the \$500,000 loan to BDLC. In October 2007, BDLC borrowed \$500,000 from CIF and placed an order with a dock fabricator located in Oconee County, South Carolina. The order called for the construction, delivery and installation of fourteen boat docks for a total purchase price of \$254,000.² The docks were constructed, delivered and installed at the fourteen lake front lots of SD Trust's Sweetwater Subdivision (even though four of the lots had been sold). The dock fabricator was paid in full. Aerial pictures show that at some point in time all of the docks were installed and in place at the fourteen lots.

Upon my inspection of the Sweetwater Subdivision project in September 2009, I noticed there were no docks. As I became aware of the related facts, I asked the manager of BDLC (who was also one of the owners of SD Trust, WE3, and Rolling Hills Land Co., LLC) about the status of the docks. I was told that the docks had been sold. Later, as the investigation revealed more information, I requested - on more than one occasion - the manager provide me with all of the documentation regarding the sale of the docks. He refused to do so. In a meeting held in January 2010, the manager admitted that he had sold the docks without satisfying CIF's lien, which is a violation of South Carolina law. Since then, in depositions held in the bankruptcy process, the manager testified under oath that he had sold the docks to various persons, had not notified these persons of the existing liens, had not satisfied these liens, and had used the proceeds from the sales for purposes other than paying CIF's lien and BDLC's debts. He also provided the names and addresses of eight individuals that had purchased most of the docks. In December 2010, CIF's attorneys sent letters to each of these persons demanding the return of the docks and or appropriate payment to satisfy the liens. None of the parties have responded yet. We anticipate filing adversarial court claims seeking recovery of the value of these docks which we estimate to be between \$100,000 and \$200,000.

Separate from and in addition to the \$500,000 loan, BDLC borrowed \$762,000 from CIF from 2005 through 2007. These funds were borrowed jointly with Rolling Hills Land Co., LLC primarily to fund the purchase and development of lake property in Georgia on Lake Hartwell. The details of this loan activity are described in the following section.

Rolling Hills Land Co., LLC ("Rolling Hills") – Rolling Hills was owned by two individuals who also owned BDLC and a majority of SD Trust and WE3. Between 2005 and 2007, Rolling Hills and BDLC jointly borrowed from CIF approximately \$1.2 million in a series of loans, of which approximately \$762,000 was borrowed to purchase a 63-acre tract of lake property located on the Georgia side of Lake Hartwell, South Carolina. Records, though incomplete at this time, reflect CIF had a perfected first lien position on the 63-acre development in November 2007. Rolling Hills and BDLC have been in default on the CIF loan since 2007. CIF's records indicate Rolling Hills and BDLC made payments to CIF from 2005 through 2007 totaling \$86,000, including \$22,000 of principal payments and \$64,000

² CIF's loan records do not indicate why \$500,000 was loaned for the purchase of docks when the contract price to construct, deliver, and install the docks was only \$254,000.

of interest (payments calculated at 15.0% as provided in the mortgage note). As of December 31, 2010, the unpaid balance of Rolling Hills' and BDLC's loan payable to CIF was approximately \$1.5 million.

As a result of the default on the loan, CIF notified the members of Rolling Hills on April 22, 2010, that – pursuant to and as allowed in the Membership Interest Pledge Agreement – CIF assumed ownership and control of Rolling Hills. Business records and management practices were consistent with those discussed in the SD Trust, WE3, and BDLC sections above.

In December 2010, LOP Capital, LLC (an unrelated third party) filed a lawsuit against CIF alleging:

- o LOP Capital loaned \$950,000 to Rolling Hills in January 2008 (two months after the Rolling Hills loan from CIF was recorded) and \$285,000 in March 2008;
- o These loans were secured by first mortgages on the same property subject to CIF's mortgage;
- o LOP Capital's mortgages were superior in priority to CIF's loan;
- o The loans from LOP Capital had been in default;
- o LOP Capital commenced foreclosure actions against the property;
- o On February 23, 2009, a judgment was rendered in a state court in Georgia against Rolling Hill and in favor of LOP Capital in the amount of \$1.5 million;
- o The property was sold at public auction on April 20, 2009 for \$1.384 million;
- o The remaining \$167,000 deficiency on these loans is secured by a conditional assignment that CIF allegedly gave to LOP Capital prior to the foreclosure sale;
- o LOP Capital seeks to foreclose on the property that is the subject of this conditional assignment. (This property is the 40 acre tract of land discussed in *Land-Spartanburg, SC* on page 12 below)

The Rolling Hills records in our possession do not include any records of CIF's mortgage liens being subordinated to LOP Capital. Nor do the records include any correspondence or filings related to the foreclosure sale, the event leading up to the foreclosure sale, or the conditional assignment. The law firm of Butler Means Evins & Browne of Spartanburg, South Carolina has been engaged to represent CIF in this matter. The complaint has been answered denying the relevant allegations. The lawsuit is in the initial stages of discovery.

It appears that Rolling Hills has no assets other than the property. However, the foreclosure and the allegations of the lawsuit bring a significant amount of doubt about all of the activities of Rolling Hills, and they are therefore under review.

Other Legal Activities

During the period ended December 31, 2010, CIF was involved in several continuing legal matters, of which the following are the most significant and pressing:

- o *Motion To Quash Subpoena* – This matter deals with the South Carolina Attorney General's subpoena requesting certain CIF records from Arthur Field and his efforts to protect his Constitutional rights as provided for in Judge Miller's Order Approving Settlement. While several rulings have been rendered, no actions have taken place. Meanwhile, my access to additional records continues to be limited.
- o *"1983" Civil Rights Violation Lawsuit* – This matter involves a lawsuit filed in federal court in July 2009, against the State of South Carolina Attorney General and several employees of the Attorney General's Office. The Plaintiffs in the lawsuit include Capital Investment Funding, LLC, Arthur Field, Kathryn Taillon (Arthur Field's wife), and Bart Kelley (previously an employee of Capital Investment Funding, LLC). The lawsuit claims (among other issues) the plaintiffs' civil rights were violated and as a result the plaintiffs seek to recover damages in excess of \$40 million.

In August 2010, a federal judge granted summary judgment in favor of the defendant (SC Attorney General and staff). Arthur Field and the other individual plaintiffs filed an appeal. CIF did not. The 4th US District Court of Appeals denied the appeals. Arthur Field and the other individual plaintiffs filed an appeal to the US Supreme Court. CIF did not. The US Supreme Court has not yet acknowledged if it has accepted the case. Traditionally, less than 1.3 % of cases appealed to the US Supreme Court are accepted.

- o Other legal matters specific to properties and loans are discussed later in this Report.

Discussion of Properties and Loans

General Overview

Non-cash CIF assets as of December 31, 2010, consist of a conglomeration of 26 real estate mortgage loans to customers (aggregate loan balances of approximately \$32 million) and real estate properties acquired through customer loan defaults and foreclosures. While two customer loans (having combined balances of approximately \$1.017 million) are in good standing, as records reflect required payments are current, the remaining 24 loans are all in default. The real estate mortgage loans and the real estate properties held by CIF are discussed in more detail below.

Real Estate Mortgage Loans Due

Real estate mortgage loans due consist of 26 loans with loan balances totaling approximately \$32 million. Each of the mortgage loans has real estate as collateral. All of the real estate collateral is located in South Carolina, New Jersey, New York, and Oregon.

Two mortgage loans are in good standing, as records reflect all required payments are current. Both of these loans are secured by real estate, the value of which is believed to be more than the outstanding balances. Trazom, LLC is owned by the son of Arthur Field. Mr. Sabillion is an unrelated person. The following summarizes these loans and their respective outstanding balances as of December 31, 2010.

<u>Borrower</u>	<u>Outstanding Balance</u>
Trazom, LLC	\$1,005,117
Mr. Trinidad Sabillion	12,000
Total	<u>\$1,017,117</u>

The remaining 24 loans are all in default. The following is a summary of those loans and their respective outstanding principal balances as of December 31, 2010.³

<u>Borrower</u>	<u>Outstanding Balance</u>
Lancaster Resources, Inc.	\$17,057,623
Lancaster Mortgage Bankers, LLC	891,454
Lion Financial, LLC	2,486,959
SD Trust, LLC	2,051,155
WE3, LLC	2,671,200
Big Deal Land Company, LLC	500,000
Rolling Hills Land Co., LLC	932,000
Tcholak, LLC	2,500,000
14 Others (all less than \$1 million each)	1,585,499
Totals	<u>\$30,675,625</u>

³ Outstanding principal balances do not include any unpaid accrued interest charges.

The liquidation value of these loans as of December 31, 2010 is estimated to be \$770,000 for an immediate liquidation and \$3,665,000 for an orderly liquidation; both are enumerated further in Schedule 1 – Updated Schedule of Identifiable Assets and Interim Estimates of Values below. The most significant loans are briefly described below.

Lancaster Resources, Inc. ("LRI") – LRI was a real estate development company located in New Jersey. LRI borrowed more than \$34 million from CIF over the course of many years, and had repaid all but \$18 million at the time it defaulted on its loans in 2008. The loans were secured by first mortgages on various real estate properties in New Jersey. After the default occurred, CIF discovered its mortgages had been subordinated to other lenders without CIF's permission. CIF filed a lawsuit against LRI and its principals alleging fraud and other charges. LRI (and its 12 or more subsidiaries) later filed for protection under Chapter 11 of the US Bankruptcy laws. Meanwhile, the civil lawsuit against the company and its principals was stayed pending the bankruptcy.

In April 2010, the case was converted from Chapter 11 (reorganization) to Chapter 7 (liquidation). A liquidation trustee has been appointed and the liquidation process has begun, although no liquidation transactions have occurred at this time. Based on discussions with attorneys representing CIF in the bankruptcy and civil litigation, recovery of any assets in the next 12 months continues to be unlikely, and any estimate of values to be received through the bankruptcy or from civil litigation would be speculative at this time. Nevertheless, I believe that the magnitude of the claim, the possibility of recovery, and the apparent merits of the bankruptcy and civil litigation justify pursuit of both actions at this time. I will continue to evaluate the cost and benefit of continuing as the cases develop.

Lancaster Mortgage Bankers, LLC ("LMB") – LMB was a mortgage loan broker firm, which provided mortgage lending services to commercial and residential borrowers. It also traded multi-million dollar loan portfolios to mortgage investors. LMB filed for Chapter 7 Bankruptcy (liquidation) in August 2007 and has been liquidated. LMB does not own any assets.

Lion Financial, LLC ("Lion") – Lion was a mortgage lender that provided mortgage lending services to commercial and residential borrowers. Lion was owned by parties affiliated with or related to Arthur Field. Mr. Field provided administrative and management services to Lion. Mr. Field reports that Lion is insolvent and that all of the cash it held, \$94,661, was delivered to CIF in October 2009. Mr. Fields also reports that Lion has no other assets.

SD Trust – See discussion on pages 3, 4 and 5.

WE3 – See discussion on pages 5 and 6.

BDLC – See discussion on pages 7 and 8.

Rolling Hills – See discussion on pages 8 and 9.

Tcholok, LLC ("Tcholok") – Tcholok is owned by an unrelated person. Tcholok borrowed approximately \$2.5 million in 2005 to fund the purchase and development of several properties in Washington State and Oregon. CIF's mortgage loans were subordinate to bank mortgages. Tcholok defaulted on the bank mortgages and CIF's mortgages. In 2009, banks foreclosed on all but one property. The remaining parcel pledged as collateral is one 5 acre parcel in rural Columbia County, Oregon. CIF has a first mortgage position on this parcel. In 2008, an adjoining property owner filed a

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lawsuit challenging an easement related to the property. The lawsuit was settled in 2010 at no cost to CIF and leaving a reasonable easement in place. Since then, an attorney has been engaged to foreclose on this parcel. The liquidation value of this property is estimated to be between \$40,000 and \$50,000. Tcholak does not have any other assets available for recovery.

Real Estate Properties Owned by CIF

The real estate properties owned by CIF are all held debt free with one exception (*see Commercial Building 610 Congaree Road Greenville, SC discussed below*). The properties were acquired primarily by voluntary transfers (deed in lieu of foreclosure) from borrowers whose loans were in default. All of these transfers took place prior to August 2009. The properties owned are located in South Carolina, New Jersey, and New York. The properties owned by CIF vary from vacant land ready to sell to untenable dilapidated houses in disrepair. Efforts have been focused on investigating and evaluating each property, making improvements and repairs where economically justified, and marketing and selling properties for values deemed appropriate, with due consideration of the physical conditions and histories of the properties and economic conditions of the market place.

The following is a list of real properties identified as being owned by CIF (or its affiliates) as of December 31, 2010:

<u>Location</u>	<u>Description</u>	<u>Status</u>
Anderson County SC	65,000 square foot warehouse	vacant
Anderson County SC	House-dilapidated	vacant
Greenville County SC	Commercial building in good condition*	leased **
Greenville County SC	2 houses-dilapidated	vacant
Greenville County SC	Residential lot	vacant
Laurens County SC	2 residential lots	vacant
Laurens County SC	1 house-dilapidated	vacant
Oconee County SC	1 residential lake lot (25% interest)	vacant
Pickens County SC	1 house-dilapidated	vacant
Spartanburg County SC	Commercial land-40 acres on I-85	vacant
Williamsburg County SC	Land (Drag strip)-80 acres	vacant **
Newark NJ	Condominium-newly constructed	vacant **
Wycliff, NJ	House in disrepair	vacant
Saratoga Springs NY	Residential land-100 acres	vacant

* Note: See Commercial Building 610 Congaree Road Greenville, SC discussed below

** Note: Property has not been listed for sale with a broker

Except as noted, these properties have been listed for sale with real estate brokers. Discussions of the more significant properties and related events follow.

65,000 Square Foot Warehouse-Anderson County, SC - This warehouse has been vacant since February 2010. The property is generally in good condition, except the building was vandalized in late 2010 and much of the electrical wiring was stolen. Police reports and insurance claims were filed. The property has been listed with a real estate broker and has been shown only a few times. The asking price was originally set at \$900,000, but the broker received no inquiries at that price. In early 2010, the price was reduced to its current asking price of \$600,000. The broker has received a few inquiries and a verbal offer to purchase the property at \$350,000, which was not accepted. With some signs of

improvements in the economy, the broker advises to retain the current asking price at this time and reevaluate the price at the end of the summer of 2011.

Commercial Building-610 Congaree Road Greenville, SC - This is the only property owned by CIF that is subject to a mortgage. The property is a commercial building located in Greenville, South Carolina. The property was deeded to CIF in July 2009 in lieu of foreclosure. CIF held a second mortgage on the property. The first mortgage is held by NBSC and the outstanding balance is approximately \$1.1 million. The property is leased to an unrelated third party pursuant to a written lease which expires July 2011. The tenant uses the building to operate a nightclub. Pursuant to the lease, the tenant currently pays monthly rent of \$7,500. However, the monthly mortgage payment to NBSC is \$9,750; thus, the property results in cash outflow of \$2,250 each month.

An appraisal was obtained for this property in December 2009. The appraisal reflects a current market value of \$800,000. Based on the appraisal, the value of the property is \$300,000 less than the mortgage balance. Furthermore, because the previous owners did not pay property taxes for 2008 or 2009, the delinquent taxes on this building are in excess of \$50,000. Based on a general overview of the prevailing economy, the property is not likely to significantly increase in value in the near term. As a result of this process, CIF ceased making payments to NBSC, the last payment being made in November 2009. (CIF is not obligated on the loan to NBSC.) The bank has since notified the tenant to remit payment directly to it. The last rent payment received from the tenant was for January 2010.

I have engaged in a general conversation with representatives of one of the previous owners (who is still obligated on the bank loan), exploring potential business arrangements that might realize value for CIF. However, nothing yet gives any indication that any value will be realized.

House-Dilapidated in Pickens County, SC - This property has major structural defects including broken floor joists, sagging and leaking roof, and electrical deficiencies. The property was cleaned out and is listed for sale "as is". Currently, the asking price is listed at \$30,000. The real estate broker has received only a few inquiries about this property. I have discussed with the broker auctioning the property. I will continue to monitor this property and make adjustments to the asking price as appropriate.

Land-Spartanburg, SC - This property consists of approximately 40 acres of undeveloped land located on the interchange of Interstate I-85 and Highway 221 in Spartanburg County, South Carolina. The property has highway visibility, as do the adjacent properties owned by unrelated third parties. The previous owners purchased the property in 2002 for \$440,000, borrowing the funds from CIF to finance the purchase. After the purchase, one of the principals of the buyer died. Soon after, being unable to repay CIF, the property was deeded back to CIF in lieu of foreclosure. The property has been listed for sale with a commercial real estate broker. The asking price is \$600,000. This property is subject to a lawsuit filed against CIF by LOP Capital, LLC as described in *Rolling Hills Land Co., LLC* on page 8 above.

In December 2010, one of the adjacent unrelated property owners offered to purchase a portion of the property. After some negotiations, a contract was signed to sell 10 of the 40 acres for \$125,000. The sale is scheduled to close by the end of February 2011. In my judgment and the judgment of real estate professionals consulted, the characteristics of the 10 acres being sold are less desirable than the remaining acreage.

Land-Williamsburg County, SC - This property consists of an 85 acre tract located at the crossroads of Highway 521 and Highway 52 in Greeleyville, Williamsburg County, South Carolina. The property is known as the Midway Dragstrip. The previous owners operated the drag strip for many years - from about 2004 through 2007. One of the owners died in or about 2006 and thereafter operations declined. CIF foreclosed and repossessed the property in or about 2008. The property is flat and generally clean and attractive. The improvements to the property include an asphalt dragstrip approximately 1/2 mile in length, a two story block building (used for concessions, rest rooms, and the announcers' tower), and a chain link fence. The dragstrip is in relatively good condition. Many people have called and expressed interest in purchasing or leasing the property. I have had in depth discussion regarding the sale of this property with several individuals who have inspected the property and made efforts to find financing to purchase. The latest group has expressed their intent on buying the property at a price of \$200,000. The group is in the drag racing business and is from North Carolina. They are scheduled to meet with me on Wednesday, January 26, to sign a contract and deliver \$10,000 as a binder on the purchase.

Condominium-Newark, NJ - CIF owned a condominium located in Newark, New Jersey. A bank also held a security interest in the condominium. CIF and the bank have disputed each other's claim of priority of the security interests. In December 2010, the condominium was sold to an unrelated third party. Net proceeds from the sale totaled approximately \$94,000 and are held in escrow pending a resolution to the dispute between CIF and the bank. CIF anticipates the dispute will be settled within the next 120 days, whereupon CIF expects to realize at least \$65,000 of proceeds.

House in Disrepair-Wycliff, NJ - CIF holds an interest in a residential house located in Wycliff, New Jersey. Although the house is in disrepair, it is in an affluent residential section. Accordingly the highest value of the property may be as a residential lot, regardless of the condition of the house. However, current economic conditions have resulted in a lack of marketability at this time. Therefore, the immediate liquidation price - that is, priced for a quick sale - is estimated to be only \$100,000. If market conditions improve, the lot is expected to bring as much as \$300,000.

Properties Sold from April 1, 2010, through December 31, 2010
The following properties were sold from April 1, 2010 through December 31, 2010:

<u>Location</u>	<u>Property Descriptions</u>	<u>Sales Price</u>	<u>Proceeds</u>
Fountain Inn SC	House and lot,	\$ 5,000	\$ 4,212
Fountain Inn SC	4 Houses and lots (\$5,000 each)	20,000	15,285
Gray Court SC	1 Vacant Lot	9,000	7,582
Lyman SC	Mobile home and lot	30,000	27,500
Easley SC	Unfinished house and lot	50,000	46,199
Totals		<u>\$84,000</u>	<u>\$73,278</u>

These properties were acquired primarily by voluntary transfers (deed in lieu of foreclosure) from customers whose loans were in default.

The Fountain Inn houses and lots were "mill houses" and were in disrepair. These properties were each under a written contract to sale that was executed prior to August 24, 2009 (the date of my appointment as Receiver). The Gray Court lot was a vacant low-income residential lot, which was listed for sale in or about October 2009. The sale occurred in December 2009. The Lyman mobile home and lot was listed for sale in or about January October 2010. The sale occurred in October 2010. The Easley unfinished house and lot included a partially built house that was in disrepair. The house was listed for sale in or about December 2009 and the closing occurred in January 2010.

Estimation of Potential Asset Values

The significant assets of CIF (and its subsidiaries) identified to date consist of real estate mortgage loans to customers and real estate properties acquired through customer loan defaults and foreclosures. (Other assets of nominal value have been identified and include a very limited amount of office furniture and equipment, and company records. However, those items do not merit discussion.)

Accompanying this report is Schedule 1 –Schedule of Identifiable Assets and Interim Estimates of Values. This schedule reflects estimates of liquidation values. The estimates are preliminary because they are based on very limited knowledge and experience with each asset. It is equally important to know the values are estimates, which means that the actual amounts ultimately realized will differ from the estimates and the differences may be significant.

The following is a summary of the information provided in Schedule 1 –Schedule of Identifiable Assets and Interim Estimates of Values:

	Immediate Liquidation Value	Orderly Liquidation Value
Mortgage Loans Secured By Real Estate		
South Carolina properties	\$ 730,000	\$3,615,000
Georgia properties	-	-
New Jersey properties	-	-
Washington properties	-	-
Oregon property	40,000	50,000
Total Mortgage Loans Secured By Real Estate	<u>\$ 770,000</u>	<u>\$3,665,000</u>
Real Estate		
South Carolina properties	\$1,028,000	1,855,000
New Jersey properties	150,000	400,000
New York properties	100,000	300,000
Total properties owned	<u>\$1,100,000</u>	<u>\$2,075,000</u>
Combined totals	<u>\$1,870,000</u>	<u>\$5,740,000</u>

Approach and Expectations For the Coming Months

My approach to managing CIF has always been with the following priorities: (1) identify and assemble the assets and liabilities; (2) minimize deterioration, damages and losses to the portfolios; and (3) plan for and effect an orderly liquidation of the assets to provide the best recovery for the Noteholders in relation to the course of time and expense incurred to realize the recovery.

The poor economic conditions that existed in August 2009 have not improved much since. Although there are some recent signs of economic improvement, generally the real estate market remains depressed. Because banks remain reluctant to loan money on real estate ventures, the number of potential buyers is limited. Additionally, buyers have more opportunities than cash, and they are not only very selective, but are looking for bargains – very low prices. For CIF that means the values of the real estate it owns have been, and are currently low. However, I am hopeful that values of many of the properties will significantly increase over the next 12 to 18 months. Accordingly, I have not rushed to liquidate properties, but rather have sold specific properties when the values were not expected to increase significantly in the foreseeable future.

To the Noteholders of Capital Investment Funding, LLC
January 26, 2011
Page 15

Through complex legal processes, additional properties with significant potential values have been discovered and targeted, though there is no certainty that those values will ultimately be recovered or realized. Legal and bankruptcy processes have and will likely continue to take considerable amounts of time and expense to run their course. Nevertheless, we will continue on this course to recover as much as possible continually balancing the cost and benefits of our efforts.

Based on these and other factors, I do not expect to collect enough funds (through the sale of properties or otherwise) over the next nine months to warrant cash payments to the Noteholders. On the other hand, any number of items could turn for the better:

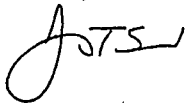
- o The bankruptcy reorganization plans could be successful and result in large cash payments to CIF;
- o Several of the large parcels could be sold at or near the current asking prices;
- o The Trazom loan could be paid in full.

In any of those or similarly material and positive events occurs, we would have enough cash to warrant distributions to the Noteholders within that time period.

By the end of the nine month period, I expect much of the bankruptcy matters will have progressed to the point of having a high level of confidence as to the amounts to be realized with those related properties. Furthermore, if the real estate market has markedly improved, it may be in the Noteholders' best interests to accelerate liquidation through aggressive marketing efforts and auctions.

In the meantime, I appreciate the opportunity to serve.

Sincerely,



Jerry T. Saad, CPA
As Court Appointed Receiver for
Capital Investment Funding, LLC

Capital Investment Funding, LLC (and subsidiaries)
Schedule 1 – Schedule of Identifiable Assets and Interim Estimates of Values
As of December 31, 2010

Part 1 - Collateral Properties Pledged On Mortgage Loans Receivables

Loan Reference	Collateral Property Description	Immediate Liquidation Value	Orderly Liquidation Value

Collateral Properties Located In South Carolina

Trazom, LLC (See Note 1)	Warehouse Anderson SC (18 acres)	500,000	1,005,000
Sabillion (See Note 1)	104 5th Street Fountain Inn SC - house and lot	5,000	10,000
SD Trust, LLC	112 acres Sweetwater Subdivision Lake Keowee SC	-	1,500,000
WE3 Company, Inc.	70 acres Waters Edge Subdivision Lake Keowee SC	25,000	100,000
WE3 Company, Inc./Asante Properties, LLC	20 acres Waters Edge Subdivision Lake Keowee SC	-	100,000
Big Deal Land Co., LLC	14 Boat Docks	-	100,000
Cornerstone Commercial Properties, LLC	Warehouse Greenville SC	150,000	400,000
EarthArtist Mountain Studio, LLC	Cotton Mill Warehouse, Seneca, SC (20 acres)	50,000	400,000
Total Properties Located In South Carolina		730,000	3,615,000

Collateral Properties Located In Georgia

Rolling Hills Land Co., LLC & Big Deal Land Company, LLC	No longer secured - property lost in foreclosure	-	-

Collateral Properties Located In New Jersey

Lancaster Resources Inc. et al	Skymark Condominiums, 48 units under construction, Palisades NJ; Skymark Townhomes, 36 units under construction, Upper Saddle River NJ; Office building, estimated 7,000 square feet, Hackensack NJ; and Undeveloped land. 38 acres.	-	-

Collateral Properties Located In Washington State

Tcholak, LLC & Big Deal Land Company, LLC	No longer secured - property lost in foreclosure	-	-

Collateral Property Located In Oregon

Tcholak, LLC & Big Deal Land Company, LLC	6 acre residential lot, rural Columbia County Oregon	40,000	50,000

Total Collateral Properties Pledged On Mortgage Loans Receivables

770,000	3,665,000

Note 1: These loans are not in default.

Capital Investment Funding, LLC (and subsidiaries)
Schedule 1 – Schedule of Identifiable Assets and Interim Estimates of Values
As of December 31, 2010

Part 2 - Real Estate Properties Owned By CIF

Property Location	Property Description	Immediate Liquidation Value	Orderly Liquidation Value

South Carolina Properties

Anderson County

5115 Old Greenville Hwy-Liberty
1 Hawthorne Street, Honea Path

65,000 square foot warehouse
Lot and dilapidated house

450,000	600,000
2,000	5,000

Greenville County

610 Congaree Rd
231 Hipps Ave/Simpsonville

Commercial building
Empty lot

-	-
5,000	10,000

Laurens County

112 Chavis Road, Gray Court
101 Chavis Road, Gray Court
119 Sydney Lane, Gray Court

Golden Gate Estate Subdivision
Empty lot
Empty lot

2,000	7,000
2,000	7,000
2,000	7,000

Oconee County

Keowee Key, Unit 16 Lot 21 (25% interest)

Empty lot

20,000	50,000

Pickens County

806 Saluda Dam Rd

Lot and dilapidated house

17,000	24,000

Spartanburg County

I-85 and Highway 221

40.5 acres vacant commercial property

300,000	500,000

Williamsburg County

Highway 52 and Highway 521

80+/- acres drag strip racetrack

100,000	200,000
900,000	1,410,000

Total Properties Located In South Carolina

New Jersey Property

39 Union Square, Unit 401, Newark NJ
457 Carlton Road, Wyckoff, NJ

Condominium
Lot and dilapidated house

-	65,000
100,000	300,000
100,000	365,000

Total Properties Located In New Jersey

New York Property

Saratoga Springs, NY

100 acres in Saratoga County

100,000	300,000

Total Real Estate Properties Owned By CIF

1,100,000	2,075,000

Recap of Part 1 and Part 2

Total Collateral Properties Pledged On Mortgage Loans Receivables

770,000	3,665,000

Total Real Estate Properties Owned By CIF

1,100,000	2,075,000

Total Properties

1,870,000	5,740,000

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Member
American Institute of
Certified Public Accountants
South Carolina Association of
Certified Public Accountants

Receiver's Status Report
To the Noteholders of Capital Investment Funding, LLC
As of December 31, 2011

January 15, 2012

To the Noteholders of Capital Investment Funding, LLC ("*Noteholders*");

This is the fourth report presented to the Noteholders in connection with my services as Receiver for Capital Investment Funding, LLC and its wholly owned subsidiaries (*collectively referred to as "CIF"*). It is a cumulative overview of what I believe are the significant activities related to CIF from August 24, 2009, the date I was appointed Receiver, through December 31, 2011. This report is not a comprehensive and detailed description of all activities.

This report is presented in three sections:

1. Discussion of Cash Balances and Cash Activities (*pages 2 through 8*)
2. Discussion of Legal and Litigation Activities (*pages 8 through 11*)
3. Discussion of CIF's Non-cash Assets: Customer Loans and Real Estate Properties (*pages 12 through 18*)

1. Discussion of Cash Balances and Cash Activities

The following is a summary of the cash activities from August 24, 2009 through December 31, 2011, and the cash balances as of December 31, 2011.

Summary of Cash Balances and Cash Activities

Cash balances, as of August 24, 2009	\$ -0-
Total deposits from August 24, 2009 through December 31, 2011	1,209,138
Total disbursements from August 24, 2009 through December 31, 2011	<u>(1,054,624)</u>
Cash balances, as of December 31, 2011	<u>\$ 154,514</u>

Cash Activities

Cash activities from August 24, 2009 through December 31, 2011 include deposits and disbursements, which are summarized as follows:

Deposit Activity

Cash transferred from existing CIF accounts to new Receiver bank accounts	\$ 142,008
Proceeds from settlement of disputed claims	275,000
Proceeds received from sale of properties <i>(various properties)</i>	242,522
Payments received on loans that are current <i>(various loans)</i>	262,150
Payments received on loans that are in default <i>(various loans)</i>	216,430
Rents and rental expense reimbursements received <i>(various properties)</i>	49,498
Insurance recovery <i>(claim for vandalism to warehouse in Anderson County, SC)</i>	2,134
Return of funds held in trust for legal fees <i>(pre-Receiver)</i>	18,449
Interest earned on bank accounts	947
Total deposits	<u>\$1,209,138</u>

Disbursement Activity

Fees paid to Receiver	\$ 137,000
Legal fees and litigation costs	694,882
Appraisal and other professional fees	11,011
Property taxes <i>(various properties)</i>	83,045
Other property related expenditures <i>(various properties)</i>	46,328
General and administrative expenditures	57,358
Settlement payment <i>(required under Mediated Global Settlement Agreement)</i>	25,000
Total disbursements	<u>\$1,054,624</u>

Cash balance as of December 31, 2011

\$ 154,514

Discussion of Deposit Activity

Proceeds from settlement of disputed claims represents a cash payment received in November 2011. CIF entered into discussions about claims it asserted against certain third parties in 2011. The parties agreed to mediate the dispute. Through the mediation process a settlement was reached which provided for a payment to CIF in the amount of \$275,000. A condition of the settlement prohibits disclosure of any of the terms of the settlement to anyone except as required by law or court order. Attorney fees and costs related to this matter totaled \$108,081. Accordingly, CIF realized net cash proceeds in the amount of \$166,919.

Proceeds received from sale of properties

5 Residential lots and mill houses sold (<i>pre-August 24, 2009 contract</i>)	\$ 19,497
(<i>111 1st St., 103 2nd St., 113 2nd St., 103 3rd St., and 107 4th St., Fountain Inn, SC</i>)	27,792
Residential lot and single-wide mobile home (<i>21 Burris Road, Lyman, SC</i>)	7,582
Vacant residential lot (<i>101 Bowknot Lane, Gray Court, SC</i>)	4,236
Vacant residential lot (<i>119 Sydney Lane, Fountain Inn, SC</i>)	3,427
Vacant residential lot (<i>Lot 101 Chavis St., Gray Court, SC</i>)	
Residential lot and partially constructed house (less than 50% complete)	46,199
(<i>6 Masters Woods Way, Easley, SC</i>)	50,000
Midland Raceway Dragstrip (<i>85 Acres Greeleyville, SC: down payment only</i>)	8,914
Power-Utility easements on residential acreage (<i>Saratoga County, NY</i>)	175
Office furniture (<i>CIF office desks and credenza</i>)	74,700
Textile Mill Revitalization Act Tax Credits (<i>pursuant to Global Mediated Settlement Agreement</i>)	<u>\$242,522</u>
Total proceeds received from sale of properties	

Sale of Residential Lots

All of the residential lots that were sold had been pledged as collateral on loans CIF made to several different parties prior to 2008. By 2008, the borrowers had defaulted on these loans. In order to avoid foreclosure, the borrowers deeded these properties to CIF prior to August 24, 2009. The five residential lots and mill houses located in Fountain Inn, SC were sold under the terms of a sales contract executed prior to August 24, 2009. All of these mill houses were in substantial disrepair and would have required significant costs to bring them up to code. Each of the remaining residential properties were evaluated and listed for sale by qualified real estate brokers in Upstate SC. Properties were marketed at sales prices suggested by the brokers, who derived their suggested prices from evaluations of comparable low-income residential lots in the market and physical condition of the properties, which were very poor in each case. Construction on the partially constructed house (*6 Masters Woods Way*) began in 2007, but had ceased in 2008. The house was sold "as is" being less than 50% complete at the time of sale in 2010.

Sale of Midland Raceway Dragstrip

Midland Raceway Dragstrip is ¼-mile asphalt racing drag strip on an 85-acre tract of land on a rural highway near Greeleyville, SC. The property also includes a cinder block two-story concession building and a concrete block bleacher with seating for approximately 200. The property has operated as Midway Dragstrip since 2004. CIF repossessed the property prior to 2008 and sold the property to an individual in or about 2008 under an installment payment contract. CIF acquired the property through a deed in lieu of foreclosure prior to August 2009. An informal appraisal of the property was obtained in 2010. Several parties expressed interest in buying the property.

In May 2011, the property was sold to Midland Dragstrip Properties, LLC, with its owners also obligated on the deferred payment obligations to CIF. The total sales price was \$200,000 with \$50,000 paid at closing and \$150,000 evidenced by a mortgage and promissory note. The note requires monthly payments of 12% interest and three semi-annual principal payments of \$50,000 each (*payable December 31, 2011, June 30, 2012, and December 31, 2012*). The buyer paid the first four monthly interest payments, but has made no payments since September 2011 and is in default.

The matter was turned over to legal counsel for collection, formal notice of demand was sent at the end of 2011. Absent payment, counsel expects to file a foreclosure action in February 2012. If the property is reacquired, it will be held for sale at a price of \$200,000. Several parties have inquired about the property status and have expressed an interest in purchasing the property under similar terms.

Power-Utility Easements

CIF owns approximately 90 acres of rural residential land located in Saratoga County, New York. In August 2011, the local power company requested an increase (*from 10 feet to a total of 20 feet*) in its existing power-utility easements on that acreage. In November 2011, CIF received \$8,914 for granting the easements. The easements are not expected to materially affect the marketability or value to be realized from the sale of the properties. The amounts received were based on the power company's internal appraisals. The power company also added a premium amount to the price to encourage acceptance and avoid a formal condemnation proceeding. Thus, the payments received represented a significant premium above the price per acre at which the properties are currently listed.

Sale of Office Furniture

In September 2009, CIF's office in Easley, SC was vacated. Two desks and a credenza were salvaged, advertised on *craigslist.com*, and sold to the Town of Duncan for \$175.

Sale of Textile Mill Revitalization Act Tax Credits

Textile Mill Revitalization Act Tax Credits represents payments received from the sale of South Carolina Income Tax Credits. The Mediated Global Settlement Agreement provided for CIF to receive "the sum of \$0.20 for every \$1.00 of 2009 and 2010 Tax Credits when and if they are sold." The credits were sold in December 2009 at a price equal to 50% of the gross amount of tax credits. However, a dispute arose among the buyer and CIF as whether the \$0.20 factor was to be applied to every dollar of proceeds paid or for every dollar of tax credits sold. The dispute was mediated to a compromise whereby CIF received a total of \$74,700. The compromise was agreed to avoid the costs and risks of litigation.

Payments received on loans that are current consist of the following:

Trazom, LLC (<i>monthly payments</i>)	\$123,936
Mr. Eric King (<i>monthly payments</i>)	9,464
Mr. Eric King (<i>loan paid in full – borrower refinanced with third party lender</i>)	<u>128,750</u>
Total payments received on loans that are current	<u>\$262,150</u>

Trazom, LLC ("Trazom") Loan

Trazom, LLC is a company which CIF was informed is owned entirely by Davyd Field, son of Arthur Field. The outstanding loan balance as of December 31, 2011 is \$994,237. The loan originated in 2006 as part of a workout arrangement with Tiger Transport Services, Inc. ("*TTS*"), a CIF customer that defaulted on a series of loans in 2006. Under the workout arrangement, Trazom acquired TTS's commercial warehouse (*located in Anderson County, SC*), borrowing \$2.65 million from CIF to do so. The CIF loan was originally secured by a first mortgage on the property.

In September 2007, Trazom borrowed \$1.6 million from a local bank, secured by a first mortgage on this property, using the proceeds to reduce the CIF loan by \$1.55 million. As a condition of the bank loan, CIF subordinated its mortgage to the bank (*putting CIF's mortgage in a second priority position*). In March 2008, CIF modified Trazom's loan by extending the maturity date of the loan to August 31, 2018, granting Trazom an option to extend the term until August 31, 2023, and changing the interest rate to 6.25%, increasing to 6.5% on September 1, 2013; 6.65% on September 1, 2015; and 6.8% on September 1, 2017 until paid in full. CIF was informed that the bank loan in the first mortgage position has a current outstanding balance of approximately \$1.6 million. The loan matured in or about October 2011; however, CIF is advised that the bank has agreed to renew the loan for 5 years, and the renewal loan documents are expected to be executed by February 2012.

Trazom's ability to pay its loan is purportedly dependent on lease revenues. The property has been leased by Inergy Automotive Systems (USA), LLC ("*Inergy*") since 2002. Inergy manufactures gas tanks for various automobile manufacturers. It owns and operates a large manufacturing plant located next to the Trazom warehouse. Inergy leases the property under a five year lease which expires in February 2012. CIF was informed that Inergy has agreed to an eight year lease renewal with Trazom and the renewal documents are expected to be executed by February 2012.

Eric King Loan

The Eric King loan was a residential mortgage loan to an individual borrower. The mortgage loan was secured by a first mortgage on the borrower's personal residence and required monthly payments to CIF in the amount of \$729. The borrower refinanced the house in 2010 and used the bank loan proceeds to pay off the remaining balance of the CIF loan, which was \$128,750.

Payments received on loans that are in default consist of the following:

Cornerstone Printing Loans (<i>monthly payments</i>)	\$ 61,457
Cornerstone Printing Loans (<i>proceeds from sale of collateral-commercial color printer</i>)	43,975
Lion Financial, LLC (<i>one lump sum payment</i>)	94,661
Mr. Trinidad Sabillon	10,337
Midland Raceway Dragstrip (<i>monthly payments – see comments on page 3</i>)	<u>6,000</u>
Total payments received on loans that are in default	<u>\$216,430</u>

Cornerstone Printing Loans

The Cornerstone Printing loans include two commercial loans, one secured by a first mortgage on a commercial building and one secured by printing equipment. The outstanding loan balances as of December 31, 2011 total approximately \$526,000. The original loans totaled \$410,000. Interest accrues at a rate of 16%. Cornerstone operates a commercial printing company in Greenville, SC. In 2008 and 2009, Cornerstone's business had fallen off so much that the company was on the verge of closing the business. In 2010, arrangements were made for one of my clients to buy printing services from Cornerstone. Since this business connection began, Cornerstone has made monthly payments to CIF, which totaled \$61,457 through December 31, 2011.

In June 2010, Cornerstone made arrangements to sell a large commercial color printer. The printer was purchased in 2007 at a price of \$150,000, and was pledged as collateral on the CIF Loan. The printer was initially used for high-volume production for a single customer and was no longer needed. After investigation of the market prices for similar used commercial printers, CIF approved the sale for \$43,975.

Lion Financial, LLC ("Lion")

Lion Financial, LLC represents a lump sum payment received from the borrower. Lion was a South Carolina company that provided mortgage lending services to commercial and residential borrowers. Lion borrowed \$6.5 million in 2004 and 2005 from CIF. From 2004 through 2009, Lion paid CIF \$4.6 million in principal and approximately \$200,000 in interest. CIF was informed that the loan was secured by second mortgages on real estate properties, most of which were lost through foreclosure by first mortgage lenders. CIF was also informed that Lion liquidated its remaining assets in 2009, remitted all of its cash (which totaled \$94,661) to CIF, and has no assets. The outstanding loan balance as of December 31, 2011 is \$2,486,595 (excluding accrued interest).

Sabillon Loan

The Sabillon loan is a residential mortgage loan to two individual co-borrowers. The outstanding loan balance as of December 31, 2011 is approximately \$9,800. The mortgage loan is secured by a first mortgage on the borrowers' personal residence. The original loan was for \$21,500. The loan provides for monthly payments of \$397 and interest at an annual rate of 13.5%. The maturity date of the loan is May 2014. Sabillon is currently three payments behind and 120 days past due on the earliest payment. CIF is balancing the costs of collection against the probability of recovery.

Rents and rental expense reimbursements consist of the following:

Cream, LLC (restaurant building, 610 Congaree Road, Greenville, SC)	\$ 32,500
YH America SC, LLC (warehouse, Anderson County, SC)	16,998
Total rents and rental expense reimbursements	<u>\$ 49,498</u>

Rents Received From Cream, LLC

CIF received a total of \$32,500 in rents in 2009 and 2010 from Cream, LLC, which leased CIF's restaurant building located at 610 Congaree Road, Greenville, SC. CIF acquired the property in July 2009 in lieu of foreclosure subject to a first mortgage held by another bank. The first mortgage had an outstanding balance of approximately \$1.1 million. The lease was scheduled to expire in July 2011. The tenant used the building to operate a nightclub and paid monthly rent of \$6,500. Between August 24, 2009 and January 10, 2010, CIF received five (5) rent payments of \$6,500 each, for a total of \$32,500. However, the monthly mortgage payment to the bank was \$9,750; thus, the property resulted in cash outflow of \$3,250 each month. An appraisal was obtained for this property in December 2009 which reflected a market value of \$800,000. Based on the appraisal, the value of the property was \$300,000 less than the mortgage balance. Furthermore, because the previous owners did not pay property taxes for 2008 or 2009, the delinquent taxes on this building were in excess of \$50,000. CIF was not obligated on the loan to the bank and ceased making payments to the bank due to the adverse economics of continuing to hold the property. The last payment was made in November 2009. The bank notified the tenant in January to remit payment directly to the bank. The last rent payment received from the tenant was for January 2010. The bank foreclosed on the property in 2010.

Rents Received From YH America SC, LLC

CIF received a total of \$16,998 in rents from YH America SC LLC, in 2009 and 2010. YH America rented approximately 5% of a warehouse for storage of corporate records. The tenant vacated the property in February 2010. This warehouse has been vacant since February 2010. It has been offered for rent since 2009, but very little interest has been shown. The warehouse is in Anderson County, SC and was deeded to CIF in 2008 in lieu of foreclosure.

Insurance recovery represents proceeds received in 2011 from the insurance claim filed for vandalism to the warehouse in Anderson County, SC.

Return of funds held in trust for legal fees represents proceeds received from three different law firms that had received advance payments for legal services. The services were terminated in 2009 and the unused funds were returned to CIF.

Interest earned on bank accounts represents interest earned on cash held in money market accounts.

Discussion of Disbursement Activity

Fees paid to Receiver represent payments made to me for my services as Receiver. \$137,000

Legal fees and litigation costs paid include the following:

General Counsel for Receiver	\$ 48,815
Settlement of disputed claims	108,081
Ongoing Litigation	
Lawsuit in New Jersey (CIF claims against NJ entities and individuals for fraud and RICO)	77,683
Lawsuits in South Carolina (CIF claims against third parties for fraudulent foreclosure)	41,937
Lawsuit in South Carolina (legal malpractice claim against attorneys who represented CIF)	45,000
Collections from borrowers in default	
Collateral in South Carolina (Lake Keowee, SC)	17,383
Collateral in New Jersey (457 Carlton Road, Wyckoff, NJ)	3,841
Collateral in Oregon (5 acre rural residential lot, Columbia County, Oregon)	2,500
Bankruptcy costs	
Attorney fees and costs paid to monitor and represent CIF in NJ (LRI bankruptcies)	100,306
Attorney fees and costs paid for SD Trust, LLC Bankruptcy (Lake Keowee loans)	189,663
Attorney fees and costs paid for WE3 Company, Inc. Bankruptcy (Lake Keowee loans)	29,374
Attorney fees and costs paid for Cosimo, LLC Bankruptcy	8,654
Closing costs related to sale of properties	
Midland Raceway Dragstrip 85 Acres	960
SC Textile Rehabilitation Tax Credits Sale	3,615
Other legal fees and litigation related costs	8,250
Class action expert witness fees (Durant - Note: costs incurred prior to August 24, 2009)	8,820
Total legal fees and litigation costs	<u>\$694,882</u>
(Note: Legal and litigation activities are discussed more fully in subsequent pages.)	

Appraisal and other professional fees consist of the following:

Appraisal fees	\$ 8,080
Accounting fees - income tax return preparation for Cosimo, LLC	2,931
Total appraisal and other professional fees	<u>\$11,011</u>

Property taxes consist of property taxes paid on the various properties owned by CIF. \$83,045

Other property related expenditures consist of the following:

Mortgage payment to bank (restaurant building, 610 Congaree Road Greenville, SC)	\$29,261
Insurance expense (warehouse in Anderson, SC and restaurant building in Greenville, SC)	6,196
Utilities on rental properties (warehouse in Anderson, SC)	5,188
Repairs to properties (various properties)	2,683
Rent (settlement past due amounts-old office in Easley, SC)	3,000
Total other property related expenditures	<u>\$46,328</u>

General and administrative expenditures consist of the following:

Fees paid for bookkeeping and administrative support	\$47,496
Class mailing costs	5,756
Travel costs and other out of pocket expenses	4,106
Total general and administrative expenditures	<u>\$57,358</u>

Settlement payment represents a payment made as required under the Mediated Global Settlement Agreement. \$25,000

2. Discussion of Legal and Litigation Activities

This Receivership has been fraught with complex legal matters stemming from a multitude of unconventional, unorthodox, and questionable business dealings and practices. Legal and litigation activities have consumed the majority of my time as Receiver. My previous reports to the Noteholders provided detail discussions of various legal matters and described some details of facts and circumstances, illustrating material deficiencies and dereliction of management. The statements contained in my report are based upon investigation and are made upon information and belief. The determination of the ultimate facts will, of course, be made by the appropriate courts or other entities with legal jurisdiction. This report provides a general overview of the more significant legal and litigation matters encountered.

The various legal and litigation matters are grouped for discussion as follows:

- Civil Litigation and Bankruptcies in New Jersey
- Civil Litigation and Bankruptcies in South Carolina
- Other Legal Matters

Civil Litigation and Bankruptcies in New Jersey

These matters involve: (a) a civil lawsuit filed against Lancaster Resources, Inc. its subsidiaries (collectively "LRI") and certain related parties, and (b) related bankruptcy filings. LRI borrowed in excess of \$34 million from CIF over the course of seven years, having paid back all but \$18 million at the time it defaulted on its loans in 2008. CIF filed a lawsuit in federal court in New Jersey against LRI in 2008 alleging, among other charges, that LRI and its managers fraudulently recorded releases on CIF's mortgages. In 2009, LRI, most of its subsidiaries, and one of its principals filed for protection under federal bankruptcy laws. As a result of the bankruptcy filings, the civil lawsuit was "stayed" while the federal bankruptcy matter was active. Over the course of the bankruptcies, all of the real estate holdings of LRI and its subsidiaries have been lost through foreclosure actions instigated by first mortgage holders. The bankrupt entities are now in the final stages of liquidation. Having followed the activities in bankruptcy from 2009 through 2011, CIF does not expect to receive any cash payments or non-cash assets from LRI or its subsidiaries from their liquidations.

In November 2011, CIF (a) filed a motion in Bankruptcy Court to lift the restrictions and allow the civil lawsuit to move forward against LRI's principals and subsidiaries that were not in bankruptcy, and (b) filed an amended lawsuit, which expanded and included more specific claims, including a claim under the Racketeer Influenced and Corrupt Organization Act ("*RICO*"). A hearing to review the motion is expected to be scheduled for March 2012.

From August 24, 2009 through December 31, 2010, attorney fees paid in connection with these civil litigation and bankruptcy matters in New Jersey totaled \$177,989, including \$77,683 in attorney fees and costs related to the civil lawsuit and \$100,306 related to the bankruptcies.

Civil Litigation and Bankruptcies in South Carolina

These matters involve collection matters, three bankruptcy filings, and two related civil lawsuits filed, all related to "Four Related Entities".

In my Report to Noteholders dated January 26, 2011, a detailed discussion of legal and litigation matters is presented under the caption "Focus on Four Related Entities" (*see pages 3 through 8 of the January 26, 2011 Report*). The discussion centered on SD Trust, LLC, WE3 Company, Inc., Big Deal Land Company, LLC, and Rolling Hills Land Co., LLC (*collectively, "Four Entities"*), related by common ownership. Two principals owned 100% of two of the entities and more than 50% of the others. Between 2004 and 2007, the Four Entities collectively borrowed \$7.6 million from CIF (*through Cosimo, LLC*) and paid CIF (*through Cosimo, LLC*) \$1.4 million in principal and \$1.1 million in interest. The funds were borrowed to acquire and develop lakefront properties on Lake Keowee, SC and Lake Hartwell, GA (*individually "Project" and collectively the "Projects"*). As of December 31, 2011, the Four Entities owed CIF a combined total in excess of \$10 million, including over \$4 million of unpaid interest.

As discussed in my Report to Noteholders dated January 26, 2011, foreclosure actions and other litigation against CIF interests in 2010 prompted me to file for protection under Chapter 11 of the U.S. Bankruptcy laws for SD Trust (*April 2010*) and WE3 Company (*January 2011*). The decisions to file for bankruptcy protection were driven by the belief that SD Trust and WE3 could reorganize the Projects in ways that would pay secured and unsecured creditors (*including CIF*) substantially more than if the entities simply liquidated as a result of the litigation.

During 2010 and 2011, substantial time and resources were committed and expended in efforts to investigate, protect and salvage the Projects. Unfortunately, the complexities and irregularities encountered were overwhelming. Books and records were nonexistent. The Projects were found to be replete with violations of legal requirements and practical development problems, which I have concluded were the result of persistent material deficiencies and dereliction of management. Depositions were taken of the four principals, the attorney for the companies, Scott Pfeiffer, the first mortgage lender and his controller, and several other interested parties. The depositions and other investigative efforts revealed a pattern of irregular, deficient, and unscrupulous business practices, which were the root cause of the substantial dissipation of loan proceeds, compromise of the collateral, and erosion of the values of the Projects and Four Entities – to the direct detriment of CIF and others.

By the end of 2010, several third party real estate developers had been contacted and asked to provide proposals for purchasing and redeveloping the Projects. Those that responded expressed interest at values much lower than originally anticipated and significantly lower than the first mortgage balance, primarily because the conditions of the Projects were so much worse than originally expected and the underlying problems were so pervasive. The developers reported that their proposals had to factor in substantial costs for corrective measures and unknown contingencies. The end result was that no proposals were received that would result in any recovery of value to CIF. Consequently, it became clear that it was no longer economically feasible to continue efforts to resurrect the Projects.

After spending fourteen months, from April 2010 through July 2011, researching, investigating, and working towards a plan that would benefit CIF, a decision was made to cease the development efforts and to terminate the SD Trust and WE3 bankruptcies. In August 2011, the WE3 Company bankruptcy was dismissed and the SD Trust bankruptcy was converted to a Chapter 7 Bankruptcy (*liquidation through a Bankruptcy Trustee*). Over the fourteen month period, attorney fees paid in connection with the original collection actions and investigations and subsequent bankruptcy matters totaled \$236,420, including \$17,383 in attorney fees and costs related to collection actions and investigations and \$219,037 in attorney fees and costs related to the bankruptcies.

On a related but separate front, CIF and Cosimo, LLC (*Cosimo became a wholly owned subsidiary of CIF in July 2009*) had a foreclosure action filed against them in December 2010 by LOP Capital, LLC ("*LOP*"). My previous Report to Noteholders discussed the LOP matter in much detail. The following is an overview of the case.

In 2007, Cosimo loaned Rolling Hills Land Co., LLC (*one of the Four Entities*) over \$1 million. Cosimo's loan was secured by a mortgage on 63 acres of lake property owned by Rolling Hills, the property being located in Georgia on Lake Hartwell. In 2008, LOP, a newly formed unrelated party, loaned Rolling Hills \$1.337 million in a series of three loans, each of which were secured by a mortgage on the same property. Cosimo subordinated its mortgage to the first loan from LOP. Rolling Hills defaulted on its loans in 2008. In 2009, LOP obtained a Georgia judgment against Rolling Hills in the amount of \$1.536 million. Through subsequent legal proceedings, LOP obtained the property from Rolling Hills as partial payment on the Georgia judgment. LOP then claimed that, because the property was valued at \$1.384 million, the foreclosure action left LOP with a deficiency (*unpaid balance*) of \$152,143 on the Georgia judgment against Rolling Hills.

In December 2010, in an attempt to recover the deficiency on the Georgia judgment against Rolling Hills, LOP filed a foreclosure action against CIF and Cosimo. Attempting to foreclose on Cosimo's 40 acre parcel of land located on I-85 in Spartanburg County, SC, LOP asserted that Cosimo had assigned to LOP a mortgage on the Spartanburg property. To stay that action and for other reasons, in May 2011, Cosimo filed for protection under Chapter 11 of the U.S. Bankruptcy laws. While the bankruptcy stayed the foreclosure action temporarily, several months later the stay was lifted and the foreclosure action was remanded back to state court in October 2011. Accordingly, a decision was made to terminate the Cosimo bankruptcy, which was dismissed in September 2011.

In preparation for the LOP state court foreclosure hearing, in-depth investigation of the relevant facts revealed a bizarre series of events surrounding the LOP loans and its subsequent actions. The investigation also revealed a series of interrelated dealings and money transfers between the Four Entities, its principals and agents, and other parties. The foreclosure hearing was held in October, 2011, and was dismissed because of a technical oversight by LOP's counsel. However, LOP filed a new foreclosure action in state court against CIF and Cosimo in December 2011. CIF then filed notices to move the litigation to U.S. District Court in Greenville, SC. CIF and Cosimo also filed a separate lawsuit against LOP in U.S. District Court in Greenville, SC in December 2011. This separate lawsuit asserts claims against LOP and its principals and affiliates for fraud, conspiracy, and other unscrupulous actions. On January 9, 2012, CIF filed a motion to consolidate the two cases. These matters are expected to be prosecuted in 2012.

From December 2010 through December 31, 2011, attorney fees paid in connection with the Cosimo Bankruptcy and the LOP civil litigation totaled \$50,591, including \$41,937 in attorney fees and costs related to the civil lawsuit and \$8,654 related to the bankruptcy. The Spartanburg property that LOP is trying to foreclose is valued at \$500,000.

Other Legal Matters

Malpractice Lawsuit Against Pfeiffer Gantt & Gleaton, P.A. and Scott Pfeiffer Individually

In May 2011, CIF engaged attorneys to evaluate potential claims of malpractice by certain professionals including attorneys that had represented CIF since 2000. Upon advice from counsel, CIF formulated plans to pursue vigorous prosecution of these potential claims. In November 2011, CIF filed a lawsuit in Greenville, SC against Pfeiffer Gantt & Gleaton, P.A. and Scott Pfeiffer individually for claims of legal malpractice in connection with services provided regarding CIF's sale of securities to Noteholders. As of December 31, 2011, attorney fees paid in connection with this matter totaled \$45,000.

Other Potential Claims of Conspiracy, Fraud and Illegal Torts

Facts and information revealed through the various investigations give rise to a multitude of potential claims against numerous parties including the Four Entities and their principals, agents, affiliates, vendors, investors, and lenders. Additionally, similar factual patterns of management appear in loans to other entities, which may not be related to the Four Entities. Upon advice from counsel, CIF is formulating plans to pursue vigorous prosecution of these potential claims against borrowers, principals, agents, affiliates, vendors, investors, lenders and others.

Other Legal Activities

In 2009 and 2010, CIF was involved in several continuing legal matters that were not of direct benefit to CIF, including motions filed by Arthur Field in connection with subpoenas issued by the South Carolina Attorney General and a lawsuit filed by Arthur Field in federal court in 2009 against the State of South Carolina Attorney General and several employees of the Attorney General's Office. The matters were adjudicated without any material consequence to CIF.

General Reservation Related to Litigation. CIF's involvement in any litigation is based on legal counsels' and my understanding and assessment of relevant facts, the magnitude of the claims, and the application of legal and equitable principles. In every case, we have concluded that there is a reasonable expectation that continuation of the lawsuit will result in recoveries to CIF in excess of costs incurred. Those expectations will be monitored, reviewed, and evaluated as the cases progress, events occur, and expenditures for fees and costs are made each month. If in any case our expectations deteriorate to an unacceptable level, CIF will make every reasonable effort to promptly conclude the case. Otherwise, we will continue our efforts to vigorously pursue CIF's claims. However, in these cases as in any litigation, there are no assurances of an outcome favorable to CIF.

3. Discussion of CIF's Non-cash Assets: Customer Loans and Real Estate Properties

Overview

CIF's non-cash assets as of December 31, 2011, consist primarily of a conglomeration of 22 real estate mortgage loans to customers and several real estate properties acquired through customer loan defaults and foreclosures. The real estate mortgage loans and the real estate properties held by CIF are discussed in more detail below.

Real Estate Mortgage Loans To Customers

Real estate mortgage loans to customers consist of 22 loans with loan balances totaling approximately \$32 million.¹ Each of the mortgage loans has real estate pledged as collateral. Real estate properties pledged as collateral are located in South Carolina, New Jersey, and Oregon.

Two of the mortgage loans are in good standing. Those loans and their respective outstanding balances as of December 31, 2011 are summarized as follows:

<u>Borrower</u>	<u>Outstanding Balances</u>
Trazom, LLC	\$ 994,237
Sabillion	9,800
Total	<u>\$1,004,037</u>

As discussed on page 5, the Trazom loan is current. As discussed on page 6, the Sabillion loan is 120 days past due. Sabillion's October 2011 payment was received on January 4, 2012. Mr. Sabillion has a history of falling behind and catching up. Full payment is expected to be received by 2014. Both of these loans are secured by real estate, the values of which are believed to be higher than the outstanding balances.

The remaining 20 loans are all in default. The following is a summary of those loans and their respective outstanding principal balances as of December 31, 2011.²

<u>Borrower</u>	<u>Outstanding Balance</u>
Lancaster Resources, Inc.	\$17,057,623
Lancaster Mortgage Bankers, LLC	891,454
Lion Financial, LLC	2,486,595
SD Trust, LLC	2,051,155
WE3 Company, Inc.	2,671,200
Big Deal Land Company, LLC	500,000
Rolling Hills Land Co., LLC	932,100
Tcholak, LLC	2,500,000
12 Others less than \$1 million each	<u>1,882,001</u>
Totals	<u>\$30,972,128</u>

The liquidation value of these 22 loans as of December 31, 2010 is estimated to be \$677,000 for an immediate liquidation and \$2,173,000 for an orderly liquidation; both are enumerated further in Schedule 1 - Schedule of Identifiable Assets and Interim Estimates of Values presented at the end of this Report. These loans are briefly described below.

¹ Outstanding principal balances do not include any unpaid accrued interest charges.

² Outstanding principal balances do not include any unpaid accrued interest charges.

Lancaster Resources, Inc. ("LRI") – See discussion under Civil Litigation and Bankruptcies in New Jersey on page 8.

Lancaster Mortgage Bankers, LLC ("LMB") – LMB was a mortgage loan broker firm, which provided mortgage lending services to commercial and residential borrowers. It also traded multi-million dollar loan portfolios to mortgage investors. LMB filed for Chapter 7 Bankruptcy (liquidation) in August 2007 and was liquidated. LMB does not own any assets.

Lion Financial, LLC ("Lion") – See discussion under Payments received on loans that are in default on page 6.

SD Trust, LLC ("ST Trust") – See discussion under Civil Litigation and Bankruptcies in South Carolina on pages 9 and 10.

WE3 Company, Inc. ("WE3") – See discussion under Civil Litigation and Bankruptcies in South Carolina on pages 9 and 10.

Big Deal Land Company, LLC – See discussion under Civil Litigation and Bankruptcies in South Carolina on pages 9 and 10.

Rolling Hills Land Co., LLC ("Rolling Hills") – See discussion under Civil Litigation and Bankruptcies in South Carolina on pages 9 and 10.

Tcholok, LLC ("Tcholok") – Tcholok is owned by an unrelated person. In 2005, Tcholok borrowed approximately \$2.5 million to fund the purchase and development of several properties in Washington State and Oregon. CIF's mortgage loans were subordinate to bank mortgages. Tcholok defaulted on the bank mortgages and CIF's mortgages. In 2009, banks foreclosed on all but one property. The remaining parcel pledged as collateral is one 5 acre parcel in rural Columbia County, Oregon. CIF has a first mortgage position on this parcel. In 2008, an adjoining property owner filed a lawsuit challenging an easement related to the property. The lawsuit was settled in 2010 at no cost to CIF, while leaving a reasonable easement in place. Since then, an attorney has been engaged to foreclose on this parcel. The liquidation value of this property is estimated to be between \$40,000 and \$50,000. Tcholok does not have any other assets available for recovery.

12 Other loans less than \$1 million each – The following is a summary of other loans less than \$1 million each and their respective outstanding principal balances as of December 31, 2011.³

<u>Borrower</u>	<u>Outstanding Balance</u>
Cornerstone Printing, Inc.	\$ 333,378
Midland Raceway Dragstrip	150,000
Calvary Asset Management, LLC	305,779
39 Union Square, LLC	290,000
Earthartist Mountain Studio, LLC	527,500
7 loans each less than \$140,000	275,344
Totals	<u>\$1,882,001</u>

³ Outstanding principal balances do not include any unpaid accrued interest charges.

The following is a brief discussion of other loans less than \$1 million each:

Cornerstone Printing, Inc. - See discussion under Payments received on loans that are in default on page 5.

Midland Raceway Dragstrip - See discussion under Payments received from sale of properties on pages 3 and 4.

Calvary Asset Management, LLC ("Calvary") - CIF holds an interest in a residential house located in Wyckoff, New Jersey. CIF originally acquired the property by assignment of LRI's foreclosure rights against the borrower. CIF took title to the property in 2008 and subsequently sold the property to Calvary under a contract for sale, receiving only a promise to pay. At the time of the foreclosure, the house was in disrepair. Because the property was located in affluent residential section, Calvary entered a joint venture arrangement with a builder who demolished the old house and constructed a new house on the site. The new house has been for sale at a price of \$2.5 million since 2010. However, current economic conditions have hindered the marketability of the house. CIF should receive its loan balance, interest, and a share of the profits no later than when the property is sold.

39 Union Square, LLC - CIF purchased a condominium located in Newark, New Jersey from 39 Union Square, LLC, a subsidiary of LRI. CIF remitted full payment in the amount of \$290,000 in 2008, but never received a deed. In or about 2009, CIF obtained title through legal process. However, a bank also held a security interest in the condominium. CIF and the bank have disputed each other's claim of priority of the security interests. In December 2010, the condominium was sold to an unrelated third party. The bank's mortgage balance was deducted from the net proceeds from the sale. The remaining balance of approximately \$94,000 was deposited into an escrow account pending a resolution to the dispute between CIF and the bank.

Earthartist Mountain Studio, LLC ("Earthartist") - Earthartist is owned by an unrelated person. Earthartist borrowed \$527,500 in 2002 to fund the purchase and re-development of a 500,000 square foot five story textile mill in Seneca, SC. The mill had been shut down for more than a year prior to the purchase. The initial plans were for Earthartist to convert the property to a movie studio. The conversion required removing the four wooden floors thereby creating a spacious studio under a roof. Prior to the purchase, Clemson University acknowledged its intent to a joint project with Earthartist, but later withdrew because of budget cuts. Earthartist completed the purchase in 2002 without the support of Clemson. CIF (through Cosimo) financed 100% of the purchase. The loan was a one year note, due in full in May 2003. Earthartist began the conversion of the facility in 2002, but was unable to pay the loan at maturity. Nevertheless, it continued the conversion efforts through 2008. The costs of conversion were funded primarily by removing the heart pine wood flooring and selling it to residential builders in the Lake Keowee area. Proceeds from the sale of flooring were also used to pay interest on the mortgage loan. From 2002 through July 2008, Earthartist paid CIF (through Cosimo) regular monthly payments of interest, initially at a rate of 10%, then increasing to 14% in 2003. Those payments of interest totaled \$436,372. Because of the economic downturn in 2008, residential construction on Lake Keowee came to a standstill, and sales of the flooring ceased. As of this date, it is estimated that about 20% of the flooring remains intact. The conversion work was never completed. During the construction process, the owner retrofitted part of the facility to be a residential apartment, which is where he resided for at least four years.

Earthartist has been in default since 2003. CIF has a first mortgage position on this parcel and the personal guaranty of the owner. Earthartist is not known to have any other assets of value that would be available for recovery. An attorney has been engaged to foreclose on this parcel and to collect under the guaranty. The liquidation value of this loan (*including the guaranty of the owner*) is estimated to be between \$150,000 and \$400,000.

7 loans each less than \$140,000 – These real estate mortgage loans were made to different unrelated borrowers. The loans were secured by mortgages on real estate properties located in South Carolina. All of these loans are in default. One of the properties is subject to a foreclosure action by a bank which claims its mortgage is ahead of CIF's mortgage. CIF has filed a motion in opposition to the bank's claim. The values of the properties securing the loans are not expected to be significant. Efforts will be made to collect the loans in full or foreclose on the properties until such time as it is determined that the amounts to be recovered are not expected to cover the costs of collections.

Real Estate Properties Owned by CIF

The real estate properties owned by CIF are all held debt free. The properties were acquired primarily by voluntary transfers (*deeds in lieu of foreclosure*) from borrowers whose loans were in default. All of these transfers took place prior to August 2009. The properties owned are located in South Carolina and New York. The properties owned by CIF vary from vacant land ready to sell to untenable dilapidated houses in disrepair. Efforts have been focused on investigating and evaluating each property, making improvements and repairs where economically justified, and marketing and selling properties for values deemed appropriate, with due consideration of the physical conditions and histories of the properties and economic conditions of the market place.

The following is a list of real properties identified as being owned by CIF (*or its affiliates*) as of December 31, 2011:

<u>Location</u>	<u>Description</u>	<u>Status</u>
Anderson County, SC	65,000 square foot warehouse	vacant
Anderson County, SC	House–dilapidated	vacant
Laurens County, SC	Residential lot	vacant
Oconee County, SC	Residential lake lot (25% interest)	vacant
Pickens County, SC	House–dilapidated	vacant
Spartanburg County, SC	Commercial land–40 acres on I-85	vacant
Saratoga County, NY	Residential land–90 acres	vacant

Except as noted, these properties have been listed for sale with real estate brokers. Discussions of the more significant properties and related events follow.

65,000 Square Foot Warehouse in Anderson County, SC – This warehouse has been vacant since February 2010. The property is generally in good condition, except the building was vandalized in late 2010 and much of the electrical wiring was stolen. Police reports and insurance claims were filed. The property has been listed with a real estate broker and has been shown only a few times. The asking price was originally set at \$900,000, but the broker received no inquiries at that price. In early 2010, the price was reduced to an asking price of \$600,000. The broker has received a few inquiries and a verbal offer to purchase the property at \$350,000, which was not accepted. Based on the present commercial real estate market, the asking price has been reduced to \$450,000, based on the advice of the listing broker.

To the Noteholders of Capital Investment Funding, LLC
January 15, 2012
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House-Dilapidated in Anderson County, SC – This property consists of a dilapidated house sitting on a small residential lot. The property is located in a low income area. The house is not habitable as it has irreversible structural defects and is only fit for demolition. The property is currently under contract for sale at a price of \$3,500 and closing is scheduled to occur in February 2012.

Residential lot in Laurens County, SC – This property consists of a small residential lot located in a low income area. The property is currently listed for sale with an asking price of \$5,000. CIF sold a similar lot on the same street in 2011 for \$5,000. I anticipate this lot will be sold in 2012.

Residential lake lot (25% interest) in Oconee County, SC – CIF holds a 25% ownership interest in a lake front lot on Lake Keowee South Carolina. The lot has limited access to water and dockage. The 75% owner is an unrelated third party. The lot is listed for sale at a price of \$200,000. The 75% owner has indicated he has received only a few inquiries about the lot. I will continue to monitor this property and make adjustments to the asking price in the future if deemed appropriate.

House-Dilapidated in Pickens County, SC – This property has major structural defects including broken floor joists, sagging and leaking roof, and electrical deficiencies. The property was cleaned out and is listed for sale “as is”. Currently, the asking price is listed at \$19,000. The real estate broker has received only a few inquiries about this property. I have discussed with the broker auctioning the property. I will continue to monitor this property and make adjustments to the asking price as appropriate.

Commercial land-40 acres on I-85 in Spartanburg, SC – This property is subject to a lawsuit filed against CIF by LOP Capital, LLC as described under Civil Litigation and Bankruptcies In South Carolina on page 10 above. The property consists of approximately 40 acres of undeveloped land located on the interchange of Interstate I-85 and Highway 221 in Spartanburg County, SC. The property has highway visibility, as do the adjacent properties owned by unrelated third parties. The previous owners purchased the property in 2002 for \$440,000, borrowing the funds from CIF to finance the purchase. After the purchase, one of the principals died. Soon after, being unable to repay CIF, the property was deeded back to CIF in lieu of foreclosure. The property has been listed for sale with a commercial real estate broker. The asking price is \$600,000.

In December 2010, one of the adjacent unrelated property owners offered to purchase a portion of the property. After some negotiations, a contract was signed to sell 10 of the 40 acres for \$125,000. The sale was originally scheduled to close by the end of February 2011, but was delayed pending the outcome of the litigation discussed above. The contract has been extended to August 31, 2012.

Residential land-90 acres in Saratoga County, NY – This property consists of five (5) separate parcels of undeveloped land totaling 90 acres located in a rural area in Saratoga County, NY. Four of the parcels are contiguous to each other and the fifth parcel is located within a mile of the others. The previous owner purchased the property in 2004 for \$600,000, borrowing the funds from CIF to finance the purchase. The borrower defaulted on the loans in 2008. Being unable to repay CIF, the property was deeded back to CIF in lieu of foreclosure in 2008. The property had been listed for sale with a commercial real estate broker at a total price of \$300,000. With very little signs of improvements in the economy and the real estate market in Saratoga, NY, the current asking price was reduced to \$269,000 in 2011, based on the advice of the listing broker.

Estimation of Potential Value of Loans and Properties

As of this date, the most significant assets of CIF *(and its subsidiaries)* consist of real estate mortgage loans to customers and real estate properties acquired through customer loan defaults and foreclosures. Accompanying this report is Schedule 1 – Schedule of Identifiable Assets and Interim Estimates of Values, which reflects estimates of liquidation values of these assets. The following is a summary of the information provided in that schedule:

	Immediate Liquidation Value	Orderly Liquidation Value
Mortgage Loans Secured By Real Estate		
South Carolina properties	\$ 677,000	\$1,803,000
Georgia properties	-	-
New Jersey properties	-	330,000
Washington properties	-	-
Oregon property	-	40,000
Total Mortgage Loans Secured By Real Estate	<u>\$ 677,000</u>	<u>\$2,173,000</u>
Real Estate		
South Carolina properties	\$ 269,000	955,000
New York properties	50,000	250,000
Total properties owned	<u>\$ 319,000</u>	<u>\$1,205,000</u>
Combined totals	<u>\$ 996,000</u>	<u>\$3,378,000</u>

It is important to know these values are estimates. The actual amounts ultimately realized will differ from the estimates and the differences may be significant. It is equally important to know that these values represent estimated gross proceeds to be realized upon sale and liquidation of assets. Operating expenses, legal fees, and Receiver fees will all be paid from such gross proceeds, and only the residual amounts after payments of such expenses will be available for distribution to Noteholders.

Value of Other Assets Not Reported

CIF has other assets of value, including claims and potential claims against third parties. The values of some of these assets may be significant in comparison to loan and real estate property values. However, measurement of such values is subjective and too speculative to assess at this time. Furthermore, to the extent such claims or potential claims involve litigation or pre-litigation negotiations, reporting on the values of such claims could have a detrimental impact on efforts to recover value from those claims. Accordingly, because of the nature of the claims and litigation processes that may be employed to prosecute such claims, disclosure of values will generally be made only when the claims are realized or settled.

To the Noteholders of Capital Investment Funding, LLC
January 15, 2012
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Approach and Expectations For the Coming Months

My approach as Receiver for CIF in 2012 will be with the following priorities: (1) focusing on litigation by identifying, evaluating claims against third parties and, where appropriate, prosecuting the claims; (2) pursuing collection and foreclosure actions on the remaining loans; and (3) investigating alternative methods to sell the real estate properties.

Based on these and other factors, I do not anticipate collecting enough funds *(through the sale of properties or otherwise)* in 2012 to warrant cash payments to the Noteholders this year. On the other hand, any number of items could turn for the better:

- o Litigation matters could be successful and result in large cash payments to CIF;
- o Several of the large parcels could be sold at or near the current asking prices;
- o The Trazom loan could be paid in full,

If any of those or similarly material and positive events occurs, we would have enough cash to warrant distributions to the Noteholders within that time period.

In the meantime, I appreciate the opportunity to serve.

Sincerely,



Jerry T. Saad, CPA
As Court Appointed Receiver for
Capital Investment Funding, LLC

Capital Investment Funding, LLC (and subsidiaries)
Schedule 1 – Schedule of Identifiable Assets and Interim Estimates of Values
As of December 31, 2011

Part 1 - Collateral Properties Pledged On Mortgage Loans Receivables

Loan Reference	Collateral Property Description	Immediate Liquidation Value	Orderly Liquidation Value

Collateral Properties Located In South Carolina

Trazom, LLC (See Note 1)	Warehouse Anderson SC (18 acres)	300,000	994,000
Sabillion (See Note 1)	104 5th Street Fountain Inn SC - house and lot	2,000	9,000
SD Trust, LLC	112 acres Sweetwater Subdivision Lake Keowee SC	-	-
WE3 Company, Inc.	70 acres Waters Edge Subdivision Lake Keowee SC	-	-
WE3 Company, Inc./Asante Properties, LLC	20 acres Waters Edge Subdivision Lake Keowee SC	-	-
Big Deal Land Co., LLC	14 Boat Docks	-	-
Cornerstone Commercial Properties, LLC	Warehouse Greenville SC	125,000	250,000
EarthArtist Mountain Studio, LLC	Cotton Mill Warehouse, Seneca, SC (27 acres)	150,000	400,000
Midway Raceway Dragstrip	85 acres drag strip racetrack, Greer/Myrtle, SC	100,000	150,000
Total Properties Located In South Carolina		677,000	1,803,000

Collateral Properties Located In Georgia

Rolling Hills Land Co., LLC & Big Deal Land Company, LLC	No longer secured - property lost in foreclosure	-	-

Collateral Properties Located In New Jersey

Lancaster Resources Inc. et al	Skymark Condominiums, 48 units under construction, Palisades NJ; Skymark Townhomes, 36 units under construction, Upper Saddle River NJ; Office building, estimated 7,000 square feet, Hackensack NJ; and Undeveloped land, 35 acres, Highway 46 Newark NJ	-	-
39 Union Square, LLC	39 Union Square Condominium, Unit 109, Newark NJ sold in 2010; net proceeds from sale held in closing attorneys' trust pending settlement of dispute between CIF and bank claiming priority liens	-	30,000
Calvary Asset Management LLC	Contract for Sale-467 Carlton Road Wyckoff NJ	-	300,000
Total Properties Located In New Jersey		-	330,000

Collateral Properties Located In Washington State

Tcholak, LLC & Big Deal Land Company, LLC	No longer secured - property lost in foreclosure	-	-

Collateral Property Located In Oregon

Tcholak, LLC & Big Deal Land Company, LLC	5 acre residential lot, rural Columbia County Oregon	-	40,000

Total Collateral Properties Pledged On Mortgage Loans Receivables

677,000	2,173,000

Note 1: These loans are not in default.

Capital Investment Funding, LLC (and subsidiaries)
Schedule 1 – Schedule of Identifiable Assets and Interim Estimates of Values
As of December 31, 2011

Part 2 - Real Estate Properties Owned By CIF

Property Location	Property Description	Immediate Liquidation Value	Orderly Liquidation Value
<u>South Carolina Properties</u>			
<u>Anderson County</u>			
5115 Old Greenville Hwy-Liberty	65,000 square foot warehouse	250,000	400,000
1 Hawthorne Street, Honea Path	Lot and dilapidated house	2,000	5,000
<u>Laurens County</u>			
112 Chavis Road, Gray Court	Golden Gate Estate Subdivision	2,000	5,000
<u>Oconee County</u>			
Keowee Key, Unit 16 Lot 21 (25% Interest)	Empty lot	10,000	30,000
<u>Pickens County</u>			
806 Saluda Dam Rd	Lot and dilapidated house	5,000	15,000
<u>Spartanburg County</u>			
I-85 and Highway 221	40.5 acres vacant commercial property	-	500,000
Total Properties Located in South Carolina		269,000	955,000

New York Property

Saratoga Springs, NY

90 acres in Saratoga County

50,000	250,000

Total Real Estate Properties Owned By CIF

319,000	1,205,000

Recap of Part 1 and Part 2

Total Collateral Properties Pledged On Mortgage Loans Receivables

677,000 2,173,000

Total Real Estate Properties Owned By CIF

319,000 1,205,000

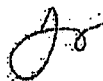
Total Properties

996,000	3,378,000

10

From: jerrysaad@charter.net
To: arthurfield424@hotmail.com
CC: curt@stodghill-law.com; SCASE@butlermeans.com; GConnell@classactlaw.net;
sharonwilson@saadandmanios.com
Subject: CIF - Trazom Loan - Palmetto credit extension
Date: Tue, 3 Jan 2012 10:14:13 -0500

Curt asked me to forward this to you because his attempt to email to you was rejected.



Jerry Saad
Saad & Manios
1249 S Pleasantburg Dr
Greenville SC 29605
Cell: (864) 907-1300
Office: (864) 277-9600
Fax: (864) 422-9949

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From: Curt Stodghill [<mailto:curt@stodghill-law.com>]
Sent: Tuesday, January 03, 2012 9:02 AM
To: Jerry T. Saad (jerrysaad@charter.net)
Subject: FW: CIF - Trazom Loan - Palmetto credit extension

Please forward the email I sent

From: System Administrator
Sent: Tuesday, January 03, 2012 9:00 AM
To: Curt Stodghill
Subject: Undeliverable: CIF - Trazom Loan - Palmetto credit extension
The message did not reach some or all of the intended recipients.

Subject: CIF - Trazom Loan - Palmetto credit extension
Date: 1/3/2012 9:00 AM

The following recipient(s) cannot be reached:

'Arthur Field' on 1/3/2012 9:00 AM
None of your e-mail accounts could send to this recipient.

From: Curt Stodghill [<mailto:curt@stodghill-law.com>]
Sent: Tuesday, January 03, 2012 9:00 AM
To: Arthur Field
Cc: Jerry T. Saad (jerrysaad@charter.net)
Subject: CIF - Trazom Loan - Palmetto credit extension

Good morning Arthur:

I hope you and your family had a festive New Years holiday and am sorry to hear about Davyd's grandmother. Jerry forwarded your January 2 email about the referenced to me this morning. It is good news that Palmetto Bank has agreed to extend its loan terms and that Inergy has agreed to extend the lease. While we were generally aware of the

4. Palmetto/Inergy situation, you cannot expect the Receiver to respond to this situation in two days, your threats of legal claims notwithstanding. In order for me to advise him, and to enable the others to whom he must answer make informed judgments about the proposed consent, I request that you provide me with copies of the following documents:

1. Palmetto Bank commitment
2. Palmetto Bank proposed loan documents
3. Inergy lease extension

4. Other documents of which you are aware that are material to the Receiver's decisions

We are concerned about increasing the principal amount of the prior mortgage, the amortization period, and the lease term, and the documents requested will be helpful in analyzing the situation. We will review the documents currently in place along with the documents I have requested and determine CIF's position with respect to same. I expect we can respond by early next week.

Cordially, Curt

PS: When can Jerry pick up the documents previously requested. We did not move to compel over the holidays, but will do so if arrangements for pick up are not forthcoming promptly. CS

Curtis Stodghill

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

From: arthurfield424@hotmail.com
To: jerrysaad@charter.net
Subject: FW: Trazom Terms and Conditions for approval
Date: Tue, 3 Jan 2012 10:30:19 -0500

Date: Tue, 27 Dec 2011 15:55:36 -0500
Subject: Fwd: Trazom Terms and Conditions for approval

From: gravityvortex@gmail.com
To: arthurfield424@hotmail.com

----- Forwarded message -----

From: Rick Stanland <RStanland@palmettobank.com>
Date: Tue, Dec 27, 2011 at 3:35 PM
Subject: Trazom Terms and Conditions for approval
To: "gravityvortex@gmail.com" <gravityvortex@gmail.com>

Davyd

Here are the basic tenants for the ongoing long term renewal for the Trazom LLC note.

1. Borrower: Trazom LLC
2. Amount: One million six hundred thousand dollars. (1,600,000.00)
3. Purpose: Refinance and extension of new credit for the subject 120m+/- square foot building and 18.25 acre site
4. Guarantors: Davyd G. Field-Joint and several
Arthur Field-Limited to 500m
5. 1st Mortgage on the subject property and a continued assignment of the newly negotiate lease between the current Tenant and Borrower.
6. Fixed at 5.50%
7. Prepayment Penalty: The will be a 2, 2, 2, 1, 1 prepayment penalty associated with this extension of credit. Any accelerated payments made on behalf of the Borrower will be exempt from this application
8. Terms: The note will be financed over the remaining 17 years and will carry a 5 year balloon (60 months)
9. Payments will be 12,548.87
10. Origination Fee: 5,000.00 and 250.00 for doc prep fee.
11. Subordination Agreement: Bank will require the continued attorney drawn subordination agreement of the secondary debt currently on this property by the 2nd mortgage holder.
12. Other terms and conditions: The additional funds for improvements will be funded at closing and deposited into and escrow account at The Palmetto Bank. Funds will be available for draws after an inspection resulting from a draw request from the Borrower. There will be a 300.00 fee for each draw inspection. The amount in question is approximately 122m.

The renewal is fully authorized and we are good to go to begin preparing the necessary documentation. Let me know how you would like to proceed and we can make this happen in fairly short order.

Please call with any questions.

My continued best to you this Holiday Season.

Rick

Richard C. Stanland, III (Rick)
Senior Vice President
Regional Executive AOP
815 North Main Street
Anderson, South Carolina 29621
(O) 864-261-8600
(C) 864-221-2516
rstanland@palmettobank.com

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Any views expressed in this message are those of the individual sender, except where the sender specifies and with authority, states them to be the views of The Palmetto Bank.

[REDACTED]

From: jerrysaad@charter.net
To: arthurfield424@hotmail.com
CC: curt@stodghill-law.com
Subject: CIF - Trazom Loan
Date: Wed, 4 Jan 2012 09:42:00 -0500

I have not found the original note.

I have the amended note.

I do not see a second amended note.

Please drop by what you have.



Jerry Saad
Saad & Manlos
1249 S Pleasantburg Dr
Greenville SC 29605

Cell: (864) 907-1300
Office: (864) 277-9600
Fax: (864) 422-9949

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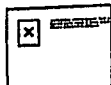
From: Arthur Field [<mailto:arthurfield424@hotmail.com>]
Sent: Wednesday, January 04, 2012 9:36 AM
To: Jerry Saad
Subject: RE: CIF - Trazom Loan

Jerry

There was a Note, an Amended Note and a Second Amended Note and a Mortgage.
Which, if any, do you have?
I have photocopies of the Amended Note and Second Amended and can drop off same today.

Arthur

From: jerrysaad@charter.net
To: arthurfield424@hotmail.com
CC: curt@stodghill-law.com
Subject: CIF - Trazom Loan
Date: Wed, 4 Jan 2012 09:16:24 -0500
Trazom - CIF



Jerry Saad

Cell: (864) 907-1300

Saad & Manios Office: (864) 277-9600
1249 S Pleasantburg Dr Fax: (864) 422-9949
Greenville SC 29606

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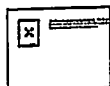
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From: Arthur Field [mailto:arthurfield424@hotmail.com]
Sent: Wednesday, January 04, 2012 9:10 AM
To: Jerry Saad
Subject: RE: CIF - Trazom Loan

To which are you referring?
The Trazom Palmetto docs or the Trazom CIF docs?

From: jerrysaad@charter.net
To: arthurfield424@hotmail.com
CC: curt@stodghill-law.com
Subject: CIF - Trazom Loan
Date: Wed, 4 Jan 2012 09:04:36 -0500
Arthur:

I searched the pdf files for the Trazom loan documents, but did not find any. Do you have pdf copies of the Trazom Loan docs?



Jerry Saad Cell: (864) 907-1300
Saad & Manios Office: (864) 277-9600
1249 S Pleasantburg Dr Fax: (864) 422-9949
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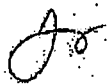
From: Curt Stodghill [mailto:curt@stodghill-law.com]
Sent: Wednesday, January 04, 2012 7:25 AM
To: arthurfield424@hotmail.com
Cc: Jerry T. Saad (jerrysaad@charter.net)
Subject: Trazom

Arthur:
Jerry forwarded the emails you sent this morning. By going directly to Jerry and attempting to bypass me, you are merely slowing the process down. What is the present balance of the Palmetto Bank loan?
Curt

Curtis Stodghill

From: jerrysaad@charter.net
To: arthurfield424@hotmail.com
CC: curt@stodghill-law.com
Subject: CIF - Trazom Loan
Date: Wed, 4 Jan 2012 11:55:15 -0500

Yes – thank you!



Jerry Saad Cell: (864) 907-1300
Saad & Manios Office: (864) 277-9600
1249 S Pleasantburg Dr Fax: (864) 422-9949
Greenville SC 29605

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From: Arthur Field [<mailto:arthurfield424@hotmail.com>]
Sent: Wednesday, January 04, 2012 10:31 AM
To: Jerry Saad; Davyd Field
Subject: RE: CIF - Trazom Loan

The Amended Note was on September 14, 2007. It was for \$1,090,488.45. 40 year amortization.
The Second Amended Note was on March 1, 2008. \$1,070,008.00. 26 year amortization plus added principal.
It was put into place in order to accelerate principal repayment as part of the initial winding up plan before the law suit was instituted and after Inergy completed its first set of repairs. Interest rates had also dropped dramatically. The 10 Year T Note had declined from 4.49% to 3.53% – a 21% drop in less than 5 months. It dropped to 2.25% by the end of 2008.
Trazom also paid an extra \$20,480.45 in principal between 9/18/07 and 2/28/08, including \$15k on 12/1/07; \$403 on 1/1/08, and \$2,900.53 on 2/1/08 and roughly \$1,300 more on 2/28.
The interest rate was adjusted as an inducement for the extra principal, for the acceleration and to reflect the sudden decline in lending rates and the anticipated further drop.
The monthly principal payments jumped from \$294 per month to \$1427 and the term was shortened by 14.5 years.
It was also assumed this would make it easier to sell the Note.
Trazom has been paying pursuant to that schedule ever since.

I will drop off a copy of my photocopy.
Hope this helps.

Arthur

From: jerrysaad@charter.net
To: arthurfield424@hotmail.com
CC: curt@stodghill-law.com
Subject: CIF - Trazom Loan
Date: Wed, 4 Jan 2012 09:42:00 -0500
I have not found the original note.

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Please drop by what you have.



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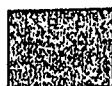
From: Arthur Field [<mailto:arthurfield424@hotmail.com>]
Sent: Wednesday, January 04, 2012 9:36 AM
To: Jerry Saad
Subject: RE: CIF - Trazom Loan

Jerry

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Which, if any, do you have?
I have photocopies of the Amended Note and Second Amended and can drop off same today.

Arthur

From: jerrysaad@charter.net
To: arthurfield424@hotmail.com
CC: curt@stodghill-law.com
Subject: CIF - Trazom Loan
Date: Wed, 4 Jan 2012 09:16:24 -0500
Trazom - CIF



Jerry Saad
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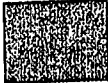
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From: Curt Stodghill [<mailto:curt@stodghill-law.com>]
Sent: Wednesday, January 04, 2012 7:25 AM
To: arthurfield424@hotmail.com
Cc: Jerry T. Saad (jerrysaad@charter.net)
Subject: Trazom

Arthur:
Jerry forwarded the emails you sent this morning. By going directly to Jerry and attempting to bypass me, you are merely slowing the process down. What is the present balance of the Palmetto Bank loan?
Curt

Curtis Stodghill



14

LOANS AS OF 7/25/08

The following is the list contained on the Balance Sheet (unaudited) as of July 25, 2008. Each loan is designated by borrower and summarized in the pages following, together with loan and payment histories attached:

1) Lancaster Resources, Inc.	\$17,057,622.89
2) Monmouth Financial Group, Ltd.	\$ 891,454.33
3) Liberty 1 Jade Dragon, LLC	\$ 959,826.21
4) Bradford Financial Group, LLC	\$ 728,690.69
5) Lion Financial, LLC	\$ 2,763,008.91
6) Cornerstone Properties, LLC	\$ 145,767.92
7) CIF TC, LLC	\$ 496,960.70
8) Club Aladdin's, LLC	\$ 543,207.85
9) Eric King	\$ 132,589.30
10) Isler	\$ 59,996.40
11) Morey	\$ 5,653.48
12) Rodriguez	\$ 29,100.00
13) Trazom, LLC	\$ 1,064,255.46
14) Cosimo, LLC	\$11,141,463.06

The above are outstanding loans made by CIF. All other loans have been repaid in full.

Total Loans Made by CIF Since 4/1/99:	\$117,634,731.27
Total Principal Repaid to CIF Since 4/1/99:	\$ 81,625,134.27 (69.39%)
(CIF achieved 69.39% principal repayment)	

CIF paid Note Holders a total of \$19,365,649.57 interest since 4/1/99. Since January 14, 2008, CIF has recouped \$237,867.66 in principal repayments and \$1,070,950 in real property taken in foreclosure or other collection processes. Third party loans have been reduced by \$1,308,817.66. Reserve for loan losses stands at \$110,416.00.

LANCASTER RESOURCES, INC.

Date Originated: April 9, 1999

Revolving Credit Loan Agreement dated 6/5/2002, amended 9/10/07

Revolving Credit Security Agreement dated 6/5/2002

(Numbers set forth include direct loans to Lancaster Developers, Lancaster Group, etc. but excluding MFG related loans, presented separately in pages following)

High Balance or Total Borrowed:

\$25,970,335 Total Borrowed over life of Credit Line

\$23,691,644 Highest Outstanding Balance on 3/27/02

Interest Rate: 2.85% over cost of CIF funds, adjusted quarterly

Maturity Date: December 31, 2009

Total Payments Received: \$24,413,054 (94% of Total Borrowed)

Principal payments received--total: \$8,912,712

Interest received: \$15,500,341

Date of last payments: December 31, 2007 \$383,950.82 --interest payment
December 7, 2007 \$55,194.44-- principal payment

Next payment due: February 1, 2008 (past due)

Current Balance: \$17,057,622.89
(65.7% of Total Borrowed; 34.3% Repaid principal)

Secured by:

Pledge of Membership interest in LRI and related companies;

Pledge of 22,609,560 Shares common stock in Skymark Holdings, Inc.;

Pledge of Partial settlement agreement 4/18/02 in face amount of \$1,747,728

UCC-1 against LRI and related companies;

Pledge of collateral on revolving type substitute collateral note.

Collateral estimated to have equity of not less than \$25 Million as represented

By Robert L'Abbate, President of LRI (see list annexed)

Principal payments to be dedicated to reduction of MFG by agreement until MFG debt eliminated. Principal payment of \$500,000 due 10/1/07 (see Note).

CIF began collection actions against LRI with lawsuit and lis pendens initiated 7/24/08.

**PROPERTIES REPORTED OWNED BY LANCASTER
RESOURCES, INC.**

PROPERTY	EXISTING DEBT & TYPE	APPRAISED VALUE
14 Bergen Street Hackensack, NJ Office Building with 2 Tenants	\$ 628,174 Mortgage \$1,500,000 Credit Line	\$1,400,000
Main Street Hackensack, NJ Various commercial Properties with tenants	\$ 515,370 Mortgage	\$ 900,000
638 East Crescent Ave Upper Saddle River, NJ Town House Complex	\$9,546,268 Construction Loan \$ 636,000 Third Party Loan	\$15,000,000
297 Palisade Avenue Bogota, NJ Housing Complex	\$2,978,931 Third Party Loan	\$ 3,400,000
411 Brinkerhoff Avenue Palisades Park, NJ Condo Complex	\$9,020,950 Construction Loan \$ 793,350 Third Party Loan	\$19,000,000
High Point Golf Club High Point, NJ Residential Resort Complex	\$8,921,016 Mortgage \$1,562,366 Third Party Loan	\$37,435,000
Ridgefield Park Corp Center Ridgefield Park, NJ Approved office park 25% membership interest	None	\$15,050,000 (LRI share)
Total Appraised Value		\$92,185,000
Total Indebtedness (Non CIF)		\$36,102,425
Member Equity in Ridgefield Park		\$ 7,881,518
Total Available Equity for CIF		\$48,201,057

See Notes

NOTES:

1) All values provided by LRI to Company. Based upon appraisals and loan statements obtained by LRI. Data provided to CIF on August 25, 2007--presumed, in good faith, to be valid as of said date only;

2) Properties were under various stages of construction. Appraisals may be based upon completion and/or other assumptions unknown to CIF;

3) Member Equity in Ridgefield Park may be loans made by individual LRI members to the joint venture and LRI may have only limited ability to obtain equity as minority holder;

4) Various permits or approvals may be needed from time to time for construction. Such permits may exist and may expire periodically, or may not be ready for issuance based upon construction stage;

5) CIF does not warrant accuracy or values provided or ability to collect proceeds or existence or balance of any liens or claims superior in right to CIF. In August, 2007, LRI represented all lienholders were being paid currently and no default in any obligation existed. LRI also informed CIF it has or had tentative offers to purchase one or more of the above properties. In January, 2008, LRI represented to CIF that sufficient equity existed in the above properties and was pledged to CIF. Such statements may be, in the past or present, inaccurate or become inaccurate over time. It is unknown what the status of any liens or obligations of LRI or related companies may be to third parties, superior in title or claiming relief from such entities. CIF in process of retaining NJ attorney to initiate litigation. Estimated cost thereof \$75,000. On May 8, 2008, LRI represented it expects to remit the overdue October principal payment within 90 days. December 7, 2007 principal payment credited against outstanding Lancaster Developers debt. LRI and/or its affiliates may be involved in one or more legal actions unknown to CIF or may have liabilities unknown or undisclosed to CIF. Valuations may be subject to changes in construction, market conditions, property conditions, sellers' concessions, carrying costs, sale costs, etc., beyond knowledge of CIF;

6) These Notes apply to MFG, since the LRI/LRII/LD/MFG repayment plan of September, 2007, consolidated the various obligations from the related Lancaster entities.

7) Properties may have entered foreclosure proceedings brought by third parties since February, 2008. CIF has not received notice thereof, but has hired an attorney in New Jersey to bring an Order to Show Cause and to attach all LRI properties. CIF also filed UCC-1 attachments against all Lancaster related entities in the counties of Bergen and Sussex.

8) LRI was a prior owner of CIF and all loans were put into place before November 19, 2003 by LRI. Fully disclosed in Prospectus.

9) All payments received of principal from LRI in 2006 and 2007 were credited to MFG debt by agreement.

MONMOUTH FINANCIAL GROUP, LTD.

Date Originated: February 2, 2002

Includes loans to Wiltshire Properties, Lancaster Developers, etc.

High Balance / Total Borrowed:

Total Borrowed over life of loan account: \$11,883,821.24

High Balance: \$8,893,171 on 2/24/03

Interest Rate: 2.85% over cost of CIF funds, adjusted quarterly

Maturity Date: December 31, 2009

Total payments received: \$12,869,667.90 (108.2% of Total Borrowed)

Principal payments received: \$10,992,366.91

Interest received: \$2,635,272.12

Date of last payment: December 31, 2007 \$23,464.11

Next payment due: February 1, 2008 (past due)

Current Balance: \$894,454.33

(7.53% of Total Borrowed; 92.47% repaid principal)

Secured by:

Membership interest in Monmouth Financial;

UCC liens on collateral in NJ;

Pledge of LRI/LD related companies;

Revolving type substitute collateral note.

MFG is a wholly owned subsidiary of CIF and its results are consolidated.

See Notes under LRI.

LIBERTY ONE JADE DRAGON, LLC

Date Originated: June 7, 2006 (as part of Tiger Transport foreclosure settlement, see below)

High Balance or Total Borrowed: \$1,000,000.00 6/7/06

Interest Rate: 8.0%

Total Payments Received: \$210,278 (21.03% of Total Borrowed)

Principal payments received: \$40,173.79

Interest received: \$170,104.21

Date of last payment: July 15, 2008

Next payment due: August 1, 2008

Current Balance: \$959,826.21
(95.9% of Total Borrowed; 4.1% Repaid principal)

Secured by:

Membership interest in limited liability company;
Mortgage on warehouses in Liberty;
Estimated value not less than \$1.2 Million;
Assignment of rents.

Scott Pfeiffer, Esq., is a member of this LLC, and such membership was disclosed in the relevant Prospectus documents.

BRADFORD FINANCIAL GROUP, LLC

Date Originated: May 15, 2002 Revolving Credit Line

High Balance or Total Borrowed:
\$2,864,327 Total Borrowed over life of Line
\$771,944 High Balance on 11/2/06

Interest Rate: 4% variable

Total Payments Received: \$2,166,899.45 (75.6% of Total Borrowed)

Principal payments received: \$2,135,635.95

Interest received: \$31,263.50

Date of last payment: 10/2/07

Current Balance: \$728,690.69
(25.4% of Total Borrowed; 74.6% Repaid principal)

Secured by:

Membership interest in limited liability company;
Pledge of interest in Lancaster Mortgage Bankers, LLC.
LMB in bankruptcy. Notified Sept. 07. BFG named therein.
Probable recovery in bankruptcy minimal.

Default declared and disclosed in letters to Note Holders in 2007.

Arthur Field was manager of Bradford and this interest has been disclosed at all times.
Bradford serves as a warehouse relender and has no assets and limited capitalization,
fully disclosed in the Prospectus documents.

LION FINANCIAL, LLC

Date Originated: August 29, 2004 pursuant to \$8 Million Revolving Loan Agreement

High Balance or Total Borrowed: \$6,492,775.99 6/6/05

Interest Rate: variable

Total Payments Received: \$4,935,045.1 (76.001% of Total Borrowed)

Principal payments received: \$3,727,520.54

Interest received: \$1,207,520.54

Date of last payment: July 15, 2008

Current Balance: \$2,763,008.91
(42.5% of Total Borrowed; 57.5% Repaid principal)

Secured by:

Revolving Security Agreement. Underlying collateral reported to be:
Assignment of Notes and Mortgages from Lancaster Mortgage Bankers, LLC to
Lion Financial on some or all of the following, and the unpaid principal balances as of
August, 2006:

1st Mtg Loans	Unpaid Principal Balance
Braatz	\$290,812.80
Elliot	\$ 27,300.00
Hardy	\$794,790.61
Nirichi	\$144,000.00
Siguencia	\$288,000.00
Smith	\$327,964.58
Sumpter	\$112,397.87
Wilson	\$264,972.80
2nd Mtg Loans	
Braatz	\$ 76,000.00
Siguencia	\$ 71,873.27
Stanko	\$100,000.00

Also, mortgage on property located at 22 Stone Hollow, Greenville, SC for \$97,500 at 13% interest payable monthly, due 9/1/2017, payments of \$1,400 per month, payments current.

Lion Financial continues to make payments to CIF as principal is received. As disclosed in 2007 to Note Holders, it is pursuing all remedies in the LMB bankruptcy action and was originally named as the sole secured creditor therein. In December, 2007, Lion retained Patricia Staiano, Esq., Newark, NJ, former U.S. Trustee, of Hellring, Lindeman firm. Lion paid Staiano \$7,500 and has an outstanding bill for \$24,000. Arthur Field is also a New Jersey attorney and entered an appearance in the bankruptcy as co-counsel and worked with Staiano on the adversarial action filed by the Trustee

against Lion Financial. Field expended numerous hours in the action and considerable money for travel and costs of litigation without reimbursement

In June and July, 2008, the U.S. Bankruptcy Court entered Orders in Lion's favor on summary judgment. The Trustee appealed to the U.S. District Court. Lion and the Trustee are in settlement process. Agreement will give Trustee 25% of all funds actually collected by Lion from sale of properties or sale of mortgages to third parties and Lion may retain balance. Trustee has deeded two properties to Lion. Specialized Loan Servicing has assigned 3 loans to Lion. Specialized Loan Servicing foreclosed on Braatz loan in April, 2007, and sold the property. The gross proceeds realized by SLS from the sale of a property previously valued in excess of \$450,000 was \$199,000, which was retained by SLS from the first mortgage. The second mortgage was foreclosed entirely. Lion filed an adversary proceeding in July, 2008, in US Bankruptcy Court in New Jersey against SLS seeking to recoup some or all of the \$199,000 from Braatz first mortgage. SLS has opposed this, claiming the funds are due to SLS from Lancaster Mortgage Bankers, and should not be paid to any third parties. The court is expected to rule in Lion's favor, but there can be no guarantee of if or when this will occur. SLS foreclosed on Nirchi and reports \$0 available from sale. Lion expects to realize between \$150,000 and \$300,000 from these various matters and will pay net funds over to CIF. It is reported the Siguencia property sustained significant fire damage while under the Trustee's control, and the Trustee had not obtained fire insurance coverage. (Trustee is immune from any liability.) Lion expects to take losses on all second mortgages listed. Lion expects to incur not less than \$25,000 additional legal fees and travel expenses to complete the adversarial proceeding against Speicalized Loan Servicing and may have to retain additional outside counsel.

CORNERSTONE PRINTING EQUIPMENT

Date Originated: Sept. 18, 2007

High Balance or Total Borrowed: \$150,000 9/18/07

Interest Rate: 8.50%

Due: October 1, 2012

Total Received: \$5,857.08 (3.9% Total Borrowed)

Principal payments received: \$4,232.08

Interest received: \$1,625.00

Date of last payment: July 15, 2008

Next payment due: August 1, 2008

Current Balance: \$145,767.92
(97.17% of Total Borrowed; 2.83% Principal Repaid)

Secured by:

Personal guarantee of J. Kopp;
UCC/Financing statement filing at Book 2007 page 2266 on equipment:
Sakurai Press (Model 458 ED Oliver);
CTP (Platinum 2230 Serial #01001165);
All cutting machines;
Booklet folder/binder.

Notes:

Cornerstone is indebted on first mortgage to Cosimo, LLC recorded at Book 4793 page 1487. Cornerstone has demonstrated it has significant accounts receivable from its customers and is continuing in business. CIF has inspected all machinery to verify existence and use. Collateral is valued in excess of loan. Cornerstone makes payments to Cosimo and/or CIF as funds are available. Cosimo loan secured by 2 American Court, Greenville.

CIF TC, LLC

Date Originated: Company created to be 1% member of Simpsonville Cotton Mill, LLC
After mediation on matter of CIF and Cosimo v. Tiger Transport, et al.
Mediator: Eric Englebart
Agreement in place; Company acquired \$1,218,750 tax credits
CIF TC, LLC is wholly owned subsidiary of CIF
Entry termed 'loan' to reflect principal balance of obligation remaining

High Balance : \$872,461.73 on June 7, 2006 at execution of settlement agreement
Satisfied by transfer of \$1,218,750 in valid tax credits

Company may sell \$243,750 tax credits per year for 5 years to interested persons
buying membership interests in CIF TC, LLC. Members pay for the credits at a
discounted price in order to realize a return on investment.

CIF receives up to \$174,492 annually as 'return of principal' and excess, if any, as
income. In 2006, CIF sold \$243,750 for \$211,448.64, a 14.3% 'discount' on face value.
Debt was reduced by \$174,492 (1/5th outstanding) and CIF realized income of
\$36,956.50. In 2007, CIF sold the credits for \$140,500 and reduced the outstanding
amount accordingly. In 2008, 2009 and 2010, an additional \$243,750 in tax credits will
be available for sale or distribution annually. These credits are against South Carolina
Income Tax, and have certain federal tax consequences.

Current Balance: \$496,960.70, Credits remaining: \$731,250

Secured by:

CIF TC, LLC is wholly owned subsidiary of CIF
All tax credits held by CIF TC, LLC (Textile Communities Revitalization Act
S.C.C.A. Sec. 6-32-20 to 32-50.)
Act permits carry over of unused credits for 5 years from each year of issue.

The settlement is described in detail below.

CLUB ALADDIN'S, LLC

Date Originated: October 26, 2007

High Balance or Total Borrowed: \$549,022.38

Interest Rate: 9%

Total Payments Received: \$14,212.76 (2.59%)

Principal payments received: \$5,814.53 (1.06% of Total Borrowed)

Interest received: \$8,398.23

Date of last payment: July 24, 2008

Current Balance: \$543,207.85

Next Payment Due: August 15, 2008

Secured by:

UCC/ Financing Statement recorded in Book 2007 page 501,
on all equipment, furniture, fixtures, inventory, machinery at
610 Congaree Road, Greenville, SC. Runs with the land.

Registered agent, Jose Rodriguez.

New tenant as of August 1, 2008 expected to execute acceptance of assignment of loan.

ERIC KING

Date Originated: Jan. 22, 2007

High Balance or Total Borrowed: \$135,722.82 (assumption of \$138,000 loan)

Interest Rate: 5.0%

Total Payments Received: \$13,207.61 (9.73% of Total Borrowed)

Principal payments received: \$3,133.52 (2.31%)

Interest received: \$10,074.09

Date of last payment: July 1, 2008

Next payment due: August 1, 2008

Current Balance: \$132,589.30

Secured by:

First Mortgage on Lot 198, Wyatt Acres, Easley, SC.
Single family home.

ISLER

Date Originated: Mar. 31, 2004 (construction line)

High Balance or Total Borrowed:
\$110,996.40 Total Borrowed
\$ 89,996.40 High Balance 7/18/06

Interest Rate: 14%

Total Payments Received: \$52,830.60 (47.59% of Total Borrowed)

Principal payments received: \$51,000.60

Interest received: \$0

Date of last payment: 7/21/06 Isler deceased

Property foreclosed on after initiation of adverse probate

Current Balance: \$59,996.40
(54.05% of Total; 45.95% Repaid Principal)

Secured by:
House in Easley taken in foreclosure. House in poor condition after several years of neglect following death of borrower. Reconstruction underway. Expect to realize between \$25,000 and \$45,000 net after repairs and sale.

MOREY

Date Originated: 1/25/07 as Employee Advance

High Balance or Total Borrowed: \$12,000.00

Interest Rate: 5.0%

Maturity Date: 2/1/12

Total Payments Received: \$6,938.52 (57.8% of Total Borrowed)

Principal payments received: \$6,346.52

Interest received: \$592

Date of last payment: 4/18/08

Next payment due: 11/09

Current Balance: \$5,653.48
(47.1% of Total Borrowed; 52.9% Repaid principal)

Loan is prepaid through end of 2009.

RODRIGUEZ

Date Originated: Feb. 9, 2006 Revolv. Credit Line for Construction

High Balance or Total Borrowed:

Total Borrowed on Line: \$182,205.32

High Balance on Line: \$152,205.32 on 11/24/06

Interest Rate: 12%

Total Payments Received: \$176,397.03 (96.8% of Total Borrowed)

Principal payments received: \$153,105.30

Interest received: \$23,291.71

Date of last payment: 4/2/08

Current Balance: \$29,100.00

(15.97% of Total Borrowed; 84.03% Repaid Principal)

Secured by:

Mortgage on lot on Route 135 in Easley. Replaced mortgage on Lot 4 Master Woods Way. (Fully paid down line after completion and sale of premises.)

CIF has defaulted on this loan. It committed to lend up to \$140,000 for construction of single family home. It advanced \$30,000. for purchase of lot. It failed to advance funds for construction after permits were obtained post January 15, 2008. CIF has liability exposure on this property. Borrower continued to make payments through April 2, 2008 in good faith, but parties unsure how to proceed at this stage and will seek legal opinion.

TRAZOM, LLC

Date Originated: 6/7/06 (as part of Tiger Transport lawsuit settlement, see below)
Revolving credit line as part of settlement and to
Facilitate CIF's purchase of SRG 457, LLC property (\$1 Million)
Property purchased by Trazom subject to first mortgage to SunTrust and also
Subject to 3 year option held by Tiger Transport to lease and repurchase property.

High Balance or Total Borrowed:
High Balance \$3,516,624.57 on 1/29/07
Total Credit Line \$3,650,000

Interest Rate: 6.25% (lowered as inducement to pay down debt and refinance)

Maturity Date: Aug. 31, 2018

Total Payments Received: \$3,088,146.15 (84.61% of Total Line)

Principal payments received: \$2,585,744.54 (includes assignment of SRG 457 property
Interest for benefit of CIF)

Interest received: \$502,401.61

Date of last payment: July 1, 2008 (\$7,000.)

Current Balance: \$1,064,255.46
(29.15% of Total; 70.85% Repaid Principal)

Secured by:

2nd mortgage on 2/4 Greentree Road, Anderson.
SunTrust loan fully satisfied. Option in favor of Tiger repurchased by Trazom.
First mortgage in favor of Palmetto Bank—current.
Significant repairs to roof and grounds and water damage cured by Trazom.
Property improved by owner in March to June, 2008.
Property valued in excess of \$3.2 Million; current estimate LTV 33%.
Property leased to major tenant as warehouse. All rent current.
Settlement described in detail below.

COSIMO, LLC

Date Originated: Approx. April, 2002
Revolving Credit Line and Security Agreement for \$15 Million replacing and consolidating individual Re-Loans and Assignment of Note and Security

Interest Rate: variable, current rate 7.25%

Total Lent Through Cosimo: \$29,818,402 (all loans combined)

Total Payments Received: \$23,813,885.68 (79.86% of Total)

Principal payments received: \$18,676,938.94

Interest received: \$5,136,946.74

Date of last payment: July 24, 2008

Current Balance: \$11,141,463.06
(37.36% of Total; 62.64% Repaid Principal)

Secured by:
Revolving Credit Line Security Agreement various properties

REAL PROPERTY INTERESTS

- 1) Contractual interests in 2 condominium units at 39 Union, Hackensack, NJ
\$290,000 each; receipt of deeds pending
Acquired 3/29/07
Sale of Unit 401 pending, contract executed.
Unit 109 leased.
- 2) Assignment of chose-in-action foreclosure on SRG 457
Foreclosure complete; Execution pending; debtor instituted bankruptcy 2nd time
\$1 Million purchase (through and assigned by Trazom)
Property located in New Jersey, reported to be valued at \$1.2 Million
at time of purchase in 2007; present value unknown
CIF represented in bankruptcy action by Arthur Miller, Esq.
Bankruptcy dismissed on or about July 17, 2008;
Foreclosure sale pending on original mortgage.
- 3) Lot 6 Master Woods Way, Easley, SC
Property acquired by Deed in Lieu of Foreclosure on 2/29/08
Loan for \$140,000
Property was under construction and estimates for completion exceed \$90,000
As-built estimate roughly \$195,000
CIF has contract bid for completion, but no funds authorized.
- 4) Race track and land in Greeleyville, SC
Property acquired by Deed in Lieu of Foreclosure on 4/25/08
Loan for \$930,950; Property Appraised at \$1.2 Million

CIF expects to acquire various other properties from defaults or assignments.

Note: All estimates of value performed by independent appraisers or realtors, with no privity to CIF. Estimates subject to change based upon property and market conditions, time of sale, seller's concessions, marketing costs, carrying costs, repair costs, etc., all beyond the control of CIF.

**DETAILS OF SETTLEMENT IN MATTER OF
CIF AND COSIMO V. TIGER TRANSPORT, ET AL.**

From 2002 to 2005, Cosimo, LLC lent various funds to Tiger Asset Services, Tiger Transport and Liberty 1--entities owned directly or indirectly by Tommy Moore of Simpsonville. The total sum of \$2,875,000 was lent to Tiger Asset, including a tax advance on property at Greentree Road, Anderson. \$1,150,000 was lent against Liberty 1 warehouse in Liberty and \$1,018,000 was lent to Tiger Transport secured by W. Georgia Rd property, including a property tax advance. A combined total of \$5,043,000 was lent secured by properties having value well in excess of \$5.75 Million.

Regular payments were received by Cosimo and principal and interest payments were made to CIF. \$15,539.30 principal was paid against the Tiger Transport debt. \$5,252.82 principal against Liberty 1. \$575,544.47 was paid against the Tiger Asset Services debt. A total of \$596,336.59 principal plus considerable interest was repaid (11.8% of total principal lent repaid over 2.5 years). Due to economic problems related to the trucking industry, Tiger defaulted. This was disclosed in March, 2006 Prospectus.

Cosimo began a foreclosure action on the various loans and CIF joined therein and a receiver of rents was appointed for \$30,000 per month. A lengthy mediation was conducted before Eric Englebart, certified mediator. In April, 2006, after several days, a settlement of all matters was agreed upon. Three new entities were created: 1) Liberty 1 Jade Dragon, LLC; 2) Trazom, LLC; and 3) CIF TC, LLC. Liberty 1 warehouse and Liberty 2 warehouse (not secured by Cosimo or CIF) were sold as a package to new entity Liberty 1 Jade Dragon, LLC for \$1,144,747.18. That entity borrowed \$1 Million from CIF, which was paid over to Tiger, which repaid CIF the full \$1,144,747.18 from the sale and received credit for such payment. CIF received security in Liberty 1 and Liberty 2. Greentree Road warehouse was sold to Trazom, LLC subject to a first mortgage to SunTrust and CIF lent Trazom the funds to purchase such warehouse and Tiger repaid Cosimo \$2,229,455. Tiger was permitted to lease property for 5 years and given an option to repurchase property for 3 years at exact same price as sale to Trazom. Tiger paid the sum of \$200,000 additional cash directly to CIF.

The balance remaining of \$872,461.23 was satisfied by the creation of CIF TC, LLC—a wholly owned subsidiary of Capital Investment Funding, LLC. (This was accomplished after the negotiation of several amendments to the settlement agreement and was reviewed and approved by several law firms in Greenville.) CIF TC, LLC became a 1% member in Simpsonville Cotton Mill, LLC. The manager thereof elected to distribute \$1,243,750 of tax credits earned pursuant to the Textile Communities Revitalization Act for the renovation of the historic mill pursuant to S.C.C.A. 6-32-20, et seq., to CIF TC, LLC. It was agreed the distribution of the credits would constitute full satisfaction of all remaining claims by Cosimo and CIF against the Tiger entities. CIF TC, LLC is permitted, under the Act, to redistribute the credits to its members on an annual basis evenly over 5 years. CIF TC, LLC sells membership interests and the credits are distributed on a pro-rata basis to members existing at the end of each year. Members have no rights other than to receive such credits and the company does no other business. At the end of 5 years, CIF TC, LLC will sell its 1% membership interest in SCM back to that entity for \$1. As a result of these four actions, all principal due from Tiger related entities was repaid. This was disclosed in October, 2006 Prospectus.

LOANS AS OF 1/28/09

The following is the list contained on the Balance Sheet (unaudited) as of January 28, 2009. Each loan is designated by borrower and update comments are included. Reference is made to the August, 2008 summary and notes for details on the individual loan payment histories:

1) Lancaster Resources, Inc.	\$17,057,622.89
2) Monmouth Financial Group, Ltd.	\$ 891,454.33
3) Liberty 1 Jade Dragon, LLC	\$ 959,404.99 (CIF now owns)
4) Bradford Financial Group, LLC	\$ 718,636.72
5) Lion Financial, LLC	\$ 2,727,755.45
6) Cornerstone Properties, LLC	\$ 145,767.92
7) CIF TC, LLC	\$ 489,460.70
8) Club Jose, LLC	\$ 539,545.60
9) Eric King	\$ 131,523.75
10) Isler	\$ 59,996.40 (CIF to own)
11) Morey	\$ 5,653.48
12) Rodriguez	\$ 29,100.00
13) Trazom, LLC	\$ 1,055,301.26
14) Cosimo, LLC	\$11,137,819.86 (CIF owns some)

Real Property \$ 2,360,950.00
Does not include Liberty 1 or property recovered from Cosimo or Isler.

List prepared without review on 1/28/09 at request of attorney Connell for mediation purposes. Data not verified. List for settlement purposes only and transmitted under court seal.

LANCASTER RESOURCES, INC.

Date Originated: April 9, 1999

Revolving Credit Loan Agreement dated 6/5/2002, amended 9/10/07
Revolving Credit Security Agreement dated 6/5/2002
(Numbers set forth include direct loans to Lancaster Developers, Lancaster Group, etc.
but excluding MFG related loans, presented separately in pages following)

High Balance or Total Borrowed:
\$25,970,335 Total Borrowed over life of Credit Line
\$23,691,644 Highest Outstanding Balance on 3/27/02

Interest Rate: 2.85% over cost of CIF funds, adjusted quarterly

Maturity Date: December 31, 2009

Total Payments Received: \$24,413,054 (94% of Total Borrowed)

Principal payments received--total: \$8,912,712

Interest received: \$15,500,341

Date of last payments: December 31, 2007 \$383,950.82 --interest payment
December 7, 2007 \$55,194.44-- principal payment

Next payment due: February 1, 2008 (past due)

Current Balance: \$17,057,622.89
(65.7% of Total Borrowed; 34.3% Repaid principal)

Secured by:

Pledge of Membership interest in LRI and related companies;
Pledge of 22,609,560 Shares common stock in Skymark Holdings, Inc.;
Pledge of Partial settlement agreement 4/18/02 in face amount of \$1,747,728
UCC-1 against LRI and related companies;
Pledge of collateral on revolving type substitute collateral note.
Collateral estimated to have equity of not less than \$25 Million as represented
By Robert L'Abbate, President of LRI (see list annexed)

Principal payments to be dedicated to reduction of MFG by agreement until MFG debt
eliminated. Principal payment of \$500,000 due 10/1/07 (see Note).
CIF began collection actions against LRI with lawsuit and lis pendens initiated 7/24/08.

**PROPERTIES REPORTED OWNED BY LANCASTER
RESOURCES, INC.**

PROPERTY	EXISTING DEBT & TYPE	APPRAISED VALUE
14 Bergen Street Hackensack, NJ Office Building with 2 Tenants	\$ 628,174 Mortgage \$1,500,000 Credit Line	\$1,400,000
Main Street Hackensack, NJ Various commercial Properties with tenants	\$ 515,370 Mortgage	\$ 900,000
638 East Crescent Ave Upper Saddle River, NJ Town House Complex	\$9,546,268 Construction Loan \$ 636,000 Third Party Loan	\$15,000,000
297 Palisade Avenue Bogota, NJ Housing Complex	\$2,978,931 Third Party Loan	\$ 3,400,000
411 Brinkerhoff Avenue Palisades Park, NJ Condo Complex	\$9,020,950 Construction Loan \$ 793,350 Third Party Loan	\$19,000,000
High Point Golf Club High Point, NJ Residential Resort Complex	\$8,921,016 Mortgage \$1,562,366 Third Party Loan	\$37,435,000
Ridgefield Park Corp Center	None	\$15,050,000 (LRI share)
Ridgefield Park, NJ Approved office park 25% membership interest		
Total Appraised Value		\$92,185,000
Total Indebtedness (Non CIF)		\$36,102,425
Member Equity in Ridgefield Park		\$ 7,881,518
Total Available Equity for CIF		\$48,201,057

See Notes

NOTES:

- 1) All values provided by LRI to Company. Based upon appraisals and loan statements obtained by LRI. Data provided to CIF on August 25, 2007—presumed, in good faith, to be valid as of said date only;
- 2) Properties were under various stages of construction. Appraisals may be based upon completion and/or other assumptions unknown to CIF;
- 3) Member Equity in Ridgefield Park may be loans made by individual LRI members to the joint venture and LRI may have only limited ability to obtain equity as minority holder;
- 4) Various permits or approvals may be needed from time to time for construction. Such permits may exist and may expire periodically, or may not be ready for issuance based upon construction stage;
- 5) CIF does not warrant accuracy or values provided or ability to collect proceeds or existence or balance of any liens or claims superior in right to CIF. In August, 2007, LRI represented all lienholders were being paid currently and no default in any obligation existed. LRI also informed CIF it has or had tentative offers to purchase one or more of the above properties. In January, 2008, LRI represented to CIF that sufficient equity existed in the above properties and was pledged to CIF. Such statements may be, in the past or present, inaccurate or become inaccurate over time. It is unknown what the status of any liens or obligations of LRI or related companies may be to third parties, superior in title or claiming relief from such entities. CIF in process of retaining NJ attorney to initiate litigation. Estimated cost thereof \$75,000. On May 8, 2008, LRI represented it expects to remit the overdue October principal payment within 90 days. December 7, 2007 principal payment credited against outstanding Lancaster Developers debt.
- 6) These Notes apply to MFG, since the LRI/LRII/LD/MFG repayment plan of September, 2007, consolidated the various obligations from the related Lancaster entities.
- 7) CIF also filed UCC-1 attachments against all Lancaster related entities in the counties of Bergen and Sussex.
- 8) LRI was a prior owner of CIF and all loans were put into place before November 19, 2003 by LRI. Fully disclosed in Prospectus.
- 9) All payments received of principal from LRI in 2006 and 2007 were credited to MFG debt by agreement.

UPDATE: CIF instituted actions in state and federal court against LRI, L'Abbate, Katz, Ender, Caserta, and various LRI related entities and filed Lis Pendens against numerous LRI related properties. LRI defaulted in one or more actions, but has since sought to answer, as did various other defendants. LRI filed for Chapter 11 protection together with the other entities in U.S. Bankruptcy Court, Dist. Of NJ, Newark, on January 27, 2009. It appears LRI may have wrongfully transferred or encumbered one or more of the properties on the above list multiple times. Attorney Charles Westrick is handling this case for CIF. CIF has reason to believe considerable equity may still exist in 411 Brinkerhoff, LLC based on conversations with third parties. LRI being sued by numerous other creditors, all claiming the equity in the properties. Assume Chapter 11 will stay all pending actions by CIF and others.

MONMOUTH FINANCIAL GROUP, LTD.

Date Originated: February 2, 2002

Includes loans to Wiltshire Properties, Lancaster Developers, etc.

High Balance / Total Borrowed:

Total Borrowed over life of loan account: \$11,883,821.24

High Balance: \$8,893,171 on 2/24/03

Interest Rate: 2.85% over cost of CIF funds, adjusted quarterly

Maturity Date: December 31, 2009

Total payments received: \$12,869,667.90 (108.2% of Total Borrowed)

Principal payments received: \$10,992,366.91

Interest received: \$2,635,272.12

Date of last payment: December 31, 2007 \$23,464.11

Next payment due: February 1, 2008 (past due)

Current Balance: \$894,454.33

(7.53% of Total Borrowed; 92.47% repaid principal)

Secured by:

Membership interest in Monmouth Financial;

UCC liens on collateral in NJ;

Pledge of LRI/LD related companies;

Revolving type substitute collateral note.

MFG is a wholly owned subsidiary of CIF and its results are consolidated.

See Notes under LRI, which apply to MFG. MFG will have claim in LRI bankruptcy action.

LIBERTY ONE JADE DRAGON, LLC

Date Originated: June 7, 2006 (as part of Tiger Transport foreclosure settlement, see below)

Property transferred to CIF by way of deed in lieu of foreclosure after Company lost its tenant.

BRADFORD FINANCIAL GROUP, LLC

Date Originated: May 15, 2002 Revolving Credit Line

High Balance or Total Borrowed:
\$2,864,327 Total Borrowed over life of Line
\$771,944 High Balance on 11/2/06

Current Balance: \$718,636.72

Secured by:

Membership interest in limited liability company;
Pledge of interest in Lancaster Mortgage Bankers, LLC.
LMB in bankruptcy. Notified Sept. 07. BFG named therein.
Probable recovery in bankruptcy minimal.

Default declared and disclosed in letters to Note Holders in 2007.

Arthur Field was manager of Bradford and this interest has been disclosed at all times. Bradford serves as a warehouse relender and has no assets and limited capitalization, fully disclosed in the Prospectus documents.

Update: LMB bankruptcy progressing. Unlikely any assets will be available for distribution to creditors.

LION FINANCIAL, LLC

Date Originated: August 29, 2004 pursuant to \$8 Million Revolving Loan Agreement

High Balance or Total Borrowed: \$6,492,775.99 6/6/05

Principal payments received: \$3,765,020.54

Date of last payment: January 2, 2009

Current Balance: \$2,727,755.45
(42.02% of Total Borrowed; 57.98% Repaid principal)

Lion Financial continues to make payments to CIF as principal is received. As disclosed in 2007 to Note Holders, it is pursuing all remedies in the LMB bankruptcy action and was originally named as the sole secured creditor therein

In June and July, 2008, the U.S. Bankruptcy Court entered Orders in Lion's favor on summary judgment. The Trustee appealed to the U.S. District Court. Lion and the Trustee settled and the Trustee withdrew its appeal. Agreement will give Trustee 25% of all funds actually collected by Lion from sale of properties or sale of mortgages to third parties and Lion may retain balance. Trustee has deeded two properties to Lion. Specialized Loan Servicing has assigned 3 loans to Lion. Probable recovery to Lion on all loans after deduction of Trustee's portion approximately \$75,000.

Lion filed adversary proceeding against Specialized Loan Servicing for recovery of \$190,000 as a result of Braatz 1 loan sale of property. SLS and Lion filed cross-motions for summary judgment. On January 27, 2009, the US Bankruptcy Court, Trenton, denied both motions and set pre-trial hearing for Feb. 21, 2009. Lion advises it believes it has at least a 75% chance of success on the merits.

CORNERSTONE PRINTING EQUIPMENT

Date Originated: Sept. 18, 2007

High Balance or Total Borrowed: \$150,000 9/18/07

Interest Rate: 8.50%

Due: October 1, 2012

Total Received: \$5,857.08 (3.9% Total Borrowed)

Principal payments received: \$4,232.08

Interest received: \$1,625.00

Date of last payment: July 15, 2008

Cornerstone in default.

Current Balance: \$145,767.92
(97.17% of Total Borrowed; 2.83% Principal Repaid)

Secured by:

Personal guarantee of J. Kopp;
UCC/Financing statement filing at Book 2007 page 2266 on equipment:
Sakurai Press (Model 458 ED Oliver);
CTP (Platinum 2230 Serial #01001165);
All cutting machines;
Booklet folder/binder.

Notes:

Cornerstone is indebted on first mortgage to Cosimo, LLC recorded at Book 4793 page 1487. Cornerstone attempting to sell Sakurai Press. Cosimo loan secured by 2 American Court, Greenville.

CIF TC, LLC

Date Originated: Company created to be 1% member of Simpsonville Cotton Mill, LLC
After mediation on matter of CIF and Cosimo v. Tiger Transport, et al.
Mediator: Eric Englebart
Agreement in place; Company acquired \$1,218,750 tax credits
CIF TC, LLC is wholly owned subsidiary of CIF
Entry termed 'loan' to reflect principal balance of obligation remaining
By direction of Securities Division.

High Balance : \$872,461.73 on June 7, 2006 at execution of settlement agreement
Satisfied by transfer of \$1,218,750 in valid tax credits
Company may sell \$243,750 tax credits per year for 5 years to interested persons
buying membership interests in CIF TC, LLC. Members pay for the credits at a
discounted price in order to realize a return on investment.

CIF sold tax credits pursuant to court order and received payment on roughly 50% of
2008 tax credits. Balance awaiting determination at mediation. \$243,750 credits
available for each of 2009 and 2010.

CLUB ALADDIN'S, LLC

Date Originated: October 26, 2007

High Balance or Total Borrowed: \$549,022.38
Interest Rate: 9%

Current Balance: \$539,545.60
Secured by:

UCC/ Financing Statement recorded in Book 2007 page 501,
on all equipment, furniture, fixtures, inventory, machinery at
610 Congaree Road, Greenville, SC. Runs with the land.
Registered agent, Jose Rodriguez.

ERIC KING

Date Originated: Jan. 22, 2007

High Balance or Total Borrowed: \$135,722.82 (assumption of \$138,000 loan)

Interest Rate: 5.0%

Date of last payment: January 1, 2009

Current Balance: \$131,523.75

ISLER

Date Originated: Mar. 31, 2004 (construction line)

High Balance or Total Borrowed:
\$110,996.40 Total Borrowed
\$ 89,996.40 High Balance 7/18/06

Interest Rate: 14%

Total Payments Received: \$52,830.60 (47.59% of Total Borrowed)

Principal payments received: \$51,000.60

Interest received: \$0

Date of last payment: 7/21/06 Isler deceased

Properties in process of transfer to CIF.

MOREY

Date Originated: 1/25/07 as Employee Advance

High Balance or Total Borrowed: \$12,000.00

Interest Rate: 5.0%

Maturity Date: 2/1/12

Total Payments Received: \$6,938.52 (57.8% of Total Borrowed)

Principal payments received: \$6,346.52

Interest received: \$592

Date of last payment: 4/18/08

Next payment due: 11/09

Current Balance: \$5,653.48
(47.1% of Total Borrowed; 52.9% Repaid principal)

Loan is prepaid through end of 2009.

RODRIGUEZ

Date Originated: Feb. 9, 2006 Revolving Credit Line for Construction

High Balance or Total Borrowed:

Total Borrowed on Line: \$182,205.32

High Balance on Line: \$152,205.32 on 11/24/06

Interest Rate: 12%

Total Payments Received: \$176,397.03 (96.8% of Total Borrowed)

Principal payments received: \$153,105.30

Interest received: \$23,291.71

Date of last payment: 4/2/08

Current Balance: \$29,100.00

(15.97% of Total Borrowed; 84.03% Repaid Principal)

Secured by:

Mortgage on lot on Route 135 in Easley. Replaced mortgage on Lot 4 Master Woods Way. (Fully paid down line after completion and sale of premises.)

CIF has defaulted on this loan. It committed to lend up to \$140,000 for construction of single family home. It advanced \$30,000. for purchase of lot. It failed to advance funds for construction after permits were obtained post January 15, 2008. CIF has liability exposure on this property. Borrower continued to make payments through April 2, 2008 in good faith. Rodriguez has notified CIF he intends to make a claim against CIF for damages. It is believed CIF is liable and may suffer judgment were a claim to be made. Recommend settlement.

TRAZOM, LLC

Date Originated: 6/7/06 (as part of Tiger Transport lawsuit settlement, see below)
Revolving credit line as part of settlement and to
Facilitate CIF's purchase of SRG 457, LLC property (\$1 Million)
Property purchased by Trazom subject to first mortgage to SunTrust and also
Subject to 3 year option held by Tiger Transport to lease and repurchase property.

High Balance or Total Borrowed:
High Balance \$3,516,624.57 on 1/29/07
Total Credit Line \$3,650,000

Maturity Date: Aug. 31, 2018

Date of last payment: January 1, 2009 (\$7,000.)

Current Balance: \$1,055,301.26

Secured by:

2nd mortgage on 2/4 Greentree Road, Anderson.
SunTrust loan fully satisfied. Option in favor of Tiger repurchased by Trazom.
First mortgage in favor of Palmetto Bank—current.
Significant repairs to roof and grounds and water damage cured by Trazom.
Property improved by owner in March to June, 2008.
Trazom installed new drainage system and repaired roof in Dec. 2008.
Property leased to major tenant as warehouse. All rent current.
Settlement described in detail below.

COSIMO, LLC

Date Originated: Approx. April, 2002
Revolving Credit Line and Security Agreement for \$15 Million replacing and consolidating individual Re-Loans and Assignment of Note and Security

Interest Rate: variable, current rate 7.25%

Total Lent Through Cosimo: \$29,818,402 (all loans combined)

Current Balance: \$11,137,819.86
(37.36% of Total; 62.64% Repaid Principal)

Secured by:
Revolving Credit Line Security Agreement various properties

REAL PROPERTY INTERESTS

- 1) Contractual interests in condominium units at 39 Union, Hackensack, NJ
\$290,000 each.
Acquired 3/29/07
LRI fails to record deeds to CIF despite contract, etc.
CIF instituted action in state court to recover both Units.
Court rules in favor of CIF on Unit 401.
Unit 401 sold and proceeds deposited to CIF.
Unit 109 transfer being contested by LRI, no defense apparent.
Units valued at approximately \$125,000 each.
- 2) Assignment of chose-in-action foreclosure on SRG 457
Foreclosure complete; Execution pending; debtor instituted bankruptcy 2nd time
\$1 Million purchase (through and assigned by Trazom)
included principal and accrued interest and costs.
Property located in New Jersey, reported to be valued at \$1.2 Million
at time of purchase in early 2007.
CIF represented in bankruptcy action by Arthur Miller, Esq.
Bankruptcy dismissed on or about July 17, 2008.
CIF completed action against Miller and recovered and
contracted for sale of property.
Owner refuses to vacate. Order of ejectment issued by court.
SRG appeals.
Purchaser agrees to buy with 'tenant' in place and take over appeal.
CIF expects to net \$305,000 from sale upon completion of closing within
Next 60 days. Awaiting issuance of sheriff's deed.
- 3) Lot 6 Master Woods Way, Easley, SC
Property acquired by Deed in Lieu of Foreclosure on 2/29/08
Loan for \$140,000
Property was under construction and estimates for completion exceed \$90,000
As-built estimate roughly \$195,000
No further action taken. Property in CIF.
- 4) Race track and land in Greeleyville, SC
Property acquired by Deed in Lieu of Foreclosure on 4/25/08
Loan for \$930,950; property in CIF—trying to find tenant.

CIF acquiring property from Cosimo, LLC. CIF acquired Liberty 1 warehouse.
Properties being assigned to CIF Property Holdings, LLC.
Note: All estimates of value performed by independent appraisers or realtors, with
no privity to CIF. Estimates subject to change based upon property and market
conditions, time of sale, seller's concessions, marketing costs, carrying costs,
repair costs, etc., all beyond the control of CIF.

**DETAILS OF SETTLEMENT IN MATTER OF
CIF AND COSIMO V. TIGER TRANSPORT, ET AL.**

From 2002 to 2005, Cosimo, LLC lent various funds to Tiger Asset Services, Tiger Transport and Liberty 1--entities owned directly or indirectly by Tommy Moore of Simpsonville. The total sum of \$2,875,000 was lent to Tiger Asset, including a tax advance on property at Greentree Road, Anderson. \$1,150,000 was lent against Liberty 1 warehouse in Liberty and \$1,018,000 was lent to Tiger Transport secured by W. Georgia Rd property, including a property tax advance. A combined total of \$5,043,000 was lent secured by properties having value well in excess of \$5.75 Million.

Regular payments were received by Cosimo and principal and interest payments were made to CIF. \$15,539.30 principal was paid against the Tiger Transport debt. \$5,252.82 principal against Liberty 1. \$575,544.47 was paid against the Tiger Asset Services debt. A total of \$596,336.59 principal plus considerable interest was repaid (11.8% of total principal lent repaid over 2.5 years). Due to economic problems related to the trucking industry, Tiger defaulted. This was disclosed in March, 2006 Prospectus.

Cosimo began a foreclosure action on the various loans and CIF joined therein and a receiver of rents was appointed for \$30,000 per month. A lengthy mediation was conducted before Eric Englebart, certified mediator. In April, 2006, after several days, a settlement of all matters was agreed upon. Three new entities were created: 1) Liberty 1 Jade Dragon, LLC; 2) Trazom, LLC; and 3) CIF TC, LLC. Liberty 1 warehouse and Liberty 2 warehouse (not secured by Cosimo or CIF) were sold as a package to new entity Liberty 1 Jade Dragon, LLC for \$1,144,747.18. That entity borrowed \$1 Million from CIF, which was paid over to Tiger, which repaid CIF the full \$1,144,747.18 from the sale and received credit for such payment. CIF received security in Liberty 1 and Liberty 2. Greentree Road warehouse was sold to Trazom, LLC subject to a first mortgage to SunTrust and CIF lent Trazom the funds to purchase such warehouse and Tiger repaid Cosimo \$2,229,455. Tiger was permitted to lease property for 5 years and given an option to repurchase property for 3 years at exact same price as sale to Trazom. Tiger paid the sum of \$200,000 additional cash directly to CIF.

The balance remaining of \$872,461.23 was satisfied by the creation of CIF TC, LLC—a wholly owned subsidiary of Capital Investment Funding, LLC. (This was accomplished after the negotiation of several amendments to the settlement agreement and was reviewed and approved by several law firms in Greenville.) CIF TC, LLC became a 1% member in Simpsonville Cotton Mill, LLC. The manager thereof elected to distribute \$1,243,750 of tax credits earned pursuant to the Textile Communities Revitalization Act for the renovation of the historic mill pursuant to S.C.C.A. 6-32-20, et seq., to CIF TC, LLC. It was agreed the distribution of the credits would constitute full satisfaction of all remaining claims by Cosimo and CIF against the Tiger entities. CIF TC, LLC is permitted, under the Act, to redistribute the credits to its members on an annual basis evenly over 5 years. CIF TC, LLC sells membership interests and the credits are distributed on a pro-rata basis to members existing at the end of each year. Members have no rights other than to receive such credits and the company does no other business. At the end of 5 years, CIF TC, LLC will sell its 1% membership interest in SCM back to that entity for \$1. As a result of these four actions, all principal due from Tiger related entities was repaid. This was disclosed in October, 2006 Prospectus.

[REDACTED]

Subject: RE: CIF - SRG 457 / 457 Carlton Road Wyckoff NJ Property

Date: Wed, 14 Dec 2011 09:08:08 -0500

From: cwestrick@grsl.com

To: jerrysaad@charter.net; VPapalia@saiber.com

CC: elliott.salzman@gmail.com; arthurfield424@hotmail.com; curt@stodghill-law.com; RPohl@stodghill-law.com; sharonwilson@saadandmanios.com

Thank you for the update. I will follow up on this with Elliot and we will work from here. CW

Christopher H. Westrick

Golden, Rothschild, Spagnola, Lundell, Boylan & Garubo, P.C.

1011 Route 22 West

P.O. Box 6881

Bridgewater, New Jersey 08807

908-722-6300

<http://www.grsl.com>

From: Jerry Saad [<mailto:jerrysaad@charter.net>]

Sent: Tuesday, December 13, 2011 10:23 PM

To: Christopher H. Westrick; 'Vincent F. Papalia'

Cc: 'Elliot Salzman'; 'Arthur Field'; 'Curt Stodghill'; 'Rob Pohl'; 'Sharon Wilson'

Subject: CIF - SRG 457 / 457 Carlton Road Wyckoff NJ Property

Hello Chris:

Elliot Salzman called me this past Saturday. We had a very good and healthy conversation about 457 Carlton Road, Wyckoff, NJ. He followed up with the email below. (Thank you Elliot!)

As Elliot's email stated, I do have a copy of the contract between Capital Investment Funding and 457 Carlton Road, LLC (wholly owned by Calvary Asset Management – per Elliot). I have attached the copy that I have, which was sent to me via email from Arthur Field on 3-24-11. However, please note that the copy I have was not signed by Arthur or witnessed by anyone. Hopefully, Elliot (or Calvary) has a fully executed copy.

That being said, I am a little fuzzy about the "agreement" that Elliot referred to. My understanding is that Calvary did write a check to CIF in the amount of \$305,778.63, dated 10-21-08, ck #2541, but the check was never cashed. (Arthur has given me the original check.) Thus, Calvary/457 Carlton Road still owes CIF ± \$305,778.63 plus (based on the "agreement" as Arthur mentioned some time ago) some percentage of the profits that will ultimately be derived when the property is sold. However, I do not see that provision in the copy of the contract that I have, so perhaps there is another agreement or an addendum.

Regardless, Elliot assured me that the agreement between Capital Investment Funding and 457 Carlton Road, LLC (whatever it is) will be honored.

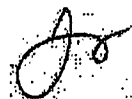
Elliot acknowledged that Calvary/457 Carlton Road and a builder struck a deal that enabled the builder to tear down the old dilapidated house and construct a new large home on the site. The new house was completed and has been for sale for some time now (I think it was substantially completed in late 2010). Elliot believes it is still for sale because the housing market in NJ for that price range (\$2 million+) has been and remains poor. I am not clear if this arrangement is a part of the "agreement" or if there is another contract that covers this. I expect this arrangement is how 377 Atwood Drive, LLC obtained title to the property.

Elliot did say he would look for the agreement. However, in his email below, he may be thinking I have the agreement and he may not be looking for anything. But as you can see, the contract I have is not a complete agreement (not fully executed) and does not make mention of the builders arrangements, his share of profits, transfer of title of the land, etc...

(Elliot – let me know if I misstated anything.)

I did tell Elliot I thought it more efficient if he just dealt directly with you. So with that in mind, can you give Elliot a call and coordinate getting copies of all of the relevant documents and following up to make sure we have all the bases covered. Depending on what all we get, we may need to get a comprehensive document (Memorandum of Understanding?) between all of the parties.

Call me when you have a moment to discuss.



Jerry Saad
Saad & Manios
1249 S Pleasantburg Dr
Greenville SC 29605

Cell: (864) 907-1300
Office: (864) 277-9800
Fax: (864) 422-9949

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From: Elliot Salzman [mailto:elliott.salzman@gmail.com]
Sent: Saturday, December 10, 2011 4:15 PM
To: Arthur Field
Cc: Jerry Saad
Subject: Re: SRG 457

I also spoke with Jerry and he told me he already had a copy of the contract between CIF and 457 Carlton Road, LLC of which Calvary Asset Management, LLC is the sole owner. I also informed him of the claim we have against Robert Miller, the previous owner and mortgagor. Calvary will assign CIF the rights to that claim up to the amount needed to satisfy that contract. Anything collected in excess of that amount would be due to Calvary. I told Jerry I would reach out to Chris Westrick. I already left him a message.

Thanks

On Dec 10, 2011 12:33 PM, "Arthur Field" <arthurfield424@hotmail.com> wrote:

Elliot

Pursuant to our phone conversation today and by request of Jerry Saad, please send Mr. Saad another copy of the contract between Calvary and CIF and confirm to him the contract remains in effect and will be performed in accordance with its terms concerning the property in Wyckoff, New Jersey.

Thank you.

Arthur

See the Golden Rothschild Spagnola Lundell Boylan & Garubo P.C. confidentiality policy at <http://www.grsl.com/e-mail-disclaimer.html>

[REDACTED]

From: jerrysaad@charter.net

To: arthurfield424@hotmail.com

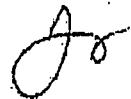
Subject: 457 Carlton Road - \$305,778.63 check from Calvary Asset Management, LLC dated October 21, 2008

Date: Tue, 6 Dec 2011 08:41:49 -0500

Arthur:

I need you to deliver to me the \$305,778.63 check from Calvary Asset Management, LLC dated October 21, 2008.

Can you bring it by this week?



Jerry Saad
Saad & Manios
1249 S Pleasantburg Dr
Greenville SC 29605

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Office: (864) 277-9800
Fax: (864) 422-9949

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>> On Mon, Nov 1, 2010 at 7:59 PM, Jerry Saad <jerrysaad@charter.net> wrote:

>>>

>>> Arthur:

>>>

>>>

>>>

>>> Sorry for the long delay.

>>>

>>>

>>>

>>> I hope this schedule works for you – leave JAX Wednesday 9:10 arrive in Newark at 1:07
(Robert Pohl and I arrive at 12:48 on Continental) – then leave Newark Thursday afternoon 5:30
arrive back in JAX at 9:35.

>>>

>>>

>>>

>>> I appreciate your helping us on this matter. I look forward to seeing you.

>>>

>>>

>>>

>>> Call me tomorrow on my cell phone (864-907-1300) if you have a few minutes.

>>>

>>>

>>>

>>>

>>>

>>> Jerry Saad Cell: (864) 907-1300

>>>

>>> Saad & Manios Office: (864) 277-9600

>>>

>>> 1249 S Pleasantburg Dr Fax: (864) 422-9949

>>>

>>> Greenville SC 29605

>>>

>>>

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

From: arthurfield424@hotmail.com
To: jerrysaad@charter.net; rpohl@thecooperlawfirm.com
CC: curt@stodghill-law.com; scase@butlermeans.com; vpapalia@saiber.com; cwestrick@grsl.com
Subject: RE: CIF - NJ Litigation / LRI Bankruptcy
Date: Mon, 28 Mar 2011 06:12:32 -0400

It is my belief I have already delivered all of the records to Jerry.
If Robert could specify what he is looking for this would help expedite things.
Remember, I have NO records concerning Lancaster's lending.
Prior to 2003, all funds were taken from CIF direct to LRI on the revolving note, which I believe you already have.
Collateral was substituted.
You have the details on every property in existence re LRI as of 2007.
The only direct involvement were the 2 condos, if memory serves.
Everything else Chris W already knows.
You should subpoena Michael O'Shea who lives in Simpsonville and is the President of Skymark.

Still, I am more than happy to cooperate.

Arthur

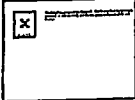
From: jerrysaad@charter.net
To: RPohl@thecooperlawfirm.com
CC: curt@stodghill-law.com; scase@butlermeans.com; arthurfield424@hotmail.com; VPapalia@saiber.com; cwestrick@grsl.com
Subject: CIF - NJ Litigation / LRI Bankruptcy
Date: Sun, 27 Mar 2011 13:22:34 -0400

Robert:

I spoke with Arthur on Friday re: your request to review all of the CIF (paper) records in preparation for our civil suit on NJ. Arthur said he is glad to cooperate and provide us the remaining CIF records. He said he would be out of town from this weekend until about Wednesday this coming week. He also said his wife's father was ill, and they may have to attend to his needs. Rather than me be in the middle of you and your tasks at hand, I told Arthur I would have you contact him. Arthur said it would be fine for you to call him direct. His cell phone number is 864-419-6609.

We should all be aware that we are fast tracking this in bankruptcy court, and time is of the essence.

Please keep me posted.



Jerry Saad Cell: (864) 907-1300
Saad & Manlos Office: (864) 277-9600
1249 S Pleasantburg Dr Fax: (864) 422-9949
Greenville SC 29605

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[REDACTED]

From: jerrysaad@charter.net

To: arthurfield424@hotmail.com; elliott.salzman@calvarvassetmanagement.com

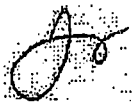
CC: curt@stodghill-law.com; scase@butlermeans.com; RPohl@thecooperlawfirm.com

Subject: Capital Investment Funding, LLC - Sale of LRI Brinkerhoff Property - Bankruptcy Order 6-6-11

Date: Tue, 14 Jun 2011 19:07:57 -0400

Hello Arthur and Elliot:

Any thoughts about this property being sold by the LRI Bankruptcy Trustee?



Jerry Saad
Saad & Manlos
1249 S Pleasantburg Dr
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From: Bonnie Hahn [<mailto:BHahn@saiber.com>] On Behalf Of Vincent F. Papalia

Sent: Tuesday, June 14, 2011 4:22 PM

To: Jerry Saad

Cc: rpohl@thecooperlawfirm.com; cwestrick@grsl.com

Subject: Capital Investment Funding, LLC

Please see attached correspondence.

Vincent F. Papalia

Saiber
ATTORNEYS AT LAW

18 Columbia Turnpike

Suite 200

Florham Park, NJ 07932-2266

☎ Direct 973.645.4818 | ☎ Firm 973.622.3333 | ☎ Fax 973.622.3349

✉ Email: vpapalia@saiber.com | [my profile](http://myprofile) | www.saiber.com

Florham Park | Newark | New York | Atlantic City | Point Pleasant Beach

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[REDACTED]

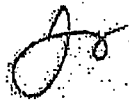
From: jerrysaad@charter.net

To: arthurfield424@hotmail.com

Subject: RE: Capital Investment Funding, LLC - Sale of LRI Brinkerhoff Property - Bankruptcy Order 6-6-11

Date: Wed, 15 Jun 2011 11:17:05 -0400

Thank you for the comments. I am passing them along to the attorneys.



Jerry Saad
Saad & Marlos
1249 S Pleasantburg Dr
Greenville SC 29605

Cell: (864) 907-1300
Office: (864) 277-9600
Fax: (864) 422-9949

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From: Arthur Field [<mailto:arthurfield424@hotmail.com>]

Sent: Wednesday, June 15, 2011 10:36 AM

To: Jerry Saad; elliott.salzman@calvaryassetmanagement.com

Cc: Curt Stodghill; Stan Case; Robert Pohl

Subject: RE: Capital Investment Funding, LLC - Sale of LRI Brinkerhoff Property - Bankruptcy Order 6-6-11

Elliot will know far more about the property particulars than I.
I have no way of knowing its value or condition at this time.

The last time I saw it was with Jerry and Robert.

The property has 48 residential units and 2 commercial units.

I do note that condo units are selling for \$285k for a 1 br and that unit #103 is listed at \$309k for 1br, 1ba.

As I recall we own(ed) unit #106.

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From: jerrysaad@charter.net

To: arthurfield424@hotmail.com; elliott.salzman@calvaryassetmanagement.com

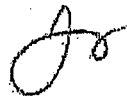
CC: curt@stodghill-law.com; scase@butlermeans.com; RPohl@thecooperlawfirm.com

Subject: Capital Investment Funding, LLC - Sale of LRI Brinkerhoff Property - Bankruptcy Order 6-6-11

Date: Tue, 14 Jun 2011 19:07:57 -0400

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Jerry Saad
Saad & Manios
1249 S Pleasantburg Dr
Greenville SC 29605

Cell: (864) 907-1300
Office: (864) 277-9600
Fax: (864) 422-9949

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From: Bonnie Hahn [<mailto:BHahn@saiber.com>] **On Behalf Of** Vincent F. Papalia
Sent: Tuesday, June 14, 2011 4:22 PM
To: Jerry Saad
Cc: rpohl@thecooperlawfirm.com; cwestrick@grsl.com
Subject: Capital Investment Funding, LLC

Please see attached correspondence.

Vincent F. Papalia

Saiber

ATTORNEYS AT LAW

18 Columbia Turnpike

Suite 200

Florham Park, NJ 07932-2266

☎ Direct 973.645.4818 | ☎ Firm 973.622.3333 | ☎ Fax 973.622.3349

✉ Email: vpapalia@saiber.com | [my profile](#) | www.saiber.com

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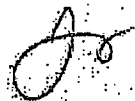
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[REDACTED]

[REDACTED]

From: jerrysaad@charter.net
To: arthurfield424@hotmail.com
Subject: RE: Capital Investment Funding, LLC - Sale of LRI Brinkerhoff Property - Bankruptcy Order 6-6-11
Date: Wed, 15 Jun 2011 11:17:05 -0400

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From: Arthur Field [<mailto:arthurfield424@hotmail.com>]
Sent: Wednesday, June 15, 2011 10:36 AM
To: Jerry Saad; elliotsalzman@calvaryassetmanagement.com
Cc: Curt Stodghill; Stan Case; Robert Pohl
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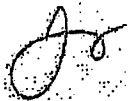
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----- Original Message -----

From: Elliot Salzman

To: Arthur Field

Sent: Monday, July 21, 2008 9:03 AM

Subject: Re: Fw: SRG 457 foreclosure

Arthur we already have had Westrick contact Malgiere as the new attorney? Matter of fact Westerick is preparing a motion to intervene? Whats up?

On 7/21/08, Arthur Field <arthur-field@charter.net> wrote:

----- Original Message -----

From: Arthur Field

To: amiller@millerandmiller.com ; rm@malagiere-law.com ; Gary Kraft ; Maresealnc@aol.com ; Scott Pfeiffer ;
thuhn@huhnassociates.com

Sent: Monday, July 21, 2008 8:21 AM

Subject: SRG 457 foreclosure

To: Arthur Miller, Esq., Miller, Miller & Tucker, PA
From: Arthur Field, Capital Investment Funding, LLC
cc: Richard Malagiere; Scott Pfeiffer; Gary Kraft; Robert L'Abbate; Tim Huhn (n/f FBI)
July 21, 2008 (This communication is privileged and confidential.)

Attorney Miller:

My congratulations on your fine work securing the dismissal of the bankruptcy petition in the SRG 457, LLC matter, case # 08-15408. (Although the Order did not so state, I assume the dismissal is with prejudice this time.) I note the Order is dated July 17, so assume the appeal period must expire roughly July 29 at the latest.

Would you be willing to represent CIF in the foreclosure? Attached hereto is a copy of the assignment of mortgage in the matter from LRI II, as successor in interest to the original note holder, provided to me by Mr. Kraft on behalf of those entities. As you recall, CIF purchased the Note, mortgage and chose in action for \$1 Million roughly a year ago and is entitled to all proceeds of the foreclosure including interest accrual. CIF has been the real party in interest since that date. If you agree to such representation, CIF will execute a retainer if needed, and requests you enter an appearance in lieu of attorney Malagiere in this matter immediately. If your firm cannot handle this matter, then please advise me immediately and I will request another attorney appear, or will do so myself.

Mr. Malagiere is directed to immediately deliver the file to you if you enter your appearance and is then discharged.

CIF is far more interested in obtaining possession of the property than in prolonging this matter. If it is necessary in your opinion to waive a deficiency to expedite this and if the odds of collecting such deficiency are small to nil, then CIF would agree to such waiver. However, if SRG (Miller) is actually *really* capable of purchasing the property and comes forward with the full price, CIF will agree to sell it to him, but not to any delays whatsoever.

It is my understanding this property has fallen in value substantially since Mr. Malagiere initiated the foreclosure about 16 months ago. Although it may not be possible to recoup the entire amount CIF expended to purchase this Note, at least if it can gain title and possession then it can proceed to sell the property and mitigate its increasing damages. This is essential during the winding up process. Kindly proceed with all expedience to wrap up this matter and eject Mr. Miller from the property.

As you may know, CIF's business affairs are the subject of review by Judge Few in South Carolina and the SC Attorney General, so it is important this matter be handled swiftly and competently and with full documentation and disclosure. It is our goal to recoup as much as possible quickly so it may become part of a distribution to creditors in the winding up of CIF.

Should you have any questions, you may contact me at (864) 286-0532 or CIF's attorney Scott Pfeiffer at (864) 250-9780. CIF is also represented in NJ by Christopher Westrick. I look forward to hearing from you and appreciate all of your work to date.

Arthur M. Field, Ph.D., J.D.
Manager
Capital Investment Funding, LLC

Order Prepared by the Court

CAPITAL INVESTMENT FUNDING, LLC,
Plaintiff,

v.

CALVARY ASSET MANAGEMENT, LLC,
ROBERT SYPPER, an individual; ELLIOT
SALZMAN, an individual; 457 CARLTON
ROAD, LLC; ARTHUR FIELD, an
individual; JOHN DOES 1-10 (fictitious
names; and ABC CORPORATIONS 1-10
(fictitious names),

Defendant(s).

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION - BERGEN COUNTY
DOCKET NO. BER-L-3790-12

Civil Action

FILED

FEB 15 2013

ORDER

USAPATZPACIA, LLC

THIS MATTER having been opened to the Court upon an application of Notices of Motion filed by Defendant, Arthur M. Field, *pro se*, and upon opposition being filed by Christopher H. Westrick, Esq., counsel for Plaintiff, Capital Investment Funding, LLC, and upon a Notice of Cross Motion being filed by Christopher H. Westrick, Esq., counsel for Plaintiff, Capital Investment Funding, LLC, and the Court having reviewed and considered the motion papers submitted, and upon oral argument being scheduled but the defendant, Arthur Field, not willing to attend, and for good cause having been shown;

IT IS on this 15th day of February, 2013,

ORDERED that:

1. Defendant, Arthur Field's, application to dismiss with prejudice plaintiff's complaint is hereby GRANTED IN PART.

See attached rider.

2. Defendant, Arthur Field's, application that Christopher Westrick, Esq. is disqualified from representing plaintiff herein is hereby GRANTED IN PART.

See attached rider. Counselor Westrick is only disqualified as counsel for the plaintiff as to the defendant, Arthur Field. The court has denied without prejudice all claims against Mr. Field and no other defendants have objected to his representation.

3. Defendant, Arthur Field's, application that Christopher Westrick, Esq. is referred to the Office of Attorney Ethics for discipline is hereby DENIED.

4. Defendant, Arthur Field's, application that Tressler, LLP is disqualified from representing plaintiff here in hereby GRANTED IN PART.

See attached rider. Tressler, LLP only disqualified as counsel for the plaintiff as to the defendant, Arthur Field. The court has denied without prejudice all claims against Mr. Field and no other defendants have objected to their representation.

5. Defendant, Arthur Field's, application that all discovery and/or other matters including mediation are stayed pending further Order is hereby DENIED.

See attached rider.

6. Defendant, Arthur Field's, application for leave to file a Third Party Complaint is hereby DENIED AS MOOT.

7. Plaintiff's application that the pleadings of Defendant, Arthur Field, be stricken for failure to provide discovery is hereby DENIED AS MOOT.

8. A copy of this Order shall be served upon all parties appearing herein within 7 days of the date hereof.


HON. LISA PEREZ FRISCIA, J.S.C.

**CAPITAL INVESTMENT FUNDING v. CALVARY ASSET
MANAGEMENT, LLC et. al.**

DOCKET No. BER-L-3790-12

RIDER TO ORDER DATED FEBRUARY 15, 2013

The defendant, Arthur M. Field (hereinafter "Mr. Field"), filed the within motion seeking to dismiss the complaint of the plaintiff on various grounds and is seeking to disqualify Christopher Westrick, Esq. (hereinafter Counselor Westrick) and/or Tressler, LLP, and/or for other relief requested. The plaintiff, Capital Investment Funding, LLC (hereinafter "CIF"), opposed the motion. The court grants in part the defendant's motion to dismiss the action as to Mr. Field and grants the defendant's motion to disqualify Christopher Westrick, Esq. and Tressler, LLP from the within action, for the reasons set forth below.

In relevant part, this action concerns the sale of the real property located at 457 Carlton Road, Wyckoff, New Jersey (hereinafter "the Wyckoff property"). From March 17, 2002 until September 15, 2008, title in the Wyckoff property was held by SRG 457, LLC (hereinafter "SRG 457"). On March 27, 2002, SRG 457 granted a promissory note and mortgage on the Wyckoff property in the amount of \$600,000.00 to Lancaster Resources, Inc. (hereinafter "LRI"). In 2006, SRG 457 defaulted on the mortgage and LRI instituted foreclosure proceedings. The final judgment of foreclosure was entered on the Wyckoff property on September 17, 2007. The final judgment set forth that SRG 457, and its principal, Robert W. Miller, were liable in the sum of \$1,095,320.55, plus interest from May 5, 2007 forward, plus costs of suit, plus attorney fees in the amount of \$7,500.00.

LRI, a New Jersey based corporation, was originally the majority owner of CIF and owned by Mr. Field. Mr. Field was advised by his personal counsel, Scott Pfeiffer, to relinquish

control of LRI because the dual-ownership of a CIF in South Carolina and LRI in New Jersey could give rise to a conflict of interest. (See Westrick Cert., Ex. O). Therefore, LRI's 91% interest in CIF was sold to Mr. Field. (See Westrick Cert., Ex. P). Additionally, Mr. Field performed functions as counsel to CIF as he is a licensed attorney in New Jersey.

On June 6, 2008, all rights in the mortgage of the Wyckoff property were assigned by LRI to the plaintiff, CIF. (See Certification of Arthur Field (hereinafter "Field Cert.")). CIF is a South Carolina limited liability company engaged in the business of selling unsecured promissory notes. A sheriff's sale on the Wyckoff property was scheduled and on September 22, 2008, 457 Carlton Road, LLC (hereinafter "457 Carlton Road") took title of the Wyckoff property. The sale price of the Wyckoff property sold to 457 Carlton Road was \$394,000.00 with a specified balance of \$300,342.60 to be paid to CIF at closing. On October 21, 2008, Calvary Asset Management, LLC (hereinafter "Calvary"), issued check number 2541 in the amount of \$305,778.63 (hereinafter "the check") as the amount due to CIF for the purchase of the property. The check was presented to CIF, Mr. Field, who allegedly did not cash the check nor did he present the check to any financial institution. (See Westrick Cert., Ex. Y and Para. 32).

In 2008, CIF investors began filing class action lawsuits against Mr. Field in South Carolina alleging malfeasance in his management of CIF. The class action was resolved in the Court of Common Pleas Thirteenth Judicial Circuit of South Carolina, by way of a Mediated Global Settlement Agreement and Order Approving Settlement (hereinafter "MGSA"), dated August 24, 2009, by the Honorable Edward W. Miller. Pursuant to the MGSA, Mr. Field immediately resigned as Manager of CIF and CIF was placed into Receivership. Jerry Saad (hereinafter "Mr. Saad") was appointed receiver of CIF. Mr. Saad's duties as receiver include: to

wind up the affairs of CIF; to take all actions necessary to collect the assets of CIF; to safeguard the privacy of CIF's and Field's documents and records; to manage and preserve the assets of CIF; to distribute the assets and income of CIF to class action plaintiffs; and to prosecute and defend lawsuits on behalf of CIF. (See Westrick Cert., Ex. I at 7-8; see also Certification of Jerry T. Sand, Para. 8). According to the MGSA, all claims against Mr. Field were dismissed without prejudice because he agreed "that he shall give up and all claims for future payments on account of his employment contract and shall immediately resign his offices at [CIF], but shall provide copies of all records, emails, reports, letters, documents, mortgages, notes and any other materials which shall support the receiver's right to collect from any individual or corporation which has been loaned any monies by [CIF] or its related companies." (See Westrick Cert., Ex. I at 4-5), Mr. Field is also to provide "a complete listing of any all real property . . . to the receiver at his address to include any and all notes, mortgages and other assets of any value to include records as to whether or not taxes have been paid on the aforementioned properties . . ." (*Id.* at 10). Additionally, the MGSA provides that the "Honorable Edward W. Miller retains jurisdiction over this matter to ensure compliance with this Order." (*Id.* at 5 (emphasis added)).

On June 13, 2012, Mr. Field and his personal attorney, Fredrick Scott Pfeiffer, were indicted by a State Grand Jury of South Carolina for fourteen counts including, conspiracy, securities fraud, and forgery. Mr. Field has also been the subject of a lawsuit filed in federal court in South Carolina pursuant to the Racketeer Influenced Corrupt Organization Act ("RICO").

An additional issue herein is Mr. Field's relationship with Counselor Westrick. Counselor Westrick first became engaged with CIF to recover assets that CIF had invested in New Jersey companies. In June of 2008, Counselor Westrick on behalf of the law firm Golden,

Rothschild, Spagnola, Lundell, Boylan & Garubo, P.C. ("GRSLBG") and Mr. Field on behalf of CIF entered into a Retainer Agreement. The Retainer Agreement provided that GRSLBG would represent CIF in pursuit of claims in New Jersey related to LRI or related entities.. (See Westrick Cert., Ex. X). Importantly, Counselor Westrick was involved in the 2008 Foreclosure Action of the Wyckoff property that is the subject of this matter. There is a dispute as to whether Counselor Westrick was involved in the sale of the Wyckoff property subsequent to the Sheriff's Sale. Mr. Field maintains that Counselor Westrick represented both he and CIF. Further, Mr. Field certifies that he paid Counselor Westrick, contacted him on several occasions regarding SRG 457 matters, and relayed confidential information to Counselor Westrick. On January 31, 2012, Counselor Westrick resigned from GRSLBG and on February 1, 2012, became a Partner in the law firm of Tressler LLP (hereinafter "Tressler"). All pending matters on behalf of CIF were transferred from GRSLBG to Tressler for the purpose of retaining Counselor Westrick. (See Westrick Cert., Para. 41 and 42).

Mr. Field has filed a motion to amend third party complaint to include: Jerry Saad, Curtis Stodghill, Christopher Westrick, Tressler, LLP, and GRSLBG as third party defendants. Additionally, Mr. Field has submitted that Counselor Westrick will be called as a witness in the case.

Additionally, the plaintiff, CIF, has filed a motion to strike/suppress the answer and defenses of Mr. Field for failure to provide discovery.

Standard for Dismissal

R. 4:6-2(e), the complaint must be searched in depth and with liberality to determine if a cause of action can be gleaned even from an obscure statement, particularly if further discovery can be taken. Printing Mart-Morristown v. Sharp Electronics, 116 N.J. 739, 746 (1989).

Moreover, a complaint should not be dismissed under R.4:6-2(c) where a cause of action is suggested by the facts and a theory of actionability may be articulated by amendment of the complaint. *Id.* However, if the complaint states no basis for relief, and discovery wouldn't provide such basis, dismissal is appropriate. Energy Rec. v. Dept. of Env. Prot., 320 N.J. Super 59, 64 (App. Div. 1999). A dismissal for failure to state a claim is generally without prejudice. See Liberty Mut. Ins. Co. v. Garden State Surgical Ctr., L.L.C., 413 N.J. Super, 513, 524 (App. Div. 2010).

Analysis

A. Personal Jurisdiction

In relevant part, New Jersey Court Rule 4:6-2 states, that a defendant may assert the following defenses in his answer, or by motion, with a brief:

(a) lack of jurisdiction over the subject matter, (b) lack of jurisdiction over the person, (c) insufficiency of process, (d) insufficiency of service of process, (e) failure to state a claim upon which relief can be granted, (f) failure to join a party without whom the action cannot proceed, as provided by R. 4:28-1.

Pursuant to R. 4:6-3 defenses (b) (c) and (d) in R. 4:6-2 must "be raised by motion within 90 days after service of the answer, provided that defense has been asserted therein and provided, further, that no previous motion to which R. 4:6-6 is applicable has been made."

In the within matter, Mr. Field filed his answer on July 22, 2012. Therefore, he must have asserted the defense of lack of personal jurisdiction no later than October 20, 2012. This is conceded by Mr. Field in his moving papers. Accordingly, Mr. Field cannot assert the defense of lack of personal jurisdiction as it is untimely.

B. First-Filed Doctrine

The First-Filed Rule holds that a defendant seeking relief from a New Jersey action must establish three factors:

1. There is a first-filed action in another state;
 2. That both cases involve substantially the same parties, the same claims, and the same legal issues; and
 3. That plaintiff will have the opportunity for adequate relief in the prior jurisdiction.
- American Home Products Corp. v. Adriatic Insurance Co., 286 N.J. Super. 24, 37 (App. Div. 1995).

If the defendant meets these three prerequisites, the court will dismiss a subsequently filed case unless the party resisting such relief can demonstrate that "special equities" exist. New Jersey has long adhered to "the general rule that the court which first acquires jurisdiction has precedence in the absence of special equities." Sensient Colors Inc. v. Allstate Insurance Co., 193 N.J. 373, 387 (2008), quoting Yancoskie v. Del. River Port Authority, 78 N.J. 321, 324, 395 A.2d 192 (1978). Thus, absent extenuating circumstances sufficient to qualify as special equities, comity and common sense counsel that a New Jersey court should not interfere with a similar, earlier-filed case in another jurisdiction that is "capable of affording adequate relief and doing complete justice" Sensient Colors, 193 N.J. at 387, quoting O'Loughlin v. O'Loughlin, 6 N.J. 170, 179, 78 A.2d 64 (1951).

As to the moving party's burden to establish that an earlier-filed action in another state involves substantially the same parties, the same claims, and the same legal issues, the Sensient Colors court held that "the moving party is required only to show that the parties, claims, and issues in the two lawsuits are *substantially* the same, not *exactly* the same. See Sensient Colors, 193 N.J. at 391-92. Once a moving party has met its burden, the burden shifts to the party opposing dismissal to show the lack of opportunity for adequate relief or the presence of special equities. See Continental Insurance v. Honeywell International, Inc., 406 N.J. Super. 156, 190-91, 967 A.2d 315 (App. Div. 2009).

In the within matter, the defendant has raised circumstances which would suggest that the first-filed doctrine support the New Jersey action being dismissed as to Mr. Field. Herein,

similar litigation regarding Mr. Field's conduct as to the CIF mortgages and notes, his fiduciary responsibility, his managerial undertakings on behalf of CIF were addressed in the South Carolina civil litigation which was resolved by a master settlement agreement where the judge retained jurisdiction. In South Carolina Mr. Field has been indicted on multiple counts, including securities fraud, forgery, conspiracy, and RICO. The actions in South Carolina and the subject New Jersey action involve many of the same parties and alleged conduct of Mr. Field for the same time period which were, or could have been, addressed in the South Carolina litigation. Again, the South Carolina court retained jurisdiction and Mr. Field waived counterclaims based on that resolution. Specifically, in the previous South Carolina litigation, pursuant to the settlement agreement reached, all claims against Mr. Field were dismissed without prejudice because he agreed "that he shall give up and all claims for future payments on account of his employment contract and shall immediately resign his offices at [CIF] . . ." (See Westrick Cert., Ex. I at 4-5). Pursuant to the MGSA, "the Honorable Edward W. Miller [retained] jurisdiction over this matter to ensure compliance with this Order." (See Westrick Cert., Ex. I at 5). In the argument submitted counsel have alleged statute of limitations issues, which this court finds not persuasive as the South Carolina court retained the matter. Any collateral implications do not therein dictate New Jersey should assume jurisdiction.

Accordingly, the court finds that pursuant to the first-filed doctrine the within claims as they relate to Mr. Field should be dismissed.

C. *Forum Non Conveniens*

Forum non-conveniens is an equitable doctrine and it is therefore within the discretion of the court to determine whether or not to decline jurisdiction. Kreuzer v. Kreuzer, 230 N.J. Super. 182, 186 (App. Div. 1989), *cert. denied*, 117 N.J. 118 (1989). The doctrine of *forum non*

conveniens is predicated on the availability of an alternate forum. See In Re Vioxx Litigation, 395 N.J. Super 358, 365 (App. Div.) *certif. denied* 193 N.J. 221 (2007). A court with jurisdiction over a matter should decline to exercise that jurisdiction only upon a showing of great hardship and manifest inappropriateness of the forum, and only if the plaintiff will not be seriously inconvenienced by being denied access to the New Jersey courts. See Gates v. Kason Corp., 145 N.J. 478, 479 (1996).

A determination on *forum non conveniens* grounds requires a three-step analysis. First, the party seeking dismissal must demonstrate the availability of an alternate forum. Gore v. US Steel Corp., 15 N.J. 301, 305 (1954), *certif. denied* 348 U.S. 861 (1954). The movant must then concede that the jurisdiction is not only available, but appropriate under the totality of the circumstances. Piper Aircraft v. Reyno, 454 U.S. 235, 255 (1981). In the within matter, defendant Mr. Field has clearly shown that there is an alternate forum available. Litigation arising out of some of the same circumstances was undertaken in South Carolina in the civil context and there may similar implications in the United States District Court of South Carolina where Mr. Field has been indicted on multiple counts, including securities fraud, forgery, conspiracy, and RICO. The court is unaware of the amount claims for restitution. Further, although a settlement agreement has been reached in the Thirteenth Circuit of South Carolina on claims brought by CIF note holders for their principal and interest, the court importantly retained jurisdiction. Again, the MGSA provides that the "Honorable Edward W. Miller retains jurisdiction over this matter to ensure compliance with this Order." (See Westrick Cert., Ex. I at 5).

Second, the court must take into account a presumption of deference to a plaintiff who is a resident of the home forum. A non-resident's choice of forum is given "substantially less

deference," Chubb Custom Ins. Co. v. Prudential Ins. Co. of America, 394 N.J. Super 71, 80 (App. Div. 2007), *aff'd* 195 N.J. 231 (2008). Herein, the plaintiff is not a resident of New Jersey; it is a South Carolina corporation. The subject property in dispute, the Wyckoff property, is located in New Jersey. CIF has offices only within South Carolina, its members all reside in South Carolina, and CIF registers annually with the South Carolina Securities Division. (See Field Cert., Para. 5, 6, and 8). Further, defendant Mr. Field is a South Carolina resident.

The third step requires a court to take into account the public interest and private interest factors in order to balance the hardships imposed upon the parties, and the suitability of the alternate forum. These factors were identified in D'Agostino v. Johnson & Johnson, Inc., 225 N.J. Super., 250, 263 (citing Gulf Oil v. Gilbert, 330 U.S. 501 (1947)):

The [Gulf Oil] Court identified four "private interest" factors: (1) the relative ease of access to sources of proof, (2) the availability of compulsory process for attendance of unwilling witnesses and the cost of obtaining the attendance of willing witnesses, (3) whether a view of the premises is appropriate to the action and (4) all other practical problems that make trial of a case "easy, expeditious and inexpensive," including the enforceability of the ultimate judgment. (*citation omitted*). In addition, the Court referred to the following "public interest" factors: (1) the administrative difficulties which follow from having litigation "pile up in congested centers" rather than being handled at its origin, (2) the imposition of jury duty on members of a community having no relation to the litigation, (3) the local interest in the subject matter such that affected members of the community may wish to view the trial and (4) the local interest "in having localized controversies decided at home." (*citation omitted*).

In the within matter, South Carolina clearly exists as an alternative forum, the plaintiff corporation was created pursuant to South Carolina law and does business predominately in South Carolina, and factors of public and private interest justify the case being dismissed as to Mr. Field because South Carolina is the appropriate venue. Although the property in dispute is located in New Jersey, both CIF and Mr. Field are residents of South Carolina, thus New Jersey has a limited interest in this dispute. Collateral claims regarding the property which are appropriate can proceed.

Additionally, the court notes that Mr. Field has suffered an illness which required surgery in December of 2012. (See Field Cert., Para. 124). Mr. Field certifies that he has been prescribed numerous medications and, given his illness, attending proceedings in New Jersey may prove difficult. (See Field Cert, Para. 123).

For the aforementioned reasons, the court finds that South Carolina is a more appropriate venue to hear the claims against Mr. Field. As such, the court dismisses the plaintiff's complaint as to defendant, Mr. Field.

D. *Res Judicata and/or Collateral Estoppel*

The doctrine of res judicata, or claim preclusion, precludes a plaintiff from relitigating the same claim against the same parties, provided the claims have been "fairly litigated and determined." First Union Nat'l Bank v. Penn Salem Marina, Inc., 190 N.J. 342, 352 (2007) (emphasis added); Velasquez v. Franz, 123 N.J. 498, 505 (1991). The doctrine applies when "the judgment relied upon [is] valid, final and on the merits; the parties in the two actions [are] either identical or in privity with one another; and the claims [grew] out of the same transaction or occurrence." Olds v. Donnelly, 291 N.J. Super. 222, 232 (App. Div. 1996) (emphasis added), *aff'd*, 150 N.J. 424 (1997).

In particular, collateral estoppel "bars relitigation of any issue which was actually determined in a prior action, generally between the same parties, involving a different claim or cause of action." Sacharow v. Sacharow, 177 N.J. 62, 76, 826 A.2d 710 (2003) (quoting State v. Gonzalez, 75 N.J. 181, 186, 380 A.2d 1128 (1977)). As to the application of collateral estoppel, the party asserting the bar must show that: (1) the particular issue to be precluded is identical to the issue decided in the previous proceeding; (2) the issue was actually litigated in the prior action; (3) a final judgment on the merits was issued in the prior proceeding; (4) the

determination of the issue was essential to the prior judgment; and (5) the party against whom preclusion is asserted was a party to or in privity with a party to the earlier proceeding. In re Dawson, 136 N.J. 1, 20-21 (1994).

The defendant, Mr. Field, argues that the within matter was resolved or should be resolved in South Carolina. The court notes the dismissal request is only as to Mr. Field, not the other defendants.

Herein, the Mediated Global Settlement Agreement ("MGSA") and the within action as against Mr. Field arise from the same transaction or occurrence – namely, Mr. Field's actions as Manager of CIF. In the underlying class action lawsuits resolved by the MGSA, the CIF note holders were seeking to recover their principal and interest. Mr. Field contends that CIF was also a party to all such consolidated actions and was represented by counsel. (See Field Cert., Para. 109). Similarly, herein the plaintiff seeks to recover damages as a result of the 457 Carlton Road and Calvary's breach of contract on the sale of the Wyckoff property to CIF. In essence, the damages potentially recovered by CIF would be returned to CIF principals and its holders/creditors.

The court finds that the August 2009 MGSA was a dispositive resolution as to claims against Mr. Field when the claims were dismissed without prejudice as he agreed "that he shall give up and all claims for future payments on account of his employment contract and shall immediately resign his offices at [CIF] . . ." and jurisdiction was retained. (See Westrick Cert., Ex. 1 at 4-5). The MGSA provides, in relevant part:

In order to preserve whatever rights and expectations of privacy Dr. Field, Capital Investment Funding, LLC and all related companies may have in these documents and in order enable Dr. Field and Capital Investment Funding, LLC and all related companies to deliver the documents to the Receiver without any delay, the Court by approving this Settlement Agreement does Order Dr. Field and Capital Investment Funding to turn over all records including all documents, emails, computer records, mortgages and the like to

the Receiver within ten (10) days of the approval of this agreement and all of Dr. Field's right shall run with the documents.
[Westrick Cert., Ex. 1 at 5.]

Mr. Field was also to provide "a complete listing of any all real property . . . to the receiver at his address to include any and all notes, mortgages and other assets of any value to include records as to whether or not taxes have been paid on the aforementioned properties . . ." (*Id.* at 10). Any issues which thereof developed as to Mr. Field's actions were to be brought back before that court.

It is well settled that state courts must give preclusive effect to prior federal court judgments, Watkins v. Resorts Int'l Hotel & Casino, Inc., 124 N.J. 398, 406 (1991), and the doctrines of collateral estoppel and res judicata prevent a plaintiff from relitigating a cause of action against a party where a final judgment has been entered based upon the same facts at issue. Tarus v. Borough of Pine Hill, 189 N.J. 497, 520 (2007). Herein, a dispositive determination was made as the MGSA "disposed of all claims between or among all parties, . . . raised or which might have been raised by them" and any issues thereafter were to be dealt with before that court. (Field Cert., Para. 113). The court notes that the assignment of the mortgage and note to CIF from LRI was on or around June 6, 2008 and the sale thereafter of the Wyckoff property in dispute predated the MGSA. Therefore the settlement agreement and resolution of the South Carolina civil litigation, the court finds dispositive as to encompass the same conduct and retained jurisdiction, which would include the sale of the Wyckoff property to 457 Carlton Road and Calvary as it relates to Mr. Field.

Accordingly, the court finds that the doctrine of *res judicata* and/or collateral estoppel apply to the facts herein as the MGSA, signed by the Honorable Edward Miller, is a dispositive

finding that this court is bound to follow. For the aforementioned reasons, the claims brought by CIF against Mr. Field are dismissed.

E. Standing

Defendant Field contends that CIF does not have standing to litigate the within case pursuant to the imputation doctrine (see NCP Litigation Trust v. KPMG, 187 N.J. 353 (2006)) and N.J.S.A. 14A:13-11. N.J.S.A. 14A:13-11 states, in relevant part:

(1) No foreign corporation transacting business in this State without a certificate of authority shall maintain any action or proceeding in any court of this State, until such corporation shall have obtained a certificate of authority. This prohibition shall apply to (a) any successor in interest of such foreign corporation, except any receiver, trustee in bankruptcy or other representative of creditors of such corporation;

This issue is premature in the motion to dismiss. Pursuant to the imputation doctrine, "a third party may invoke imputation as a defense against a principal seeking to enforce an agreement when the principal's agent fraudulently induced the third party to enter into that agreement. In other words, an agent's fraud is imputed to a principal, thereby barring the principal from suing the third party." NCP Litigation Trust, supra at 367. This is premature at this time as "many courts have held that the applicability of the imputation defense to a particular case cannot be determined on a motion to dismiss or on a motion for summary judgment," Id. at 366. Further, no discovery has been completed surrounding whether CIF was/is registered to transact business in New Jersey. The court notes that CIF also contends that Mr. Field himself has availed himself of the New Jersey courts pursuing litigation on behalf of CIF.

The court need not address this argument further based on the aforementioned findings.

F. Request to Stay Discovery

The defendant has requested a stay of discovery until the defendant's motion is resolved and final judgment is entered, including an appeal there from. The court denies the defendant's

request to stay the action. The court notes that the discovery end date in the within matter is May 22, 2013.

G. Lack of Actual and/or Identifiable Damages

Defendant Field alleges that CIF has no damages from his alleged misconduct. He maintains that all damages stem from the misconduct of 457 Carlton or Calvary's failure to pay for the subject property. The court denies the motion to dismiss on this ground as there are identifiable damages. First, CIF is seeking to recover the \$305,778.63 due and owing to CIF on the sale of the Wyckoff property. Second, CIF claims they are "entitled to damages under the Sales Contract to residual funds arising from the buyer's resale of the Property." The court finds that the claims as related to Mr. Field are better litigated in South Carolina.

H. Disqualification of Counselor Westrick and/or Tresslor, LLP

Motions to disqualify counsel are generally disfavored by the Court. Disqualification is a hard discretionary remedy that must be used sparingly. See Cavallaro v. Jamco Prop. Mgmt., 334 N.J. Super. 557, 572 (App.Div. 2000). Therefore even if a conflict of interest is found under RPC 1.7, whether disqualification is appropriate depends on the facts of the case. See id. The movant bears the burden of production and persuasion in his request to disqualify opposing counsel. See O Builder's & Assoc., Inc. v. Yuna Corp. of N.J., 206 N.J. 109, 129 (2011).

An attorney-client relationship is formed when "a person manifests to a lawyer the person's intent that the lawyer provide legal services for that person" and "the lawyer manifests to the person consent to do so." Restatement (Third) of the Law Governing Lawyers, Section 14 (2000). The term "client" is defined as "a person or corporation or other association that, directly or through an authorized representative, consults a lawyer or the lawyer's representative for the purpose of retaining the lawyer or securing legal service or advice from him in his

professional capacity . . ." N.J.S. 2A:84A-20(3)(a); N.J.R.E. 504. In the corporate context, an employee of the corporation may be protected by the attorney-client privilege when the employee plays a substantial role in directing the corporation's legal response. See Upjohn Co. v. United States, 449 U.S. 383, 391-393 (U.S. 1981).

In the within matter, Mr. Field was a 90% owner and the manager of CIF for three years while being represented by Counselor Westrick. Mr. Field was responsible for directing CIF's legal responses, hired Counselor Westrick, signed the checks paid to Counselor Westrick, and was in constant communication with Counselor Westrick regarding CIF acquisitions, including those in dispute herein. Throughout their relationship, Mr. Field shared confidential information with Counselor Westrick. Counselor Westrick was substantially involved in CIF acquisitions, including the representation of CIF and/or Mr. Field in the negotiations of the Wyckoff property.

Rule of Professional Conduct 1.7 states, in relevant part:

- (a) Except as provided in paragraph (b), a lawyer shall not represent a client if the representation involves a concurrent conflict of interest. A concurrent conflict of interest exists if:
- (1) the representation of one client will be directly adverse to another client; or
 - (2) there is a significant risk that the representation of one or more clients will be materially limited by the lawyer's responsibilities to another client, a former client, or a third person or by a personal interest of the lawyer.

In the within matter, it is clear that there is a conflict of interest for Counselor Westrick to represent CIF against Mr. Field. Given Counselor Westrick's extensive involvement with Mr. Field when he served as manager of CIF, the attorney-client privilege would protect all communications between same.

Moreover, even if Mr. Field is not considered a "client" of Counselor Westrick, Counselor Westrick must still be disqualified pursuant to RPC 3.7. In relevant part, R.P.C. 3.7 states:

(a) A lawyer shall not act as advocate at a trial in which the lawyer is likely to be a necessary witness unless:

- (1) the testimony relates to an uncontested issue;
- (2) the testimony relates to the nature and value of legal services rendered in the case; or
- (3) disqualification of the lawyer would work substantial hardship on the client.

(b) A lawyer may act as advocate in a trial in which another lawyer in the lawyer's firm is likely to be called as a witness unless precluded from doing so by RPC 1.7 or RPC 1.9.

Herein, Counselor Westrick is not only likely to be called as a witness, but also could be a substantive witness integral to the success of the plaintiff's case. Mr. Field maintains that Counselor Westrick has knowledge of CIF interaction with LRI and Arthur Miller. Counselor Westrick also represented CIF and Mr. Field in the negotiations and Sheriff's Sale of the Wyckoff property, as well the Hackensack condominiums acquired by CIF in 2007. These are certainly issues that Counselor Westrick may be called as a witness to testify about. Mr. Field has filed a motion to amend third party complaint to include Counselor Westrick. Accordingly, R.P.C. 3.7 requires he be disqualified as an attorney on the within matter. The court notes that it is still early in the litigation process and CIF will not be prejudiced by Counselor Westrick's disqualification. CIF has adequate time to retain new counsel in this matter.

As the court has dismissed the counts as to Mr. Field, the court notes that the request for disqualification may be moot. Counselor Westrick, Esq. and Tressler, LLP's representation of the plaintiff has not been objected to by any other defendants. The court has included its granting of the defendant's motion to disqualify Christopher Westrick, Esq. and Tressler, LLP from the within action as the dismissal is without prejudice. Because Arthur Field has been dismissed from the within action, the pending motion to Amend Third Party Complaint filed by Mr. Field is hereby denied as moot. Additionally, the pending motion filed by the plaintiff, CIF, to strike/suppress the answer of Mr. Field for failure to provide discovery is also denied as moot.

Feb. 15, 2013 4:55PM

No. 8018 P. 20/20

For the aforementioned reasons, the defendant's motion to dismiss is granted in part as to

Arthur Field.

IN THE STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE

William F. Tomz,

Plaintiff,

v.

Capital Funding, et al.,

Defendants.

IN THE COURT OF COMMON PLEAS
FOR THE 13TH JUDICIAL CIRCUIT

C. A. No. 2008-CP-23-3665

RESPONSE TO JUDGE'S ORAL
ORDER OF SEPTEMBER 17, 2013

FILED-CLERK OF COURT
GREENVILLE CO. S.C.
PAUL B. WICKENSIMER

SEP 20 P 4:48

Arthur Field has cooperated fully with the Receiver and continues to do so and fully reserves his legal rights including any objections to the Rule to Show Cause or any findings regarding contempt. Field does not waive any objections to any finding of contempt.

In the spirit of cooperation, Field is hereby producing again all of the documents that he has previously turned over to the Receiver. These documents are contained in hard copies and on a thumb, with an accompanying paper index. The documents contained on Mr. Field's personal computer are being produced, and Field makes the computer itself available for inspection before 5 pm today, if the Receiver desires, or at a convenient time thereafter.

Also on the thumb drive are spread sheets regarding the buying and selling of investment pools by Lion Financial.

The above items are everything in Field's possession to the best of his knowledge, with the exception of information he exchanged with the Attorney General's office, which has been placed under seal. This information consists of Field's proffer to the Attorney General and 6 CDs provided to Field by the Attorney General pursuant to a Brady Order. A videotape of the June 15, 2008 presentation made by L'Abbata and Pfeiffer in CIF's Easley office is included in

the proffer. These documents have been given to Field's criminal attorney, James Todd Rutherford, and available for inspection once approved by the Attorney General to be produced.

Field did not receive an itemized listing from Mr. Saad of the contents of any boxes he took possession of from the CIF Easley office or that Field delivered to him, and therefore is unable to provide a complete list of the documents that may be in his possession.

Field does not have possession of original documents. Original documents may be in the possession of Scott Pfeiffer, David Gannt, Christopher Westrick, Robert Pohl, Elliot Salzman, Dave Lorenzo, Robert L'Abbate, Richard Malagiere, Vincent Papalia, or Gary Kraft. Christopher Westrick is believed to have a copy of all documentation relating to LRI loans, Monmouth loans, the Unit 401, Unit 109, and 457 Carlton Road properties in New Jersey. Pfeiffer's surviving law firm may have documents related to closings conducted by Pfeiffer on behalf of CIF.

The auditors, Kent Evans Group (2001), Porter & Highley (2002-2006), and McKinley Cooper (2007-2008), reviewed the CIF records and may have copies of loan files or other documents they reviewed while performing audits. Additionally, in 2003, Chis DeVito from Smolin Lupin audited CIF on behalf of LRI. In late 2008, Class Counsel had an accountant review the CIF records. This accountant was provided the Quick Books and access to the CIF offices.

Documents are also in the possession of James Bannister, attorney at law in Greenville, SC, related to CIF's litigation with the Securities Division and Field is providing consent to the Receiver to contact Mr. Bannister regarding these documents.

These were the documents involved in the CIF v. Henry McMaster action in which Saad represented CIF. These documents were provided to Bannister who was representing Field and

CIF. They were retained in Bannister's office, upon advice of counsel, until the present time. These documents are being made available for inspection and copying.

The following information is provided to assist in an understanding of the documents being provided and to provide the potential locations of documents not in Mr. Field's possession or control:

1. Videotape of June 15, 2008 Presentation:

A meeting held at CIF's Easley office for CIF Members on June 15, 2008 was videotaped, and shows a presentation made by L'Abbate, Pfeiffer, and attorney Bryan Payne for CIF. Field did not have the video in his possession but thought it would be helpful to obtain a copy. He was able to locate the videographer and obtain a copy on September 2, 2012. The video was given to the Attorney General's office by Field on October 1, 2012, at which time it was placed under seal. A copy of the video is available for inspection once approval is obtained from the Attorney General.

2. Lion Financial Spreadsheets:

Excel spreadsheets of Lion pool purchases are being produced. These spreadsheets do not include information regarding loans that were outstanding to CIF. These spread sheets were not previously requested by the Receiver.

3. Computers:

All documents contained on CIF computers are in the possession of Mr. Saad. In July of 2009, the CIF Office Manager, Timothy Kelley, turned the keys to CIF's Easley office over to the Landlord, Patrick Hucker. At that time the three CIF computers were in the Easley office. (See Affidavit of Timothy Kelley)

Office computers--CIF had offices in Easley, Greer, and Mount Pleasant, South Carolina. Field does not recall being physically present in any of the CIF offices after

approximately January of 2004. Field is aware of the following CIF computers, to the best of his recollection:

1. Easley office
 - a. Desktop Computer used by the secretary, Ashley Morey;
 - b. Desktop computer from approximately 1999 used by Timothy Kelley.
2. Greer office
 - a. Desktop computer in Greer office, which upon information and belief was taken to the Easley office prior to the time the Receiver was appointed. The Greer office did not have its own staff;
3. Mount Pleasant Office
 - a. It is believed that a computer belonging to Morgan Pressley was used in the Mount Pleasant office.

Receipts are being provided for two of the computers purchased for the CIF office in 2004 and 2005.

Mr. Kelley, the Office Manager, has provided the attached Affidavit regarding the CIF computers. The keys to the Greer and Mount Pleasant CIF offices were turned over to the Landlord in approximately February of 2008. The keys to CIF's Easley office was turned over to the Landlord in July of 2009. The computers were later observed in the storage area adjacent to Saad's office. After Saad became Receiver, Field and Saad attempted, while in Saad's office, to use one of these computers to transfer information directly onto Saad's computer. This computer sat in Saad's office behind the area where clients were seated.

Personal Computers- With the exception of the Lion pools, these documents have been produced previously. Mr. Field's computer caught fire November 29, 2011 when the fan froze. The computer was taken to Computer Direct and while the computer couldn't be reused, many documents were able to be extracted from the computer at that time. Emails dating back more than approximately 90 days were unable to be recovered.

Receipts are being provided showing the purchase of Field's personal computer in 2003, the purchase of his personal computer in 2007, and the repair on November 29, 2011 in which a new hard drive containing recovered information was installed onto the 2003 computer. The 2007 computer is the computer which caught fire November 29, 2011 and could not be salvaged. See April 8, 2013 and April 9, 2013 letter and Production to Stan Case containing the emails produced to Saad in November 2011 and emails November 29, 201 - January 12, 2012.

The production consisting of paper copies reprinted from Field's computer and the contents of the thumb drive. These include the following categories of documents from Mr. Field's personal computer:

- Quick Books records
- Microsoft Access records-filed named "DATACTRL"
- Emails-Field is producing all the emails in his possession. These emails have been previously produced. Field is unable to access his Charter email account despite numerous attempts and attempts by the Attorney General's office due to the manner in which Charter stores and retains documents.
- Draft word documents-Field never received the originals of these documents
- Approximately 20 draft loan documents that Scott Pfeiffer sent to Field
- Copy of the spread sheet provided to Connell in 2008 under the file name "Adjusted Notes" containing the data on the Note Holders including: name, address, social security number, and amounts. Saad was given copies of this file in 2009.
- A copy of the scan Saad was given in 2009 containing loan files- these files were in one of the boxes scanned by Empire. The physical box was delivered to the Receiver after they were scanned in 2009 and the documents were separately provided on a flash drive in 2009.
- Copies of UCC liens filed by Westrick

• Microsoft Access files. Saad was provided a copy of the Microsoft Access files. In approximately 2002 Jack Jager built a software package that was installed on Ashley Morey's desktop computer. Arthur Field and the Easley office of CIF each had a copy of the Microsoft Access file. Saad was previously provided with this Microsoft Access file.

Field will make the computer available for inspection at the office of Bradford Neal Martin & Associates before 5 p.m. on Friday, September 20, 2013, or at any mutually convenient time thereafter.

4. CIF Corporate Records:

Mr. Saad took possession of the CIF corporate books when he took possession of the contents of the CIF offices. The green corporate record book was located in CIF's Easley office. The corporate book has the name "Carolina Investment Funding" on the cover because it was purchased before the name of the company was changed. Field was previously asked to reprint and sign the minutes. A scan of these minutes was given to Saad and the originals were provided to the Attorney General.

Field is reproducing copies of the Amended Operating Agreement and minutes that are located in the corporate book. Field is also reproducing the pension/profit sharing information contained in the corporate book.

5. Note Holder files:

Mr. Saad had a copy of all Note Holder files. These files were scanned by Empire Document Service and provided to him on flash drives.

Any paper copies that were in CIF's possession were maintained in the Easley office of CIF. Timothy Kelley, who was employed as Office Manager was the only person with a set of keys to the Easley office from approximately June of 2008 until July of 2009. CIF did not keep files in off-site storage. In July of 2009, approximately 90 boxes of Note Holder files were taken

from the Easley office by Legal Eagle. (See Kelley Affidavit) The copying contract was awarded to Empire Document Service and the boxes were stored in a locked climate-controlled storage facility until all scanning was completed. Empire paid the rent on the storage facility through the end of October 2009, at which time they were to be retrieved by CIF, at CIF's expense.

6. Cosimo Files:

Approximately 3 boxes of back loans from Cosimo were located in the Easley office. These boxes were in the office at the time Saad took possession of the contents of the office. Approximately 15-20 boxes that were in the possession of Cosimo in Scott Pfeiffer's office were transported from Pfeiffer's office to Saad's office and placed in his adjacent storage area, at his request in September, 2009.

7. Empire Document Service Contract:

A copy of the Empire Document Service Contract is being reproduced.

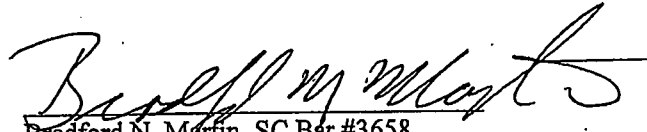
8. Loan Files

Mr. Saad had the paper copies of the loan files when he took possession of the CIF office as Receiver. The loan files were located in the Office Manager's office at the time the keys were returned to the Landlord in July of 2009. When the Office Manager returned a few days later to conduct an inspection in order to obtain the damage deposit, the office was completely empty. In the general course of business, CIF did not maintain loan files after they were paid and closed. Field is producing copies of spread sheets, copies of draft documents, and scans of documents that relate to loans. Field is not in possession of any original loan documents. In April 2007, the Securities Division reviewed all loan files and has made copies of loan files.

Sincerely,

Date

20 Sept 13



Bradford N. Martin, SC Bar #3658

Laura W. H. Teer, SC Bar #16698

Brook Bristow, SC Bar #76038

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864.552.9990

ATTORNEYS FOR MOVANT

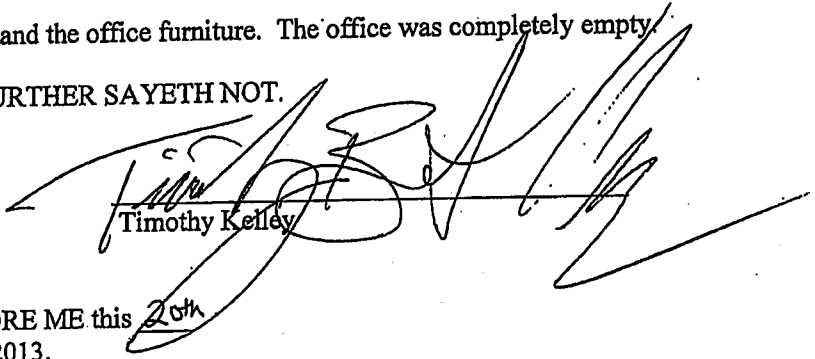
ARTHUR M. FIELD

9. I was instructed to turn the keys back to the Landlord, Pat Hucker, on or about July 2009. At that time, the three computers remained in the office, along with the office furniture. The loan files also remained in my office.

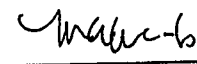
10. Based on the GSMA, Jerry Saad was appointed Receiver and I was informed that he would take possession of everything in the office, including the three computers, the files, and the remaining office furniture.

11. After returning the keys to Mr. Hucker, I returned a few days later to give my spare set of keys to him. At that time, I looked in the office and everything was gone; including all three computers and the office furniture. The office was completely empty.

THE AFFIANT FURTHER SAYETH NOT.


Timothy Kelley

SWORN TO BEFORE ME this 20th
day of September, 2013.


Notary Public for South Carolina W.E. Means
My Commission Expires: 11.20.13

RECEIPT FOR COURT ORDERED DOCUMENTS

William F. Tomz, et al v. Capital Investment Funding
C/A No. 2008-CP-23-3665

In accordance with the Court's Order on September 17, 2013, Arthur Field and his counsel hereby produce the following files (SEE DESCRIPTION OF INFORMATION RECEIVED BELOW), constituting every document Mr. Field has in his possession or control.

Receiving Organization: <i>STODGHILL LAW FIRM CHARTERED</i>	Received By (Signature): <i>C. Stodghill</i>
Date of Receipt: <i>9/20/13</i> Time of Receipt: <i>4:50 PM</i>	Delivered By: <i>Bradford Neal Martin + Assoc.</i> <i>For: Arthur Field</i> <i>By: Christopher G. Martin</i> <i>Bulley</i>
Description of Information Received: - Response to Judge's Oral Order of September 17, 2013 - Thumb Drive labeled Scan Disc 1. This Drive contains 206 items. - 611 pages of documents with index - Field personal computer made available for inspection - Letter to Stan Case dated April 8, 2013 with attachments - Letter to Stan Case dated April 9, 2013 with attachments - Affidavit of Timothy Kelley - Computer Direct Outlet invoices 12.18.2003; 4.01.2004; 3.15.2005; 9.15.2007; and 11.29.2011 - Email dated 4.11.2013 from Arthur Field to Stan Case - Complete Self-Contained Appraisal Report of 33.235 acres of Vacant Land - July 31, 2008 letter to Gene Connell - Two email chains and attachments consisting of 15 pages - 22 pages regarding Trazom, LLC including Lease Agreement Extension and letters regarding same	
Other: _____	

RECEIPT FOR DOCUMENTS

Receiving Organization:

Saad & Munios LLC

Received By(Signature):

Maggiott Hemborg

Date of Receipt: 11.19.2013

Delivered By:

Time of Receipt: 12:00 p.m.

Description of Information Received:

- Two (2) Bankers Boxes of documents received from Jim Bannister's office
- CD of CIF video of presentation made by Robert L'Abbate

Other: _____