CLOSING STATEMENT CERTIFICATE AND RECEIPT

Reference is hereby made to that certain Stock Purchase Agreement, dated June 20, 1997 and effective as of June 1, 1997 (the "Purchase Agreement"), by and among MI Acquisition Corporation ("Buyer") and Roger J. Wikner, James E. Iverson and Steven W. Erickson (collectively, the "Sellers"). Capitalized terms used herein without definition shall have the respective meanings ascribed to such terms in the Purchase Agreement and incorporated herein by reference.

Buyer hereby confirms deliver to each Seller of the respective Net Closing Proceeds Amount for such Seller in accordance with the written wire transfer instructions provided by Sellers to Buyer pursuant to Section 2.2 of the Purchase Agreement and attached hereto as Exhibit A, and each Seller hereby acknowledges receipt of such Net Closing Proceeds Amount from Buyer.

The Net Closing Proceeds Amount is calculated as follows:

I.	PURCHASE PRICE		$15,000,000.00
II.	ROGER J. WIKNER - CLOSING PROCEEDS	$7,310,725.55	
A.	ADJUSTMENT TO CLOSING PROCEEDS		
1.	MidAmerica Bank Down Payment	(500,000.00)	
2.	Miller & Schroeder, Inc.		
a)	Life Insurance	(57,056.61)	
b)	Life Insurance	(15,786.16)	
c)	Life Insurance	(4,139.46)	
d)	Note Receivable	(100,000.00)	
e)	Interest Receivable	(10,183.89)	
f)	Note Receivable	(225,000.00)	
g)	Interest Receivable	(11,466.00)	
	Total	(423,632.12)	
3.	Miller & Schroeder Financial, Inc.		
a)	Note Receivable	(54,932.00)	
b)	Interest Receivable	(2,628.54)	
c)	Country Club	(81,000.00)	
d)	Bonus Advances	(175,000.00)	
e)	Expense Reimbursements	(45,007.62)	
f)	Aviation Charter Receivable	(13,792.01)	
g)	Mercedes Purchase	(66,743.94)	
	Total	(439,104.11)	
B.	NET ADJUSTMENTS TO CLOSING PROCEEDS	($1,362,736.23)	($1,362,736.23)
C.	NET CLOSING PROCEEDS TO WIKNER	$5,947,989.32	

EXHIBIT

A

1562773

III.	JAMES E. IVERSON - CLOSING PROCEEDS	$7,310,725.55	
	A. ADJUSTMENT TO CLOSING PROCEEDS		
	1. MidAmerica Bank Down Payment	(500,000.00)	
	2. The American Bank	(530,512.33)	
	3. Miller & Schroeder, Inc.		
	a) Note Receivable	(452,651.81)	
	b) Interest Receivable	(50,859.58)	
	c) Note Receivable	(290,000.00)	
	d) Interest Receivable	(14,778.40)	
	Total	(808,289.79)	
	3. Miller & Schroeder Financial, Inc.		
	a) Note Receivable	(240,486.00)	
	b) Interest Receivable	(11,507.46)	
	c) Bonus Advances	(115,000.00)	
	d) Expense Reimbursements	(15,668.33)	
	Total	(382,661.79)	
	B. NET ADJUSTMENTS TO CLOSING PROCEEDS	($2,221,463.91)	($2,221,463.91)
	C. NET CLOSING PROCEEDS TO IVERSON	$5,089,261.64	
IV.	STEVEN W. ERICKSON - CLOSING PROCEEDS	$378,548.90	
	A. ADJUSTMENT TO CLOSING PROCEEDS		
	1. Miller & Schroeder Financial, Inc.		
	a) Country Club	(12,321.25)	
	b) Travel Advances	(2,282.95)	
	Total	(14,604.20)	
	B. NET ADJUSTMENTS TO CLOSING PROCEEDS	($14,604.20)	($14,604.20)
	C. NET CLOSING PROCEEDS TO ERICKSON	$363,944.70	
V.	TOTAL CLOSING AMOUNT PROCEEDS TO SELLERS		$11,401,195.66

VI. DISTRIBUTION OF CLOSING PROCEEDS

A	ROGER J. WIKNER	$5,947,989.32
B.	JAMES E. IVERSON	$5,089,261.64
C.	STEVEN W. ERICKSON	$363,944.70
D.	MIDAMERICA BANK	$1,000,000.00
E.	THE AMERICAN BANK	$530,512.33
F.	CHASE MANHATTAN BANK	66,743.94

VII. TOTAL DISTRIBUTION OF CLOSING PROCEEDS $12,998,451.93

IN WITNESS WHEREOF, the parties hereto have executed this Closing Statement Certificate and Cross Receipt this 31st day of July, 1997.

MI ACQUISITION CORPORATION

By _____
James F. Dlugosch
Its President

_____
Roger J. Wikner

_____
James E. Iverson

_____
Steven W. Erickson

IN WITNESS WHEREOF, the parties hereto have executed this Closing Statement Certificate and Cross Receipt this 31st day of July, 1997.

MI ACQUISITION CORPORATION

By _____
James F. Dlugosch
Its President

_____
Roger J. Wikner

_____
James E. Iverson

_____
Steven W. Erickson

EXHIBIT A

Wire Transfer Instructions

FOR AMERICAN BANK PAYOFF: **$530,512.33**

Firstar
ABA #0750002-2
for further credit to American Bank of Nashwauk
acct # 6511-0
for further credit to James E. Iverson
acct #: Note #4135, 4489

JAMES E. IVERSON **$5,089,261.64**

Bank:	Bank of America
City & State:	Rancho Sante Fe, CA
ABA#:	121000358
Account #:	218700635
Account Name:	James E. Iverson

ROGER J. WIKNER **$5,947,989.32**

Bank:	Norwest Bank, South Dakota
City & State:	Sioux Falls Downtown Sioux Falls, SD
ABA#:	091400046
Account #:	0830300409
Account Name:	Roger or Shirley Wikner

STEVEN W. ERICKSON **$363,944.70**

Bank:	First Bank, NA
City & State:	Minneapolis, MN
ABA#:	091000022
Account #:	1801-3422-1886
Account Name:	Steven W. Erickson

FOR MERCEDES-BENZ PAY-OFF: **$66,743.94**

Bank:	Chase Manhattan Bank
City & State:	New York, NY
ABA#:	021000021
Account #:	910-2-422467
Account Name:	Mercedes-Benz Credit Corp.

MIDAMERICA BANK: **$1,000,000.00**

Bank:	MidAmerica Bank
City & State	St. Paul, MN
ABA #	096014835
Account #	Note #5141929
ATTN:	Loan Servicing Center

February 28, 1997

Mr. Roger Wikner
Mr. Jim Iverson
Miller & Schroeder Financial, Inc.
220 South Sixth Street
Minneapolis, MN 55402

Dear Roger and Jim:

The following is provided in further detail of my letter of intent to purchase Miller & Schroeder, Inc. dated February 18, 1997:

1. The purchase price will be $16,400,000.

2. Seller financing of $4,000,000 will be required. In addition, $1,400,000 of the purchase price will be paid over a seven year period as compensation for consulting services and the execution of a non-compete agreement. At closing, the seller will receive a note in the amount of $4,000,000, repayment of which will be subordinate to bank financing currently estimated at $5,000,000. Interest will be paid at 1% over the Norwest Bank prime rate. The note will be amortized over seven years and will be prepayable at any time.

3. An employment agreement will be negotiated between Jim Iverson and myself.

4. I am prepared to move quickly to a definitive purchase agreement and to close the transaction at an early date, assuming completion of due diligence and satisfactory securing of any contingent liabilities. I look forward to your response and to moving forward with this purchase.

Very truly yours,

James Dlugosch

136/22133218 2/28/97

EXHIBIT
tabbies
B

STOCK PURCHASE AGREEMENT

among

ROGER WIKNER, JAMES IVERSON AND STEVEN ERICKSON

and

MI ACQUISITION CORPORATION

Dated June 20, 1997

Effective as of June 1, 1997

784088.14

EXHIBIT

C

TABLE OF CONTENTS

Page

ARTICLE 1

DEFINITIONS 1
1.1 Specific Definitions 1
1.2 Other Terms 3
1.3 Other Definitional Provisions 3

ARTICLE 2

PURCHASE AND SALE OF STOCK 3
2.1 Purchase and Sale of Stock 3
2.2 Purchase Price 3
2.3 Purchase Price Adjustment 4
2.4 Closing 5

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLERS 5
3.1 Organization 5
3.2 Authorization 6
3.3 Capitalization 6
3.4 Absence of Certain Changes or Events 6
3.5 Absence of Undisclosed Liabilities 7
3.6 Taxes 7
3.7 Litigation 7
3.8 Compliance with Law 8
3.9 Contracts 8
3.10 Brokers and Finders 9
3.11 Consents; No Conflict 9
3.12 Permits, Licenses, Etc. 9
3.13 Benefit Plans 9
3.14 Insurance Policies 10
3.15 Related Transactions 10
3.16 Conduct of Business of the Company 10

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF BUYER 10
4.1 Organization 10
4.2 Authorization 11

Page

4.3 Consents and Approvals 11
4.4 No Finders 11
4.5 Knowledge of James F. Dlugosch 11

ARTICLE 5

CERTAIN COVENANTS AND AGREEMENTS 11
5.1 Conduct of Business of the Company 11
5.2 Access and Information 14
5.3 Consents 14
5.4 Further Actions 14
5.5 Repayment of Amounts Owed by Sellers to the Company 14
5.8 Execution of Noncompetition and Employment Agreements 15
5.10 Termination of Agreement 15
5.11 Efforts to Satisfy Conditions at Closing 15
5.12 Due Diligence 15
5.13 Executive Officer Formula Bonus 15

ARTICLE 6

CONDITIONS TO THE PURCHASE AND SALE 16
6.1 Conditions to the Purchase and Sale Relating to Buyer 16
6.2 Conditions to the Purchase and Sale Relating to Sellers 17

ARTICLE 7

SURVIVAL AND INDEMNIFICATION 18
7.1 Survival of Representations, Warranties and Covenants 18
7.2 Indemnification 19
7.3 Method of Asserting Claims, etc. 19
7.4 Limitation on Indemnification 20
7.5 Waiver of Subrogation 20

ARTICLE 8

MISCELLANEOUS 20
8.1 Right to Terminate 20
8.2 Effect of Termination 21
8.3 Amendment: Modification; Waiver 22
8.4 Public Disclosure 22
8.5 Non-Solicitation 22
8.6 Assignment 22
8.7 Entire Agreement 23

Page

8.8 Schedules 23
8.9 Counterparts 23
8.10 Section Headings: Construction 23
8.11 Notices 23
8.12 Governing Law 24
8.13 Illegality 24
8.14 Dispute Resolution 24

EXHIBITS:

A - January 31, 1997 Financial Statements
B - Form of Iverson Noncompetition Agreement
C - Form of Iverson Employment Agreement
D - Form of Wikner Noncompetition Agreement
E - Form of Erickson Employment Agreement
F - Form of Opinion to be delivered by Sellers' Counsel
G - Form of Opinion to be delivered by Buyer's Counsel

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT, dated June 20, 1997, and effective as of June 1, 1997, among ROGER WIKNER, JAMES IVERSON and STEVEN ERICKSON (individually, a "Seller" and collectively, the "Sellers"), and MI ACQUISITION CORPORATION, a Minnesota corporation ("Buyer"),

W I T N E S S E T H:

WHEREAS, Messrs. Wikner, Iverson and Erickson are all of the shareholders of Miller & Schroeder, Inc., a Minnesota corporation (the "Company"), owning 482,812.5, 482,812.5 and 25,000 shares of Common Stock of the Company, respectively, which represent all of the issued and outstanding capital stock of the Company; and

WHEREAS, the parties hereto desire that Sellers sell, transfer and assign to Buyer, and Buyer purchase from Sellers, all of the issued and outstanding capital stock of the Company, as more specifically provided herein;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein, and subject to and on the terms and conditions herein set forth, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Specific Definitions. As used in this Agreement, the following terms shall have the meanings set forth or as referenced below:

"Agreement" shall mean this Agreement and all Exhibits and Schedules hereto.

"Book Value" shall mean total assets less total liabilities as reflected on the Financial Statements, determined on a consolidated basis, in accordance with GAAP, as defined below, or the Closing Balance Sheet, as defined at Section 2.3(b) hereof, as applicable.

"Broker Call Rate" shall mean the rate charged to the Company on its primary line of credit at Norwest Bank Minnesota, N.A.

"Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banks in Minneapolis are authorized or obligated by law or executive order to close.

"Buyer" shall have the meaning set forth in the Preamble.

"Closing" shall have the meaning set forth in Section 2.4.

"Closing Conditions Period" shall have the meaning set forth in Section 6.1.

"Closing Date" shall have the meaning set forth in Section 2.4.

"Closing Balance Sheet" shall have the meaning set forth in Section 2.3(b).

"Code" means the Internal Revenue Code of 1986, as amended, and Regulations thereunder.

"Encumbrance" shall mean any mortgage, lien, charge, encumbrance, security interest, claim, pledge or option of any nature.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and regulations promulgated thereunder.

"Financial Statements" shall mean the unaudited financial statements of the Company as of January 31, 1997 which are attached hereto as Exhibit A.

"GAAP" shall mean generally accepted accounting principles.

"Material Adverse Effect" shall mean an effect that, individually or in the aggregate with other effects, is or would reasonably be expected to be materially adverse: (i) to the business, properties, liabilities, results of operation, prospects or financial condition of the Company and its Subsidiaries, considered as a whole; (ii) to the ability of the Company and its Subsidiaries to conduct their businesses, as presently conducted, following the Closing Date; or (iii) to Sellers' ability to perform any of their obligations under this Agreement or to consummate the transactions contemplated hereby.

"NASD" shall mean the National Association of Securities Dealers, Inc.

"Person" shall mean a natural person, corporation or other entity, government, or political subdivision, agency or instrumentality of a government.

"Purchase Price" shall have the meaning set forth in Section 2.2.

"Purchase Price Adjustment" shall have the meaning set forth in Section 2.3(a).

"SBA" shall mean the Small Business Administration.

"SEC" shall mean the Securities and Exchange Commission.

"Seller" or "Sellers" shall have the meaning set forth in the Preamble.

"Subsidiaries" shall mean all of the subsidiaries of the Company listed on Schedule 1.1 hereto.

"Tax or Taxes" shall mean any income taxes, franchise taxes, gross receipt taxes, excise taxes, occupation taxes, transfer taxes, value-added taxes, sales or use taxes, wage or employment taxes, real and personal property taxes, and other taxes, fees or assessments or governmental charges in the nature of a tax, including any interest, fines and penalties, additions to tax or additional amounts incurred or accrued under any applicable law or assessed, charged or imposed by any governmental authority.

1.2 Other Terms. Other terms may be defined elsewhere in the text of this Agreement and shall have the meaning indicated throughout this Agreement.

1.3 Other Definitional Provisions.

(a) The words "hereof", "herein", and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) The term "knowledge" or "knows" shall mean actual knowledge without any independent investigation. The knowledge of either Iverson and Wikner shall be deemed to be knowledge of both Iverson and Wikner. The knowledge of Erickson shall not be attributed to Iverson or Wikner.

(c) The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

ARTICLE 2

PURCHASE AND SALE OF STOCK

2.1 Purchase and Sale of Stock. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, each Seller agrees to sell, convey, transfer, assign and deliver to Buyer all of the shares of the Company owned by him, which with the shares held by the other Sellers represents an aggregate of 990,625 shares of Common Stock, or 100% of the issued outstanding capital stock of the Company (the "Purchased Stock"). Upon the terms and subject to the conditions set forth in this Agreement, Buyer agrees to purchase from Sellers the Purchased Stock. Certificates representing the Purchased Stock shall be duly endorsed in negotiable form acceptable to Buyer and its counsel. All necessary documentary transfer tax stamps, if any, shall be the responsibility of Sellers.

2.2 Purchase Price. Upon the terms and subject to the conditions set forth herein, Buyer shall pay to Sellers the aggregate purchase price of $15,000,000 (the "Purchase Price") in consideration for the Purchased Stock, subject to adjustment pursuant to Section 2.3, and payable as shown on a Schedule delivered by Sellers to Buyer at Closing by wire transfer or certified check by Buyer (the instructions for which wire transfer shall be provided to Buyer by each Seller not later than three business days prior to the Closing Date).

2.3 Purchase Price Adjustment.

(a) Adjustment. The "Purchase Price Adjustment" shall be determined by subtracting $12,471,306 [1-31-97 Book Value] from the Book Value as of the Closing Date as reflected in the Closing Financial Statement, as defined in paragraph (b) below.

(b) Calculation. To establish the amount, if any, of the Purchase Price Adjustment, within 45 business days after the Closing Date, Buyer shall, at its expense, cause the Company to prepare and deliver to Sellers a consolidated and consolidating statement of financial condition as of the Closing Date (the "Closing Financial Statement") of the Company and its Subsidiaries and other consolidated and consolidating statements of income and expenses, of cash flows and statement of shareholders' equity, together with all financial documents customarily included in the Company and its subsidiaries' interim financial statements prepared according to GAAP. Buyers shall provide Sellers with access to any financial documents reasonably requested to review the Closing Financial Statement. In the preparation of the Closing Financial Statement, Buyer shall employ generally accepted accounting principles consistent with those employed in the preparation of the audited financial statements of the Company for the year ending October 31, 1996. The value of the stock of United Market Services, Inc. shall be the same on the Closing Financial Statement as set forth in the Financial Statements. The value of the Northern Alternative Energy note on the Closing Financial Statement shall not be reduced to less than $580,000, except for cash payments received and applied to said Note between January 31, 1997 and the Closing Date.

Upon delivery by Buyer to Sellers of the Closing Financial Statement, Sellers shall have 20 business days in which to give Buyer written notice of any objections Sellers, acting together as a group, may have with respect to the Closing Financial Statement or the Purchase Price Adjustment. Failure to give timely written notice to Buyer specifically describing the basis of each such objection shall result in such objection being forever waived. If an objection timely made is not resolved by Buyer and a majority of the Sellers within 15 business days after such objection, such dispute shall be submitted to Deloitte & Touche LLP, or such other national accounting firm mutually agreed upon by Buyer and a majority of the Sellers, for final resolution. Such firm shall present its determination and resolution of any such disputes within 15 business days of the submission of such dispute to the firm, and Buyer and Sellers hereby agree that the determination and resolution by such firm shall be binding and conclusive among the parties. The fees of the above named accounting firm, or such other firm as is selected, in resolving such dispute shall be borne one-half by Buyer and one-half by Sellers. If Sellers do not object to the proposed Closing Financial Statement and Purchase Price Adjustment prior to the close of business on the twentieth (20th) business day following the delivery thereof by Buyer, such proposed Closing Financial Statement and Purchase Price Adjustment shall be deemed final

and binding and shall constitute the Purchase Price Adjustment for all purposes of this Agreement.

(c) Settlement. If the Purchase Price Adjustment is positive, Buyer shall pay such amount to Sellers, in proportion to their percentage ownership of the Purchased Stock. If the Purchase Price Adjustment is negative, each Seller shall pay his proportionate share (based upon their percentage ownership of the Purchased Stock) of such amount to Buyer. If the Purchase Price Adjustment is zero, then the Purchase Price shall have been paid in full by the payment pursuant to Section 2.2. Any Purchase Price Adjustment payable hereunder shall be payable within five days following the date on which the Purchase Price Adjustment is deemed final or is agreed to pursuant to Section 2.3(b) above. The amount payable under this Section 2.3(c) shall be paid by certified check or wire transfer to the accounts designated by Buyer or each Seller, as the case may be, and such amount shall bear simple interest from the Closing Date to the date of payment at the Broker Call Rate in effect as of the date of such payment, which interest shall be paid on the same date and in the same manner as such payment of the amount due under this Section 2.3(c).

2.4 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Briggs and Morgan, P.A., 2400 IDS Center, Minneapolis, Minnesota as of the last business day of the calendar month following the satisfaction or waiver of the conditions to Closing set forth in Article 6 hereof, or on such other date or place as may be mutually agreed upon in writing by Buyer and a majority of the Sellers (the "Closing Date"), which date shall not be later than August 29, 1997, provided, however, in the event the NASD, the SEC or the SBA has not authorized the transactions contemplated in this Agreement by such date and all other conditions to Closing contained in Section 6.1 hereof have been satisfied, the Closing Date may be extended by Buyer to not be later than September 30, 1997.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLERS

Sellers jointly and severally represent and warrant to Buyer as of the date of this Agreement and as of the Closing Date (as if made on that date) as follows:

3.1 Organization. The Company and each Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of its respective jurisdiction of incorporation and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. To the knowledge of Sellers the Company and each Subsidiary is duly qualified and in good standing to do business in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary and where the failure to qualify would have a Material Adverse Effect. The Company has herewith delivered to Buyer complete and accurate copies of the Articles of Incorporation and Bylaws

of the Company and each Subsidiary, as currently in effect. Except as set forth on Schedule 3.1, the Company owns no shares of capital stock or any other equity interest or participation in any other corporation, partnership or other entity except as reflected in the Financial Statements and except that: (i) the Company owns all of the outstanding capital stock of the Subsidiaries; and (ii) from time to time the Company owns shares of capital stock or other equity interests on a short-term basis in connection with its trading operations. Sellers have given Buyer access to: (i) the minute books of the Company and the Subsidiaries, which contain a record of all consents and meetings of the shareholders, board of directors and committees of the board of directors of the Company and each Subsidiary; and (ii) the stock transfer books of the Company and the Subsidiaries.

3.2 Authorization. Sellers have full authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and no other action on the part of Sellers is necessary to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Sellers and constitutes the valid and binding obligation of Sellers, enforceable in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies.

3.3 Capitalization. The authorized capital stock of the Company consists of 3,000,000 shares of Company Common Stock, $.10 per share par value, of which 990,625 shares are issued and outstanding, all of which are owned by Sellers, as follows: Mr. Wikner owns 482,812.5 shares; Mr. Iverson owns 482,812.5 shares; and Mr. Erickson owns 25,000 shares. Except as set forth on Schedule 3.3, all issued and outstanding shares of capital stock of each Subsidiary are owned, beneficially and of record, by the Company, free and clear of any Encumbrances. Except as set forth on Schedule 3.3 all shares of the Purchased Stock have been validly issued, are fully paid and nonassessable, and have not been issued in violation of and are not currently subject to any preemptive rights or Encumbrances. There are not any outstanding or authorized subscriptions, options, warrants, calls, rights, convertible securities, commitments, restrictions, arrangements or any other agreements of any character to which the Company or any Subsidiary is a party that, directly or indirectly, (i) obligate the Company or any Subsidiary to issue any shares of capital stock or any securities convertible into, or exercisable or exchangeable for, or evidencing the right to subscribe for, any shares of capital stock, (ii) call for or relate to the sale, pledge, transfer or other disposition or encumbrance by the Company or any Subsidiary of any shares of its capital stock, or (iii) to the knowledge of Sellers, relate to the voting or control of such capital stock.

3.4 Absence of Certain Changes or Events. Except to the extent specifically disclosed on Schedule 3.4, to the knowledge of Sellers, since January 31, 1997 there has not been any (a) change or circumstance that would have a Material Adverse Effect; (b) action by the Company or any Subsidiary that, if taken on or after the date of this Agreement, would require the consent or approval of Buyer; (c) damage, destruction or Losses, whether covered by insurance or not, that would have a Material Adverse Effect; (d) change by the Company or any Subsidiary in accounting methods or principles used for financial reporting

purposes, except as required by a change in generally accepted accounting principles and concurred with by the Company's independent public accountants; or (e) agreement, whether in writing or otherwise, to take any action described or referenced in this Section 3.4.

3.5 Absence of Undisclosed Liabilities. Except to the extent specifically disclosed on Schedule 3.5, to the knowledge of Sellers, neither the Company nor any Subsidiary has, subsequent to October 31, 1996, incurred any liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise) except (a) liabilities or obligations that are accrued or reserved against in the Financial Statements, and (b) liabilities or obligations arising since October 31, 1996 in the ordinary course of business and consistent with past practice that would not have a Material Adverse Effect.

3.6 Taxes. Sellers have furnished herewith to Buyer complete and accurate copies of all income tax returns required by any law or regulation (whether United States, foreign, state, local or other jurisdiction) filed by the Company for each of the last three fiscal years and of all such returns filed separately by any Subsidiary for such fiscal years. To the knowledge of Sellers, the Company and each Subsidiary has filed, or has obtained extensions to file (which extensions have not expired without filing), all state, local, United States, foreign or other Tax reports and returns required to be filed by any of them. To the knowledge of Sellers, the Company and each Subsidiary has duly paid, or accrued on its books of account, all Taxes (including estimated Taxes) shown as due on such reports and returns (or such extension requests), or assessed against it, or that it is obligated to withhold from amounts owed by it to any person. To the knowledge of Sellers, neither the Company nor any Subsidiary has (i) received notification of any pending or proposed examination by either the IRS or any state, local, foreign or other taxing authority, (ii) received notification of any pending or proposed deficiency by either the IRS or any state, local, foreign or other taxing authority, or (iii) granted any extension of the limitations period applicable to any claim for taxes.

3.7 Litigation. Except to the extent specifically disclosed on Schedule 3.7, to Sellers' knowledge, no investigation or review by any federal, state, local or foreign body or authority (including, but not limited to, the SEC or any nongovernmental self-regulatory agency such as the NASD) with respect to the Company or any Subsidiary is pending or threatened, nor has any such body or authority indicated to the Company or any Subsidiary an intention to conduct the same. Except to the extent specifically disclosed on Schedule 3.7, to the knowledge of Sellers, there are no claims, actions, suits or proceedings by any private party that could reasonably be expected to involve individually an amount in excess of $25,000 or collectively an aggregate amount in excess of $100,000, or by any governmental body or authority, against or affecting the Company or any Subsidiary, pending or, to the knowledge of Sellers, threatened at law or in equity, or before any federal, state, local, foreign or other governmental department, commission, board, bureau, agency or instrumentality.

3.8 Compliance with Law. To the knowledge of Sellers, all activities of the Company and each Subsidiary have been, and are currently being, conducted in compliance with all applicable laws, ordinances, regulations, interpretations, judgments, decrees, injunctions, permits, licenses, certificates, governmental requirements, orders and other similar items of any court, federal, state, local or foreign governmental or other authority, including, but not limited to, the SEC, the SBA and the NASD.

3.9 Contracts. To the knowledge of Sellers, Schedule 3.9 lists, and Sellers have heretofore furnished to Buyer, complete and accurate copies of (or, if oral, Schedule 3.9 states all material provisions of), every material contract, agreement, amendment or understanding entered into subsequent to January 31, 1997 to which the Company or any Subsidiary is a party or may be bound, including, but not limited to, (i) any written and oral contract, agreement, subcontract, purchase order, commitment and arrangement involving payments remaining to or from the Company or the Subsidiaries in excess of $25,000 and other agreements material to their respective businesses to which they are a party or by which they may be bound, under which full performance (including payment) has not been rendered by any party thereto; (ii) any mortgage, security agreement, pledge agreement, deed of trust and other agreement or arrangement whereby any of the assets or properties of the Company or the Subsidiaries is subject to any Encumbrance; (iii) any agreement limiting the freedom of the Company, the Subsidiaries or any employee thereof to compete in any line of business or in any geographic area or with any person; and (iv) tolling agreements, settlement agreements and offers of settlement. To the knowledge of Sellers Schedule 3.9 also lists any and all any employment or consulting agreement, confidentiality agreement, compensation, profit sharing, bonus, change of control, severance, deferred compensation, pension, retirement, stock option, or stock purchase plan or arrangement and other employee benefit plan arranged, entered into or adopted by the Company or any Subsidiary which are currently in effect and which apply to employees and consultants who during the prior fiscal year had a compensation of $50,000 or more, or in the present fiscal year, Sellers anticipate to have annualized compensation of $50,000 or more. Notwithstanding the foregoing, Schedule 3.9 does not include, nor have Sellers provided to Buyers, those contracts, agreements or understandings by and between the Company or the Subsidiaries and its clients concerning purchasing and trading of securities or loan participations by the Company or the Subsidiaries on behalf of such clients (the "Client Contracts"). To the knowledge of the Sellers, the Company and each Subsidiary has performed all obligations required to be performed by it under any listed or material contract, plan, agreement, understanding or arrangement made or obligation owed by or to the Company or any Subsidiary, including the Client Contracts. To the knowledge of the Sellers and except as set forth on Schedule 3.9, there has not been any event of default (or any event or condition which with notice or the lapse of time, both or otherwise, would constitute an event of default) thereunder on the part of the Company, any Subsidiary or any other party to any thereof; the same are in full force and effect and valid and enforceable by the Company or its Subsidiaries in accordance with their respective terms subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules or law governing specific performance, injunctive relief and other equitable

remedies; and the performance of any such contracts, plans, agreements, understandings, arrangements or obligations would not have a Material Adverse Effect.

3.10 Brokers and Finders. No act of Sellers has given or will give rise to any claim against the Company, any Subsidiary or Buyer for a brokerage commission, finder's fee or other like payment in connection with the transactions contemplated herein.

3.11 Consents; No Conflict. Except for any items disclosed on Schedule 3.11, to the knowledge of Sellers, the execution and delivery of this Agreement by Sellers, and the consummation of the transactions contemplated hereby will not result in any violation or breach of, or constitute (with or without due notice or lapse of time or both) a default under, result in the loss of any benefit under, or give rise to any right of termination, cancellation, increased payments or acceleration under, or result in the creation of any Encumbrance on any of the properties or assets of the Company or any Subsidiary under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, franchise, permit, authorization, agreement or other instrument or obligation to which the Company or any Subsidiary is a party, or by which it or any of its properties or assets may be bound.

3.12 Permits, Licenses, Etc. To the knowledge of Sellers, neither the Company nor any Subsidiary has received any notice or claim pertaining to the failure to obtain any permit, certificate, license, franchise, approval, registration or other authorization required by any federal, state, local or foreign body or authority, including, but not limited to, the SBA, the SEC and the NASD.

3.13 Benefit Plans.

(a) Except to the extent specifically disclosed in the Company's employee benefits handbook or on Schedule 3.13, to the knowledge of Sellers, neither the Company nor any Subsidiary currently maintains or contributes to any oral or written bonus, profit-sharing, compensation (incentive or otherwise), commission, stock option or other stock-based compensation, pension, multiemployer, retirement, severance, change of control, vacation, sick or parental leave, dependent care, deferred compensation, cafeteria, disability, hospitalization, medical, death, retiree, insurance, or other benefit, welfare or similar plan, policy, agreement, trust, fund or arrangement providing for the remuneration or benefit of all or any employees, shareholders, consultants or other persons ("Employee Plans").

(b) There will be no material change on or before the Closing Date in the operation of any of the Employee Plans or documents under which any such plan is maintained that will result in an increase in the benefit liabilities under such plan, except as may be required by law. The IRS has issued favorable determination letters with respect to all the Company and Subsidiary pension plans that are intended to be qualified under Section 401(a) of the Code.

3.14 Insurance Policies. Schedule 3.14 lists all insurance policies maintained by the Company or any Subsidiary, including name of insurer, type of coverage, amount of premium and expiration of the policy. All of such policies are in full force and effect and Sellers will use reasonable efforts to cause such policies to be so maintained through the Closing Date.

3.15 Related Transactions. Except as set forth in the Schedule 3.15 and except for brokerage and other services in the ordinary course of business and compensation to regular employees of the Company and any Subsidiary consistent with past practice no Seller or any of their spouses or any entity controlled by any one or more of them, is presently or has been since January 31, 1997 (i) a party to any transaction with the Company or any Subsidiary (including but not limited to, any contract, agreement, commitment or other arrangement providing for the furnishing of services by, or rental of real or personal property from, or otherwise requiring payments to, any such Seller of the Company or any Subsidiary or their spouses or any entity controlled by any one or more of them); (ii) entitled to receive any fee or other payment of consideration in connection with this Agreement or the consummation of the transactions contemplated herein except as specifically provided for herein; or (iii) the direct or indirect owner of any interest (other than an investment in a publicly held corporation, not exceeding one percent (1%) of the outstanding capital stock of such corporation) in any corporation, firm, association or business organization which is a present or potential competitor of, customer of or supplier of products or services to the Company or any Subsidiary, nor does any such person receive income from any source other than the Company or any Subsidiary which relates to the business of, or should properly accrue to, the Company or any Subsidiary.

3.16 Conduct of Business of the Company. Except as set forth in Schedule 3.16, from and after January 31, 1997 to the date of this Agreement, to the knowledge of the Sellers, the Company and the Subsidiaries have not taken any of the actions set forth in Section 5.1 hereof and none of the events set forth in Section 5.1 related to the Company and the Subsidiaries has occurred.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers as of the date of this Agreement and as of the Closing Date (as if made on that day) as follows:

4.1 Organization. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Minnesota and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Buyer is a corporation recently formed solely for the purposes of consummating the transactions contemplated by this Agreement and has not conducted any business operations as of the date of this Agreement.

4.2 Authorization. Buyer has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Buyer and the consummation of the transactions contemplated hereby have been duly and validly authorized and approved by the Board of Directors of Buyer, and no other corporate proceedings on the part of Buyer are necessary to authorize this Agreement or the consummation of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Buyer and constitutes the valid and binding obligation of Buyer, enforceable against each of them in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance injunctive relief or other equitable remedies.

4.3 Consents and Approvals. Except for any items disclosed on Schedule 4.3, the execution and delivery of this Agreement by Buyer, and the consummation of the transactions contemplated hereby will not: (a) violate any provision of the Articles of Incorporation or Bylaws of Buyer; (b) violate any statute, rule, regulation, order or decree of any federal, state, local or foreign body or authority, including, but not limited to, the SEC and the NASD, by which Buyer or any of its or assets may be bound; (c) require any filing by Buyer with or permit, consent or approval for, or review of Buyer from any federal, state, local or foreign governmental or other authority, including, but not limited to, the SEC and the NASD; or (d) result in any violation or breach of, or constitute (with or without due notice or lapse of time or both) a default under, result in the loss of any benefit under, or give rise to any right of termination, cancellation, increased payments or acceleration under, or result in the creation of any Encumbrance on any of the properties or assets of Buyer under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, franchise, permit, authorization, agreement or other instrument or obligation to which Buyer is a party, or by which it or any of its properties or assets may be bound.

4.4 No Finders. No act of Buyer has given or will give rise to any claim against any of Sellers hereto for a brokerage commission, finder's fee or other like payment in connection with the transactions contemplated herein.

4.5 Knowledge of James F. Dlugosch. James F. Dlugosch does not know that any of the representations and warranties of Sellers in Section 3 or the Schedules thereto are incorrect. Buyer shall not bring an action against Sellers based on any representation or warranty made in this Agreement which James F. Dlugosch knows to be incorrect as of the date of this Agreement and the Closing Date.

ARTICLE 5

CERTAIN COVENANTS AND AGREEMENTS

5.1 Conduct of Business of the Company. Except as contemplated by this Agreement, during the period from the date of this Agreement to the Closing Date, Sellers will use their reasonable efforts to ensure that the Company and each Subsidiary conduct

its respective operations according to its ordinary and usual course of business and consistent with past practice, and Sellers will use all reasonable efforts to ensure that the Company and each Subsidiary preserve intact its respective business organizations, to maintain its business, to keep available the services of its respective officers and employees and to maintain satisfactory relationships with customers and others having business relationships with it. Notwithstanding the foregoing, Sellers shall not be obligated to increase the compensation paid to any of the Company's or any Subsidiary's employees from the date of this Agreement to the Closing Date. Sellers will promptly advise Buyer orally and in writing of any material change in the management, business, properties, liabilities, results of operations, prospects or financial condition of the Company or any Subsidiary. Without limiting the generality of the foregoing, and except as otherwise expressly provided in or contemplated by this Agreement, prior to the Closing Date, Sellers will use their reasonable efforts to ensure that neither the Company nor any Subsidiary will, without the prior written consent of Buyer (which consent will not be unreasonably withheld):

(a) amend its Articles of Incorporation or Bylaws;

(b) authorize for issuance, issue, sell, pledge or deliver (whether through the issuance or granting of additional options, warrants, commitments, subscriptions, rights to purchase or otherwise) any of its stock of any class or any securities convertible into shares of stock of any class;

(c) split, combine or reclassify any shares of its capital stock, declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of its capital stock; or redeem or otherwise acquire any shares of its capital stock or other securities; or amend or alter any term of any of its outstanding securities;

(d) create, incur or assume any indebtedness for borrowed money, or assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other person, other than in the ordinary course of business and consistent with past practice; or create, incur or assume any Encumbrance on any material asset, except as set forth in Schedule 5.1;

(e) except in the ordinary course of business and consistent with past practice or pursuant to contractual obligations existing on the date hereof,

(i) sell, transfer, mortgage, or otherwise dispose of or encumber any of its real or personal property, except as set forth on Schedule 5.1,

(ii) pay, discharge or satisfy its claims, liabilities or obligations (absolute, accrued, contingent or otherwise), or

(iii) cancel any debts or waive any of its claims or rights, which involve payments or commitments to make payments,

which individually exceeds $25,000 or, in the aggregate, exceed $100,000;

(f) enter into, amend or terminate any agreements, commitments or contracts that, individually or in the aggregate, are material to the Company or any Subsidiary (except agreements, commitments or contracts for the purchase, sale or lease of goods, services or properties in the ordinary course of business, consistent with past practice), or otherwise make any material change in the conduct of the business or operations of the Company or any Subsidiary;

(g) alter or revise its accounting principles, procedures, methods or practices, except as required by a change in generally accepted accounting principles and concurred with by the Company's independent public accountants;

(h) institute, settle or compromise any claim, action, suit or proceeding pending or threatened by or against it involving amounts in excess of $50,000, at law or in equity or before any federal, state, local, foreign or other governmental department, commission, board, bureau, agency or instrumentality;

(i) distribute or otherwise circulate any notices, directives or other communications directed to all or groups of customers, vendors, employees, distributors or others associated with its business relating to the transactions contemplated hereby or to the operation of business after consummation of such transactions without consulting with Buyer, giving Buyer reasonable opportunity to comment thereon and obtaining prior to distribution Buyer's approval thereof, which shall not unreasonably be withheld;

(j) knowingly take any action that would render any representation, warranty, covenant or agreement of the Sellers in this Agreement inaccurate or breached as of the Closing Date;

(k) agree, whether in writing or otherwise, to do any of the foregoing;

(l) alter or revise any of the policies of insurance maintained by the Company; or

(m) make any distributions or pay any dividends to the Sellers.

Notwithstanding the above, prior to Closing, Sellers may purchase from the Company any country club memberships set forth on Schedule 5.1 at the prices set forth on Schedule 5.1. In addition, prior to closing, Wikner may purchase (a) any whole life insurance policies owned by the Company on the life of Wikner at the net cash surrender value of the policy as of the date of Closing, and (b) any term life insurance policies for an amount equal to

that portion of the premiums paid by the Company which corresponds to the portion of the term remaining on the policies. Finally, the Company may purchase for Wikner for an amount not to exceed $75,000 certain term insurance on his life.

5.2 Access and Information. Sellers shall afford to Buyer, and to Buyer's accountants, officers, directors, employees, counsel, any agents of those providing Buyer with financing for the transactions contemplated hereby, and other representatives, reasonable access during normal business hours, from the date hereof through the Closing Date, to all of the properties, books, contracts, commitments and records of the Company and Subsidiaries. During such period, Sellers shall furnish promptly to Buyer all information concerning the Company's and its Subsidiaries' businesses, prospects, properties, liabilities, results of operations, financial condition, officers, employees, registered representatives, customers, or others having dealings with the Company and Subsidiaries as Buyer may reasonably request and reasonable opportunity to contact and obtain information from such persons as Buyer previously designated to Sellers. In the event the transactions contemplated by this Agreement are not consummated, Buyer will promptly deliver to Sellers or destroy, at Sellers' request, all documents, materials and information provided to Buyer by or on behalf of the Sellers pursuant hereto, all copies thereof and notes thereto, if any. Notwithstanding the return or destruction of such documents, materials and information, copies thereof and notes thereto, if any, Buyer agrees to not disclose the contents thereof except upon advice of counsel or as compelled by law.

5.3 Consents. Sellers will, at Buyer's cost and expense work with Buyer to obtain all approvals and consents and complete all review processes of any third party, federal, state, local or foreign governmental or other authority, including, but not limited to, the SBA, the SEC and the NASD, which approvals, consents or reviews may be necessary on the part of the Company or its Subsidiaries to consummate the transactions contemplated hereby.

5.4 Further Actions. Subject to the terms and conditions herein provided and without being required to waive any conditions herein (whether absolute, discretionary or otherwise), each of the parties hereto agrees to use all reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement. In case at any time after the Closing Date any further action is necessary or desirable to carry out the purposes of this Agreement, each party to this Agreement or representatives thereof shall take all such necessary action.

5.5 Repayment of Amounts Owed by Sellers to the Company. Each Seller shall at or prior to the Closing pay the full amount of principal and interest on his outstanding notes and advances owed to the Company or any Subsidiary.

5.6 Discussions with Employees. Sellers shall allow Buyer, in the five Business Days following expiration of the Closing Conditions Period, to engage in discussions with key employees of the Company concerning terms of employment with Buyer. In the event any

key employee resigns his or her employment with the Company following such discussions with the Buyer, such resignation shall not be deemed a Material Adverse Effect.

5.7 Resignations. Sellers shall resign as officers, directors and employees, as applicable, of the Company or its Subsidiaries, upon the request of Buyer.

5.8 Execution of Noncompetition and Employment Agreements. Mr. Iverson shall enter into a noncompetition agreement (the "Iverson Noncompetition Agreement) and employment agreement (the "Iverson Employment Agreement") with the Company in the forms of Exhibits B and C respectively. Mr. Wikner shall enter in a noncompetition agreement (the "Wikner Noncompetition Agreement") with the Company in the form of Exhibit D. Mr. Erickson shall enter into an employment agreement (the "Erickson Employment Agreement") with the Company in the form of Exhibit E.

5.9 Notice of Developments. Sellers shall give prompt written notice to Buyer of any Material Adverse Effect causing a breach of any of Sellers' representations and warranties contained herein, provided, however, that any such notice shall not be deemed to prevent or cure any misrepresentation, breach of warranty or breach of covenant.

5.10 Termination of Agreement. Unless this Agreement is terminated pursuant to Section 8.1 hereof, in the event Buyer fails to purchase the Purchased Stock on or prior to the Closing Date then, Buyer shall pay Sellers a fee (the "Fee") of $500,000. Such Fee will be paid by delivery of $243,690 to each of Messrs. Wikner and Iverson and $12,620 to Mr. Erickson by certified check by Buyer. Upon payment of such Fee, Sellers shall have no claim or rights against Buyer or its affiliates related to the transactions evidenced by this Agreement, except for claims made pursuant to Section 8.5 or Section 5.2 hereof. Such Fee shall be payable from funds received by Buyer pursuant to subscription agreements entered into by individual investors and held in escrow by Norwest Bank Minnesota, N.A. (the "Escrow Agent") pursuant to that Proceeds Escrow Agreement dated June 4, 1997 by and between the Buyer and the Escrow Agent.

5.11 Efforts to Satisfy Conditions at Closing. The Sellers and Buyer shall use commercially reasonable efforts to cause each of the conditions of Closing to be satisfied on or prior to the Closing Date.

5.12 Due Diligence. Within three (3) business days after the execution of this Agreement, Buyer shall provide to Sellers a list of due diligence information which it requests. Within twenty (20) days after receipt of all material and information requested on such list, Buyer shall be entitled to make one additional requests for information and material (the "Supplemental Request").

5.13 Executive Officer Formula Bonus. To the extent the Company has accrued any executive officer formula bonuses on the financial statements of the Company prior to the Closing, Buyer shall cause the Company to pay such bonuses to the officers for whom they are accrued at such time as is consistent with past practices.

ARTICLE 6

CONDITIONS TO THE PURCHASE AND SALE

6.1 Conditions to the Purchase and Sale Relating to Buyer. The obligation of Buyer at the Closing to consummate the transactions contemplated hereby shall be subject to the satisfaction or waiver by Buyer at or prior to the Closing of each of the following conditions:

(a) Representations and Warranties True. Each representation and warranty of Sellers contained in this Agreement shall be true and correct as of the date hereof and as of the Closing as though such representations and warranties were made as of the Closing.

(b) Performance. Sellers shall have performed and complied in all material respects with all agreements, obligations, covenants and conditions required by this Agreement to be performed or complied with by them on or prior to the Closing Date and Buyer shall have received a certificate to such effect signed by each Seller.

(c) Consents. Company or a Subsidiary shall have received all of those consents, permits, authorizations and approvals required by the entities set forth on Schedule 6.1 hereto, to perform their obligation under, and consummate the transactions contemplated by, this Agreement, in form and substance satisfactory to Buyer and Buyer shall have received evidence thereof satisfactory to it of the receipt of such consents, permits, authorizations and approvals.

(d) Opinion of Counsel for Sellers. Buyer shall have received an opinion of counsel to Sellers, dated the Closing Date, in form and substance reasonably satisfactory to Buyer, to the effect set forth in Exhibit F hereto.

(e) Noncompetition and Employment Agreements. Buyer shall have received executed Iverson Noncompetition and Iverson Employment Agreements from Mr. Iverson, an executed Wikner Noncompetition Agreement from Mr. Wikner and an executed Erickson Employment Agreement from Mr. Erickson.

(f) Resignations. Buyer shall have received executed resignations as officers, directors and employees, as applicable, from the Sellers as Buyer shall request with no resulting liabilities or costs to the Company, any Subsidiary or Buyer.

(g) Repayment of Amounts Owed by Sellers to the Company. Each Seller shall have repaid all amounts owing by him to the Company or any Subsidiary under outstanding notes and advances as described in Section 5.5 hereof.

(h) Refinancing of Certain Debt of the Company. The Buyer shall have obtained a commitment, on terms satisfactory to Buyer, to refinance the debt owing

by the Company to its lenders after the purchase of stock pursuant to this Agreement.

(i) Delivery of Stock Certificates. Sellers shall deliver the stock certificates representing the Purchased Stock, duly endorsed for transfer to Buyer.

(j) Absence of Judicial Order. There shall not have been issued and be in effect any order, decree or judgment of any court or tribunal of competent jurisdiction which makes the consummation of the transactions contemplated hereby illegal.

(k) Receipt by Buyer of Financing. Buyer shall have received financing, on terms and conditions acceptable to it, necessary to consummate the transactions contemplated hereby.

(l) Due Diligence. Buyer shall have completed its due diligence related to this transaction to Buyer's satisfaction.

(m) Discussions with Employees. Buyer shall have conducted discussions satisfactory to Buyer of terms of employment with key employees during the five Business Days following expiration of the Closing Conditions Period. In the event any key employee resigns his or her employment with the Company following such discussions with the Buyer, such resignation shall not be deemed a Material Adverse Effect.

(n) Material Adverse Effect. From the date hereof to the Closing Date, there shall be no Material Adverse Effect.

Within (i) thirty (30) days from the date hereof, or (ii) twenty (20) days from the date the Buyer receives all due diligence materials requested from Sellers (or, if a Supplemental Request is made, ten (10) days from the date the Buyer receives all of the supplemental due diligence material and information pursuant to the Supplement Request), whichever is later (the "Closing Conditions Period"), the Buyer shall be obligated to inform Seller in writing whether the conditions set forth in Section 6.1(h), (k) and (l) have been satisfied. Within five business days after expiration of the Closing Conditions Period, Buyer shall be obligated to inform Seller in writing whether the condition set forth in Section 6.1(m) has been satisfied. If no such notice is provided timely, then the conditions to Closing set forth therein shall be deemed satisfied. If such notice is provided timely, then this Agreement shall be deemed terminated in accordance with Section 8.1(d) hereof.

6.2 Conditions to the Purchase and Sale Relating to Sellers. The obligation of Sellers to consummate the transactions contemplated hereby shall be subject to the satisfaction or waiver by a majority of Sellers on or prior to the Closing Date of each of the following conditions:

(a) Representations and Warranties True. Each representation and warranty of Buyer contained in this Agreement, without regard to any qualification or reference to immateriality or material adverse effect, shall be true and correct as of the date hereof and as of the Closing as though such representations and warranties were made as of the Closing, except for any inaccuracies which individually or in the aggregate have not had, and would not have, a material adverse effect, and Sellers shall have received a certificate to such effect signed by Buyer.

(b) Performance. Buyer shall have performed and complied in all material respects with all agreements, obligations and conditions required by this Agreement to be performed or complied with by it on or prior to the Closing and Sellers shall have received a certificate to such effect signed by Buyer.

(c) Releases of Personal Guarantees. Sellers shall have received releases of Iverson's and Wikner's personal guarantees on the two Norwest Bank Minnesota, National Association lines of credit, the Harris Trust and Savings Bank line of credit and the two MidAmerica Bank mortgages, in forms reasonably satisfactory to the Sellers.

(d) Opinion of Counsel for Buyer. Sellers shall have received an opinion of Briggs and Morgan P.A., counsel to Buyer, dated the Closing Date, in form and substance reasonably satisfactory to a majority of Sellers, to the effect set forth in Exhibit G hereto.

(e) Absence of Judicial Order. There shall not have been issued and be in effect any order, decree or judgment of any court or tribunal of competent jurisdiction which makes the consummation of the transactions contemplated hereby illegal.

(f) Noncompetition and Employment Agreements. Mr. Iverson shall have received executed Iverson Noncompetition and Iverson Employment Agreements from the Company, Mr. Wikner shall have received an executed Wikner Noncompetition Agreement from the Company and Mr. Erickson shall have received an executed Erickson Employment Agreement from the Company.

ARTICLE 7

SURVIVAL AND INDEMNIFICATION

7.1 Survival of Representations, Warranties and Covenants. The representations and warranties contained in this Agreement or any agreement, certificate or document executed and delivered by Sellers, the Company, any Subsidiary or Buyer pursuant hereto shall survive the Closing.

7.2 Indemnification.

(a) From and after the Closing Date, Messrs. Wikner and Iverson, jointly and severally, agree to indemnify and hold harmless Buyer, the Company, the Subsidiaries and their respective officers, directors, and employees and agents (each a "Buyer Indemnified Party") against and in respect of any and all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, interest and penalties, costs and expenses (including, but not limited to, reasonable legal fees and disbursements incurred in connection therewith and in seeking indemnification therefor), and any amounts or expenses required to be paid or incurred in connection with any action, suit, proceeding, claim, appeal, demand, assessment or judgment ("Losses"), resulting or arising from or otherwise relating to (i) any breach or nonfulfillment of Sellers' representations, warranties, covenants or agreements set forth in this Agreement (excluding the Employment and Noncompetition Agreements) or any certificate executed and delivered by Sellers pursuant hereto.

(b) From and after the Closing Date, Buyer shall indemnify and hold harmless Sellers against and in respect of any and all Losses resulting or arising from or otherwise relating to any breach of Buyer's representations, warranties, covenants or agreements set forth in this Agreement or any agreement, certificate or document executed and delivered by Buyer pursuant hereto.

(c) Any payments pursuant to this Article 7 shall be treated as an adjustment to the Purchase Price.

(d) Buyer shall not be able to seek indemnification from Messrs. Wikner and Iverson related to the breach of any representation which is made to the knowledge of Sellers if Mr. Erickson is the only Seller whose knowledge resulted in a breach of such representation.

7.3 Method of Asserting Claims, etc. All claims for indemnification by any indemnified party pursuant to this Article 7 must be asserted prior to the first anniversary of the Closing Date and shall be asserted and resolved as set forth in this Section 7.3. In the event that any written claim or demand for which an indemnifying party would be liable to any indemnified party hereunder is asserted against or sought to be collected from any indemnified party by a third party, such indemnified party shall notify promptly the indemnifying party of such claim or demand and the amount or the estimated amount thereof to the extent then feasible (which estimate shall not be conclusive of the final amount of such claim and demand) (the "Claim Notice"). The indemnifying party shall have thirty (30) days (or such earlier time as might be required to avoid prejudicing the indemnifying party's position) from the personal delivery or mailing of the Claim Notice (the "Notice Period") to notify the indemnified party (i) whether or not the indemnifying party disputes the liability of the indemnifying party to the indemnified party hereunder with respect to such claim or demand and (ii) whether or not it desires to defend the indemnified party against such claim or demand. All costs and expenses incurred by the indemnifying

party and the indemnified party in defending such claim or demand shall be a liability of, and shall be paid by, the indemnifying party. In the event that the indemnifying party notifies the indemnified party within the Notice Period that it desires to defend the indemnified party against such claim or demand and except as hereinafter provided, the indemnifying party shall have the right to defend the indemnified party by appropriate proceedings. If any indemnified party desires to participate in, but not control, any such defense or settlement it may do so at its sole cost and expense. The indemnified party shall not settle a claim or demand without the consent of the indemnifying party, which consent shall not be unreasonably withheld. The indemnifying party shall not, without the prior written consent of the indemnified party, settle, compromise or offer to settle or compromise any such claim or demand on a basis which would result in the imposition of a consent order, injunction or decree which would restrict the future activity or conduct of the indemnified party or any subsidiary or affiliate thereof. If the indemnifying party elects not to defend the indemnified party against such claim or demand, whether by not giving the indemnified party timely notice as provided above or otherwise, then the amount of any such claim or demand, or, if the same be contested by the indemnified party, then that portion thereof as to which such defense is unsuccessful (and the reasonable costs and expenses pertaining to such defense) shall be the liability of the indemnifying party hereunder. To the extent the indemnifying party shall control or participate in the defense or settlement of any third party claim or demand, the indemnified party will give during normal business hours, the relevant business records and other documents, and shall permit them to consult with the employees and counsel of the indemnified party. The indemnified party shall use its best efforts in the defense of all such claims.

7.4 Limitation on Indemnification. Buyer shall not assert claims for Losses pursuant to this Article 7 unless and until the cumulative aggregate of all such Losses claimed incurred to date by Buyer from prior and current losses exceeds $250,000 and then thereafter only for amounts in excess of such cumulative $250,000. In addition, Buyer shall not be entitled to receive payments for indemnification in excess of an aggregate of $1,500,000.

7.5 Waiver of Subrogation. From and after the Closing, the Sellers shall not have any rights to indemnification, contribution or subrogation from Buyer, the Company, any Subsidiary or their successors, whether pursuant to Buyer's, the Company's, any Subsidiary's or their successors' Articles of Incorporation, Bylaws or otherwise (except for, and only to the extent of, the amount of any insurance proceeds received by the Company therefor), with respect to any matter for which a Buyer Indemnified Party is entitled to indemnification from Sellers.

ARTICLE 8

MISCELLANEOUS

8.1 Right to Terminate. This Agreement may be terminated at any time prior to the Closing Date only:

(a) by mutual written consent of Buyer and a majority of Sellers;

(b) by either Buyer or a majority of Sellers if the Closing shall not have occurred on or before the Closing Date; provided, however, that the terminating party shall not have breached in any material respect its obligations under this Agreement in any manner that shall have been the proximate cause of, or resulted in, the failure to consummate the transactions contemplated by this Agreement by such date;

(c) by either Buyer or a majority of Sellers if a court of competent jurisdiction or an administrative, governmental, or regulatory authority has issued a final nonappealable order, decree or ruling, or taken any other action, having the effect of permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement;

(d) by Buyer if (i) Sellers have breached their representations, warranties, covenants or obligations hereunder in any material respect or (ii) if any of the conditions to Buyer's obligation to consummate the transactions contemplated hereby has not been waived by Buyer or met in any material respect by the Closing Date or such earlier time as such condition can no longer be satisfied; provided, however, that the Buyer shall not have breached in any material respect its obligations under this Agreement in any manner that shall have been the proximate cause of, or resulted in, the failure to consummate the transactions contemplated by this Agreement by such date;

(e) by a majority of Sellers if (i) Buyer has breached its representations, warranties, covenants or obligations hereunder in any material respect or (ii) if any of the conditions to Sellers' obligation to consummate the transactions contemplated hereby has not been waived by a majority of Sellers or met in any material respect by the Closing Date or such earlier time as such condition can no longer be satisfied, provided, however, that the Sellers shall not have breached in any material respect their obligations under this Agreement in any manner that shall have been the proximate cause of, or resulted in, the failure to consummate the transactions contemplated by this Agreement by such date; or

(f) by either Buyer or Seller if the transactions contemplated herein have not been consummated on or before September 30, 1997, provided, however, that the terminating party shall not have breached in any material respect its obligations under this Agreement in any manner that shall have been the proximate cause of, or resulted in, the failure to consummate the transactions contemplated by this Agreement by such date.

8.2 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 8.1, the obligations of the parties to consummate the transactions contemplated by this Agreement will expire, and none of the parties will have any further

obligations under this Agreement; provided, however, that in the event of any such termination that is caused by a breach of a party, the party whose breach was the basis for the termination will not be relieved from any liability for its breach or its obligations and the other party will have no further obligations under this Agreement.

8.3 Amendment: Modification: Waiver. This Agreement may only be amended or modified in writing, signed by Buyer and a majority of Sellers, with respect to any of the terms contained herein. Buyer or a majority of Sellers may (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties of the other parties contained herein or in any document delivered pursuant hereto, and (iii) waive compliance with any of the agreements or conditions of the other parties contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party granting such extension or waiver. The failure of any party hereto to enforce at any time any of the provisions of this Agreement, including the election of such party to proceed with the Closing despite a failure of any condition to such party's closing obligations to occur, shall in no way be construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement or any party thereof or the right of party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach.

8.4 Public Disclosure. Each of the parties to this Agreement hereby agrees with the other parties hereto that, except as may be required to comply with the requirements of applicable law, no press release or similar public announcement or communication will be made or caused to be made concerning the execution or performance of this Agreement unless specifically approved in advance by Buyer and a majority of the Sellers; provided, however, that Sellers and Buyer hereby agree to jointly announce the existence of an agreement in principle among the Buyer and the Sellers to the employees of the Company and the public following the satisfaction of the conditions to Closing at Sections 6.1(h), 6.1(k), 6.1(l) and 6.1(m) of this Agreement.

8.5 Non-Solicitation. In the event the transactions contemplated by this Agreement are not consummated, for a period of one year from the date hereof Buyer agrees that neither it nor James F. Dlugosch will solicit for hire any employees of the Company or any of its Subsidiaries. Notwithstanding the foregoing, Buyer and James F. Dlugosch are not prohibited from engaging in employment recruiting activities including, but not limited to, the placement of advertisements for employees in newspapers or trade publications, nor are Buyer and James F. Dlugosch prohibited from hiring employees of the Company or any of its Subsidiaries so long as such employees are not solicited by Buyer.

8.6 Assignment. Except as provided in the following sentence, this Agreement may not be assigned, by operation of law or otherwise. Buyer may assign its rights under this Agreement in whole or in part to a wholly-owned subsidiary of Buyer provided, however, that in such event, Buyer will remain fully liable for the fulfillment of all such obligations.

This Agreement shall be binding upon and inure to the benefit of successors and assigns of the parties hereto.

8.7 Entire Agreement. Except as otherwise expressly contemplated herein, this Agreement (a) constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties, with respect to the subject matter hereof; and (b) is not intended to confer upon any other persons any rights or remedies hereunder.

8.8 Schedules. The inclusion of any matter in any schedule to this Agreement shall be deemed to be an inclusion for all purposes of this Agreement, but shall expressly not be deemed to constitute an admission by Sellers, the Company or Buyer or otherwise imply that any such matter is material for the purposes of this Agreement.

8.9 Counterparts. This Agreement and any amendments hereto may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be considered one and the same instrument.

8.10 Section Headings: Construction. The section and paragraph headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. This Agreement shall be construed without regard to any presumption or other rule requiring construction hereof against the party causing this Agreement to be drafted.

8.11 Notices. All notices hereunder shall be deemed given if in writing and delivered personally or sent by facsimile transmission or by registered or certified mail (return receipt requested) or next Business Day courier to the parties at the following addresses (or at such other addresses as shall be specified by like notice):

If to Sellers, to:

James Iverson
3123 Cerros Redondos
P.O. Box 863
Rancho Santa Fe, CA 92067

Roger Wikner
501 Bushaway Road
Wayzata, MN 55391

Steven Erickson
Miller & Schroeder Financial, Inc.
Pillsbury Center
220 South Sixth Street
Suite 300
Minneapolis, MN 55402

with a copy to:	Leonard, Street and Deinard, Professional Association 150 South Fifth Street Minneapolis, MN 55402 Attn: Morris Sherman, Esq.
If to Buyer, to:	MI Acquisition Corporation Attention: James F. Dlugosch, President Pillsbury Center 220 South Sixth Street Suite 300 Minneapolis, MN 55402
with a copy to:	Briggs and Morgan, P.A. 2400 IDS Center Minneapolis, MN 55402 Attn: Brian D. Wenger, Esq.

Any notice given by mail shall be effective when received. Any notice given by facsimile transmission shall be effective when the appropriate facsimile transmission acknowledgement is received.

8.12 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota without reference to the choice of law principles thereof.

8.13 Illegality. In case any provision in this Agreement shall be invalid illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

8.14 Dispute Resolution. Except for any dispute relating to the Purchase Price Adjustment (which dispute shall be resolved pursuant to Section 2.3), any dispute arising out of or relating to this Agreement or the alleged breach hereof, or the making of this Agreement, including claims of fraud in the inducement, disputes regarding claims against the escrow described in Section 2.2 hereof or otherwise, shall be discussed between Buyer and Sellers in a good-faith effort to arrive at a mutual settlement of any such controversy. If, notwithstanding, such dispute cannot be resolved, such dispute shall be settled by binding arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall be (i) a retired state or federal judge, or (ii) an attorney who is knowledgeable and familiar with buying and selling businesses or the securities industry. If the parties cannot agree on an arbitrator within 20 days, any party may request that the chief judge of the District Court for Hennepin County, Minnesota, select an arbitrator. Arbitration will be conducted pursuant to the provisions of this Agreement, and the commercial arbitration rules of the Center for Dispute Resolution, unless such rules are inconsistent with the provisions of this Agreement. Limited civil

discovery shall be permitted for the production of documents and taking of depositions. Unresolved discovery disputes may be brought to the attention of the arbitrator who may dispose of such dispute. The arbitrator shall have the authority to award any remedy or relief that a court of the State of Minnesota could order or grant; provided, however, the punitive or exemplary damages shall not be awarded. The arbitrator may award to the prevailing party, if any, as determined by the arbitrator, all of its costs and fees, including the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses and reasonable attorneys' fees. Unless otherwise agreed by the parties, the place of any arbitration proceeding shall be Hennepin County, Minnesota.

IN WITNESS WHEREOF, this Agreement has been signed on behalf of each of the parties hereto as of the date first above written.

MI ACQUISITION CORPORATION

By _____
James F. Dlugosch
President

_____
Roger Wikner

_____
James Iverson

_____
Steven Erickson

CONSENT OF SPOUSE:

The undersigned, the spouse of James Iverson, who is a shareholder of Miller & Schroeder, Inc. (the "Company") and a party to the foregoing Stock Purchase Agreement (the "Agreement"), hereby appoints James Iverson as her attorney-in-fact in respect to the exercise of any rights or discharge of any obligations under the Agreement and agrees to be bound by the provisions of the Agreement insofar as such spouse may have any rights under the Agreement under the laws of the State of California or other laws relating to community, separate or marital property in effect in California or in the state of such spouse's residence as of the date of the Agreement.

_____
(Print Name)

_____
(Signature)

IN WITNESS WHEREOF, this Agreement has been signed on behalf of each of the parties hereto as of the date first above written.

MI ACQUISITION CORPORATION

By_____
James F. Dlugosch
President

_____
Roger Wikner

_____
James Iverson

_____
Steven Erickson

CONSENT OF SPOUSE:

The undersigned, the spouse of James Iverson, who is a shareholder of Miller & Schroeder, Inc. (the "Company") and a party to the foregoing Stock Purchase Agreement (the "Agreement"), hereby appoints James Iverson as her attorney-in-fact in respect to the exercise of any rights or discharge of any obligations under the Agreement and agrees to be bound by the provisions of the Agreement insofar as such spouse may have any rights under the Agreement under the laws of the State of California or other laws relating to community, separate or marital property in effect in California or in the state of such spouse's residence as of the date of the Agreement.

_____
(Print Name)

_____
(Signature)

IN WITNESS WHEREOF, this Agreement has been signed on behalf of each of the parties hereto as of the date first above written.

MI ACQUISITION CORPORATION

By_____
James F. Dlugosch
President

_____
Roger Wikner

_____
James Iverson

_____
Steven Erickson

CONSENT OF SPOUSE:

The undersigned, the spouse of James Iverson, who is a shareholder of Miller & Schroeder, Inc. (the "Company") and a party to the foregoing Stock Purchase Agreement (the "Agreement"), hereby appoints James Iverson as her attorney-in-fact in respect to the exercise of any rights or discharge of any obligations under the Agreement and agrees to be bound by the provisions of the Agreement insofar as such spouse may have any rights under the Agreement under the laws of the State of California or other laws relating to community, separate or marital property in effect in California or in the state of such spouse's residence as of the date of the Agreement.

_____
(Print Name)

_____
(Signature)

NONCOMPETITION AGREEMENT

THIS NONCOMPETITION AGREEMENT ("Agreement") is made by and between **MILLER & SCHROEDER, INC.**, a Minnesota corporation ("Company"), and **JAMES IVERSON** ("Iverson") and is dated July 31, 1997.

WITNESSETH:

WHEREAS, Company is a Minnesota corporation engaged in the business of financial services;

WHEREAS, MI Acquisition Corporation ("MI") anticipates acquiring all of the issued and outstanding shares of capital stock of Company effective as of this 31st day of July, 1997 (the "Acquisition"), pursuant to that certain stock purchase agreement dated June 20, 1997 and effective as of June 1, 1997, among Roger Wikner, James Iverson and Steven Erickson and MI;

WHEREAS, prior to the Acquisition, Iverson owned 49% of the capital stock of Company and Iverson possesses certain unique skills, talents, contacts, judgment and knowledge of the Company's business, strategies and objectives;

WHEREAS, both parties recognize the critical importance to the Company, its employees and investors, of restricting Iverson's ability to compete with the Company or any of its affiliates, successors or assigns (the "Company Group");

WHEREAS, Iverson understands that (i) this Agreement shall be effective against Company only upon the closing of the Acquisition (the "Closing Date") and (ii) the execution of this Agreement is a condition of the closing of the Acquisition; and

WHEREAS, Iverson agrees that the restrictions contained in this Agreement are reasonable.

NOW, THEREFORE, in consideration of the recitals and the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. Restriction on Competition. Iverson acknowledges that the Company needs to be protected against the potential for unfair competition and impairment of the Company Group's goodwill by use of the Company Group's training, assistance, confidential information and trade secrets in direct or indirect competition with the Company Group. Iverson agrees that he will not, during the Term, directly or indirectly, operate, join, control, be employed by or participate in ownership, management, operation or control of, or be connected in any manner as an independent contractor, consultant or otherwise, with any person or entity which is engaged in any business in the United States or Canada in which a member of the Company Group is engaged on the date hereof or during the remaining

term of his employment with the Company, other than on behalf of the Company pursuant to the terms of his employment agreement.

2. Solicitation of Customers. During the Term, Iverson shall not directly or indirectly, through an existing or to be existing corporation, unincorporated business, affiliated party, successor employer, or otherwise:

a. for the benefit of any person or entity engaged in a business which is competitive with the business of any member of the Company Group during the term of his employment with the Company, reveal the name or related information of, or solicit any of the customers of the Company Group, whether such customers are currently customers or become customers during the Term; or

b. interfere with, or endeavor to entice from any member of the Company Group, any of the customers of the Company Group, whether such customers are currently customers or become customers during the Term.

3. Solicitation of Employees. During the Term, Iverson shall not directly or indirectly, through an existing or to be existing corporation, unincorporated business, affiliated party, successor employer or otherwise, solicit, hire for employment, or work with, on a part-time, consulting, advising or any other basis, other than on behalf of the Company, any employee, or independent contractor, of a member of the Company Group at the time of such solicitation, hire or work or during the six months prior thereto, if such employee or independent contractor is to directly or indirectly engage in a business which is competitive with the business of a member of the Company Group on the date hereof or during the remaining term of his employment with the Company.

4. Term. The term of this Agreement shall commence on the date hereof and continue for a period of 7 years (the "Term").

5. Payment. As consideration for Iverson's agreements set forth in this Agreement, the Company shall pay to Iverson 84 equal monthly installments, in arrears, of $1,200 commencing on August 31, 1997. If Iverson shall breach any provision contained in this Agreement, the Company shall have no obligation to pay to Iverson any monthly payments due after the breach; provided, however, Iverson shall continue to be obligated to abide by the terms of this Agreement.

6. Enforcement. Company shall have the right to enforce the provisions of this Agreement by applying for and obtaining temporary and permanent restraining orders or injunctions from a court of competent jurisdiction without the necessity of filing a bond therefor. In any such court action, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs from the other party.

If any court of competent jurisdiction shall refuse to enforce any or all of the provisions hereof because they are more extensive (whether as to geographical area, scope

of business or otherwise) than is deemed reasonable, it is expressly understood and agreed that such provisions shall not be void, but that for the purpose of such proceedings and in such jurisdiction, the restrictions contained herein (whether as to geographic area, scope of business or otherwise) shall be deemed to be reduced to the extent necessary to permit enforcement of such provisions.

7. Miscellaneous.

A. Complete Agreement. This Agreement is the entire Agreement between the parties concerning the subject matter hereof and supersedes and replaces any existing arrangement between the parties hereto relating to subject matter hereof.

B. No Waiver. No failure on the part of Company or Iverson to exercise, and no delay in exercising any right hereunder will operate as a waiver thereof, nor will any single or partial exercise of any right hereunder by Company or Iverson preclude any other or further exercise thereof or the exercise of any other right.

C. Severability. It is further agreed and understood by the parties hereto that if any part, term or provision of this Agreement should be held unenforceable in the jurisdiction in which either party seeks enforcement of the contract, it shall be construed as if not containing the invalid provision or provisions, and the remaining portions or provisions shall govern the rights and obligations of the parties.

D. Governing Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Minnesota, without regard to conflicts of law provisions.

E. Assignment. This Agreement is personal in nature and cannot be assigned by Iverson. This Agreement can be assigned by Company. The terms, conditions and covenants herein shall be binding upon the heirs and personal representatives of Iverson, and the successors, assigns of Company.

F. Remedies Not Exclusive. No remedy conferred hereunder is intended to be exclusive, and each shall be cumulative and shall be in addition to every other remedy. The election of any one or more remedies shall not constitute a waiver of any other remedy.

G. Captions. Captions and section headings used herein are for convenience only and are not a part of this Agreement, and shall not be used in construing it.

IN WITNESS WHEREOF, the parties have duly executed this Noncompetition Agreement as of the date and year first above written.

COMPANY: MILLER & SCHROEDER, INC.

By_____
Its President and
Chief Executive Officer

Iverson: _____
James Iverson

IN WITNESS WHEREOF, the parties have duly executed this Noncompetition Agreement as of the date and year first above written.

COMPANY: MILLER & SCHROEDER, INC.

By_____
Its President and
Chief Executive Officer

Iverson: _____
James Iverson

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made by and between **MILLER & SCHROEDER, INC.**, a Minnesota corporation ("Company"), and **JAMES IVERSON** ("Iverson") and is dated July 31, 1997.

WITNESSETH:

WHEREAS, Company is a Minnesota corporation engaged in the business of financial services;

WHEREAS, MI Acquisition Corporation ("MI") anticipates acquiring all of the issued and outstanding shares of capital stock of Company effective as of this 21st day of July, 1997 (the "Acquisition"), pursuant to that certain stock purchase agreement dated June 20, 1997 and effective as of June 1, 1997, among Roger Wikner, James Iverson and Steven Erickson and MI;

WHEREAS, prior to the Acquisition, Iverson owned 49% of the capital stock of Company and Iverson possesses certain unique skills, talents, contacts, judgment and knowledge of the Company's business, strategies and objectives;

WHEREAS, both parties recognize the critical importance to the Company, its employees and investors, of preserving the confidentiality of the Company's trade secrets and confidential information, and restricting Iverson's ability to compete with the Company or any of its affiliates, successors or assigns (the "Company Group");

WHEREAS, Iverson understands that this Agreement shall be effective against Company only upon the closing of the Acquisition (the "Closing Date"); and

WHEREAS, Company desires to retain Iverson in the capacity and on the terms and conditions hereinafter set forth, and Iverson has agreed to accept such terms and conditions.

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter contained, the parties hereto agree as follows:

1. Employment Relationship.

1.1 During the Term, as defined at Section 2 hereof, Company hereby employs Iverson as an Executive Vice President, subject to the direction of the Board of Directors of the Company.

1.2 During the Term, Iverson shall report and be responsible to the President of the Company or such other person as he may designate. Iverson hereby

accepts such employment described above and agrees to devote his loyalty, skills and full-time efforts to the conduct of the Company's business operations.

2. Term. Iverson's services shall commence on the Closing Date and shall continue under the terms hereof until October 31, 2000 (the "Term").

3. Compensation and Benefits During the Term. For all services rendered by Iverson to Company during the Term, Iverson shall be compensated by Company in accordance with the terms and conditions set forth in this Section 3.

3.1 Base Salary. Iverson will be paid a base salary of Two Hundred Eighty-Six Thousand and No/100 Dollars ($286,000.00) per year for each of the three (3) years of the Term ("Base Salary") which shall be payable in arrears on the 15th and the last day of each month. Company's Board of Directors shall review Iverson's Base Salary annually, and may, within its sole discretion, raise Iverson's Base Salary.

3.2 Bonus. Iverson shall be entitled to an annual bonus based on a percentage of the pre-tax profits of the following accounting centers:

Solana Beach Underwriting
Pasadena Underwriting
Seattle Underwriting
Self-Insurance Group
Solana Beach Retail Sales
Solana Beach Trading
Solana Beach Administration

The pre-tax profits of each accounting center will be determined by the Company in its sole discretion. The annual bonus will be paid on the basis of consolidated year-end pre-tax profits of the aforementioned centers at the following rates:

Year-End Pre-Tax Profits	Annual Bonus Percentage
$0-$500,000	5%
$500,001-$1,000,000	10%
$1,000,001-$2,500,000	15%
$2,500,001+	10%

To illustrate, using 1996 year-end pre-tax profits of the aforementioned accounting centers of approximately $1,870,000, the annual bonus would be calculated as follows:

Year-End Pre-Tax Profits	Annual Bonus Percentage	Annual Bonus Amount
$0-$500,000	5%	$ 25,000
$500,001-$1,000,000	10%	$ 50,000
$1,000,001-$1,870,000	15%	$130,500
Total Annual Bonus		$205,500

3.3 Fringe Benefits. Iverson shall be entitled to those employee benefits as are available to all other employees of Company, and such other benefits as determined by written action of the Board of Directors.

3.4 Expense Reimbursements. Iverson is authorized to incur reasonable expenses, including travel expense, in connection with the business of the Company. Company will reimburse Iverson for all such reasonable expenses.

3.5 Vacation. Iverson shall be entitled to six weeks of vacation during each year of this Agreement.

3.6 Automobile. Iverson shall be entitled to the use of a Company-owned automobile, subject to the Company's normal policies for the use of such automobiles.

3.7 Club Dues. Company shall reimburse Iverson for membership dues paid to RSF Farms Golf, Inc.

4. Termination.

4.1 Termination for Cause. Company may terminate Iverson for Cause, effective upon notice in writing to Iverson. Company shall not have the right to terminate Iverson without cause. "Cause," for purposes of this Agreement, is defined as an indictment, charge or admission of a felony, fraud against Company, misappropriation of Company's assets, embezzlement or failure to satisfy reasonable criteria established by the President of the Company. If Company intends to terminate Iverson for Cause because Iverson fails to satisfy reasonable criteria established by the Company's President, Company shall first give Iverson notice of his failure to satisfy such criteria and a reasonable opportunity to cure such deficiency(ies). If the Company terminates Iverson under this Section 4.1, other than because Iverson fails to satisfy reasonable criteria established by the Company's President, Iverson's employment shall immediately terminate. In the event Iverson's employment is terminated pursuant to this Section 4.1, the Company shall be entitled to pursue any and all legal and equitable remedies available to it, including, without

limitation, recovery of any loss, damage or expense arising out of or in connection with the events surrounding or leading up to said termination.

4.2 Resignation. Iverson may terminate his employment pursuant to this Agreement at any time upon thirty (30) days' written notice to Company. Iverson shall not be paid any monies pursuant to Section 3 hereof following such termination.

4.3 Disability. Iverson's employment pursuant to this Agreement shall be deemed terminated upon the total and permanent disability ("Disability") of Iverson. The determination of whether Iverson has suffered a Disability shall be the inability of Iverson to fully perform his duties hereunder for a period of 90 days or more (with any working periods of less than 15 business days not to be construed as interrupting such disability period). All determinations as to whether Iverson has suffered a Disability shall be determined by the Board of Directors of Company in its reasonable discretion.

4.4 Death. Iverson's employment pursuant to this Agreement shall be deemed terminated upon the death of Iverson.

4.5 Expiration of Term. Iverson's employment pursuant to this Agreement shall terminate upon the expiration of the Term without any written renewal or extension thereof executed by the parties.

4.6 Termination of Compensation and Benefits. Except as required by law or as otherwise provided in this Agreement, Iverson shall not be entitled to the continuation of the Base Salary under Section 3.1, Bonus under Section 3.2, fringe benefits under Section 3.3, expense reimbursement (unless incurred in the ordinary course of business prior to termination) under Section 3.4, automobile expenses under Section 3.6 or club dues under Section 3.7, after termination of his employment hereunder or the conclusion of the Term.

4.7 Severance. In the event Iverson's employment is terminated for any reason, Iverson shall be entitled to severance. The amount of the severance payments shall be equal to $7,100.00 per month. The monthly payments shall commence on the last day of the first month following the month in which Iverson's employment terminates and continue for that period of time from and including such month through July, 2004. Notwithstanding the foregoing, in the event Iverson breaches any of the provisions in Section 5, 6 or 7 of this Agreement or any provision of the Noncompetition Agreement by and between the Company and Iverson of even date herewith, Iverson shall not be entitled to receive and the Company shall not be obligated to pay any severance; provided, however, Iverson shall continue to be obligated to abide by the terms of this Agreement and the Noncompetition Agreement.

4.8 Materials. Upon termination under this Section 4, Iverson shall return to Company any materials and property owned by Company, and in the event of Iverson's failure to do so, Company may, in addition to any other remedy provided by law, withhold any amounts due Iverson until full compliance with this provision. If Company believes that Iverson has failed to return certain materials or property to Company, Company shall give Iverson notice of such materials or property with reasonable specificity. Upon receipt of such materials and property, or evidence satisfactory to Company that Iverson does not have such materials or property, Company shall promptly forward the amounts owed Iverson to Iverson.

4.9 Life Insurance. Upon the termination of Iverson's employment for any reason other than his death, the Company shall transfer the existing life insurance policy on the life of Iverson which the Company owns to Iverson in exchange for a cash payment equal to the lesser of the cash surrender value for such policy at the time of the transfer or the cash surrender value on the date hereof.

5. Confidential Information.

5.1 Definition. For purposes of this Agreement, "Confidential Information" means information or material, techniques, formulas, processes or procedures, which are proprietary to Company Group or designated as Confidential Information by Company Group and not generally known independently by non-Company Group personnel, which Iverson developed or has or may obtain knowledge of or access to through or as a result of his relationship with the Company Group (including, but not limited to, information conceived, originated, discovered, improved or developed in whole or in part by Iverson). In the event Iverson is uncertain whether any particular information constitutes Confidential Information, he will seek clarification from Company.

5.2 Confidentiality Covenant. Iverson shall not, both during and after the Term, directly or indirectly divulge, communicate, use to the detriment of the Company Group, or for the benefit of any other person or entity, or misuse any Confidential Information. Confidential Information shall not be used by Iverson for any purpose whatsoever except as required to perform the work Company requests under the terms of this Agreement. Company reserves the right to demand the return of any such information at any time. Upon any termination of this Agreement, Iverson shall immediately return any such information in his possession to Company. This paragraph shall survive the termination of this Agreement indefinitely.

6. Solicitation of Customers. During the Term, Iverson shall not directly or indirectly, through an existing or to be existing corporation, unincorporated business, affiliated party, successor employer, or otherwise:

a. for the benefit of any person or entity engaged in a business which is competitive with the business of any member of the Company Group

during the term of his employment with the Company, reveal the name or related information of, or solicit any of the customers of the Company Group, whether such customers are currently customers or become customers during the Term; or

b. interfere with, or endeavor to entice from any member of the Company Group, any of the customers of the Company Group, whether such customers are currently customers or become customers during the Term.

7. Solicitation of Employees. During the Term, Iverson shall not directly or indirectly, through an existing or to be existing corporation, unincorporated business, affiliated party, successor employer or otherwise, solicit, hire for employment, or work with, on a part-time, consulting, advising or any other basis, other than on behalf of the Company:

a. any officer, vice president or executive employee who is employed by a member of the Company Group, at the time of such solicitation, hire or work or during the six months prior thereto; or

b. any other employee, or independent contractor of a member of the Company Group at the time of such solicitation, hire or work or during the six months prior thereto, if such employee or independent contractor is to directly or indirectly engage in a business which is competitive with the business of a member of the Company Group is engaged on the date hereof or during the remaining term of his employment with the Company.

Company shall have the right to enforce the provisions of this Section, along with Sections 5 and 6, by applying for and obtaining temporary and permanent restraining orders or injunctions from a court of competent jurisdiction without the necessity of filing a bond therefor. In any such court action, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs from the other party.

8. Notices. All notices given hereunder shall be in writing and shall be personally served or sent by registered or certified mail, return receipt requested, addressed as follows:

To Company:

MILLER & SCHROEDER, INC.
Attn: James F. Dlugosch
Pillsbury Center
220 South Sixth Street
Suite 300
Minneapolis, MN 55402

To Iverson:

James Iverson
3123 Cerros Redondos
P.O. Box 863
Rancho Santa Fe, CA 92067

9. Miscellaneous.

9.1 Complete Agreement. This Agreement is the entire Agreement between the parties concerning the subject matter hereof and supersedes and replaces any existing arrangement between the parties hereto relating to Iverson's employment relationship with Company. Company and Iverson hereby acknowledge that there are no other agreements regarding Iverson's employment, apart from this Agreement.

9.2 No Waiver. No failure on the part of Company or Iverson to exercise, and no delay in exercising any right hereunder will operate as a waiver thereof, nor will any single or partial exercise of any right hereunder by Company or Iverson preclude any other or further exercise thereof or the exercise of any other right.

9.3 Severability. It is further agreed and understood by the parties hereto that if any part, term or provision of this Agreement should be held unenforceable in the jurisdiction in which either party seeks enforcement of the contract, it shall be construed as if not containing the invalid provision or provisions, and the remaining portions or provisions shall govern the rights and obligations of the parties.

9.4 Governing Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Minnesota, without regard to conflicts of law provisions.

9.5 Assignment. This Agreement is personal in nature and cannot be assigned by Iverson. This Agreement can be assigned by Company. The terms, conditions and covenants herein shall be binding upon the heirs and personal representatives of Iverson, and the successors, assigns of Company and any subsidiary or "affiliate" of Company.

9.6 Remedies Not Exclusive. No remedy conferred hereunder is intended to be exclusive, and each shall be cumulative and shall be in addition to every other remedy. The election of any one or more remedies shall not constitute a waiver of any other remedy.

9.7 Survival. Iverson's obligations under Section 5 shall survive the termination of his employment indefinitely.

9.8 Captions. Captions and section headings used herein are for convenience only and are not a part of this Agreement, and shall not be used in construing it.

IN WITNESS WHEREOF, the parties have duly executed this Employment Agreement as of the date and year first above written.

COMPANY: MILLER & SCHROEDER, INC.

By_____

Its President and
Chief Executive Officer

IVERSON:

James Iverson

IN WITNESS WHEREOF, the parties have duly executed this Employment Agreement as of the date and year first above written.

COMPANY: MILLER & SCHROEDER, INC.

By _____

Its President and
Chief Executive Officer

IVERSON: _____

James Iverson

NONCOMPETITION AGREEMENT

THIS NONCOMPETITION AGREEMENT ("Agreement") is made by and between **MILLER & SCHROEDER, INC.**, a Minnesota corporation ("Company"), and **ROGER WIKNER,** a resident of South Dakota ("Wikner") and is dated July 31, 1997.

WITNESSETH:

WHEREAS, Company is a Minnesota corporation engaged in the business of financial services;

WHEREAS, MI Acquisition Corporation ("MI") anticipates acquiring all of the issued and outstanding shares of capital stock of Company effective as of this 31st day of July, 1997 (the "Acquisition"), pursuant to that certain stock purchase agreement dated June 20, 1997 and effective as of June 1, 1997, among Roger Wikner, James Iverson and Steven Erickson and MI;

WHEREAS, prior to the Acquisition, Wikner owned 49% of the capital stock of Company and Wikner possesses certain unique skills, talents, contacts, judgment and knowledge of the Company's business, strategies and objectives;

WHEREAS, both parties recognize the critical importance to the Company, its employees and investors, of restricting Wikner's ability to compete with the Company or any of its affiliates, successors or assigns (the "Company Group");

WHEREAS, Wikner understands that (i) this Agreement shall be effective against Company only upon the closing of the Acquisition (the "Closing Date") and (ii) the execution of this Agreement is a condition of the closing of the Acquisition; and

WHEREAS, Wikner agrees that the restrictions contained in this Agreement are reasonable.

NOW, THEREFORE, in consideration of the recitals and the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. Restriction on Competition. Wikner acknowledges that the Company needs to be protected against the potential for unfair competition and impairment of the Company Group's goodwill by use of the Company Group's training, assistance, confidential information and trade secrets in direct or indirect competition with the Company Group. Wikner agrees that he will not, during the Term, directly or indirectly, operate, join, control, be employed by or participate in ownership, management, operation or control of, or be connected in any manner as an independent contractor, consultant or otherwise, with any person or entity which is engaged in any business in the United States and Canada in which a member of the Company Group is engaged on the date hereof.

2. Solicitation of Customers. During the Term, Wikner shall not directly or indirectly, through an existing or to be existing corporation, unincorporated business, affiliated party, successor employer, or otherwise:

a. for the benefit of any person or entity engaged in a business which is competitive with the business of any member of the Company Group on the date hereof, reveal the name or related information of, or solicit any of the customers of the Company Group, whether such customers are currently customers or become customers during the Term; or

b. interfere with, or endeavor to entice from any member of the Company Group, any of the customers of the Company Group, whether such customers are currently customers or become customers during the Term.

3. Solicitation of Employees. During the Term, Wikner shall not directly or indirectly, through an existing or to be existing corporation, unincorporated business, affiliated party, successor employer or otherwise, solicit, hire for employment, or work with, on a part-time, consulting, advising or any other basis, other than on behalf of the Company, any employee, or independent contractor, of a member of the Company Group at the time of such solicitation, hire or work or during the six months prior thereto, if such employee or independent contractor is to directly or indirectly engage in a business which is competitive with the business of a member of the Company Group on the date hereof.

4. Term. The term of this Agreement shall commence on the date hereof and continue for a period of 4 years (the "Term").

5. Payment. As consideration for Wikner's agreements set forth in this Agreement, the Company shall pay to Wikner 48 equal monthly installments, in arrears, of $14,585 commencing on August 31, 1997. If Wikner shall breach any provision contained in this Agreement, the Company shall have no obligation to pay to Wikner any monthly payments due after the breach; provided, however, Wikner shall continue to be obligated to abide by the terms of this Agreement.

6. Enforcement. Company shall have the right to enforce the provisions of this Agreement by applying for and obtaining temporary and permanent restraining orders or injunctions from a court of competent jurisdiction without the necessity of filing a bond therefor. In any such court action, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs from the other party.

If any court of competent jurisdiction shall refuse to enforce any or all of the provisions hereof because they are more extensive (whether as to geographical area, scope of business or otherwise) than is deemed reasonable, it is expressly understood and agreed that such provisions shall not be void, but that for the purpose of such proceedings and in such jurisdiction, the restrictions contained herein (whether as to geographic area, scope of

business or otherwise) shall be deemed to be reduced to the extent necessary to permit enforcement of such provisions.

7. Miscellaneous.

A. Complete Agreement. This Agreement is the entire Agreement between the parties concerning the subject matter hereof and supersedes and replaces any existing arrangement between the parties hereto relating to subject matter hereof.

B. No Waiver. No failure on the part of Company or Wikner to exercise, and no delay in exercising any right hereunder will operate as a waiver thereof, nor will any single or partial exercise of any right hereunder by Company or Wikner preclude any other or further exercise thereof or the exercise of any other right.

C. Severability. It is further agreed and understood by the parties hereto that if any part, term or provision of this Agreement should be held unenforceable in the jurisdiction in which either party seeks enforcement of the contract, it shall be construed as if not containing the invalid provision or provisions, and the remaining portions or provisions shall govern the rights and obligations of the parties.

D. Governing Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Minnesota, without regard to conflicts of law provisions.

E. Assignment. This Agreement is personal in nature and cannot be assigned by Wikner. This Agreement can be assigned by Company. The terms, conditions and covenants herein shall be binding upon the heirs and personal representatives of Wikner, and the successors, assigns of Company.

F. Remedies Not Exclusive. No remedy conferred hereunder is intended to be exclusive, and each shall be cumulative and shall be in addition to every other remedy. The election of any one or more remedies shall not constitute a waiver of any other remedy.

G. Captions. Captions and section headings used herein are for convenience only and are not a part of this Agreement, and shall not be used in construing it.

IN WITNESS WHEREOF, the parties have duly executed this Noncompetition Agreement as of the date and year first above written.

COMPANY: MILLER & SCHROEDER, INC.

By_____
Its President and
Chief Executive Officer

Wikner: _____
Roger Wikner

NONCOMPETITION AGREEMENT

THIS NONCOMPETITION AGREEMENT ("Agreement") is made by and between **MILLER & SCHROEDER, INC.**, a Minnesota corporation ("Company"), and **ROGER WIKNER**, a resident of South Dakota ("Wikner") and is dated July 31, 1997.

WITNESSETH:

WHEREAS, Company is a Minnesota corporation engaged in the business of financial services;

WHEREAS, MI Acquisition Corporation ("MI") anticipates acquiring all of the issued and outstanding shares of capital stock of Company effective as of this 31st day of July, 1997 (the "Acquisition"), pursuant to that certain stock purchase agreement dated June 20, 1997 and effective as of June 1, 1997, among Roger Wikner, James Iverson and Steven Erickson and MI;

WHEREAS, prior to the Acquisition, Wikner owned 49% of the capital stock of Company and Wikner possesses certain unique skills, talents, contacts, judgment and knowledge of the Company's business, strategies and objectives;

WHEREAS, both parties recognize the critical importance to the Company, its employees and investors, of restricting Wikner's ability to compete with the Company or any of its affiliates, successors or assigns (the "Company Group");

WHEREAS, Wikner understands that (i) this Agreement shall be effective against Company only upon the closing of the Acquisition (the "Closing Date") and (ii) the execution of this Agreement is a condition of the closing of the Acquisition; and

WHEREAS, Wikner agrees that the restrictions contained in this Agreement are reasonable.

NOW, THEREFORE, in consideration of the recitals and the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. Restriction on Competition. Wikner acknowledges that the Company needs to be protected against the potential for unfair competition and impairment of the Company Group's goodwill by use of the Company Group's training, assistance, confidential information and trade secrets in direct or indirect competition with the Company Group. Wikner agrees that he will not, during the Term, directly or indirectly, operate, join, control, be employed by or participate in ownership, management, operation or control of, or be connected in any manner as an independent contractor, consultant or otherwise, with any person or entity which is engaged in any business in the United States and Canada in which a member of the Company Group is engaged on the date hereof.

2. Solicitation of Customers. During the Term, Wikner shall not directly or indirectly, through an existing or to be existing corporation, unincorporated business, affiliated party, successor employer, or otherwise:

a. for the benefit of any person or entity engaged in a business which is competitive with the business of any member of the Company Group on the date hereof, reveal the name or related information of, or solicit any of the customers of the Company Group, whether such customers are currently customers or become customers during the Term; or

b. interfere with, or endeavor to entice from any member of the Company Group, any of the customers of the Company Group, whether such customers are currently customers or become customers during the Term.

3. Solicitation of Employees. During the Term, Wikner shall not directly or indirectly, through an existing or to be existing corporation, unincorporated business, affiliated party, successor employer or otherwise, solicit, hire for employment, or work with, on a part-time, consulting, advising or any other basis, other than on behalf of the Company, any employee, or independent contractor, of a member of the Company Group at the time of such solicitation, hire or work or during the six months prior thereto, if such employee or independent contractor is to directly or indirectly engage in a business which is competitive with the business of a member of the Company Group on the date hereof.

4. Term. The term of this Agreement shall commence on the date hereof and continue for a period of 4 years (the "Term").

5. Payment. As consideration for Wikner's agreements set forth in this Agreement, the Company shall pay to Wikner 48 equal monthly installments, in arrears, of $14,585 commencing on August 31, 1997. If Wikner shall breach any provision contained in this Agreement, the Company shall have no obligation to pay to Wikner any monthly payments due after the breach; provided, however, Wikner shall continue to be obligated to abide by the terms of this Agreement.

6. Enforcement. Company shall have the right to enforce the provisions of this Agreement by applying for and obtaining temporary and permanent restraining orders or injunctions from a court of competent jurisdiction without the necessity of filing a bond therefor. In any such court action, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs from the other party.

If any court of competent jurisdiction shall refuse to enforce any or all of the provisions hereof because they are more extensive (whether as to geographical area, scope of business or otherwise) than is deemed reasonable, it is expressly understood and agreed that such provisions shall not be void, but that for the purpose of such proceedings and in such jurisdiction, the restrictions contained herein (whether as to geographic area, scope of

business or otherwise) shall be deemed to be reduced to the extent necessary to permit enforcement of such provisions.

7. Miscellaneous.

A. Complete Agreement. This Agreement is the entire Agreement between the parties concerning the subject matter hereof and supersedes and replaces any existing arrangement between the parties hereto relating to subject matter hereof.

B. No Waiver. No failure on the part of Company or Wikner to exercise, and no delay in exercising any right hereunder will operate as a waiver thereof, nor will any single or partial exercise of any right hereunder by Company or Wikner preclude any other or further exercise thereof or the exercise of any other right.

C. Severability. It is further agreed and understood by the parties hereto that if any part, term or provision of this Agreement should be held unenforceable in the jurisdiction in which either party seeks enforcement of the contract, it shall be construed as if not containing the invalid provision or provisions, and the remaining portions or provisions shall govern the rights and obligations of the parties.

D. Governing Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Minnesota, without regard to conflicts of law provisions.

E. Assignment. This Agreement is personal in nature and cannot be assigned by Wikner. This Agreement can be assigned by Company. The terms, conditions and covenants herein shall be binding upon the heirs and personal representatives of Wikner, and the successors, assigns of Company.

F. Remedies Not Exclusive. No remedy conferred hereunder is intended to be exclusive, and each shall be cumulative and shall be in addition to every other remedy. The election of any one or more remedies shall not constitute a waiver of any other remedy.

G. Captions. Captions and section headings used herein are for convenience only and are not a part of this Agreement, and shall not be used in construing it.

IN WITNESS WHEREOF, the parties have duly executed this Noncompetition Agreement as of the date and year first above written.

COMPANY: MILLER & SCHROEDER, INC.

By _____
Its President and
Chief Executive Officer

Wikner: _____
Roger Wikner

Schedule 3.3

1. All issued and outstanding shares of capital stock of each Subsidiary are owned by the Company, free and clear of any Encumbrances, with the exception of PLMC-1, Inc., all of which shares are owned by Pool Loan Marketing Corporation, a wholly-owned Subsidiary of the Company.

2. The following is a list of Encumbrances on the shares of capital stock of the Company owned by the Sellers. Such Encumbrances will terminate upon Closing:

   a. Collateral Hold Assignment of James E. Iverson dated November 26, 1996 between James E. Iverson and The American Bank, under which The American Bank holds 482,812.50 shares of the Company's stock for the benefit of James E. Iverson.

   b. Voting Trust Agreement dated October 9, 1986, among Steven W. Erickson and Dennis B. Schroeder, Roger J. Wikner and James E. Iverson, under which Erickson appoints the other three partners to the agreement as Voting Trustees for Erickson's 25,000 shares of stock in the Company.

   c. Amended and Restated Agreement As To Common Stock of Miller & Schroeder, Inc., dated October 1996, among Miller & Schroeder, Inc. and Dennis B. Schroeder, Roger J. Wikner, James E. Iverson and Steven W. Erickson and USF&G Financial Services Corporation, amending the original agreement dated July 30, 1981, and as amended on July 30, 1981, July 1, 1984, February 3, 1986, and August 21, 1986.

Schedule 3.4

The following is a list of items which may have a Material Adverse Effect on the Company and its Subsidiaries or, which if occurred after the effective date of this Agreement, would require the consent of the Buyer:

1. For the fiscal year ending October 31, 1997, the consolidated net income of the Company and its Subsidiaries on January 31, 1997 was $228,217. For the six month period ending April 30, 1997, the consolidated net loss for the Company and its Subsidiaries was $(556,269). Therefore, the Company and its Subsidiaries sustained a consolidated net loss of $(784,486) since January 31, 1997.

2. On or about June 9, 1997, the Company intends to refinance a mortgage loan with USF&G Financial Services Corporation and replace it with two mortgage loans in the amounts of Three Million Dollars ($3,000,000) and One Million Six Hundred Thousand Dollars ($1,600,000) pursuant to an application dated May 23, 1997, between the Company and MidAmerica Bank, on The Crossings shopping center, 1964-1970 Rahncliff Court, Eagan, MN.

3. In May 1997, the Company agreed to a modification of Burger King's lease at The Crossings shopping center, 1964-1970 Rahncliff Court, Eagan, MN, reducing the amount of rent payable under such lease by approximately $57,500 over the remaining term of the lease.

4. On April 15, 1997, the Company or its Subsidiaries verbally renewed a $30 million bond financing line of credit and a $4.4 million loan participation note financing line of credit with Norwest Bank, N.A.

5. In February 1997, Miller & Schroeder Financial, Inc. purchased a 1997 Mercedes s500v for Wikner's use under an installment contract in the amount of $70,872 payable over 60 months at 8.9%.

6. In March 1997, Miller & Schroeder Financial, Inc. purchased a Mercedes e420w for Robin Thomas' use under an installment contract in the amount of $31,074 payable over 36 months at 8.5%.

7. On May 30, 1995, the American Federal Savings Bank purchased a certain Residential Mortgage Pool from Miller & Schroeder Investments Corporation. As a condition of the sale, Miller & Schroeder Investments Corporation guaranteed to the purchaser a maximum reimbursement of $31,250 for future unrecoverable principal and interest payments of the pool. As of May 31, 1997, Miller & Schroeder Investments Corporation has reimbursed $21,974 to the purchaser and expects to reimburse the remaining $9,276 in June 1997.

8. As of May 31, 1997, the Company or its Subsidiaries is holding unsold loan participation notes inventory as shown on Exhibit A, attached hereto.

9. Effective June 1, 1997, the Company will institute a change to its Short Term Disability Plan. After June 1, there will be a cap of $120,000 per year on short term disability payments. Prior to June 1, the plan had no limitation on such payments.

10. The Company has advanced the Sellers the following funds from February 1, 1997 through May 31, 1997:

Wikner	2/3/97	$ 10,000
Wikner	4/14/97	100,000
Wikner	4/29/97	45,000
Wikner	6/6/97	5,000
Iverson	3/3/97	15,000
Iverson	4/14/97	100,000

11. See also Schedule 3.7, for pending or threatened litigation which may result in Losses, as requested under 3.4(c), Schedule 5.1 for action by the Company or any Subsidiary that, if taken on or after the effective date of this Agreement would require the consent or approval of Buyer, as requested under 3.4(b) and Schedule 3.9II(2), Exhibit C.

Schedule 3.7
As Amended 7/31/97

I. Investigations or Reviews:

1. Wisconsin Bank Examiners
2. Minnesota Department of Commerce
   a) Lester Mayo customer complaint (see 3(c) below)
   b) Lorraine Nalivako customer complaint (see 3(d) below)
3. Wisconsin Gaming Commission (review of license application)
4. Arizona Gaming Commission (initial license application investigation)
5. NASD (periodic compliance examination)

II. Claims, Actions, Suits, Proceedings:

1. Pending Litigation:
   a) City of Vista v. Frank Rowlen, et al. (Settlement Agreement and Mutual Release of Claims entered into on February 25, 1997.)
   b) Charles Graham, et al. v. City of Minneapolis, et al. (Plaintiff alleges that the City of Minneapolis' issuance of municipal bonds to finance the purchase of a privately owned sports arena in downtown Minneapolis violates the plaintiff's constitutional rights by depriving them of the opportunity to vote on the issuance.)
   c) Century Park Pictures Corporation and Thomas K. Scallen v. Pat Stanchfield and Miller & Schroeder Financial, Inc. (Respondent Superior claim)
   d) James Bradac, et al. v. Miller & Schroeder Investments Corporation, et al. (Mechanics Lien Action as Loan Servicer.)
   e) Sure Safe Industries, Inc. and Torrey Pines Capital Group, Inc. v. McGrath RentCorp et al. (Cause of Action for Unfair Competition, International and Negligent Interference and Injurious Falsehood/Trade Libel. The Company or its Subsidiaries is the plaintiff, through its ownership interest in Torrey Pines.)
   f) Turn Key Gaming, Inc. v. Oglala Sioux Tribe (Miller & Schroeder Investments Corporation is an Intervening Party as Loan Servicer)

2. Pending Arbitration:
   a) Irving and Arlene Cannor v. Miller & Schroeder Financial, Inc. et al. (Settlement Agreement agreed to and in the process of being executed.)
   b) LaPointe v. Miller & Schroeder and John P. Mattox (Settlement and Release Agreement entered into on April 25, 1997.)
   c) Halverson v. Miller & Schroeder, Mark Augusta and Roger Wikner (Claim of misrepresentation and inadequate due diligence regarding the sale of municipal bonds in the secondary market ($100,000 claim).)

3. Threatened Litigation/Arbitration:

a) Washington County HRA

i) Scandia Oakhill Cottages Project (Washington County HRA signed a closing agreement with the IRS for $200,000. The HRA has proposed a $40,000 settlement offer to the Company or its Subsidiaries.)

ii) Woodland Park Project, Cottage Grove, Minnesota

(a) Tolling Agreement (The Company or its Subsidiaries entered into a Tolling Agreement with Washington County Housing and Redevelopment Authority dated April 26, 1996, as amended on July 15, 1996 extending the tolling period until July 26, 2001.)

(b) Washington HRA has brought a $5 million lawsuit against Holmes and Graven, for legal malpractice in connection with the Woodland Park Project. The trial begins on June 16, 1997. Depending on the outcome of the trial, either HRA or Holmes and Graven may seek damages from the Company or its Subsidiaries.

b) Northern Natural Power

(i) Collection matter on a $500,000 personal guaranty with guarantor threatening an action for lender liability against the Company or its Subsidiaries if Company or its Subsidiaries tries to collect guaranty.

c) Lester Mayo

(i) Customer complaint regarding securities investments. Company or its Subsidiaries estimates that exposure will not exceed $100,000.

d) Lorraine Nalivako

(i) Customer complaint regarding securities investments. Company or its Subsidiaries estimates that exposure will not exceed $100,000.

e) United Market Services

(i) Certain investors in the transaction (approximately a $6 million investment) have indicated the possibility of litigation against the Company or its Subsidiaries.

f) Saint Paul Port Authority

(i) The Company or its Subsidiaries sold a substantial amount of Port Authority bonds and certain purchasers of such bonds have indicated the possibility of bringing an action against the Company or its Subsidiaries.

g) South Central Multi-Counties

(i) The Company or its Subsidiaries was the underwriter for the South Central Multi-County bond issuance of approximately $20 million which are now the subject of current litigation. The Company or

its Subsidiaries has not presently been named as a party to such litigation.

h) Northwest Multi-Counties

(i) The Company or its Subsidiaries was the underwriter for the Northwest Multi-Counties bond issuance of approximately $12.5 million. There is no current litigation, but certain investors have expressed concern on the performance of the bonds.

i) David, Gordon, Doner & Chandler, P.A.

(i) The Company or its Subsidiaries received a letter from a Florida law firm representing numerous customers of the Company or its Subsidiaries with respect to limited partnership investments. The initial demand is $700,478.

j) Southeast Texas bond issue

(i) The Company or its Subsidiaries sold through a secondary offering approximately $1,250,000 worth of bonds, which are currently subject to litigation. The Company or its Subsidiaries has not yet been named as a party to such lawsuit. However, Halverson (see 2(c), above) is a customer of the Company's or Subsidiaries' who purchased these bonds and is suing the Company or its Subsidiaries directly on such purchase.

k) Jessica Neal matter

(i) Sexual harassment claim theatened. Initial request $200,000.

l) Becky Carlson Anderson matter

(i) The Company or its Subsidiaries and Becky Carlson negotiated a severence and release agreement for $5,000. The Company or its Subsidiaries is waiting for approval of such agreement from a workers' compensation judge.

Additional Claims, Actions, Suits and Proceedings Disclosure:

1. Thomas A. Hoadley, P.A. - letter dated June 26, 1997, from Thomas Hoadley to investors in AFG Investment Trust "D," a partnership interest sold by a number of brokerage firms, including Miller & Schroeder Financial, soliciting potential clients.

2. Pallet Recycling Association of North America, Inc. - Certain investors in the transaction (approximately a $2 million aggregate investment) have indicated the possibility of litigation against the Company or its Subsidiaries.

3. See also complaint log provided under file III.C. pursuant to the due diligence request for additional complaints received by the Company or its Subsidiaries.

4. Jessica Neal Matter Update - On July 31, 1997, the Company was advised by counsel representing the Company or its Subsidiaries that Jessica Neal has filed a claim with the EEOC.

Schedule 3.9
As Amended 7/31/97

The following is a list of every material contract, agreement, amendment or understanding entered into subsequent to January 31, 1997, to which the Company or any Subsidiary is bound.

I. Material Contracts and Commitments:

A. On or about June 9, 1997, the Company intends to refinance a mortgage loan with USF&G Financial Services Corporation and replace it with two mortgage loans in the amounts of Three Million Dollars ($3,000,000) and One Million Six Hundred Thousand Dollars ($1,600,000) pursuant to an application dated May 23, 1997, between the Company and MidAmerica Bank, on The Crossings shopping center, 1964-1970 Rahncliff Court, Eagan, MN.

B. On April 15, 1997, the Company or its Subsidiaries verbally renewed a $30 million bond financing line of credit and a $4.4 million loan participation note financing line of credit with Norwest Bank, N.A.

C. In May 1997, the Company agreed to a modification of Burger King's lease at The Crossings shopping center, 1964-1970 Rahncliff Court, Eagan, MN, reducing the amount of rent payable under such lease by approximately $57,500 over the remaining term of the lease.

D. The Company or its Subsidiaries have entered into the following underwriting agreements to act as exclusive investment bankers for proposed financing for certain projects:

1. Letter Agreement dated April 14, 1997, between Miller & Schroeder Financial, Inc. and the University of St. Thomas.
2. Letter Agreement dated May 27, 1997, between Miller & Schroeder Financial, Inc. and South Suburban Medical Center.

E. On May 23, 1997, the Company or its Subsidiaries entered into a written loan commitment to underwrite up to a $945,000 loan for Arcadia Capital Company LLC.

F. The Company is a party to a Stock Purchase Agreement dated March 24, 1994 among the Company, Marshall Financial Group, Inc. and Twin City Carpenters Pension Fund and Bank of America FSB and United Mortgage Holding Company, pursuant to which the Company, together with the other selling parties agreed to jointly and severally indemnify Buyer against any losses (subject to certain limits on the amount of Company's and other selling parties' liability) incurred or sustained arising out of certain events as set forth in the agreement.

The Company and its Subsidiaries are bound by a noncompete pursuant to the agreement.

G. In May 1997, the Company or its Subsidiaries renewed an agreement with Kraus-Anderson Realty Company, dated April 27, 1995, to manage The Crossings Plus Bakers' Square property located in Eagan, MN.

H. The Company or its Subsidiaries is negotiating and intends to enter into a lease extension for a term not to exceed 5 years and for a lease payment rate not significantly in excess of the rate under the current lease in connection with the Village and Country property, its Solana Beach office.

I. In March 1997, the Company subleased 2,283 square feet of its office space on the 8th floor of the Pillsbury Center, Minneapolis, Minnesota, to Dorsey & Whitney LLP. The term of the sublease is from March 1997 through November 1999.

J. From February 1, 1997 through June 9, 1997, the Company or its Subsidiaries hired the following employees:

EMP#	NAME	HIRE DATE	ANNUAL SALARY
2732	Ordner, Diane M.	02/01/97	$30,000
0518	Danford, James A.	02/13/97	75,000
3547	Taylor, Victoria J.	03/03/97	29,120
1869	Kosloski, Rochelle M.	03/24/97	28,000
3744	Winikoff, Michael R.	03/31/97	27,300
2934	Rac, Chad M.	04/22/97	50,000
0797	Faupl, Anton J.	05/01/97	75,000
1962	Larson, Brian R.	05/13/97	60,000
	Madigan, Eileen	06/10/97	35,000
	Eull, Derek	06/10/97	25,000

K. From February 1, 1997 through June 9, 1997, the Company or its Subsidiaries increased the compensation of certain of its employees by more than $25,000 annually, including:

EMP#	NAME	INCREASE DATE	FROM	TO
1590	Iverson, James E.	03/01/97	300,000	420,000
3700	Wikner, Roger J.	03/01/97	300,000	420,000
3437	Stanchfield, Nancy	05/01/97	6,000	42,000
0445	Connolly, Rhonda M.	06/01/97	60,000	90,000

L. The Company or its Subsidiaries entered into the following consulting contracts, lobbying agreements and other commitments subsequent to January 31, 1997:

NAME	DESCRIPTION
Helen Dixon	Consulting Agreement expired February 28, 1997. Verbal Agreement to renew on a month-to-month basis at current term of $5,000 per month, plus a transaction-based fee.
William Drew	Current Consulting Agreement expired March 31, 1997. Agreement renewed on a month-to-month basis at $2,000 per month.
Patrick McCue	Consulting Agreement dated February 1997 through June 1997 at $5,000 a month.
Phil McMullen	Consulting Agreement dated February 1997 through January 1998 at $2,000 a month.
Steven Oxberry	Current Consulting Agreement expires June 30, 1997. The Company expects to renew such Agreement on a month-to-month basis at current terms, approximately $8,700 per month.
Leonard Street and Deinard Professional Association	Minnesota lobbying for January 1997 through June 1997 in the amount of $40,000 (no written agreement).

M. The Company or its Subsidiaries has made commitments to sell securities which the Company or its Subsidiaries has not yet purchased (inventory short position) worth $514,672 as of the date of this Agreement.

N. The Company or its Subsidiaries has purchased securities under agreements to resell (reverse repurchase agreements) or has sold securities under agreements to repurchase (repurchase agreements) as set forth on Exhibit A attached hereto.

O. The Company or its Subsidiaries holds a Promissory Note for $400,000 on behalf of Cashman Holdings. The Note matured March 31, 1997, and a new Note was signed which matures August 31, 1997.

P. The Company or its Subsidiaries signed new 24-month contracts on March 27, 1997 and April 7, 1997 with Bloomberg Financial News to provide market data service for the Company or its Subsidiaries' institutional and trading departments.

Q. In February 1997, Miller & Schroeder Financial, Inc. purchased a 1997 Mercedes s500v for Wikner's use under an installment contract in the amount of $70,872 payable over 60 months at 8.9%.

R. In March 1997, Miller & Schroeder Financial, Inc. purchased a Mercedes e420w for Robin Thomas' use under an installment contract in the amount of $31,074 payable over 36 months at 8.5%.

S. The Company or its Subsidiaries has taken preliminary steps to install a front-office computer system (using Sungard's Broker Select) including PCs for all sales and trading personnel through Minneapolis Equipment. No significant purchase orders or commitments have been signed. Total estimated cost of project is $163,550.

T. The Company or its Subsidiaries has entered into a commitment to rent the University of Minnesota's Williams Arena Barn Loft (20% share) for a 10-year term. The Company's total commitment is $144,500.

U. The Company or its Subsidiaries has entered into both written and verbal commitments for various golf outings with customers, for an estimated total cost of $46,000.

V. The Company or its Subsidiaries has a verbal arrangement with Orick Harrington Law Firm to perform legal work on California Insurance Forward Purchase Contracts at an hourly rate, for an estimated total cost of $25,000.

W. In connection with a lawsuit filed by the City of Vista, CA of which Miller & Schroeder Financial, Inc. was a party, the parties entered into a settlement agreement whereby Miller & Schroeder agreed to pay $600,000 to repurchase stock of United Market Services. The first $300,000 is scheduled to be paid June 25, 1997, with the remaining balance payable on a quarterly basis ($75,000 each payment) over a one year period.

X. The Company or its Subsidiaries committed to advance to an issuer, Southeastern Minnesota Multi-County Housing and Redevelopment Authority, pursuant to a Promissory Note, dated June 3, 1997, the sum of $160,000. The funds are expected to be repaid on June 26, 1997.

Y. See also Schedule 3.7, regarding tolling agreements and settlement agreements.

Z. The Company or its Subsidiaries is a general partner in the Gaming Ventures Limited Partnership. Gaming Ventures Limited Partnership is a party to a $1,000,000 Revolving Line of Credit with Bank Windsor.

Additional Disclosure:

The Company or its Subsidiaries is offering on a "best efforts" basis the financing of a mortgage in the amount of Thirty-Two Million Dollars ($32,000,000) with 910 South Michigan Avenue Limited Partnership, an Illinois limited partnership, in connection with the conversion and refurbishment of 910 South Michigan Avenue Condominiums in Chicago, Illinois. As of the date of this Agreement, the Company or its Subsidiaries has no binding obligation to such Partnership to finance such mortgage.

In addition, the Company or its Subsidiaries have entered into the following two Letters of Commitment: (1) Letter of Commitment dated May 16, 1997, with the Association of Bay Area Governors, Oakland, CA; and (2) Letter of Commitment dated May 19, 1997 with California Statewide Communities Development Authority. Both Letters of Commitment involve the purchase by the Company or its Subsidiaries of tax exempt bonds subject to certain contingencies which, as of the date of this Agreement, have not been met.

II. Employment and Consulting Contracts:

A. See attached Exhibit B for a list of all written Employment Contracts or oral agreements between the Company or its Subsidiaries and those Employees who make $50,000 or more per year.

B. See attached Exhibit C for a list of all written or oral Consulting Agreements in excess of $50,000 per year.

C. Miller & Schroeder Financial, Inc. is granted warrants as part of its underwriting compensation. Miller & Schroeder Financial, Inc. has considered, but not formally adopted, a policy for allocating such warrants to the Sales and Corporate Capital department for compensation. In addition, the Corporate Capital Group has considered, but not formally adopted, a policy for allocating its share of such warrants among members of that department. As of the current date, Miller & Schroeder Financial, Inc. has not allocated any of the warrants it has received.

D. Other than Miller & Schroeder Financial Inc.'s Fidelity Retirement Trust 401K Plan, the Company has no other Deferred Compensation, Pension, Retirement, Stock Option or Stock Purchase Plans.

E. See Schedule 3.13I, which sets out the Company's or its Subsidiaries' pension, retirement and other employee benefit plans.

III. Defaults:

A. The Company may be in covenant violation for the quarter recently ended under its Mortgage Loan with USF&G Financial Services Corporation. However, the Company is diligently pursuing replacement financing for such Mortgage Loan through MidAmerica Bank.

MILLER & SCHROEDER FINANCIAL INC
/PLOYMENT AND COMPENSATION
AS OF MAY 31, 1997

SCHEDULE 3.9
EXHIBIT B

NAME	CONTRACT	CURRENT COMMISSION	CONTRACT BONUS	CURRENT BONUS	PER CONTRACT SEVERANCE	PER CONTRACT CONFIDENTIALITY/ NONCOMPETE
ALIZADEH, ALI	NO			8		No / No
ANDERSON, CAROL	NO			2		No / No
ANDERSON, RAY	NO			5.1 / 5.9		No / No
ARTON, JOE	YES		0	5.1 / 5.9		Yes / Yes
ARVOLD, JOHN	YES		1	3 / 4		Yes / Yes
AUGUSTA, MARK	YES	GRID-SA				Yes / Yes
AUGUSTA, STEVEN	NO	GRID-NEW				No / No
BALYEAT, DENNIS	YES		1	5.9	Yes	Yes / Yes
BOLIN, GREGORY	NO			7		No / No
BOTTGER, REGINALD	NO			5.1 / 5.9		No / No
BRENDEN, MARY JO	NO			2		No / No
BUTORAC, ANTHONY	NO			11.2		No / No
CALHOON, BARRY	NO			2		No / No
CARDARELLE, ELIZABETH	NO			3		No / No
CAVANAUGH, MICHAEL	NO			5.9		No / No
CLAREY, JOHN	YES		0	9		No / No
CLARK, MARLENE	YES	F				No / No
ONNOLLY, RHONDA	NO			5.1 / 5.9		No / No
UNNINGHAM, WILLIAM	YES	GRID				No / No
DAHLE, JOHN	NO			2		No / No
DANFORD, JAMES	YES		5.3	5.3 / 5.9		Yes / Yes
DEMARS, LOU	NO	G		5.9		No / No
DENNIS, NICHOLAS	YES		4	3 / 4		Yes / Yes
DHOOGE, VICTOR	NO			5.1 / 5.9		No / No
DIAZ, GAY	NO	A				No / No
DILL, DANIEL	YES		1	5.8 / 5.9		Yes / Yes
DIPERNA, MICHAEL	YES		1	5.1 / 5.10		Yes / Yes
DHOOGE, VICTOR	YES		1	5.1 / 5.9		Yes / Yes
DOWNIE, MATTHEW	NO			5.1 / 5.10		No / No
EKHOLM, LAURA	YES		1	5.1 / 5.9		Yes / Yes
EKHOLM, PAUL	YES		4	4 / 5.9		Yes / Yes
ERICKSON, STEVE	YES		4	3 / 4		Yes / Yes
FAUPL, ANTON	YES		5.5	5.5 / 5.9		Yes / Yes
FAWCETT, BETH	YES		1	2		Yes / Yes
FINSTUEN, JAMES	YES		1	9		No / No
FLYNN, PAT	YES	B				Yes / No
FRANCIS, CHRISTOPHER	NO	GRID				No / No
FRANK, MICHAEL	YES	GRID-SA				Yes / Yes
FREDERICHS, PATTY	NO			3		No / No
GLASRUD, TED	NO			9		No / No
GRACE, RICHARD	NO	GRID-NEW				No / No
REENE, RON	YES	GRID				Yes / Yes

"'LLER & SCHROEDER FINANCIAL INC
,PLOYMENT AND COMPENSATION
AS OF MAY 31, 1997

SCHEDULE 3.9
EXHIBIT B

NAME	CONTRACT	CURRENT COMMISSION	CONTRACT BONUS	CURRENT BONUS	PER CONTRACT SEVERANCE	PER CONTRACT CONFIDENTIALITY/ NONCOMPETE
HAGER, KEN	NO			3 / 4		No / No
HART, DONALD	NO			5.6 / 5.10		No / No
HATTER, JAMES	NO			5.1 / 5.9		No / No
HENDRICKSON, TODD	YES	GRID-SA				Yes / Yes
HENTGES, ED	YES		0	2		Yes / Yes
HERMAN, TIM	YES	GRID-JT				Yes / Yes
HILL, JEFF	NO	H				No / No
HOVDE, HERB	NO	GRID				No / No
IVERSON, JAMES	YES		4	3 / 4		Yes / Yes
JASPER, DENICE	NO			3		No / No
JENSEN, JAY	YES		5.2	5.2 / 5.9	YES	No / No
JONES, TIM	NO	C				No / No
KAHN, SETH	YES	GRID-JT,SA				No / No
KIRKHOFER, MAURICE	NO			5.1 / 5.9		No / No
KLUENDER, TIM	YES	GRID				No / No
LAIRD, TOM	YES		5.1	3 / 5.1 / 5.9		No / No
LAMPPA, GARY	NO			5.9		No / No
NDRY, DOISEY	YES	GRID				Yes / No
LARSON, BRIAN	YES		11.1	11.1		Yes / Yes
LEE, VICTOR	NO			5.1 / 5.9		No / No
LIND, DENNIS	YES	GRID				No / No
LINDEMANN, JOHN	YES		5.7	5.7 / 5.9		Yes / Yes
LONG, TIM	YES		8	5.1 / 5.10		Yes / Yes
LUNDE, ERIC	YES			5.1 / 5.9		No / No
MARKS, ANDREW	NO	I				No / No
MACADAM, ROBERT	NO			10.2		No / No
MCKEAND, JUDITH	NO			2		No / No
MCMAHON, GEORGE	YES		5.4	5.4 / 5.9		Yes / Yes
MCMILLIN, KERMIT	NO			5.1 / 5.9		No / No
MATHISON, LARRY	NO			3		No / No
MEHLHAFF, BRADLEY	NO			2		No / No
MELDON, NANCY	NO			3		No / No
MILLER, GREGORY	YES		11	7		No / No
MILLS, JOHN	NO			3		No / No
MURPHY, NANCY	NO			2		No / No
NELSON, GARY	NO			3 / 7		No / No
NIELSON, STEVEN	YES		5.4	5.4 / 5.9		No / No
NINNEMANN, KATHY	NO			3		No / No
NORWICH, KENNETH	YES	GRID	0			Yes / Yes
NULL, THOMAS	NO			5.8 / 5.9		No / No
"'DONNEL, BRIAN	NO			3		No / No
, LEARY, PATRICK	NO			5.1 / 5.9		No / No

MILLER & SCHROEDER FINANCIAL INC
EMPLOYMENT AND COMPENSATION
AS OF MAY 31, 1997

SCHEDULE 3.9
EXHIBIT B

NAME	CONTRACT	CURRENT COMMISSION	CONTRACT BONUS	CURRENT BONUS	PER CONTRACT SEVERANCE	PER CONTRACT CONFIDENTIALITY/ NONCOMPETE
O'NEIL, TIMOTHY	YES	GRID-JT	0			Yes / Yes
PATRAN, SARAH	NO			13		No / No
PAULSEN, BENJAMIN	NO			13		No / No
PAULSEN, BRIAN	YES		10	13		No / Yes
PENWARDEN, SCOTT	YES	GRID				Yes / No
PLUMSTEAD, TUCKER	YES			10.1		No / No
PUMAR, GIL	YES	D				No / No
RACH, CHAD	YES		5.5	5.5 / 5.9		Yes / Yes
RAYL, STEVEN	YES			7		Yes / Yes
RUBAL, MICHAEL	NO			5.9		No / No
SCHWARTZ, JENNY	NO			5.1 / 5.9		No / No
SIMMONS, RICHARD	YES	GRID-JT				No / No
SORENSON, BRUCE	YES		5.4	5.4 / 5.9		No / No
SORLEY, NED	YES	GRID				Yes / Yes
SORLEY, ROB	YES	GRID-JT				No / No
SPICOLA, THOMAS	YES	GRID				Yes / Yes
STANCHFIELD, NANCY	YES	K				No / No
STANCHFIELD, PATRICK	NO			11.2		No / No
STOKES, DEBORAH	NO	GRID				No / No
TABOLICH, JEROME	YES			7		Yes / Yes
TALLEY, BRUCE	YES	GRID-SA				Yes / No
THOMAS, ROBIN	NO			5.1 / 5.9		No / No
VAN DERVEEN, RON	NO	E				No / No
WAGNER, RICHARD *	YES			5.1 / 5.9		No / No
WEBB, PEGG	YES	GRID-JT				Yes / Yes
WEGNER, FAYE	NO			5.9 / 6		No / No
WHIPPLE, MICHAEL	NO			5.1 / 5.9		No / No
WIKNER, ROGER	YES		4	3 / 4		Yes / Yes
WILLIAMS, KATHLEEN	NO			13		No / No
ZIBLEY, SCOTT	YES		1	9		No / No

*Employment ends 7/1/97; converts to independent contractor

MILLER & SCHROEDER FINANCIAL INC
INCENTIVE COMPENSATION ARRANGEMENTS
AS OF MAY 31, 1997

0 Incentive compensation per contract has expired or is no longer used.

1 Incentive compensation per contract based on employee's performance or production and is determined by management's discretion or in accordance with current incentive plan in effect.

2 Discretionary bonus.

3 Discretionary bonus typically determined by a review of the individual or particular department's revenues or profits, or overall firm profitability.

4 Executive officer formula bonuses

MSF pretax profit before executive officer formula bonuses
x 33.33%
Equals: Bonus base

Payout	Roger Wikner	15.00%	Contractual
	James Iverson	15.00%	Contractual
	Steven Erickson	6.67%	Contractual
	Nicholas Dennis	6.67%	Contractual
	Paul Ekholm	6.67%	Contractual
	John Arvold	6.67%	
	Kenneth Hager	4.00%	

5 PUBLIC FINANCE UNDERWRITING BONUSES

5.1 Structured Bonus (calculated for each individual underwriter)-

Net underwriting profit-
Actual gross spread to firm (difference between buy and sell price)
Add: Fees received
Less: Account settlements or fees paid out
Less: Retail gross commissions
Less: Institutional gross commission at $2.50 per bond (1.00 per bond over 10MM)
Less: Trading gross commission at $2.50 per bond
Less: Retail management charge of $1.00 per bond for retail sales
Less: Unreimbursed deal expenses (legal, rating fees, t&e)

Add: 25% of retail gross commission

Equals: Net underwriting profit (bonus base)

Schedule 3.15

The following is a list of transactions between the Company or its Subsidiaries and the Sellers, subsequent to January 31, 1997:

1. The Company or its Subsidiaries paid $168,666 to Aviation Charter, an air charter company owned by Wikner and his spouse, for services rendered between February 1, 1997 and April 30, 1997. The Company or its Subsidiaries is anticipating that the charge for May 1997 services will be in excess of $20,000.

2. The Company or its Subsidiaries has reimbursed Wikner and his spouse for the use of the Wikner's boat through the 1996 season. The Company or its Subsidiaries has not yet reimbursed the Wikners for boat use in the 1997 season.

3. The Company or its Subsidiaries has advanced the Sellers the following funds from February 1, 1997 through June 6, 1997:

Wikner	2/3/97	$ 10,000
Wikner	4/14/97	100,000
Wikner	4/29/97	45,000
Wikner	6/6/97	5,000
Iverson	3/3/97	15,000
Iverson	4/14/97	100,000

4. The Sellers are reimbursed on a monthly basis for expenses incurred to conduct the business of the Company or its Subsidiaries, including, but not limited to, dues, memberships, meals, travel and entertainment. Charges to the Company's or its Subsidiaries' credit card are coded as advances to the Sellers until the proper breakdown between business and personal use is documented and reviewed. The amount of these expenses are listed on Exhibit A.

5. The Company or its Subsidiaries provides Wikner and Iverson with automobiles. In February 1997, Miller & Schroeder Financial, Inc. purchased a 1997 Mercedes s500v for Wikner's use under an installment contract in the amount of $70,872 payable over 60 months at 8.9%. If a portion of the company cars are used for personal use, the Sellers report such use as compensation, for tax purposes.

6. The daughter of Iverson, Jennifer Schwartz, is employed as an underwriter in New Jersey.

7. The Company or its Subsidiaries gives free remarketing services to Crown Pointe Development-Corona. Iverson holds a 20% ownership interest in such general partnership.

8. The Company or its Subsidiaries occasionally reimburses Wikner for the business use of his vacation homes. No reimbursements have been made since January 31, 1997.

SCHEDULE 3-15

MILLER & SCHROEDER FINANCIAL, INC.
Related Party Advances

Exhibit A

	April 30, 1997	Preliminary May 31, 1997
Roger Wikner		
Expense Advance	$ 47,373	$ 54,166
James Iverson		
Expense Advance	15,173	17,957
Steven Erickson		
Expense Advance	13,424	10,065
Club Advance	9,500	9,500

Schedule 5.1

1. On or about June 9, 1997, the Company intends to refinance a mortgage loan with USF&G Financial Services Corporation and replace it with two mortgage loans in the amounts of Three Million Dollars ($3,000,000) and One Million Six Hundred Thousand Dollars ($1,600,000) pursuant to an application dated May 23, 1997, between the Company and MidAmerica Bank, on The Crossings shopping center, 1964-1970 Rahncliff Court, Eagan, MN.

2. The Company or its Subsidiaries has negotiated an informal agreement with Brentwood Commercial Real Estate, Inc. under which Brentwood may market The Crossings shopping center, 1964-1070 Rahncliff Court, Eagan, MN, and if Brentwood finds a buyer for The Crossings, Brentwood will receive a 3% commission on the sale.

3. The Company or its Subsidiaries is negotiating and intends to enter into a lease extension for a term not to exceed five years and for a lease payment rate not significantly in excess of the rate under the current lease in connection with its Solana Beach office.

4. The Company or its Subsidiaries has taken preliminary steps to install a front-office computer system (using Sungard's Broker Select) including PCs for all sales and trading personnel through Minneapolis Equipment. No significant purchase orders or commitments have been signed. Total estimated cost of project is $163,550.

5. In May 1997, the Company or its Subsidiaries renewed an agreement with Kraus-Anderson Realty Company, dated April 27, 1995, to manage The Crossings Plus Bakers' Square property located in Eagan, MN.

6. Prior to closing, the Sellers may purchase from the Company the following country club memberships and insurance policies:

   a. Club memberships:

Wikner	Wayzata Country Club	$ 1,000
Wikner	The Boulders Golf Club	80,000
Iverson	RSF Farms Golf, Inc.	42,500
Erickson	Interlachen Country Club	2,800

b. Insurance Policies:

Insured	Face	Cash Value	10/31/96 Policy Loans	Net Value
1) Whole life:				
Wikner	$500,000	$191,470	($138,170)	$53,300
Wikner	$125,000	$ 31,894	(18,410)	13,484
2) Term Life:				
Wikner	$999,000		$6,000/annual premium	
3) Term Life Applied For, Not Yet Issued:				
Wikner	$4,000,000		Estimated annual premium not to exceed $75,000.	

LAW OFFICES
LEONARD, STREET AND DEINARD
PROFESSIONAL ASSOCIATION

SUITE 2300
150 SOUTH FIFTH STREET
MINNEAPOLIS, MINNESOTA 55402
TELEPHONE (612) 335-1500
FACSIMILE (612) 335-1657

SUITE 2270
MINNESOTA WORLD TRADE CENTER
30 EAST SEVENTH STREET
ST. PAUL, MINNESOTA 55101
TELEPHONE (612) 222-7455
FACSIMILE (612) 222-7644

HAROLD D. FIELD, JR.
ALLEN I. SAEKS
THOMAS D. FEINBERG
MORRIS M. SHERMAN
GEORGE REILLY
CHARLES K. DAYTON
STEPHEN R. PFLAUM
CHARLES A. MAYS
LOWELL J. NOTEBOOM
GEORGE F. McGUNNIGLE
JOHN E. REGAN
RICHARD G. PEPIN, JR.
BYRON E. STARNS
STEVEN M. RUBIN
JOHN H. HERMAN
STEVEN D. DeRUYTER
JAMES R. DORSEY
STEPHEN J. DAVIDSON
STEPHEN R. LITMAN
EDWARD M. MOERSFELDER
ROBERT LEWIS BARROWS
RICHARD J. WEGENER
DANIEL J. McINERNEY, JR.
HUGH M. MAYNARD
FREDERICK W. MORRIS
JOHN C. KUEHN
BRADLEY J. GILLAN
MICHAEL A. NEKICH
MARTHA C. BRAND
DAVID N. HAYNES
RICHARD H. MARTIN
ROBYN HANSEN
ROBERT L. DeMAY
ANGELA M. BOHMANN
TIMOTHY J. PABST
ROBERT P. THAVIS
JAMES G. BULLARD
JOSEPH M. FINLEY
LAWRENCE J. FIELD
DAVID W. KELLEY
MARK S. WEITZ
ROBERT J. HUBER
DAVID KANTOR
JOHN M. SHERAN
BARBARA L. PORTWOOD
ANGELA M. CHRISTY
MARK A. LINDGREN
MARIANA R. SHULSTAD
LOWELL V. STORTZ
DOUGLAS B. GREENSWAG
ELLEN G. SAMPSON
JOHN T. ROBERTS
ROSANNE NATHANSON
MICHAEL G. TAYLOR
JOHN W. GETSINGER
THOMAS P. SANDERS
ROBERT ZEGLOVITCH
TIMOTHY WELCH
GREGG J. CAVANAGH
SUSAN M. ROBINER
BRADLEY J. GUNN
BLAKE SHEPARD, JR.
NANCY A. WILTGEN
WILLIAM L. GREENE
STEVEN L. BELTON
MARC D. SIMPSON
SHAUN C. McELHATTON
JAMES J. BERTRAND
DAVID R. MELLOH
CAROLYN V. WOLSKI
STEVEN R. LINDEMANN
WILLIAM H. KOCH
RONALD J. SCHULTZ
ELLEN G. LUGER
JERRY S. PODKOPACZ
WILLIAM H. GOTLIEB
JAMA M. KRIZ
WENDY C. SKJERVEN
ROBERT H. TORGERSON
JAMES F. VOEGELI
TIMOTHY A. JOHNSON
DEBRA G. STREHLOW
THOMAS J. CONLEY
JOSHUA J. KANASSATEGA
JANN M. EICHLERSMITH
ANDREW P. LEE
I. DANIEL COLTON
NICOLE A. ENGISCH
TAMMIE S. PTACEK
MICHAEL J. WURZER
JEFFREY E. GRELL
BARBARA PODLUCKY BERENS
KEITH S. MOHEBAN
ALAN W. VAN DELLEN
JANE F. GODFREY
ERIC H. GALATZ
ROSANNE JACUZZI
DANIEL L. PALMQUIST
CATHERINE A. McENROE
JOHN E. KING
DANIEL OBERDORFER
JEFFREY A. EYRES
SUSAN S. FAUVER
HANS I. E. BJORNSON
KATHLEEN L. KUEHL
STEVEN P. ZABEL
DAVID R. CROSBY
JEANNE M. COCHRAN
MICHAEL A.G. KORENGOLD
THAD J. COLLINS
ELIZABETH A. CUMMING
TODD A. NOTEBOOM
DAVID H. SAMPSELL
BRIAN S. FELTON
GREGORY R. FITZHARRIS
PAUL A. VANDER VORT
ROBERT L. STRIKER
TIMOTHY P. GLYNN
VALERIE G. BLATNIK-SIGEL
SUSAN M. HUMISTON
SUSAN THOMPSON
RACHEL E. JOHNSON
JILL HUTCHINSON BOLLETTIERI
ROBERT M. HOGG
JAMES L. HEINE
THOMAS C. SNOOK

GEORGE B. LEONARD (1872-1956)
ARTHUR L.H. STREET (1877-1961)
BENEDICT DEINARD (1899-1969)
AMOS S. DEINARD (1898-1985)

SIDNEY LORBER
SIDNEY BARROWS
DAVID G. BARATTI
BARRY McGRATH
LARRY D. STARNS
OF COUNSEL

July 28, 1997

WRITER'S DIRECT DIAL NUMBER

(612) 335-1444

Lori J. Ketola
Briggs and Morgan
2400 IDS Center
80 South Eighth Street
Minneapolis, Minnesota 55402

VIA MESSENGER

Re: Response to Supplemental Due Diligence Request

Dear Lori:

In response to your Supplemental Due Diligence Request, enclosed is a copy of the club membership application for the Boulders Country Club. Other than the application, there is no other agreement pertaining to the club memberships. In addition, we received a copy of the IRS determination letter today, and it is enclosed. Also enclosed is a copy of page 4 of the D&O Insurance application form which you faxed to us, which includes our response. We will provide you with a list of claims responsive to question #15 on the D&O Insurance application tomorrow morning. In addition, we will also provide you with the final financial information requested by Peat Marwick during the financial due diligence meeting held on Friday, July 25, 1997.

You also requested the opportunity to review Pallet Recyclers, and also Water World subscription agreements to determine accredited status. Subscription agreements for those two files have been pulled, and will be available in a conference room tomorrow morning at Miller & Schroeder. As we discussed by phone, please call Ken Hager to set up a meeting to review those documents.

Also enclosed are several documents pertaining to the contract between the Depository Trust Company ("DTC") and Miller & Schroeder Financial, Inc., whereby Miller & Schroeder Financial, Inc. becomes a participant in the Depository Trust. It has come to our attention that such agreement, dated February 28, 1996, also included a side letter, dated December 1, 1995, wherein Miller & Schroeder Financial agreed to notify DTC whenever the Company's excess net capital would be less than $2 million. See Miller & Schroeder Financial's response to DTC dated July 11, 1997 regarding this matter. This letter, dated December 1, 1995, was just responded to on July 11, 1997, and was only brought to the attention of John Arvold today. We anticipate amending Schedule 3.11 to reflect this requirement.

Finally, an update on Miller & Schroeder Financial's good standing in the State of Arkansas. A Franchise Tax Report which should have been filed in June of 1997 has been filed by Federal Express as of today's date. We should receive from the State a copy of the good standing certificate prior to the closing on Thursday, July 31, 1997.

Lori, if you have any questions on the above matters, please feel free to call me. The remaining documents will be delivered to you sometime tomorrow morning.

Very truly yours,

LEONARD, STREET AND DEINARD

By Rachel E. Johnson
Rachel E. Johnson

REJ/crs
Enclosures
cc: Brian Wenger
John Arvold
Ken Hager
Morris Sherman

1562100

Resident Information & Club Membership Application

NAME:

Last WIKNER First & Middle ROGER J.

Spouse SHIRLEY

Occupation Self INVESTMENT BANKING Spouse AVIATION

ADDRESS:

The Boulders Community

Street Address 7470 EAST WHITETHORN CIRCLE

City SCOTTSDALE State AZ Zip 85262

Out of The Boulders Community

Street Address 501 BUSHAWAY ROAD

City WAYZATA State MN Zip 55391

TELEPHONE NUMBERS:

At The Boulders (602) 595-8753

Home (612) 475-3957 Office (612)376-1406

BIRTH INFORMATION:

Self Date 10/18/41 City MINNEAPOLIS State MN

Spouse Date 11/17/46 City MINNEAPOLIS State MN

ANNIVERSARY:

Date 6/17/75

EDUCATION:

Self UNIVERSITY OF MINNESOTA

Spouse

CAREER/ACADEMIC AWARDS, HONORS, ACTIVITIES:

Self PILOT

Spouse PILOT

CURRENT PROFESSIONAL MEMBERSHIPS:

Self SECURITIES INDUSTRY ASSOCIATION, NATIONAL ASSOCIATION OF SECURITIES DEALERS

Spouse

PAST PROFESSIONAL MEMBERSHIPS:

Self

Spouse

COUNTRY CLUBS TO WHICH YOU BELONG OR HAVE BELONGED:

Club Name WAYZATA COUNTRY CLUB Dates CURRENTLY BELONG

Address WAYZATA, MINNESOTA

Club Name LAFAYETTE COUNTRY CLUB Dates CURRENTLY BELONG

Address MINNETONKA, MINNESOTA

WHO INTRODUCED YOU TO THE BOULDERS?

☐ Friend ☐ Boulders Homeowner ☒ Realtor ☐ Other

WHAT MOST INFLUENCED YOU TO PURCHASE PROPERTY AT THE BOULDERS?

GOLF

DID YOU STAY AT THE RESORT PRIOR TO YOUR REAL ESTATE PURCHASE?

☒ Yes ☐ No Number of Visits

CHILDREN:

Name ERIK OTTESON Birth Date 3/2/66

Noteworthy Information

Name KIRK OTTESON Birth Date 10/20/68

Noteworthy Information

Name DAVID WIKNER Birth Date 12/2/76

Noteworthy Information

PLEASE LIST BELOW CLUB MEMBERS TO WHOM YOU ARE PERSONALLY KNOWN:

Name Time Known

Name Time Known

Name Time Known

TYPE OF MEMBERSHIP APPLYING FOR:

Golf	Clubhouse	Social	Not Applying At This Time
☒ family	☐ family	☐ family	☐
☐ individual	☐ individual	☐ individual	

Golf Membership

I hereby apply for membership in The Boulders Club, an organization operated by Westcor Resorts.

In submitting my application for membership in The Boulders Club, I understand and agree that this application may be accepted or denied at the sole discretion of The Boulders Club.

I understand that a golf membership in The Boulders Club is:

(I) non-proprietary and non-assessable;

(II) not transferable to purchaser of my home or lot in The Boulders;

(III) subject to termination without refund of any portion of the membership initiation fee for violation of rules and regulations of The Boulders Club upon finding of such by the Board of Directors of The Boulders Club.

Membership includes the following privileges:

(a) use of the championship golf course(s) owned by The Boulders Club;

(b) 7-day reservation privilege for available tee times;

(c) use of The Boulders Club Restaurant, tennis facilities, fitness center and swimming pool;

(d) use of shower and dressing facilities in The Boulders Clubhouse;

(e) credit privileges for the use of all of the facilities and services at The Boulders Club and The Boulders Resort;

(f) applicable discounts for merchandise and services as determined from time to time by the Board of Directors of The Boulders Club;

(g) affiliation with, and all of the privileges of, the United States Golf Association and the Arizona Golf Association; and

(h) men's and women's organizations including maintenance of a sanctioned handicap system.

All such privileges are subject to restrictions, limitations, rules and regulations as may be established from time to time by the Board of Directors of The Boulders Club. From time to time any or all of such privileges may be suspended for limited periods for special events sanctioned by the Board of Directors of The Boulders Club; the time and duration of any such suspension shall be provided in advance to the members by notice posted at The Boulders Clubhouse.

If accepted as a member of The Boulders Club, I agree to pay an applicable initiation fee of $_____, to abide by all restrictions, limitations, rules and regulations as may be established from time to time by the Board of Directors of The Boulders Club, and to pay as billed all dues, food and beverage charges and other charges of membership and all fees and charges incurred by me, my family or guests for services or use of the facilities of The Boulders Club.

Signature of Applicant(s)

Date 11.15.96

Social Membership

I hereby apply for membership in The Boulders Club, an organization operated by Westcor Resorts.

In submitting my application for membership in The Boulders Club, I understand and agree that this application may be accepted or denied at the sole discretion of The Boulders Club.

I understand that a social membership in The Boulders Club is:

(I) non-proprietary and non-assessable;

(II) not transferable to purchaser of my home or lot in The Boulders;

(III) subject to termination without refund of any portion of the membership initiation fee for violation of rules and regulations of The Boulders Club upon finding of such by the Board of Directors of The Boulders Club.

Membership includes the following privileges:

(a) use of the championship golf course(s) owned by The Boulders Club;

(b) 1-day reservation privilege for available tee times;

(c) use of The Boulders Club Restaurant, tennis facilities, fitness center and swimming pool;

(d) use of shower and dressing facilities in The Boulders Clubhouse;

(e) credit privileges for the use of all of the facilities and services at The Boulders Club and The Boulders Resort;

(f) applicable discounts for merchandise and services as determined from time to time by the Board of Directors of The Boulders Club.

All such privileges are subject to restrictions, limitations, rules and regulations as may be established from time to time by the Board of Directors of The Boulders Club. From time to time any or all of such privileges may be suspended for limited periods for special events sanctioned by the Board of Directors of The Boulders Club; the time and duration of any such suspension shall be provided in advance to the members by notice posted at The Boulders Clubhouse.

If accepted as a member of The Boulders Club, I agree to pay an applicable initiation fee of $_____, to abide by all restrictions, limitations, rules and regulations as may be established from time to time by the Board of Directors of The Boulders Club, and to pay as billed all dues, food and beverage charges and other charges of membership and all fees and charges incurred by me, my family or guests for services or use of the facilities of The Boulders Club.

Signature of Applicant(s)

_____

_____

Date _____

Clubhouse Membership

I hereby apply for membership in The Boulders Club, an organization operated by Westcor Resorts.

In submitting my application for membership in The Boulders Club, I understand and agree that this application may be accepted or denied at the sole discretion of The Boulders Club.

I understand that a clubhouse membership in The Boulders Club is:

(I) non-proprietary and non-assessable;

(II) not transferable to purchaser of my home or lot in The Boulders;

(III) subject to termination without refund of any portion of the membership initiation fee for violation of rules and regulations of The Boulders Club upon finding of such by the Board of Directors of The Boulders Club.

Membership includes the following privileges:

(a) use of The Boulders Club Restaurant, tennis facilities, fitness center and swimming pool;

(b) use of shower and dressing facilities in The Boulders Clubhouse;

(c) credit privileges for the use of all of the facilities and services at The Boulders Club and The Boulders Resort;

(d) applicable discounts for merchandise and services as determined from time to time by the Board of Directors of The Boulders Club.

All such privileges are subject to restrictions, limitations, rules and regulations as may be established from time to time by the Board of Directors of The Boulders Club. From time to time any or all of such privileges may be suspended for limited periods for special events sanctioned by the Board of Directors of The Boulders Club; the time and duration of any such suspension shall be provided in advance to the members by notice posted at The Boulders Clubhouse.

If accepted as a member of The Boulders Club, I agree to pay an applicable initiation fee of $_____, to abide by all restrictions, limitations, rules and regulations as may be established from time to time by the Board of Directors of The Boulders Club, and to pay as billed all dues, food and beverage charges and other charges of membership and all fees and charges incurred by me, my family or guests for services or use of the facilities of The Boulders Club.

Signature of Applicant(s)

_____

_____

Date _____

THE BOULDERS CLUB

At The Boulders Club, the pleasures are virtually endless, with a variety of amenities to suit everyone.

Imagine starting your day with a round of golf on one of the two spectacular 18-hole championship courses designed by Jay Morrish. You'll also find clinics, mixers and tournaments to challenge players of every level, as well as professional instruction from the full-time teaching staff.

The Sonoran Spa offers fitness classes, personal training and the latest technology in exercise equipment by Life Fitness. Recreational opportunities include guided hikes, bike tours and outdoor adventures. Relax with a massage, facial or body treatment given by the professional Spa staff, then enjoy the heated lap pool, whirlpool and full-service men's and ladies' locker rooms.

The exclusive Tennis Garden offers six plexi-cushioned courts, a pro shop and a talented professional staff who oversee the weekly clinics, personal instruction and tennis socials.

The Boulders features a variety of social activities which allow members to become acquainted with one another while enjoying the club's outstanding food, atmosphere and service. And it's always a pleasure to invite friends for a festive lunch or dinner at The Boulders Club restaurant, or a casual meal or cocktails at Bogey's. If you'd like to host a special event, The Boulders Club also offers meeting rooms and catered private parties as well as holiday and monthly member socials.

To enhance the pleasures of club membership, members are assured of preferred access and special rates for all the delightful amenities of the world renowned Boulders Resort.

Memberships

All memberships include the following privileges:

- Use of the Club swimming pool and Sonoran Spa.
- Use of all clubhouse facilities including those designated as "Members Only" areas, and use of all Club food and beverage facilities including private function rooms.
- A 15% discount on merchandise purchased in the golf pro shop, tennis pro shop, Boulders Signature shop and hotel gift shop when charged to a member's account. Plus, a special price of cost plus 10% on all clothing and accessories designated especially for members only.
- Credit privileges for use of facilities and services at The Boulders Club and Resort.
- Access to both dining facilities at the resort on a priority basis, with a 10% discount.
- A 15% discount on rooms at other Carefree Resorts.
- A 50% discount on rooms at The Boulders on a space available basis.

Dec. 1st, 1996

GOLF MEMBERSHIP

Initiation Fee	~~$80,000~~ 90,000
Monthly Dues /Individual	247
/Family	330

Privileges include:

- Use of both The Boulders' championship golf courses.
- Reserving tee times up to 7 days in advance for members and guests on the designated course reserved exclusively for Boulders Club members.
- Golf privileges for up to 3 accompanied guests per day paying the Member Accompanied rate. Privileges are based upon rules governing guest play, which may have restrictions.
- Access to the Men's and Ladies' Golf Associations, which sponsor the Club tournaments.
- Use of the tennis courts, with court times reserved 48 hours in advance.

SOCIAL MEMBERSHIP

Initiation Fee	~~$40,000~~ 45,000
Monthly Dues /Individual	105
/Family	155

Privileges include:

- Use of both The Boulders' championship golf courses, paying the Member Guest greens fee.
- Reserving tee times and tennis court times up to 24 hours in advance.
- Golf privileges for up to 3 accompanied guests per day paying the Resort Guest rate. Privileges are based upon rules governing guest play, which may have restrictions.

CLUBHOUSE MEMBERSHIP

Initiation Fee	~~$15,000~~ 12,000
Monthly Dues /Individual	80
/Family	110

Privileges include:

- Use of the Club tennis facilities, with court times reserved 24 hours in advance.

The Boulders is a non-smoking club.

All rates and guest privileges subject to change at any time. Personal lockers may not be available for Social & Clubhouse memberships. Initiation fees listed herein are valid as of 11/1/95. Dues are effective 1/1/96.

Rates

GOLF RATES

Cart fees for Golf Members:	$16 per person for 18 holes, $10 per person for 9 holes
Annual private cart fee:	$900 per family, $600 per individual
Golf lessons:	$60 per half-hour (Teaching Professionals)
	$40 per half-hour (Assistant Professionals)
	$50 per half-hour (Director of Golf)

Green fees for Social Members & Golf Member Accompanied Guests:

	18 holes	9 holes
Nov. 1, 1995–May 31, 1996	$76	$41
June 1–June 30, 1996	$65	$35
July 1–Aug. 29, 1996	$40	$25

Green fees for Golf Member Unaccompanied Guests:

	18 holes	9 holes
Nov. 1, 1995–May 31, 1996	$150	$75
June 1–June 30, 1996	$130	$65
July 1–Aug. 29, 1996	$75	$40

Green fees for Social Member Accompanied Guests:

	18 holes	9 holes
Nov. 1, 1995–May 31, 1996	$134	$70
June 1–June 30, 1996	$107	$58
July 1–Aug. 29, 1996	$75	$40

(Sponsored guests have a 48-hour advance reservation privilege. Family memberships are limited to 4 players per day, and Individual memberships are limited to 2 players per day.)

Miscellaneous:	Shoe Service	$3 per pair or $40 for 20 pairs
	Club Storage	$135 per year
	Club Lockers	$135 per year

TENNIS RATES

Members:	No Charge
Member Guests:	$6 per person per day (Members may have 3 guests per day)
Tennis Lessons:	$40 per hour, $25 per half-hour
Ball Machine:	$15 per hour for Guests, $8 per hour for Members

SONORAN SPA RATES	Member	Member Guest, Rental Member	Resort Guest
FITNESS			
Daily Classes	$8	$10	$10
Monthly Classes	$35	$50	—
Personal Training	$45	$55	$65
SPA TREATMENTS (Massage, Facial, Body Treatments)			
Mon–Thurs 8:30am–7pm	$64	$80	$80
Fri–Sun 8:30am–7pm	$80	$80	$80
In Private Homes	$100	$100	$100
(A 12% gratuity will be added to all Spa treatments)			
RECREATION			
Weekly Hikes	$35	$40	$40
Guided Bike Tours	$20	$25	$25
Bike Rental Available			

All rates and guest privileges subject to change at any time.

Rental Guest Program

Benefits for members' rental guests are valid only in the absence of the member and must be registered in the Club Administrative Office. There is a $20 processing fee to set up the rental guest's account, which will be billed to the rental guest's account.

GOLF PRIVILEGES

Golf Members' rental guests have a 24-hour advanced reservation privilege with a limit of 4 players per day. Other guests may play on a space available basis at the Member Sponsored rate. Social Members' rental guests may use the facilities on a space available basis with a limit of 4 players per day.

Rates	18 holes	9 holes
Nov. 1, 1995–May 31, 1996	$135	$70
June 1–June 30, 1996	$118	$64
July 1–Aug. 29, 1996	$75	$40

TENNIS PRIVILEGES

Members' rental guests may use the tennis facilities on a space available basis, with a limit of 4 players per day.

Rates	$10 per person per day
Ball Machine	$15 per hour or $8 per half-hour
Tennis Lessons	$60 per hour or $35 per half-hour
Racket Rentals	$6 per day

SONORAN SPA PRIVILEGES

Members' rental guests may use the Sonoran Spa workout room at a special daily or monthly rate. Classes, hikes, personal training and Spa treatments are available at the Member Guest rate.

Clubhouse Members' rental guests may use the tennis, pool and Spa facilities on a space available basis for the posted fees.

All rates and guest privileges subject to change at any time.

MILLER & SCHROEDER, INC.
DIRECTOR/OFFICER LISTING
JULY 29, 1997

Organization	Directors	Officer Position (if applicable)
Miller & Schroeder, Inc.	R. Wikner J. Iverson S. Erickson	R. Wikner - President J. Iverson - Chairman of the Board S. Erickson - Vice President
Miller & Schroeder Financial, Inc.	R. Wikner J. Iverson	R. Wikner - President J. Iverson - Executive Vice President S. Erickson - Senior Vice President
Miller & Schroeder Investments	E. Hentges	E. Hentges - President
Miller & Schroeder Small Business Capital Corporation	R. Wikner J. Iverson	R. Wikner - President J. Arvold - Senior Vice President S. Erickson - Senior Vice President
Miller & Schroeder Capital Corporation	R. Wikner J. Iverson	R. Wikner - President ~~J. Iverson - Executive Vice President~~ J. Arvold - Vice President S. Erickson - Vice President
Miller & Schroeder Mortgage	R. Wikner J. Iverson	R. Wikner - President J. Arvold - Vice President S. Erickson - Vice President E. Hentges - Vice President
Pooled Loan Marketing	R. Wikner J. Iverson	R. Wikner - President J. Iverson - Executive Vice President E. Hentges - Vice President
PLMC-1, Inc.	J. Arvold	J. Arvold - President E. Hentges - Vice President

July 31, 1997

Miller & Schroeder, Inc.
Pillsbury Center
220 South Sixth Street
Suite 300
Minneapolis, Minnesota 55402

Dear Sirs:

I hereby submit my resignation as a director of Pooled Loan Marketing Corporation, Miller & Schroeder Mortgage Corporation, Miller & Schroeder Capital Corporation, Miller & Schroeder Small Business Capital Corporation, Miller & Schroeder Financial, Inc., and Miller & Schroeder, Inc. effective immediately. I also hereby submit my resignation as an officer of Miller & Schroeder, Inc. and any of its subsidiaries effective immediately.

I hereby acknowledge that as of the date hereof, except for expense reimbursements and payments pursuant to that certain Employment Agreement of even date herewith entered into by me and Miller & Schroeder, Inc. and that certain Noncompetition Agreement of even date herewith entered into by me and Miller & Schroeder, Inc., I am not due, nor will be due, any additional amounts or obligations from Miller & Schroeder, Inc. or any of its subsidiaries pursuant to any agreement, understanding or otherwise including, but not limited to, services performed on behalf of Miller & Schroeder, Inc. or any of its subsidiaries. I further acknowledge that that certain employment agreement dated November 1, 1985 entered into by me and Miller & Schroeder Financial, Inc. is terminated effective as of this 31st day of July, 1997, and waive any requirements of notice of such termination.

Sincerely,

James E. Iverson

796733.1

07/31 11:08 1997 FROM: 16194818677 TO: 3348650 PAGE: 2
FROM MILLER & SCHROEDER (THU) 07. 31' 97 07:56/ST. 07:55/NO. 3560670328 P 2

July 31, 1997

Miller & Schroeder, Inc.
Pillsbury Center
220 South Sixth Street
Suite 300
Minneapolis, Minnesota 55402

Dear Sirs:

I hereby submit my resignation as a director of Pooled Loan Marketing Corporation, Miller & Schroeder Mortgage Corporation, Miller & Schroeder Capital Corporation, Miller & Schroeder Small Business Capital Corporation, Miller & Schroeder Financial, Inc., and Miller & Schroeder, Inc., effective immediately. I also hereby submit my resignation as an officer of Miller & Schroeder, Inc. and any of its subsidiaries effective immediately.

I hereby acknowledge that as of the date hereof, except for expense reimbursements and payments pursuant to that certain Noncompetition Agreement of even date herewith entered into by me and Miller & Schroeder, Inc., I am not due, nor will be due, any additional amounts or obligations from Miller & Schroeder, Inc. or any of its subsidiaries pursuant to any agreement, understanding or otherwise including, but not limited to, services performed on behalf of Miller & Schroeder, Inc. or any of its subsidiaries. I further acknowledge that that certain employment agreement dated November 1, 1985 entered into by me and Miller & Schroeder Financial, Inc. is terminated effective as of this 31st day of July, 1997, and waive any requirements of notice of such termination.

Sincerely,

Roger J. Wikner

796731.1

PROMISSORY NOTE

Cancelled 9/31/97

$225,000.00 October 31, 1996

FOR VALUE RECEIVED, Roger J. Wikner, promises to pay MILLER & SCHROEDER, INC., a Minnesota Corporation, at 220 South Sixth Street, Suite 300, Minneapolis, MN 55402, the principal sum not to exceed Two Hundred Twenty Five Thousand and 00/100 Dollars ($225,000) or so much as may from time to time be disbursed hereon together with interest thereon from October 31, 1996, at an interest rate of 6.72% per annum. The entire unpaid principal amount together with interest accrued thereon shall become due and payable on October 31, 2001.

If default is made in the payment when due of any part of installment of interest, the entire amount of principal and interest shall become immediately due and payable at the option of the holder of this Note, without notice. In the event of any default thereunder, the undersigned agrees to pay the cost of the collection, including reasonable attorney's fees.

This Note shall be governed as to validity, interpretation, construction, effect and in all other respects by the laws of the State of Minnesota.

IN WITNESS WHEREOF, the undersigned has executed this note.

Roger J. Wikner

PROMISSORY NOTE

$54,932.00 October 31, 1995

FOR VALUE RECEIVED, Roger J. Wikner, promises to pay MILLER & SCHROEDER FINANCIAL, INC., a Minnesota Corporation, at 220 South Sixth Street, Suite 300, Minneapolis, MN 55402, the principal sum not to exceed Fifty Four Thousand Nine Hundred Thirty Two and 00/100 Dollars ($54,932) or so much as may from time to time be disbursed hereon together with interest thereon from October 31, 1995, at an interest rate of 6.31% per annum. The entire unpaid principal amount together with interest accrued thereon shall become due and payable on October 31, 1998.

If default is made in the payment when due of any part of installment of interest, the entire amount of principal and interest shall become immediately due and payable at the option of the holder of this Note, without notice. In the event of any default thereunder, the undersigned agrees to pay the cost of the collection, including reasonable attorney's fees.

This Note shall be governed as to validity, interpretation, construction, effect and in all other respects by the laws of the State of Minnesota.

IN WITNESS WHEREOF, the undersigned has executed this note.

Roger J. Wikner

Roger J. Wikner

Cancelled 7/31/97

PROMISSORY NOTE

$452,651.81 October 31, 1994

FOR VALUE RECEIVED, James E. Iverson, promises to pay to MILLER & SCHROEDER, INC., a Minnesota corporation, at 220 South Sixth Street, Suite 300, Minneapolis, MN 55402, the principal sum not to exceed Four Hundred Fifty Two Thousand Six Hundred Fifty One and 81/100 Dollars ($452,651.81) or so much as may from time to time be disbursed hereon together with interest thereon from October 31, 1994, at an interest rate of 6.34% per annum. The entire unpaid principal amount together with interest accrued thereon shall become due and payable on October 31, 1997.

If default is made in the payment when due of any part or installment of interest, then the entire amount of principal and interest shall become immediately due and payable at the option of the holder of this Note, without notice. In the event of any default thereunder, the undersigned agrees to pay the costs of the collection, including reasonable attorney's fees.

This Note shall be governed as to validity, interpretation, construction, effect and in all other respects by the laws of the State of Minnesota.

IN WITNESS WHEREOF, the undersigned has executed this note.

James E. Iverson

PROMISSORY NOTE

$290,000.00 October 31, 1996

FOR VALUE RECEIVED, James E. Iverson, promises to pay MILLER & SCHROEDER, INC., a Minnesota Corporation, at 220 South Sixth Street, Suite 300, Minneapolis, MN 55402, the principal sum not to exceed Two Hundred Ninety Thousand and 00/100 Dollars ($290,000) or so much as may from time to time be disbursed hereon together with interest thereon from October 31, 1996, at an interest rate of 6.72% per annum. The entire unpaid principal amount together with interest accrued thereon shall become due and payable on October 31, 2001.

If default is made in the payment when due of any part of installment of interest, the entire amount of principal and interest shall become immediately due and payable at the option of the holder of this Note, without notice. In the event of any default thereunder, the undersigned agrees to pay the cost of the collection, including reasonable attorney's fees.

This Note shall be governed as to validity, interpretation, construction, effect and in all other respects by the laws of the State of Minnesota.

IN WITNESS WHEREOF, the undersigned has executed this note.

James E. Iverson

PROMISSORY NOTE

Cancelled 7/31/97

$100,000.00 April 20, 1995

FOR VALUE RECEIVED, Roger J. Wikner, promises to pay MILLER & SCHROEDER, INC., a Minnesota Corporation, at 220 South Sixth Street, Suite 300, Minneapolis, MN 55402, the principal sum not to exceed One Hundred Thousand and 00/100 Dollars ($100,000) or so much as may from time to time be disbursed hereon together with interest thereon from April 20, 1995, at an interest rate of 7.34% per annum. The entire unpaid principal amount together with interest accrued thereon shall become due and payable on October 31, 1998.

If default is made in the payment when due of any part of installment of interest, the entire amount of principal and interest shall become immediately due and payable at the option of the holder of this Note, without notice. In the event of any default thereunder, the undersigned agrees to pay the cost of the collection, including reasonable attorney's fees.

This Note shall be governed as to validity, interpretation, construction, effect and in all other respects by the laws of the State of Minnesota.

IN WITNESS WHEREOF, the undersigned has executed this note.

Roger J. Wikner

Roger J. Wikner

PROMISSORY NOTE

$240,486.00

October 31, 1995

FOR VALUE RECEIVED, James E. Iverson promises to pay MILLER & SCHROEDER, INC., a Minnesota Corporation, at 220 South Sixth Street, Suite 300, Minneapolis, MN 55402, the principal sum not to exceed Two Hundred Forty Thousand Four Hundred Eight Six and 00/100 Dollars ($240,486) or so much as may from time to time be disbursed hereon together with interest thereon from October 31, 1995, at an interest rate of 6.31% per annum. The entire unpaid principal amount together with interest accrued thereon shall become due and payable on October 31, 1998.

If default is made in the payment when due of any part of installment of interest, the entire amount of principal and interest shall become immediately due and payable at the option of the holder of this Note, without notice. In the event of any default thereunder, the undersigned agrees to pay the cost of the collection including reasonable attorney's fees.

This Note shall be governed as to validity, interpretation, construction, effect and in all other respects by the laws of the State of Minnesota.

IN WITNESS WHEREOF, the undersigned has executed this note.

James E. Iverson

EXHIBIT A

Wire Transfer Instructions

FOR AMERICAN BANK PAYOFF:
Firstar
ABA #0750002-2
for further credit to American Bank of Nashwauk
acct # 6511-0
for further credit to James E. Iverson
acct #: Note #4135, 4489.

$530,512.33
Fed Ref 4185

JAMES E. IVERSON

Bank:	Bank of America
City & State:	Rancho Sante Fe, CA
ABA#:	121000358
Account #:	218700635
Account Name:	James E. Iverson

$ 5,089,261.64
Fed Ref 4247.

ROGER J. WIKNER

Bank:	Norwest Bank, South Dakota
City & State:	Sioux Falls Downtown Sioux Falls, SD
ABA#:	091400046
Account #:	0830300409
Account Name:	Roger or Shirley Wikner

5,947,989.32
Fed Ref
Wire Seq # 27175
249 Mountain

STEVEN W. ERICKSON

Bank:	First Bank, NA
City & State:	Minneapolis. MN
ABA#:	091000022
Account #:	1801-3422-1886
Account Name:	Steven W. Erickson

$ 363,944.70
Fed. Ref 4290

FOR MERCEDES-BENZ PAY-OFF:

Bank:	Chase Manhattan Bank
City & State:	New York, NY
ABA#:	021000021
Account #:	910-2-422467
Account Name:	Mercedes-Benz Credit Corp.

$ 66,743.94
Fed Ref 4326

MIDAMERICA BANK:

Bank:	MidAmerica Bank
City & State	St. Paul, MN
ABA #	096014835
Account #	Note #5141929
ATTN:	Loan Servicing Center

$ 1,000,000.00
Fed Ref 4417

1562773

CERTIFICATE OF SELLERS

The undersigned, Roger J. Wikner, James E. Iverson and Steven W. Erickson (collectively, the "Sellers"), hereby certify to MI Acquisition Corporation, a Minnesota corporation ("Buyer") as follows:

(a) Each representation and warranty of the Sellers contained in the Stock Purchase Agreement dated June 20, 1997 and effective as of June 1, 1997 among the Sellers and the Buyer (the "Agreement") is true and correct as of the Closing as though such representations and warranties were made as of the Closing.

(b) The Company has performed and complied in all material respects with all agreements, obligations and conditions required by the Agreement to be performed or complied with by it prior to the Closing.

All of the capitalized terms not otherwise defined in this Certificate shall have the same definitions as set forth in the Agreement.

IN WITNESS WHEREOF, the undersigned persons have executed this Certificate as of the 31st day of July, 1997.

Roger J. Wikner

James E. Iverson

Steven W. Erickson

CERTIFICATE OF SELLERS

The undersigned, Roger J. Wikner, James E. Iverson and Steven W. Erickson (collectively, the "Sellers"), hereby certify to MI Acquisition Corporation, a Minnesota corporation ("Buyer") as follows:

(a) Each representation and warranty of the Sellers contained in the Stock Purchase Agreement dated June 20, 1997 and effective as of June 1, 1997 among the Sellers and the Buyer (the "Agreement") is true and correct as of the Closing as though such representations and warranties were made as of the Closing.

(b) The Company has performed and complied in all material respects with all agreements, obligations and conditions required by the Agreement to be performed or complied with by it prior to the Closing.

All of the capitalized terms not otherwise defined in this Certificate shall have the same definitions as set forth in the Agreement.

IN WITNESS WHEREOF, the undersigned persons have executed this Certificate as of the 31st day of July, 1997.

Roger J. Wikner

James E. Iverson

Steven W. Erickson

CLOSING STATEMENT CERTIFICATE AND RECEIPT

Reference is hereby made to that certain Stock Purchase Agreement, dated June 20, 1997 and effective as of June 1, 1997 (the "Purchase Agreement"), by and among MI Acquisition Corporation ("Buyer") and Roger J. Wikner, James E. Iverson and Steven W. Erickson (collectively, the "Sellers"). Capitalized terms used herein without definition shall have the respective meanings ascribed to such terms in the Purchase Agreement and incorporated herein by reference.

Buyer hereby confirms deliver to each Seller of the respective Net Closing Proceeds Amount for such Seller in accordance with the written wire transfer instructions provided by Sellers to Buyer pursuant to Section 2.2 of the Purchase Agreement and attached hereto as Exhibit A, and each Seller hereby acknowledges receipt of such Net Closing Proceeds Amount from Buyer.

The Net Closing Proceeds Amount is calculated as follows:

I.	PURCHASE PRICE		$15,000,000.00
II.	ROGER J. WIKNER - CLOSING PROCEEDS	$7,310,725.55	
A.	ADJUSTMENT TO CLOSING PROCEEDS		
1.	MidAmerica Bank Down Payment	(500,000.00)	
2.	Miller & Schroeder, Inc.		
a)	Life Insurance	(57,056.61)	
b)	Life Insurance	(15,786.16)	
c)	Life Insurance	(4,139.46)	
d)	Note Receivable	(100,000.00)	
e)	Interest Receivable	(10,183.89)	
f)	Note Receivable	(225,000.00)	
g)	Interest Receivable	(11,466.00)	
	Total	(423,632.12)	
3.	Miller & Schroeder Financial, Inc.		
a)	Note Receivable	(54,932.00)	
b)	Interest Receivable	(2,628.54)	
c)	Country Club	(81,000.00)	
d)	Bonus Advances	(175,000.00)	
e)	Expense Reimbursements	(45,007.62)	
f)	Aviation Charter Receivable	(13,792.01)	
g)	Mercedes Purchase	(66,743.94)	
	Total	(439,104.11)	
B.	NET ADJUSTMENTS TO CLOSING PROCEEDS	($1,362,736.23)	($1,362,736.23)
C.	NET CLOSING PROCEEDS TO WIKNER	$5,947,989.32	

III.	JAMES E. IVERSON - CLOSING PROCEEDS		$7,310,725.55	
	A.	ADJUSTMENT TO CLOSING PROCEEDS		
		1. MidAmerica Bank Down Payment	(500,000.00)	
		2. The American Bank	(530,512.33)	
		3. Miller & Schroeder, Inc.		
		a) Note Receivable	(452,651.81)	
		b) Interest Receivable	(50,859.58)	
		c) Note Receivable	(290,000.00)	
		d) Interest Receivable	(14,778.40)	
		Total	(808,289.79)	
		3. Miller & Schroeder Financial, Inc.		
		a) Note Receivable	(240,486.00)	
		b) Interest Receivable	(11,507.46)	
		c) Bonus Advances	(115,000.00)	
		d) Expense Reimbursements	(15,668.33)	
		Total	(382,661.79)	
	B.	NET ADJUSTMENTS TO CLOSING PROCEEDS	($2,221,463.91)	($2,221,463.91)
	C.	NET CLOSING PROCEEDS TO IVERSON	$5,089,261.64	
IV.	STEVEN W. ERICKSON - CLOSING PROCEEDS		$378,548.90	
	A.	ADJUSTMENT TO CLOSING PROCEEDS		
		1. Miller & Schroeder Financial, Inc.		
		a) Country Club	(12,321.25)	
		b) Travel Advances	(2,282.95)	
		Total	(14,604.20)	
	B.	NET ADJUSTMENTS TO CLOSING PROCEEDS	($14,604.20)	($14,604.20)
	C.	NET CLOSING PROCEEDS TO ERICKSON	$363,944.70	
V.	TOTAL CLOSING AMOUNT PROCEEDS TO SELLERS			$11,401,195.66

VI. DISTRIBUTION OF CLOSING PROCEEDS

A	ROGER J. WIKNER	$5,947,989.32
B.	JAMES E. IVERSON	$5,089,261.64
C.	STEVEN W. ERICKSON	$363,944.70
D.	MIDAMERICA BANK	$1,000,000.00
E.	THE AMERICAN BANK	$530,512.33
F.	CHASE MANHATTAN BANK	66,743.94

VII. TOTAL DISTRIBUTION OF CLOSING PROCEEDS $12,998,451.93

IN WITNESS WHEREOF, the parties hereto have executed this Closing Statement Certificate and Cross Receipt this 31st day of July, 1997.

MI ACQUISITION CORPORATION

By _____
James F. Dlugosch
Its President

_____
Roger J. Wikner

_____
James E. Iverson

_____
Steven W. Erickson

IN WITNESS WHEREOF, the parties hereto have executed this Closing Statement Certificate and Cross Receipt this 31st day of July, 1997.

MI ACQUISITION CORPORATION

By _____
James F. Dlugosch
Its President

_____
Roger J. Wikner

_____
James E. Iverson

_____
Steven W. Erickson

EXHIBIT A

Wire Transfer Instructions

FOR AMERICAN BANK PAYOFF: **$530,512.33**

Firstar
ABA #0750002-2
for further credit to American Bank of Nashwauk
acct # 6511-0
for further credit to James E. Iverson
acct #: Note #4135, 4489

JAMES E. IVERSON **$5,089,261.64**

Bank:	Bank of America
City & State:	Rancho Sante Fe, CA
ABA#:	121000358
Account #:	218700635
Account Name:	James E. Iverson

ROGER J. WIKNER **$5,947,989.32**

Bank:	Norwest Bank, South Dakota
City & State:	Sioux Falls Downtown Sioux Falls, SD
ABA#:	091400046
Account #:	0830300409
Account Name:	Roger or Shirley Wikner

STEVEN W. ERICKSON **$363,944.70**

Bank:	First Bank, NA
City & State:	Minneapolis, MN
ABA#:	091000022
Account #:	1801-3422-1886
Account Name:	Steven W. Erickson

FOR MERCEDES-BENZ PAY-OFF: **$66,743.94**

Bank:	Chase Manhattan Bank
City & State:	New York, NY
ABA#:	021000021
Account #:	910-2-422467
Account Name:	Mercedes-Benz Credit Corp.

MIDAMERICA BANK: **$1,000,000.00**

Bank:	MidAmerica Bank
City & State	St. Paul, MN
ABA #	096014835
Account #	Note #5141929
ATTN:	Loan Servicing Center

1 UNITED STATES BANKRUPTCY COURT

2 DISTRICT OF MINNESOTA

3

4 -

5 In re:
SRC Holding Corporation,
6 f/k/a Miller & Schroeder Financial, Inc.,
and its subsidiaries,
7
Debtor.
8 ----------
Brian F. Leonard, Trustee,
9
Plaintiff,
10 vs. File No.

11 James E. Iverson,

12 Defendant.

13
In re:
14
SRC Holding Corporation,
15 Debtor,
---
16 Brian F. Leonard, Trustee,
Plaintiff,
17
vs.
18
Roger J. Wikner,
19
Defendant.
20 -

21

22 DEPOSITION OF

23 **JAMES F. DLUGOSCH**

24 10 February 2004

25 1:00 p.m.

COPY

EXHIBIT
tabbies
D

KINSELLA, HARTIGAN, KELZER

1 or your acquisition group?
2 A. Yes.
3 Q. Ultimately Mr. Iverson entered into an
4 employment and a noncompete agreement with the
5 company, is that right?
6 A. Yes.
7 Q. And Mr. Wikner only a noncompete, is
8 that right?
9 A. That's correct.
10 Q. Do you recall why -- do you recall why
11 Mr. Wikner did not remain an employee of the
12 company?
13 A. It was Mr. Wikner's desire to not be
14 in the brokerage business any longer.
15 Q. Okay. But for business reasons was it
16 important to your acquisition group that
17 Mr. Wikner not be able to either compete or
18 solicit employees?
19 A. Yes.
20 Q. And had Mr. Wikner been subject to,
21 say, a one year noncompete would that have been
22 adequate?
23 A. No.
24 Q. Subsequent to the closing of this
25 transaction in, on like July 31, 1997 Mr. Wikner

1 EXAMINATION

2 BY MR. BURTON:

3 Q. Mr. Dlugosch, I'm Matt Burton. You
4 and I have met once before and we have
5 corresponded a bit over time. I'm representing
6 Brian Leonard who is the trustee of the Miller &
7 Schroeder -- well, I guess it's SRC Holding
8 bankruptcy estates and he's the plaintiff in each
9 of these adversary proceedings.
10 A little earlier we walked through
11 some of the financial records of Miller &
12 Schroeder and MI Acquisition both before and after
13 the purchase of the stock. The exhibits that
14 Mr. Lawver gave you, do you recall going through
15 those?
16 A. Yes.
17 Q. I've been looking at those a little
18 bit and I don't see much reference in there or any
19 reference it doesn't seem to Heritage Bond type
20 issues and I know that is quite a large story and
21 I just have a couple of questions for you about
22 that. Didn't the Heritage Bond start being
23 offered in 1996?
24 A. I don't recall whether it was '95 or
25 '96.

1 Q. Okay. But by '96 they were being
2 offered?
3 A. Yes.
4 Q. And is it your recollection that there
5 were about 12 different Heritage Bond offerings?
6 A. Yes.
7 MR. BURTON: Can I have this marked?
8 (Whereupon, Deposition Exhibit No. 9
9 was marked for identification.)
10 BY MR. BURTON:
11 Q. Mr. Dlugosch, I've handed you Exhibit
12 No. 9. It's a Complaint and a pending adversary
13 proceeding in United States bankruptcy court and
14 the reason that I'm giving it to you is to make
15 sure that I understand the facts of the Heritage
16 Bond matter as it relates to the company's
17 financials.
18 In there in paragraph seven it's
19 alleged that Miller & Schroeder Financial started
20 offering these bonds from December of '96 through
21 March of 1999. Do you see that?
22 A. Yes.
23 Q. And the question that I just asked you
24 you thought it might have been 1995 and again I'm
25 not trying to pin you down on a date but it could

1 respect to the Heritage Bonds at the time that you
2 closed your acquisition of the Wikner and Iverson
3 stock?
4 A. No, there were not.
5 Q. Did the Heritage Bond issue ultimately
6 result in liabilities which exceeded the assets of
7 Miller & Schroeder, the post merger?
8 A. The liabilities were potential
9 liabilities because no, none of the litigation or
10 arbitration cases had resulted in any awards that
11 depleted the corporate assets but it was clear
12 that the direction that was being taken would have
13 depleted the assets.
14 Q. So is it fair to say potential
15 liabilities from the Heritage Bond issue exceeded
16 the company's assets?
17 MR. RICKE: Objection, foundation.
18 Objection, you don't specify a time so the
19 question is vague.
20 MR. LAWVER: Calls for speculation.
21 MR. RICKE: Calls for speculation and
22 is irrelevant.
23 BY MR. BURTON:
24 Q. Let's go to the year 2000. By that
25 time the Heritage Bond issues had generated quite

1 a number of arbitrations and litigation matters,
2 correct?
3 A. At what time in 2000?
4 Q. Let's go to the end of 2000.
5 A. I believe you'll have to check with
6 the NASD to find out when the filings actually
7 occurred, but I don't believe that the actual
8 filings at that point were -- at the end of 2000
9 were voluminous.
10 Q. The total potential liability for the
11 Heritage Bond cases was at least $140 million
12 dollars, correct?
13 A. I think more accurately the amount
14 being claimed exceeded $140 million. Whether they
15 represent potential liabilities is a different
16 question.
17 Q. Did post merger Miller & Schroeder and
18 its subsidiaries ever have that much in the way of
19 assets that it owned?
20 A. No, no.
21 Q. You discussed a little bit earlier
22 about how the purchase price was determined in
23 this matter and I think it's stated anyway that it
24 was ultimately $15 million. Is that right?
25 A. That's correct.

1 receipt. Do you see that?
2 A. Yes.
3 Q. If you go to the very last of the
4 three pages of that document it shows $12.9 plus
5 million being distributed at closing. Do you see
6 that?
7 A. Yes.
8 Q. That is in fact money that came from
9 MI Acquisition Corporation, correct?
10 A. I believe that's correct but I -- I'm
11 not -- I mean, I'm not recalling all of the
12 details of that. Yes, that looks to be correct.
13 Q. Right above where it shows the $12.9
14 million in section six it shows how that money was
15 disbursed, correct?
16 A. That's correct.
17 Q. And there is no entry there for any
18 money going to the acquired company or its
19 subsidiaries, is that correct?
20 A. That's correct.
21 Q. And in fact wouldn't it probably be
22 surprising to you if there was any more money
23 distributed because that's an -- already exceeds
24 what you thought you had raised to do the
25 transaction?

1 A. That's correct.
2 Q. Do you remember me sending you a
3 statement to0 that I asked you to sign in this
4 matter?
5 A. Yes.
6 Q. And you and I had some dialogue about
7 putting that statement together?
8 A. Yes.
9 Q. And I regret that my secretary is
10 absent and I cannot find the one that you signed.
11 I'm going to give you -- can I have this marked
12 please.
13 (Whereupon, Deposition Exhibit No. 11
14 was marked for identification.)
15 BY MR. BURTON:
16 Q. Giving you what has been marked as
17 Exhibit No. 11, is this a true and accurate copy
18 of the statement that you signed for me?
19 A. I believe it is.
20 Q. Okay. And the Exhibit A that is not
21 attached to the one that you have was the closing
22 statement certificate and receipt that we have
23 been looking at today which is part of your
24 Deposition Exhibit No. 1. Is that right?
25 A. Yes.

1 Q. Paragraph four of the statement you
2 stated that MIAC did not settle the Iverson and
3 Wikner debts to MSI. Do you see that?
4 A. Yes.
5 Q. And based on the conversation that we
6 just had it seems like it's likely that MIAC did
7 not pay any money to the acquired company or its
8 subsidiaries because the money didn't exist at the
9 time of closing.
10 A. I don't -- I just don't recall.
11 Q. But at any rate this is the statement
12 that you signed for me, correct?
13 A. Yes, it is.
14 Q. Now, suppose that the transaction
15 closed and the monies had not been paid to the
16 acquired company or its subsidiaries to satisfy
17 the Wikner and Iverson obligations. They were
18 still in that company's -- those companies' books
19 and records at that time, wouldn't they be?
20 A. I don't know.
21 Q. Do you remember discussing the issue
22 with your accountants after the closing?
23 A. No, I don't.
24 Q. Earlier Mr. Lawver asked you about the
25 Focus Reports. Do you recall that?

1 Q. That you didn't sit at home and type
2 it up yourself?
3 A. That's correct.
4 MR. RICKE: I don't have any other
5 questions.
6
7 EXAMINATION
8 BY MR. BURTON:
9 Q. I have one or two quick questions.
10 Mr. Lawver was asking you about the advances of MI
11 Acquisition to subsidiaries and back again. Are
12 you aware of any documentation other than what is
13 in the accounting records as to these advances?
14 A. No, I'm not.
15 Q. And is it your understanding that
16 these advances are solely just accounting
17 treatment of the transactions?
18 A. Yes.
19 MR. BURTON: I have no further
20 questions.
21 THE WITNESS: Okay, thank you.
22 MR. LAWVER: Thank you. You're
23 entitled to read and sign if you wish or you can
24 waive the reading and signing.
25 THE WITNESS: I waive.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

SRC Holding Corporation,
f/k/a Miller & Schroeder, Inc.
and its subsidiaries,

Debtors.

Chapter 7 Case

BKY Case Nos. 02-40284 to 02-40286

Jointly Administered

Brian F. Leonard, Trustee,

Plaintiff,

vs.

Roger Wikner,

Defendant.

ADV Case No.03-4153

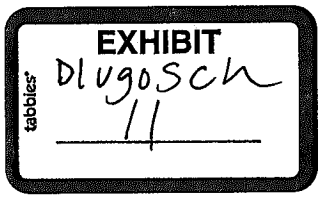
UNSWORN DECLARATION OF JAMES DLUGOSCH

I, James Dlugosch, hereby state as follows:

1. I was formerly the President of MI Acquisition Corporation ("**MIAC**") and served in that role with respect to MIAC's acquisition of shares of James Iverson, Roger Wikner and Steve Erickson in Miller & Schroeder, Inc. ("**MSI**") in 1997.

2. I am familiar with the Closing Statement Certificate and Receipt dated July 31, 1997 which was used in furtherance of and as a summarization of, the aforementioned stock acquisition. That document is attached hereto as Exhibit A and accurately summarizes the parties' closing.

3. MIAC was aware in 1997 that Iverson and Wikner were indebted to MSI in accord with sums stated in Exhibit A hereto. The debts related primarily to personal loans, advances, vehicles and club memberships. MIAC, Iverson and Wikner agreed to reduce the purchase price to



be paid to Iverson and Wikner for their stock by the sums stated in Exhibit A as MSI was valued that much less if the sums were not repaid. In other words, the debts owed by Wikner and Iverson to MSI reduced the value of the company.

4. MIAC did not settle the Iverson and Wikner debts to MSI. Instead, as stated above, since those debts were in existence, the purchase price of the shareholders' stock was reduced.

5. MSI did not pursue collecting the debts owed by Wikner and Iverson as it was presumed that the price reduction to MIAC resolved those issues.

_____
James Dlugosch

VERIFICATION

James Dlugosch, the Defendant in the above-referenced adversary case, declares under penalty of perjury that the foregoing is true and correct to the best of his knowledge, information and belief.

Dated: _____, 2003

_____
James Dlugosch

@PFDesktop\::ODMA/GRPWISE/GWDMPLS.GWPOMPLS.MPLSLIB1:112065.1

SETTLEMENT AGREEMENT

THIS AGREEMENT (the "Agreement"), entered into this 11th day of December, 1997 (the "Effective Date"), by and between Roger Wikner, James Iverson and Steven Erickson (hereinafter collectively referred to as the "Sellers"), MI Acquisition Corporation, a Minnesota corporation (the "Company") and the Company's subsidiary, Miller & Schroeder, Inc., a Minnesota corporation ("M&S").

RECITALS

WHEREAS, the Sellers and the Company entered into a Stock Purchase Agreement dated June 20, 1997 and effective as of June 1, 1997 (the "Stock Purchase Agreement") for the purchase and sale of all of the issued and outstanding stock of M&S; and

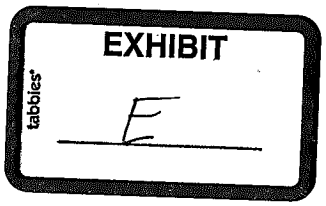
WHEREAS, Section 2.3 of the Stock Purchase Agreement provides that the Purchase Price, as defined in the Stock Purchase Agreement, shall be adjusted for the difference in Book Value, as defined in the Stock Purchase Agreement, from January 31, 1997 to July 31, 1997 (the "Purchase Price Adjustment"); and

WHEREAS, the parties hereto have agreed upon the Purchase Price Adjustment and certain terms and conditions related thereto as more specifically provided herein;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein, and subject to and on the terms and conditions herein set forth, the parties hereto agree as follows:

1. Purchase Price Adjustment Payment. The Sellers shall pay to the Company the sum of One Million Two Hundred Seventy-Four Thousand Eight Hundred Seventy-Four Dollars and 10/100 Cents ($1,274,874.10) (the "Purchase Price Adjustment Payment"), which is the sum of (a) the principal amount of One Million Two Hundred Forty-Two Thousand Nine Hundred Seventy-One Dollars and 10/100 Cents ($1,242,971.10) plus (b) simple interest from July 31, 1997 through the Effective Date at the rate of 7.0%, which is the rate currently charged to M&S on its primary line of credit at Norwest Bank Minnesota, N.A. The Purchase Price Adjustment Payment shall be made in an aggregate sum on the Effective Date by wire transfer pursuant to the Company's instructions. In the event the Purchase Price Adjustment Payment is not paid on the Effective Date, Sellers, in addition to the Purchase Price Adjustment Payment, shall also make a per diem payment to the Company of Two Hundred Forty-One Dollars and 69/100 Cents ($241.69) for each day following the Effective Date through and including the day of payment of the Purchase Price Adjustment Payment.

2. Purchase and Sale of Underwater World Bonds and Debentures. The Sellers shall purchase from the Company and the Company shall sell to the Sellers (i) the



Underwater World 13.75% Senior Revenue Bonds Due March 1, 2002 in the principal amount of $468,115.66 and (ii) the Underwater World 15.4% Subordinated Debentures Due April 1, 2005 in the principal amount of $185,000.00, all for the sum of One Hundred Eighteen Thousand Five Hundred Thirty Dollars and 83/100 Cents ($118,530.83) (the "Underwater World Payment"), which is the sum of (a) the principal amount of One Hundred Seventeen Thousand Twenty-Eight Dollars and 92/100 Cents ($117,028.92) plus (b) one-half of the simple interest from July 31, 1997 through the Effective Date at the rate of 7.0%, which is the rate currently charged to M&S on its primary line of credit at Norwest Bank Minnesota, N.A. The Underwater World Payment shall be made in an aggregate sum on the Effective Date by wire transfer pursuant to the Company's instructions. Upon receipt of the Underwater World Payment, the Company shall deliver to Sellers the certificates representing the Underwater World 13.75% Senior Revenue Bonds Due March 1, 2002 in the principal amount of $468,115.66 and shall provide such documents and certificates as may be reasonably required by Sellers to evidence the transfer of the Underwater World 15.4% Subordinated Debentures Due April 1, 2005 in the principal amount of $185,000.00, which are held in book-entry form. In the event the Underwater World Payment is not paid on the Effective Date, Sellers, in addition to the Underwater World Payment, shall also make a per diem payment to the Company of Eleven Dollars and 38/100 Cents ($11.38) for each day following the Effective Date through and including the day of payment of the Underwater World Payment.

3. Assignment of Rideau Note. M&S hereby assigns and transfers to Sellers all of the rights, title and interests of M&S in, to and under that certain promissory note dated March 14, 1995 in the amount of $140,000.00 issued to M&S by Rideau Lyons & Co., Inc., as modified and extended on March 14, 1996 and March 14, 1997 (the "Rideau Note"). Sellers hereby accept to such assignment and transfer of the rights, title and interests of M&S in, to and under the Rideau Note. M&S shall provide an endorsement to the Rideau Note in a form satisfactory to the Sellers upon receipt of payment of the Purchase Price Adjustment Payment and the Underwater World Payment.

4. Indemnification. Roger Wikner and James Iverson, jointly and severally, hereby agree to indemnify and hold harmless Company, its subsidiaries and the respective officers, directors, employees and agents of Company and its subsidiaries against and in respect of any and all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, interest and penalties, costs and expenses (including, but not limited to, reasonable legal fees and disbursements), and any amounts or expenses required to be paid or incurred in connection with any settlement, action, suit, proceeding, claim, appeal, demand, assessment or judgment ("Losses"), resulting or arising from or otherwise related to the following:

a. the retention or non-disbursement of the 1994 and 1995 tax refunds received by M&S for the real property located at 1964-1970 Rahncliff Court, Eagan, Minnesota and referred to as The Crossings; and

b. Section 12 of that certain employment agreement dated February 1, 1994 by and between Miller & Schroeder Financial, Inc. ("M&S Financial") and Timothy Long (the "Employment Agreement"), provided, however, that Messrs. Wikner and Iverson shall be required to indemnify the Company for only one-half of any Losses arising under this Section 4, paragraph b. Notwithstanding the foregoing, in the event the Company incurs Losses pursuant to this Section 4, paragraph b. and receives payment from McDonald & Company ("McDonald") for the hiring of Timothy Long, a former employee of M&S Financial, by McDonald, the Company shall pay Messrs. Wikner and Iverson one-half of any such payment received by the Company from McDonald, provided, however, that such payment by the Company to Messrs. Wikner and Iverson shall in no event exceed the amount of Losses for which Messrs. Wikner and Iverson indemnified the Company pursuant to this Section 4, paragraph b. Sellers hereby acknowledge and agree that they will not communicate, in any method or manner, or cause or direct any person or entity to communicate on their behalf, with McDonald, or the employees, directors, officers, shareholders or agents thereof, and further acknowledge and agree that the Company and M&S Financial shall, in their sole discretion, direct all communications and negotiations with McDonald related to the termination of employment of Timothy Long and other employees of M&S Financial formerly located in Ohio and the hiring of such employees by McDonald.

5. Mutual Release. The parties hereto agree to the mutual release and discharge of any and all claims, demands, obligations, actions, causes of action, damages, costs, debts, liabilities, or expenses arising under or related to Section 2.3 of the Stock Purchase Agreement. The release contained herein shall not apply to and shall not affect the parties' rights to enforce (i) the remaining terms of the Stock Purchase Agreement, (ii) any ancillary agreement to the Stock Purchase Agreement, including, but not limited to, any employment agreement or noncompetition agreement, or (iii) the terms of this Agreement.

6. Confidentiality. The parties hereto agree to keep the terms and conditions of this Agreement confidential and not disclose them to any person other than taxing authorities, attorneys, or accountants as necessary or as required by law, or as, to Sellers, the immediate families thereof.

7. Miscellaneous.

a. Entire Agreement. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties, with respect to the subject matter hereof.

b. Counterparts. This Agreement and any amendment hereto may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be considered one and the same instrument.

c. Section Headings; Construction. The section and paragraph headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. This Agreement shall be construed without regard to any presumption or other rule requiring construction hereof against the party causing this Agreement to be drafted.

d. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota without reference to the choice of law principles thereof.

IN WITNESS WHEREOF, this Agreement has been signed on behalf of each of the parties hereto as of the date first above written.

MI ACQUISITION CORPORATION

By _____
James F. Dlugosch
Its President and CEO

MILLER & SCHROEDER, INC.

By _____
James F. Dlugosch
Its President and CEO

_____
Roger Wikner

_____
James Iverson

_____
Steven Erickson

CONSENT OF SPOUSE:

The undersigned, the spouse of James Iverson, hereby appoints James Iverson as her attorney-in-fact in respect to the exercise of any rights or discharge of obligations under this Agreement and agrees to be bound by the provisions of this Agreement insofar as such spouse may have any rights under the Agreement or the Stock Purchase Agreement under the laws of the State of California or other laws relating to community, separate or marital property in effect in California or in the state of such spouse's residence as of the date of the Agreement.

_____
(Print Name)

_____
(Signature)

IN WITNESS WHEREOF, this Agreement has been signed on behalf of each of the parties hereto as of the date first above written.

MI ACQUISITION CORPORATION

By_____
James F. Dlugosch
Its President and CEO

MILLER & SCHROEDER, INC.

By_____
James F. Dlugosch
Its President and CEO

Roger J. Wikner
Roger Wikner

_____
James Iverson

_____
Steven Erickson

CONSENT OF SPOUSE:

The undersigned, the spouse of James Iverson, hereby appoints James Iverson as her attorney-in-fact in respect to the exercise of any rights or discharge of obligations under this Agreement and agrees to be bound by the provisions of this Agreement insofar as such spouse may have any rights under the Agreement or the Stock Purchase Agreement under the laws of the State of California or other laws relating to community, separate or marital property in effect in California or in the state of such spouse's residence as of the date of the Agreement.

_____
(Print Name)

_____
(Signature)

IN WITNESS WHEREOF, this Agreement has been signed on behalf of each of the parties hereto as of the date first above written.

MI ACQUISITION CORPORATION

By_____
James F. Dlugosch
Its President and CEO

MILLER & SCHROEDER, INC.

By_____
James F. Dlugosch
Its President and CEO

_____
Roger Wikner

_____
James Iverson

_____
Steven Erickson

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PATRICIA IVERSON
(Print Name)

Patricia Iverson
(Signature)

IN WITNESS WHEREOF, this Agreement has been signed on behalf of each of the parties hereto as of the date first above written.

MI ACQUISITION CORPORATION

By_____
James F. Dlugosch
Its President and CEO

MILLER & SCHROEDER, INC.

By_____
James F. Dlugosch
Its President and CEO

_____
Roger Wikner

_____
James Iverson

_____
Steven Erickson

CONSENT OF SPOUSE:

The undersigned, the spouse of James Iverson, hereby appoints James Iverson as her attorney-in-fact in respect to the exercise of any rights or discharge of obligations under this Agreement and agrees to be bound by the provisions of this Agreement insofar as such spouse may have any rights under the Agreement or the Stock Purchase Agreement under the laws of the State of California or other laws relating to community, separate or marital property in effect in California or in the state of such spouse's residence as of the date of the Agreement.

_____
(Print Name)

_____
(Signature)

ARTICLES OF MERGER
OF
MILLER & SCHROEDER, INC.
INTO
MI ACQUISITION CORPORATION

The undersigned officer of MI Acquisition Corporation ("MI"), a Minnesota corporation, files these Articles of Merger pursuant to Section 302A.621 of Minnesota Statutes and hereby certifies as follows:

1. The plan of merger attached as Exhibit A provides for the merger of Miller & Schroeder, Inc. ("MSI"), a Minnesota corporation, into MI.

2. MSI is a wholly owned subsidiary of MI and has 990,625 shares of common stock issued and outstanding, all of which are owned by MI.

3 The plan of merger has been approved by MI pursuant to Section 302A.621 (Merger of Subsidiary) of Minnesota Statutes.

4. The merger will become effective upon the filing of these Articles of Merger.

IN WITNESS WHEREOF, the undersigned, being duly authorized on behalf of MI Acquisition Corporation, has executed this document.

Dated: May 8, 2000

MI ACQUISITION CORPORATION

James F. Dlugosch, President

EXHIBIT

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EXHIBIT A

Plan of Merger

PLAN OF MERGER

The undersigned officer of MI Acquisition Corporation ("MI"), a Minnesota corporation, hereby certifies the following Plan of Merger (the "Plan") between Miller & Schroeder, Inc. ("MSI"), a Minnesota corporation, and MI (said corporations being hereinafter sometimes collectively referred to as the "Constituent Corporations") was approved pursuant to Section 302A.621 of Minnesota Statutes:

WHEREAS, the authorized capital stock of MSI consists of 3,000,000 shares of common stock, of which 990,625 shares are issued and outstanding, and 100,000 shares of Series A Preferred stock, of which no shares are issued and outstanding ("MSI Stock");

WHEREAS, MI is the owner of all of the issued and outstanding MSI Stock; and

WHEREAS, the merger of MSI with and into MI was approved pursuant to Section 302A.621 of the Minnesota Business Corporation Act (the "Act") by resolution adopted by the Board of Directors of MI on behalf of MI effective May 5, 2000;

NOW, THEREFORE, the Plan of Merger is as follows:

ARTICLE I

In accordance with the provisions of the laws of the State of Minnesota, MSI will be merged with and into MI (the "Merger"). MI will be, and is herein sometimes referred to as, the "Surviving Corporation."

ARTICLE II

The Merger will be effective in the State of Minnesota at the time the Articles of Merger are filed with the Secretary of State of the State of Minnesota. The date on which the Merger becomes effective is hereinafter referred to as the "Effective Date." The time on such date at which the Merger becomes effective is hereinafter called the "Effective Time."

ARTICLE III

The Articles of Incorporation and Bylaws of MI will be the Articles of Incorporation and Bylaws of the Surviving Corporation, until further amended in accordance with applicable law, and the officers and directors of MI will serve as the officers and directors of the Surviving Corporation until their successors are duly elected and qualified, or until their earlier death, resignation or removal. Upon the effective time of the merger, the Surviving Corporation's name shall change to: Miller & Schroeder, Inc.

ARTICLE IV

In view of the fact that MSI is a wholly owned subsidiary of MI, at the Effective Time each share of MSI Stock issued and outstanding immediately prior to the Effective Time of the Merger will be canceled and will cease to be outstanding.

ARTICLE V

Except as herein specifically set forth, the identity, existence, purposes, powers, objects, franchises, privileges, rights and immunities of MI will continue unaffected and unimpaired by the Merger, and the corporate franchises, existence and rights of MSI will be merged with and into MI and MI will, as the Surviving Corporation, be fully vested therewith. At the Effective Time, the separate existence of MSI will cease and, in accordance with the terms of this Plan, the Surviving Corporation will possess all the rights, privileges, powers and franchises of a public as well as a private nature, and be subject to all the restrictions, disabilities and duties of each of the Constituent Corporations, and all the rights, privileges, powers and franchises of each of the Constituent Corporations, and all property, real, personal and mixed and all debts due to either of the Constituent Corporations on whatever account, including stock subscriptions, and all other things in action and all and every other interest of or belonging to or due to each of such corporations will be taken and deemed to be transferred to and vested in the Surviving Corporation without further act or deed; and all property, rights, privileges, powers and franchises, and all and every other interest will be thereafter as effectively the property of the Surviving Corporation as they were of the respective Constituent Corporations, and the title to any real estate or interest therein, vested by deed or otherwise in either of such corporations, will not revert or be in any way impaired by reason of the Merger. The Surviving Corporation will thenceforth be responsible and liable for all the liabilities and obligations of the Constituent Corporations, and any claim existing or action or proceeding pending by or against either of the Constituent Corporations may be prosecuted as if the Merger had not taken place, or the Surviving Corporation may be substituted in its place. Neither the rights of creditors nor any liens upon the property of either of the Constituent Corporations will be impaired by the Merger, and all debts, liabilities and duties of each of said Constituent Corporations will thenceforth attach to the Surviving Corporation, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.

If, upon or after the effectiveness of the Merger, the Surviving Corporation determines that any returns or reports, or any filings of any kind, are required to be made by MSI to the Internal Revenue Service or to any other state or federal administrative or regulatory agency, or if any assignments, deeds or assurances are necessary or desirable to vest in the Surviving Corporation any property of MSI, the Chairman of the Board of the Surviving Corporation, or such other officers thereof as may be designated by the Board of Directors thereof, will

be empowered to make and execute on behalf of MSI all necessary returns, reports or filings of any kind, and all proper assignments, deeds or assurances, and to do all other things necessary and proper to effectuate the Merger and to vest title to all of the property of MSI in the Surviving Corporation.

ARTICLE VI

This Plan and the Merger may be terminated and abandoned upon resolution of the Board of Directors of MI at any time prior to the Effective Date. In the event of the termination and abandonment of this Plan and the Merger pursuant to the foregoing provisions of this Article VI, this Plan will be void and have no effect, and no liability will be incurred hereunder on the part of either MI or MSI or the shareholders, directors, or officers thereof.

IN WITNESS WHEREOF, the undersigned, being duly authorized on behalf of MI Acquisition Corporation, has executed this document.

Dated: May 8, 2000

MI ACQUISITION CORPORATION

James F. Dlugosch, President

STATE OF MINNESOTA
FILED

MAY 08 2000

Mary Kiffmeyer
Secretary of State

1152608.2

EXHIBIT 6

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SECURITIES RESOLUTION CORPORATION
F/K/A MILLER & SCHROEDER FINANCIAL, INC.

Caption of Suit and Case Number	Nature of Proceeding	Court or Agency and Location	Status or Disposition
Court File Number 00-15958 First National Bank of the North, Prairie National Bank, and Centennial National Bank v. Miller & Schroeder Financial, Inc.	Plaintiffs purport to bring a class action, and allege negligence, negligent misrepresentation and violations of the Minnesota Securities Act, the Minnesota Consumer Fraud Act and the Federal Securities Act of 1933 in connection with debentures issued by United Homes, Inc. and underwritten by MSF.	State of Minnesota, County of Hennepin, Fourth Judicial District Court Plaintiffs' attorney: Vernon J Vander Weide, Esq. Head, Seifert & Vander Weide 333 South Seventh Street, Suite 1140 Minneapolis, MN 55402	This lawsuit was filed on or about November 15, 2000. A hearing on Plaintiffs' motion to attach the assets of MSF and its affiliates and to add officers and directors as defendants was held on July 6, 2001.
SEC Inquiry re Heritage	On or about November 8, 2000, MSF received a letter from the Chicago Regional Office of the United States Securities Exchange Commission which initiated an inquiry regarding MSF's underwriting and sales practices in connection with several bond issues for Heritage Healthcare of America, Inc.	SEC Susan Weis, Esq. Division of Enforcement United States Securities & Exchange Commission Midwest Regional Office 500 West Madison Street, Suite 1400 Chicago, IL 60661	MSF supplied the SEC with numerous responsive documents. The SEC has contacted M&S's prior attorney with regard to deposing certain past employees.
SEC Subpoena re San Bernardino Matter: Salomon Smith Barney, Inc. (LA-2407)	On or about March 19, 2001, MSF received a letter from the Los Angeles Office of the United States Securities and Exchange Commission and a subpoena requesting the production of documents, including various items connected with underwriting transactions done by MSF for San Bernardino County in California.	SEC Emily A. Breckenridge, Esq. Staff Attorney United States Securities & Exchange Commission Pacific Regional Office 11th Floor, 5670 Wilshire Blvd. Los Angeles, CA 90036-3648	

EXHIBIT 4.a.

Caption of Suit and Case Number	Nature of Proceeding	Court or Agency and Location	Status or Disposition
Grand Jury Investigation	The United States Attorney for the Central District of California has been conducting a grand jury investigation in regard to the subject matter alleged in *The County of San Bernardino et al. v. James J. Hlawek at al.*, County of San Bernardino Case No. SCVSS 67808. Although MSF is a subject of the investigation, MSF has received no information concerning whether litigation will result form the investigation.	United States District Court Central District of California Edward B. Moreton, Jr. Assistant United States Attorney United States Courthouse 312 North Spring Street 13th Floor Los Angeles, CA 90012	Subpoena to Testify Before Grand Jury is dated May 1, 2000.
NASD-DR 00-04825 John R. Rohner, Barbara M. Rohner, John R. Rohner TRS John R. and Joan R. Rohner TR B UAD 11/28/88, John R. Rohner TRS John R. and Joan R. Rohner TR A UAD 11/28/88 v. Miller & Schroeder Financial, Inc. and Mark Augusta	Claimants alleged misrepresentation and negligence in the purchases of municipal bonds. Claimants sought damages in the amount of $300,000.	NASD Arbitration, California Representative for the Rohners: Arthur Leider Investors Arbitration Specialists, Inc. 7801 Mission Center Court, Suite 200 San Diego CA 92108	Hearing was held September 24–26, 2001. An award for Claimants in the amount of $168,000 was granted on October 5, 2001.
NASD-DR 00-04006 Lundquist Trust, et al v. Miller & Schroeder Financial, Inc. and Mark Augusta	Claimant alleges unsuitability in purchases of $135,000 municipal and corporate bonds. Claimant seeks damages in the amount of $230,000.	NASD Arbitration, California Attorney for the Claimant: Kathleen G. Smith 1334 Parkview Avenue, Suite 100 Manhattan Beach, CA 90266	Hearing was held October 29–31, 2001. A judgment has not yet been given.
NASD-DR 00-04717 James D. McElfish, individually, and as Trustee of the McElfish Family Trust U/A 11/19/78, Claimants, vs. Miller & Schroeder Financial, Inc.; Mark Augusta, Respondents	Claimant alleges negligence, unsuitability, misrepresentation and failure to supervise in purchases of $230,771 of municipal bonds.	NASD Arbitration, California Attorney for the Claimant: Jonathan W. Evans, Esq. 333 South Grand Avenue, Suite 4050 Los Angeles, CA 90071-1544	Hearing is scheduled for December 3–5, 2001.

Caption of Suit and Case Number	Nature of Proceeding	Court or Agency and Location	Status or Disposition
NASD-DR 00-03908 Gold Family Trust v. Miller & Schroeder Financial, Inc.	Claimant alleges unsuitability in the purchase of $80,000 of municipal bonds. Claimant seeks damages in the amount of $500,000.	NASD Arbitration, California Attorney for the Claimant: Thomas K. Bourke One Bunker Hill, 8th Floor 601 West Fifth Street Los Angeles, CA 90071-2094	Hearing was scheduled for November 27–29, 2001.
NASD-DR 00-05180 John Kocourek and Ada Kocourek v. FSC Securities Corporation, Miller & Schroeder Financial, Inc., and Margaret Webb	Claimants allege misrepresentation, negligence and excessive mark-up of commission in regard to certain unnamed municipal bonds. Claimants seek damages in the amount of $100,000 to $500,000.	NASD Arbitration, Minnesota Attorney for the Claimants: William S. Shepherd Shepherd & Smith, PC 1314 Texas Avenue, 20th Floor Houston, TX 77002	Hearing was initially scheduled for November 5-7, 2001; it has been postponed until spring 2002.
NASD-DR 00-04802 Diana E. Biggs et v. Miller & Schroeder Financial, Inc.	Claimants alleged unsuitability in the purchase of municipal bonds.	NASD Arbitration, California Attorney for the Claimants: Michael Huberman Huberman and Associates 79940 Cedar Crest LaQuinta, CA 92253	Arbitration was settled on October 2001 with each of four claimants receiving $5,000 and the fifth claimant receiving $4,000.
NASD-DR 00-05349 Behnke Family Trust v. Miller & Schroeder Financial, Inc. and Mark Augusta	Claimants allege misrepresentation in the purchase of $80,000 of municipal bonds. Claimants seek damages of $500,000.	NASD Arbitration, California Representative for the Behnkes: Arthur Leider Investors Arbitration Specialists, Inc. 7801 Mission Center Court, Suite 200 San Diego CA 92108	Hearing is scheduled for December 11-13, 2001.
NASD-DR 00-05765 Billy K. Lenser and Deborah Lenser, individually, and Billy K. Lenser as Trustee of the Kurt W. Lenser & Mildred E. Lenser Trust, Dena A. Lenser, Natalie A. Lenser v. Mark F. Augusta and Miller & Schroeder Financial, Inc.	Claimants allege misrepresentation and breach of fiduciary duty in the purchase of approximately $300,000 of municipal bonds.	NASD Arbitration, California Attorney for the Claimants: Howard M. Hoffman Law Offices of Howard M. Hoffman 8880 Cal Center Drive, Suite 165 Sacramento, CA 95826	Hearing date has not been set yet.

Caption of Suit and Case Number	Nature of Proceeding	Court or Agency and Location	Status or Disposition
NASD-DR 01-00113 Frederick A. Fink and Lila R. Fink Trust v. Mark Augusta and Miller & Schroeder Financial, Inc.	Claimants allege misrepresentation in the purchase of $38,000 of municipal bonds.	NASD Arbitration, California Claimants are representing themselves: 828 16th Street, #1 Santa Monica, CA 90403	Hearing date has not been set yet.
NASD-DR 01-01056 English Irrevocable Trust for Surviving Spouse, et al. v. Miller & Schroeder Financial, Inc. and Ronald Van Der Veen	Claimants allege unsuitability in the purchase of certain municipal bonds. Claimants seek damages in the amount of $431,727.	NASD Arbitration, California Attorney for the Claimants: Don Paul Bdgley Badgley-Mullins Law Group Washington Mutual Tower 1201 Third Avenue, 51st Floor Seattle, WA 98101	Hearing date has not been set yet.
NASD-DR 01-01444 J. Kenneth Fleshman v. Miller & Schroeder Financial, Inc. and Mark Augusta	Claimant alleges negligence, breach of fiduciary duty, and failure to supervise in the purchase of certain corporate and municipal bonds.	NASD Arbitration, California Attorney for the Claimant: Alan N. Ariav Mesch, Clark & Rothschild, PC 259 N. Meyer Avenue Tucson, AZ 85701	Hearing date has not been set yet.
NASD-DR 00-01492 Erwin J. Shustak and Andrea M. Shustak v. Miller & Schroeder Financial, Inc.	Claimants allege misrepresentation in the purchase of $10,000 of municipal bonds.	NASD Arbitration, California Attorney for the Claimant: Stephen S. Lux, Esq. Shustak Jalil & Heller 401 "A" Street, Suite 2330 San Diego, CA 92101	Claimants were granted an award in the amount of $11,805.28, plus interest 10% interest on that amount since August 2, 1999.

Caption of Suit and Case Number	Nature of Proceeding	Court or Agency and Location	Status or Disposition
NASD-DR 01-01348 George E. McCauley on behalf of the George E. McCauley IRA and as Trustee for the George E. McCauley Revocable Trust UAD 12/29/87; Pearl Ziebarth as Trustee for the Pearl Ziebarth Trust UAD 2/13/86; Opal McCauley as Trustee for the Opal McCauley Revocable Trust UAD 7/27/95; Rue Villars LP; and San Pablo Drive LP; v. Miller & Schroeder Financial, Inc. and Mark Augusta	Claimants allege unsuitability and misrepresentation in the purchase of $515,000 of corporate and municipal bonds.	NASD Arbitration, California Attorney for the Claimants: Jeff Dennis Ferentz Greenbaum & Ferentz LLP 500 C Newport Center Drive, Suite 100 Newport Beach, CA 92660	Hearing date has not been set yet.
NASD-DR 01-02523 Mark S. and Dina Fields v. Miller & Schroeder Financial, Inc.	Claimants allege unsuitability and misrepresentation in the purchase of $40,000 corporate and municipal bonds.	NASD Arbitration, Arizona Attorney for the Claimants: David C. Anson Anson Lammers, PC 3430 East Sunrise Drive, Suite 170 Tucson, AZ 85718	Hearing date has not been set yet.
NASD-DR 01-04039 Gerald F. Johansen and Janet L. Johansen v. Miller & Schroeder Financial, Inc., James D. Kallstrom, and Michael Frank	Claimants allege unsuitability and failure to supervise in the purchase of $78,500 municipal bonds.	NASD Arbitration, Minnesota Attorney for the Claimants: Terrence J. Fleming Lindquist & Vennum PLLP 4200 IDS Center 80 South Eighth Street Minneapolis, MN 55402	Hearing date has not been set yet.
NASD-DR 01-044161 James D. Moreland, Doris N. Moreland & Donald E. Moreland v. Miller & Schroeder Financial, Inc., Margaret Mary Webb, Roger James Wikner, James Francis Dlugosch, Edward Joel Hentges, Bradley Rae Mehlhaff, Judith Marie McKeand, Thomas Steven Nelson, John Marley Clarey, James Edward Iverson, and Steven Wesley Erickson	Claimants allege unsuitability in the purchase of $161,525 municipal and corporate bonds.	NASD Arbitration, Minnesota Attorney for the Claimants: Paul J. Sussman 125 South Wacker Drive, Suite 1100 Chicago, IL 60606	Statement of Answer was filed October 1, 2001.

NASD-DR 01-03099 Chloe Kerns Edge TRS/Chloe Edge TR v. Miller & Schroeder Financial, Inc. and Scott Penwarden	Claimants allege unsuitability, misrepresentation, and failure to supervise in the purchase of $447,575 municipal bonds.	NASD Arbitration, California Attorney for the Claimant: Franklin Geerdes Geerdes & Geerdes 328 West Third Avenue Escondido, CA 92025	Statement of Answer was filed October 9, 2001.

Caption of Suit and Case Number	Nature of Proceeding	Court or Agency and Location	Status or Disposition
NASD-DR 01-03228 Ralph E Woodhouse and Betsy J Woodhouse, TRS Woodhouse Family Trust, v. Miller & Schroeder Financial, Inc., and Does 1 through 20, inclusive	Claimants allege fraud, breach of fiduciary duty and failure to supervise in the purchase of $750,000 municipal bonds.	NASD Arbitration, California Attorneys for the Claimants: Robert A. Uhl, Esq. Aidikoff & Uhl 9454 Wilshire Blvd., Penthouse Suite Beverly Hills, CA 90212	Statement of Answer was filed October 24, 2001.
NASD-DR 01-04166 Baker Living Trust, UAD 3/5/86, v. Miller & Schroeder Financial, Inc., Spelman & Co., Inc. and Does 1 through 20, inclusive.	Claimant alleges wrongful conduct, fraud and failure to supervise in the purchase of $45,000 municipal bonds.	NASD Arbitration, California Attorney for the Claimant: Ryan K. Bakhtiari Law Offices of Aidikoff & Uhl 9454 Wilshire Blvd., Penthouse Suite Beverly Hills, CA 90212	Statement of Answer was filed October 29, 2001.
NASD-DR 01-05467 Joseph Formica and Frances Formica v. Miller & Schroeder Financial, Inc. and Jeffrey Hill	Claimants allege unsuitability, misrepresentation, and failure to supervise in the purchase of $160,000 municipal and corporate bonds.	NASD Arbitration, Minnesota Attorney for the Claimants: Brian P. Biggins Brian P. Biggins & Associates Co., LPA 20545 Center Ridge Road, Suite 120 Rocky River, OH 44116	Statement of Answer is due December 7, 2001.
NASD-DR 01-05246 Frank T Spangler and Jeanne Spangler TTEES, et al v. Miller & Schroeder Financial, Inc., Jeffrey Hill and James Dlugosch	Claimants allege misrepresentation and failure to supervise in the purchase of $50,000 municipal bonds.	NASD Arbitration, Minnesota Representative for the Claimants: Arthur Leider Investors Arbitration Specialists, Inc. 7801 Mission Center Court, Suite 200 San Diego CA 92108	Statement of Answer is due December 17, 2001.
NASD-DR 01-05806 Lewis G. Herrmann and Florence Herrmann v. Miller & Schroeder Financial, Inc., Mark Augusta, Berean Capital Incorporated, The Chapman Co., Daniel Dill, Victor P. Dhooge, James Iverson, MM&S Financial, Inc.	Claimants allege negligence and negligent misrepresentation in the purchase of $3,300,000 municipal bonds.	NASD Arbitration, California Attorney for Claimants: W. Richard Sintek Miller Milove & Kob The Koll Center 501 West Broadway, Suite 720 San Diego, CA 92101	Statement of Answer is due January 10, 2001.

Caption of Suit and Case Number	Nature of Proceeding	Court or Agency and Location	Status or Disposition
Lewis G. Herrmann, etc. v. Miller & Schroeder Financial, Inc., et al Case Number GIC778499	This lawsuit was filed on December 4, 2001. Claimant intends to bring a class action against Miller & Schroeder, as well as many former employees, and other corporations, alleging misrepresentation in connection with the offer and sale of securities, fraud and deceit, negligent misrepresentation, and breach of fiduciary duty.	Superior Court of California, County of San Diego Attorney for Plaintiffs: W. Richard Sintek Miller Milove & Kob The Koll Center 501 West Broadway, Suite 720 San Diego, CA 92101	Lawsuit was just recently filed.
County of San Bernardino v. James J. Hlawek, Miller & Schroeder Financial Inc., James Iverson et al Court Case Number CIV200803 (originally filed in San Bernardino County, Case Number SCVS8 67878)	This lawsuit was filed on June 8, 2000. The County alleges that Miller & Schroeder Financial, Inc. ("MSF") and its employee James Iverson improperly obtained underwriting work from the County by taking County employees on fishing trips, and by covering expenses on other trips. MSF and Mr. Iverson dispute the allegations. The parties are actively engaged in settlement discussions.	Ventura Superior Court, County of Ventura, California Attorneys for Plaintiffs: Leonard L. Gumport, Esq. Gumport, Reitman & Montgomery 550 S. Hope Street, #825 Los Angeles, CA 90071-2627 Alan K. Marks, Esq. Michael A. Sachs, Esq. County Counsel 385 N. Arrowhead Avenue, 4th Floor San Bernardino, CA 92415-0140	The matter was settled on or about August 2001 with MSF paying $350,000 to the County.
Keith Stark v. James David Kallstrom and Miller & Schroeder Financial, Inc. Court Case No.: 41D010104 CP00126	On April 25, 2001, MSF was served with a Summons brought by Mr. Stark alleging unauthorized trading in his account regarding a certain municipal bond. MSF's answer is due on June 18, 2001. MSF will decline to represent Mr. Kallstrom in this matter.	State of Indiana, County of Johnson, Johnson County Superior Court #1 Attorney for the Plaintiff: Kevin M. Kohart Lowe Gray Steele & Darko, LLP 111 Monument Circle, Suite 4600 P.O. Box 44924 Indianapolis, IN 46244	The case was settled on or about July 3, 2001 with MSF paying $38,000 to Mr. Stark.

Caption of Suit and Case Number	Nature of Proceeding	Court or Agency and Location	Status or Disposition
NASD-DR 01-03445 Philip J. Salley Revocable Trust v. Miller & Schroeder Financial, Inc., et al	Claimant alleges breach of fiduciary duty, negligence, and fraud in the purchase of municipal bonds. Claimants seek an award in the amount of $1,500,000.	NASD Arbitration, California Attorney for the Claimant: L. Michael Wilson Marron & Wilson, LLP Bayview Corporate Center 1475 6th Avenue, 3rd Floor San Diego, CA 92101	The Statement of Claim was received on December 7, 2001.
NASD-DR 01-05301 Steven Onderwyzer, Trustee, Claire Onderwyzer Trust, UAD 8/14/78; Claire Onderwyzer Living Trust, UAD 7/17/95; Steven J. Onderwyzer Living Trust, UAD 7/17/95; Onderwyzer Trust #1, UAD 7/14/89; Onderwyzer Trust #2, UAD 7/14/89; Steven Onderwyzer v. Miller & Schroeder Financial, Inc., et al	Claimant alleges breach of fiduciary duty, negligence, misrepresentation and fraud in the purchase of municipal bonds. Claimants seek an award in the amount of $2,000,000.	NASD Arbitration, California Attorney for the Claimant: L. Michael Wilson Marron & Wilson, LLP Bayview Corporate Center 1475 6th Avenue, 3rd Floor San Diego, CA 92101	The Statement of Claim was received on December 7, 2001.
NASD-DR 01-05866 Morton Heide & Ruth Heide v. Miller & Schroeder Financial, Inc. and Jeffrey A. Hill	Claimants allege misrepresentation and fraud in the purchase of municipal bonds; claimants seek at least $240,000.	NASD Arbitration, Texas Attorney for the Claimants: Robert Feiger Friedman & Feiger 5301 Spring Valley Road, Suite 200 Dallas, TX 75240	The Statement of Claim was received on December 10, 2001.
Gilbert Kivenson, on behalf of himself and all others similarly situated, v. U.S. Trust Corporation, N.A.; U.S. Trust Company of Texas , N.A.; Miller & Schroeder Financial, Inc., et al Case Number BC 262740	This lawsuit was filed on November 30, 2001. Claimant intends to bring a class action against Miller & Schroeder and others, alleging negligence, negligent misrepresentation, and breach of fiduciary duty in connection with the offer and sale of securities.	Superior Court of the State of California, County of Los Angeles Attorney for the Plaintiff: Brian Barry Law Office of Brian Barry 1801 Avenue of the Stars, Suite 307 Los Angeles, CA 90067	

Caption of Suit and Case Number	Nature of Proceeding	Court or Agency and Location	Status or Disposition
NASD-DR 01-06384 Will Thomas Hyde and Margaret Mary Hyde, TRS Hyde Family Trust UAD 3/5/85 v. Miller & Schroeder Financial, Inc., MM&S Financial, Inc., James Dlugosch, and Tim Jones	Claimants allege fraud and misrepresentation in the purchase of municipal bonds; claimants seek $110,000.	NASD Arbitration, California Representative for the Claimant: Arthur Leider Investors Arbitration Specialists, Inc. 7801 Mission Center Court, Suite 200 San Diego CA 92108	The Statement of Claim was received on or about December 24, 2001.
NASD-DR 01-06641 The Cates Family Trust and George E. and Pamela C. Burns v. Miller & Schroeder Financial, Inc., MM&S Financial, Inc., James Dlugosch and Patrick Flynn	Claimants allege fraud, negligence, and misrepresentation in the purchase of municipal bonds; claimants seek $215,000, plus punitive and legal fees.	NASD Arbitration, CA Representative for the Claimant: Arthur Leider Investors Arbitration Specialists, Inc. 7801 Mission Center Court, Suite 200 San Diego CA 92108	The Statement of Claim was received on or about December 24, 2001.
NASD-DR 01-06659 Patrick W. McGuire and The Patrick W. McGuire Living Trust v. Miller & Schroeder Financial, Inc., Miller, Johnson, Steichen & Kinnard, James F. Dlugosch, John M. Clarey, Jr., Bruce Richard Talley and Pamela Jo Holtzclaw	Claimants allege misrepresentation, negligence, and unsuitability in the purchase of municipal bonds; claimants seek $132,640.	NASD Arbitration, CA Attorney for the Claimants: Daniel M. Carlson Brewer & Carlson, LLP Catalina Island Office 306 Clemente Street P.O. Box 1922 Avalon, CA 90704	The Statement of Claim was received on or about December 24, 2001.
NASD-DR 01-06518 M.B. Timmerman and Priscilla Timmerman, TRS Timmerman Family Trust UAD 3/31/83 v. Miller & Schroeder Financial, Inc. aka Securities Resolution Corporation, MM&S Financial, Inc. aka Marshall Miller & Schroeder Financial, Inc., James Dlugosch and Bruce Talley	Claimants allege fraud, negligence, and misrepresentation in the purchase of municipal bonds; claimants seek $870,000, plus punitive and legal fees.	NASD Arbitration, CA Representative for the Claimant: Arthur Leider Investors Arbitration Specialists, Inc. 7801 Mission Center Court, Suite 200 San Diego CA 92108	The Statement of Claim was received on December 26, 2001.

1 UNITED STATES DEPARTMENT OF JUSTICE
OFFICE OF UNITED STATES TRUSTEE
2 DISTRICTS OF MINNESOTA, IOWA,
NORTH DAKOTA AND SOUTH DAKOTA
3
- -
4 Debtor:

5 SRC Holding Corporation
150 S. Fifth St., Ste. 2900
6 Minneapolis, MN 55402

7 United States Bankruptcy Court
District of Minnesota
8 Case No. 02-40284
Chapter 7
9 -
Debtor:
10
SRC Investments Corporation
11 150 S. Fifth St., Ste. 2900
Minneapolis, MN 55402
12
United States Bankruptcy Court
13 District of Minnesota
Case No. 02-40285
14 Chapter 7
- -
15 Debtor:

16 Securities Resolution Corporation
150 S. Fifth St., Ste. 2900
17 Minneapolis, MN 55402

18 United States Bankruptcy Court
District of Minnesota
19 Case No. 02-40285
Chapter 7
20 -

SECTION 341(a) MEETING OF CREDITORS

21

TAKEN ON 2/22/02

22 =

23 SECTION 341(a) MEETING OF CREDITORS, taken
pursuant to Notice on the 22nd day of February, 2002,
24 at the U.S. Courthouse, Room 1017, 300 So. Fourth St.,
Minneapolis, MN, before Dale R. Neumann, Professional
25 Freelance Reporter and Ramsey County Notary Public,
and commencing at 1:30 p.m.

EXHIBIT
tabbies
H

1 what did the companies pay, what did
2 the companies' insurance companies pay?
3 MR. REINHART: The total settlement
4 was $350,000. I believe that we paid
5 67 or 70 thousand dollars of that.
6 MR. LEONARD: And the balance of
7 that settlement was paid by the
8 companies' insurance company?
9 MR. REINHART: That is correct.
10 MR. LEONARD: Is that Chubb
11 Insurance Company?
12 MR. REINHART: That is correct.
13 MR. LEONARD: Was that paid under
14 the directors and officers insurance
15 policy?
16 MR. REINHART: I believe so.
17 MR. LEONARD: Okay. All right.
18 Let's go on to the second event you
19 were just about to launch into.
20 MR. REINHART: The second event is
21 the -- what we call -- refer to as
22 Heritage. It's a family of bond issues
23 that were underwritten by Miller &
24 Schroeder beginning, I understand, in
25 19 -- late '96 or '97 all the way

1 through 1999, 135 or so million dollars
2 principal amount of debt represented by
3 ten or eleven separate bond issues.
4 These were first mortgage bonds,
5 and these were assisted living
6 facilities in California, Texas, a
7 couple in Chicago, which defaulted and
8 which essentially destroyed Miller &
9 Schroeder's retail securities business.
10 And, as a result, that business was
11 later sold to Miller Johnson Steichen
12 and Kinnard, what was left of it.
13 MR. LEONARD: When were those
14 defaults on these bonds becoming
15 apparent to Miller & Schroeder?
16 MR. REINHART: I think they became
17 apparent in June of 2000.
18 MR. LEONARD: Now, was the entire
19 aggregate issue of $135,000,000 already
20 issued and out the door by that time?
21 MR. REINHART: Yes.
22 MR. LEONARD: And how much of those
23 ten or eleven separate issues went into
24 default or were in default by June of
25 2000?

1 MR. REINHART: I think they were
2 all in default.
3 MR. LEONARD: So what impact, other
4 than media attention, did that have on
5 Miller & Schroeder?
6 MR. REINHART: Well, two things.
7 First, as I said, it destroyed their
8 retail securities business. Customers
9 would not buy any more bonds or
10 securities so long as this remained
11 unresolved, and so that impact was
12 huge.
13 The other impact was that it was
14 the genesis of what is now an
15 accumulated approximately 30 or 31
16 separate claims that are currently in
17 arbitration in the NASD arbitration
18 forum brought by former customers of
19 the firm who purchased those securities
20 and who are alleging damages against
21 the firm. The result of those
22 arbitration actions is that the company
23 obviously has spent many, many
24 thousands of dollars on attorneys' fees
25 in those cases, but also they represent

1 a huge contingent liability.
2 MR. LEONARD: As a result of all
3 that, then Securities Resolution
4 Corporation made a decision to divest
5 its operations?
6 MR. REINHART: I think it became
7 apparent --
8 MR. PARIZEK: Its retail
9 operations.
10 MR. REINHART: Oh, which, the --
11 MR. LEONARD: Well, let's talk
12 about -- when did Securities Resolution
13 Corporation, which I think is the
14 entity involved in these bond
15 situations with Heritage, when did it
16 make a decision to divest its
17 operations?
18 MR. REINHART: I'm guessing
19 December of 2000, because that's about
20 the time that those assets -- or that
21 was transferred.
22 MR. PARIZEK: Coming back to your
23 -- there's $12,000,000 in capital on
24 the balance sheet at 10/31/00. And,
25 again, having not studied the balance

FORM B10 (Official Form 10)(4/01)

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA (MINNEAPOLIS)

PROOF OF CLAIM

Name of Debtor
SECURITIES RESOLUTION CORPORATION

Case Number
02-40286

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. §503

Name of Creditor (The person or other entity to whom the debtor owes money or property):
FLESHMAN J KENNETH

Name and Address where notices should be sent:

FLESHMAN J KENNETH
C O ALAN N ARIAV
MESCH CLARK & ROTHSCHILD PC
259 N MEYER AVE
TUCSON AZ 85701

Telephone Number:

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
☒ Check box if you have never received any notices from the bankruptcy court in this case.
☒ Check box if the address differs from the address on the envelope sent to you by the court.

UNITED STATES BANKRUPTCY COURT Received FEB 26 2002

2

Account or other number by which creditor identifies debtor:

Check here if this claim ☐ replaces ☐ amends a previously filed claim, dated _____

1. Basis for Claim
☐ Goods sold
☐ Services performed
☐ Money loaned
☐ Personal injury/wrongful death
☐ Taxes
☐ Other FRAUD/NEGLIGANCE

☐ Retiree benefits as defined in 11 U.S.C. §1114(a)
☐ Wages, salaries, and compensation (fill out below)
Your SS #: _____ _____ _____
Unpaid compensation for services performed from _____ (date) to _____ (date)

2. Date debt was incurred: 12/4/88 to 7/1/99

3. If court judgment, date obtained:

4. Total Amount of Claim at Time Case Filed: $ 229,256 plus Legal fees/costs plus punitive damages
If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.
☒ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges. See ATTACHED

5. Secured Claim.
☐ Check this box if your claim is secured by collateral (including a right of setoff).
Brief Description of Collateral:
☐ Real Estate ☐ Motor Vehicle
☐ Other_____

Value of Collateral: $_____

Amount of arrearage and other charges at time case filed included in secured claim, if any: $_____

6. Unsecured Priority Claim.
☐ Check this box if you have an unsecured priority claim
Amount entitled to priority $_____
Specify the priority of the claim:
☐ Wages, salaries, or commissions (up to $4,650),* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3).
☐ Contributions to an employee benefit plan - 11 U.S.C. §507(a)(4).
☐ Up to $ 2,100* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6).
☐ Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7).
☐ Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).
☐ Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(__).

**Amounts are subject to adjustment on 4/1/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

7. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.
8. Supporting Documents: *Attach copies of supporting documents,* such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.
9. Date-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

SEND CLAIM TO:
U.S. BANKRUPTCY COURT
301 U.S. COURTHOUSE
300 SOUTH FOURTH STREET
MINNEAPOLIS, MN 55415

Date 2/25/02

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):
J. Kenneth Fleshman

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

EXHIBIT
I

003254 53909003261011

FORM B10 (Official Form 10) (4/01)

UNITED STATES BANKRUPTCY COURT _____ DISTRICT OF MN (Minneapolis)

PROOF OF CLAIM

Name of Debtor: Securities Resolution Corporation

Case Number: 02-40286
Chapter 7 ☐, 11 ☐, 12 ☐, 13 ☐
Creditor ID Number:

This Space is For Court Use Only

UNITED STATES BANKRUPTCY COURT
Received
MAR - 5

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. §503.

Name of Creditor (The person or other entity to whom the debtor owes money or property): Dr. Ted Silver

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
☐ Check box if you have never received any notices from the bankruptcy court in this case.
☐ Check box if the address differs from the address on the envelope sent to you by the court.

Name and address where notices should be sent: Melissa L. Greipp Kravit, Gass, Hovel & Leitner, S.C., 825 N. Jefferson, Milwaukee WI 53202

Telephone number: (414) 271-7100

Account or other number by which creditor identifies debtor:

Check here if this claim
☐ replaces
☐ amends a previously filed claim, dated: _____

1. **Basis for Claim**
☐ Goods sold
☐ Services performed
☐ Money loaned
☐ Personal injury/wrongful death
☐ Taxes
☒ Other See attached Exh. A.

☐ Retiree benefits as defined in 11 U.S.C. § 1114(a)
☐ Wages, salaries and compensation (fill out below)
Your SS #: _____
Unpaid compensation for services performed from _____ (date) to _____ (date)

Securities fraud-unauthorized trading of Dr. Silver's investment. Claim for return of investment, interest and fees.

2. **Date debt was incurred:** 1997 and 1999

3. **If court judgement, date obtained:**

4. **Total Amount of Claim at Time Case Filed:** $ 23,000.00 plus interest and attorneys' fees.
If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.
☐ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. **Secured Claim.**
☐ Check this box if your claim is secured by collateral (including a right of setoff).
Brief Description of Collateral:
☐ Real Estate ☐ Motor Vehicle ☐ Other _____
Value of Collateral: $ _____
Amount of arrearage and other charges **at time case filed** included in secured claim, if any:
$ _____

6. **Unsecured Priority Claim.**
☐ Check this box if you have an unsecured priority claim.
Amount entitled to priority $ _____
Specify the priority of the claim:
☐ Wages, salaries, or commissions (up to $4,650), * earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier- 11 U.S.C. § 507(a)(3).
☐ Contributions to an employee benefit plan- 11 U.S.C. §507(a)(4).
☐ Up to $2,100* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use- 11 U.S.C. §507(a)(6).
☐ Alimony, maintenance, or support owed to a spouse, former spouse, or child- 11 U.S.C. §507(a)(7).
☐ Taxes or penalties owed to governmental units- 11 U.S.C. §507(a)(8).
☐ Other- Specify applicable paragraph of 11 U.S.C. §507(a)(_____).
*Amounts are subject to adjustment on 4/1/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

7. **Credits:** The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.
8. **Supporting Documents:** *Attach copies of supporting documents,* such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgements, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.
9. **Date-Stamped Copy:** To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

THIS SPACE IS FOR COURT USE ONLY

Date March 1, 2002

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any): Melissa L. Greipp
Melissa L. Greipp, Attorney

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

FORM B10 (Official Form 10)(4/01)

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA (MINNEAPOLIS)

PROOF OF CLAIM

Name of Debtor	Case Number
SECURITIES RESOLUTION CORPORATION	02-40286

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. §503

Name of Creditor (The person or other entity to whom the debtor owes money or property):
DENNING GARY & SHEILA

Name and Address where notices should be sent:

DENNING GARY & SHEILA
6300 N WINWOOD DRIVE
JOHNSTON IA 50131

Telephone Number:

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
☐ Check box if you have never received any notices from the bankruptcy court in this case.
☐ Check box if the address differs from the address on the envelope sent to you by the court.

Account or other number by which creditor identifies debtor:

Check here if this claim ☐ replaces ☐ amends a previously filed claim, dated _____

1. Basis for Claim
☒ Goods sold
☐ Services performed
☐ Money loaned
☐ Personal injury/wrongful death
☐ Taxes
☐ Other _____

☐ Retiree benefits as defined in 11 U.S.C. §1114(a)
☐ Wages, salaries, and compensation (fill out below)
Your SS #: _____ _____ _____
Unpaid compensation for services performed from _____ (date) to _____ (date)

2. Date debt was incurred: 12/31/96 & 4/15/97 & 8/20/97

3. If court judgment, date obtained:

4. Total Amount of Claim at Time Case Filed: $ 95,350
If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.
☒ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. Secured Claim.
☐ Check this box if your claim is secured by collateral (including a right of setoff).
Brief Description of Collateral:
☐ Real Estate ☐ Motor Vehicle
☐ Other _____

Value of Collateral: $_____

Amount of arrearage and other charges at time case filed included in secured claim, if any: $_____

6. Unsecured Priority Claim.
☐ Check this box if you have an unsecured priority claim
Amount entitled to priority $_____
Specify the priority of the claim:
☐ Wages, salaries, or commissions (up to $4,650),* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3).
☐ Contributions to an employee benefit plan - 11 U.S.C. §507(a)(4).
☐ Up to $ 2,100* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6).
☐ Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7).
☐ Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).
☒ Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(__).

**Amounts are subject to adjustment on 4/1/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

7. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.
8. Supporting Documents: *Attach copies of supporting documents,* such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.
9. Date-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

SEND CLAIM TO:
U.S. BANKRUPTCY COURT
301 U.S. COURTHOUSE
300 SOUTH FOURTH STREET
MINNEAPOLIS, MN 55415

Date 3/12/02

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):
Gary Denning - GARY DENNING
Sheila Denning - SHEILA DENNING

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

BANKRUPTCY COURT UNITED STATES Received MAR 18 2002

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810 (Official Form 10)(4/01)

UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA		PROOF OF CLAIM
Name of Debtor: Miller & Schroeder Financial, Inc.	Case Number: 02-40286-NCD	18
NOTE: This form should not be used to make a claim for administrative expenses arising after the commencement of the case. A "request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		
Name of Creditor: (the person or entity to whom the debtor owes money or property) Grace English	Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.	UNITED STATES BANKRUPTCY COURT FRANK Received MAR 18 2002
Name and address where notices should be sent: Her attorney: Crystal Grace Rutherford, Badgley-Mullins Law Group, 1201 3rd Avenue, #5100, Seattle, WA 98101 Telephone number: 206-621-6566	Check box if you have never received any notices from the bankruptcy court in this case. Check box if the address differs from the address in the envelope sent to you by the court	THIS SPACE IS FOR COURT USE ONLY
Account or other number by which creditor identifies debtor:	Check here if this claim: replaces / amends a previously filed court claim, dated: _____	

1. Basis for Claim:
- Goods sold
- Services performed
- Money loaned
- Personal injury/wrongful death
- Taxes
- x Other: Fraudulent Financial Services

Retiree benefits as defined in 112 U.S.C. § 1114(a)
Wages, salaries, and compensations (fill out below)
Your SS# _____
Unpaid compensations for services performed
from _____ (date) to _____ (date)

2. Date debt was incurred: 1996 – 1999

3. If court judgement, date obtained:

4. Total Amount of Claim at Time Case Filed: $370,565.
If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.
Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attached itemized statement of all interest or additional charges.

5. Secured Claim
Check this box if your claim is secured by collateral (including a right of setoff).
Brief Description of Collateral:
Real Estate
Motor Vehicle
Other _____
Value of Collateral: $_____

Amount of arrearage and other charges at time case filed included in secured claim, if any: $ _____

6. Unsecured Priority Claim
Check this box if you have an unsecured priority claim.
Amount entitled to priority claim $ _____
Specify the priority of the claim:
Wages, salaries, or commissions (up to $4,650*), earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier --11 U.S.C. § 507(a)(3)
Contributions to an employee benefit plan -11 U.S.C. §507(a)4
Up to $2,100* of deposits toward purchase, lease, or rental of property or services for personal, family or household use – 11 U.S.C. §507(a)6
Alimony, maintenance, or support owed to a spouse, former spouse, or child – 11 U.S.C. § 507(a)(7)
Taxes or other penalties or governmental units – 11 U.S.C. §507(a)(8)
Other – Specify applicable paragraph of 11 U.S.C. § 507(a) 0 _____
** Amounts are subject to adjustment on 4/4/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

7. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.

8. Supporting Documents: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.

9. Date-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

SEND CLAIMS TO:

U.S. BANKRUPTCY COURT
301 U.S. COURTHOUSE
300 SOUTH FOURTH STREET
MINNEAPOLIS MN 55415

Date : 3-6-02

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):
Crystal Grace Rutherford (attorney for claimant) _____

Penalty for presenting fraudulent claim: Fine up to $500,000 or imprisonment for up to 5 years, or both, 18 U.S.C. §§ 152 and 3571.

For CHAPTER 7, 11 or 12 CASES filed on or after April 1, 2001

FORM B10 (Official Form 10)(4/01)

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA (MINNEAPOLIS)

PROOF OF CLAIM

Name of Debtor	Case Number
SECURITIES RESOLUTION CORPORATION	02-40286

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. §503.

Name of Creditor (The person or other entity to whom the debtor owes money or property):
MCCAULEY GEORGE E ET AL

Name and Address where notices should be sent:

MCCAULEY GEORGE E ET AL
C O JEFF DENNIS FERENTZ
GREENBAUM & FERENTZ LLP
500 C NEWPORT CENTER DR 100
NEWPORT BEACH CA 92660

Telephone Number: 949/642-1409 949/760-8866

- ☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
- ☒ Check box if you have never received any notices from the bankruptcy court in this case.
- ☐ Check box if the address differs from the address on the envelope sent to you by the court.

Received APR 19 2002 BANKRUPTCY COURT

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Account or other number by which creditor identifies debtor:

Check here if this claim ☐ replaces ☐ amends a previously filed claim, dated _____

1. Basis for Claim
- ☐ Goods sold
- ☐ Services performed
- ☐ Money loaned
- ☐ Personal injury/wrongful death
- ☐ Taxes
- ☒ Other INVESTMENT LOSSES

- ☐ Retiree benefits as defined in 11 U.S.C. §1114(a)
- ☐ Wages, salaries, and compensation (fill out below)
  Your SS #: _____
  Unpaid compensation for services performed from _____ (date) to _____ (date)

2. Date debt was incurred: VARIOUS-APRIL 1996/MAY 2000

3. If court judgment, date obtained:

4. Total Amount of Claim at Time Case Filed: $[redacted] 314,845.00

If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.

☐ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. Secured Claim.
☐ Check this box if your claim is secured by collateral (including a right of setoff).
Brief Description of Collateral:
☐ Real Estate ☐ Motor Vehicle
☐ Other_____

Value of Collateral: $_____

Amount of arrearage and other charges at time case filed included in secured claim, if any: $_____

6. Unsecured Priority Claim.
- ☐ Check this box if you have an unsecured priority claim
  Amount entitled to priority $_____
  Specify the priority of the claim:
- ☐ Wages, salaries, or commissions (up to $4,650),* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3).
- ☐ Contributions to an employee benefit plan - 11 U.S.C. §507(a)(4).
- ☐ Up to $ 2,100* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6).
- ☐ Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7).
- ☐ Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).
- ☐ Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(__).

**Amounts are subject to adjustment on 4/1/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

7. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.

8. Supporting Documents: *Attach copies of supporting documents,* such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.

9. Date-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

SEND CLAIM TO:

U.S. BANKRUPTCY COURT
301 U.S. COURTHOUSE
300 SOUTH FOURTH STREET
MINNEAPOLIS, MN 55415

Date	Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):
3-11-02	George E. McCauley

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

004402 53909004411013

B10 (Official Form 10) (4/98)F:\DOC\02\020041\0240286 proof of claim form.wpd

UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA		PROOF OF CLAIM
Name of Debtor: SECURITIES RESOLUTION CORPORATION	Case Number: 02-40286	
NOTE: This form should not be used to make a claim for administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		RECEIVED 2002 MAY -7 PM 3:10 US BANKRUPTCY COURT
Name of Creditor: (The person or entity to whom the debtor owes money or property LEWIS G. HERRMANN AS TRUSTEE OF THE HERRMANN FAMILY TRUST, ON BEHALF OF HIMSELF AND ALL OTHERS SIMILARLY SITUATED Name and address where notices should be sent: LEWIS G. HERRMANN AS TRUSTEE OF THE HERRMANN FAMILY TRUST, ON BEHALF OF HIMSELF AND ALL OTHERS SIMILARLY SITUATED C/O JOHN R STOEBNER, ESQ. LAPP, LIBRA, THOMSON, STOEBNER & PUSCH, CHARTERED 120 SOUTH SIXTH STREET, SUITE 2500 MINNEAPOLIS, MN 55402 Telephone number: 612-338-5815	■ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. □ Check box if you have never received any notices from the bankruptcy court in this case. ■ Check box if the address differs from the address on the envelope sent to you by the court.	THIS SPACE IS FOR COURT USE ONLY 45
Account or other number by which creditor identifies debtor:	Check here if this claim: □ replaces □ amends a previously filed court claim dated: _____	

1. Basis for Claim:
- □ Goods sold
- □ Services performed
- □ Money loaned
- □ Personal injury/wrongful death
- □ Taxes
- ■ Other BOND INVESTMENTS - CLASS ACTION

- □ Retiree benefits as defined in 11 U.S.C. § 1114 (a)
- □ Wages, salaries, and compensation (Fill out below)
  Your SS# _____
  Unpaid compensation for services performed
  from _____ (date) to _____ (date)

2. Date debt was incurred: 1994 THROUGH 1999

3. If court judgment, date obtained:

4. Total amount of Claim at Time Case Filed: $ 144,000,000.00 .

If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.

□ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. Secured Claim
- □ Check this box if your claim is secured by collateral (including a right of setoff).

Brief Description of Collateral:
- □ Real Estate □ Motor Vehicle
- □ Other _____

Value of Collateral: $_____

Amount of arrearage and other charges at time case filed included in secured claim, if any: $_____

6. Unsecured Priority Claim
- □ Check this box if you have an unsecured priority claim

Amount entitled to priority claim $_____

Specify the priority of the claim:
- □ Wages, salaries, or commissions (up to $4,300*), earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier — 11 U.S.C. § 507 (a)(3)
- □ Contributions to an employee benefit plan — 11 U.S.C. § 507 (a)(4)
- □ Up to $1,950* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use — 11 U.S.C. § 507 (a)(6)
- □ Alimony, maintenance, or support owed to a spouse, former spouse, or child — 11 U.S.C. § 507 (a)(7)
- □ Taxes or other penalties of governmental units — 11 U.S.C. § 507 (a)(8)
- □ Other — Specify applicable paragraph of 11 U.S.C. § 507 (a) _____

**Amounts are subject to adjustment on 4/1/98 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

7. **Credits:** The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.
8. **Supporting Documents:** *Attach copies of supporting documents,* such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.
9. **Date-Stamped Copy:** To receive an acknowledgment of the filing of your claim, enclosed a stamped, self-addressed envelope and copy of this proof of claim.

SEND CLAIMS TO:

U.S. Bankruptcy Court
301 U.S. Courthouse
300 South Fourth Street
Minneapolis, MN 55415

Date	Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):
May 6, 2002	JOHN R. STOEBNER, ATTORNEY FOR LEWIS G. HERRMANN AS TRUSTEE OF THE HERRMANN FAMILY TRUST, ON BEHALF OF HIMSELF AND ALL OTHERS SIMILARLY SITUATED

Penalty for presenting fraudulent claims: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

For CHAPTER 7, 11 or 12 CASES filed on or after April 1, 1998

B10 (Official Form 10) (4/01)

UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA

PROOF OF CLAIM

Name of Debtor: SECURITIES RESOLUTION CORPORATION fka MILLER & SCHROEDER FINANCIAL, INC.

Case Number: 02-40286

RECEIVED

2002 MAY 22 PM 12:30

U.S. BANKRUPTCY COURT

50

THIS SPACE IS FOR COURT USE ONLY

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor: (The person or entity to whom the debtor owes money or property)
MARK F. AUGUSTA

Name and address where notices should be sent:
Mark F. Augusta
c/o ROBBINS & KEEHN, APC
530 "B" Street, Suite 2400
San Diego, CA 92101
Telephone number: 619-232-1700

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
☐ Check box if you have never received any notices from the bankruptcy court in this case.
☐ *Check box if the address differs from the address on the envelope sent to you by the court.*

Account or other number by which creditor identifies debtor:

Check here if this claim: ☐ replaces ☐ amends a previously filed court claim, dated: _____

1. Basis for Claim:
☐ Goods sold
☐ Services performed
☐ Money loaned
☐ Personal injury/wrongful death
☐ Taxes
☒ Other Indemnification and general damages for Fraud

☐ Retiree benefits as defined in 11 U.S.C. § 1114(a)
☐ Wages, salaries, and compensations (Fill out below)
Your SS# _____
Unpaid compensations for services performed
from _____ (date) to _____ (date)

2. Date debt was incurred: December 1996 - March 1999

3. If court judgment, date obtained:

4. Total Amount of Claim at Time Case Filed: $ 7,000,000.00
If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.
☐ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. Secured Claim
☐ Check this box if your claim is secured by collateral (including a right of setoff).
Brief Description of Collateral:
☐ Real Estate ☐ Motor Vehicle
☐ Other _____
Value of Collateral: $_____
Amount of arrearage and other charges at time case filed included in secured claim, if any: $_____

6. Unsecured Priority Claim
☐ Check this box if you have an unsecured priority claim.
Amount entitled to priority claim $_____
Specify the priority of the claim:
☐ Wages, salaries, or commissions (up to $4,650*), earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier — 11 U.S.C. § 507(a)(3)
☐ Contributions to an employee benefit plan — 11 U.S.C. §507(a)(4)
☐ *Up to $2,100* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use* — 11 U.S.C. §507(a)(6)
☐ Alimony, maintenance, or support owed to a spouse, former spouse, or child — 11 U.S.C. §507(a)(7)
☐ Taxes or other penalties of governmental units — 11 U.S.C. § 507(a)(8)
☐ Other — Specify applicable paragraph of 11 U.S.C. § 507(a) _____
**Amounts are subject to adjustment on 4/1/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

7. **Credits:** The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.
8. **Supporting Documents:** *Attach copies of supporting documents,* such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.
9. **Date-Stamped Copy:** To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

SEND CLAIMS TO:

U.S. BANKRUPTCY COURT
301 U.S. COURTHOUSE
300 SOUTH FOURTH STREET
MINNEAPOLIS, MN 55415

Date 5/20/02

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

For CHAPTER 7, 11 or 12 CASES filed on or after April 1, 2001

ORIGINAL

ATTACHED SUMMARY SHEET (1 PAGE)

B10 (Official Form 10) (4/04)

UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA

PROOF OF CLAIM

RECEIVED
03 FEB 18 AM 10:10
U.S. BANKRUPTCY COURT
MINNEAPOLIS, MN

56

THIS SPACE IS FOR COURT USE ONLY

Name of Debtor: MILLER & SCHROEDER FINANCIAL INC

Case Number: 2-40286

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor: (The person or entity to whom the debtor owes money or property)
THOMAS U. & LENELL M. CHACE

Name and address where notices should be sent:
9212 SKI HARBOR
HUNTINGTON BEACH, CAL 92646
714-968-7614 or 801-255-0716
Telephone number: or 307-679-3939

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
☐ Check box if you have never received any notices from the bankruptcy court in this case.
☐ Check box if the address differs from the address on the envelope sent to you by the court.

Account or other number by which creditor identifies debtor:

Check here if this claim: ☐ replaces ☒ amends a previously filed court claim, dated: _____

1. Basis for Claim:
☐ Goods sold
☐ Services performed
☐ Money loaned
☐ Personal injury/wrongful death
☐ Taxes
☒ Other RESTITUTION FOR PRINCIPAL, INTEREST AND ATTORNEY FEES see attachment

☐ Retiree benefits as defined in 11 U.S.C. § 1114(a)
☐ Wages, salaries, and compensations (Fill out below)
Your SS# N/A
Unpaid compensations for services performed
from _____ (date) to _____ (date)

2. Date debt was incurred:

3. If court judgment, date obtained:

4. Total Amount of Claim at Time Case Filed: $385,000.00 + INTEREST + FEES
If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.
☐ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. Secured Claim N/A
☐ Check this box if your claim is secured by collateral (including a right of setoff).
Brief Description of Collateral:
☐ Real Estate ☐ Motor Vehicle
☐ Other _____
Value of Collateral: $_____
Amount of arrearage and other charges at time case filed included in secured claim, if any: $_____

6. Unsecured Priority Claim N/A
☐ Check this box if you have an unsecured priority claim.
Amount entitled to priority claim $_____
Specify the priority of the claim:
☐ Wages, salaries, or commissions (up to $4,650*), earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier — 11 U.S.C. § 507(a)(3)
☐ Contributions to an employee benefit plan — 11 U.S.C. §507(a)(4)
☐ Up to $2,100* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use — 11 U.S.C. §507(a)(6)
☐ Alimony, maintenance, or support owed to a spouse, former spouse, or child — 11 U.S.C. §507(a)(7)
☐ Taxes or other penalties of governmental units — 11 U.S.C. § 507(a)(8)
☐ Other — Specify applicable paragraph of 11 U.S.C. § 507(a) _____
Amounts are subject to adjustment on 4/1/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

7. **Credits:** The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.
8. **Supporting Documents:** *Attach copies of supporting documents,* such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.
NOTE! 9. **Date-Stamped Copy:** To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

SEND CLAIMS TO:

U.S. BANKRUPTCY COURT
301 U.S. COURTHOUSE
300 SOUTH FOURTH STREET
MINNEAPOLIS, MN 55415

Date: 11 FEB 03

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):
THOMAS U. CHACE & LENELL M. CHACE JTEN

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

For CHAPTER 7, 11 or 12 CASES filed on or after April 1, 2001

SUMMARY SHEET

THOMAS U. AND LENELL M. CHACE
9212 SKI HARBOR CIRCLE
HUNTINGTON BEACH, CA 92646
PHONE: 714 968 7614 OR 801 255 0716 OR 307 679 3939

THE FOLLOWING TABLE SHOWS THE DEFAULT DATES FOR THE BONDS PURCHASED FROM MILLER AND SCHROEDER FINANCIAL, INC. FOR THE DETERMINATION OF LOST INTEREST AS CLAIMED ON THE AMMENDED PROOF OF CLAIM. THE LOSS OF INTEREST IS ACCUMULATING AT $2,578.64 PER MONTH AS THIS POINT. THIS AMMENDEMENT ALSO ASKS FOR UNSPECIFIED ATTORNEY FEES.

BONDS PURCHASED FROM MILLER AND SCHROEDER				
Date	Name of Bond	Defaulted Bonds Amount	Status	Date of lst missed payment
2/1/96	Shelby Co.	20,000	default	Jan-02
6/1/96	Shelby Co.	10,000	default	Jul-02
12/17/96	Danforth	25,000	default	Jun-00
3/20/97	Danforth	10,000	default	Sep-00
5/22/97	Tarrant Co.	25,000	default	May-00
10/21/97	Fontana	25,000	default but still pays some	
10/25/97	Beech Grove	25,000	default	Jul-02
12/17/97	Beech Grove	25,000	default	
4/10/98	Bexar Texas	15,000	default	Jul-02
7/30/98	Danforth	50,000	default	Jul-00
9/21/98	Oklahoma City	20,000	default	Jan-00
11/25/98	Tarrant Co.	50,000	default	Jul-00
3/15/99	Tarrant Co.	20,000	default	Sep-00
6/15/99	Fontana	35,000	default-still paying some	
8/15/99	Shelby Co.	30,000	default	Aug-00
	TOTAL	$385,000	interest per mo.	$2,578.64

FORM B10 (Official Form 10) (4/01)

UNITED STATES BANKRUPTCY COURT _____ DISTRICT OF MINNESOTA

PROOF OF CLAIM

RECEIVED

MAY -7 AM 10:28

Name of Debtor: Securities Resolution Corporation

Case Number: 2-40286

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor (The person or other entity to whom the debtor owes money or property):
U.S. Trust Company of Texas, N.A.

Name and address where notices should be sent:
Hill, Farrer & Burrill LLP
Attn: Steven W. Bacon, Esq.
300 South Grand Avenue, 37th Floor
Los Angeles, CA 90071-3147
Telephone number: (213) 620-0460

Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

Check box if you have never received any notices from the bankruptcy court in this case.

Check box if the address differs from the address on the envelope sent to you by the court.

47

THIS SPACE IS FOR COURT USE ONLY

Account or other number by which creditor identifies debtor:

Check here if this claim replaces / amends a previously filed claim, dated: _____

1. Basis for Claim

Goods sold
Services performed
Money loaned
Personal injury/wrongful death
Taxes
x Other Indemnification and contribution --see attached rider

Retiree benefits as defined in 11 U.S.C. § 1114 (a)
Wages, salaries, and compensation (fill out below)
Your SS #: _____ - ___ - _____
Unpaid compensation for services performed from _____ (date) to _____ (date)

2. Date debt was incurred:
See attached rider

3. If court judgment, date obtained:
None

4. Total Amount of Claim at Time Case Filed: $ Unliquidated Amount (see attached statement)
If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.
Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. Secured Claim.

Check this box if your claim is secured by collateral (including a right of setoff).

Brief Description of Collateral:
Real Estate Motor Vehicle
Other _____

Value of Collateral: $ _____

Amount of arrearage and other charges at time case filed included in secured claim, if any: $ _____

6. Unsecured Priority Claim.

Check this box if you have an unsecured priority claim
Amount entitled to priority $ _____
Specify the priority of the claim:
Wages, salaries, or commissions (up to $4,650),* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3).
Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4).
Up to $2,100* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6).
Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7).
Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).
Other - Specify applicable paragraph of 11 U.S.C. § 507(a) (_____).
* *Amounts are subject to adjustment on 4/1/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

7. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.

8. Supporting Documents: *Attach copies of supporting documents,* such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.

9. Date-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

THIS SPACE IS FOR COURT USE ONLY

Date: 5/6/02

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):
Steven W. Bacon, attorney

Steven W. Bacon

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

Statement In Support of Proof of Claim

This statement is submitted by U. S. Trust Company of Texas, N.A. ("U. S. Trust Texas") in support of its proof of claim being filed in the bankruptcy case of Securities Resolution Corporation (the "Debtor") (Case no. 02-40286).

During the period from December 1996 through March 1999, U. S. Trust Texas, a wholly-owned subsidiary of U. S. Trust Corporation, accepted appointment as indenture trustee under various trust indenture instruments for bonds (the "Heritage Bonds") issued pursuant to eleven bond offerings (the "Heritage Bond Offerings"). The Heritage Bonds were for the ultimate benefit of certain obligors, as follows: Heritage Geriatric Housing Development VII, Inc., Heritage Geriatric Housing Development VIII, Inc., Heritage Care of Sarasota, Inc., Heritage Geriatric Housing Development IX, Inc., Heritage Care of Chicago, Inc., Heritage Healthcare of America, Inc., and Heritage Rancho Healthcare, Inc. (collectively, the "Heritage Obligors"). Under the terms of the documents evidencing the Heritage Bonds, the proceeds of each Heritage Bond Offering were loaned to one of the Heritage Obligors for the purpose of financing the acquisition and/or renovation of a long-term care facility or hospital located in one of four different states. U.S. Trust Texas served as indenture trustee until the sale of the corporate trust business of U. S. Trust to The Bank of New York in mid-2001.

The Heritage Bonds are in default, and U. S. Trust Texas has been named as a defendant, and forced to defend itself, in a number of lawsuits arising out of those defaults, including the following:

- *Betker Partners One, LP, et al. vs. U. S. Trust Corporation, et al.*, pending in the United States District Court for the Central District of California;

- *Lewis G. Herrmann as Trustee of the Herrmann Family Trust, on behalf of himself and all others similarly situated vs. Miller & Schroeder Financial, Inc., et al.*, pending in the Superior Court of the County of San Diego, State of California;

- *Phillip L. Stern, in his capacity as receiver for the Heartland High Yield Municipal Bond Fund, etc. vs. U. S. Trust Company of Texas*, pending in the United States District Court for the Northern District of Illinois;

- *Gilbert Kivenson, on behalf of himself and all others similarly situated vs. U. S. Trust Corporation, et al.*, pending in the United States District Court for the Central District of California; and,

- *Howard Preston, et al., on behalf of themselves and all others similarly situated vs. U. S. Trust Corporation, et al.*, pending in the United States District Court for the Central District of California.

U. S. Trust Texas denies any liability to plaintiffs in these lawsuits. However, if U. S. Trust Texas is held liable in these lawsuits, or in any of them, or as a result of claims by others

similar to those made in these lawsuits, then as between Debtor and U. S. Trust Texas, responsibility for the damages claimed by plaintiffs and/or the putative plaintiff class(es) in these lawsuits, and responsibility for damages similarly claimed by others, rests with Debtor under principles of indemnity and/or contribution. Debtor is obligated to indemnify U. S. Trust Texas: (a) for any and all sums that U. S. Trust Texas may elect to pay in settlement of the lawsuits; (b) for any and all sums that U. S. Trust Texas may be compelled to pay as a result of any judgment or other award in favor of plaintiffs; and (c) for all sums paid by U. S. Trust Texas in the defense of the lawsuits above-noted on account of costs and reasonable attorneys fees. U. S. Trust Texas submits its proof of claim and this supporting statement as a claim for all of these sums. ("Indemnification Claim").

With respect to its litigation costs and attorneys fees incurred to date in the lawsuits described above, U. S. Trust Texas has a non-contingent liquidated claim against the Debtor. With respect to any sums described in (a) and (b), above, and with respect to future litigation costs and attorneys fees, U. S. Trust Texas has a contingent unliquidated claim. The litigation costs and attorneys fees of U. S. Trust Texas are ongoing, and increase every day. Accordingly, the total amount of U. S. Trust Texas' Indemnification Claim is an unknown amount as of this date.

At such time as the total amount of U. S. Trust Texas' Indemnification Claim is known, U. S. Trust Texas will amend its proof of claim and this supporting statement to set forth that amount, and U. S. Trust Texas expressly reserves the right to do so.

B10 (Official Form 10) (4/98)

UNITED STATES BANKRUPTCY COURT DISTRI F MINNESOTA

PROOF OF CLAIM

Name of Debtor: **SECURITIES RESOLUTION CORPORATION**

Case Number: **02-40286**

RECEIVED
2002 MAY -6 PM 1:56
US BANKRUPTCY COURT

NOTE: This form should not be used to make a claim for administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor: (The person or entity to whom the debtor owes money or property

BAKER LIVING TRUST UAD 3-5-86

Name and address where notices should be sent:

BAKER LIVING TRUST UAD 3-5-86
C/O JOHN R STOEBNER, ESQ.
LAPP, LIBRA, THOMSON, STOEBNER & PUSCH, CHARTERED
120 SOUTH SIXTH STREET, SUITE 2500
MINNEAPOLIS, MN 55402

Telephone number: **612-338-5815**

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
☐ Check box if you have never received any notices from the bankruptcy court in this case.
■ Check box if the address differs from the address on the envelope sent to you by the court.

43

THIS SPACE IS FOR COURT USE ONLY

Account or other number by which creditor identifies debtor:

Check here if this claim: ☐ replaces ☐ amends a previously filed court claim dated: _____

1. Basis for Claim:
☐ Goods sold
☐ Services performed
☐ Money loaned
☐ Personal injury/wrongful death
☐ Taxes
■ Other **BOND INVESTMENTS**

☐ Retiree benefits as defined in 11 U.S.C. § 1114 (a)
☐ Wages, salaries, and compensation (Fill out below)
Your SS# _____
Unpaid compensation for services performed
from _____ (date) to _____ (date)

2. Date debt was incurred: 1994 THROUGH 1999

3. If court judgment, date obtained:

4. Total amount of Claim at Time Case Filed: $ 616,876.00 .

If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.
☐ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. Secured Claim
☐ Check this box if your claim is secured by collateral (including a right of setoff).
Brief Description of Collateral:
☐ Real Estate ☐ Motor Vehicle
☐ Other _____

Value of Collateral: $_____

Amount of arrearage and other charges at time case filed included in secured claim, if any:
$_____

6. Unsecured Priority Claim
☐ Check this box if you have an unsecured priority claim
Amount entitled to priority claim $_____
Specify the priority of the claim:
☐ Wages, salaries, or commissions (up to $4,300*), earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier — 11 U.S.C. § 507 (a)(3)
☐ Contributions to an employee benefit plan — 11 U.S.C. § 507 (a)(4)
☐ Up to $1,950* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use — 11 U.S.C. § 507 (a)(6)
☐ Alimony, maintenance, or support owed to a spouse, former spouse, or child — 11 U.S.C. § 507 (a)(7)
☐ Taxes or other penalties of governmental units — 11 U.S.C. § 507 (a)(8)
☐ Other — Specify applicable paragraph of 11 U.S.C. § 507 (a)
_____

**Amounts are subject to adjustment on 4/1/98 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

7. **Credits:** The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.
8. **Supporting Documents:** *Attach copies of supporting documents*, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.
9. **Date-Stamped Copy:** To receive an acknowledgment of the filing of your claim, enclosed a stamped, self-addressed envelope and copy of this proof of claim.

SEND CLAIMS TO:

U.S. Bankruptcy Court
301 U.S. Courthouse
300 South Fourth Street
Minneapolis, MN 55415

Date

May 6, 2002

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):

John R. Stoebner, Attorney for Baker Living Trust UAD 3-5-86

Penalty for presenting fraudulent claims: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

For CHAPTER 7, 11 or 12 CASES filed on or after April 1, 1998

810 (Official Form 10)(4/01)

UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA		PROOF OF CLAIM
Name of Debtor: Miller & Schroeder Financial, Inc.	Case Number: 02-40286-NCD	19
NOTE: This form should not be used to make a claim for administrative expenses arising after the commencement of the case. A "request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		
Name of Creditor: (the person or entity to whom the debtor owes money or property) Ellis Lewellen	Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.	UNITED STATES BANKRUPTCY COURT Received MAR 18 2002
Name and address where notices should be sent: His attorney: Crystal Grace Rutherford, Badgley-Mullins Law Group, 1201 3rd Avenue, #5100, Seattle, WA 98101 Telephone number: 206-621-6566	Check box if you have never received any notices from the bankruptcy court in this case. Check box if the address differs from the address in the envelope sent to you by the court	THIS SPACE IS FOR COURT USE ONLY
Account or other number by which creditor identifies debtor:	Check here If this claim: replaces / amends a previously filed court claim, dated: _____	

1. Basis for Claim:
- Goods sold
- Services performed
- Money loaned
- Personal injury/wrongful death
- Taxes
- x **Other: Fraudulent Financial Services**

Retiree benefits as defined in 112 U.S.C. § 1114(a)
Wages, salaries, and compensations (fill out below)
Your SS# _____
Unpaid compensations for services performed from _____ (date) to _____ (date)

2. Date debt was incurred: 1996 – 1999

3. If court judgement, date obtained:

4. Total Amount of Claim at Time Case Filed: $81,291.
If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.
Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attached itemized statement of all interest or additional charges.

5. Secured Claim
Check this box if your claim is secured by collateral (including a right of setoff).
Brief Description of Collateral:
Real Estate Motor Vehicle
Other _____

Value of Collateral: $_____

Amount of arrearage and other charges at time case filed included in secured claim, if any: $ _____

6. Unsecured Priority Claim
Check this box if you have an unsecured priority claim.
Amount entitled to priority claim $ _____
Specify the priority of the claim:
Wages, salaries, or commissions (up to $4,650*), earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier --11 U.S.C. § 507(a)(3)
Contributions to an employee benefit plan -11 U.S.C. §507(a)4
Up to $2,100* of deposits toward purchase, lease, or rental of property or services for personal, family or household use – 11 U.S.C. §507(a)6
Alimony, maintenance, or support owed to a spouse, former spouse, or child – 11 U.S.C. § 507(a)(7)
Taxes or other penalties or governmental units – 11 U.S.C. §507(a)(8)
Other – Specify applicable paragraph of 11 U.S.C. § 507(a) 0_____
** Amounts are subject to adjustment on 4/4/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

7. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.

8. Supporting Documents: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.

9. Date-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

SEND CLAIMS TO:

U.S. BANKRUPTCY COURT
301 U.S. COURTHOUSE
300 SOUTH FOURTH STREET
MINNEAPOLIS MN 55415

Date : 3-6-02

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):

Crystal Grace Rutherford (attorney for claimant) _____

Penalty for presenting fraudulent claim: Fine up to $500,000 or imprisonment for up to 5 years, or both, 18 U.S.C. §§ 152 and 3571.

For CHAPTER 7, 11 or 12 CASES filed on or after April 1, 2001

810 (Official Form 10)(4/01)

UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA		PROOF OF CLAIM
Name of Debtor: Miller & Schroeder Financial, Inc.	Case Number: 02-40286-NCD	
NOTE: This form should not be used to make a claim for administrative expenses arising after the commencement of the case. A "request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		
Name of Creditor: (the person or entity to whom the debtor owes money or property) Gaye Greeve as the personal representative of the estate of Betty Jo Morse	Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.	
Name and address where notices should be sent: Her attorney: Crystal Grace Rutherford, Badgley-Mullins Law Group, 1201 3rd Avenue, #5100, Seattle, WA 98101 Telephone number: 206-621-6566	Check box if you have never received any notices from the bankruptcy court in this case. Check box if the address differs from the address in the envelope sent to you by the court	THIS SPACE IS FOR COURT USE ONLY
Account or other number by which creditor identifies debtor:	Check here if this claim: replaces / amends a previously filed court claim, dated: _____	

UNITED STATES BANKRUPTCY COURT Received MAR 18 2002 17

1. Basis for Claim:
- Goods sold
- Services performed
- Money loaned
- Personal injury/wrongful death
- Taxes
- x Other: Fraudulent Financial Services

Retiree benefits as defined in 112 U.S.C. § 1114(a)
Wages, salaries, and compensations (fill out below)
Your SS# _____
Unpaid compensations for services performed
from _____ (date) to _____ (date)

2. Date debt was incurred: 1996 – 1999

3. If court judgement, date obtained:

4. Total Amount of Claim at Time Case Filed: $ 96,745.00
If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.
Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attached itemized statement of all interest or additional charges.

5. Secured Claim
Check this box if your claim is secured by collateral (including a right of setoff).
Brief Description of Collateral:
Real Estate Motor Vehicle
Other _____

Value of Collateral: $_____

Amount of arrearage and other charges at time case filed included in secured claim, if any: $ _____

6. Unsecured Priority Claim
Check this box if you have an unsecured priority claim.
Amount entitled to priority claim $ _____
Specify the priority of the claim:
- Wages, salaries, or commissions (up to $4,650*), earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier --11 U.S.C. § 507(a)(3)
- Contributions to an employee benefit plan -11 U.S.C. §507(a)4
- Up to $2,100* of deposits toward purchase, lease, or rental of property or services for personal, family or household use – 11 U.S.C. §507(a)6
- Alimony, maintenance, or support owed to a spouse, former spouse, or child – 11 U.S.C. § 507(a)(7)
- Taxes or other penalties or governmental units – 11 U.S.C. §507(a)(8)
- Other – Specify applicable paragraph of 11 U.S.C. § 507(a) 0_____

* *Amounts are subject to adjustment on 4/4/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

7. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.

8. Supporting Documents: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.

9. Date-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

SEND CLAIMS TO:

U.S. BANKRUPTCY COURT
301 U.S. COURTHOUSE
300 SOUTH FOURTH STREET
MINNEAPOLIS MN 55415

Date : 3-6-02

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):

Crystal Grace Rutherford (attorney for claimant) _____

Penalty for presenting fraudulent claim: Fine up to $500,000 or imprisonment for up to 5 years, or both, 18 U.S.C. §§ 152 and 3571.

For CHAPTER 7, 11 or 12 CASES filed on or after April 1, 2001

Robert J. Feldhake, Esq. (Bar No. 107380)
Daniel M. Harkins, Esq. (Bar No. 117671)
Lisa A. Roquemore, Esq. (Bar No. 140523)
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Irvine, CA 92612
Telephone No. (949) 553-5000
Facsimile No. (949) 553-5098

Attorneys for Plaintiffs Russel and Virginia Betker, as Trustees of the Betker Family Trust; Betker Partners One, LP; Betker Partners Three, LP; and Lori and Michael O'Shea

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT, CALIFORNIA - WESTERN DIVISION

IN RE HERITAGE BOND LITIGATION

RUSSEL and VIRGINIA BEKTER, as Trustees of the BETKER FAMILY TRUST; BETKER PARTNERS ONE, LP; BETKER PARTNERS THREE, LP; LORI O'SHEA; and MICHAEL O'SHEA,

Plaintiffs,

vs.

U.S. TRUST CORPORATION, N.A.; U.S. TRUST COMPANY OF TEXAS, N.A.; BANK OF NEW YORK, INC.; HERITAGE HEALTHCARE OF AMERICA, INC.; HERITAGE GERIATRIC HOUSING DEVELOPMENT VII, INC.; HERITAGE GERIATRIC HOUSING DEVELOPMENT VIII, INC.; HERITAGE GERIATRIC HOUSING DEVELOPMENT IX, INC.; HERITAGE CARE OF CHICAGO, INC.; HERITAGE CARE OF SARASOTA, INC.; HERITAGE HOUSING DEVELOPMENT, INC.; HEALTH CARE HOLDINGS, LLC; CARECONTINUUM, LLC; HERITAGE

MDL Case No. 1475

Case No. CV 01-5752 DT (RCx)

Consolidated with Cases:
CV 02-382 DT (RCx); CV 02-993 DT (RCx); CV 02-2745 DT (AJWx); CV 02-6484 DT (RCx); CV 02-6841 DT (RCx)
Companion Cases:
CV 02-6512 DT (AJWx)

CONSOLIDATED FOURTH AMENDED COMPLAINT

This Document Relates to:
CV 01-5752 DT (RCx) and CV 02-6841 DT (RCx), *Betker*

1. Violation Of Rule 10b-5 And Section 10(b) Of The Securities Exchange Act Of 1934

2. "Control Person"

EXHIBIT J

EXHIBIT 2

ACCEPTANCE CORPORATION; AFFILIATED METROPOLITAN CONTRACTORS, INC.; VALUATION COUNSELORS GROUP, INC.; ROBERT KASIRER; JEROLD GOLDSTEIN; ONOFRIO V. BERTOLINI; BRUCE R. TALLEY; DEBRA KASIRER, individually and as Trustee of the DEBRA KASIRER TRUST; CANON REALTY CORPORATION; HERITAGE HOUSING V, INC.; BHMC CORP.; JDDJ HOLDINGS, L.P.; JAMES E. IVERSON; VICTOR P. DHOOGE; JOHN M. CLAREY; JAMES F. DLUGOSH; EDWARD J. HENTGES; KENNETH R. LARSEN; JEROME E. TABOLICH; STEVEN W. ERICKSON; PAUL R. EKHOLM; JOEL T. BOEHM; SABO & GREEN; CODDINGTON APPRAISAL SERVICES; CAPITAL VALUATION GROUP; HEALTHCARE FINANCIAL SOLUTIONS Group, Inc.; and ZELENKOFSKE, AXELROD & CO., LTD.,

Defendants.

Liability Under Section 20 Of The Securities Exchange Act

3. Violations Of Section 12(A)(2) Of The Securities Act Of 1933

4. "Control Person" Liability Under Section 15 Of The Securities Act Of 1933

5. Violations Of California Corporations Code Sections 25401 And 25501

6. Control Person Liability Under California Corporations Code Section 25504

7. Joint And Several Liability Under California Corporations Code Section 25504.1

8. Joint And Several Liability Under California Corporations Code Section 25504.2

9. Negligent Misrepresentation

10. Breach Of Fiduciary Duty

11. Negligence

12. Breach Of Contract

13. Trustee Negligence

14. Breach Of Trustee's Fiduciary Duty

15. Fraudulent Concealment

16. Intentional Misrepresentation

17. Negligent Misrepresentation

18. Bad Faith Breach Of Implied Covenant Of Good Faith And Fair Dealing

19. Avoidance Of Fraudulent Transfers

20. Civil Conspiracy To Commit Fraud

21. Avoidance Of Fraudulent Transfers To Debra Kasirer

[DEMAND FOR JURY TRIAL]

claims based upon the results of their continuing investigation of this matter.

V. THE HERITAGE ORGANIZATION

A. SUMMARY OF SCHEME TO DEFRAUD

65. Kasirer, Goldstein, Bertolini, and other presently unknown Heritage Principals planned to enrich themselves through a scheme based on a series of bond offerings. First, public entities would be enlisted to issue the bonds (previously referenced as the Heritage Bonds), which would be sold to an underwriter and resold to investors. Although the bonds would be unrated, the Heritage Principals and the underwriter would market the bonds as "municipally approved" and fulfilling an important "charitable" purpose. The "charitable" purpose would be the establishment and maintenance of geriatric Alzheimer's healthcare facilities. Aging "baby boomers," and donors to Alzheimer's disease research and other geriatric causes would be specifically targeted among potential investors. Second, "non-profit" corporations (previously referenced as the Heritage Entities) controlled by the Heritage Principals would borrow the bond proceeds and purchase, renovate, and run the facilities. Third, the Heritage Principals would receive salaries and lucrative management fees and other financial benefits to be paid from the bond proceeds and from operating revenue, if generated.

66. The "beauty" of the plan was its underlying simplicity. All of the offerings would be underwritten by the same investment banker (Miller & Schroeder). Each project would be overseen by the same trustee (U.S. Trust) pursuant to a "master" Indenture (or substantially similar indentures). The Official Statements and other offering and promotional documents would also be similar. In addition, each project would be managed by a company controlled by Kasirer (HCH, Carecontinuum, or IHN). The same architect (Bertolini) would provide renovation consulting and inspecting. Legal advice would come from the same corporate counsel (Goldstein) and the same underwriter's counsel (Boehm of Sabo & Green). Each Heritage Entity would have substantially the same officers (Bertolini or Goldstein). The appraisals and market feasibility studies would be pre-formatted. Except for the legal description of the property and the name of the municipality, the offerings would be "cookie cutter," allowing the Heritage Principals to duplicate the offerings one after another.

67. The plan began with Kasirer, a Beverly Hills attorney turned developer, purchasing, directly or through companies he controlled, distressed properties of HCA/Columbia Healthcare Corporation ("HCA/Columbia"), a large public company that had acquired a number of hospitals throughout various states. Kasirer reportedly purchased the properties at discounts and resold them, as is, within a short period of time, at a substantial profit to the Heritage Entities. The Heritage

Entities used proceeds from their respective bond offerings to pay Kasirer for the properties, and then to pay Kasirer again, through one of his management companies, to manage the renovation and operation of the facilities.

68. Kasirer, Goldstein and Bertolini formed a "master" corporation, previously referenced as HHD, and, at various times from inception in 1996 through 1999, Goldstein and Bertolini served as its President and Chairman. Goldstein also served as HHD's Corporate Counsel. Through HHD, Goldstein and Bertolini incorporated the Heritage Entities as purported non-profit companies in which HHD was the only member. Bertolini then served as President and Chairman of each Heritage Entity from inception in 1996 through 1998. Goldstein served as Corporate Counsel for all the Heritage Entities and as President after 1998.

69. With continued access to the financial markets through the underwriter and successive bond offerings, the Heritage projects did not need to be "self-standing," as the proceeds from one offering were used to pay obligations on other projects, including the salaries and management fees of the Heritage Principals. As long as the bond offerings continued, payment of salaries and fees would continue as well. Since the bonds were not general obligations of the public issuers, the Heritage Entities would be solely obligated on the bonds, with the real property serving as the only collateral. If the scheme

collapsed, the Heritage Principals intended to simply "walk away."

B. THE HERITAGE BONDS

70. To fund each Heritage Entity's property acquisition and renovation, HHD retained Miller & Schroeder to serve as the investment banker and sole senior underwriter of the Heritage Offerings. With the help of the Heritage Principals and others, Miller & Schroeder solicited local municipalities to serve as public issuers of the Heritage Bonds.

71. Each public "Issuer" (as defined in the Official Statements) was authorized by applicable state law or local ordinance to issue the bonds and to loan the proceeds of the bonds to third parties for the purpose of acquiring, constructing, providing, improving, financing and refinancing facilities that the Issuer found to be in the public interest.

72. In all cases, the bonds were limited obligations of the respective Issuer, payable solely from the revenues derived by the Issuer pursuant to the loan agreement(s) with the respective Heritage Entity or from other amounts available under the Indenture(s) (as previously defined).

73. Under each loan agreement, the Heritage Entity was solely obligated to repay all principal, interest and any

premium on the bonds, and such loan agreement was a general obligation of each Heritage Entity. Each Issuer assigned to the Trustee (without recourse) substantially all of its rights and obligations, including its right to receive payments and obligation to apply those payments under each loan agreement. Accordingly, the public issuers, Danforth Health Facilities Corporation, the City of Mexico Beach, Florida, the Tarrant County Health Facilities Development Corporation, the City of Chicago, Illinois and the Desert Hot Springs Public Financing Authority (collectively the "Issuers"), are not named as Defendants.

74. Except for the Rancho Cucamonga Indenture, each Indenture provides that the money deposited to such Project Fund shall be held in trust and, except in connection with an event of default, disbursed <u>only</u> upon receipt of a requisition certificate substantially in the form attached to such Indenture.

75. On information and belief, the Rancho Cucamonga Indenture provides that the Trustee is to hold the Project Fund created for the Rancho Cucamonga Certificates in trust. Pending an application for disbursement of proceeds from the Project Fund as provided in the Indenture, the funds are subject to a lien and charge in favor of the holders of all outstanding Rancho Cucamonga Certificates.

C. PROMOTION OF THE HERITAGE BONDS

76. According to recently obtained Miller & Schroeder documents, the Heritage Principals (Kasirer, Goldstein and Bertolini) worked closely with Miller & Schroeder Principals, particularly Dhooge and Iverson, and Miller & Schroeder's counsel, the Attorney Defendants (Boehm and Sabo & Green) in structuring, strategizing and promoting the Heritage Bonds. Documents demonstrating their participation include, but are not limited to, the following:

(a) A May 31, 1996 letter from underwriter's counsel, Boehm of Sabo & Green, to counsel for a potential municipal issuer, states: "This letter is a brief summary of what Emery Rubin, Robert Kasirer and I are trying to accomplish in the state of Florida." The letter further states: "Heritage, along with the various attorneys and consultants working on each project, will assure that full and complete disclosure is made to potential investors with respect to each project in accordance with applicable legal standards."

(b) A September 6, 1996 memorandum from Boehm to Dhooge of Miller & Schroeder, states: "Pursuant to our conversation and to give your salespeople some idea of timing, Robert Kasirer and I project

the following for Marketing (assuming the IRS and various issuers cooperate)..."

(c) Dhooge's handwritten notes show that he had numerous conferences beginning in 1996 with Kasirer about how to promote the Heritage Bonds, even before Miller & Schroeder was retained as the underwriter.

(d) A September 13, 1996 memorandum from Dhooge, copied to Iverson, shows HHD requested a $500,000 loan from Miller & Schroeder to fund "soft costs" in conjunction with the Heritage Bonds. The loan was to be guaranteed by Iatros, a company of which Kasirer was the Managing Director and ran its IHN subsidiary. Dhooge's memorandum indicates that Boehm prepared the loan agreement.

(e) Correspondence from bond counsel, Fulbright & Jaworski, requested Kasirer and Goldstein review and approve draft agreements related to the Heritage Bonds, as evidenced by bond counsel's letters of December 11, 23, and 26, 1996, among others.

(f) An August 11, 1997 memorandum from Kasirer to Miller & Schroeder, with copies to Goldstein,

Boehm, and Dhooge among others, states: "In an effort to gain name recognition between the projects, effective immediately the word 'Heritage' will precede all project names ... This change is effective immediately. Please be sure to update all marketing materials."

(g) A December 12, 1997 memorandum from Kasirer (on HCH letterhead) to bond counsel, with copies to Goldstein, Boehm, Dhooge, and others, requests "expedited input from you on comments on this and all future correspondence and documents that you receive."

(h) A January 1, 1998 facsimile from Leo Dierckman ("Dierckman), who worked under Kasirer at HCH, to Healthcare Financial requests that reference to a "zoning attorney [fee]" in the "Sources and Uses of Funds" section of the market feasibility report be changed to "zoning consultant fee."

(i) Kasirer's own notes, as well as memoranda from HCH, including an HCH memorandum of April 20, 1998, show that Kasirer, Goldstein and Bertolini were not only present at "road shows" promoting the Heritage Bonds but were also key speakers at

these events and assisted in preparing brochures and slide shows.

(j) A September 17, 1998 memorandum from Dhooge to Kasirer, copied to Goldstein and Dierckman of HCH, stating: "Would you be available for a conference call ... to discuss [St. Joseph Offering #2, scheduled for October 1998] with our Minneapolis and Solana Beach sales forces. Leo [Dierckman] and Jerry [Goldstein] have indicated their availability."

(k) A February 23, 1999 memorandum from Dhooge to Kasirer, Dierckman, and Boehm, regarding "Telephonic Sales Presentation/Heritage Valley Gardens" [Brownsville Offering], states: "After introductions, I would like to defer to Robert [Kasirer] and have him give a status report of Heritage's pervious and proposed projects. Perhaps Robert should also talk about changes in the healthcare industry and how Heritage is poised to take advantage of these changes."

(l) Distribution lists from Boehm show that Kasirer, Goldstein and Bertolini received preliminary and final drafts of the Official Statements for their

review, comment, and approval prior to publication.

(m) Bertolini signed each Official Statements for all of the Heritage Offerings, except the last three, which Goldstein signed.

77. Miller & Schroeder Principals distributed the Official Statements to Miller & Schroeder's brokers for their use in soliciting purchases of the Heritage Bonds. In addition, Dhooge solicited lists of prospective investors for Miller & Schroeder's sales force to cold call. For example, Dhooge wrote a letter dated March 21, 1007 to a San Diego local Alzheimer's Association, stating:

> To assist in this worthwhile effort Miller & Schroeder would like to acquire the donor list from the Alzheimer's Association. The donors would only be solicited on the upcoming tax-exempt issue that will finance the St. Joseph Long Term Care Facility in Fort Worth, Texas.

78. Miller & Schroeder Principals encouraged Miller & Schroeder brokers to aggressively market the Heritage Bonds. The aggressive marketing included telephonic solicitations of existing clients, cold calls, newspaper advertisements, and

information and belief is an August 31, 1999 letter by Timothy J. Sabo ("Sabo") of Sabo & Green to Boehm at Atkinson, Andelson. The letter refers to Platt's allegations that bond proceeds were misused at Heritage Rancho. Sabo states: "it appeared to us to be simply the claim of a disgruntled ex-employee. Had we known of the discussions between you and Jim Iverson, we might have taken a different view of that case."

3. Heritage Defendants and Miller & Schroeder Deliberately Omitted Material Information About Prior Misappropriations

115. The Heritage Defendants knew that bond funds had been and were being misappropriated because they were direct participants in those misappropriations. Miller & Schroeder also knew from the Platt litigation that bond funds had been misappropriated. The Heritage Defendants and Miller & Schroeder further knew that failing to disclose information about past misappropriations rendered Official Statement representations about funds use false and misleading. Yet none of the Official Statements for any of the offerings disclosed any information about the misuse of funds.

116. After Platt discovered and reported to his superiors the misappropriation of $1,900,000 (which inured to the benefit of Kasirer's wife, Debra), the Heritage Defendants and Miller &

Schroeder engaged in eleven (11) separate bond offerings, not one of which mentions anything about the misappropriation:

(a) the Danforth Offering (Heritage Geriatric VII) in December 1996;

(b) the Sam Houston Offering (Heritage Geriatric VIII) in March 1997;

(c) the St. Joseph Offering #1 (Heritage Geriatric IX) in May 1997;

(d) the Sarasota Offering (Heritage Sarasota) in December 1997;

(e) the Duval Gardens (Heritage America) offering in July 1998;

(f) the Chicago Offering (Heritage Chicago) in July 1998;

(g) the Desert Hot Springs Offering (Heritage Rancho) in August 1998;

(h) the St. Joseph Offering #2 (Heritage Geriatric IX) in October 1998;

(i) the Eastwood Gardens Offering (Heritage America) in November 1998;

(j) the Seminole Offering (Heritage America) in December 1998; and

(k) the Brownsville Offering (Heritage America) in March 1999.

117. Heritage Defendants misappropriated nearly $300,000 of bond funds in December 1997, as described above. A reasonably prudent investor would want the facts of this misappropriation disclosed. Yet none of the Official Statements in the seven subsequent offerings (from Duval Gardens in July 1998 through Brownsville in March 1999) disclosed the prior misappropriation of funds. The failure to disclose these material facts could only have been deliberate.

118. Heritage Defendants misappropriated an additional $1,383,640 of bond funds were in 1997, as described above. A reasonably prudent investor would want the facts of this misappropriation disclosed. Yet none of the Official Statements in the seven or more subsequent offerings disclosed the prior misappropriation of funds. The failure to disclose these facts was also deliberate.

119. Heritage Defendants misappropriated nearly $4,300,000 of additional bond funds were in 1998, as described above. A reasonably prudent investor would want the facts of this misappropriation disclosed. Yet none of the Official Statements in the one or more subsequent offerings disclosed the prior misappropriation of funds. The failure to disclose these facts was also deliberate.

120. As outlined and detailed in the Twenty-First Cause of Action, Heritage Defendants misappropriated $770,000 in January of 1999, where such funds are completely traceable to a Debra Kasirer account. In an obvious attempt to camouflage the ultimately destination of the $770,000, the funds were transferred from various Heritage Entities to HHD, who then transferred the funds to Heritage Housing V, who then transferred the funds to JDDJ Funding, who then transferred the funds to Debra Kasirer. A reasonably prudent investor would want the facts of this misappropriation disclosed. Yet, the last Official Statement did not disclose this misappropriation of funds. The failure to disclose these facts were also deliberate.

121. Without the disclosure of the prior misappropriations, investors such as the Plaintiffs were led to believe that prior Heritage projects were self-sufficient and operating within the parameters set further in the Official Statements. Such misinformation materially impacted the potential risk associated

with investments in new projects. Furthermore, the failure to disclose prior misappropriations left investors such as Plaintiffs with no reason to suspect monies that they were investing would also be misappropriated.

4. Bond Counsel Expressly Warned Heritage Defendants, Miller & Schroeder And U.S. Trust Against Misappropriating Funds

122. In a letter dated March 6, 1997 to Boehm, with copies to Kasirer, Goldstein, Dhooge of Miller & Schroeder, and William Barber of U.S. Trust, among others, bond counsel John D. Bray of Fulbright & Jaworski advised that bond proceeds from one project may not be used to pay obligations on another project, stating: "As we are sure you are aware, the Sam Houston bond proceeds may not be used to repay the Heritage V Note." (Emphasis in original.)

123. Bond counsel's March 1997 letter removed any question that the Heritage Defendants' prior diversion of funds was improper and should have been disclosed to investors. Following bond counsel's letter, the Heritage Defendants engaged in nine (9) additional bond offerings. However, none of the Official Statements published in connection with those offerings makes any disclosure about the prior misappropriations. The failure to disclosure the prior misappropriations gave the Heritage

Defendants the "green light" to continue diverting and misappropriating funds, as described below.

5. Heritage Defendants Intended To Divert Funds Without Disclosure

124. Bond counsel's admonishment against diverting funds from one project to another should have come as no surprise. After all, the Official Statements detailed all permitted uses of the bond funds, and inter-company "loans" are not one of the permitted uses. Nonetheless, a September 10, 1998 letter from Goldstein to Dhooge of Miller & Schroeder attempts to characterize the diversion of bond proceeds as "inter-company loans," stating: "This is to advise you that surplus funds of the above facility [Heritage Chicago], in accordance with the Bond Documents, may be transferred to Heritage Housing Development, Inc. for, among other things, intercompany loans for use in other facilities of the Heritage Group to alleviate shortfalls which may arise."

125. Goldstein wrote Dhooge another letter on September 15, 1998, with a copy to Boehm, stating in even broader terms: "This is to advise you that surplus funds of each of the Heritage Group Facilities, in accordance with the Bond Documents, may be transferred to Heritage Housing Development, Inc. for, among other things, intercompany loans for use in various of the

facilities of the Heritage Group to alleviate shortfalls which may arise."

126. Goldstein's reference to "surplus funds" was a deliberate misstatement of the fact the Heritage Entities had no surplus funds. The only "funds" to which Goldstein could have been referring were specially designated "reserve funds." According to the Official Statements, each Heritage Entity was to maintain a Debt Service Reserve Fund, an Indigency Fund, and an Operating Reserve Fund. Using these funds for anything other than their stated purpose was not permitted. Goldstein's letters made it clear to Miller & Schroeder and Boehm that the Heritage Defendants had been invading the Heritage Entities' reserve funds, and that they intended to continue to do so in the future.

127. Goldstein's characterization of the diversion of bond proceeds as "intercompany loans" also made clear and put Miller & Schroeder and Boehm on actual notice that the Heritage Defendants had rejected bond counsel's earlier admonishment, disregarded the Official Statements' specified funds use, and fully intended to continue diverting funds from one project to another. As set forth in the Misappropriation of Bond Proceeds section of the Complaint, the misappropriation of funds continued following bond counsel's March 6, 1997 letter, in deliberate and reckless disregard of counsel's advice, and the terms of the Official Statements.

128. Given their intent to disregard bond counsel's admonishment and continue diverting funds, the Heritage Defendants should have disclosed their intention to investors. Yet none of the Official Statements, not even the four (4) Official Statements published after Goldstein's letters, mention anything about the prior diversion of funds or the present intention to continue diverting funds from one project to another.

129. The Heritage Defendants knew that disclosing the diversion of funds would frighten reasonable investors and doom further bond offerings. Such an outcome was something the Heritage Organization could not afford, since the projects were not self-sustaining and depended upon continued access to new money through additional bond offerings. This point was made clear in a letter dated May 24, 1999 to Iverson of Miller & Schroeder from Kasirer, who signed the letter as Chairman and CEO of HCH. The letter responds to Iverson's statement to Kasirer that Iverson was "not sure if Miller & Schroeder could continue providing underwriting services for Heritage's future transactions." Kasirer replied, "Not underwriting these future transactions would be a blow to Heritage's growth and conversion into an operating entity, which would be disappointing in view of how hard we have all worked and could <u>undermine the viability of Heritage as an ongoing entity</u>." (Emphasis added.)

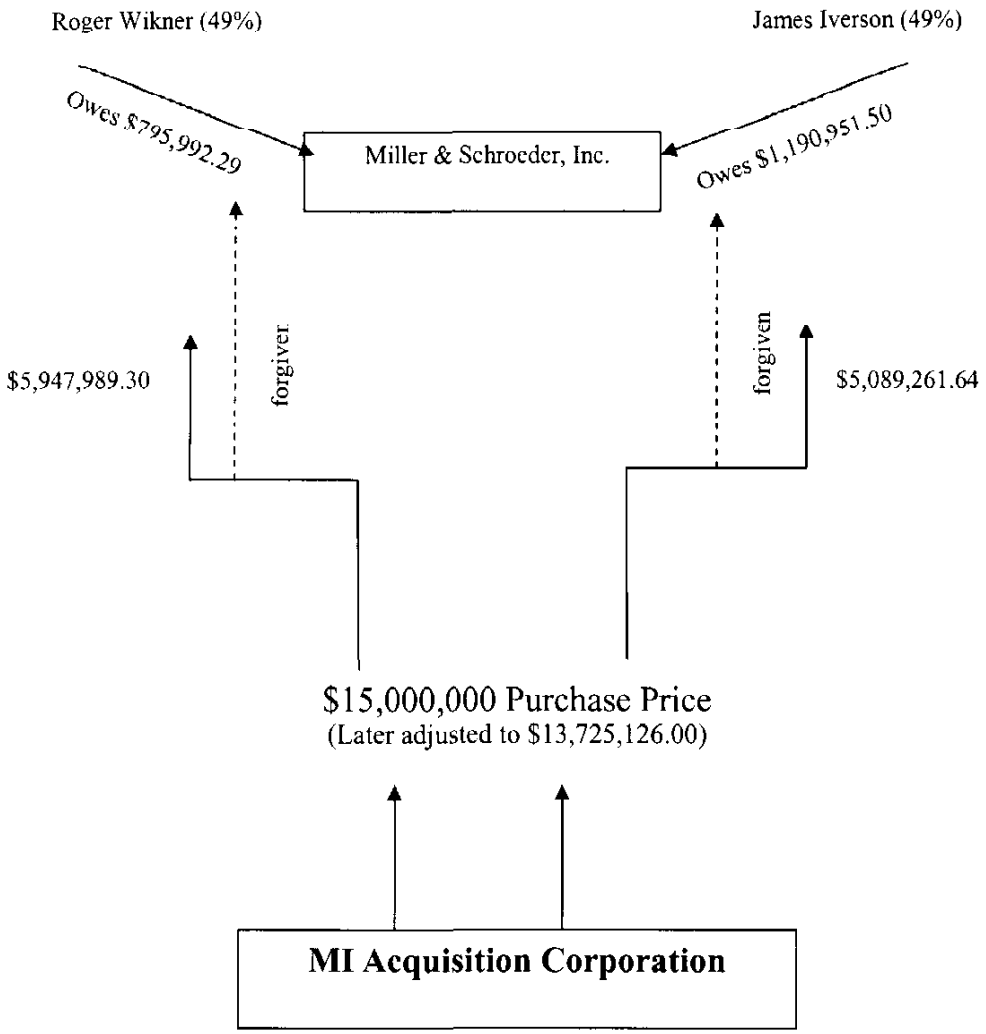
130. Investors purchased bonds for a designated project based upon Official Statement representations about how bond proceeds would be used on that project. As shown by Kasirer's letter to Iverson, however, the Heritage Defendants did not respect or intend to honor the represented "separateness" of each project. To them, the organization was one "ongoing entity." This created an undisclosed conflict of interest that expressed itself every time the Heritage Defendants raided the reserve funds of one project to pay themselves or to cover obligations on another supposedly separate and self-sustaining project.

131. Kasirer's letter to Iverson also explains the Defendants desperate need for new bond offerings, as there was no other way to sustain the "viability of Heritage as an ongoing entity." In light of the desperate need for continuous bond offerings, the failure of Heritage Defendants and Miller & Schroeder to disclose information about prior fund misappropriations was not inadvertent or accidental - the failure to disclose was and could only have been deliberate.

6. **Failure To Disclose Prior Misappropriations Damaged Plaintiffs**

132. Had the Heritage Defendants and Miller & Schroeder disclosed the prior misuse of funds, as they should have done, then Plaintiffs, as well as others, would have known that the

EXHIBIT K



$5,947,989.32	to Wikner
$5,089,261.64	to Iverson
$ 363,944.70	to Erickson
$ 66,743.94	Chase Manhatten Bank*
$1,000,000.00	MidAmerica Bank*
$ 530,512.33	The American Bank*
$12,998,451.93**	Total cash outlay by MIAC

* Mutual debt with corporation

** This is all the money that MIAC possessed.

EMPLOYMENT CONTRACT

THIS EMPLOYMENT CONTRACT ("Agreement") is made and entered into as of the ~~1st day of November, 1985,~~ by and between MILLER & SCHROEDER FINANCIAL, INC., a Minnesota corporation (hereinafter referred to as the "Company"), and JAMES E. IVERSON of Solana Beach, California (hereinafter referred to as the "Employee").

W I T N E S S E T H :

WHEREAS, the Company has for many years been engaged in the securities industry, conducting business as a broker-dealer and otherwise engaging in such industry and rendering such services as are incidental to the conduct of business in such industry, including but not limited to dealing with tax-exempt financings and the rendering of services as a financial consultant and advisor;

WHEREAS, the Company, during the course of the conduct of its business, has developed significant goodwill among its individual, corporate, partnership, governmental and private customers and clients and has sponsored unique methods of financing, underwriting, advising and consulting with respect to the private and governmental entities for whom Company has acted;

EXHIBIT

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WHEREAS, Employee has been employed by the Company for a number of years, during which period he has held positions of responsibility in the business of the Company and has, through the dedication of his endeavors to the well-being of the Company, made a material contribution to the growth and success of the business conducted by, and the significant nationwide reputation of, the Company;

WHEREAS, the positions of responsibility heretofore held in the Company by Employee have given him, and Employee may hereafter be permitted further, access to and familiarity with customer and client lists and relationships, confidential information and unique business methods of the Company, and irreparable damage to the Company, its goodwill and its overall value would be suffered by the Company and its shareholders if Employee were to utilize for his own purposes or were to disclose to other securities industry participants any of such confidential information concerning the Company's business practices and methods or customer and client relationships;

WHEREAS, the Company desires to induce Employee to remain in the service of the Company; and

WHEREAS, the Company and the Employee have reached agreement with respect to an ongoing relationship between them on the terms and conditions hereinafter set forth,

NOW, THEREFORE, in consideration of the foregoing premises, which the parties agree to be true and correct, and the mutual covenants and agreements of the parties hereinafter provided, which each of the parties hereby agree to keep and perform, it is agreed as follows:

1. Engagement of Employee. Company hereby hires and engages Employee, and Employee herewith accepts employment with Company, to serve in an executive capacity, as from time to time determined by the Board of Directors of Company, during a two-year period to commence on the date first hereinabove in this Agreement appearing; provided, however, that the within Agreement and the relationship provided herein shall be extended for annual successive periods of one year each, subsequent to the expiration of the aforementioned two-year term and each subsequent annual extension, unless either the Company or Employee shall give written notice to the other of expiration of the within Agreement on the 31st day of October next following by not less than ninety (90) days receipt by the party to whom such written notice of expiration is addressed; provided further, however, that this Agreement and the employment relationship established pursuant hereto shall be terminated prior to any expiration date upon the death, disability or retirement of Employee or may be so terminated by action of the Company for cause. Solely for the purpose of this Agreement, and for no other purpose and as to no other

employee of Company, a termination "for cause" by Company is herewith acknowledged and agreed to be defined to mean a termination by the Company by reason of Employee's (i) fraud, (ii) dishonesty, (iii) breach of rules of the National Association of Security Dealers, Inc. ("NASD"), of the Municipal Securities Rulemaking Board ("MSRB") or of any other Self Regulatory Organization ("SRO") from time to time hereafter having the authority to regulate the conduct of business by the Company, (iv) violation of regulations promulgated by the NASD, MSRB, SRO, any state regulatory agency, or the Securities and Exchange Commission, (v) refusal to comply with directives issued to Employee by his supervising officer(s), or (vi) other act(s), individually or in the aggregate materially harmful to the reputation of Company, all as determined in the sole and unfettered discretion of the Board of Directors of Company, whose determination in all such matters shall be final, binding and conclusive on the Company and the Employee. Except only as otherwise specifically consented to by the Company, acting by and through its Board of Directors, during the continuance of the within Agreement Employee agrees to devote substantially his full business time, effort, skill and attention solely and exclusively to the affairs of and for the benefit of the Company.

2. Compensation of Employee. The Company agrees to pay to Employee, and Employee agrees to accept, as compensation

for the performance of services by Employee pursuant to the within Agreement, sums determined from time to time in accordance with the further provisions of this Section 2.

2.1. The Company agrees to pay fixed gross monthly compensation ("Salary") to Employee in such amount (but apportioned to any period of less than a month) as may be determined, from time to time during the continuance of the within Agreement, by or in the manner provided by the Board of Directors of the Company but in no event (unless consented to by Employee) less than one-twelfth (1/12th) of an annual amount in the sum of $550,000. Company shall use its best efforts to cause Salary to be paid to Employee, in such portions thereof at such times during the month, as is in accordance with the customary compensatory payment practices from time to time utilized by the Company, or in such other manner and at such other times as may be agreeable to the Company and the Employee.

2.2. The Company agrees to furnish or otherwise make available to the Employee, with such participation in the cost thereof by Employee as is customarily required by the Company from time to time of other employees of comparable rank to that, from time to time, held by Employee, all such employment benefits and perquisites as are generally made available to other employees holding positions of equal rank in the Company, including but not limited to, participation in insurance, vacation and

retirement plans maintained by the Company for such comparably ranked employees.

2.3. The Company further agrees to pay to Employee, with respect to each full fiscal year of Company during the continuance of the within Agreement, an amount equal to fifteen percent (15%) ("Contingency Participation") of the amount of a bonus pool to be determined in respect of each fiscal year of the Company during the continuance of this Agreement ("Bonus Pool"). The Bonus Pool in respect of a fiscal year shall be an amount equal to Thirty-Three and One-Third percent (33 1/3%) of the pre-tax profit of the Company earned during such fiscal year; provided, however, that in the event of the termination of the within Agreement during a fiscal year, other than and except for (i) a termination by action of the Company for cause, or (ii) a termination by resignation of Employee from the service of the Company, the Bonus Pool as to Employee shall be determined with respect to the period commencing on the first day of such fiscal year and ending on the last day of the calendar month next preceding the date of the termination of this Agreement. In the event of (i) a termination of this Agreement by action of the Company for cause, or (ii) a termination of this Agreement by resignation of Employee from the service of the Company, no Contingency Participation shall be payable or become due to Employee

in respect of the fiscal year during which either such termination occurs, nor with respect to the prior fiscal year if Employee has been terminated for cause by the Company and if payment of Contingency Participation for such prior fiscal year had not been made to Employee as of the date of Company's notice to Employee of such termination for cause. Solely for the purpose of calculating a Bonus Pool, and for no other purpose, "pre-tax profit of the Company" is herewith defined and agreed to mean the profit of the Company after deduction of all charges, expenses and reserves, whether or not allowable for federal income tax purposes, including specifically but not limited to all compensation and discretionary bonuses paid to employees and contributions made by the Company to all employee benefit and perquisite programs maintained by the Company (or reserved for such payment), but before any deduction for federal, state or local income taxes and this or any comparable identified employee Contingency Participation provided for in any Employment Contract substantially comparable to the within Agreement, all as determined by the regularly retained auditors for the Company. Notwithstanding the foregoing specification of the percentage of Contingency Participation payable to Employee, when in the judgment of the Board of Directors of the Company (because of outstanding performance by the Employee or inadequate pre-tax profit of the Company in respect of the entire or appropriate portion of the fiscal year) the amount of Contingency Participation payable

1 to Employee, calculated in accordance with application of the
2 foregoing percentage to the Bonus Pool, is determined by the
3 Board of Directors of the Company to provide Employee with remu-
4 neration inadequate properly to compensate Employee, the Board of
5 Directors may increase the amount awarded by way of Contingency
6 Participation in respect of such fiscal year by a flat amount or
7 by an award of an increased amount equal to an increased per-
8 centage of the Bonus Pool in respect of such fiscal year or such
9 shorter fiscal period. Any such increased amount shall be paid
10 out of and charged against the Sixty-Six and Two-Thirds percent
11 (66 2/3%) of the pre-tax profit of the Company earned during the
12 fiscal year (or such shorter period as may be applicable) not
13 dedicated to and comprising the Bonus Pool.
14 2.4. Subject to the further provisions of this Agree-
15 ment, Contingency Participation with respect to a fiscal year of
16 the Company shall be determined and paid to Employee not more
17 than thirty (30) days following receipt by Company of the audited
18 financial statements of Company for such fiscal year, or if pay-
19 able with respect to a shorter fiscal period, not more than
20 thirty (30) days following completion by the Company of the prep-
21 aration of its unaudited monthly financial statements for the
22 period ended on the last day of the calendar month next preceding
23 the month in which termination of the within Agreement occurs.
24 In the event that, from time to time, the federal income tax laws

or regulations shall prescribe that payment of sums to employees must be made within a specified period following the close of the fiscal year of a corporation, shorter in duration than that hereinbefore provided, in order to be and constitute a deductible expense to the corporation with respect to such fiscal year, Company reserves the right and privilege of making payment to Employee of the estimated amount of the Contingency Participation within such required time period, and Company and Employee shall thereafter, within the time period hereinabove first specified, account to each other with respect to the net difference between the amount so paid as the estimated amount of Contingency Participation and the actual amount of Contingency Participation due to Employee as determined in the manner hereinbefore provided. Employee agrees that if the estimated amount of Contingency Participation paid to Employee shall exceed the amount of Contingency Participation as finally computed, Employee will reimburse Company, upon its demand, the excess amount so paid to Employee.

3. Confidentiality And Non-Competition. Employee agrees that, so long as he continues in the service of the Company, whether or not pursuant to this Agreement, he will not (except in the performance of his duties) at any time or in any manner make or cause to be made any copies, duplicates, extracts, facsimiles or other reproduction or recording of, or any significant memoranda or notes with respect to, any manuals, methods

of doing business, distribution lists, customer lists or other written, printed or otherwise recorded materials of any kind whatsoever, developed by or for, utilized by or for or otherwise belonging to or in the possession of the Company, all of which are agreed to be, and to be entitled to the status of, trade secrets. Employee shall have no right, title or interest in any such material (even if developed by him or contributed to by him while employed by Company) and Employee agrees that, except in the performance of his duties, he will not, without the prior written consent of Company, remove any such material from the premises of the Company, and further, that he will surrender all such material to the Company immediately upon the termination of his employment, or at any time prior thereto upon the request of the Company.

3.1. Without the prior written consent of the Company, Employee will not at any time, whether during or subsequent to his employment by the Company, use for his own benefit or purposes, or for the benefit or purposes of any other person, firm, partnership, association, corporation, trust or other business organization, entity or enterprise, and without regard to whether Employee is an owner, partner, officer, director, shareholder or has any other direct or indirect interest therein, the trade secrets, information, data, know-how or knowledge (including, but not limited to, sales techniques, marketing programs, financing

methods, customer lists or solicitation devices) utilized or developed by or relating to the conduct of business by the Company.

3.2. In the event of the disability, retirement, resignation or other termination of Employee from the service of the Company, Employee agrees with Company that Employee will not engage in any facet of the securities business directly competitive with any of the activities of Company within a radius of fifty (50) miles of the location of any office then regularly maintained by the Company for a period of one (1) year following termination of the employment of Employee by Company, whether pursuant to the terms of the within Agreement or any substitute or alternative agreement which may, hereafter, from time to time exist between Company and Employee. The phrase "directly competitive with the business of the Company" as used in this Paragraph 3.2 shall be conclusively deemed to be and is agreed to mean (i) any regular business activity engaged in by the Company, during the twelve (12) calendar months immediately preceding the month in which the employment relationship is terminated, and (ii) resulted in the development to the Company of either ten percent (10%) of the gross revenues received by the Company during said period or ten percent (10%) of the pre-tax profit of the Company during said period. To the extent that Employee determines to seek to engage in any business activity in the

restricted area which may be or be deemed to be prohibited pursuant to the foregoing provisions of this Paragraph 3.2, Employee may set forth in writing a specific statement of the activities in which Employee seeks to engage and may request that the Board of Directors of the Company determine whether such activity will be deemed by the Company to be or constitute activity that is directly competitive with the business of the Company, within the meaning of the foregoing prohibition. The determination by the Board of Directors shall be final, binding and conclusive upon the parties and the right of Employee to engage in the activities specified in the written request in the restricted area during the one-year period following termination of the employment relationship between the Employee and the Company.

3.3. Employee acknowledges and agrees that the Company's remedy at law for any breach of any of the obligations and agreements undertaken by Employee pursuant to the provisions of this Section 3 would be inadequate and, by reason thereof, herewith agrees and consents that temporary and permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision of this Section 3 without the necessity of proof of actual damages sustained by the Company; provided, however, that Employee agrees that recourse to temporary and permanent injunctive relief provided for hereinbefore shall not be and constitute the exclusive remedy that shall be available to

Company, and the Company may undertake to obtain any other remedy or relief provided by law or in equity.

4. Survival of Agreement. The provisions of this Agreement (and particularly of Paragraphs 2.3 and 2.4 and Section 3) shall survive expiration or earlier termination of the within Agreement and the termination of employment relationship herein established, as well as termination of any subsequent continuation of the employment relationship aside from that provided herein, to the extent necessary to permit enforcement by Company or Employee of any rights, duties, liabilities or obligations herein undertaken by them or either of them.

5. Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties concerning the subject matter hereof, and supersedes any and all prior agreements, arrangements and understandings, whether oral or written, between the Company and the Employee. This Agreement may not be amended or modified except by written instrument executed by the parties hereto.

6. General. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the Company, the Employee, his Personal Representative(s), and their respective heirs, successors and assigns. The Employee may not assign, pledge or encumber in any way all or any part of this Agreement or his interest under this Agreement without the prior

written consent of the Company. Failure of the Company at any time or from time to time to require performance by Employee of any of the obligations undertaken in this Agreement by Employee shall in no manner affect the Company's right to enforce any provision of this Agreement at a subsequent time. Waiver by the Company of any right arising out of any Section or Paragraph of this Agreement shall not be construed as a waiver of any right arising out of any subsequent breach of the same or of any other provision of this Agreement.

7. Minnesota Contract. This Agreement shall be construed pursuant to the laws of the State of Minnesota.

IN WITNESS WHEREOF, the Company has caused this agreement to be executed by its duly authorized officer, and Employee has executed this Agreement, both as of the day and year first above written.

MILLER & SCHROEDER FINANCIAL, INC.

By _____

Its PRES.

EMPLOYEE

_____

EMPLOYMENT CONTRACT

THIS EMPLOYMENT CONTRACT ("Agreement") is made and entered into as of the 1st day of November, 1985, by and between MILLER & SCHROEDER FINANCIAL, INC., a Minnesota corporation (hereinafter referred to as the "Company"), and ROGER J. WIKNER of Minneapolis, Minnesota (hereinafter referred to as the "Employee").

W I T N E S S E T H :

WHEREAS, the Company has for many years been engaged in the securities industry; conducting business as a broker-dealer and otherwise engaging in such industry and rendering such services as are incidental to the conduct of business in such industry, including but not limited to dealing with tax-exempt financings and the rendering of services as a financial consultant and advisor;

WHEREAS, the Company, during the course of the conduct of its business, has developed significant goodwill among its individual, corporate, partnership, governmental and private customers and clients and has sponsored unique methods of financing, underwriting, advising and consulting with respect to the private and governmental entities for whom Company has acted;

WHEREAS, Employee has been employed by the Company for a number of years, during which period he has held positions of responsibility in the business of the Company and has, through the dedication of his endeavors to the well-being of the Company, made a material contribution to the growth and success of the business conducted by, and the significant nationwide reputation of, the Company;

WHEREAS, the positions of responsibility heretofore held in the Company by Employee have given him, and Employee may hereafter be permitted further, access to and familiarity with customer and client lists and relationships, confidential information and unique business methods of the Company, and irreparable damage to the Company, its goodwill and its overall value would be suffered by the Company and its shareholders if Employee were to utilize for his own purposes or were to disclose to other securities industry participants any of such confidential information concerning the Company's business practices and methods or customer and client relationships;

WHEREAS, the Company desires to induce Employee to remain in the service of the Company; and

WHEREAS, the Company and the Employee have reached agreement with respect to an ongoing relationship between them on the terms and conditions hereinafter set forth,

NOW, THEREFORE, in consideration of the foregoing premises, which the parties agree to be true and correct, and the mutual covenants and agreements of the parties hereinafter provided, which each of the parties hereby agree to keep and perform, it is agreed as follows:

1. Engagement of Employee. Company hereby hires and engages Employee, and Employee herewith accepts employment with Company, to serve in an executive capacity, as from time to time determined by the Board of Directors of Company, during a two-year period to commence on the date first hereinabove in this Agreement appearing; provided, however, that the within Agreement and the relationship provided herein shall be extended for annual successive periods of one year each, subsequent to the expiration of the aforementioned two-year term and each subsequent annual extension, unless either the Company or Employee shall give written notice to the other of expiration of the within Agreement on the 31st day of October next following by not less than ninety (90) days receipt by the party to whom such written notice of expiration is addressed; provided further, however, that this Agreement and the employment relationship established pursuant hereto shall be terminated prior to any expiration date upon the death, disability or retirement of Employee or may be so terminated by action of the Company for cause. Solely for the purpose of this Agreement, and for no other purpose and as to no other

employee of Company, a termination "for cause" by Company is herewith acknowledged and agreed to be defined to mean a termination by the Company by reason of Employee's (i) fraud, (ii) dishonesty, (iii) breach of rules of the National Association of Security Dealers, Inc. ("NASD"), of the Municipal Securities Rulemaking Board ("MSRB") or of any other Self Regulatory Organization ("SRO") from time to time hereafter having the authority to regulate the conduct of business by the Company, (iv) violation of regulations promulgated by the NASD, MSRB, SRO, any state regulatory agency, or the Securities and Exchange Commission, (v) refusal to comply with directives issued to Employee by his supervising officer(s), or (vi) other act(s), individually or in the aggregate materially harmful to the reputation of Company, all as determined in the sole and unfettered discretion of the Board of Directors of Company, whose determination in all such matters shall be final, binding and conclusive on the Company and the Employee. Except only as otherwise specifically consented to by the Company, acting by and through its Board of Directors, during the continuance of the within Agreement Employee agrees to devote substantially his full business time, effort, skill and attention solely and exclusively to the affairs of and for the benefit of the Company.

2. Compensation of Employee. The Company agrees to pay to Employee, and Employee agrees to accept, as compensation

for the performance of services by Employee pursuant to the within Agreement, sums determined from time to time in accordance with the further provisions of this Section 2.

2.1. The Company agrees to pay fixed gross monthly compensation ("Salary") to Employee in such amount (but apportioned to any period of less than a month) as may be determined, from time to time during the continuance of the within Agreement, by or in the manner provided by the Board of Directors of the Company but in no event (unless consented to by Employee) less than one-twelfth (1/12th) of an annual amount in the sum of $550,000. Company shall use its best efforts to cause Salary to be paid to Employee, in such portions thereof at such times during the month, as is in accordance with the customary compensatory payment practices from time to time utilized by the Company, or in such other manner and at such other times as may be agreeable to the Company and the Employee.

2.2. The Company agrees to furnish or otherwise make available to the Employee, with such participation in the cost thereof by Employee as is customarily required by the Company from time to time of other employees of comparable rank to that, from time to time, held by Employee, all such employment benefits and perquisites as are generally made available to other employees holding positions of equal rank in the Company, including but not limited to, participation in insurance, vacation and

1 retirement plans maintained by the Company for such comparably
2 ranked employees.

3 2.3. The Company further agrees to pay to Employee,
4 with respect to each full fiscal year of Company during the con-
5 tinuance of the within Agreement, an amount equal to fifteen
6 percent (15%) ("Contingency Participation") of the amount of a
7 bonus pool to be determined in respect of each fiscal year of the
8 Company during the continuance of this Agreement ("Bonus Pool").
9 The Bonus Pool in respect of a fiscal year shall be an amount
10 equal to Thirty-Three and One-Third percent (33 1/3%) of the
11 pre-tax profit of the Company earned during such fiscal year;
12 provided, however, that in the event of the termination of the
13 within Agreement during a fiscal year, other than and except for
14 (i) a termination by action of the Company for cause, or (ii) a
15 termination by resignation of Employee from the service of the
16 Company, the Bonus Pool as to Employee shall be determined with
17 respect to the period commencing on the first day of such fiscal
18 year and ending on the last day of the calendar month next
19 preceding the date of the termination of this Agreement. In the
20 event of (i) a termination of this Agreement by action of the
21 Company for cause, or (ii) a termination of this Agreement by
22 resignation of Employee from the service of the Company, no Con-
23 tingency Participation shall be payable or become due to Employee

in respect of the fiscal year during which either such termination occurs, nor with respect to the prior fiscal year if Employee has been terminated for cause by the Company and if payment of Contingency Participation for such prior fiscal year had not been made to Employee as of the date of Company's notice to Employee of such termination for cause. Solely for the purpose of calculating a Bonus Pool, and for no other purpose, "pre-tax profit of the Company" is herewith defined and agreed to mean the profit of the Company after deduction of all charges, expenses and reserves, whether or not allowable for federal income tax purposes, including specifically but not limited to all compensation and discretionary bonuses paid to employees and contributions made by the Company to all employee benefit and perquisite programs maintained by the Company (or reserved for such payment), but before any deduction for federal, state or local income taxes and this or any comparable identified employee Contingency Participation provided for in any Employment Contract substantially comparable to the within Agreement, all as determined by the regularly retained auditors for the Company. Notwithstanding the foregoing specification of the percentage of Contingency Participation payable to Employee, when in the judgment of the Board of Directors of the Company (because of outstanding performance by the Employee or inadequate pre-tax profit of the Company in respect of the entire or appropriate portion of the fiscal year) the amount of Contingency Participation payable

to Employee, calculated in accordance with application of the foregoing percentage to the Bonus Pool, is determined by the Board of Directors of the Company to provide Employee with remuneration inadequate properly to compensate Employee, the Board of Directors may increase the amount awarded by way of Contingency Participation in respect of such fiscal year by a flat amount or by an award of an increased amount equal to an increased percentage of the Bonus Pool in respect of such fiscal year or such shorter fiscal period. Any such increased amount shall be paid out of and charged against the Sixty-Six and Two-Thirds percent (66 2/3%) of the pre-tax profit of the Company earned during the fiscal year (or such shorter period as may be applicable) not dedicated to and comprising the Bonus Pool.

2.4. Subject to the further provisions of this Agreement, Contingency Participation with respect to a fiscal year of the Company shall be determined and paid to Employee not more than thirty (30) days following receipt by Company of the audited financial statements of Company for such fiscal year, or if payable with respect to a shorter fiscal period, not more than thirty (30) days following completion by the Company of the preparation of its unaudited monthly financial statements for the period ended on the last day of the calendar month next preceding the month in which termination of the within Agreement occurs. In the event that, from time to time, the federal income tax laws

or regulations shall prescribe that payment of sums to employees must be made within a specified period following the close of the fiscal year of a corporation, shorter in duration than that hereinbefore provided, in order to be and constitute a deductible expense to the corporation with respect to such fiscal year, Company reserves the right and privilege of making payment to Employee of the estimated amount of the Contingency Participation within such required time period, and Company and Employee shall thereafter, within the time period hereinabove first specified, account to each other with respect to the net difference between the amount so paid as the estimated amount of Contingency Participation and the actual amount of Contingency Participation due to Employee as determined in the manner hereinbefore provided. Employee agrees that if the estimated amount of Contingency Participation paid to Employee shall exceed the amount of Contingency Participation as finally computed, Employee will reimburse Company, upon its demand, the excess amount so paid to Employee.

3. Confidentiality And Non-Competition. Employee agrees that, so long as he continues in the service of the Company, whether or not pursuant to this Agreement, he will not (except in the performance of his duties) at any time or in any manner make or cause to be made any copies, duplicates, extracts, facsimiles or other reproduction or recording of, or any significant memoranda or notes with respect to, any manuals, methods

of doing business, distribution lists, customer lists or other written, printed or otherwise recorded materials of any kind whatsoever, developed by or for, utilized by or for or otherwise belonging to or in the possession of the Company, all of which are agreed to be, and to be entitled to the status of, trade secrets. Employee shall have no right, title or interest in any such material (even if developed by him or contributed to by him while employed by Company) and Employee agrees that, except in the performance of his duties, he will not, without the prior written consent of Company, remove any such material from the premises of the Company, and further, that he will surrender all such material to the Company immediately upon the termination of his employment, or at any time prior thereto upon the request of the Company.

3.1. Without the prior written consent of the Company, Employee will not at any time, whether during or subsequent to his employment by the Company, use for his own benefit or purposes, or for the benefit or purposes of any other person, firm, partnership, association, corporation, trust or other business organization, entity or enterprise, and without regard to whether Employee is an owner, partner, officer, director, shareholder or has any other direct or indirect interest therein, the trade secrets, information, data, know-how or knowledge (including, but not limited to, sales techniques, marketing programs, financing

methods, customer lists or solicitation devices) utilized or developed by or relating to the conduct of business by the Company.

3.2. In the event of the disability, retirement, resignation or other termination of Employee from the service of the Company, Employee agrees with Company that Employee will not engage in any facet of the securities business directly competitive with any of the activities of Company within a radius of fifty (50) miles of the location of any office then regularly maintained by the Company for a period of one (1) year following termination of the employment of Employee by Company, whether pursuant to the terms of the within Agreement or any substitute or alternative agreement which may, hereafter, from time to time exist between Company and Employee. The phrase "directly competitive with the business of the Company" as used in this Paragraph 3.2 shall be conclusively deemed to be and is agreed to mean (i) any regular business activity engaged in by the Company, during the twelve (12) calendar months immediately preceding the month in which the employment relationship is terminated, and (ii) resulted in the development to the Company of either ten percent (10%) of the gross revenues received by the Company during said period or ten percent (10%) of the pre-tax profit of the Company during said period. To the extent that Employee determines to seek to engage in any business activity in the

1 restricted area which may be or be deemed to be prohibited pur-
2 suant to the foregoing provisions of this Paragraph 3.2, Employee
3 may set forth in writing a specific statement of the activities
4 in which Employee seeks to engage and may request that the Board
5 of Directors of the Company determine whether such activity will
6 be deemed by the Company to be or constitute activity that is
7 directly competitive with the business of the Company, within the
8 meaning of the foregoing prohibition. The determination by the
9 Board of Directors shall be final, binding and conclusive upon
10 the parties and the right of Employee to engage in the activities
11 specified in the written request in the restricted area during
12 the one-year period following termination of the employment rela-
13 tionship between the Employee and the Company.
14 3.3. Employee acknowledges and agrees that the Company's
15 remedy at law for any breach of any of the obligations and agree-
16 ments undertaken by Employee pursuant to the provisions of this
17 Section 3 would be inadequate and, by reason thereof, herewith
18 agrees and consents that temporary and permanent injunctive
19 relief may be granted in any proceeding which may be brought to
20 enforce any provision of this Section 3 without the necessity of
21 proof of actual damages sustained by the Company; provided, how-
22 ever, that Employee agrees that recourse to temporary and per-
23 manent injunctive relief provided for hereinbefore shall not be
24 and constitute the exclusive remedy that shall be available to

Company, and the Company may undertake to obtain any other remedy or relief provided by law or in equity.

4. Survival of Agreement. The provisions of this Agreement (and particularly of Paragraphs 2.3 and 2.4 and Section 3) shall survive expiration or earlier termination of the within Agreement and the termination of employment relationship herein established, as well as termination of any subsequent continuation of the employment relationship aside from that provided herein, to the extent necessary to permit enforcement by Company or Employee of any rights, duties, liabilities or obligations herein undertaken by them or either of them.

5. Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties concerning the subject matter hereof, and supersedes any and all prior agreements, arrangements and understandings, whether oral or written, between the Company and the Employee. This Agreement may not be amended or modified except by written instrument executed by the parties hereto.

6. General. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the Company, the Employee, his Personal Representative(s), and their respective heirs, successors and assigns. The Employee may not assign, pledge or encumber in any way all or any part of this Agreement or his interest under this Agreement without the prior

written consent of the Company. Failure of the Company at any time or from time to time to require performance by Employee of any of the obligations undertaken in this Agreement by Employee shall in no manner affect the Company's right to enforce any provision of this Agreement at a subsequent time. Waiver by the Company of any right arising out of any Section or Paragraph of this Agreement shall not be construed as a waiver of any right arising out of any subsequent breach of the same or of any other provision of this Agreement.

7. Minnesota Contract. This Agreement shall be construed pursuant to the laws of the State of Minnesota.

IN WITNESS WHEREOF, the Company has caused this agreement to be executed by its duly authorized officer, and Employee has executed this Agreement, both as of the day and year first above written.

MILLER & SCHROEDER FINANCIAL, INC.

By B Schroeder

Its PRES.

EMPLOYEE

Roger J. Wilkins

Non version
6 v 4

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT is made and entered into this _____ day of _____, 1997, by and between **MILLER & SCHROEDER, INC.**, a Minnesota corporation (the "Company"), and **ROGER J. WIKNER** ("Wikner").

WITNESSETH:

WHEREAS, Company is a Minnesota corporation engaged in the business of financial services;

WHEREAS, on or about _____, 1997, MI Acquisition Corporation ("MI") anticipates acquiring all of the issued and outstanding shares of capital stock of Company);

WHEREAS, Wikner currently owns 49% of the capital stock of Company and Wikner possesses certain unique skills, talents, contacts, judgment and knowledge of the Company's business, strategies and objectives;

WHEREAS, both parties recognize the critical importance to the Company, its employees and investors, of preserving the confidentiality of the Company's trade secrets and confidential information and restrict Wikner's ability to compete with the Company or any of its affiliates, successors or assigns (the "Company Group");

WHEREAS, Wikner understands that this Agreement shall be effective against the Company only upon the closing of the transactions by which MI will acquire all of the issued and outstanding shares of capital stock of the Company (the "Closing Date"); and

WHEREAS, Company desires to engage Wikner as an independent contractor to perform certain consulting and related services for the Company upon the terms and conditions contained in this Agreement.

WHEREAS, Wikner desires to accept such engagement and perform such services, upon the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the recitals and the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. <u>Term</u>. The term of this Agreement shall commence on the Closing Date and shall continue for a period of four (4) years (the "Term"). This Agreement may be extended if mutually agreed upon in writing by Company and Wikner prior to the expiration of this Agreement.

EXHIBIT
tabbies
M

2. **Consulting Services**. The Company desires to retain Wikner to provide consulting services, advice and assistance to the Company including, but not limited to, the maintenance of customer relationships and the securing of financing opportunities (the "Consulting Services"), and Wikner agrees to provide the Consulting Services. The Consulting Services are to be performed as needed at mutually agreeable times. Wikner shall report and be responsible to the President of the Company and shall devote such time, skills and efforts to the conduct of the Consulting Services as are reasonably necessary to discharge his duties hereunder. In the event, at any time during the Term, James F. Dlugosch is no longer the President of the Company, the Consulting Services to be provided by Wikner thereafter will be consistent with the Consulting Services provided while James F. Dlugosch was President of the Company. In the event ~~the Consulting Services are terminated pursuant to Section 6.1 hereof~~, the Company shall ~~be obligated to~~ continue to pay the consulting fees set forth in Section 3.1, ~~but shall be entitled to pursue any and all legal and equitable~~ remedies available to it, including, without limitation, recovery of any loss, damage or expense (including reasonable attorneys' fees) arising out of or in connection with the breach or enforcement of this Section 2.

that Wikner breaches his obligations to provide Consulting Services under this Section 2 (and provided the Company does not terminate Wikner for Cause)

3. **Compensation; Payment**.

3.1 Consulting Fees. In consideration of the Consulting Services, Company will pay Wikner One Hundred Fifty Thousand and No/100 Dollars ($150,000.00) per year, payable in equal monthly installments and prorated in the event such payments are to be terminated during any year prior to the end of the Term.

3.2 Noncompetition Fees. As consideration for the Consultant's agreements set forth in Sections 7, 8, 9 and 10, the Company shall pay to Consultant the amount of Twenty-Five Thousand and No/100 Dollars ($25,000.00) per year, payable in equal monthly installments and prorated in the event such payments are to be terminated during any year prior to the end of the Term.

3.3 Withholdings; Taxes. Compensation payments made under this Agreement shall not be subject to withholding for federal, state or local income or employment taxes, including withholding for FUTA and/or FICA contributions. Wikner shall be solely responsible for any and all federal, state and local income taxes, FUTA and/or FICA payments and other required deductions, payments or contributions.

3.4 Termination for Cause. If the Company terminates Wikner for Cause, the Company shall have no obligation to pay Wikner any of the consulting or noncompetition fees which are due under this Section 3 after a termination for Cause.

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4. **Expenses**. All reasonable and necessary expenses incurred by Wikner in connection with the performance of his obligations under this Agreement shall be reimbursed by the Company; provided, however, that the Company shall not be required to

reimburse Wikner for any expenditures over $100 incurred by Wikner which are not approved in advance by the Company.

5. **Relationship**. The Company and Wikner each agree and acknowledge that Wikner is an independent contractor and he shall not be deemed, for any purpose, an employee or agent of Company. Wikner shall set his own hours for performing the Consulting Services, use his own equipment while performing the Consulting Services and shall have the discretion to perform the Consulting Services as he deems appropriate, subject only to Company's objectives.

6. **Termination.**

6.1 Termination for Cause. Company may terminate Wikner for Cause, effective upon notice in writing to Wikner. Company shall not have the right to terminate Wikner without Cause. "Cause," for purposes of this Agreement, is defined as a breach of the provisions contained in Sections 7, 8, 9 or 10 hereof.

6.2 Termination by Wikner. Wikner may terminate his obligations to provide Consulting Services pursuant to this Agreement at any time upon thirty (30) days' written notice to Company. Wikner shall not be paid any consulting fees for the period after such termination.

6.3 Disability. Wikner's obligation to provide Consulting Services pursuant to this Agreement shall be deemed terminated upon the total and permanent disability ("Disability") of Wikner. The determination of whether Wikner has suffered a "Disability" shall be the inability of Wikner to fully perform his duties hereunder for a period of 90 days or more (with any working periods of less than 15 business days not to be construed as interrupting such disability period). All determinations as to whether Wikner has suffered a Disability shall be determined by the Board of Directors of Company in its reasonable discretion.

6.4 Continuation of Compensation Payments. In the event Wikner dies, or his obligation to provide Consulting Services pursuant to this Agreement is terminated pursuant to Section 6.3 hereof, Wikner, or in the event of his death, Wikner's estate, shall be entitled to continue to receive consulting and noncompetition fees in the amount and in the manner specified in Section 3 hereof for the duration of the Term.

6.5 Materials. Upon termination under this Section 6, Wikner shall return to Company any materials and property owned by Company, and in the event of Wikner's failure to do so, Company may, in addition to any other remedy provided by law, withhold any amounts due Wikner until full compliance with this provision. If Company believes that Wikner has failed to return certain materials or property to Company, Company shall give Wikner notice of such materials or property with reasonable specificity. Upon receipt of such materials and property, or evidence

satisfactory to Company that Wikner does not have such materials or property, Company shall promptly forward the amounts owed Wikner to Wikner.

7. **Confidential Information.**

7.1 Definition. For purposes of this Agreement, "Confidential Information" means information or material, techniques, formulas, processes or procedures, which are proprietary to Company Group or designated as Confidential Information by the Company Group and not generally known independently by non-Company Group personnel, which Wikner developed or has or may obtain knowledge of or access to through or as a result of his relationship with Company (including, but not limited to, information conceived, originated, discovered, improved or developed in whole or in part by Wikner). In the event Wikner is uncertain whether any particular information constitutes Confidential Information, he will seek clarification from Company.

7.2 Confidentiality Covenant. Wikner shall not, both during and after the Term, directly or indirectly divulge, communicate, use to the detriment of the Company Group, or for the benefit of any other person or entity, or misuse any Confidential Information. Confidential Information shall not be used by Wikner for any purpose whatsoever except as required to perform the work Company requests under the terms of this Agreement. Company reserves the right to demand the return of any such information at any time. Upon any termination of this Agreement, Wikner shall immediately return any such information in his possession to Company. This paragraph shall survive the termination of this Agreement indefinitely.

8. **Solicitation of Customers.** During the Term, Wikner shall not directly or indirectly, through an existing or to be existing corporation, unincorporated business, affiliated party, successor employer, or otherwise,

a. for the benefit of any person or entity engaged in a business which is competitive with the business of any member of the Company Group during the Term, reveal the name or related information of, or solicit any of the customers of the Company Group, whether such customers are currently customers or become customers during the Term; or

b. interfere with, or endeavor to entice from any member of the Company Group, any of the customers of the Company Group, whether such customers are currently customers or become customers during the Term.

[Jim, is customers the right word?]

9. **Solicitation of Employees.** During the Term, Wikner shall not directly or indirectly, through an existing or to be existing corporation, unincorporated business,

affiliated party, successor employer or otherwise, solicit, hire for employment, or work with, on a part-time, consulting, advising or any other basis, other than on behalf of the Company,

a. any officer, vice president or executive employee who is employed by a member of the Company Group, at the time of such solicitation, hire or work or during the six months prior thereto; or

b. any other employee, or independent contractor, of a member of the Company Group at the time of such solicitation, hire or work or during the six months prior thereto, if such employee or independent contractor is to directly or indirectly engage in a business which is competitive with the business of a member of the Company Group during the Term.

10. **Restriction on Competition.** Wikner acknowledges that the Company needs to be protected against the potential for unfair competition and impairment of the Company Group's goodwill by use of the Company Group's training, assistance, confidential information and trade secrets in direct or indirect competition with the Company Group. Wikner agrees that he will not, during the Term, directly or indirectly, operate, join, control, be employed by or participate in ownership, management, operation or control of, or be connected in any manner as an independent contractor, consultant or otherwise, with any person or entity which is engaged in any business in which a member of the Company Group is engaged during the Term in the United States and Canada, other than on behalf of the Company pursuant to the terms of this Agreement.

Company shall have the right to enforce the provisions of this Section, along with Sections 7, 8 and 9, by applying for and obtaining temporary and permanent restraining orders or injunctions from a court of competent jurisdiction without the necessity of filing a bond therefor. In any such court action, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs from the other party.

11. **Notices.** All notices given hereunder shall be in writing and shall be personally served or sent by registered or certified mail, return receipt requested, addressed as follows:

To Company: MILLER & SCHROEDER, INC.
Attn: _____
_____
_____
_____

To Wikner: Roger J. Wikner
_____
_____

12. **Miscellaneous.**

12.1 Complete Agreement. This Agreement is the entire Agreement between the parties concerning the subject matter hereof and supersedes and replaces any existing arrangement between the parties hereto relating to Wikner's relationship with Company. Company and Wikner hereby acknowledge that there are no other agreements regarding Wikner's employment, apart from this Agreement.

12.2 No Waiver. No failure on the part of Company or Wikner to exercise, and no delay in exercising any right hereunder will operate as a waiver thereof, nor will any single or partial exercise of any right hereunder by Company or Wikner preclude any other or further exercise thereof or the exercise of any other right.

12.3 Severability. It is further agreed and understood by the parties hereto that if any part, term or provision of this Agreement should be held unenforceable in the jurisdiction in which either party seeks enforcement of the contract, it shall be construed as if not containing the invalid provision or provisions, and the remaining portions or provisions shall govern the rights and obligations of the parties.

12.4 Governing Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Minnesota, without regard to conflicts of law provisions.

12.5 Assignment. This Agreement is personal in nature and cannot be assigned by Wikner. This Agreement can be assigned by Company. The terms, conditions and covenants herein shall be binding upon the heirs and personal representatives of Wikner, and the successors, assigns of Company and any subsidiary or "affiliate" of Company.

12.6 Remedies not Exclusive. No remedy conferred hereunder is intended to be exclusive, and each shall be cumulative and shall be in addition to every other remedy. The election of any one or more remedies shall not constitute a waiver of any other remedy.

12.7 Survival. Wikner's obligations under Section 7 shall survive the termination of this Agreement indefinitely.

12.8 Captions. Captions and section headings used herein are for convenience only and are not a part of this Agreement, and shall not be used in construing it.

IN WITNESS WHEREOF, the parties have duly executed this Consulting Agreement as of the date and year first above written.

COMPANY: MILLER & SCHROEDER, INC.

By_____

Its President and
Chief Executive Officer

WIKNER: _____

Roger Wikner

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT is made and entered into this _____ day of _____, 1997, by and between **MILLER & SCHROEDER, INC.**, a Minnesota corporation (the "Company"), and **JAMES IVERSON** ("Iverson").

WITNESSETH:

WHEREAS, Company is a Minnesota corporation engaged in the business of financial services;

WHEREAS, on or about _____, 1997, MI Acquisition Corporation ("MI") anticipates acquiring all of the issued and outstanding shares of capital stock of Company;

WHEREAS, Iverson currently owns 49% of the capital stock of Company and Iverson possesses certain unique skills, talents, contacts, judgment and knowledge of the Company's business, strategies and objectives;

WHEREAS, both parties recognize the critical importance to the Company, its employees and investors, of preserving the confidentiality of the Company's trade secrets and confidential information;

WHEREAS, Iverson understands that this Agreement shall be effective against Company only upon the closing of the transactions by which MI acquires all of the issued and outstanding shares of capital stock of the Company (the "Closing Date"); and

WHEREAS, Company and Iverson entered into that certain employment agreement of even date herewith ("Employment Agreement").

WHEREAS, Company desires to engage Iverson as an independent contractor to perform certain consulting and related services for the Company upon the termination of the Employment Agreement and upon the terms and conditions contained in this Agreement.

WHEREAS, Iverson desires to accept such engagement and perform such services, upon the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the recitals and the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. **Term**. The term of this Agreement shall commence on the Closing Date and shall continue for a period of seven (7) years (the "Term"), unless earlier terminated as

provided herein. This Agreement may be extended if mutually agreed upon in writing by Company and Iverson prior to the expiration of this Agreement.

2. **Consulting Services**. The Company desires to retain Iverson to provide consulting services, advice and assistance to the Company including, but not limited to, _____ (the "Consulting Services"), and Iverson agrees to provide the Consulting Services. The Consulting Services are to be performed as needed at mutually agreeable times. Iverson shall report and be responsible to the President of the Company and shall devote such time, skills and efforts to the conduct of the Consulting Services and such efforts as are reasonably necessary to discharge Iverson's duties hereunder.

3. **Compensation; Payment**.

3.1 Consulting Fees. In consideration of the Consulting Services, Company will pay Iverson One Hundred Thousand and No/100 Dollars ($100,000.00) per year, payable in equal monthly installments and prorated in the event this Agreement terminates during any year prior to the end of its Term.

3.2 Withholdings; Taxes. Compensation payments made under this Agreement shall not be subject to withholding for federal, state or local income or employment taxes, including withholding for FUTA and/or FICA contributions. Iverson shall be solely responsible for any and all federal, state and local income taxes, FUTA and/or FICA payments and other required deductions, payments or contributions.

4. **Expenses**. All reasonable and necessary expenses incurred by Iverson in connection with the performance of his obligations under this Agreement shall be reimbursed by the Company; provided, however, that the Company shall not be required to reimburse Iverson for any expenditures over $100 incurred by Iverson which are not approved ~~in writing~~ in advance by the Company.

5. **Relationship**. The Company and Iverson ~~each agree~~ and acknowledge ~~that~~ Iverson is an independent contractor and he shall ~~not~~ be deemed, for any purpose, an employee or agent of Company. Iverson shall ~~set~~ his own hours for performing ~~the~~ Consulting Services, use his own equipment while ~~performing the Consulting~~ Services and shall have the discretion to perform the Consulting Services as he deems appropriate, subject only to Company's objectives.

6. **Termination**. Iverson's retention by Company pursuant to this Agreement shall continue for the period set forth in Section 1 hereof, subject to the following:

6.1 Termination for Cause. Company may terminate this Agreement for Cause, effective upon notice in writing to Iverson. "Cause," for purposes of this Agreement, is defined as an indictment, charge or admission of a felony, fraud against Company, misappropriation of Company's assets or embezzlement. If the Company

terminates Iverson under this Section 6.1, this Agreement shall immediately terminate.

6.2 Termination by Iverson. Iverson may terminate this Agreement at any time upon thirty (30) days' written notice to Company.

6.3 Disability. This Agreement shall be deemed terminated upon the total and permanent disability ("Disability") of Iverson. The determination of whether Iverson has suffered a Disability shall be the inability of Iverson to fully perform his duties hereunder for a period of 90 days or more (with any working periods of less than 15 business days not to be construed as interrupting such disability period). All determinations as to whether Iverson has suffered a Disability shall be determined by the Board of Directors of Company in its reasonable discretion.

6.4 Death. This Agreement shall be deemed terminated upon the death of Iverson.

6.5 Continuation of Compensation Payments. In the event this Agreement is terminated pursuant to Section 6.3 or 6.4 hereof, and so long as Iverson has not breached this Agreement in any manner, Iverson or, in the event this Agreement is terminated pursuant to Section 6.4 hereof, Iverson's estate, shall be entitled to continue to receive consulting fees in the amount and in the manner specified in Section 3 hereof for the duration of the Term.

6.6 Materials. Upon termination under this Section 6, Iverson shall return to Company any materials and property owned by Company, and in the event of Iverson's failure to do so, Company may, in addition to any other remedy provided by law, withhold any amounts due Iverson until full compliance with this provision. If Company believes that Iverson has failed to return certain materials or property to Company, Company shall give Iverson notice of such materials or property with reasonable specificity. Upon receipt of such materials and property, or evidence satisfactory to Company that Iverson does not have such materials or property, Company shall promptly forward the amounts owed Iverson to Iverson.

7. **Confidential Information.**

7.1 Definition. For purposes of this Agreement, "Confidential Information" means information or material, techniques, formulas, processes or procedures, which are proprietary to Company or designated as Confidential Information by Company and not generally known independently by non-Company personnel, which Iverson developed or has or may obtain knowledge of or access to through or as a result of his relationship with Company (including, but not limited to, information conceived, originated, discovered, improved or developed in whole or in part by Iverson). In the event Iverson is uncertain whether any particular information constitutes Confidential Information, he will seek clarification from Company.

7.2 Confidentiality Covenant. Iverson shall not, both during and after the Term, directly or indirectly divulge, communicate, use to the detriment of Company, or any of its affiliates, successors or assigns, or for the benefit of any other person or entity, or misuse any Confidential Information. Confidential Information shall not be used by Iverson for any purpose whatsoever except as required to perform the work Company requests under the terms of this Agreement. Company reserves the right to demand the return of any such information at any time. Upon any termination of this Agreement, Iverson shall immediately return any such information in his possession to Company. This paragraph shall survive the termination of this Agreement indefinitely.

8. **Solicitation of Customers.** During the Term, Iverson shall not directly or indirectly, through an existing or to be existing corporation, unincorporated business, affiliated party, successor employer, or otherwise, reveal the name or related information of, solicit or interfere with, or endeavor to entice from the Company, or an affiliate of Company, any of its customers.

9. **Solicitation of Employees.** During the Term, Iverson shall not directly or indirectly, through an existing or to be existing corporation, unincorporated business, affiliated party, successor employer or otherwise, solicit, hire for employment, or work with, on a part-time, consulting, advising or any other basis, any employee or independent contractor of Company, or any of its affiliates, successors and assigns.

10. **Restriction on Competition.** Iverson acknowledges that the Company needs to be protected against the potential for unfair competition and impairment of the Company's goodwill by use of the Company's training, assistance, confidential information and trade secrets in direct or indirect competition with the Company. Iverson agrees that he will not, during the Term, directly or indirectly, operate, join, control, be employed by or participate in ownership, management, operation or control of, or be connected in any manner as an independent contractor, consultant or otherwise, with any person or entity which is engaged in any business in which the Company is engaged during the term of this Agreement in the United States and Canada.

Company shall have the right to enforce the provisions of this Section, along with Section 8 and 9, by applying for and obtaining temporary and permanent restraining orders or injunctions from a court of competent jurisdiction without the necessity of filing a bond therefor. In any such court action, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs from the other party.

11. **Notices.** All notices given hereunder shall be in writing and shall be personally served or sent by registered or certified mail, return receipt requested, addressed as follows:

To Company: MILLER & SCHROEDER, INC.
Attn: _____
_____
_____
_____

To Iverson: James Iverson
_____
_____

12. **Miscellaneous.**

12.1 Complete Agreement. This Agreement is the entire Agreement between the parties concerning the subject matter hereof and supersedes and replaces any existing arrangement between the parties hereto relating to Iverson's relationship with Company. Company and Iverson hereby acknowledge that there are no other agreements regarding Iverson's employment, apart from this Agreement.

12.2 No Waiver. No failure on the part of Company or Iverson to exercise, and no delay in exercising any right hereunder will operate as a waiver thereof, nor will any single or partial exercise of any right hereunder by Company or Iverson preclude any other or further exercise thereof or the exercise of any other right.

12.3 Severability. It is further agreed and understood by the parties hereto that if any part, term or provision of this Agreement should be held unenforceable in the jurisdiction in which either party seeks enforcement of the contract, it shall be construed as if not containing the invalid provision or provisions, and the remaining portions or provisions shall govern the rights and obligations of the parties.

12.4 Governing Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Minnesota, without regard to conflicts of law provisions.

12.5 Assignment. This Agreement is personal in nature and cannot be assigned by Iverson. This Agreement can be assigned by Company. The terms, conditions and covenants herein shall be binding upon the heirs and personal representatives of Iverson, and the successors, assigns of Company and any subsidiary or "affiliate" of Company.

12.6 Remedies not Exclusive. No remedy conferred hereunder is intended to be exclusive, and each shall be cumulative and shall be in addition to every other remedy. The election of any one or more remedies shall not constitute a waiver of any other remedy.

12.7 Survival. In the event of the termination of this Agreement under Section 6.1 or 6.2 hereof, all obligations of Company to Iverson under this Agreement shall terminate. Iverson's obligations under Section 7 shall survive the termination of this Agreement indefinitely. Iverson's obligations under Sections 8, 9 and 10 shall survive for the duration of the Term, provided, however, that if this Agreement is terminated pursuant to Section 6.2 or 6.3 hereof, Iverson's obligations under Sections 8, 9 and 10 hereof shall terminate upon termination of this Agreement.

12.8 Captions. Captions and section headings used herein are for convenience only and are not a part of this Agreement, and shall not be used in construing it.

IN WITNESS WHEREOF, the parties have duly executed this Consulting Agreement as of the date and year first above written.

COMPANY: MILLER & SCHROEDER, INC.

By_____

Its President and
Chief Executive Officer

IVERSON: _____

James Iverson

MILLER & SCHROEDER, INC. & SUBS
STATEMENT OF FINANCIAL CONDITION
AS OF JUL 31,1997 (9/11/97)

	MSI	MSF	MSIC	PLMC	SBCC	MSCC	MSMC	ELIM	CONSOLIDATED
ASSETS									
CASH-UNRESTRICTED	18,008	2,619913	58,123	369	313,054	1,194	46,727	0	3,057,388
CASH-RESTRICTED RESERVE	0	1,048100	0	0	0	0	0	0	1,048,100
TOTAL CASH	18,008	3,668013	58,123	369	313,054	1,194	46,727	0	4,105,488
RECEIVABLES									
CUSTOMERS	0	2,655106	0	0	0	0	0	0	2,655,106
B-D'S CLEARING ORG	0	209156	0	0	0	0	0	0	209,156
OFFICERS & EMPLOYEES	0	157386	0	0	0	0	0	0	157,386
OTHER	274,977	2,773429	59,255	5,877	0	10,276	45,117	0	3,168,931
TOTAL RECEIVABLES	274,977	5,795077	59,255	5,877	0	10,276	45,117	0	6,190,579
SEC PURCH UNDER AGMT TO RESELL	0	0	0	0	0	0	0	0	0
TRADING SECURITIES	0	18,309166	0	0	0	0	0	0	18,309,166
ADVANCES TO MI ACQUISITION CORP	1 231,922	769626	0	0	0	0	0	0	2,001,548
ADVANCES TO RELATED COMPANY	0	689368	3,531,949	0	0	0	223,063	(4,444,380)	0
NOTES REC HELD FOR SALE	0	0	7,816,584	0	440,930	0	0	0	8,257,614
NOTES RECEIVABLE	579,366	758186	0	2,339,306	0	75,000	0	0	3,751,858
RENTAL PROPERTY	0	0	0	0	0	0	0	0	0
EQUIPMENT & LEASEHOLD IMP	0	872124	0	0	0	0	0	0	872,124
OTHER ASSETS	221,237	493700	0	384,573	0	247,906	0	0	1,347,416
INVESTMENT IN SUBSIDIARIES	9,253,734	0	0	0	0	0	0	(9,253,734)	0
TOTAL ASSETS	11,579,244	31,355260	11,466,011	2,730,125	753,984	334,376	314,907	(13,698,114)	44,835,793
LIABILITIES									
SHORT-TERM NOTES PAYABLE	0	13,600000	7,730,000	0	0	246818	0	0	21,576,818
SEC SOLD UNDER REPURCHASE AGR	0	0	0	0	0	0	0	0	0
ACCOUNTS PAYABLE-									
CUSTOMERS	0	1,242,766	0	0	0	0	0	0	1,242,766
B-D'S & CLEARING ORG	0	453465	0	0	0	0	0	0	453,465
OPERATING	3,967	746585	2,674,496	8,143	0	0	1,569	0	3,434,860
ADVANCES DUE TO RELATED COMPA	3,541,478	0	0	357,236	430,492	115,174	0	(4,444,380)	0
SECURITIES SOLD NOT PURCHASED	0	11,565	0	0	0	0	0	0	11,565
ACCRUED INCOME TAXES	0	0	13,552	0	8,447	0	0	0	21,999
ACCRUALS	340,108	3,029222	364,531	100,754	0	0	0	0	3,834,615
TERM DEBT	849,997	255,364	0	2,602,000	0	0	0	0	3,707,361
TOTAL LIABILITIES	4,735,550	19,339,267	10,782,579	3,068,133	438,939	361,992	1,569	(4,444,380)	34,283,449
SHAREHOLDER'S EQUITY									
COMMON STOCK	99,063	500,000	10,000	1,000	100	1,000	1,000	(513,100)	99,063
PAID-IN CAPITAL	6,000,000	7,950,000	140,600	0	305,900	0	0	(8,396,500)	6,000,000
RETAINED EARNINGS	744,631	3,566,193	532,832	(339,008)	9,045	(28,616)	312,338	(344,134)	4,453,281
TOTAL SHAREHOLDER'S EQUITY	6,843,694	12,016,193	683,432	(338,008)	315,045	(27,616)	313,338	(9,253,734)	10,552,344
TOTAL LIABILITIES & EQUITY	11,579,244	31,355,260	11,466,011	2,730,125	753,984	334,376	314,907	(13,698,114)	44,835,793
FUNDS HELD IN ESCROW									
CASH	0	0	1,222,475	0	0	0	0	0	1,222,475
MONEY MARKET & CD'S	0	0	7,862,226	0	0	0	0	0	7,862,226
TOTAL FUNDS IN ESCROW	0	0	9,084,701	0	0	0	0	0	9,084,701

EXHIBIT

COPY

1 UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

2 -

3 In re: Chapter 7 Case

4 SRC Holding Corporation BKY Case Nos. 02-40284 to
f/k/a Miller & Schroeder, Inc. 02-40286
5 and its subsidiaries,

6 Debtors. Jointly Administered

7 -

8 Brian F. Leonard, Trustee,

9 Plaintiff, ADV Case No.03-4153

10 vs.

11 Roger J. Wikner,

12 Defendant.

13 -

14

15

16 DEPOSITION OF

17 ROGER JAMES WIKNER

18

19 Taken December 10th, 2003

20 Commencing at 9:20 a.m.

21

22 REPORTED BY: Kay Lynn Hinsch, RPR
PARADIGM REPORTING & CAPTIONING INC.
23 1400 RAND TOWER
527 MARQUETTE AVENUE SOUTH
24 MINNEAPOLIS, MINNESOTA 55402
(612) 339-0545

25

EXHIBIT
tabbies
D

1 Deposition of ROGER JAMES WIKNER, taken on
2 the 10th day of December, 2003, commencing at 9:20
3 a.m., at Leonard, O'Brien, Spencer, Gale & Sayre,
4 100 South Fifth Street, Suite 1200, Minneapolis,
5 Minnesota, before Kay Lynn Hinsch, Registered
6 Professional Reporter and Notary Public of and for
7 the State of Minnesota.
8 **********
9 APPEARANCES
10 On Behalf of the Plaintiff:
11 Matthew R. Burton, Esquire
Leonard, O'Brien, Spencer, Gale & Sayre
12 100 South Fifth Street
Suite 1200
13 Minneapolis, Minnesota 55402
14 On Behalf of the Defendant:
15 Larry B. Ricke, Esquire
Leonard, Street and Deinard
16 150 South Fifth Street
Suite 2300
17 Minneapolis, Minnesota 55402
18
19
20
21
22 NOTE: The original transcript will be
23 delivered to Matthew R. Burton, Esquire, pursuant to
24 the applicable Rules of Civil Procedure.
25

1 INDEX

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4 Examination by Mr. Ricke: Pages 98-100

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6 Exhibit No. 1 - Employment Contract.....20

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10 Dlugosch.....31

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Roger Wikner and Jim Iverson from James
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Morris Sherman from James Dlugosch with
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1 Exhibit No. 15 - Cancelled Promissory Notes.....60

2 Exhibit No. 16 - Cancelled Promissory Notes.....97

3 Exhibit No. 17 - Miller & Schroeder, Inc. Trial Balance.....62

4 Exhibit No. 18 - Miller & Schroeder Financial, Inc. Trial Balance.....65

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7 Exhibit No. 21 - Schedule 3.9.....74

8 Exhibit No. 22 - Settlement Agreement.....84

9 Exhibit No. 23 - Sale Settlement Comparison.....85

10 Exhibit No. 24 - Roger Wikner Payments.....85

11 Exhibit No. 25 - Responses to Plaintiff's Interrogatories to Defendant.....86

12 Exhibit No. 26 - Responses to Requests for Admissions Pursuant to FRCP Rule 34 and

13 FRBP 7034.....90

14 Exhibit No. 27 - Responses to Requests for Admissions (Second Set) Pursuant to FRCP

15 Rule 34 and FRBP 7034.....93

16 Exhibit No. 28 - Responses to Plaintiff's Amended Interrogatories to Defendant

17 (Second Set).....94

18 Exhibit No. 29 - Arthur Andersen Client's Copy of Tax Return.....95

19 Exhibit No. 30 - Adversary Complaint.....--

20 Exhibit No. 31 - Answer of Roger Wikner Jury Demand.....--

21 OBJECTIONS:

22 By Mr. Ricke: Pages 14, 22, 23, 24, 27, 33, 38, 44,

23 50, 54, 78, 79, 81, 82, 85, 89, 91, 92, 93

24

25

Page 1

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

- -

In re: Chapter 7 Case
SRC Holding Corporation BKY Case Nos. 02-40284 to
f/k/a Miller & Schroeder, Inc. 02-40286
and its subsidiaries,
Debtors. Jointly Administered

- -

Brian F. Leonard, Trustee,
Plaintiff, ADV Case No.03-4153
vs.
Roger J. Wikner,
Defendant.

- -

DEPOSITION OF
ROGER JAMES WIKNER

Taken December 10th, 2003
Commencing at 9:20 a.m.

REPORTED BY: Kay Lynn Hinsch, RPR
PARADIGM REPORTING & CAPTIONING INC.
1400 RAND TOWER
527 MARQUETTE AVENUE SOUTH
MINNEAPOLIS, MINNESOTA 55402
(612) 339-0545

Page 2

Deposition of ROGER JAMES WIKNER, taken on the 10th day of December, 2003, commencing at 9:20 a.m., at Leonard, O'Brien, Spencer, Gale & Sayre, 100 South Fifth Street, Suite 1200, Minneapolis, Minnesota, before Kay Lynn Hinsch, Registered Professional Reporter and Notary Public of and for the State of Minnesota.

****

APPEARANCES

On Behalf of the Plaintiff:
Matthew R. Burton, Esquire
Leonard, O'Brien, Spencer, Gale & Sayre
100 South Fifth Street
Suite 1200
Minneapolis, Minnesota 55402

On Behalf of the Defendant:
Larry B. Ricke, Esquire
Leonard, Street and Deinard
150 South Fifth Street
Suite 2300
Minneapolis, Minnesota 55402

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Page 3

INDEX

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Page 4

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Page 5

(1) PROCEEDINGS
(2) **(Whereupon, the deposition of ROGER JAMES**
(3) **WIKNER was commenced at 9:20 a.m. as follows:)**
(4) **(Whereupon, Wikner Deposition Exhibit Nos. 1**
(5) **thru 31 were marked for identification.)**
(6) **(Witness sworn.)**
(7) ROGER JAMES WIKNER,
(8) called as a witness, being first duly
(9) sworn, was examined and testified as
(10) follows:
(11) **THE WITNESS:** I do.
(12) EXAMINATION
(13) **BY MR. BURTON:**
(14) **Q.** Good morning, Mr. Wikner. My name is
(15) Matthew Burton, and I represent Brian Leonard, who's
(16) the Trustee of the SRC bankruptcy, as you know,
(17) formerly known as Miller & Schroeder, and he is the
(18) plaintiff in this matter, and I'm his attorney.
(19) Before we get going, I just wanted to ask you, have
(20) you ever had your deposition taken before?
(21) **A. I have.**
(22) **Q.** Even though you're probably familiar with
(23) the rules, I guess I'll just quickly run through
(24) them. We have to be careful not to speak over each
(25) other, because the reporter can only take down one

Page 6

(1) of us talking at a time. You can't answer with
(2) uh-huh or huh-uh or nod your head, because she can't
(3) take that down.
(4) And I'd also ask that if you don't
(5) understand what I'm asking you, that you ask me to
(6) clarify it so that we make sure that your answers
(7) are actually responsive to my questions. And if you
(8) guys need a break, just give me a little bit of
(9) notice, and then at a good opportunity we'll take a
(10) break for as long as you need. And can you please
(11) state your name, please, for the record?
(12) **A. Roger James Wikner.**
(13) **Q.** Mr. Wikner, where do you reside?
(14) **A. 1545 Hunter Drive.**
(15) **Q.** And where is that?
(16) **A. Medina.**
(17) **Q.** And I've seen a number of addresses for
(18) you, as I go through the documents, and I saw there
(19) was an address on Bushaway Road in Wayzata. You
(20) said you drove from Wayzata this morning. Are there
(21) other residences out there?
(22) **A. No.**
(23) **Q.** For tax purposes, are you a South Dakota
(24) resident?
(25) **A. No, I'm a Minnesota resident.**

Page 7

(1) **Q.** Do you still own a home or property in
(2) South Dakota?
(3) **A. No.**
(4) **Q.** Okay. Do you have other addresses that you
(5) use besides the Medina address?
(6) **A. No, not really. No, I don't.**
(7) **Q.** Okay. Do you own property in Grand Rapids?
(8) **A. I do.**
(9) **Q.** Okay. What is your date of birth?
(10) **A. 10-18-41.**
(11) **Q.** Are you married?
(12) **A. Yes.**
(13) **Q.** And your wife's name?
(14) **A. Shirley.**
(15) **Q.** And how many kids do you have?
(16) **A. Well, we have one. Shirley had two when we**
(17) **got married, but she and I have one together.**
(18) **Q.** Okay. With respect to the deposition
(19) today, how did you prepare for this?
(20) **A. I didn't.**
(21) **Q.** Okay. Did you meet with anybody besides
(22) Mr. Ricke?
(23) **A. No.**
(24) **Q.** Did you review any documents?
(25) **A. No.**

Page 8

(1) **Q.** Did you speak to anyone else ahead of time
(2) about this case?
(3) **A. No.**
(4) **Q.** And that includes conversations with
(5) Mr. Jim Dlugosch?
(6) **A. No.**
(7) **Q.** How about Mr. Iverson?
(8) **A. No.**
(9) **Q.** Are you familiar with the claims made in
(10) this lawsuit, I mean, are you familiar with the
(11) Complaint?
(12) **A. Yes.**
(13) **Q.** Have you ever been in any litigation
(14) regarding your role as a shareholder of a
(15) corporation, just because you're a shareholder,
(16) that's what I'm asking about?
(17) **A. No, I don't think so.**
(18) **Q.** How about litigation regarding your role as
(19) a director of a corporation?
(20) **A. Well, yes, I think I am.**
(21) **Q.** Okay. What do you think that might be?
(22) **A. What do I think it might be?**
(23) **Q.** Yeah. What do you think the litigation
(24) was?
(25) **A. I was on a board of a company, Virtual**

Page 9

(1) **Funds, and we fired the Chairman -- the president of**
(2) **the company, and I guess I don't know if he was**
(3) **president or just Chairman, and he sued the Board of**
(4) **Directors for our actions.**
(5) **Q.** Was one of the claims against the directors
(6) that they breached their fiduciary duties in that
(7) case?
(8) **A. I don't remember.**
(9) **Q.** Okay. Where was that case?
(10) **A. It never went to court, it was settled.**
(11) **Q.** Okay. What was the name of the plaintiff?
(12) **A. Mel Masters.**
(13) **Q.** And what time period was this lawsuit?
(14) **A. Oh, two years ago, roughly.**
(15) **Q.** Are you still a director of Virtual Funds?
(16) **A. I'm not.**
(17) **Q.** Okay. Have you ever been in litigation
(18) regarding your role as an officer of a company?
(19) **A. I don't believe so.**
(20) **Q.** Okay. What is your current occupation?
(21) **A. I'm retired.**
(22) **Q.** Okay. And I'd like to go over your
(23) educational background, starting with high school.
(24) **A. Edina.**
(25) **Q.** What year?

Page 10

(1) **A. '59.**
(2) **Q.** And what did you do with respect to your
(3) education after that?
(4) **A. University of Minnesota.**
(5) **Q.** And did you graduate from the U?
(6) **A. I did not.**
(7) **Q.** Okay. Was there a particular area that you
(8) studied?
(9) **A. Journalism and business, I guess.**
(10) **Q.** Did you have any other schooling after
(11) that?
(12) **A. No.**
(13) **Q.** What time period was that, that you went to
(14) the U?
(15) **A. Oh, '59 to about '65.**
(16) **Q.** How about other studies in which you may
(17) get licensure or management training and that type
(18) of things, have you done that?
(19) **A. No.**
(20) **Q.** So if I remember -- well, you were in the
(21) brokerage industry. Did you have to get licensure
(22) for that?
(23) **A. I did.**
(24) **Q.** Did you have to study to pass whatever
(25) exams they had?

Page 11

(1) **A. At the time that I did it, it was pretty**
(2) **easy to do.**
(3) **Q.** Okay. Have you ever had any educational
(4) courses on corporate governance?
(5) **A. No.**
(6) **Q.** Starting after 1959, can you describe your
(7) employment history?
(8) **A. Naegele Outdoor Advertising, '59, '60 to**
(9) **'62 or three, somewhere in there. And then I worked**
(10) **part time, while I was going to the University, for**
(11) **a parking lot operation in downtown Minneapolis**
(12) **called Smith Brothers.**
(13) **Q.** And how about after Naegele?
(14) **A. That's what I did. I left Naegele to go to**
(15) **work for Smith Brothers.**
(16) **Q.** How long were you with Smith Brothers?
(17) **A. Three years.**
(18) **Q.** Then what?
(19) **A. Miller & Schroeder.**
(20) **Q.** And what year did you join
(21) Miller & Schroeder?
(22) **A. The year they started. You probably know**
(23) **that better than I do.**
(24) **Q.** Does 1967 sound right, around there?
(25) **A. Yeah. I think it's earlier than that,**

Page 12

(1) **but --**
(2) **Q.** What did you do for Naegele Outdoor?
(3) **A. Oh, I ran their print shop.**
(4) **Q.** And I presume that the parking lot job, you
(5) were involved in running a parking lot?
(6) **A. Parking cars at Charlie's Cafe for tips.**
(7) **Q.** When you started at Miller & Schroeder,
(8) what was your position?
(9) **A. Oh, clerical, I guess.**
(10) **Q.** And what --
(11) **A. I just made the coffee and opened the**
(12) **office, kept the books. Kind of anything there was**
(13) **to do.**
(14) **Q.** How many people were at Miller & Schroeder
(15) at that time?
(16) **A. Three.**
(17) **Q.** Was it you and Miller and Schroeder?
(18) **A. That's it.**
(19) **Q.** And how long did you work in a clerical
(20) role?
(21) **A. Little over a year, probably.**
(22) **Q.** And then what changed?
(23) **A. I got licensed and started selling**
(24) **municipal bonds to banks.**
(25) **Q.** And what was your job title at that time?

Page 13

(1) **A. Salesman, I suppose.**
(2) Q. And we're talking in the late '60s here?
(3) **A. Yeah, '68, '69, somewhere in there.**
(4) Q. And how long was your role limited to
(5) sales?
(6) **A. God, I don't know. I don't know. I mean,**
(7) **until the day I left I was selling things to people.**
(8) **Do you know what I'm saying?**
(9) Q. Did you take on more responsibilities,
(10) after you became a salesman in the late '60s?
(11) **A. Yeah. Probably early '70s, '71, '72, with**
(12) **some expansion underway.**
(13) Q. How did your job change at that time?
(14) **A. Well, we began underwriting municipal**
(15) **bonds.**
(16) Q. What was your title at that time?
(17) **A. Vice president.**
(18) Q. And how had the company grown at that time,
(19) in terms of employees?
(20) **A. I don't know. I mean, there may have been**
(21) **three or four salesmen, five salesmen, something**
(22) **like that.**
(23) Q. When you started doing the expansion in the
(24) early '70s, did you have an ownership interest in
(25) the company?

Page 14

(1) **A. Yeah. I think in the late '60s I think I**
(2) **ended up buying a percentage of the company.**
(3) Q. Okay. You said you were a vice president.
(4) Was it a vice president of something or just vice
(5) president?
(6) **A. I think just vice president.**
(7) Q. Okay. And how did your -- I'm trying to
(8) track your job titles and your duties, how they
(9) changed over time. So what would be next?
(10) **A. God, I mean, it doesn't -- if I can**
(11) **remember all that I should -- whatever. I don't**
(12) **know.**
(13) **MR. RICKE:** I'm going to object to the
(14) form of the question. What time period are you --
(15) it's vague. What time period are we talking about
(16) now?
(17) **MR. BURTON:** Well, I'm just trying to
(18) track how things have changed over time for
(19) Mr. Wikner at Miller & Schroeder. He's told me
(20) sometime in the early '70s he was a vice president
(21) and engaged in underwriting, and there was some
(22) expansion. I'm just trying to track --
(23) **MR. RICKE:** Okay.
(24) **MR. BURTON:** -- time periods where things
(25) changed.

Page 15

(1) **THE WITNESS:** So right now we're talking
(2) about the mid-'70s?
(3) **MR. BURTON:** I think.
(4) **THE WITNESS:** Mid-'70s. Again, we began
(5) underwriting more municipal bonds, more industrial
(6) bonds; hospitals, nursing homes. And my role
(7) expanded probably from sales to underwriting. By
(8) the late '70s, I was probably doing more
(9) underwriting than selling. By the early '80s, we
(10) were doing -- I don't know. We were doing a little
(11) mortgage banking, doing a lot of consulting. We had
(12) become kind of a specialty operation of sort of
(13) hybrid municipal bonds. We did a lot of refinancing
(14) programs for cities and counties and whatever.
(15) And we opened an office in California in
(16) the early '70s, I guess that's when Iverson joined
(17) us, and I began working with him and with their
(18) contacts that they had in California a lot, probably
(19) for the next ten years. By the '90s --
(20) **BY MR. BURTON:**
(21) Q. I was going to say, that gets you to about
(22) the '90s?
(23) **A. Yeah. We did a lot of -- we did a lot of**
(24) **real estate programs. We raised a lot of equity**
(25) **money. That all changed with the tax bill in '87.**

Page 16

(1) **'87, a lot of housing projects. Still were doing a**
(2) **lot of tax exempt stuff, up until about '87 or '88,**
(3) **then we had to become something more of a -- not an**
(4) **investment bank, but a mortgage banker, which we**
(5) **did. We always had a nice relationship with Country**
(6) **Banks, and we just expanded on that.**
(7) **Starting in the early '90s, we started**
(8) **doing indian gaming financing. And a large portion**
(9) **of our business, right up until the time I left,**
(10) **was, we were involved with gaming finance, both**
(11) **indian and non-indian. There was still the**
(12) **municipal bonds business, there was still the**
(13) **mortgage banking business, but I think the gaming**
(14) **was probably where we were focusing.**
(15) Q. Do you recall when it was that you were
(16) physically asked to execute a Noncompete Agreement?
(17) **A. For what, this?**
(18) Q. For the business of Miller & Schroeder.
(19) **A. No, I don't.**
(20) Q. It's my understanding that you have been
(21) either a whole owner or a partial owner of
(22) businesses over the years. And aside from Miller &
(23) Schroeder, I was curious if you could identify some
(24) of the businesses in which you have an ownership
(25) interest?

Page 17

(1) **A. Now?**
(2) Q. Let's just say from 1980 on.
(3) **A. Which I -- that's what I'm asking. Do I**
(4) **have an interest now?**
(5) Q. From 1980 onward, that you had a business
(6) ownership interest in at any time. I'm not talking
(7) about stocks in your accounts.
(8) **A. God. I mean, the only one I still have an**
(9) **interest in is Executive Aviation out of Flying**
(10) **Cloud. I don't think I own anything, any other**
(11) **businesses or any parts of businesses. My wife and**
(12) **I own the business. She owns 51, I own 49.**
(13) Q. That's Executive Aviation?
(14) **A. Yeah. There's two aviation companies;**
(15) **Executive Aviation and Aviation Charter. And we**
(16) **have another company called NAVAIR, N-A-V-A-I-R,**
(17) **that's a freight company that I think -- I think I**
(18) **own all of that myself.**
(19) Q. Since 1980, have you been a member of a
(20) Board of Directors of a company, aside from
(21) Miller -- the Miller & Schroeder entities and the
(22) three ones that you just mentioned? And I also am
(23) aware that you were on the board of, you just
(24) mentioned it a minute ago, Virtual Funds?
(25) **A. Yeah.**

Page 18

(1) Q. Are there any others?
(2) **A. I don't think so. Yeah, I don't think so.**
(3) Q. As to the Miller & Schroeder entity, you
(4) stated that you believe you first became a
(5) shareholder in the '60s; is that correct?
(6) **A. Yeah, late '60s, as I recall.**
(7) Q. Do you recall the circumstances of that?
(8) **A. Well, they offered me some stock and I**
(9) **bought it.**
(10) Q. And over time, did you add to your
(11) ownership interest?
(12) **A. I did.**
(13) Q. Can you describe for me those events where
(14) you added stock?
(15) **A. Well, I went from 10 to 25 to 49. When I**
(16) **did that, I don't remember.**
(17) Q. So your initial ownership in the '60s was
(18) about 10 percent?
(19) **A. About 10 percent, yeah.**
(20) Q. And that's in Miller & Schroeder, Inc.;
(21) correct?
(22) **A. God, I mean, that name changed so many**
(23) **times, and there was so many -- whatever it was**
(24) **called in those days, and that's all there was, was**
(25) **the one company, so it was in that company.**

Page 19

(1) Q. When did you first become a director of
(2) that company?
(3) **A. Boy, I don't know, middle '70s, I think.**
(4) **Not right away, but maybe the middle '70s.**
(5) Q. And it sounds to me as though you became an
(6) officer in the '70s also when you became a vice
(7) president; is that right?
(8) **A. Yeah. I think when I bought stock, I think**
(9) **they gave me a vice president, so it's probably**
(10) **early '70s, somewhere in there.**
(11) Q. Do you recall the circumstances as to how
(12) you went from 10 to 25 percent ownership, what was
(13) going on with the company at that time?
(14) **A. No. I mean, I just --**
(15) Q. Did somebody sell their stock to you?
(16) **A. Well, Miller and Schroeder did.**
(17) Q. They just sold more stock to raise you up
(18) to 25 percent?
(19) **A. Yeah. I think they actually -- well, I**
(20) **shouldn't say. I don't know what they did, or**
(21) **remember what they did. They went down and I went**
(22) **up, and I bought some. Iverson bought some stock at**
(23) **the same time.**
(24) Q. And how about with respect to the 49, going
(25) to 49 percent, do you recall what the circumstances

Page 20

(1) were then?
(2) **A. Yeah, Schroeder retired and Iverson and I**
(3) **bought him out.**
(4) Q. Do you recall about when that was?
(5) **A. Yeah, it was probably in the early '90s.**
(6) Q. Generally, with respect to compensation at
(7) Miller & Schroeder, were you always paid a salary of
(8) some sort? I'm not going to ask you about the
(9) numbers, I'm just curious, was it always a salary
(10) component?
(11) **A. No. I mean, initially there was a very**
(12) **small salary, but that changed to a commission for a**
(13) **period of time, and then I think after that there**
(14) **was a salary and a bonus, typically.**
(15) Q. Do you recall when you first executed any
(16) Employment Agreement or Noncompetition Agreement
(17) with the company?
(18) **A. No.**
(19) Q. Can you take a look at what's been marked
(20) as Exhibit 1, if you can take a minute to look at
(21) that?
(22) **A. (Witness complies.)**
(23) Q. And the question to you will be, do you
(24) recognize this as an Employment Agreement that you
(25) executed with the company?

Page 21

(1) **A. Well, can I look for my signature, is that**
(2) **what I do? Yeah. Yes, I would answer that.**
(3) **Q.** Okay. And this is dated November 1 of
(4) 1985. And my question is, do you recall how it came
(5) to be that you were presented with this?
(6) **A. Yeah. I think this is at the time when**
(7) **USF&G was becoming an investor in our company, and**
(8) **this was something they wanted.**
(9) **Q.** If you would look at page 9?
(10) **A. (Witness complies.) Okay.**
(11) **Q.** It has a section, Confidentiality And
(12) Non-Competition. Do you see that?
(13) **A. Yes, I do.**
(14) **Q.** And when you signed this, you were aware
(15) that this agreement would limit your ability to use
(16) trade secrets and proprietary information after your
(17) employment?
(18) **MR. RICKE:** If you want to take a look at
(19) Section 3 you can, but --
(20) **A. You know what, this was given to us about**
(21) **30 seconds before we closed, and it was a big**
(22) **surprise, you know, nobody knew this was coming. I**
(23) **don't think at the time I ever read this.**
(24) **BY MR. BURTON:**
(25) **Q.** Okay.

Page 22

(1) **A. I don't know why I'd want to read it today,**
(2) **to be honest.**
(3) **Q.** But this is a true and accurate copy of the
(4) Employment Agreement that you signed, Employment
(5) Contract I should say?
(6) **A. Yeah.**
(7) **Q.** Did you say yeah?
(8) **A. I don't know that I can --**
(9) **MR. RICKE:** I'll object to the form of the
(10) question. If you know.
(11) **THE WITNESS:** I don't know that. How
(12) would I know that?
(13) **BY MR. BURTON:**
(14) **Q.** Well --
(15) **A. I mean, this is something you pulled from a**
(16) **file somewhere.**
(17) **Q.** This was in your employment file. It was
(18) also in the due diligence files for the transaction
(19) with M&I Acquisition. Do you have any reason to
(20) believe that this is not the Employment Contract
(21) that you signed?
(22) **A. No, I don't.**
(23) **Q.** Do you know how long this agreement
(24) remained in place?
(25) **A. I would have thought until the time we**

Page 23

(1) **bought them out of the company, we retired their**
(2) **stock, '91, 2, 3, somewhere in there, and they were**
(3) **gone.**
(4) **Q.** Are you referring to USF&G?
(5) **A. Uh-huh.**
(6) **MS. REPORTER:** Would that be yes?
(7) **THE WITNESS:** Yes.
(8) **BY MR. BURTON:**
(9) **Q.** Do you recall if this was a standard
(10) agreement that the company used?
(11) **A. I don't.**
(12) **Q.** I just want to be clear, you don't recall
(13) whether it was standard or not?
(14) **A. I do not.**
(15) **MR. RICKE:** Object to the question as
(16) vague. Are you talking -- when you refer to the
(17) "company," are you referring to Miller & Schroeder
(18) or are you referring to USF&G?
(19) **MR. BURTON:** Two things. I'm referring to
(20) Miller & Schroeder. I want to be careful. When I
(21) refer to Miller & Schroeder, I'm also referring to
(22) the financial -- financial and investment, because
(23) this is all an agreement with Miller & Schroeder
(24) Financial.
(25) **MR. RICKE:** Is the question if this was a

Page 24

(1) standard form of Miller & Schroeder?
(2) **MR. BURTON:** And its subsidiary.
(3) **MR. RICKE:** And its subsidiary. If you
(4) know.
(5) **THE WITNESS:** I don't know that.
(6) **BY MR. BURTON:**
(7) **Q.** When you signed this, did you believe that
(8) it was an enforceable agreement?
(9) **A. I don't know. I'm not a --**
(10) **MR. RICKE:** Object, calls for a legal
(11) conclusion. If you know.
(12) **BY MR. BURTON:**
(13) **Q.** I'm asking -- yeah --
(14) **A. I don't -- I don't know that, no.**
(15) **Q.** I'd like to focus on the beginning of 1997,
(16) and the months before the Miller, excuse me, the M&I
(17) Acquisition transaction. What percent of Miller &
(18) Schroeder did you own on January 1 of '97?
(19) **A. Should have been 49.**
(20) **Q.** It's roughly 49; correct?
(21) **A. Yeah.**
(22) **Q.** We've already discussed how you acquired
(23) those shares. Can you take a look at Exhibit 2?
(24) **A. (Witness complies.)**
(25) **Q.** Is that -- this may or may not be a

Page 25

(1) document that you recall ever seeing. Do you recall
(2) ever seeing this document?
(3) **A. I don't.**
(4) Q. Okay. If you'd look at page 3?
(5) **A. (Witness complies.) Okay.**
(6) Q. The paragraph at the top that starts with
(7) a). It states that there were 3,000,000 shares of
(8) common stock of which 990,625 shares are issued, and
(9) then it states that you owned 482,812.5 shares?
(10) **A. Okay.**
(11) Q. Does that seem right to you?
(12) **A. I don't know. I mean, I -- that's not a**
(13) **number I ever focused on.**
(14) Q. Okay. It states that the other
(15) shareholders were Mr. Erickson. Is that Steve
(16) Erickson?
(17) **A. Yes.**
(18) Q. And the other is Mr. Iverson. Does that
(19) seem correct to you, that you three were the
(20) shareholders?
(21) **A. We were.**
(22) Q. Were there some limitations placed on
(23) Mr. Erickson's rights as a shareholder?
(24) **A. I don't believe so.**
(25) Q. Can you look at the next document?

Page 26

(1) **A. Three?**
(2) Q. Yes. It's a Voting Trust Agreement. And
(3) are you familiar with this document?
(4) **MR. RICKE:** Do you want to take a minute
(5) to look at it?
(6) **THE WITNESS:** I mean, again, whatever.
(7) **MR. RICKE:** The question -- yeah, the
(8) question is --
(9) **THE WITNESS:** Am I familiar.
(10) **MR. RICKE:** -- whether you're familiar
(11) with it.
(12) **A. No.**
(13) **BY MR. BURTON:**
(14) Q. Is that your signature on page 13?
(15) **A. Well, let's see, 40, 50. I'm in the next**
(16) **document, sorry about that. Thirteen, yes.**
(17) Q. Do you have any recollection about the
(18) circumstances relating to this Voting Trust
(19) Agreement?
(20) **A. No, not really.**
(21) Q. Do you have any recollection of ever
(22) meeting to discuss the voting of shares belonging to
(23) Mr. Erickson?
(24) **A. No.**
(25) Q. How did the concept of selling your shares

Page 27

(1) in Miller & Schroeder come about?
(2) **A. When?**
(3) **MR. RICKE:** Object to the question as
(4) vague. Are you talking about the transaction that
(5) ultimately occurred in July of 1997?
(6) **MR. BURTON:** Yes.
(7) **MR. RICKE:** So --
(8) **BY MR. BURTON:**
(9) Q. I want to -- just so we're clear, I want to
(10) back up. If you were looking at avenues to sell
(11) your shares earlier than that, I want to explore
(12) that, but I -- I'm interested in how this whole
(13) transaction with M&I Acquisition came to be.
(14) **MR. RICKE:** Okay. So --
(15) **MR. BURTON:** But we can go off the record
(16) for a second.
(17) **(Discussion held off the record.)**
(18) **MR. BURTON:** We can go back on.
(19) **BY MR. BURTON:**
(20) Q. How did it come about that you came to sell
(21) your shares to M&I Acquisition?
(22) **A. Well, very simply, they paid for them. I**
(23) **mean, we attended a closing, and they wrote a check,**
(24) **and I sold my shares. It started with Jim Dlugosch,**
(25) **actually, back in January of that year, when he left**

Page 28

(1) **Miller & Schroeder, he told me, at that time, that**
(2) **he was going to buy or start a securities firm, and**
(3) **approached me again maybe a month later wanting to**
(4) **know if Miller & Schroeder would be for sale. And I**
(5) **told him at that time, no, and I didn't have any**
(6) **intention of selling. I was happy with what I did**
(7) **and loved the work.**
(8) **He then approached Iverson out in**
(9) **California, and worked out some kind of transaction**
(10) **with him, whereby he would maybe buy all of**
(11) **Iverson's stock, or some part of his stock. And**
(12) **when Iverson told me that, I said, I'm not**
(13) **interested in being a partner with this guy, I mean,**
(14) **I'm not, so he has to buy us out. And I honestly**
(15) **didn't think he would ever do that. I didn't think**
(16) **he could raise the money from anywhere to be able to**
(17) **do the transaction.**
(18) **But to keep Iverson happy, and to kind of**
(19) **flush this out and have it go away once and for all**
(20) **and not linger and -- you know, this went on from I**
(21) **suppose April, maybe even earlier, March, April, in**
(22) **there, with employees -- I mean, employees knowing**
(23) **that someone was trying to buy the company, and it**
(24) **was very disruptive. Nonetheless, business was vr**
(25) **good, and we were happy. I went to the closing.**

Page 29

(1) **did not realize that it was going to take place.**
(2) **Q.** The closing of the sale to the Dlugosch
(3) group?
(4) **A. Yeah, the Dlugosch group.**
(5) **Q.** So --
(6) **A. I never intended to sell. I wasn't looking**
(7) **for anybody to buy the company. I didn't plan to**
(8) **sell. That wasn't what I wanted to do at all. Our**
(9) **business was great. We had a very bright future.**
(10) **What we were doing was very productive and very**
(11) **profitable. You know, I was making a million**
(12) **dollars a year out of this business. It was pretty**
(13) **hard to part with, if you know what I was saying. I**
(14) **had always been in charge. I was in charge. Why**
(15) **would I want my life to change?**
(16) **Q.** Right.
(17) **A. I wasn't looking for new partners either.**
(18) **So -- well, I had a lot of respect for Dlugosch, and**
(19) **a lot of things he had done with us in other places.**
(20) **It was just hard to see myself working with him, if**
(21) **you know what I'm saying.**
(22) **Q.** Right. With respect to the negotiations
(23) for the stock purchase, how involved were you in
(24) those?
(25) **A. With who?**

Page 30

(1) **Q.** The other side, the Dlugosch side.
(2) **A. Almost not at all. We had a purchase**
(3) **price, and if they met it, we'd sell them the**
(4) **company. We got to the point where after delays and**
(5) **after nothing seeming to happen, I just said,**
(6) **July 31st is it. If we don't close, we're going to**
(7) **go on with life. And Iverson had agreed with me.**
(8) **If we couldn't do it at that time, he wouldn't sell**
(9) **his portion to him. So July 31st was the date.**
(10) **Q.** How was the purchase price derived?
(11) **A. God, you know, I don't remember that.**
(12) **Q.** Do you recall what the purchase price was
(13) for all the shares?
(14) **A. Roughly 15,000,000, I think.**
(15) **Q.** Did you consult with anybody about the
(16) pricing of the stock, the set price?
(17) **A. The sale price?**
(18) **Q.** Did you consult with anybody about what you
(19) should sell your stock for, what price you should
(20) sell your stock for?
(21) **A. No.**
(22) **Q.** As you were negotiating the transaction,
(23) and I think you may have already answered this
(24) question, was it contemplated that you would
(25) actually remain employed by the company?

Page 31

(1) **A. No, no, that was not -- I wasn't going to**
(2) **stay there. That was never a question.**
(3) **Q.** Did you envision yourself having any role
(4) with the company after the closing?
(5) **A. Not really.**
(6) **Q.** Can you take a look at what's been marked
(7) as Exhibit 4?
(8) **A. (Witness complies.)**
(9) **Q.** And tell me if you recognize that letter?
(10) **A. I don't recognize it. I mean, I --**
(11) **MR. RICKE:** Just a, you know, a yes or no.
(12) **THE WITNESS:** No, I don't recognize it.
(13) **BY MR. BURTON:**
(14) **Q.** Can you take a look at it and read it for
(15) me because I want to ask you some questions.
(16) **A. (Witness complies.) Okay. I've got the**
(17) **sense of it.**
(18) **Q.** Does it seem to match your recollection,
(19) that Mr. Dlugosch was making an offer in February of
(20) 1997?
(21) **A. I thought it was later than February. But**
(22) **as I say, it bounced around. I mean, he kind of**
(23) **made some verbal offers. I'm surprised it was this**
(24) **early. This letter isn't signed either, is it?**
(25) **Q.** I believe it is.

Page 32

(1) **A. My copy isn't.**
(2) **MR. RICKE:** Our copies -- it's not signed.
(3) **THE WITNESS:** It's not signed by anybody.
(4) **BY MR. BURTON:**
(5) **Q.** Are you looking at No. 4?
(6) **A. Yeah. One, two, three, four,**
(7) **February 18th, 1997.**
(8) **Q.** Okay.
(9) **A. Your's is signed?**
(10) **Q.** I may have a different letter.
(11) **A. Aren't we looking at 4? This is it right**
(12) **here.**
(13) **Q.** There's a 4A, I'm sorry.
(14) **A. Oh, okay. This isn't --**
(15) **MR. BURTON:** Do you have it, Larry?
(16) **THE WITNESS:** You're at --
(17) **MR. RICKE:** Yeah, let's take a look.
(18) **MR. BURTON:** I'm sorry.
(19) **MR. RICKE:** Maybe you want to reask that
(20) previous question with respect to this letter, now
(21) that we're looking at the same one.
(22) **MR. BURTON:** Yeah.
(23) **BY MR. BURTON:**
(24) **Q.** All right. I'd like the record to reflect
(25) that I was referring to what I have marked as

Page 33

(1) Exhibit 4, and the witness and his attorney were
(2) looking at what I have marked as 4A, I believe, so
(3) I'm going to restart my questioning on Exhibit 4 and
(4) ask Mr. Wikner if he recognizes that letter?
(5) **A. I don't.**
(6) **Q.** Okay. And have you had a chance to review
(7) that letter now?
(8) **A. I have.**
(9) **Q.** Does it match your recollection that
(10) Mr. Dlugosch was making an offer in February of '98,
(11) excuse me, '97?
(12) **A. Again, I don't recall that he made an offer**
(13) **in February of '97. It's much later than that, it**
(14) **seems to me, but --**
(15) **MR. RICKE:** I'm going to object, in that
(16) it calls for speculation on the part of the witness.
(17) And, I mean, if after you review this letter your
(18) recollection is refreshed that he made that and you
(19) recall that an offer was made in '97, that's fine.
(20) **THE WITNESS:** An offer was made in '97?
(21) **MR. RICKE:** In February of '97.
(22) **THE WITNESS:** Could have been.
(23) **MR. RICKE:** If you recall that, but you
(24) don't have to speculate.
(25) **THE WITNESS:** Okay.

Page 34

(1) **BY MR. BURTON:**
(2) **Q.** Do you recall Mr. Dlugosch making an offer
(3) to buy the company for $16,400,000?
(4) **A. No.**
(5) **Q.** Do you recall -- well, strike that. In
(6) this letter, which you don't recall receiving,
(7) Mr. Dlugosch is talking about there being an element
(8) of seller financing in the transaction. That did
(9) not ultimately occur, did it?
(10) **A. It did not.**
(11) **Q.** Do you recall whether a consulting
(12) agreement was going to be part of the purchase price
(13) of the stock?
(14) **A. I don't.**
(15) **Q.** You don't recall?
(16) **A. A consulting agreement for me?**
(17) **Q.** Yes.
(18) **A. I don't believe so.**
(19) **Q.** Can you take a look at 4A?
(20) **A. Okay. (Witness complies.)**
(21) **Q.** And I believe you already testified that
(22) you don't recall seeing this document; is that
(23) correct?
(24) **A. I don't.**
(25) **Q.** Do you recall any discussions during the

Page 35

(1) early part of 1997 about how a Consulting Agreement
(2) or noncompete would factor into the purchase?
(3) **A. No, I don't.**
(4) **Q.** Can you take a look at Exhibit 5?
(5) **A. (Witness complies.) Okay.**
(6) **Q.** Do you recall receiving this letter from
(7) Mr. Dlugosch?
(8) **A. No, I don't.**
(9) **Q.** Okay. The second paragraph of this letter
(10) states that "The new agreement addresses the issues
(11) raised in your earlier rejection of the terms of the
(12) previous proposal." Does that refresh your
(13) recollection as to any dialogue that you may have
(14) been having with Mr. Dlugosch about the sale of the
(15) stock?
(16) **A. No.**
(17) **Q.** And attached to the letter was a draft of a
(18) Stock Purchase Agreement. Do you recall that
(19) document at all?
(20) **A. No, I don't.**
(21) **Q.** If you'd take a look at page 13 of that
(22) proposed Stock Purchase Agreement?
(23) **A. Okay. (Witness complies.)**
(24) **Q.** The Section 5.6 there states that it was --
(25) prior to closing that the seller would pay notes and

Page 36

(1) advances owed to the company or any subsidiary.
(2) Does that refresh your recollection at all about
(3) discussions you may have been having with
(4) Mr. Dlugosch?
(5) **A. No, not really.**
(6) **Q.** Do you remember having any discussions with
(7) him in February or so of 1997 about the repayment of
(8) obligations to the company?
(9) **A. No.**
(10) **Q.** Can you take a look at Exhibit 6?
(11) **A. (Witness complies.)**
(12) **Q.** This is a document that was produced by
(13) your attorney, from your attorney's file for the
(14) transaction. Are you familiar with the notes that
(15) are on that page at all?
(16) **A. No.**
(17) **Q.** Do you recall the word sham ever being used
(18) to describe the noncompete or other
(19) employment-related agreements?
(20) **A. No, I do not. Where do you see that?**
(21) **Q.** It says Iverson at the top there, to the
(22) right of that.
(23) **A. No, I don't know. I've -- I've never seen**
(24) **that.**
(25) **Q.** Isn't it true that the noncompete and other

Page 37

(1) employment-related agreements were included in the
(2) transaction as a way to get more of the purchase
(3) price of the stock to you?
(4) **A. To get more to me?**
(5) Q. To finance the stock.
(6) **A. Well, no, I don't think so. They always**
(7) **had wanted a noncompete.**
(8) **MR. RICKE:** You've answered the question.
(9) He asked a yes or no.
(10) **THE WITNESS:** Okay.
(11) **BY MR. BURTON:**
(12) Q. What were your intentions after this
(13) closed, what were you going to do?
(14) **A. I didn't know. Again, I didn't plan on it**
(15) **closing. I left the closing and got in my car and**
(16) **drove home and never went back.**
(17) Q. Can you take a look at the next exhibit,
(18) which is marked as Exhibit 7?
(19) **A. Okay. (Witness complies.)**
(20) Q. This is a document which I believe was
(21) produced by your attorney from your attorney's files
(22) and not related to this transaction.
(23) **A. This is also unsigned.**
(24) Q. Right. I believe this is a draft. My
(25) question to you is, do you recall ever seeing

Page 38

(1) anything like this Consulting Agreement being
(2) floated around as you were negotiating the stock
(3) purchase?
(4) **A. No, I don't.**
(5) Q. Ultimately you received a Noncompete
(6) Agreement and not a Consulting Agreement though; is
(7) that correct?
(8) **A. I think that's correct, yeah.**
(9) Q. Can you take a look at Exhibit 8?
(10) **A. (Witness complies.)**
(11) Q. Do you recall ever seeing this letter?
(12) **A. No.**
(13) Q. You said no?
(14) **A. No, I did not. I do not.**
(15) Q. Morris Sherman was your attorney?
(16) **A. He was.**
(17) Q. And did he usually send you copies of
(18) correspondence?
(19) **MR. RICKE:** Objection, calls for
(20) speculation. I mean, if you know, Roger.
(21) **THE WITNESS:** I don't know.
(22) **BY MR. BURTON:**
(23) Q. This letter references Consulting
(24) Agreements for you and Mr. Iverson. Does that
(25) refresh your recollection that in and around -- in

Page 39

(1) or around May of '97 that the discussion was for a
(2) Consulting Agreement?
(3) **A. No, it doesn't reflect my whatever, no.**
(4) Q. Thank you. Can you take a look at the next
(5) document, which is Exhibit 9?
(6) **A. (Witness complies.) Okay. I'm on 10,**
(7) **sorry.**
(8) Q. Do you recall ever seeing this letter?
(9) **A. No, I don't.**
(10) Q. And this again is a letter to your attorney
(11) at Leonard, Street & Deinard, purports to be that?
(12) **A. Yes.**
(13) Q. And this is dated June 12th of 1997. And
(14) in that letter it discusses a Consulting Agreement
(15) for you. Does that refresh your recollection at all
(16) about the discussions as to a Consulting Agreement
(17) versus a Noncompetition Agreement?
(18) **A. No.**
(19) Q. Can you take a look at Exhibit 10?
(20) **A. (Witness complies.)**
(21) Q. Do you recall ever seeing this letter?
(22) **A. No.**
(23) Q. And this letter is dated June 19th of 1997
(24) and references now a Noncompetition Agreement for
(25) you. Does that refresh your recollection, sorry,

Page 40

(1) refresh your recollection at all as to discussions
(2) in June of 1997?
(3) **A. No.**
(4) **MR. BURTON:** Do you guys mind if we take
(5) about a five-minute break?
(6) **MR. RICKE:** No.
(7) **THE WITNESS:** That would be good. I
(8) wouldn't mind doing that.
(9) (10:15) **(Recess taken from 10:10 a.m. to**
(10) **a.m.)**
(11) **MR. BURTON:** Are you guys ready?
(12) **THE WITNESS:** Yes.
(13) **MR. RICKE:** Sure.
(14) **BY MR. BURTON:**
(15) Q. Mr. Wikner, can you take -- can you look at
(16) what has been marked as Exhibit 11, please?
(17) **A. (Witness complies.) Okay. Yes.**
(18) Q. Okay. My question to you is, if you know,
(19) does it appear to be the final Stock Purchase
(20) Agreement and a portion of some of the schedules
(21) that were part of that transaction?
(22) **A. Appears to be.**
(23) Q. Now, on the front page, the Agreement is
(24) dated June 20, 1997, effective June 1, 1997. Do you
(25) see that?

Page 41

(1) **A. Yes, I do.**
(2) **Q.** This was actually signed at the end of July
(3) of '97; correct?
(4) **A. Well, let's look.**
(5) **Q.** I don't know that the signature pages
(6) have --
(7) **A. They don't.**
(8) **Q.** -- dates.
(9) **MR. RICKE:** If you recall, Roger.
(10) **THE WITNESS:** I don't recall.
(11) **BY MR. BURTON:**
(12) **Q.** If you'd look right after those signature
(13) pages, there's a Noncompetition Agreement, it's
(14) dated July 31st of '97. Do you see that?
(15) **A. I think I have it, yes.**
(16) **Q.** Does that refresh your recollection at all
(17) as to when the Stock Purchase Agreement was signed?
(18) **A. No. Whatever. No. I mean, I remember the**
(19) **agreement was signed on the 31st, I think.**
(20) **MR. RICKE:** Which agreement, the
(21) Noncompetition Agreement or --
(22) **THE WITNESS:** I don't know. Let's look
(23) and see. There's no dates on that either. This --
(24) **BY MR. BURTON:**
(25) **Q.** When do you think the Stock Purchase

Page 42

(1) Agreement was actually signed?
(2) **A. I think the 31st.**
(3) **Q.** Of July?
(4) **A. July, yeah, at the closing.**
(5) **Q.** Okay. I'd like to go to after the Table of
(6) Contents, there's a -- it says Stock Purchase
(7) Agreement at the top of the page. Do you see that?
(8) **A. After -- okay. First page after the Table**
(9) **of Contents. Okay. Got it.**
(10) **Q.** And the first paragraph after WITNESSETH it
(11) states the names of the sellers, including you, and
(12) the respective shares owned. Do you see that?
(13) **A. Yes, I do.**
(14) **Q.** And do you believe that those share numbers
(15) are correct?
(16) **A. I guess so. I don't -- that isn't a number**
(17) **that was in my head, if you know what I'm saying.**
(18) **We'll assume it's correct, I guess.**
(19) **Q.** Okay. If you could turn to page 3 of the
(20) agreement.
(21) **A. Okay. (Witness complies.)**
(22) **Q.** And I'm looking at Section 2.1. I just
(23) want to make sure that I'm clear on this. This
(24) stock sale was of all of the stock of the company
(25) being purchased by M&I Acquisition?

Page 43

(1) **A. That's correct.**
(2) **Q.** And Section 2.2 sets forth the basic
(3) purchase price of $15,000,000. Do you see that?
(4) **A. I do.**
(5) **Q.** Does that match your recollection?
(6) **A. Yes.**
(7) **Q.** But if you turn the page there, there were
(8) going to be adjustments to that purchase price. And
(9) I'm not going to walk through that section. But
(10) does that match your recollection that there was
(11) going to be a benchmark date and a later date maybe
(12) if there could be a purchase?
(13) **A. It wasn't based on company performance.**
(14) **Q.** What was it based on?
(15) **A. The value of the assets.**
(16) **Q.** Okay. But essentially there were going to
(17) be a couple of dates, and they'd compare the value
(18) of the assets then, on those dates, and there could
(19) be an adjustment to the purchase price?
(20) **A. That's true.**
(21) **Q.** Can you take a look at page 11?
(22) **A. (Witness complies.)**
(23) **Q.** I'm looking at Article 5, and it appears to
(24) me that the sellers of this stock agree to some
(25) restrictions on the conduct of the business of

Page 44

(1) Miller & Schroeder and its subsidiary. Does that
(2) match your recollection of Section 5 to you?
(3) **MR. RICKE:** Object to the question. The
(4) document speaks for itself, but --
(5) **THE WITNESS:** That's right.
(6) **MR. RICKE:** Roger, if you recall.
(7) **A. I don't recall.**
(8) **BY MR. BURTON:**
(9) **Q.** Okay. If you'd look at the next page.
(10) **A. (Witness complies.)**
(11) **Q.** There's a number of things that are listed
(12) alphabetically from (a) to (m) onto the next page,
(13) and it's prefaced that seller -- that the sellers
(14) will ensure that neither the company nor any
(15) subsidiary will, without the prior written consent
(16) of buyer, do these things. Do you recall agreeing
(17) to these restrictions on the company?
(18) **A. No, I don't.**
(19) **Q.** At the bottom of page 13 there's a
(20) paragraph that starts, notwithstanding, discussing
(21) that the company may -- that the sellers may
(22) purchase country club memberships. Do you recall
(23) that being discussed?
(24) **A. No.**
(25) **Q.** Did you -- well, we'll get into that a

Page 45

(1) little bit later. And it also discusses that you
(2) could purchase certain insurance policies. Do you
(3) recall any discussions relating to that?
(4) **A. No.**
(5) **Q.** At the top of page 14 there's a mention
(6) that the company may purchase for Wikner, for an
(7) amount not to exceed $75,000, certain term life
(8) insurance. I'm sorry, term insurance on his life.
(9) Do you recall any discussions relating to that?
(10) **A. No.**
(11) **Q.** Do you know if the company did in fact buy
(12) that insurance for you?
(13) **A. I do not.**
(14) **Q.** Section 5.2 addresses giving the buyers
(15) access to information. Do you recall discussing
(16) about allowing them to access the company's
(17) information?
(18) **A. No. I mean, I don't recall a meeting where**
(19) **we talked -- no. No, I don't.**
(20) **Q.** In Section 5.5 it addresses the repayment
(21) of amounts owed by the sellers to the company. Do
(22) you see that?
(23) **A. I do.**
(24) **Q.** It says, "Each Seller shall at or prior to
(25) the Closing pay the full amount of principal and

Page 46

(1) interest on his outstanding notes and advances owed
(2) to the Company or any Subsidiary." My question is,
(3) at or prior to closing, did you repay the amount
(4) that you owed to the company?
(5) **A. I believe I did.**
(6) **Q.** Would that be before the closing or at the
(7) closing?
(8) **A. I don't know that. I don't know that.**
(9) **Q.** When you say you believe that you did, what
(10) are you basing that belief upon?
(11) **A. Well, nobody's come after me for anything**
(12) **owed to the company.**
(13) **Q.** Section 5.6 addresses discussions with
(14) employees. Do you recall discussions about giving
(15) the buyers access --
(16) **A. No, I don't.**
(17) **Q.** We're talking over each other. Do you
(18) recall discussions about giving the buyers access to
(19) the employees?
(20) **A. No.**
(21) **Q.** Can you take a look at page 16?
(22) **A. (Witness complies.)**
(23) **Q.** The condition -- these are Conditions to
(24) the Purchase and Sale of the stock. Item (g) is the
(25) repayment, again, of the amounts owed by sellers to

Page 47

(1) the company. And again, as you stated, it was your
(2) belief that this was done, but you don't recall the
(3) details?
(4) **A. That's correct.**
(5) **Q.** Section 6.2 addresses the Conditions to the
(6) Purchase and Sale Relating to Sellers. And on the
(7) next page, which is page 18, there's some discussion
(8) of releases of personal guarantees. One of the
(9) items mentioned in there are MidAmerica Bank
(10) mortgages. And I've seen a number of references to
(11) MidAmerica Bank in the closing documents.
(12) And in fact, I'll represent to you that in
(13) the closing certificate there was a negative 500,000
(14) in your column relating to MidAmerica Bank, but I
(15) have not been able to determine what the
(16) circumstances of that transaction are. And I'm
(17) wondering if you can help me at all with MidAmerica
(18) Bank?
(19) **A. No, I don't recall that.**
(20) **Q.** And I may have asked you this already, but
(21) just to make sure I have it on the record, this is a
(22) true and accurate copy of this Stock Purchase
(23) Agreement?
(24) **A. I don't know that.**
(25) **Q.** Do you have any reason to doubt that it is?

Page 48

(1) **A. I do not.**
(2) **Q.** That's your signature?
(3) **A. Yes.**
(4) **Q.** The document following the Stock Purchase
(5) Agreement is a Noncompetition Agreement for
(6) Mr. Iverson. Do you see that?
(7) **A. Is this 11?**
(8) **Q.** It's still in 11, but it's right after the
(9) signature pages.
(10) **A. Okay. Okay. I -- so I got signatures --**
(11) **MR. RICKE:** Right after the --
(12) **THE WITNESS:** Noncompetition. I think
(13) that's it.
(14) **MR. RICKE:** That's yours.
(15) **THE WITNESS:** Oh.
(16) **MR. BURTON:** There's one for Iverson.
(17) It's the very first one.
(18) **MR. RICKE:** Keep going.
(19) **THE WITNESS:** Okay.
(20) **BY MR. BURTON:**
(21) **Q.** Okay. You're looking at the Noncompetition
(22) Agreement with Mr. Iverson?
(23) **A. Yes.**
(24) **Q.** Do you recall seeing this document as part
(25) of the closing?

Page 49

(1) **A. No, I don't.**
(2) Q. Okay. Can you turn to the next document,
(3) which, I believe, should be an Employment Agreement
(4) for Mr. Iverson?
(5) **A. (Witness complies.)**
(6) Q. Do you recall anything about that document
(7) as part of the closing?
(8) **A. No.**
(9) Q. Okay. The next document is a
(10) Noncompetition Agreement with you. Why don't you
(11) take a second and take a look at that and let me
(12) know if you recall receiving that document?
(13) **A. (Witness complies.) No, I don't -- no.**
(14) Q. Do you recognize your signature?
(15) **A. I do.**
(16) Q. On page 2 of that agreement, on paragraph
(17) 5, it talks about you being paid 48 equal monthly
(18) installments of $14,585 commencing on August 31st of
(19) 1997. Do you recall receiving those payments?
(20) **A. I do.**
(21) Q. And you received all those payments?
(22) **A. Yes.**
(23) Q. Now, if I do the math, I come up with that
(24) equaling roughly $700,000. If you would add that to
(25) Mr. Iverson, you're 1.4 million, which leads me to

Page 50

(1) believe that the purchase price was 16.4 million,
(2) and that part of it was paid for by these agreements
(3) that you each received. Does that jive with your
(4) recollection?
(5) **MR. RICKE:** Object to the question as
(6) vague. Which Iverson payments are you referring to?
(7) Can you clarify the question?
(8) **BY MR. BURTON:**
(9) Q. Mr. Iverson also received payments under
(10) his employment or noncompete agreements?
(11) **MR. RICKE:** Well, I'll object as calling
(12) for facts not in evidence. But if -- I mean, if you
(13) want to put it to him as a hypothetical I --
(14) **A. I had no knowledge of what his transaction**
(15) **was.**
(16) **BY MR. BURTON:**
(17) Q. Were these payments to you in paragraph 5
(18) made as part of the purchase price of the stock?
(19) **A. I don't believe so.**
(20) Q. And why do you not believe so, because it's
(21) a noncompete?
(22) **A. For that 48 months I -- I didn't compete**
(23) **with them. I didn't talk to anybody else. As soon**
(24) **as it was up, I talked to some people about a job.**
(25) Q. Did you go back into the industry once that

Page 51

(1) period of time was up?
(2) **A. I did not.**
(3) Q. Can you move ahead? I think your
(4) agreement's in there twice, but a few pages up there
(5) there's a Schedule 3.15 from the closing book?
(6) **A. Okay. Yeah, I do see that. It says page**
(7) **75 at the bottom?**
(8) Q. Seventy three.
(9) **A. Seventy three. Okay. 3.15. All right.**
(10) Q. I'll represent to you that this was a
(11) document produced to me by your attorneys. It was
(12) part of the closing book from the transaction. It's
(13) a schedule referred to in the Stock Purchase
(14) Agreement. The first item on here discusses an
(15) obligation to Aviation Charter. Do you recall the
(16) circumstances of that --
(17) **A. No, I don't.**
(18) Q. -- item? Item 3 relates to advances to you
(19) and Mr. Iverson by the companies in 1997. Do you
(20) see that?
(21) **A. I do.**
(22) Q. Do you dispute in any way that these
(23) amounts were due to the company at the time of the
(24) closing?
(25) **A. I'm not sure how to answer that. I don't**

Page 52

(1) **know that this is the correct amount, in the first**
(2) **place. I don't know. It could be and it couldn't**
(3) **be. I'd have to do some research to figure that**
(4) **out.**
(5) Q. Section 4 of the page on 73 that we're
(6) looking at, relates to charges on credit cards, and
(7) on page 75 there are some numbers listed. Do those
(8) appear to be amounts that were due and owing to the
(9) company by you for expense advances?
(10) **A. Okay. I don't know how to answer that.**
(11) **MR. RICKE:** Well, if you -- it calls for a
(12) yes or no.
(13) **THE WITNESS:** Okay.
(14) **MR. RICKE:** If you recall.
(15) **THE WITNESS:** I do not recall. The answer
(16) is no.
(17) **BY MR. BURTON:**
(18) Q. Did the company buy you a 1997 Mercedes
(19) s500v?
(20) **A. I believe that's true.**
(21) Q. And after the transaction or the sale of
(22) the stock, did you own that vehicle?
(23) **A. I think I bought it from the company when I**
(24) **left.**
(25) Q. And how did you pay for that?

Page 53

(1) **A. Through the settlement, I guess. I don't**
(2) **know if -- I remember that I paid for it, and got**
(3) **the title to the car, that's all I know.**
(4) **Q.** Can you look a few pages up, there's a page
(5) that states Closing Statement Certificate and
(6) Receipt? I believe that page was also attached to
(7) the Complaint. Can you find that?
(8) **A. Is that it, closing proceeds?**
(9) **MR. RICKE:** Right there (indicating).
(10) **THE WITNESS:** Okay.
(11) **BY MR. BURTON:**
(12) **Q.** Would it be fair to say that that document
(13) represents how the purchase price was paid at the
(14) closing?
(15) **A. Yes, I guess is the answer.**
(16) **Q.** And that is your signature at the back of
(17) the document?
(18) **A. Yes, it is.**
(19) **Q.** I'd like to move through the document and
(20) ask you some questions about these items. Section I
(21) shows the purchase price of 15,000,000, and Section
(22) II shows that you would receive 7.3, essentially,
(23) million, which is roughly 49 percent of the 15; is
(24) that correct? The reason number II is the number it
(25) is, 'cause that's roughly your -- equal to your

Page 54

(1) ownership interest; correct?
(2) **A. I would say roughly correct, yes.**
(3) **Q.** Item 1 is the MidAmerica Bank down payment
(4) that I was asking about earlier. Do you have any
(5) recollection as to what that is?
(6) **A. No, I don't.**
(7) **Q.** It's shown as a negative, though, to the
(8) amounts that are paid to you; correct?
(9) **A. Looks that way.**
(10) **Q.** Can you take a look at Exhibit 12?
(11) **A. Okay. (Witness complies.)**
(12) **Q.** This is a document that I am not very
(13) familiar with, but it references a loan from
(14) MidAmerica Bank in June of 1997.
(15) **A. Okay.**
(16) **Q.** And I'm wondering if this helps refresh
(17) your recollection at all as to what that entry may
(18) be?
(19) **A. Well, I do remember The Crossings now.**
(20) **That was a shopping center.**
(21) **Q.** Okay. Do you think that the $500,000
(22) listed in the closing statement relates to this
(23) Crossings transaction?
(24) **MR. RICKE:** Objection, calls for
(25) speculation. But if it refreshes your recollection

Page 55

(1) and you recall, Roger --
(2) **A. No, I don't -- I don't know.**
(3) **BY MR. BURTON:**
(4) **Q.** Okay.
(5) **A. It's 4,600,000, and we paid them a million,**
(6) **that's kind of --**
(7) **Q.** If you go to the -- towards the back of
(8) Exhibit 12, the last document there is a Guaranty
(9) Agreement. Do you see that?
(10) **A. Let's see, on 12 now you're on?**
(11) **Q.** Yes.
(12) **A. Okay.**
(13) **Q.** The last --
(14) **MR. RICKE:** It's divided into six
(15) sections, 12 sub 6.
(16) **THE WITNESS:** Twelve sub 6. Okay. All
(17) right.
(18) **BY MR. BURTON:**
(19) **Q.** It appears to be a Guaranty Agreement by
(20) you and Mr. Iverson of the MidAmerica Bank
(21) obligation?
(22) **A. Is it signed?**
(23) **Q.** I do not see your signature on the one I am
(24) looking at. Do you recall?
(25) **A. Then it's just paper.**

Page 56

(1) **Q.** Pardon?
(2) **A. Then it's just paper, isn't it?**
(3) **Q.** Do you recall signing a Guaranty similar to
(4) this, though?
(5) **A. I do not.**
(6) **Q.** Was there a payment to MidAmerica Bank of a
(7) million dollars made in conjunction with the
(8) closing, to allow you and Mr. Iverson out of
(9) guaranties to MidAmerica Bank?
(10) **A. That's a couple questions, isn't it? Was**
(11) **there a payment made of a million dollars? I have**
(12) **to assume there was. I don't know what it was for.**
(13) **Q.** I'm jumping ahead. If you look at the
(14) third page of the Closing Statement Certificate?
(15) **A. Where are we with that? What's the tab on**
(16) **that?**
(17) **Q.** It's the back portion of Exhibit 11. You
(18) might want to keep your finger there.
(19) **A. I'm sorry, what are we looking for?**
(20) **Q.** The Closing Statement Certificate and
(21) Receipt.
(22) **A. Is it about halfway up the deal? Let's**
(23) **just look at yours.**
(24) **Q.** Can you go to the third page of that?
(25) **A. (Witness complies.)**

Page 57

(1) Q. It shows a million dollars being paid to
(2) MidAmerica Bank; correct?
(3) **A. Yes, I guess, yes.**
(4) Q. Okay. My question is, was that million
(5) dollars paid to MidAmerica Bank to have you and
(6) Mr. Iverson released from guaranties to that bank?
(7) **A. I don't recall that. I don't know why the**
(8) **money was paid to them.**
(9) Q. Under Section II of the Closing Statement
(10) Certificate --
(11) **A. Is that here?**
(12) Q. -- it shows a number of entries for life
(13) insurance and has values for those which are
(14) deducted from your purchase price. Do you see that?
(15) **A. I do.**
(16) Q. Were these insurance policies that were
(17) assigned to you as part of the closing and that was
(18) the value of those policies at the time?
(19) **A. I don't know if this is the value or how**
(20) **that was arrived at. There were some life insurance**
(21) **policies that I purchased.**
(22) Q. Do you have any reason to believe that
(23) these were not the policies?
(24) **A. No, I don't.**
(25) Q. Can you keep your hand or save the Closing

Page 58

(1) Statement Certificate and turn to page 13, excuse
(2) me, Exhibit 13?
(3) **A. (Witness complies.) Okay.**
(4) Q. Do you recognize Exhibit 13?
(5) **A. No.**
(6) Q. If I represent to you that this came from
(7) the closing documents, does that help refresh your
(8) recollection?
(9) **A. No.**
(10) Q. Whose signature is that on there? Is that
(11) Jim Dlugosch or do you recognize that signature?
(12) **A. I do not.**
(13) Q. Do you dispute in any event that these
(14) policies were in fact assigned to you?
(15) **A. No. As I say, I got -- I bought some life**
(16) **insurance policies. I don't remember the amounts or**
(17) **the whatever, but these may very well be those.**
(18) Q. And these policies had been an asset of the
(19) company?
(20) **A. I believe that might be true.**
(21) Q. Can you look at -- now, again, saving your
(22) Closing Statement page, but look at the next exhibit
(23) which is Exhibit 14?
(24) **A. (Witness complies.) Okay.**
(25) Q. I'll represent to you that this is an item

Page 59

(1) that came out of the due diligence files of the
(2) closing. And do you recognize this document?
(3) **A. No.**
(4) Q. Does it appear as though it could be a
(5) document from the files and records of Miller &
(6) Schroeder, Inc.?
(7) **A. I don't know that. I don't even know what**
(8) **it is. There's no heading.**
(9) Q. Do you see on the left side of the page --
(10) actually, I'll skip my questions on that one.
(11) **A. Okay.**
(12) Q. The next item on the Closing Statement
(13) Certificate is a note receivable for $100,000?
(14) **A. So we're back to 11 again?**
(15) Q. Yes.
(16) **A. Okay.**
(17) Q. Do you notice that there are three note
(18) receivables listed for you in total under the two
(19) companies?
(20) **A. I only see two.**
(21) Q. You have to drop down to Miller & Schroeder
(22) Financial.
(23) **A. Okay. Three, yes.**
(24) Q. Was that money that you had borrowed from
(25) the respective corporations?

Page 60

(1) **A. I mean, I don't know if it was borrowed or**
(2) **if it was advances or what. If they were notes, it**
(3) **was probably a borrowing.**
(4) Q. Okay. When you borrowed money from the
(5) company, was there typically a note that was
(6) executed?
(7) **A. Yes.**
(8) Q. Okay. If you'd look at exhibit -- save
(9) your Closing Statement page again but go to page 15,
(10) Exhibit 15?
(11) **A. (Witness complies.)**
(12) Q. Can you take a look at these and tell me if
(13) these are notes that you executed in furtherance of
(14) borrowing money from the corporation? And I should
(15) say, the respective corporations, because I think
(16) two are to Miller & Schroeder, Inc. and one is to
(17) Miller & Schroeder Financial, Inc.
(18) **A. There's only one.**
(19) Q. There should be --
(20) **A. Yeah, there is. That is my signature. And**
(21) **it appears that that's what they were for. I**
(22) **borrowed money from the company.**
(23) Q. And these are the notes that are referenced
(24) then in the Closing Statement but under Exhibit 11?
(25) **A. Do the amounts match? Do they match? It's**

Page 61

(1) **225. 54,000. Is that it? That's -- that's**
(2) **correct.**
(3) **Q.** Isn't it true that the respective companies
(4) never were repaid on these loans?
(5) **A. No, that's not true. Well, I don't know.**
(6) **I paid the loans. If the companies didn't get the**
(7) **money --**
(8) **Q.** And how did you pay?
(9) **A. At the closing, it was deducted from the**
(10) **proceeds, according to what you're showing us here**
(11) **anyway.**
(12) **Q.** It's deducted from the amounts that were
(13) paid to you?
(14) **A. I think that's correct, yes.**
(15) **Q.** Okay. And then how would the company be
(16) paid?
(17) **A. I don't know that.**
(18) **Q.** Okay. And the notes that we just looked at
(19) are marked cancelled. That was done as part of the
(20) closing? That's Exhibit 15, if you need to look at
(21) them again.
(22) **A. (Witness complies.) I don't know. I don't**
(23) **know. It says cancelled. Nobody's ever asked me**
(24) **for the money, so I assume they got cancelled.**
(25) **Q.** Their cancellation is dated the date of the

Page 62

(1) closing; correct?
(2) **A. That's true.**
(3) **Q.** Going back to Exhibit 11. It shows
(4) interest receivable from due to -- excuse me, Miller
(5) & Schroeder, Inc. of 10,183 and also 11,466. Do you
(6) see that?
(7) **A. I do.**
(8) **Q.** Was this interest that you owed that
(9) corporation?
(10) **A. I have to assume it was.**
(11) **Q.** Okay. And would you assume also that it
(12) probably related to those notes?
(13) **A. I would think so.**
(14) **Q.** And in terms of repayment of that interest,
(15) would your answers be the same as they were for the
(16) notes?
(17) **A. Yes.**
(18) **Q.** Okay. Can you take a look at, save your
(19) Exhibit 11 Closing Statement Page and take a look at
(20) Exhibit 17?
(21) **A. (Witness complies.)**
(22) **Q.** Do you recognize that document?
(23) **A. No.**
(24) **Q.** Does it appear to you to be a document
(25) generated by Miller & Schroeder, Inc.?

Page 63

(1) **A. I don't know that.**
(2) **Q.** Doesn't it at all match your recollection
(3) as to how the company does it -- excuse me,
(4) maintained its books and records?
(5) **A. No, I don't know that.**
(6) **Q.** Okay. Did you, during your time at Miller
(7) & Schroeder, review items such as trial balances of
(8) the company?
(9) **A. No.**
(10) **Q.** Okay. And under the -- on the first page
(11) of that document, under officer receivables it
(12) shows --
(13) **A. Now, this is 17? Okay. Yeah.**
(14) **Q.** Yes.
(15) **A. All right.**
(16) **Q.** It shows entries that begin with RJW under
(17) officer receivables. Do you see that?
(18) **A. Yes, I do.**
(19) **Q.** Would you presume that RJW refers to you?
(20) **A. Yes, I would think so.**
(21) **Q.** And underneath that is JEI. Would you
(22) presume that that relates to Mr. Iverson?
(23) **A. I would presume that.**
(24) **Q.** And the $100,000 note and the $225,000 note
(25) appear to be reflected on this printout, correct, if

Page 64

(1) you go straight across?
(2) **A. Those amounts are there, yes.**
(3) **Q.** Yeah. And it also shows -- purports to
(4) show, at any rate, interest due to the company by
(5) you; correct?
(6) **A. I would assume that, yeah.**
(7) **Q.** And that if you look at the next one,
(8) Exhibit 18?
(9) **A. (Witness complies.)**
(10) **Q.** Again, keep your place on the Closing
(11) Statement.
(12) **A. Okay.**
(13) **Q.** If you look at the bottom of the second
(14) page --
(15) **A. (Witness complies.) The very bottom?**
(16) **Q.** Yes.
(17) **A. Okay.**
(18) **Q.** Now, unfortunately, in my book it looks
(19) like the hole got punched right in the middle of the
(20) initials. But if you push the page a bit, you can
(21) read it. Do you see your initials at the bottom of
(22) that page?
(23) **A. I do on a couple of them, but you're right,**
(24) **the hole is there.**
(25) **Q.** Those entries then would most likely relate

Page 65

(1) to you; correct?
(2) **A. Well, you're asking me to speculate about**
(3) **the hole?**
(4) **Q.** No. I'm asking if your initials are --
(5) **A. RJW?**
(6) **Q.** Right. One could presume that those
(7) entries relate to you?
(8) **A. Probably true.**
(9) **Q.** If you'll look at, again, still on 18.
(10) **A. Okay.**
(11) **Q.** Do you see an entry there for $175,000
(12) under bonus advance, after your initials?
(13) **MR. RICKE:** What page are we on, Matt?
(14) **BY MR. BURTON:**
(15) **Q.** It's Exhibit 18, on the second page, the
(16) bottom, where his initials are. There's an entry,
(17) it says, RJW advance-bonus, and if you go across it
(18) says 175?
(19) **A. Right, I do see that.**
(20) **MR. RICKE:** Yeah. And again --
(21) **BY MR. BURTON:**
(22) **Q.** Assuming that RJW is next to that where the
(23) hole is?
(24) **A. Right.**
(25) **MR. RICKE:** I mean --

Page 66

(1) **BY MR. BURTON:**
(2) **Q.** Do you see that?
(3) **A. Yes.**
(4) **Q.** And if you go back now to Exhibit 11 in the
(5) Closing Statement, that appears to match under the
(6) Miller & Schroeder Financial part, the bonus
(7) advances lists 175; correct?
(8) **A. Appears to match, yes.**
(9) **Q.** Do you recall receiving a bonus advance
(10) from Miller & Schroeder Financial?
(11) **A. I do not.**
(12) **Q.** Based on the Closing Statement and
(13) Certificate, would you surmise that at the time of
(14) the closing that you owed the company $175,000 as a
(15) bonus advance?
(16) **A. I don't know that.**
(17) **Q.** Okay. If you did, it would be your
(18) position, I believe, that you repaid that as part of
(19) the closing?
(20) **A. I don't know that either. But I think I**
(21) **must have. That's the way those numbers come**
(22) **together, isn't it? It's 800.**
(23) **Q.** Okay. Now, again, keep the Closing
(24) Statement page so you can find it. Can you take a
(25) look at Exhibit 19?

Page 67

(1) **A. (Witness complies.) Okay.**
(2) **Q.** This is a letter to Lori Ketola at Briggs
(3) and Morgan, by your attorneys, in the end of July of
(4) '97. Do you recall ever seeing this document?
(5) **A. No.**
(6) **Q.** If you look at the page following the
(7) letter, they had enclosed membership information
(8) relating to The Boulders?
(9) **A. Okay.**
(10) **Q.** Was that a club that you had joined?
(11) **A. Yes.**
(12) **Q.** And did the company pay for that club
(13) membership?
(14) **A. I don't remember if they did or not.**
(15) **Q.** If you go back to the Closing Statement in
(16) Exhibit 11 --
(17) **A. Okay.**
(18) **Q.** -- under the Miller & Schroeder Financial
(19) portion, it lists a deduction for a country club for
(20) $81,000. Is that The Boulders?
(21) **A. Well, one's 80, the other is 81.**
(22) **Q.** There were two country club memberships;
(23) correct?
(24) **A. I don't know that.**
(25) **Q.** You also had a --

Page 68

(1) **A. Where do you see that?**
(2) **Q.** I just recall from my own review of the
(3) file. Maybe it's something we're going to come
(4) across, but it seems to me you had an 80,000
(5) obligation relating to The Boulders, and I believe
(6) there was a $1,000 obligation related to the Wayzata
(7) Country Club, but I -- does that seem true to you?
(8) **A. I mean, I belong to both clubs, but they're**
(9) **my memberships. I don't know.**
(10) **Q.** Under the Miller & Schroeder Financial
(11) portion of the Closing Statement --
(12) **A. Okay.**
(13) **Q.** -- there are expense reimbursements listed
(14) of roughly $45,000. Do you see that number?
(15) **A. I do.**
(16) **Q.** Do you recall having an obligation to the
(17) company for that amount?
(18) **A. No, I don't.**
(19) **Q.** Further back in Exhibit 11, in the closing
(20) documents --
(21) **A. Okay.**
(22) **Q.** -- as you may recall, some of the pages
(23) were numbered, there was a page 75?
(24) **A. Yes.**
(25) **Q.** My question is, on the Closing Statement

Page 69

(1) and Certificate, it lists, on the date of closing,
(2) there being $45,000 being owed to the company or at
(3) least deducted from your payment?
(4) **A. Okay. Right.**
(5) **Q.** And on page 75 of the schedules, it shows
(6) that on May 31st there was $54,000, roughly, in --
(7) due from you in expense advances. My question is,
(8) do you think that Schedule 3.15 is the number that
(9) correlates to the Closing Statement and that it may
(10) have been reduced by the time of closing, from May
(11) to the time of closing at the end of July? And that
(12) was a convoluted question. Do you think that these
(13) are the same numbers? I don't mean --
(14) **A. They're not the same number.**
(15) **Q.** Okay. I knew that I was going to get that.
(16) **A. Yeah.**
(17) **Q.** Exhibit, excuse me, Schedule 3.15 purports
(18) to show that that was due from you, $54,000 expense
(19) advances at the end of May?
(20) **A. Uh-huh.**
(21) **Q.** It says preliminary. At the actual
(22) closing, it shows that there was $45,000 deducted
(23) from expense reimbursements. My question is, do you
(24) think that those numbers are related, and that maybe
(25) the $54,000 was reduced at the time of the closing

Page 70

(1) to 45?
(2) **A. Yeah. I don't know. I wouldn't have had**
(3) **anything to do with that calculation.**
(4) **MR. RICKE:** I think Counsel's probably
(5) asking -- are we talking about -- if you know. Are
(6) we talking about the same category? Does it appear
(7) that --
(8) **THE WITNESS:** It maybe appears to be.
(9) **MR. RICKE:** -- expense reimbursements --
(10) **THE WITNESS:** Why it went down, I don't
(11) know.
(12) **BY MR. BURTON:**
(13) **Q.** But it appears as though the two documents
(14) we just discussed are addressing the same category
(15) of the expense reimbursements?
(16) **A. I would guess that's true.**
(17) **Q.** I guess my next question is, on the Closing
(18) Statement, there's an entry for Aviation Charter.
(19) And is that money that had been owed to the
(20) companies by Aviation Charter?
(21) **A. I don't know.**
(22) **Q.** If you go back to, again, to the same page
(23) we were just on, 73, of the schedules?
(24) **A. Okay.**
(25) **Q.** At the top there, was that related to

Page 71

(1) Aviation Charter?
(2) **A. Wait a minute now, that's in 11?**
(3) **Q.** Yes.
(4) **THE WITNESS:** Do you see that there?
(5) **MR. RICKE:** Yes.
(6) **THE WITNESS:** Okay.
(7) **BY MR. BURTON:**
(8) **Q.** Does that entry at the top of the page of
(9) Schedule 3.15, reflect your recollection at all as
(10) to whether there was some 13,000 due to the company
(11) at the time of closing by Aviation Charter?
(12) **A. No.**
(13) **Q.** Okay.
(14) **A. Yeah, I don't know.**
(15) **MR. RICKE:** I mean, Schedule 3.15 seems to
(16) suggest that there was a -- that the company, Miller
(17) and Schroeder, owed Aviation Charter money as
(18) opposed to the other way around.
(19) **THE WITNESS:** The other way around. They
(20) spent 160,000 for charter trips.
(21) **BY MR. BURTON:**
(22) **Q.** Do you recall that at the time of the
(23) closing Miller & Schroeder, Inc. was owed money by
(24) Aviation Charter?
(25) **A. No, I don't.**

Page 72

(1) **Q.** Do you have any -- I'll wait for you to
(2) come back.
(3) **A. Okay.**
(4) **Q.** Can you think of any reason why there would
(5) be an Aviation Charter receivable deducted from the
(6) amounts paid to you under the stock purchase?
(7) **A. No. The relationship was the other way**
(8) **around; Miller & Schroeder owed Aviation Charter for**
(9) **services.**
(10) **Q.** The next entry under Miller & Schroeder
(11) Financial is a Mercedes purchase deducted from your
(12) payment, and the deduction was $66,743.94. Do you
(13) see that?
(14) **A. I do.**
(15) **Q.** And we discussed this a little earlier.
(16) Does it match your recollection that the company had
(17) purchased your Mercedes for you to use?
(18) **A. They had, yes.**
(19) **Q.** And after the closing you still had a
(20) Mercedes?
(21) **A. Yes.**
(22) **Q.** And does it seem to you that the balance
(23) that was due on the vehicle at the closing would
(24) have been that $66,000 number?
(25) **A. I don't have a clue.**

Page 73

(1) Q. Okay. Please save your place again on the
(2) Closing Statement Certificate, and if you would go
(3) to Exhibit 20?
(4) **A. (Witness complies.)**
(5) Q. I'll represent to you that that is from the
(6) closing book. It's one of the schedules for the
(7) closing. Item 5 there references the Mercedes.
(8) Does that help refresh your recollection at all?
(9) **A. Well, I agree that we had the car and they**
(10) **gave it to me.**
(11) Q. Okay.
(12) **A. I bought it at the closing.**
(13) Q. Would you presume that the $66,000 was the
(14) balance due at the time of closing?
(15) **A. Yeah. I don't know how that number was**
(16) **arrived at.**
(17) Q. Okay. And that's why I'm asking if --
(18) **A. I didn't arrive at it. I didn't negotiate**
(19) **it.**
(20) Q. But these schedules are from your
(21) transaction.
(22) **A. I understand that.**
(23) Q. Okay. And my question is, does this
(24) Schedule 3.4 help refresh your recollection that
(25) that could actually be the purchase price remaining

Page 74

(1) on the vehicle?
(2) **A. Well, again --**
(3) **MR. RICKE:** If you recall.
(4) **THE WITNESS:** This is in February when
(5) they purchased the car and this is now July. The
(6) car, when originally purchased, was -- was $70,872
(7) payable over 60 months at 8.9 percent. I mean, I
(8) don't know.
(9) **BY MR. BURTON:**
(10) Q. Okay.
(11) **A. You know, there was a number, and I paid**
(12) **it, and I got the car, title to the car and the**
(13) **whole works. They didn't give it to me, though, I**
(14) **had to buy it. How we got to that number, I don't**
(15) **have a clue.**
(16) Q. Can you take a look at the next exhibit,
(17) which is Exhibit 21?
(18) **A. (Witness complies.) Okay.**
(19) Q. Again, I'd represent that this is a
(20) schedule from the closing, and it's numbered from
(21) the closing book.
(22) **A. Okay.**
(23) Q. If you look at page 19A item Q?
(24) **A. (Witness complies.) 19A item Q.**
(25) Q. It's the same statement, I believe, about

Page 75

(1) the Mercedes.
(2) **A. Oh, God, okay. This document is what, this**
(3) **is a disclosure document?**
(4) Q. Yes.
(5) **A. That would help me, if you told me what it**
(6) **was, so I don't have to read the whole damn thing.**
(7) Q. If you would like, I can go back and find
(8) it. In the Stock Purchase Agreement, you're
(9) required to make certain representations and
(10) warranties, and these are the schedules from the
(11) closing book which match up to --
(12) **A. Okay.**
(13) Q. -- the closing. I mean, excuse me, the
(14) Stock Purchase Agreement. For instance, in this
(15) Stock Purchase Agreement, on page 6, item 3.4, it
(16) says, "Except to the extent specifically disclosed
(17) on Schedule 3.4, to the knowledge of Sellers," and
(18) it goes on.
(19) **A. Okay.**
(20) Q. What we're looking at is what was attached
(21) to Section 3.4. And you signed the Stock Purchase
(22) Agreement stating that these were all true and
(23) correct.
(24) **A. Okay.**
(25) Q. So --

Page 76

(1) **A. This schedule is not signed in any way.**
(2) **This is just a schedule.**
(3) Q. It was just attached by probably the
(4) attorneys at the time of the closing --
(5) **A. All right.**
(6) Q. -- based on information that you and
(7) Mr. Iverson gave them.
(8) **A. Okay. So where are we going now? Item**
(9) **number Q? Okay. Well, it's the same thing as the**
(10) **other entry, so --**
(11) Q. Right. Let's try it this way. At the
(12) closing, there was $66,000 deducted from the amounts
(13) paid to you, I should say roughly $66,000, relating
(14) to the Mercedes?
(15) **A. I believe that to be correct.**
(16) Q. Oh, we have another schedule. Can you go
(17) to Exhibit 11A? This is where I got my numbers
(18) before.
(19) **A. (Witness complies.) 11A, okay. 11A now,**
(20) **okay.**
(21) Q. I'll represent to you that this is Schedule
(22) 5.1 from the closing --
(23) **A. All right.**
(24) Q. -- taken out of the closing books. Item 6
(25) on that page --

Page 77

(1) **A. Okay.**
(2) **Q.** -- refers to club memberships for you. Do
(3) you see that?
(4) **A. I do.**
(5) **Q.** Does that refresh your recollection at all
(6) as to how the $81,000 was derived for the closing
(7) statement?
(8) **A. This would appear to be that.**
(9) **Q.** Okay. Essentially there was a thousand
(10) dollars related to Wayzata?
(11) **A. Right.**
(12) **Q.** And 80 for The Boulders; correct?
(13) **A. That would appear to be correct.**
(14) **Q.** Okay. At the top of the page it references
(15) again MidAmerica Bank. And again, I'll ask, does
(16) this exhibit help refresh your recollection at all
(17) as to what that $500,000 deduction was all about?
(18) **A. I mean, this relates to the shopping**
(19) **center, but I don't know why we would have been**
(20) **paying MidAmerica Bank a half a million bucks.**
(21) **Q.** Okay. Prior to the closing, do you have
(22) any recollection of conducting a shareholder meeting
(23) of Miller & Schroeder, Inc. related to any aspects
(24) of this transaction?
(25) **A. No. Do I have a specific reference to such**

Page 78

(1) **a meeting? No, I don't.**
(2) **Q.** Do you have any recollection as to any
(3) Board of Directors meeting related to this
(4) transaction?
(5) **A. Specifically, no.**
(6) **Q.** Okay. Was it the company's practice to
(7) keep detailed corporate record books?
(8) **A. I believe that to be true, yes.**
(9) **Q.** And if there had been a shareholder meeting
(10) or a meeting of the board, would it be typical that
(11) there would be minutes placed in the corporate
(12) record book related to that?
(13) **A. I didn't do that, but I'd have to assume**
(14) **that there would be, yes.**
(15) **Q.** And you testified earlier that you were
(16) actually surprised that you were closing --
(17) **A. That's true.**
(18) **Q.** -- at the end of July? Would it be true
(19) then that it might not have even crossed your mind
(20) to conduct any shareholder or board meetings because
(21) it was such a surprise that it was coming so
(22) quickly?
(23) **MR. RICKE:** I'll object as asked and
(24) answered and calling for the witness to speculate.
(25) If you recall.

Page 79

(1) **THE WITNESS:** I don't.
(2) **BY MR. BURTON:**
(3) **Q.** Do you recall, either as a shareholder or
(4) director, meeting with the other shareholders or
(5) directors to discuss the company's involvement in
(6) this sale?
(7) **A. No, I don't.**
(8) **Q.** Is it fair to say that your belief is that
(9) these items in the Closing Statement Certificate and
(10) Receipt were deducted from the amounts paid to you
(11) and that you believe that those amounts were being
(12) paid to the company by the buyer?
(13) **MR. RICKE:** I'll object to the question as
(14) vague, with respect to certain items. I think the
(15) exhibits reflect that wire transfers were made for
(16) some of them. I mean, that direct wire transfers
(17) were made in payment. So if you could rephrase your
(18) question to differentiate between the items under
(19) that Section II that were the subject of a wire
(20) transfer, I think he could probably answer the
(21) question.
(22) **BY MR. BURTON:**
(23) **Q.** Okay. Let's check something.
(24) **MR. RICKE:** Pardon?
(25) **BY MR. BURTON:**

Page 80

(1) **Q.** Under your section of the Closing
(2) Statement, it appears to me that the only item which
(3) was the subject of a wire transfer was the --
(4) **A. Where are we looking now?**
(5) **Q.** The Closing Statement Certificate and
(6) Receipt. It's at the back of Section 11. Here's a
(7) Post It, if you guys want to put this on the page,
(8) it might make it easier next time.
(9) **A. Exhibit A?**
(10) **Q.** No.
(11) **MR. RICKE:** Okay. Which page are you
(12) referring to, Matt?
(13) **MR. BURTON:** I'm looking at the Closing
(14) Statement Certificate and Receipt.
(15) **THE WITNESS:** We're back on that. Okay.
(16) **BY MR. BURTON:**
(17) **Q.** Okay. It appears to me that the only item
(18) listed under your name, which was the subject of a
(19) wire transfer, other than the actual payment to you,
(20) was MidAmerica Bank. So I'm going to exclude that
(21) item from my question. If you look at the other
(22) items under your name, was it your belief -- am I
(23) accurately stating this, that these items were
(24) deducted from the amounts paid to you and that you
(25) believed that the seller would then be paying those

Page 81

(1) amounts to the company?
(2) **MR. RICKE:** I'm going to object to the
(3) form of the question again, because it appears, from
(4) my review of the Closing Statement and the
(5) attachments to it, specifically Exhibit A, that a
(6) wire transfer was also made to Mercedes-Benz for the
(7) Mercedes-Benz, a payoff to Chase Manhattan Bank, and
(8) I'm referring to Exhibit A, Wire Transfer
(9) Instructions. But with that qualification, that the
(10) only two items appear to be the MidAmerica Bank
(11) payoff and the Mercedes-Benz payoff --
(12) **BY MR. BURTON:**
(13) **Q.** Okay.
(14) **A. Those were the only monies that were**
(15) **transferred out, I mean, by wire transfer.**
(16) **Q.** Well, there are other monies that were wire
(17) transferred, but I'm just -- we're looking at the
(18) ones under your name.
(19) **A. Uh-huh.**
(20) **Q.** And your counsel is correct, that there was
(21) a wire transfer for Mercedes-Benz.
(22) **MR. RICKE:** So --
(23) **BY MR. BURTON:**
(24) **Q.** You should exclude those two things now.
(25) My question is, was it your belief that while you

Page 82

(1) were not being paid for these -- excuse me. Well,
(2) the purchase price to you included deductions for
(3) the other items that the seller would be then paying
(4) the company that money or the respective companies
(5) that money?
(6) **A. You know, I don't know. This was -- again,**
(7) **we had an army of accountants and lawyers all**
(8) **figuring this out.**
(9) **Q.** Let's assume that prior to the closing you
(10) owed the company money, just -- would it be your
(11) understanding that the company would have to be
(12) repaid money that you owed the company?
(13) **A. While I was still an owner?**
(14) **Q.** Yes.
(15) **A. Not necessarily.**
(16) **Q.** How would it be that you wouldn't have to
(17) repay money that was owed to the company?
(18) **A. The company could declare a bonus.**
(19) **Q.** If you'll consider the date of the closing,
(20) which I believe is July 31st, 1997. If on that day
(21) you owed the company money, wouldn't the company
(22) have the right to be repaid that money?
(23) **MR. RICKE:** I'll object as calling for a
(24) legal conclusion. I think you already indicated
(25) that there is a provision in the Purchase Agreement

Page 83

(1) that provided that certain obligations, officer
(2) obligations would be repaid. And so I think, you
(3) know, subject to -- subject to the provisions of the
(4) Purchase Agreement -- well, subject, you know --
(5) **MR. BURTON:** That's fine. I understand
(6) what you're saying. It's part of the agreement.
(7) **BY MR. BURTON:**
(8) **Q.** What actions did you take as a shareholder
(9) of the companies to ensure that they would be repaid
(10) pursuant to the Stock Purchase Agreement?
(11) **A. Hired a bunch of accountants and lawyers to**
(12) **get that repaid.**
(13) **Q.** What actions did you take as a director of
(14) those companies to ensure that they would be repaid
(15) the amounts stated in the Stock Purchase Agreement?
(16) **A. I mean, I don't -- I don't know. I don't**
(17) **remember what I did.**
(18) **MR. RICKE:** Let's take like a five-minute
(19) break.
(20) (11:30) **(Recess taken from 11:25 a.m. to**
(21) **a.m.)**
(22) **BY MR. BURTON:**
(23) **Q.** Are you guys ready?
(24) **A. Yes.**
(25) **Q.** Mr. Wikner, can you take a look at Exhibit

Page 84

(1) 22?
(2) **A. (Witness complies.) Are we still keeping**
(3) **our finger on 11?**
(4) **Q.** I think you can let 11 go.
(5) **A. Okay. Good for you.**
(6) **Q.** All right. Do you recall this document?
(7) **A. Specifically, no.**
(8) **Q.** Do you recognize your signature on the
(9) signature pages?
(10) **A. I do.**
(11) **Q.** Do you recall earlier we talked about there
(12) being a price adjustment to the stock purchase price
(13) based on the valuation of assets?
(14) **A. Yes.**
(15) **Q.** Does this appear to you to be the agreement
(16) that made that adjustment?
(17) **A. Well, appears that way.**
(18) **Q.** Do you have any reason to dispute that this
(19) is a true and accurate copy of that agreement?
(20) **A. No, I don't think so.**
(21) **Q.** Were you required to repay some money to
(22) the company?
(23) **A. Yes.**
(24) **Q.** And you did do that; correct?
(25) **A. I did.**

Page 85

(1) Q. And in your Answer in this case you allege
(2) the defense of release. And my question is, is that
(3) based on paragraph 5 of this agreement?
(4) MR. RICKE: I'm going to object as calling
(5) for a legal conclusion.
(6) MR. BURTON: Are you instructing him not
(7) to answer?
(8) MR. RICKE: No.
(9) A. I mean, I don't know.
(10) MR. RICKE: Subject to that --
(11) BY MR. BURTON:
(12) Q. I'm sorry?
(13) A. Again, I don't know. I'm not sure I even
(14) know what you're asking now.
(15) Q. Okay. Why don't you take a look at -- give
(16) me a second. Let's strike that.
(17) A. Okay.
(18) Q. I'm just going to ask you to take a look at
(19) Exhibit 23, and let me know if you are familiar with
(20) that document at all?
(21) A. (Witness complies.) No, I'm not.
(22) Q. Can you take a look at Exhibit 4, excuse
(23) me, 24?
(24) A. Twenty-four. Okay. (Witness complies.)
(25) Q. This is a summary of checks, which we were

Page 86

(1) able to identify from the debtor's check register,
(2) being made payable to you, and I believe this was
(3) also attached to our Complaint. Do you believe that
(4) you received the monies that are identified on these
(5) checks?
(6) A. I think that's true, yes.
(7) Q. And that would have been in furtherance of
(8) the Noncompete Agreement that was part of the
(9) purchase of the stock?
(10) A. I believe that's true.
(11) Q. Okay. Exhibit 25 is your response to our
(12) interrogatories, our initial interrogatories?
(13) A. Okay.
(14) Q. I want to take a look at No. 8.
(15) A. (Witness complies.) Okay.
(16) Q. In that I asked for you to detail any facts
(17) relating to your presentation of the stock sale to
(18) Miller & Schroeder, Inc. and to identify any and all
(19) corporate records, and your counsel stated that
(20) those would be produced.
(21) A. They have been, have they not?
(22) Q. Everything that you've -- I think I've got
(23) everything you've produced. I'm just wondering --
(24) what my question goes towards, I don't see any
(25) records related to this interrogatory. I'm

Page 87

(1) wondering if you recall any specific documents
(2) relating to the presentation of the stock sale to
(3) the actual company of Miller & Schroeder, Inc. I
(4) don't recall ever seeing anything like that in the
(5) documents that were produced to me.
(6) MR. RICKE: Just by way of clarification,
(7) when you're talking about presentation, do you
(8) mean -- do you mean any records relating to either
(9) Mr. Wikner or Mr. Iverson going before the
(10) corporation and presenting the terms of the stock
(11) sale to the corporation?
(12) MR. BURTON: Right. I'm looking at this
(13) as though, in my belief, that the company was
(14) involved with and effected by the stock sale.
(15) BY MR. BURTON:
(16) Q. And my question goes toward, were there
(17) ever -- was the company ever formally presented with
(18) the issues relating to the stock sale by way of
(19) approaching the board or the shareholders? And I'm
(20) looking -- and I was asking for the facts and
(21) records. I think you already testified that you
(22) don't recall anything along these lines?
(23) A. In a formal presentation?
(24) Q. Yes.
(25) A. I don't believe so. I don't remember, is

Page 88

(1) the better answer. We may have done so. I don't
(2) know. I don't recall that we did anything formally.
(3) Q. Okay. Interrogatory No. 11. In your
(4) response, you stated that the Noncompetition
(5) Agreement was requested by M&I and agreed to by you.
(6) My question is this, did they initially start off by
(7) asking for a Consulting Agreement and then over time
(8) it changed to a Noncompete?
(9) A. I don't think so.
(10) Q. In Interrogatory No. 14, this may be sort
(11) of a legalese question, but it's asking for all
(12) consideration received by the debtors for the
(13) released obligations. And that one referred to
(14) paragraph 12 of the Complaint. And that is the --
(15) are the items that were listed in that Certificate?
(16) A. I believe that's true, yes.
(17) Q. My question is this, it said that you will
(18) produce all documents relating to the stock sale
(19) transaction for inspection and copying by us, and I
(20) agree that you have produced documents. I have not
(21) seen anything that shows that the companies received
(22) consideration or repayment. And except for perhaps
(23) the wire transfers, which I'm not making an
(24) admission, I'm just carving those two out of the
(25) question. Are you aware of any evidence that the

Page 89

(1) company got something for releasing the items in
(2) that Certificate?
(3) **MR. RICKE:** I'll object to the form of the
(4) question, because, I mean, the term "release," I
(5) mean, has a specific legal meaning, and I think
(6) that -- and I think it mischaracterizes the
(7) witness's testimony. I think the witness has
(8) testified that those items were paid, which connotes
(9) a different meaning than release. They were in fact
(10) satisfied.
(11) **BY MR. BURTON:**
(12) **Q.** Okay.
(13) **A. My understanding is, they were satisfied.**
(14) **Q.** And I believe that Interrogatory 14 is
(15) asking for you to identify that, how they were
(16) satisfied. And your answer was that you'd give me
(17) records. I can't find anywhere in the records where
(18) those were satisfied.
(19) **MR. RICKE:** Any records that Mr. Wikner
(20) has, with respect to that, have been produced. So
(21) to the extent, you know, the records have been
(22) produced, that's all that there is.
(23) **BY MR. BURTON:**
(24) **Q.** Okay.
(25) **A. Those are the records.**

Page 90

(1) **Q.** Can you identify, without records, how the
(2) company received repayment or other consideration?
(3) **A. I don't think so.**
(4) **Q.** You had the Noncompete Agreement and you
(5) were going to get payments for four years under that
(6) agreement; correct?
(7) **A. Yes.**
(8) **Q.** Was your right to receive payment under
(9) that agreement protected by the filing of a security
(10) interest?
(11) **A. I don't believe so.**
(12) **Q.** If you'd look at Exhibit 26, which is one
(13) of your Responses to Requests for Admissions?
(14) **A. Okay.**
(15) **Q.** I'm looking at item 3. And I'm going to
(16) ask you, as of June 20th of '97, were you an
(17) unsecured creditor with respect to this debtor's
(18) asset, and you denied it?
(19) **A. Well, the date's wrong, isn't it?**
(20) **MR. RICKE:** Let him ask his question.
(21) **THE WITNESS:** Okay.
(22) **BY MR. BURTON:**
(23) **Q.** You're right. On June 20th of 2001, were
(24) you an unsecured creditor of this debtor? And I'd
(25) refer you, if you want to, if you're wondering about

Page 91

(1) the calculation of payments, to Exhibit 24.
(2) **MR. RICKE:** Just hold on a minute. Okay.
(3) What's the question?
(4) **BY MR. BURTON:**
(5) **Q.** On June 20th of 19 -- of 2001, excuse me,
(6) you were an unsecured creditor of this debtor?
(7) **MR. RICKE:** I'll object as calling for a
(8) legal conclusion, but you can -- you can answer the
(9) question.
(10) **A. I don't know.**
(11) **BY MR. BURTON:**
(12) **Q.** Were you owed money on June 20th of 2001?
(13) **A. Well, again, from this chart, it appears**
(14) **that I was.**
(15) **Q.** Okay. And you did not have a security
(16) interest?
(17) **A. I don't believe so. I don't know, but I**
(18) **don't believe so.**
(19) **Q.** The next admission, I don't know if you
(20) guys are being overly cautious, but there's some
(21) misstatement in here that I'm not catching.
(22) **A. On No. 3, the date's wrong.**
(23) **Q.** I'm asking --
(24) **A. So we deny it, right.**
(25) **Q.** No. 4, I asked you to admit that from

Page 92

(1) November 24th of 1999 to June 28th of 2002 that you
(2) received at least $277,115 on account of an
(3) antecedent debt?
(4) **MR. RICKE:** I'll object to the question as
(5) calling for a legal conclusion. I'd be happy to
(6) discuss with you, either on or off the record,
(7) why -- I mean, why it was denied, because it was
(8) denied, because we did deny that it was on account
(9) of an antecedent debt.
(10) **BY MR. BURTON:**
(11) **Q.** Okay. Mr. Wikner, the payments that were
(12) made to you, that are on Exhibit 24, those were made
(13) to you for the sole reason that there was the
(14) Noncompete Agreement; correct?
(15) **A. I believe that to be true.**
(16) **Q.** If I deleted the part of Request for
(17) Admission No. 4, after the 277 number, so we struck
(18) the to you or for the benefit on account of an
(19) antecedent debt, would your answer then be that
(20) you'd admit that? I guess I have to say to you at
(21) the end, but --
(22) **MR. RICKE:** You know, I --
(23) **A. I don't know.**
(24) **MR. RICKE:** Asked and answered. I think
(25) he has already testified that with respect to the

Page 93

(1) chart of payments, that you paid the 277, that to
(2) the best of my knowledge that he received those
(3) payments.
(4) **THE WITNESS:** Yeah.
(5) **MR. RICKE:** Yes.
(6) **BY MR. BURTON:**
(7) **Q.** If you look at Exhibit 27?
(8) **A. (Witness complies.)**
(9) **Q.** These are Admission Responses, which might
(10) be the ones I just got. Yeah, these are presented
(11) to me here as unsigned. But my understanding is
(12) that your attorney has signed them and presented
(13) them to me this morning. But the first question
(14) asks you to admit essentially that the items under
(15) your name under that Closing Statement were debts
(16) owed by you to the company or one of its
(17) subsidiaries, and you denied it. And my question
(18) is, why do you deny that?
(19) **MR. RICKE:** Again, I'll object as calling
(20) for a legal conclusion. But the -- and again, I'll
(21) discuss with you, either on or off the record, but
(22) it was denied because of the -- because the word
(23) "debt" has a certain connotation. And in fact,
(24) certain of the monies that were withheld under
(25) Section II of the Closing Statement were on account

Page 94

(1) of the purchase of assets which occurred
(2) contemporaneously with the closing and not on
(3) account of a payment of debt to the company;
(4) specifically the insurance policies, the Mercedes.
(5) **BY MR. BURTON:**
(6) **Q.** Under item 4, I'm looking at the portion of
(7) your answer that says -- this is talking about the
(8) amount deducted from you, your payment at closing.
(9) **A. Uh-huh.**
(10) **Q.** "The purpose of such deduction was to
(11) withhold sufficient funds from amounts to be paid to
(12) defendant pursuant to the purchase agreement to
(13) enable those items set forth in Section 2 of the
(14) Closing Statement to be satisfied; to the best of
(15) defendant's knowledge, information and belief, such"
(16) terms were -- excuse me, "such items were satisfied
(17) from the amounts withheld." My question is, but you
(18) can't identify records that show how that occurred?
(19) **A. I don't think I can.**
(20) **Q.** Okay.
(21) **A. I mean, you have everything we have.**
(22) **Q.** If you look at Exhibit 28?
(23) **A. (Witness complies.)**
(24) **Q.** It refers in the Interrogatory Answers to
(25) you being the person providing information and with

Page 95

(1) an address of Flying Cloud Drive in Eden Prairie.
(2) That's the address of your aviation companies?
(3) **A. Yes.**
(4) **Q.** How did expense reimbursements work while
(5) you were at the company? Did you -- am I correct,
(6) that it seems to me that you got paid a lump sum of
(7) money in advance for expense reimbursements and then
(8) you drew that down, or as you accrued expenses did
(9) you submit them for reimbursements?
(10) **A. I think it was both, depending on what the**
(11) **expense was.**
(12) **Q.** All right.
(13) **A. I'm not sure I remember how that worked.**
(14) **We had some company credit cards. I don't know. I**
(15) **didn't -- I had a person that did all my expense**
(16) **work and --**
(17) **Q.** Okay.
(18) **A. And I don't know. I think it was both.**
(19) **Q.** Sorry I'm taking so long, but I'm trying to
(20) not ask things I've already gone over. I want to
(21) briefly touch on your tax returns, which is Exhibit
(22) 29.
(23) **A. Okay.**
(24) **Q.** It appears to me as though you took a gain
(25) on the sale of your stock to M&I Acquisition, from

Page 96

(1) this return; is that correct?
(2) **A. I believe that to be true.**
(3) **Q.** And if you look at the page that's
(4) captioned Capital Gains and Losses for 1997, I'd say
(5) it's probably like 15 pages in.
(6) **A. (Witness complies.) Capital Gains and**
(7) **Losses, I've got it.**
(8) **Q.** Do you see in the middle of that page,
(9) roughly below the middle that shows a sale price of
(10) $6,704,931?
(11) **A. I do.**
(12) **Q.** That is the price you're listing for the
(13) sale to M&I Acquisition Corporation; correct?
(14) **A. Yeah, I believe that's true.**
(15) **Q.** Okay. So the entries on that line, and
(16) apparently on this page, generally -- let me just --
(17) I'll just strike that. The entries on that line
(18) relate to the M&I Acquisition sale; correct?
(19) **A. It would seem to be true, yes.**
(20) **Q.** Okay.
(21) **A. Yeah, we looked at -- yeah.**
(22) **Q.** I'm not a tax guy, but my question to you
(23) is, do you know whether you reported any income in
(24) that year for the forgiveness of debt?
(25) **A. No, there wasn't any. We didn't report**

Page 97

(1) **any.**
(2) **Q.** Okay. After the stock sale closing, did
(3) you have any involvement with Miller & Schroeder,
(4) Inc. or M&I Acquisition?
(5) **A. No.**
(6) **Q.** I think you stated that after the closing
(7) you got in your car and drove away and never came
(8) back?
(9) **A. That's true.**
(10) **Q.** You never went back at all, huh?
(11) **A. (Witness nods head.)**
(12) **Q.** And what have you done for employment since
(13) that time?
(14) **A. I've not been employed.**
(15) **Q.** Okay. Are you employed by your aviation
(16) companies?
(17) **A. No, I'm not.**
(18) **Q.** Okay. Are you active in their management?
(19) **A. On a limited basis, yeah.**
(20) **Q.** I'll take a stab at this one. I think I
(21) know the answer to this one. Can you take a look
(22) at -- let me just see --
(23) **A. Where are we?**
(24) **Q.** I'm going to tell you in a second. I've
(25) just got to find my reference. Exhibit 16.

Page 98

(1) **A. (Witness complies.)**
(2) **Q.** These were in the closing book, and they
(3) relate to Mr. Iverson. And I'm pretty sure I know
(4) the answer to this already, but I'll ask, do you
(5) recognize those documents at all?
(6) **A. I do not.**
(7) **Q.** If I wanted to dig deeper into the aviation
(8) charter issue, is it your belief that Aviation
(9) Charter might have records from 1997 related to this
(10) issue?
(11) **A. I don't think so.**
(12) **Q.** What causes you to think that they would
(13) not?
(14) **A. We keep records for about three years back.**
(15) **MR. BURTON:** We can go off the record for
(16) a second.
(17) **(Off the record.)**
(18) **(Back on the record.)**
(19) **MR. BURTON:** I'm done. Do you have
(20) anything?
(21) **MR. RICKE:** You know, I just want to ask
(22) like two clarifying questions, I guess.
(23) EXAMINATION
(24) **BY MR. RICKE:**
(25) **Q.** Roger, we went -- if we can go back to the

Page 99

(1) Closing Statement?
(2) **A. Uh-huh.**
(3) **Q.** As you previously testified, it reflects a
(4) purchase price for 100 percent of the stock of
(5) $15,000,000?
(6) **A. Right.**
(7) **Q.** And your share of that, from the -- on the
(8) Closing Statement is $7,310,725.55?
(9) **A. Okay.**
(10) **Q.** Right?
(11) **A. Yes.**
(12) **Q.** And then there are certain adjustments
(13) listed to the closing proceeds that counsel went
(14) through; is that correct?
(15) **A. That's correct.**
(16) **Q.** And the total of those adjustments is
(17) $1,362,736.23?
(18) **A. Okay. Yes.**
(19) **Q.** Right. Now, when you filled out your tax
(20) returns for 1997, you in fact claimed, as income,
(21) the gross purchase price and not the net; is that
(22) correct? You paid tax on the entire purchase price?
(23) **A. That's true. That's true. Yes, not the**
(24) **net number.**
(25) **Q.** After the closing, you didn't have any

Page 100

(1) involvement with the business?
(2) **A. No.**
(3) **Q.** Mr. Dlugosch's group was in control?
(4) **A. Yes.**
(5) **Q.** With respect to the obligations set forth
(6) in Section II of the Closing Statement, a couple of
(7) those obligations were in fact paid at the closing;
(8) right?
(9) **A. Yes, that's my understanding, yes.**
(10) **Q.** And did you have an assumption or an
(11) understanding as to what happened to the rest of the
(12) proceeds that were withheld from you?
(13) **A. They were going to pay those off.**
(14) **Q.** And you don't -- you didn't -- after the
(15) closing, did you have any reason to believe that
(16) that did not occur?
(17) **A. No, I did not.**
(18) **Q.** But you never had any further discussions
(19) with Dlugosch or his group?
(20) **A. No.**
(21) **MR. RICKE:** I don't have anything further.
(22) FURTHER EXAMINATION
(23) **BY MR. BURTON:**
(24) **Q.** On the same exhibit, the Closing Statement,
(25) I'm sorry, you just closed the page, that amount at

Page 101

(1) the bottom of the page, the 5.9 million dollar
(2) number, that's the amount that you actually ended up
(3) receiving at the closing; correct?
(4) **A. Right there, yes.**
(5) **Q.** And that was wired to you in accordance
(6) with the wire instructions to complete this
(7) transaction?
(8) **A. Yes.**
(9) **MR. BURTON:** I don't have any further
(10) questions.
(11) **MR. RICKE:** I think we'd like to read and
(12) sign.
(13) **(Whereupon, the deposition of ROGER JAMES**
(14) **WIKNER was concluded at 12:10 p.m.)**
(15)
(16)
(17)
(18)
(19)
(20)
(21)
(22)
(23)
(24)
(25)

Page 102

(1) NOTARY & REPORTER'S CERTIFICATE
(2) BE IT KNOWN that I, Kay Lynn Hinsch, took the
(3) foregoing deposition of ROGER JAMES WIKNER;
(4) That the witness, before testifying, was by me
(5) first duly sworn to testify the whole truth and
(6) nothing but the truth relative to said cause;
(7) That the foregoing deposition is a true record of
(8) the testimony given by said witness to the best of
(9) my ability;
(10) That the reading and signing of the foregoing
(11) deposition by the said witness was not waived by the
(12) witness and respective counsel;
(13) That I am not related to any of the parties
(14) hereto, nor an employee of them, nor interested in
(15) the outcome of the action;
(16) That the cost of the original has been charged to
(17) the party who noticed the deposition, and that all
(18) parties who ordered copies have been charged at the
(19) same rate for such copies;
(20) WITNESS MY HAND AND SEAL this 29th da
(21) December, 2003.
(22)
(23) Kay Lynn Hinsch, RPR
(24) Notary Public
(25)

KAY L. HINSCH
NOTARY PUBLIC-MINNESOTA
MY COMMISSION EXPIRES 1-31-2005

Concordance Report

Unique Words: **1,246**
Total Occurrences: **5,299**
Total Words In File: **16,622**

Single File Concordance

Case Insensitive

Cover Pages = **4**

Includes **ALL** Text Occurrences

Dates **ON**

Includes Pure Numbers

Possessive Forms **ON**

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54:21; 77:17
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96:10
$66,000 [4]
72:24; 73:13; 76:12, 13
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74:6
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49:24
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45:7
$81,000 [2]
67:20; 77:6

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1 [6]
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10 [6]
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62:5
10-18-41 [1]
7:10
100 [1]
99:4
10:10 [1]
40:9
11 [17]
40:16; 43:21; 48:7, 8; 56:17; 59:14; 60:24; 62:3, 19; 66:4; 67:16; 68:19; 71:2; 80:6; 84:3, 4; 88:3
11,466 [1]
62:5
11:25 [1]
83:20
11a [3]
76:17, 19
12 [5]
54:10; 55:8, 10, 15; 88:14
12:10 [1]
101:14
12th [1]
39:13
13 [6]
26:14; 35:21; 44:19; 58:1, 2, 4
13,000 [1]
71:10
14 [4]
45:5; 58:23; 88:10; 89:14
15 [5]
53:23; 60:9, 10; 61:20; 96:5
15,000,000 [2]
30:14; 53:21
1545 [1]
6:14
16 [2]
46:21; 97:25
16.4 [1]
50:1
160,000 [1]
71:20
17 [2]
62:20; 63:13
175 [2]
65:18; 66:7
18 [4]
47:7; 64:8; 65:9, 15
18th [1]
32:7
19 [2]
66:25; 91:5
1959 [1]
11:6
1967 [1]
11:24
1980 [3]
17:2, 5, 19
1985 [1]
21:4
1997 [19]
24:15; 27:5; 31:20; 32:7; 35:1; 36:7; 39:13, 23; 40:2, 24; 49:19; 51:19; 52:18; 54:14; 82:20; 96:4; 98:9; 99:20
1999 [1]
92:1
19a [2]
74:23, 24
19th [1]
39:23

****2****

2 [4]
23:2; 24:23; 49:16; 94:13
2.1 [1]
42:22
2.2 [1]
43:2
20 [2]
40:24; 73:3
2001 [3]
90:23; 91:5, 12
2002 [1]
92:1
2003 [1]
102:21
20th [4]
90:16, 23; 91:5, 12
21 [1]
74:17
22 [1]
84:1
225 [1]
61:1
23 [1]
85:19
24 [3]
85:23; 91:1; 92:12
24th [1]
92:1
25 [4]
18:15; 19:12, 18; 86:11
26 [1]
90:12
27 [1]
93:7
277 [2]
92:17; 93:1
28 [1]
94:22
28th [1]
92:1
29 [1]
95:22
29th [1]
102:20

****3****

3 [7]
21:19; 23:2; 25:4; 42:19; 51:18; 90:15; 91:22
3,000,000 [1]
25:7
3.15 [6]
51:5, 9; 69:8, 17; 71:9, 15
3.4 [4]
73:24; 75:15, 17, 21
30 [1]
21:21
31 [1]
5:5
31st [8]
30:6, 9; 41:14, 19; 42:2; 49:18; 69:6; 82:20

****4****

4 [10]
31:7; 32:5, 11; 33:1, 3; 52:5; 85:22; 91:25; 92:17; 94:6
4,600,000 [1]
55:5
40 [1]
26:15
45 [1]
70:1
48 [2]
49:17; 50:22
482,812.5 [1]
25:9
49 [7]
17:12; 18:15; 19:24, 25; 24:19, 20; 53:23
4a [3]
32:13; 33:2; 34:19

****5****

5 [7]
35:4; 43:23; 44:2; 49:17; 50:17; 73:7; 85:3
5.1 [1]
76:22
5.2 [1]
45:14
5.5 [1]
45:20
5.6 [2]
35:24; 46:13
5.9 [1]
101:1
50 [1]
26:15
500,000 [1]
47:13
51 [1]
17:12
54,000 [1]
61:1
59 [3]
10:1, 15; 11:8

****6****

6 [5]
36:10; 55:15, 16; 75:15; 76:24
6.2 [1]
47:5
60 [2]
11:8; 74:7
60s [6]
13:2, 10; 14:1; 18:5, 6, 17
62 [1]
11:9
65 [1]
10:15
68 [1]
13:3
69 [1]
13:3

****7****

7 [1]
37:18
7.3 [1]
53:22
70s [11]
13:11, 24; 14:20; 15:2, 4, 8, 16; 19:3, 4, 6, 10
71 [1]
13:11
72 [1]

13:11
73 [2]
52:5; 70:23
75 [4]
51:7; 52:7; 68:23; 69:5

****8****

8 [2]
38:9; 86:14
8.9 [1]
74:7
80 [2]
67:21; 77:12
80,000 [1]
68:4
800 [1]
66:22
80s [1]
15:9
81 [1]
67:21
87 [3]
15:25; 16:1, 2
88 [1]
16:2

****9****

9 [2]
21:9; 39:5
90s [4]
15:19, 22; 16:7; 20:5
91 [1]
23:2
97 [11]
24:18; 33:11, 13, 19, 20, 21; 39:1; 41:3, 14; 67:4; 90:16
98 [1]
33:10
990,625 [1]
25:8
9:20 [1]
5:3

****A****

a.m. [5]
5:3; 40:9, 10; 83:20, 21
ability [2]
21:15; 102:9
able [3]
28:16; 47:15; 86:1
access [4]
45:15, 16; 46:15, 18
accordance [1]
101:5
according [1]
61:10
account [5]
92:2, 8, 18; 93:25; 94:3
accountants [2]
82:7; 83:11
accounts [1]
17:7
accrued [1]
95:8
accurate [3]
22:3; 47:22; 84:19
accurately [1]
80:23
acquired [1]
24:22
acquisition [9]
22:19; 24:17; 27:13, 21; 42:25; 95:25; 96:13, 18; 97:4
action [1]
102:15
actions [3]
9:4; 83:8, 13
active [1]
97:18
actual [3]
69:21; 80:19; 87:3
add [2]
18:10; 49:24
added [1]
18:14
address [4]
6:19; 7:5; 95:1, 2
addresses [7]
6:17; 7:4; 35:10; 45:14, 20; 46:13; 47:5
addressing [1]
70:14
adjustment [3]
43:19; 84:12, 16
adjustments [3]
43:8; 99:12, 16
admission [4]
88:24; 91:19; 92:17; 93:9
admissions [1]
90:13
admit [3]
91:25; 92:20; 93:14
advance [4]
65:12; 66:9, 15; 95:7
advance-bonus [1]
65:17
advances [8]
36:1; 46:1; 51:18; 52:9; 60:2; 66:7; 69:7, 19
advertising [1]
11:8
agree [3]
43:24; 73:9; 88:20
agreed [2]
30:7; 88:5
agreeing [1]
44:16
agreement [66]
16:16; 20:16, 24; 21:15; 22:4, 23; 23:10, 23; 24:8; 26:2, 19; 34:12, 16; 35:1, 10, 18, 22; 38:1, 6; 39:2, 14, 16, 17, 24; 40:20, 23; 41:13, 17, 19, 20, 21; 42:1, 7, 20; 47:23; 48:5, 22; 49:3, 10, 16; 51:14; 55:9, 19; 75:8, 14, 15, 22; 82:25; 83:4, 6, 10, 15; 84:15, 19; 85:3; 86:8; 88:5, 7; 90:4, 6, 9; 92:14; 94:12
agreement's [1]
51:4
agreements [5]
36:19; 37:1; 38:24; 50:2, 10
allege [1]
85:1
allow [1]
56:8
allowing [1]
45:16
alphabetically [1]
44:12
amount [8]
45:7, 25; 46:3; 52:1; 68:17; 94:8; 100:25; 101:2
amounts [18]
45:21; 46:25; 51:23; 52:8; 54:8; 58:16; 60:25; 61:12; 64:2; 72:6; 76:12; 79:10, 11; 80:24; 81:1; 83:15; 94:11, 17
answer [16]
6:1; 21:2; 51:25; 52:10, 15; 53:15; 79:20; 85:1, 7; 88:1; 89:16; 91:8; 92:19; 94:7; 97:21; 98:4
answered [4]
30:23; 37:8; 78:24; 92:24
answers [3]
6:6; 62:15; 94:24
antecedent [3]
92:3, 9, 19
anybody [6]
7:21; 29:7; 30:15, 18; 32:3; 50:23
anyway [1]
61:11
anywhere [2]
28:16; 89:17
apparently [1]
96:16
appear [10]
40:19; 52:8; 59:4; 62:24; 63:25; 70:6; 77:8, 13; 81:10; 84:15
appears [14]
40:22; 43:23; 55:19; 60:21; 66:5, 8; 70:8, 13; 80:2, 17; 81:3; 84:17; 91:13; 95:24
approached [2]
28:3, 8
approaching [1]
87:19
april [2]
28:21
area [1]
10:7
aren't [1]
32:11
army [1]
82:7
arrive [1]
73:18
arrived [2]
57:20; 73:16
article [1]
43:23
aside [2]
16:22; 17:20
asking [15]
6:5; 8:16; 17:3; 24:13; 54:4; 65:2, 4; 70:5; 73:17; 85:14; 87:20; 88:7, 11; 89:15; 91:23
asks [1]
93:14
aspects [1]
77:23
asset [2]
58:18; 90:18
assets [4]
43:15, 18; 84:13; 94:1
assigned [2]
57:17; 58:14
assume [8]
42:18; 56:12; 61:24; 62:10, 11; 64:6; 78:13; 82:9
assuming [1]
65:22
assumption [1]
100:10
attached [5]
35:17; 53:6; 75:20; 76:3; 86:3
attachments [1]
81:5
attended [1]
27:23
attorney [7]
5:18; 33:1; 36:13; 37:21; 38:15; 39:10; 93:12
attorney's [2]
36:13; 37:21
attorneys [3]
51:11; 67:3; 76:4
august [1]
49:18
avenues [1]
27:10
aviation [18]
17:9, 13, 14, 15; 51:15; 70:18, 20; 71:1, 11, 17, 24; 72:5, 8; 95:2; 97:15; 98:7, 8
aware [3]
17:23; 21:14; 88:25

****B****

background [1]
9:23
balance [2]
72:22; 73:14
balances [1]
63:7
bank [18]
16:4; 47:9, 11, 14, 18; 54:3, 14; 55:20; 56:6, 9; 57:2, 5, 6; 77:15, 20; 80:20; 81:7, 10
banker [1]
16:4
banking [2]
15:11; 16:13
bankruptcy [1]
5:16
banks [2]
12:24; 16:6
based [6]
43:13, 14; 66:12; 76:6; 84:13; 85:3
basic [1]
43:2
basing [1]
46:10
basis [1]
97:19
becoming [1]
21:7
belief [8]
46:10; 47:2; 79:8; 80:22; 81:25; 87:13; 94:15; 98:8
believe [42]
9:19; 18:4; 22:20; 24:7; 25:24; 31:25; 33:2; 34:18, 21; 37:20, 24; 42:14; 46:5, 9; 49:3; 50:1, 19, 20; 52:20;

53:6; 57:22; 58:20; 66:18; 68:5; 74:25; 76:15; 78:8; 79:11; 82:20; 86:2, 3, 10; 87:25; 88:16; 89:14; 90:11; 91:17, 18; 92:15; 96:2, 14; 100:15
believed [1]
80:25
belong [1]
68:8
belonging [1]
26:22
benchmark [1]
43:11
benefit [1]
92:18
besides [2]
7:5, 21
bill [1]
15:25
birth [1]
7:9
bit [3]
6:8; 45:1; 64:20
board [8]
8:25; 9:3; 17:20, 23; 78:3, 10, 20; 87:19
bonds [6]
12:24; 13:15; 15:5, 6, 13; 16:12
bonus [6]
20:14; 65:12; 66:6, 9, 15; 82:18
book [8]
51:5, 12; 64:18; 73:6; 74:21; 75:11; 78:12; 98:2
books [4]
12:12; 63:4; 76:24; 78:7
borrowed [4]
59:24; 60:1, 4, 22
borrowing [2]
60:3, 14
bought [9]
18:9; 19:8, 22; 20:3; 23:1; 52:23; 58:15; 73:12
boulders [4]
67:8, 20; 68:5; 77:12
bounced [1]
31:22
boy [1]
19:3
breached [1]
9:6
break [4]
6:8, 10; 40:5; 83:19
brian [1]
5:15
briefly [1]
95:21
briggs [1]
67:2
bright [1]
29:9
brokerage [1]
10:21
brothers [3]
11:12, 15, 16
bucks [1]
77:20
bunch [1]
83:11
burton [75]
5:13, 15; 14:17, 24; 15:3, 20; 21:24; 22:13; 23:8, 19; 24:2, 6, 12; 26:13; 27:6, 8, 15, 18, 19; 31:13; 32:4, 15, 18, 22, 23; 34:1; 37:11; 38:22; 40:4, 11, 14; 41:11, 24; 44:8; 48:16, 20; 50:8, 16; 52:17; 53:11; 55:3, 18; 65:14, 21; 66:1; 70:12; 71:7, 21; 74:9; 79:2, 22, 25; 80:13, 16; 81:12, 23; 83:5, 7, 22; 85:6, 11; 87:12, 15; 89:11, 23; 90:22; 91:4, 11; 92:10; 93:6; 94:5; 98:15, 19; 100:23; 101:9
bushaway [1]
6:19
business [12]
10:9; 16:9, 12, 13, 18; 17:5, 12; 28:24; 29:9, 12; 43:25; 100:1
businesses [4]
16:22, 24; 17:11
buy [9]
28:2, 10, 14, 23; 29:7; 34:3; 45:11; 52:18; 74:14
buyer [2]
44:16; 79:12
buyers [3]
45:14; 46:15, 18
buying [1]
14:2

*** * C * ***

cafe [1]
12:6
calculation [2]
70:3; 91:1
california [3]
15:15, 18; 28:9
calling [7]
50:11; 78:24; 82:23; 85:4; 91:7; 92:5; 93:19
calls [5]
24:10; 33:16; 38:19; 52:11; 54:24
cancellation [1]
61:25
cancelled [3]
61:19, 23, 24
capital [2]
96:4, 6
captioned [1]
96:4
car [8]
37:15; 53:3; 73:9; 74:5, 6, 12; 97:7
cards [2]
52:6; 95:14
careful [2]
5:24; 23:20
cars [1]
12:6
carving [1]
88:24
case [4]
8:2; 9:7, 9; 85:1
catching [1]
91:21
category [2]
70:6, 14
cautious [1]
91:20
center [2]
54:20; 77:19
certificate [16]
47:13; 53:5; 56:14, 20; 57:10; 58:1; 59:13; 66:13; 69:1; 73:2; 79:9; 80:5, 14; 88:15; 89:2; 102:1
chairman [2]
9:1, 3
chance [1]
33:6
change [2]
13:13; 29:15
changed [8]
12:22; 14:9, 18, 25; 15:25; 18:22; 20:12; 88:8
charge [2]
29:14
charged [2]
102:16, 18
charges [1]
52:6
charlie's [1]
12:6
chart [2]
91:13; 93:1
charter [13]
17:15; 51:15; 70:18, 20; 71:1, 11, 17, 20, 24; 72:5, 8; 98:8, 9
chase [1]
81:7
check [3]
27:23; 79:23; 86:1
checks [2]
85:25; 86:5
circumstances [6]
18:7; 19:11, 25; 26:18; 47:16; 51:16
cities [1]
15:14
claimed [1]
99:20
claims [2]
8:9; 9:5
clarification [1]
87:6
clarify [2]
6:6; 50:7
clarifying [1]
98:22
clear [3]
23:12; 27:9; 42:23
clerical [2]
12:9, 19
closed [3]
21:21; 37:13; 100:25
closing [100]
27:23; 28:25; 29:2; 31:4; 35:25; 37:15; 42:4; 45:25; 46:3, 6, 7; 47:11, 13; 48:25; 49:7; 51:5, 12, 24; 53:5, 8, 14; 54:22; 56:8, 14, 20; 57:9, 17, 25; 58:7, 22; 59:2, 12; 60:9, 24; 61:9, 20; 62:1, 19; 64:10; 66:5, 12, 14, 19, 23; 67:15; 68:11, 19, 25; 69:1, 9, 10, 11, 22, 25; 70:17; 71:11, 23; 72:19, 23; 73:2, 6, 7, 12, 14; 74:20, 21; 75:11, 13; 76:4, 12, 22, 24; 77:6, 21; 78:16; 79:9; 80:1, 5, 13; 81:4; 82:9, 19; 93:15, 25; 94:2, 8, 14; 97:2, 6; 98:2; 99:1, 8, 13, 25; 100:6, 7, 15, 24; 101:3
cloud [2]
17:10; 95:1
club [7]
44:22; 67:10, 12, 19, 22; 68:7; 77:2
clubs [1]
68:8
clue [2]
72:25; 74:15
coffee [1]
12:11
column [1]
47:14
coming [2]
21:22; 78:21
commenced [1]
5:3
commencing [1]
49:18
commission [1]
20:12
common [1]
25:8
companies [12]
17:14; 51:19; 59:19; 61:3, 6; 70:20; 82:4; 83:9, 14; 88:21; 95:2; 97:16
company [77]
8:25; 9:2, 18; 13:18, 25; 14:2; 17:16, 17, 20; 18:25; 19:2, 13; 20:17, 25; 21:7; 23:1, 10, 17; 28:23; 29:7; 30:4, 25; 31:4; 34:3; 36:1, 8; 42:24; 43:13; 44:14, 17, 21; 45:6, 11, 21; 46:2, 4, 12; 47:1; 51:23; 52:9, 18, 23; 58:19; 60:5, 22; 61:15; 63:3, 8; 64:4; 66:14; 67:12; 68:17; 69:2; 71:10, 16; 72:16; 79:12; 81:1; 82:4, 10, 11, 12, 17, 18, 21; 84:22; 87:3, 13, 17; 89:1; 90:2; 93:16; 94:3; 95:5, 14
company's [3]
45:16; 78:6; 79:5
compare [1]
43:17
compensation [1]
20:6
compete [1]
50:22
complaint [4]
8:11; 53:7; 86:3; 88:14
complete [1]
101:6
complies [43]
20:22; 21:10; 24:24; 25:5; 31:8, 16; 34:20; 35:5, 23; 36:11; 37:19; 38:10; 39:6, 20; 40:17; 42:21; 43:22; 44:10; 46:22; 49:5, 13; 54:11; 56:25; 58:3, 24; 60:11; 61:22; 62:21; 64:9, 15; 67:1; 73:4; 74:18, 24; 76:19; 84:2; 85:21, 24; 86:15; 93:8; 94:23; 96:6; 98:1
component [1]

concept [1]
26:25
concluded [1]
101:14
conclusion [6]
24:11; 82:24; 85:5; 91:8; 92:5; 93:20
condition [1]
46:23
conditions [2]
46:23; 47:5
conduct [2]
43:25; 78:20
conducting [1]
77:22
confidentiality [1]
21:11
conjunction [1]
56:7
connotation [1]
93:23
connotes [1]
89:8
consent [1]
44:15
consider [1]
82:19
consideration [3]
88:12, 22; 90:2
consult [2]
30:15, 18
consulting [11]
15:11; 34:11, 16; 35:1; 38:1, 6, 23; 39:2, 14, 16; 88:7
contacts [1]
15:18
contemplated [1]
30:24
contemporaneously [1]
94:2
contents [2]
42:6, 9
contract [2]
22:5, 20
control [1]
100:3
conversations [1]
8:4
convoluted [1]
69:12
copies [4]
32:2; 38:17; 102:18, 19
copy [4]
22:3; 32:1; 47:22; 84:19
copying [1]
88:19
corporate [4]
11:4; 78:7, 11; 86:19
corporation [7]
8:15, 19; 60:14; 62:9; 87:10, 11; 96:13
corporations [2]
59:25; 60:15
correlates [1]
69:9
correspondence [1]
38:18
cost [1]
102:16
counsel [4]
81:20; 86:19; 99:13; 102:12
counsel's [1]
70:4
counties [1]
15:14
country [5]
16:5; 44:22; 67:19, 22; 68:7
couple [4]
43:17; 56:10; 64:23; 100:6
courses [1]
11:4
court [1]
9:10
credit [2]
52:6; 95:14
creditor [3]
90:17, 24; 91:6
crossed [1]
78:19
crossings [2]
54:19, 23
curious [2]
16:23; 20:9
current [1]
9:20

**** D ****

dakota [2]
6:23; 7:2
damn [1]
75:6
date [7]
7:9; 30:9; 43:11; 61:25; 69:1; 82:19
date's [2]
90:19; 91:22
dated [6]
21:3; 39:13, 23; 40:24; 41:14; 61:25
dates [4]
41:8, 23; 43:17, 18
day [3]
13:7; 82:20; 102:20
days [1]
18:24
deal [1]
56:22
debt [6]
92:3, 9, 19; 93:23; 94:3; 96:24
debtor [2]
90:24; 91:6
debtor's [2]
86:1; 90:17
debtors [1]
88:12
debts [1]
93:15
december [1]
102:21
declare [1]
82:18
deducted [11]
57:14; 61:9, 12; 69:3, 22; 72:5, 11; 76:12; 79:10; 80:24; 94:8
deduction [4]
67:19; 72:12; 77:17; 94:10
deductions [1]
82:2
deeper [1]
98:7
defendant [1]
94:12
defendant's [1]
94:15
defense [1]
85:2
deinard [1]
39:11
delays [1]
30:4
deleted [1]
92:16
denied [5]
90:18; 92:7, 8; 93:17, 22
deny [3]
91:24; 92:8; 93:18
depending [1]
95:10
deposition [9]
5:2, 4, 20; 7:18; 101:13; 102:3, 7, 11, 17
derived [2]
30:10; 77:6
describe [3]
11:6; 18:13; 36:18
detail [1]
86:16
detailed [1]
78:7
details [1]
47:3
determine [1]
47:15
dialogue [1]
35:13
differentiate [1]
79:18
dig [1]
98:7
diligence [2]
22:18; 59:1
direct [1]
79:16
director [5]
8:19; 9:15; 19:1; 79:4; 83:13
directors [5]
9:4, 5; 17:20; 78:3; 79:5
disclosed [1]
75:16
disclosure [1]
75:3
discuss [4]
26:22; 79:5; 92:6; 93:21
discussed [4]
24:22; 44:23; 70:14; 72:15
discusses [3]
39:14; 45:1; 51:14
discussing [2]
44:20; 45:15
discussion [3]
27:17; 39:1; 47:7
discussions [11]
34:25; 36:3, 6; 39:16; 40:1; 45:3, 9; 46:13, 14, 18; 100:18
dispute [3]
51:22; 58:13; 84:18
disruptive [1]
28:24
divided [1]
55:14
dlugosch [15]
8:5; 27:24; 29:2, 4, 18; 30:1; 31:19; 33:10; 34:2, 7; 35:7, 14; 36:4; 58:11; 100:19
dlugosch's [1]
100:3
document [33]
25:1, 2, 25; 26:3, 16; 34:22; 35:19; 36:12; 37:20; 39:5; 44:4; 48:4, 24; 49:2, 6, 9, 12; 51:11; 53:12, 17, 19; 54:12; 55:8; 59:2, 5; 62:22, 24; 63:11; 67:4; 75:2, 3; 84:6; 85:20
documents [11]
6:18; 7:24; 47:11; 58:7; 68:20; 70:13; 87:1, 5; 88:18, 20; 98:5
doesn't [3]
14:10; 39:3; 63:2
dollar [1]
101:1
dollars [6]
29:12; 56:7, 11; 57:1, 5; 77:10
doubt [1]
47:25
downtown [1]
11:11
draft [2]
35:17; 37:24
drew [1]
95:8
drive [2]
6:14; 95:1
drop [1]
59:21
drove [3]
6:20; 37:16; 97:7
due [11]
22:18; 51:23; 52:8; 59:1; 62:4; 64:4; 69:7, 18; 71:10; 72:23; 73:14
duly [2]
5:8; 102:5
duties [2]
9:6; 14:8

**** E ****

early [10]
13:11, 24; 14:20; 15:9, 16; 16:7; 19:10; 20:5; 31:24; 35:1
easier [1]
80:8
easy [1]
11:2
eden [1]
95:1
edina [1]
9:24
education [1]
10:3
educational [2]
9:23; 11:3
effected [1]
87:14
effective [1]
40:24
element [1]
34:7

employed [3]
30:25; 97:14, 15
employee [1]
102:14
employees [5]
13:19; 28:22; 46:14, 19
employment [11]
11:7; 20:16, 24; 21:17; 22:4, 17, 20; 49:3; 50:10; 97:12
employment-related [2]
36:19; 37:1
enable [1]
94:13
enclosed [1]
67:7
end [6]
41:2; 67:3; 69:11, 19; 78:18; 92:21
ended [2]
14:2; 101:2
enforceable [1]
24:8
engaged [1]
14:21
ensure [3]
44:14; 83:9, 14
entities [1]
17:21
entity [1]
18:3
entries [6]
57:12; 63:16; 64:25; 65:7; 96:15, 17
entry [7]
54:17; 65:11, 16; 70:18; 71:8; 72:10; 76:10
envision [1]
31:3
equal [2]
49:17; 53:25
equaling [1]
49:24
equity [1]
15:24
erickson [3]
25:15, 16; 26:23
erickson's [1]
25:23
essentially [4]
43:16; 53:22; 77:9; 93:14
estate [1]
15:24
event [1]
58:13
events [1]
18:13
evidence [2]
50:12; 88:25
examination [3]
5:12; 98:23; 100:22
examined [1]
5:9
exams [1]
10:25
exceed [1]
45:7
except [2]
75:16; 88:22
exclude [2]
80:20; 81:24
excuse [11]
24:16; 33:11; 58:1; 62:4; 63:3; 69:17; 75:13; 82:1; 85:22; 91:5; 94:16
execute [1]
16:16
executed [4]
20:15, 25; 60:6, 13
executive [3]
17:9, 13, 15
exempt [1]
16:2
exhibit [55]
5:4; 20:20; 24:23; 31:7; 33:1, 3; 35:4; 36:10; 37:17, 18; 38:9; 39:5, 19; 40:16; 54:10; 55:8; 56:17; 58:2, 4, 22, 23; 60:8, 10, 24; 61:20; 62:3, 19, 20; 64:8; 65:15; 66:4, 25; 67:16; 68:19; 69:17; 73:3; 74:16, 17; 76:17; 77:16; 80:9; 81:5, 8; 83:25; 85:19, 22; 86:11; 90:12; 91:1; 92:12; 93:7; 94:22; 95:21; 97:25; 100:24
exhibits [1]
79:15
expanded [2]
15:7; 16:6
expansion [3]
13:12, 23; 14:22
expense [11]
52:9; 68:13; 69:7, 18, 23; 70:9, 15; 95:4, 7, 11, 15
expenses [1]
95:8
explore [1]
27:11
extent [2]
75:16; 89:21

**** F ****

fact [7]
45:11; 47:12; 58:14; 89:9; 93:23; 99:20; 100:7
factor [1]
35:2
facts [3]
50:12; 86:16; 87:20
fair [2]
53:12; 79:8
familiar [9]
5:22; 8:9, 10; 26:3, 9, 10; 36:14; 54:13; 85:19
february [8]
31:19, 21; 32:7; 33:10, 13, 21; 36:7; 74:4
fiduciary [1]
9:6
figure [1]
52:3
figuring [1]
82:8
file [4]
22:16, 17; 36:13; 68:3
files [4]
22:18; 37:21; 59:1, 5
filing [1]
90:9
filled [1]
99:19
final [1]
40:19
finance [2]
16:10; 37:5
financial [10]
23:22, 24; 59:22; 60:17; 66:6, 10; 67:18; 68:10; 72:11
financing [2]
16:8; 34:8
find [5]
53:7; 66:24; 75:7; 89:17; 97:25
fine [2]
33:19; 83:5
finger [2]
56:18; 84:3
fired [1]
9:1
firm [1]
28:2
first [12]
5:8; 18:4; 19:1; 20:15; 42:8, 10; 48:17; 51:14; 52:1; 63:10; 93:13; 102:5
five [1]
13:21
five-minute [2]
40:5; 83:18
floated [1]
38:2
flush [1]
28:19
flying [2]
17:9; 95:1
focus [1]
24:15
focused [1]
25:13
focusing [1]
16:14
following [2]
48:4; 67:6
follows [2]
5:3, 10
foregoing [3]
102:3, 7, 10
forgiveness [1]
96:24
form [5]
14:14; 22:9; 24:1; 81:3; 89:3
formal [1]
87:23
formally [2]
87:17; 88:2
formerly [1]
5:17
forth [3]
43:2; 94:13; 100:5
four [3]
13:21; 32:6; 90:5
freight [1]
17:17
front [1]
40:23
full [1]
45:25
funds [4]
9:1, 15; 17:24; 94:11
furtherance [2]
60:13; 86:7
future [1]
29:9

**** G ****

gain [1]
95:24
gains [2]
96:4, 6
gaming [3]
16:8, 10, 13
gave [3]
19:9; 73:10; 76:7
generated [1]
62:25
gets [1]
15:21
give [4]
6:8; 74:13; 85:15; 89:16
given [2]
21:20; 102:8
giving [3]
45:14; 46:14, 18
god [6]
13:6; 14:10; 17:8; 18:22; 30:11; 75:2
goes [3]
75:18; 86:24; 87:16
governance [1]
11:4
graduate [1]
10:5
grand [1]
7:7
great [1]
29:9
gross [1]
99:21
group [4]
29:3, 4; 100:3, 19
grown [1]
13:18
guarantees [1]
47:8
guaranties [2]
56:9; 57:6
guaranty [3]
55:8, 19; 56:3
guess [14]
5:23; 9:2; 10:9; 12:9; 15:16; 42:16, 18; 53:1, 15; 57:3; 70:16, 17; 92:20; 98:22
guy [2]
28:13; 96:22
guys [6]
6:8; 40:4, 11; 80:7; 83:23; 91:20

**** H ****

half [1]
77:20
halfway [1]
56:22
hand [2]
57:25; 102:20
happy [4]
28:6, 18, 25; 92:5
hard [2]
29:13, 20
he's [1]
14:19
head [3]
6:2; 42:17; 97:11

heading [1]
59:8
held [1]
27:17
help [6]
47:17; 58:7; 73:8, 24; 75:5; 77:16
helps [1]
54:16
here's [1]
80:6
hereto [1]
102:14
high [1]
9:23
hinsch [2]
102:2, 23
hired [1]
83:11
history [1]
11:7
hold [1]
91:2
hole [4]
64:19, 24; 65:3, 23
home [2]
7:1; 37:16
homes [1]
15:6
honest [1]
22:2
honestly [1]
28:14
hospitals [1]
15:6
housing [1]
16:1
huh [1]
97:10
huh-uh [1]
6:2
hunter [1]
6:14
hybrid [1]
15:13
hypothetical [1]
50:13

**** I ****

i'd [13]
6:4; 9:22; 22:1; 24:15; 32:24; 42:5; 52:3; 53:19; 74:19; 78:13; 90:24; 92:5; 96:4
i've [10]
6:17; 31:16; 36:23; 47:10; 86:22; 95:20; 96:7; 97:14, 24
identification [1]
5:5
identified [1]
86:4
identify [6]
16:23; 86:1, 18; 89:15; 90:1; 94:18
ii [6]
53:22, 24; 57:9; 79:19; 93:25; 100:6
inc [11]
18:20; 59:6; 60:16, 17; 62:5, 25; 71:23; 77:23; 86:18; 87:3; 97:4
included [2]
37:1; 82:2
includes [1]
8:4
income [2]
96:23; 99:20
indian [2]
16:8, 11
indicated [1]
82:24
indicating [1]
53:9
industrial [1]
15:5
industry [2]
10:21; 50:25
information [7]
21:16; 45:15, 17; 67:7; 76:6; 94:15, 25
initial [2]
18:17; 86:12
initially [2]
20:11; 88:6
initials [5]
64:20, 21; 65:4, 12, 16
inspection [1]
88:19
installments [1]
49:18
instance [1]
75:14
instructing [1]
85:6
instructions [2]
81:9; 101:6
insurance [9]
45:2, 8, 12; 57:13, 16, 20; 58:16; 94:4
intended [1]
29:6
intention [1]
28:6
intentions [1]
37:12
interest [14]
13:24; 16:25; 17:4, 6, 9; 18:11; 46:1; 54:1; 62:4, 8, 14; 64:4; 90:10; 91:16
interested [3]
27:12; 28:13; 102:14
interrogatories [2]
86:12
interrogatory [5]
86:25; 88:3, 10; 89:14; 94:24
investment [2]
16:4; 23:22
investor [1]
21:7
involved [4]
12:5; 16:10; 29:23; 87:14
involvement [3]
79:5; 97:3; 100:1
issue [2]
98:8, 10
issued [1]
25:8
issues [2]
35:10; 87:18
item [18]
46:24; 51:14, 18; 54:3; 58:25; 59:12; 73:7; 74:23, 24; 75:15; 76:8, 24; 80:2, 17, 21; 90:15; 94:6
items [16]
47:9; 53:20; 63:7; 79:9, 14, 18; 80:22, 23; 81:10; 82:3; 88:15; 89:1, 8; 93:14; 94:13, 16
iverson [26]
8:7; 15:16; 19:22; 20:2; 25:18; 28:8, 12, 18; 30:7; 36:21; 38:24; 48:6, 16, 22; 49:4, 25; 50:6, 9; 51:19; 55:20; 56:8; 57:6; 63:22; 76:7; 87:9; 98:3
iverson's [1]
28:11

**** J ****

james [5]
5:2, 7; 6:12; 101:13; 102:3
january [2]
24:18; 27:25
jei [1]
63:21
jim [3]
8:5; 27:24; 58:11
jive [1]
50:3
job [5]
12:4, 25; 13:13; 14:8; 50:24
join [1]
11:20
joined [2]
15:16; 67:10
journalism [1]
10:9
july [12]
27:5; 30:6, 9; 41:2, 14; 42:3, 4; 67:3; 69:11; 74:5; 78:18; 82:20
jumping [1]
56:13
june [11]
39:13, 23; 40:2, 24; 54:14; 90:16, 23; 91:5, 12; 92:1

**** K ****

kay [2]
102:2, 23
keep [8]
28:18; 48:18; 56:18; 57:25; 64:10; 66:23; 78:7; 98:14
keeping [1]
84:2
kept [1]
12:12
ketola [1]
67:2
kids [1]
7:15
knowing [1]
28:22
knowledge [4]
50:14; 75:17; 93:2; 94:15

**** L ****

large [1]
16:8
larry [1]
32:15
last [2]
55:8, 13
late [5]
13:2, 10; 14:1; 15:8; 18:6
lawsuit [2]
8:10; 9:13
lawyers [2]
82:7; 83:11
leads [1]
49:25
legal [7]
24:10; 82:24; 85:5; 89:5; 91:8; 92:5; 93:20
legalese [1]
88:11
leonard [2]
5:15; 39:11
let's [12]
17:2; 26:15; 32:17; 41:4, 22; 55:10; 56:22; 76:11; 79:23; 82:9; 83:18; 85:16
letter [20]
31:9, 24; 32:10, 20; 33:4, 7, 17; 34:6; 35:6, 9, 17; 38:11, 23; 39:8, 10, 14, 21, 23; 67:2, 7
licensed [1]
12:23
licensure [2]
10:17, 21
life [7]
29:15; 30:7; 45:7, 8; 57:12, 20; 58:15
limit [1]
21:15
limitations [1]
25:22
limited [2]
13:4; 97:19
line [2]
96:15, 17
lines [1]
87:22
linger [1]
28:20
listed [8]
44:11; 52:7; 54:22; 59:18; 68:13; 80:18; 88:15; 99:13
listing [1]
96:12
lists [3]
66:7; 67:19; 69:1
litigation [4]
8:13, 18, 23; 9:17
loan [1]
54:13
loans [2]
61:4, 6
looks [2]
54:9; 64:18
lori [1]
67:2
losses [2]
96:4, 7
lot [13]
11:11; 12:4, 5; 15:11, 13, 18, 23, 24; 16:1, 2; 29:18, 19
loved [1]
28:7
lump [1]
95:6
lynn [2]

102:2, 23

M

maintained [1]
63:4
management [2]
10:17; 97:18
manhattan [1]
81:7
march [1]
28:21
marked [8]
5:5; 20:19; 31:6; 32:25; 33:2; 37:18; 40:16; 61:19
married [2]
7:11, 17
masters [1]
9:12
match [12]
31:18; 33:9; 43:5, 10; 44:2; 60:25; 63:2; 66:5, 8; 72:16; 75:11
math [1]
49:23
matt [2]
65:13; 80:12
matter [1]
5:18
matthew [1]
5:15
mean [39]
8:10; 13:6, 20; 14:10; 17:8; 18:22; 19:14; 20:11; 22:15; 25:12; 26:6; 27:23; 28:13, 22; 31:10, 22; 33:17; 38:20; 41:18; 45:18; 50:12; 60:1; 65:25; 68:8; 69:13; 71:15; 74:7; 75:13; 77:18; 79:16; 81:15; 83:16; 85:9; 87:8; 89:4, 5; 92:7; 94:21
meaning [2]
89:5, 9
medina [2]
6:16; 7:5
meet [1]
7:21
meeting [8]
26:22; 45:18; 77:22; 78:1, 3, 9, 10; 79:4
meetings [1]
78:20
mel [1]
9:12
member [1]
17:19
membership [2]
67:7, 13
memberships [4]
44:22; 67:22; 68:9; 77:2
mention [1]
45:5
mentioned [3]
17:22, 24; 47:9
mercedes [8]
52:18; 72:11, 17, 20; 73:7; 75:1; 76:14; 94:4
mercedes-benz [4]
81:6, 7, 11, 21
mid [2]
15:2, 4
midamerica [15]
47:9, 11, 14, 17; 54:3, 14; 55:20; 56:6, 9; 57:2, 5; 77:15, 20; 80:20; 81:10
middle [5]
19:3, 4; 64:19; 96:8, 9
miller [45]
5:17; 11:19, 21; 12:7, 14, 17; 14:19; 16:18, 22; 17:21; 18:3, 20; 19:16; 20:7; 23:17, 20, 21, 23; 24:1, 16, 17; 27:1; 28:1, 4; 44:1; 59:5, 21; 60:16, 17; 62:4, 25; 63:6; 66:6, 10; 67:18; 68:10; 71:16, 23; 72:8, 10; 77:23; 86:18; 87:3; 97:3
million [11]
29:11; 49:25; 50:1; 53:23; 55:5; 56:7, 11; 57:1, 4; 77:20; 101:1
mind [3]
40:4, 8; 78:19
minneapolis [1]
11:11
minnesota [2]
6:25; 10:4
minute [5]
17:24; 20:20; 26:4; 71:2; 91:2
minutes [1]
78:11
mischaracterizes [1]
89:6
misstatement [1]
91:21
money [22]
15:25; 28:16; 57:8; 59:24; 60:4, 14, 22; 61:7, 24; 70:19; 71:17, 23; 82:4, 5, 10, 12, 17, 21, 22; 84:21; 91:12; 95:7
monies [4]
81:14, 16; 86:4; 93:24
month [1]
28:3
monthly [1]
49:17
months [3]
24:16; 50:22; 74:7
morgan [1]
67:3
morning [3]
5:14; 6:20; 93:13
morris [1]
38:15
mortgage [3]
15:11; 16:4, 13
mortgages [1]
47:10
move [2]
51:3; 53:19
mr [185]
5:13, 14; 6:13; 7:22; 8:5, 7; 14:13, 17, 19, 23, 24; 15:3, 20; 21:18, 24; 22:9, 13; 23:8, 15, 19, 25; 24:2, 3, 6, 10, 12; 25:15, 18, 23; 26:4, 7, 10, 13, 23; 27:3, 6, 7, 8, 14, 15, 18, 19; 31:11, 13, 19; 32:2, 4, 15, 17, 18, 19, 22, 23; 33:4, 10, 15, 21, 23; 34:1, 2, 7; 35:7, 14; 36:4; 37:8, 11; 38:19, 22, 24; 40:4, 6, 11, 13, 14, 15; 41:9, 11, 20, 24; 44:3, 6, 8; 48:6, 11, 14, 16, 18, 20, 22; 49:4, 25; 50:5, 8, 9, 11, 16; 51:19; 52:11, 14, 17; 53:9, 11; 54:24; 55:3, 14, 18, 20; 56:8; 57:6; 63:22; 65:13, 14, 20, 21, 25; 66:1; 70:4, 9, 12; 71:5, 7, 15, 21; 74:3, 9; 76:7; 78:23; 79:2, 13, 22, 24, 25; 80:11, 13, 16; 81:2, 12, 22, 23; 82:23; 83:5, 7, 18, 22, 25; 85:4, 6, 8, 10, 11; 87:6, 9, 12, 15; 89:3, 11, 19, 23; 90:20, 22; 91:2, 4, 7, 11; 92:4, 10, 11, 22, 24; 93:5, 6, 19; 94:5; 98:3, 15, 19, 21, 24; 100:3, 21, 23; 101:9, 11
ms [1]
23:6
municipal [5]
12:24; 13:14; 15:5, 13; 16:12
myself [2]
17:18; 29:20

N

n-a-v-a-i-r [1]
17:16
naegele [4]
11:8, 13, 14; 12:2
name [9]
5:14; 6:11; 7:13; 9:11; 18:22; 80:18, 22; 81:18; 93:15
names [1]
42:11
navair [1]
17:16
negative [2]
47:13; 54:7
negotiate [1]
73:18
negotiating [2]
30:22; 38:2
negotiations [1]
29:22
net [2]
99:21, 24
nice [1]
16:5
nobody [1]
21:22
nobody's [2]
46:11; 61:23
nod [1]
6:2
nods [1]
97:11
non-competition [1]
21:12
non-indian [1]
16:11
noncompete [12]
16:16; 35:2; 36:18, 25; 37:7; 38:5; 50:10, 21; 86:8; 88:8; 90:4; 92:14
noncompetition [10]
20:16; 39:17, 24; 41:13, 21; 48:5, 12, 21; 49:10; 88:4
nonetheless [1]
28:24
nos [1]
5:4
notary [2]
102:1, 24
note [5]
59:13, 17; 60:5; 63:24
notes [9]
35:25; 36:14; 46:1; 60:2, 13, 23; 61:18; 62:12, 16
notice [2]
6:9; 59:17
noticed [1]
102:17
notwithstanding [1]
44:20
november [2]
21:3; 92:1
number [19]
6:17; 25:13; 42:16; 44:11; 47:10; 53:24; 57:12; 68:14; 69:8, 14; 72:24; 73:15; 74:11, 14; 76:9; 92:17; 99:24; 101:2
numbered [2]
68:23; 74:20
numbers [7]
20:9; 42:14; 52:7; 66:21; 69:13, 24; 76:17
nursing [1]
15:6

O

object [18]
14:13; 22:9; 23:15; 24:10; 27:3; 33:15; 44:3; 50:5, 11; 78:23; 79:13; 81:2; 82:23; 85:4; 89:3; 91:7; 92:4; 93:19
objection [2]
38:19; 54:24
obligation [5]
51:15; 55:21; 68:5, 6, 16
obligations [6]
36:8; 83:1, 2; 88:13; 100:5, 7
occupation [1]
9:20
occur [2]
34:9; 100:16
occurred [3]
27:5; 94:1, 18
offer [6]
31:19; 33:10, 12, 19, 20; 34:2
offered [1]
18:8
offers [1]
31:23
office [2]
12:12; 15:15
officer [5]
9:18; 19:6; 63:11, 17; 83:1
oh [8]
9:14; 10:15; 12:3, 9; 32:14; 48:15; 75:2; 76:16
okay [143]
7:4, 7, 9, 18, 21; 8:21; 9:9, 11, 17, 20, 22; 10:7; 11:3; 14:3, 7, 23; 21:3, 10, 25; 25:4, 5, 10, 14; 27:14; 31:16; 32:8, 14; 33:6, 25;

34:20; 35:5, 9, 23; 37:10, 19; 39:6; 40:17, 18; 42:5, 8, 9, 19, 21; 43:16; 44:9; 48:10, 19, 21; 49:2, 9; 51:6, 9; 52:10, 13; 53:10; 54:11, 15, 21; 55:4, 12, 16; 57:4; 58:3, 24; 59:11, 16, 23; 60:4, 8; 61:15, 18; 62:11, 18; 63:6, 10, 13; 64:12, 17; 65:10; 66:17, 23; 67:1, 9, 17; 68:12, 21; 69:4, 15; 70:24; 71:6, 13; 72:3; 73:1, 11, 17, 23; 74:10, 18, 22; 75:2, 12, 19, 24; 76:8, 9, 19, 20; 77:1, 9, 14, 21; 78:6; 79:23; 80:11, 15, 17; 81:13; 84:5; 85:15, 17, 24; 86:11, 13, 15; 88:3; 89:12, 24; 90:14, 21; 91:2, 15; 92:11; 94:20; 95:17, 23; 96:15, 20; 97:2, 15, 18; 99:9, 18
one's [1]
67:21
ones [3]
17:22; 81:18; 93:10
onward [1]
17:5
opened [2]
12:11; 15:15
operation [2]
11:11; 15:12
opportunity [1]
6:9
opposed [1]
71:18
ordered [1]
102:18
original [1]
102:16
originally [1]
74:6
outcome [1]
102:15
outdoor [2]
11:8; 12:2
outstanding [1]
46:1
overly [1]
91:20
owed [19]
36:1; 45:21; 46:1, 4, 12, 25; 62:8; 66:14; 69:2; 70:19; 71:17, 23; 72:8; 82:10, 12, 17, 21; 91:12; 93:16
owing [1]
52:8
owned [2]
25:9; 42:12
owner [3]
16:21; 82:13
ownership [7]
13:24; 16:24; 17:6; 18:11, 17; 19:12; 54:1
owns [1]
17:12

*** * P * ***

p.m. [1]
101:14
page [55]
21:9; 25:4; 26:14; 35:21; 36:15; 40:23; 42:7, 8, 19; 43:7, 21; 44:9, 12, 19; 45:5; 46:21; 47:7; 49:16; 51:6; 52:5, 7; 53:4, 6; 56:14, 24; 58:1, 22; 59:9; 60:9; 62:19; 63:10; 64:14, 20, 22; 65:13, 15; 66:24; 67:6; 68:23; 69:5; 70:22; 71:8; 74:23; 75:15; 76:25; 77:14; 80:7, 11; 96:3, 8, 16; 100:25; 101:1
pages [8]
41:5, 13; 48:9; 51:4; 53:4; 68:22; 84:9; 96:5
paid [27]
20:7; 27:22; 49:17; 50:2; 53:2, 13; 54:8; 55:5; 57:1, 5, 8; 61:6, 13, 16; 72:6; 74:11; 76:13; 79:10, 12; 80:24; 82:1; 89:8; 93:1; 94:11; 95:6; 99:22; 100:7
paper [2]
55:25; 56:2
paragraph [8]
25:6; 35:9; 42:10; 44:20; 49:16; 50:17; 85:3; 88:14
pardon [2]
56:1; 79:24
parking [4]
11:11; 12:4, 5, 6
part [19]
11:10; 28:11; 29:13; 33:16; 34:12; 35:1; 40:21; 48:24; 49:7; 50:2, 18; 51:12; 57:17; 61:19; 66:6, 18; 83:6; 86:8; 92:16
partial [1]
16:21
parties [2]
102:13, 18
partner [1]
28:13
partners [1]
29:17
parts [1]
17:11
party [1]
102:17
pass [1]
10:24
pay [6]
35:25; 45:25; 52:25; 61:8; 67:12; 100:13
payable [2]
74:7; 86:2
paying [3]
77:20; 80:25; 82:3
payment [10]
54:3; 56:6, 11; 69:3; 72:12; 79:17; 80:19; 90:8; 94:3, 8
payments [10]
49:19, 21; 50:6, 9, 17; 90:5; 91:1; 92:11; 93:1, 3
payoff [3]
81:7, 11
people [3]
12:14; 13:7; 50:24
percent [9]
18:18, 19; 19:12, 18, 25; 24:17; 53:23; 74:7; 99:4
percentage [1]
14:2
performance [1]
43:13
period [6]
9:13; 10:13; 14:14, 15; 20:13; 51:1
periods [1]
14:24
person [2]
94:25; 95:15
personal [1]
47:8
physically [1]
16:16
place [5]
22:24; 29:1; 52:2; 64:10; 73:1
placed [2]
25:22; 78:11
places [1]
29:19
plaintiff [2]
5:18; 9:11
plan [2]
29:7; 37:14
please [4]
6:10, 11; 40:16; 73:1
point [1]
30:4
policies [9]
45:2; 57:16, 18, 21, 23; 58:14, 16, 18; 94:4
portion [7]
16:8; 30:9; 40:20; 56:17; 67:19; 68:11; 94:6
position [2]
12:8; 66:18
post [1]
80:7
practice [1]
78:6
prairie [1]
95:1
prefaced [1]
44:13
preliminary [1]
69:21
prepare [1]
7:19
presentation [4]
86:17; 87:2, 7, 23
presented [4]
21:5; 87:17; 93:10, 12
presenting [1]
87:10
president [10]
9:1, 3; 13:17; 14:3, 4, 5, 6, 20; 19:7, 9
presume [6]
12:4; 63:19, 22, 23; 65:6; 73:13
pretty [3]
11:1; 29:12; 98:3
previous [2]
32:20; 35:12
previously [1]
99:3
price [25]
30:3, 10, 12, 16, 17, 19; 34:12; 37:3; 43:3, 8, 19; 50:1, 18; 53:13, 21; 57:14; 73:25; 82:2; 84:12; 96:9, 12; 99:4, 21, 22
pricing [1]
30:16
principal [1]
45:25
print [1]
12:3
printout [1]
63:25
prior [6]
35:25; 44:15; 45:24; 46:3; 77:21; 82:9
proceeds [4]
53:8; 61:10; 99:13; 100:12
produce [1]
88:18
produced [9]
36:12; 37:21; 51:11; 86:20, 23; 87:5; 88:20; 89:20, 22
productive [1]
29:10
profitable [1]
29:11
programs [2]
15:14, 24
projects [1]
16:1
property [2]
7:1, 7
proposal [1]
35:12
proposed [1]
35:22
proprietary [1]
21:16
protected [1]
90:9
provided [1]
83:1
providing [1]
94:25
provision [1]
82:25
provisions [1]
83:3
public [1]
102:24
pulled [1]
22:15
punched [1]
64:19
purchase [50]
29:23; 30:2, 10, 12; 34:12; 35:2, 18, 22; 37:2; 38:3; 40:19; 41:17, 25; 42:6; 43:3, 8, 12, 19; 44:22; 45:2, 6; 46:24; 47:6, 22; 48:4; 50:1, 18; 51:13; 53:13, 21; 57:14; 72:6, 11; 73:25; 75:8, 14, 15, 21; 82:2, 25; 83:4, 10, 15; 84:12; 86:9; 94:1, 12; 99:4, 21, 22
purchased [5]
42:25; 57:21; 72:17; 74:5, 6
purports [3]
39:11; 64:3; 69:17
purpose [1]
94:10
purposes [1]
6:23
pursuant [2]
83:10; 94:12
push [1]
64:20

****Q****

qualification [1]
81:9
question [48]
14:14; 20:23; 21:4; 22:10; 23:15, 25; 26:7, 8; 27:3; 30:24; 31:2; 32:20; 37:8, 25; 40:18; 44:3; 46:2; 50:5, 7; 57:4; 68:25; 69:7, 12, 23; 70:17; 73:23; 79:13, 18, 21; 80:21; 81:3, 25; 85:2; 86:24; 87:16; 88:6, 11, 17, 25; 89:4; 90:20; 91:3, 9; 92:4; 93:13, 17; 94:17; 96:22
questioning [1]
33:3
questions [7]
6:7; 31:15; 53:20; 56:10; 59:10; 98:22; 101:10
quickly [2]
5:23; 78:22

****R****

raise [2]
19:17; 28:16
raised [2]
15:24; 35:11
ran [1]
12:3
rapids [1]
7:7
rate [2]
64:4; 102:19
read [6]
21:23; 22:1; 31:14; 64:21; 75:6; 101:11
reading [1]
102:10
real [1]
15:24
realize [1]
29:1
reask [1]
32:19
reason [8]
22:19; 47:25; 53:24; 57:22; 72:4; 84:18; 92:13; 100:15
recall [70]
16:15; 18:6, 7; 19:11, 25; 20:4, 15; 21:4; 23:9, 12; 25:1; 30:12; 33:12, 19, 23; 34:2, 5, 6, 11, 15, 22, 25; 35:6, 18; 36:17; 37:25; 38:11; 39:8, 21; 41:9, 10; 44:6, 7, 16, 22; 45:3, 9, 15, 18; 46:14, 18; 47:2, 19; 48:24; 49:6, 12, 19; 51:15; 52:14, 15; 55:1, 24; 56:3; 57:7; 66:9; 67:4; 68:2, 16, 22; 71:22; 74:3; 78:25; 79:3; 84:6, 11; 87:1, 4, 22; 88:2
receipt [5]
53:6; 56:21; 79:10; 80:6, 14
receivable [3]
59:13; 62:4; 72:5
receivables [3]
59:18; 63:11, 17
receive [2]
53:22; 90:8
received [10]
38:5; 49:21; 50:3, 9; 86:4; 88:12, 21; 90:2; 92:2; 93:2
receiving [6]
34:6; 35:6; 49:12, 19; 66:9; 101:3
recess [2]
40:9; 83:20
recognize [11]
20:24; 31:9, 10, 12; 49:14; 58:4, 11; 59:2; 62:22; 84:8; 98:5
recognizes [1]
33:4
recollection [29]
26:17, 21; 31:18; 33:9, 18; 35:13; 36:2; 38:25; 39:15, 25; 40:1; 41:16; 43:5, 10; 44:2; 50:4; 54:5, 17, 25; 58:8; 63:2; 71:9; 72:16; 73:8, 24; 77:5, 16, 22; 78:2
record [13]
6:11; 27:15, 17; 32:24; 47:21; 78:7, 12; 92:6; 93:21; 98:15, 17, 18; 102:7
records [15]
59:5; 63:4; 86:19, 25; 87:8, 21; 89:17, 19, 21, 25; 90:1; 94:18; 98:9, 14
reduced [2]
69:10, 25
refer [3]
23:16, 21; 90:25
reference [2]
77:25; 97:25
referenced [1]
60:23
references [6]
38:23; 39:24; 47:10; 54:13; 73:7; 77:14
referred [2]
51:13; 88:13
referring [9]
23:4, 17, 18, 19, 21; 32:25; 50:6; 80:12; 81:8
refers [3]
63:19; 77:2; 94:24
refinancing [1]
15:13
reflect [4]
32:24; 39:3; 71:9; 79:15
reflected [1]
63:25
reflects [1]
99:3
refresh [13]
35:12; 36:2; 38:25; 39:15, 25; 40:1; 41:16; 54:16; 58:7; 73:8, 24; 77:5, 16
refreshed [1]
33:18
refreshes [1]
54:25
regarding [3]
8:14, 18; 9:18
register [1]
86:1
reimbursements [7]
68:13; 69:23; 70:9, 15; 95:4, 7, 9
rejection [1]
35:11
relate [4]
64:25; 65:7; 96:18; 98:3
related [12]
37:22; 62:12; 68:6; 69:24; 70:25; 77:10, 23; 78:3, 12; 86:25; 98:9; 102:13
relates [5]
51:18; 52:6; 54:22; 63:22; 77:18
relating [13]
26:18; 45:3, 9; 47:6, 14; 67:8; 68:5; 76:13; 86:17; 87:2, 8, 18; 88:18
relationship [2]
16:5; 72:7
relative [1]
102:6
release [3]
85:2; 89:4, 9
released [2]
57:6; 88:13
releases [1]
47:8
releasing [1]
89:1
remain [1]
30:25
remained [1]
22:24
remaining [1]
73:25
remember [15]
9:8; 10:20; 14:11; 18:16; 19:21; 30:11; 36:6; 41:18; 53:2; 54:19; 58:16; 67:14; 83:17; 87:25; 95:13
repaid [8]
61:4; 66:18; 82:12, 22; 83:2, 9, 12, 14
repay [3]
46:3; 82:17; 84:21
repayment [6]
36:7; 45:20; 46:25; 62:14; 88:22; 90:2
rephrase [1]
79:17
report [1]
96:25
reported [1]
96:23
reporter [2]
5:25; 23:6
reporter's [1]
102:1
represent [8]
5:15; 47:12; 51:10; 58:6, 25; 73:5; 74:19; 76:21
representations [1]
75:9
represents [1]
53:13
request [1]
92:16
requested [1]
88:5
requests [1]
90:13
required [2]
75:9; 84:21
research [1]
52:3
reside [1]
6:13
residences [1]
6:21
resident [2]
6:24, 25
respect [12]
7:18; 10:2; 19:24; 20:6; 29:18, 22; 32:20; 79:14; 89:20; 90:17; 92:25; 100:5
respective [6]
42:12; 59:25; 60:15; 61:3; 82:4; 102:12
response [2]
86:11; 88:4
responses [2]
90:13; 93:9
responsibilities [1]
13:9
responsive [1]
6:7
rest [1]
100:11
restart [1]
33:3
restrictions [2]
43:25; 44:17
retired [3]
9:21; 20:2; 23:1
return [1]
96:1
returns [2]
95:21; 99:20
review [6]
7:24; 33:6, 17; 63:7; 68:2; 81:4
ricke [74]
7:22; 14:13, 23; 21:18; 22:9; 23:15, 25; 24:3, 10; 26:4, 7, 10; 27:3, 7, 14; 31:11; 32:2, 17, 19; 33:15, 21, 23; 37:8; 38:19; 40:6, 13; 41:9, 20; 44:3, 6; 48:11, 14, 18; 50:5, 11; 52:11, 14; 53:9; 54:24; 55:14; 65:13, 20, 25; 70:4, 9; 71:5, 15; 74:3; 78:23; 79:13, 24; 80:11; 81:2, 22; 82:23; 83:18; 85:4, 8, 10; 87:6; 89:3, 19; 90:20; 91:2, 7; 92:4, 22, 24; 93:5, 19; 98:21, 24; 100:21; 101:11
right [42]
11:24; 15:1; 16:9; 19:4, 7; 25:11; 29:16, 22; 32:11, 24; 36:22; 37:24; 41:12; 44:5; 48:8, 11; 51:9; 53:9; 55:17; 63:15; 64:19, 23; 65:6, 19, 24; 69:4; 76:5, 11, 23; 77:11; 82:22; 84:6; 87:12; 90:8, 23; 91:24; 95:12; 99:6, 10, 19; 100:8; 101:4
rights [1]
25:23
rjw [5]
63:16, 19; 65:5, 17, 22
road [1]
6:19
roger [10]
5:2, 7; 6:12; 38:20; 41:9; 44:6; 55:1; 98:25; 101:13; 102:3
role [7]
8:14, 18; 9:18; 12:20; 13:4;

15:6; 31:3
roughly [11] 9:14; 24:20; 30:14; 49:24; 53:23, 25; 54:2; 68:14; 69:6; 76:13; 96:9
rpr [1] 102:23
rules [1] 5:23
run [1] 5:23
running [1] 12:5

*** * S * ***

s500v [1] 52:19
salary [4] 20:7, 9, 12, 14
sale [20] 28:4; 29:2; 30:17; 35:14; 42:24; 46:24; 47:6; 52:21; 79:6; 86:17; 87:2, 11, 14, 18; 88:18; 95:25; 96:9, 13, 18; 97:2
sales [2] 13:5; 15:7
salesman [2] 13:1, 10
salesmen [2] 13:21
satisfied [6] 89:10, 13, 16, 18; 94:14, 16
save [4] 57:25; 60:8; 62:18; 73:1
saving [1] 58:21
saying [5] 13:8; 29:13, 21; 42:17; 83:6
schedule [13] 51:5, 13; 69:8, 17; 71:9, 15; 73:24; 74:20; 75:17; 76:1, 2, 16, 21
schedules [6] 40:20; 69:5; 70:23; 73:6, 20; 75:10
school [1] 9:23
schooling [1] 10:10
schroeder [44] 5:17; 11:19, 21; 12:7, 14, 17; 14:19; 16:18, 23; 17:21; 18:3, 20; 19:16; 20:2, 7; 23:17, 20, 21, 23; 24:1, 18; 27:1; 28:1, 4; 44:1; 59:6, 21; 60:16, 17; 62:5, 25; 63:7; 66:6, 10; 67:18; 68:10; 71:17, 23; 72:8, 10; 77:23; 86:18; 87:3; 97:3
seal [1] 102:20
second [8] 27:16; 35:9; 49:11; 64:13; 65:15; 85:16; 97:24; 98:16
seconds [1] 21:21
secrets [1] 21:16
section [22] 21:11, 19; 35:24; 42:22; 43:2, 9; 44:2; 45:14, 20; 46:13; 47:5; 52:5; 53:20, 21; 57:9; 75:21; 79:19; 80:1, 6; 93:25; 94:13; 100:6
sections [1] 55:15
securities [1] 28:2
security [2] 90:9; 91:15
seeming [1] 30:5
sell [9] 19:15; 27:10, 20; 29:6, 8; 30:3, 8, 19, 20
seller [6] 34:8; 35:25; 44:13; 45:24; 80:25; 82:3
sellers [8] 42:11; 43:24; 44:13, 21; 45:21; 46:25; 47:6; 75:17
selling [5] 12:23; 13:7; 15:9; 26:25; 28:6
send [1] 38:17
sense [1] 31:17
services [1] 72:9
sets [1] 43:2
settled [1] 9:10
settlement [1] 53:1
seventy [2] 51:8, 9
sham [1] 36:17
share [2] 42:14; 99:7
shareholder [9] 8:14, 15; 18:5; 25:23; 77:22; 78:9, 20; 79:3; 83:8
shareholders [4] 25:15, 20; 79:4; 87:19
shares [11] 24:23; 25:7, 8, 9; 26:22, 25; 27:11, 21, 24; 30:13; 42:12
sherman [1] 38:15
shirley [2] 7:14, 16
shop [1] 12:3
shopping [2] 54:20; 77:18
show [3] 64:4; 69:18; 94:18
showing [1] 61:10
shows [12] 53:21, 22; 57:1, 12; 62:3; 63:12, 16; 64:3; 69:5, 22; 88:21; 96:9
sign [1] 101:12
signature [14] 21:1; 26:14; 41:5, 12; 48:2, 9; 49:14; 53:16; 55:23; 58:10, 11; 60:20; 84:8, 9
signatures [1] 48:10
signed [16] 21:14; 22:4, 21; 24:7; 31:24; 32:2, 3, 9; 41:2, 17, 19; 42:1; 55:22; 75:21; 76:1; 93:12
signing [2] 56:3; 102:10
six [1] 55:14
skip [1] 59:10
smith [3] 11:12, 15, 16
sold [2] 19:17; 27:24
sole [1] 92:13
somebody [1] 19:15
someone [1] 28:23
somewhere [5] 11:9; 13:3; 19:10; 22:16; 23:2
sorry [10] 26:16; 32:13, 18; 39:7, 25; 45:8; 56:19; 85:12; 95:19; 100:25
sort [3] 15:12; 20:8; 88:10
sound [1] 11:24
sounds [1] 19:5
south [2] 6:23; 7:2
speak [2] 5:24; 8:1
speaks [1] 44:4
specialty [1] 15:12
specific [3] 77:25; 87:1; 89:5
specifically [5] 75:16; 78:5; 81:5; 84:7; 94:4
speculate [3] 33:24; 65:2; 78:24
speculation [3] 33:16; 38:20; 54:25
spent [1] 71:20
src [1] 5:16
stab [1] 97:20
standard [3] 23:9, 13; 24:1
start [2] 28:2; 88:6
started [6] 11:22; 12:7, 23; 13:23; 16:7; 27:24
starting [3] 9:23; 11:6; 16:7
starts [2] 25:6; 44:20
state [1] 6:11
stated [6] 18:4; 47:1; 83:15; 86:19; 88:4; 97:6
statement [35] 53:5; 54:22; 56:14, 20; 57:9; 58:1, 22; 59:12; 60:9, 24; 62:19; 64:11; 66:5, 12, 24; 67:15; 68:11, 25; 69:9; 70:18; 73:2; 74:25; 77:7; 79:9; 80:2, 5, 14; 81:4; 93:15, 25; 94:14; 99:1, 8; 100:6, 24
states [7] 25:7, 9, 14; 35:10, 24; 42:11; 53:5
stating [2] 75:22; 80:23
stay [1] 31:2
steve [1] 25:15
stock [52] 18:8, 14; 19:8, 15, 17, 22; 23:2; 25:8; 28:11; 29:23; 30:16, 19, 20; 34:13; 35:15, 18, 22; 37:3, 5; 38:2; 40:19; 41:17, 25; 42:6, 24; 43:24; 46:24; 47:22; 48:4; 50:18; 51:13; 52:22; 72:6; 75:8, 14, 15, 21; 83:10, 15; 84:12; 86:9, 17; 87:2, 10, 14, 18; 88:18; 95:25; 97:2; 99:4
stocks [1] 17:7
straight [1] 64:1
street [1] 39:11
strike [3] 34:5; 85:16; 96:17
struck [1] 92:17
studied [1] 10:8
studies [1] 10:16
study [1] 10:24
stuff [1] 16:2
sub [2] 55:15, 16
subject [7] 79:19; 80:3, 18; 83:3, 4; 85:10
submit [1] 95:9
subsidiaries [1] 93:17
subsidiary [6] 24:2, 3; 36:1; 44:1, 15; 46:2
sued [1] 9:3
sufficient [1] 94:11
suggest [1] 71:16
sum [1] 95:6
summary [1] 85:25
suppose [2]

13:1; 28:21
surmise [1]
66:13
surprise [2]
21:22; 78:21
surprised [2]
31:23; 78:16
sworn [3]
5:6, 9; 102:5

****T****

tab [1]
56:15
table [2]
42:5, 8
talk [1]
50:23
talked [3]
45:19; 50:24; 84:11
talking [13]
6:1; 13:2; 14:15; 15:1; 17:6; 23:16; 27:4; 34:7; 46:17; 70:5, 6; 87:7; 94:7
talks [1]
49:17
tax [7]
6:23; 15:25; 16:2; 95:21; 96:22; 99:19, 22
ten [1]
15:19
term [3]
45:7, 8; 89:4
terms [5]
13:19; 35:11; 62:14; 87:10; 94:16
testified [7]
5:9; 34:21; 78:15; 87:21; 89:8; 92:25; 99:3
testify [1]
102:5
testifying [1]
102:4
testimony [2]
89:7; 102:8
thank [1]
39:4
there's [17]
17:14; 32:13; 41:13, 23; 42:6; 44:11, 19; 45:5; 47:7; 48:16; 51:5; 53:4; 59:8; 60:18; 65:16; 70:18; 91:20
they'd [1]
43:17
they're [2]
68:8; 69:14
third [2]
56:14, 24
thirteen [1]
26:16
thousand [1]
77:9
three [13]
11:9, 17; 12:16; 13:21; 17:22; 25:19; 26:1; 32:6; 51:8, 9; 59:17, 23; 98:14
thru [1]
5:5
times [1]
18:23
tips [1]
12:6
title [4]
12:25; 13:16; 53:3; 74:12
titles [1]
14:8
total [2]
59:18; 99:16
touch [1]
95:21
towards [2]
55:7; 86:24
track [3]
14:8, 18, 22
trade [1]
21:16
training [1]
10:17
transaction [22]
22:18; 24:17; 27:4, 13; 28:9, 17; 30:22; 34:8; 36:14; 37:2, 22; 40:21; 47:16; 50:14; 51:12; 52:21; 54:23; 73:21; 77:24; 78:4; 88:19; 101:7
transfer [7]
79:20; 80:3, 19; 81:6, 8, 15, 21
transferred [2]
81:15, 17
transfers [3]
79:15, 16; 88:23
trial [1]
63:7
trips [1]
71:20
true [28]
22:3; 36:25; 43:20; 47:22; 52:20; 58:20; 61:3, 5; 62:2; 65:8; 68:7; 70:16; 75:22; 78:8, 17, 18; 84:19; 86:6, 10; 88:16; 92:15; 96:2, 14, 19; 97:9; 99:23; 102:7
trust [2]
26:2, 18
trustee [1]
5:16
truth [2]
102:5, 6
twelve [1]
55:16
twenty-four [1]
85:24
twice [1]
51:4
type [1]
10:17
typical [1]
78:10
typically [2]
20:14; 60:5

****U****

uh-huh [6]
6:2; 23:5; 69:20; 81:19; 94:9; 99:2
ultimately [3]
27:5; 34:9; 38:5
underneath [1]
63:21
understand [3]
6:5; 73:22; 83:5
understanding [6]
16:20; 82:11; 89:13; 93:11; 100:9, 11
underway [1]
13:12
underwriting [5]
13:14; 14:21; 15:5, 7, 9
unfortunately [1]
64:18
university [2]
10:4; 11:10
unsecured [3]
90:17, 24; 91:6
unsigned [2]
37:23; 93:11
usf [3]
21:7; 23:4, 18

****V****

vague [5]
14:15; 23:16; 27:4; 50:6; 79:14
valuation [1]
84:13
value [4]
43:15, 17; 57:18, 19
values [1]
57:13
vehicle [3]
52:22; 72:23; 74:1
verbal [1]
31:23
versus [1]
39:17
vice [8]
13:17; 14:3, 4, 6, 20; 19:6, 9
virtual [3]
8:25; 9:15; 17:24
voting [3]
26:2, 18, 22

****W****

wait [2]
71:2; 72:1
waived [1]
102:11
walk [1]
43:9
wanted [5]
5:19; 21:8; 29:8; 37:7; 98:7
wanting [1]
28:3
warranties [1]
75:10
wayzata [4]
6:19, 20; 68:6; 77:10
we'd [2]
30:3; 101:11
we'll [3]
6:9; 42:18; 44:25
we're [12]
13:2; 15:1; 27:9; 30:6; 32:21; 46:17; 52:5; 59:14; 68:3; 75:20; 80:15; 81:17
we've [1]
24:22
what's [4]
20:19; 31:6; 56:15; 91:3
whereby [1]
28:10
whereupon [3]
5:2, 4; 101:13
who's [1]
5:15
wife [1]
17:11
wife's [1]
7:13
wikner [16]
5:3, 4, 7, 14; 6:12, 13; 14:19; 33:4; 40:15; 45:6; 83:25; 87:9; 89:19; 92:11; 101:14; 102:3
wire [12]
79:15, 16, 19; 80:3, 19; 81:6, 8, 15, 16, 21; 88:23; 101:6
wired [1]
101:5
withheld [3]
93:24; 94:17; 100:12
withhold [1]
94:11
witness [93]
5:6, 8, 11; 15:1, 4; 20:22; 21:10; 22:11; 23:7; 24:5, 24; 25:5; 26:6, 9; 31:8, 12, 16; 32:3, 16; 33:1, 16, 20, 22, 25; 34:20; 35:5, 23; 36:11; 37:10, 19; 38:10, 21; 39:6, 20; 40:7, 12, 17; 41:10, 22; 42:21; 43:22; 44:5, 10; 46:22; 48:12, 15, 19; 49:5, 13; 52:13, 15; 53:10; 54:11; 55:16; 56:25; 58:3, 24; 60:11; 61:22; 62:21; 64:9, 15; 67:1; 70:8, 10; 71:4, 6, 19; 73:4; 74:4, 18, 24; 76:19; 78:24; 79:1; 80:15; 84:2; 85:21, 24; 86:15; 89:7; 90:21; 93:4, 8; 94:23; 96:6; 97:11; 98:1; 102:4, 8, 11, 12, 20
witness's [1]
89:7
witnesseth [1]
42:10
wondering [5]
47:17; 54:16; 86:23; 87:1; 90:25
word [2]
36:17; 93:22
work [5]
11:15; 12:19; 28:7; 95:4, 16
worked [3]
11:9; 28:9; 95:13
working [2]
15:17; 29:20
works [1]
74:13
wouldn't [5]
30:8; 40:8; 70:2; 82:16, 21
written [1]
44:15
wrong [2]
90:19; 91:22
wrote [1]
27:23

****Y****

yeah [44]
8:23; 11:25; 13:3, 11; 14:1; 15:23; 17:14, 25; 18:2, 6, 19; 19:8, 19; 20:2, 5; 21:2,

6; 22:6, 7; 24:13, 21; 26:7; 29:4; 32:6, 17, 22; 38:8; 42:4; 51:6; 60:20; 63:13; 64:3, 6; 65:20; 69:16; 70:2; 71:14; 73:15; 93:4, 10; 96:14, 21; 97:19
year [7]
9:25; 11:20, 22; 12:21; 27:25; 29:12; 96:24
years [6]
9:14; 11:17; 15:19; 16:22; 90:5; 98:14
you'd [8]
25:4; 35:21; 41:12; 44:9; 60:8; 89:16; 90:12; 92:20
you'll [2]
65:9; 82:19
you've [3]
37:8; 86:22, 23
your's [1]
32:9
yours [2]
48:14; 56:23
yourself [1]
31:3

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

Brian F. Leonard, Trustee,	
Plaintiff,	BKY Case Nos. 02-40284 to 02-40286
vs.	
James E. Iverson,	
Defendants.	

DEPOSITION OF JAMES E. IVERSON

January 23, 2004

Reported by: Peggy C. Siino, CSR No. 6263

EXHIBIT
tabbies
P

1 Deposition of James E. Iverson, taken at
2 8954 Rio San Diego, Suite 602, San Diego, California,
3 on Friday, January 23, 2004, at 10:25 a.m., before
4 Peggy C. Siino, Certified Shorthand Reporter, in and
5 for the State of California.
6
7 APPEARANCES:
8 PLAINTIFF:
9 LEONARD, O'BRIEN, SPENCER, GALE & SAYRE
BY: MATTHEW R. BURTON
10 100 South Fifth Street, #1200
Minneapolis, MN 55402
11 (612) 332-1030
12
DEFENDANT:
13
MESSERLI & KRAMER, P.A.
14 BY: JOSEPH W. LAWVER
150 S. Fifth Street, Suite 1800
15 Minneapolis, MN 55402
(612) 672-3698
16
17
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1 INDEX
2
3 DEPOSITION OF: James E. Iverson
4
5 EXAMINED BY PAGE
6 Mr. Burton 5
7 Mr. Lawver 56
8
9 EXHIBITS
10 NUMBER DESCRIPTION PAGE
11 1 Employment Contract dated
November 1, 1985 15
12
2 Letter dated July 31, 1997,
13 to Mr. Dlugosch from Mr. Sherman 17
14 3 Voting Trust Agreement dated
October 1986 17
15
4 Letter dated February 28, 1997,
16 to Mssrs. Wikner and Iverson from
Mr. Dlugosch 25
17
4A Fax dated April 15, 1997, to
18 Mr. Dlugosch from Laurie Shaw 27
19 5 Letter dated April 2, 1997, to
Mssrs. Wikner and Iverson from
20 Mr. Dlugosch 30
21 6 (Intentionally not marked)
22 7 Consulting Agreement 33
23 8 Letter dated May 6, 1997, to
Mr. Sherman from Mr. Wenger 33
24
25

1 EXHIBITS
2 NUMBER DESCRIPTION PAGE
3 9 Letter dated June 12, 1997, to
Mr. Sherman and Ms. Johnson from
4 Mr. Wenger 34
5 10 Letter dated June 19, 1997, to
Mr. Sherman and Ms. Johnson from
6 Mr. Wenger 35
7 11 Stock Purchase Agreement among
Roger Wikner, James Iverson and
8 Steven Erickson and MI Acquisition
Corporation dated June 20, 1997,
9 effective as of June 1, 1997 36
10 12 Promissory Notes 45
11 13 Settlement Agreement dated
December 11, 1997 47
12
14 Addendum to Employment Agreement
13 dated September 28, 2000 49
14 15 Miller & Schroeder Investments
Corp check in the amount of
15 $3,654.00 50
16 16 Miller & Schroeder, Inc., check
in the amount of $1,200 52
17
17 Letter dated July 28, 1997, to
18 J. Arvold/N. Murphy from
R.J. Farris 52
19
20
21
22
23
24
25

1 San Diego, California; January 23, 2004; 10:25 a.m.
2 James E. Iverson
3 being first duly sworn, testified as follows:
4
5 EXAMINATION
6 BY MR. BURTON:
7 **Q. Can you please state your full name for the**
8 **record.**
9 A. James Edward Iverson, I-v-e-r-s-o-n.
10 **Q. Mr. Iverson, my name is Matthew Burton. I**
11 **represent Brian Leonard, who is the plaintiff in this**
12 **action. He's the trustee of the Miller & Schroeder**
13 **bankruptcy cases.**
14 **Have you ever had your deposition taken before?**
15 A. Yes.
16 **Q. I'm guessing you're familiar with the rules of**
17 **a deposition. I'll quickly run through them again**
18 **anyway.**
19 **When we speak, make sure we don't speak over**
20 **each other, because she's taking down what we say. I'll**
21 **ask that you give verbal responses and also don't say**
22 **"uh-huh" or "huh-uh," which I sometimes forget, because**
23 **that looks the same on paper. And I want to make sure**
24 **that you understand the questions that I'm asking you.**
25 **So if you don't understand what I'm asking, please let**

1 me know and I'll try to restate the question.
2 I don't think this will be a terribly long
3 deposition. But if you do need a minute or two, just
4 let me know and we'll take a break.
5 Is that okay?
6 A. Yep.
7 Q. What is your address?
8 A. 31300 -- residence? Is that what you're --
9 Q. Yes.
10 A. 31300 Lobo Canyon Road, Agoura, California,
11 91301.
12 Q. Mr. Iverson, how did you prepare for your
13 deposition today?
14 A. Conversations with Mr. Lawver.
15 Q. Did you meet with anyone besides Mr. Lawver?
16 A. No.
17 Q. Did you review any documents?
18 A. Yes.
19 Q. What did you review?
20 A. A financial record of I believe it's
21 Miller & Schroeder, the closing statement on the sale
22 with respect to the sale of the stock of
23 Miller & Schroeder in June of '97
24 Q. Were those records that you possessed from '97,
25 or were those things you subsequently obtained through

1 your attorney because of this litigation?
2 A. I obtained them through my attorney because of
3 this litigation.
4 Q. Did you speak with anyone else besides
5 Mr. Lawver about this deposition?
6 A. No.
7 Q. And so you didn't have any conversations, for
8 instance, with Mr. Dlugosch or Mr. Wikner?
9 A. No.
10 Q. And are you currently occupied? Do you have a
11 job?
12 A. No.
13 Q. Can you give me your educational background
14 starting after high school.
15 A. I went to -- I was a graduate of Columbia
16 College. I have a BA degree in New York and an LLB from
17 New York University Law School. Graduated in '59 -- no.
18 Yeah, '59. Is that right? No. '60 -- when did I
19 graduate? '62 I graduated from law school.
20 Q. And did you ever practice law?
21 A. Yes.
22 Q. Just out of curiosity, when did you practice?
23 A. '62 to about August of '68.
24 Q. What area of law did you practice?
25 A. I worked for the SEC for two years, from '62 to

1 '64, and then I was a -- I worked for -- at the time
2 the name of the firm was Caldwell, Trimble & Mitchell,
3 and they're a municipal law firm, until August of
4 1968.
5 Q. And did you receive any other degrees other
6 than the ones that you mentioned?
7 A. No.
8 Q. I presume that at some point in time you were
9 licensed in the security business.
10 A. Yes.
11 Q. Did you have to maintain some type of education
12 to maintain licensure?
13 A. No. I was grandfathered.
14 Q. Did you take continuing education after your
15 law school for your profession?
16 A. No.
17 Q. Have you ever had any training in corporate
18 governance in terms of running a corporation or being a
19 director or officer or shareholder or any of those type
20 of things?
21 A. No.
22 Q. I'll jump back to when you said, I think, you
23 worked until '68 as an attorney.
24 A. Yes.
25 Q. What did you do after that?

1 A. I went into the securities business. Went to
2 work for Goodbody & Company, who was a broker/dealer in
3 New York.
4 Q. What was your position there?
5 A. I was in the Public Finance Department.
6 Q. How long did you work for them?
7 A. Until April of '69.
8 Q. And then what did you do?
9 A. I went to work for Barcus Kindred, who was a
10 municipal broker/dealer in Chicago, Illinois.
11 Q. And what was your role with that company?
12 A. Public Finance Underwriter.
13 Q. Were you an officer of that company?
14 A. No.
15 Q. And how long did you remain with that
16 company?
17 A. Until about March 1 of 1970.
18 Q. Okay. And then what did you do?
19 A. I moved to California.
20 Q. And then what did you do as a profession?
21 A. I worked in the bond business as an individual,
22 and I worked for a brokerage firm here in San Diego by
23 the name of Robert Scott for -- and that was a very
24 brief period. I would say it was about, oh, maybe six,
25 nine months.

1 **Q. Okay. And then what did you do?**
2 A. I went to work for Miller & Schroeder in April
3 of 1971.
4 **Q. When you first joined Miller & Schroeder, what**
5 **was your position?**
6 A. Well, I was the only individual in California
7 working for Miller & Schroeder. I had a small office up
8 in La Jolla, California, it was just myself and my
9 secretary, dealing with public finance matters.
10 **Q. When you first joined Miller & Schroeder, were**
11 **you an owner of the company?**
12 A. No.
13 **Q. How about an officer?**
14 A. I was -- I had a title. Whether I was an
15 officer, I don't know. I was a vice-president.
16 **Q. And how did your position progress in terms of**
17 **your employment duties?**
18 A. In 1973 I became a shareholder. My title
19 didn't change for 30 years.
20 **Q. What were the circumstances at the time that**
21 **allowed you to become a shareholder? What happened?**
22 A. Well, the California office became very
23 successful, and I think it was just a reward. The offer
24 was made to become an owner.
25 **Q. Okay. And did you become a member of the board**

1 **of directors at that time?**
2 A. Yes.
3 **Q. And through the end of your time with**
4 **Miller & Schroeder then you were a shareholder and a**
5 **director?**
6 A. Yes.
7 **Q. And how about --**
8 MR. LAWVER: Excuse me. Maybe you better give
9 it a time frame there. You said, "through the end of
10 your time with Miller & Schroeder."
11 BY MR. BURTON:
12 **Q. When did you cease employment with**
13 **Miller & Schroeder?**
14 A. Well, with the sale of my stock in June of '97,
15 I was no longer an officer or a board member. I
16 remained employed by I believe it was -- it might have
17 been MI Acquisition. I think it was MI Acquisition. I
18 was an employee of MI Acquisition, which owned
19 Miller & Schroeder Financial, but I was not an officer.
20 I had a title. I was a Vice-president. But I was not
21 on the board or a senior. I mean I didn't have access
22 to any of the numbers or any of the information. I was
23 out here in Solana Beach.
24 **Q. Do you recall what percent of the company that**
25 **you acquired in 1973?**

1 A. 25 percent.
2 **Q. Did that number change over time?**
3 A. Yes.
4 **Q. And can you describe how that happened.**
5 A. Joe Miller, the founder of the firm, left the
6 firm. We bought his share out in, I think, 1977. And
7 so my share would have increased to approximately 30
8 percent.
9 **Q. Okay. And how about after that?**
10 A. And then Denny Schroeder of Miller & Schroeder
11 left the firm, I think sometime in the late '80s, and we
12 bought his share. And I wound up with 49 percent, I
13 believe.
14 **Q. Over the course of the years, have you ever**
15 **been sued by any party in your capacity as a director or**
16 **an officer?**
17 A. Have I been sued? Yes.
18 **Q. I'm just asking --**
19 A. As a director, no.
20 **Q. Or an officer.**
21 **What I'm asking, were claims ever asserted**
22 **against you just because of your role as a director or**
23 **an officer of the company?**
24 A. No.
25 **Q. Have you ever been a party in litigation**

1 **alleging breach of fiduciary duty in terms of governing**
2 **the corporation before?**
3 A. In terms of governing the corporation, no.
4 **Q. During the time that you were employed by**
5 **Miller & Schroeder -- and when I say that, I mean ending**
6 **in 1997 -- how was your compensation typically**
7 **structured? I'm not asking for exact numbers. But how**
8 **was it done?**
9 A. Well, we all had a salary, and then we would
10 get bonuses, yearly bonuses, depending on how the firm
11 did.
12 **Q. So there was always a salary and then a bonus**
13 **component?**
14 A. If we made money. There were years where we
15 didn't make money and we didn't get bonuses.
16 **Q. How about other benefits of employment? Did**
17 **you receive benefits?**
18 A. I had health care, dental care.
19 **Q. Club memberships?**
20 A. Yeah. Until the IRS disallowed those, yes.
21 **Q. Okay. In terms of reimbursements for expenses**
22 **that you incurred, I'm curious how that was handled. It**
23 **appeared to me when I spoke to Mr. Wikner that perhaps**
24 **you were advanced some money against which your expenses**
25 **were deducted over time and you might owe the company**

1 that money back except for the fact that you incurred
2 expenses.
3 Is that how it worked?
4 A. Well, we would take advances -- if we knew we
5 were doing very well, we would take advances against
6 future bonuses. When the bonuses were paid, they would
7 deduct the amount of the advances. Then they would
8 reimburse business expenses. You know, you're supposed
9 to file them on a monthly basis.
10 Q. But would you --
11 A. And you would get reimbursed for business
12 expenses as you turned them in.
13 Q. So it wasn't that maybe you would get -- I'm
14 just making numbers up here -- that maybe you would get
15 $20,000 to be used for business expenses --
16 A. No.
17 Q. And then you -- okay.
18 Do you recall when you first executed an
19 employment agreement or a noncompete agreement with
20 Miller & Schroeder?
21 You have to answer out loud.
22 A. No.
23 Q. I'm opening to Iverson Exhibit 1, which I'll
24 try to open for you here. Just so we're clear for the
25 record, I have a book of exhibits I put together. The

1 first set of numbers are exhibits which were used in
2 Mr. Wikner's deposition. The second set of numbers are
3 separate exhibits which were not used in his deposition
4 and which I put in here for yours.
5 (Exhibit 1 was marked for identification.)
6 BY MR. BURTON:
7 Q. The first No. 1 is labeled "Employment
8 Contract."
9 My question is: Do you recognize that
10 document?
11 A. I do not.
12 Q. Do you recognize that as being your signature
13 on the last page? I think it's the last page.
14 A. I'll look. This was 20 years ago.
15 That's my signature.
16 Q. Okay. But you don't have any recollection of
17 the circumstances of this agreement?
18 A. No.
19 Q. And, therefore, you would not recall how long
20 this agreement remained in place; is that fair?
21 A. I don't recall, no.
22 Q. Do you recall whether this was a standard form
23 at the company?
24 A. I don't know.
25 Q. I would like to focus a bit -- off the record

1 for a second.
2 (Discussion held off the record.)
3 BY MR. BURTON:
4 Q. Okay. I want to focus on the beginning of 1997
5 and the months before the MI Acquisition transaction.
6 At that time you owned roughly 49 percent of
7 the company?
8 A. Yes.
9 Q. And you already discussed how you acquired
10 those shares.
11 Can you take a look at -- it's the first
12 Exhibit 2 in the book.
13 Do you recognize that letter?
14 A. I don't recognize it.
15 Q. It's okay if you don't.
16 A. Yeah. I don't recognize it.
17 Q. The Leonard, Street law firm is the purported
18 author of this letter.
19 Do you see that?
20 A. Yes.
21 Q. With respect to the MI Acquisition transaction,
22 they were your counsel, correct?
23 A. Yes.
24 Q. If you look on the third page of this exhibit,
25 it lists at that first paragraph (a), it says,

1 "Mr. Iverson owns of record 482,812.5 shares."
2 Do you see that?
3 A. Uh-huh.
4 Q. Do you believe that is the accurate amount of
5 stock that you owned?
6 A. I believe it is.
7 MR. BURTON: I'd like to have that marked as
8 Exhibit 2.
9 (Exhibit 2 was marked for identification.)
10 BY MR. BURTON:
11 Q. And does it seem accurate to you that the other
12 shareholders at that time were Mr. Wikner and
13 Mr. Erickson?
14 A. Yes.
15 Q. Were there some limitations placed on
16 Mr. Erickson's rights as a shareholder that you
17 recall?
18 A. I think that his shares were in a voting trust,
19 but I -- yeah.
20 Q. The next item is Item 3. Maybe we can mark
21 that as 3.
22 A. Yes.
23 (Exhibit 3 was marked for identification.)
24 BY MR. BURTON:
25 Q. The document that's been marked as Exhibit 3,

1 **do you believe that this might be that voting trust?**
2 A. Yes.
3 **Q. Does it appear to you to be a true and accurate**
4 **copy of that agreement?**
5 A. I don't recall.
6 **Q. Does it appear to be your signature on page**
7 **13?**
8 A. Yes.
9 **Q. And do you recognize that those are probably**
10 **the signatures of the other people that are purported to**
11 **sign there?**
12 A. Yes.
13 **Q. Do you recall what the purpose of this was?**
14 A. I think -- well, I would be guessing.
15 MR. LAWVER: Don't guess. If you don't know --
16 THE WITNESS: I don't know.
17 BY MR. BURTON:
18 **Q. Does the time that it was entered into in**
19 **October of '86, does that help your recollection at**
20 **all?**
21 A. No.
22 **Q. Is it your recollection, though, that the trust**
23 **essentially gave you and Mr. Wikner the power to vote**
24 **Mr. Erickson's shares?**
25 A. Well, it's Denny Schroeder, Roger Wikner and

1 James E. Iverson, I would guess. That's what the
2 agreement says.
3 **Q. So those three people who were the voting**
4 **trustees had the right to vote Mr. Erickson's shares?**
5 A. Yes, I believe that was the purpose.
6 **Q. I'd like to have a little bit of discussion**
7 **about how the concept of the sale of your shares to**
8 **MI Acquisition came about. And maybe you can just give**
9 **me a little bit of a narrative as to how the subject of**
10 **a sale ever even came up and how it progressed.**
11 A. The -- on two occasions, Smith Barney was
12 interested in buying Miller & Schroeder. One was in the
13 early '80s and one was, oh, maybe around '96 sometime,
14 '95, I think it was. It would have been '95, because I
15 developed a heart problem in '95.
16 And Dlugosch had indicated -- my memory is
17 Dlugosch never called me, but he was working for
18 Miller & Schroeder in Minneapolis and had Roger call me
19 and said, "Dlugosch had indicated that if you're ever
20 interested in selling that he would have an investment
21 group that would be interested." And I don't recall the
22 exact time, but basically what it was was Dlugosch made
23 an offer to Roger, who called me and said, you know,
24 "Dlugosch wants to buy the firm."
25 I was 62 years old. I had a heart problem, and

1 I said I'd be interested.
2 **Q. And do you recall how things progressed from**
3 **there?**
4 A. Yeah. I believe he either orally or through a
5 written offer offered us $15 million for the firm. And
6 I think our unanimous decision was, "Okay." And it was
7 to be cash.
8 **Q. And do you recall how the agreement itself was**
9 **negotiated? And I'm curious as to your involvement in**
10 **that process.**
11 A. The agreement was negotiated between Dlugosch
12 and Mo Sherman's firm. Dlugosch actually did -- one of
13 the conditions was that I would have to stay with an
14 employment contract and a noncompete contract.
15 He flew out to Solana Beach, and that was about
16 the only involvement that I had in the actual meetings
17 that were taking place between the lawyers and whatnot.
18 They would -- again, this is seven years ago. But
19 Mo Sherman's office and John Arvold in the Minneapolis
20 office were handling all of the details. I didn't sit
21 in on any document discussions or any of that.
22 **Q. You said a minute ago that one of the**
23 **conditions would be that you stay.**
24 **Was that a condition of yours for the sale or a**
25 **condition of the buyers?**

1 A. It was a condition of the buyers.
2 **Q. With respect to the negotiation, is it fair to**
3 **say that you and Mr. Wikner -- you were both represented**
4 **by Mr. Sherman, correct?**
5 A. Uh-huh.
6 **Q. And, as far as you know, did he handle the**
7 **whole --**
8 A. As far as I know. I don't know who handled it.
9 Mo Sherman was my contact. I used to get telephone
10 calls from Mr. Sherman saying --
11 MR. LAWVER: I don't want you to say what he
12 told you, because that's attorney-client privilege.
13 THE WITNESS: Oh, okay.
14 BY MR. BURTON:
15 **Q. Okay. But in terms of the negotiation and**
16 **completing the transaction with MI Acquisition,**
17 **Mr. Sherman carried the ball on your behalf and**
18 **Mr. Wikner's behalf; is that fair?**
19 A. Yes.
20 **Q. And when I deposed Mr. Wikner, he had very**
21 **little recollection of being involved in any of the**
22 **negotiations and how the transaction was worked out.**
23 **And from what you're telling me, it sounds like your**
24 **response is essentially the same, that --**
25 A. It was pretty straightforward.

1 **Q. Mr. Wikner stated, and I'm paraphrasing, that**
2 **he was really surprised that the transaction had closed**
3 **and that he actually really hadn't intended to sell. He**
4 **thought, in essence, that Mr. Dlugosch couldn't put it**
5 **together and he never really took the whole thing too**
6 **seriously and he was sort of stunned when it closed, and**
7 **he told me he just got in his car and drove away and**
8 **never came back from the closing.**
9 **But it sounds like your perspective was a bit**
10 **different, that you were hoping that it would close,**
11 **that you were ready to step out at that time.**
12 A. Yeah.
13 **Q. And you must have been okay with staying on in**
14 **the role that they wanted you to stay on; is that**
15 **fair?**
16 A. Yeah.
17 **Q. Do you have any recollection as to how the**
18 **purchase price was derived?**
19 A. I do not. I think Dlugosch had been with the
20 firm for six or seven years in virtual CEO capacity and,
21 as such, knew everything there was about the firm. I
22 mean he had access to all the numbers. He knew more
23 about the firm than I did because he was in Minneapolis
24 and I was not in Minneapolis. I mean there's a lot of
25 people that I didn't even know in Minneapolis.

1 And so the proposal to me was very simple:
2 We'll give you cash. I was to stay for three years and
3 I was not to compete for seven years, I think it was.
4 And my attitude was, "I'm trying to get out and
5 slow down; I want to see everything be successful."
6 Immediately a lot of our personnel out here in
7 California were being contacted by the competition, and
8 they wanted me to stay to hold it all together, which I
9 said I'd be happy to do, you know, because I would like
10 to see it be a success.
11 So a lot of the responsibilities that I had
12 prior to the sale were going to be taken away from me.
13 Somebody was going to take over trading. Somebody was
14 going to take over sales. They were actually looking
15 for someone to replace me, and they had a guy by the
16 name of Mike Janzen, who was an original investor in
17 MI Acquisition, who was put in charge. And he came out
18 to meet me and the folks that worked in the public
19 finance side and whatnot.
20 And that was the story.
21 **Q. I may be wrong, but I seem to recall that**
22 **perhaps you were also an investor in MI Acquisition.**
23 A. Yes. Dlugosch asked me to be an investor. I
24 was a $50,000 investor. And the reason for that, they
25 were trying to get everybody to invest of the employees.

1 They offered investments to our leading
2 salesmen and to some of the bankers. We had a couple of
3 bankers that invested $25,000, and we had a couple of
4 salesmen, I believe, that invested $25,000.
5 But it was looked upon simply as, "We would
6 like employee participation." And he actually asked me,
7 you know, "Could you do it as a favor?"
8 And I said, "Sure."
9 **Q. Now, when they made the offer, the 15 million,**
10 **was it just a number that you felt was a comfortable and**
11 **fair number, or did you perform some other analysis on**
12 **your own to make sure that was a number that made sense**
13 **in terms of a fair price?**
14 A. As I say, we had talked about sales to other
15 people, and that was our number.
16 **Q. So at the time --**
17 A. It was a question of, "What would you take?"
18 **Q. So at the time when Dlugosch made his offer,**
19 **you did not go and consult with business consultants or**
20 **evaluators?**
21 A. No.
22 **Q. Were tax issues a consideration for you in**
23 **determining the price?**
24 A. No.
25 MR. LAWVER: Off the record.

1 (Brief recess taken.)
2 BY MR. BURTON:
3 Can you take a look at what's No. 4 here in the
4 front. And I'll make that our Exhibit 4. There's a 4
5 and a 4A, and I think he is on 4A actually.
6 MR. LAWVER: Let's back up.
7 MR. BURTON: Put the tab on the -- thank you.
8 (Exhibit 4 was marked for identification.)
9 BY MR. BURTON:
10 **Q. Can you take a look at what's going to be**
11 **marked as Exhibit 4 and let me know if you recognize**
12 **that letter.**
13 A. Yes. I believe I remember getting it, yes.
14 **Q. Do you recall that Mr. Dlugosch was talking**
15 **about an offer of 16.4 million?**
16 A. No, I did not recall.
17 **Q. Okay. In the Paragraph 2, he discusses that**
18 **1.4 million of the purchase price will be paid as**
19 **compensation for consulting and noncompetes.**
20 **My question is: Is it your understanding that**
21 **that's what ultimately occurred, that those consulting**
22 **and noncompete agreements were part of the purchase**
23 **price?**
24 MR. LAWVER: Objection, Counsel. That's not
25 stating the facts. You have a purchase agreement that

was entered into. When you say, "purchase price," maybe you need to define that.
BY MR. BURTON:
Q. Do you see the second sentence of that Paragraph 2? And he's using the term "purchase price" in that sentence.
Is it your understanding that the total amount that was paid to you and Mr. Wikner and Mr. Erickson for your stock was as the second sentence says?
A. I don't recall.
"In addition, 1.4 million of the purchase price will be paid over a seven-year period as compensation for consulting services and the execution of a noncompete agreement."
I don't know if it was done that way or if it was done.
Q. Okay.
A. This is dated February 28, 1997?
Q. Yes.
A. Okay.
Q. He discusses in there, in that same section, seller financing. But that ultimately did not occur; is that correct? It just ended up being cash at closing.
A. Yeah. There was no seller financing. It just ended up being cash at the closing.

Q. And the third item on here, he discusses an employment agreement to be negotiated between you and Mr. Dlugosch.
Was that the trip that he took to California?
A. I believe so, yes.
Q. Can you take the next item, 4A, which is a letter dated about 10 days earlier. And I'll have that marked as your Exhibit 4A.
(Exhibit 4A was marked for identification.)
MR. LAWVER: Counsel, at this point I'll make some objections. You have one document, but the document also has some notes on it. And I note that a number of the exhibits in the book that you brought here have notations on the documents.
It's my understanding that there has been some dispute as to the production of these documents with notes and that there may be reason to believe that there are attorney recollections, work product or perhaps attorney-client privileges.
I mean if you want to look at a document -- unless Mr. Iverson is going to testify that that's his handwriting on there, I would just as soon redact these written notations.
MR. BURTON: I don't know whose notes those are. These records were produced, I believe, by

Leonard, Street. And the only item that I can think of that would be controversial is an exhibit that we have not got to yet. But if you want to redact the notes that are on 4A, I don't have a problem with that. I think the only one that's there is "Offer to Purchase."
I think the one you're concerned about we can talk about at the time. But if you want to redact the handwriting on this one, that's fine.
MR. LAWVER: If you're going to pull this and have it as part of Mr. Iverson's deposition, then I would like to have these written notations redacted, and then I don't have a problem with that exhibit being there.
MR. BURTON: That's fine.
MR. LAWVER: And I'll have the same problem with a number of the other documents. We're going to get to them and we will address them at that time. But this was not a document that was produced by our office.
MR. BURTON: But it was a document produced by the law firm that represented Mr. Iverson.
MR. LAWVER: He's saying this document was produced by Leonard, Street & Deinard in the document request in Mr. Wikner's litigation.

And my point is that I was not a party to that document request and the production of those documents and was not present when -- and have not reviewed with counsel, you know, where these notations came from. And so that's going to occur in a number of these things, because it may be my position that these would not be produced and I would provide a log that they are not admissible into evidence nor are they subject to discovery.
MR. BURTON: Let's go back to 4A.
BY MR. BURTON:
Q. Do you recall seeing the letter that's been marked as Exhibit 4A?
A. I don't recall.
Q. Okay. On the second page of that letter, it says, "Access to Information." And it's proposing that these buyers be given access in a comprehensive review of information concerning Miller & Schroeder.
Do you see that?
A. Yes.
Q. Is it your understanding that the buying group was actually given that access as this process played out?
A. I don't know.
Q. Can you take a look at Exhibit 5.

1 **And can we have that page marked.**
2 **(Exhibit 5 was marked for identification.)**
3 BY MR. BURTON:
4 **Q. Can you tell me if you are familiar with that**
5 **letter.**
6 A. I don't remember the letter.
7 **Q. In the second paragraph of that letter it says,**
8 **"The new agreement addresses the issues raised in your**
9 **earlier rejection of the terms of the previous**
10 **proposal."**
11 **My question to you is: Do you recall what the**
12 **earlier issues were?**
13 A. No.
14 MR. LAWVER: Is it just the letter dated
15 April 2nd, 1997, that is Exhibit 5? I have attached to
16 it --
17 MR. BURTON: This was attached to the letter,
18 this proposed agreement.
19 BY MR. BURTON:
20 **Q. Mr. Iverson, do you recall reviewing this**
21 **proposal, the agreement that's part of Exhibit 5?**
22 A. I don't recall.
23 **Q. I'll go to 6 then.**
24 MR. LAWVER: All right. I might as well put on
25 the record, Counsel, it's my understanding you want to

1 ask my client questions with regard to a June 2nd, 1997,
2 letter that was produced in a separate litigation.
3 Attached to that appears to be a copy of some other
4 document.
5 It is my understanding that counsel for
6 Mr. Wikner has objected to that document. Any written
7 notes from the Leonard, Street law firm, any
8 communications between the client, I object to being
9 produced as either work product or recollections of
10 counsel or attorney-client privilege and ask that those
11 be pulled. We can make a log of them if you think those
12 are admissible into evidence. That's fine. But I would
13 object to you attaching this exhibit in its condition to
14 anything in Mr. Iverson's deposition before you ask him
15 any questions about that unless those documents are
16 pulled.
17 MR. BURTON: I understand your objection. And
18 I would like to reserve that issue for the Court. I
19 would just like to ask a simple question about the word
20 "sham" in there.
21 MR. LAWVER: I will not let him testify at all
22 to that. I don't think you can ask him those questions.
23 As far as I'm concerned, you should not have this
24 document. I'm certainly not going to waive any
25 privileges here.

1 You can ask him about the June 2nd letter, if
2 he has any recollection of that letter.
3 MR. BURTON: Let's go to Exhibit 7.
4 Let's make this 6. We don't have a No. 6,
5 right?
6 MR. LAWVER: It's not going to be part --
7 MR. BURTON: We're skipping that. So it's not
8 going to be an exhibit to this deposition.
9 MR. LAWVER: When you said, "make this No. 6,"
10 7 is what you mean?
11 MR. BURTON: 7 will be No. 6.
12 Are you following?
13 MR. LAWVER: Again, I'm looking at Wikner
14 Exhibit No. 7, which you're asking to be identified as
15 Iverson No. 6. On the top of that document is some
16 handwriting. Throughout this document there is some
17 handwriting.
18 MR. BURTON: Would it be easier for us if we
19 just had no 6 and just stuck with the matching numbers?
20 So this would be 7 and 7?
21 MR. LAWVER: Sure. So we intentionally omit
22 Exhibit No. 6.
23 MR. BURTON: So let's change this then to
24 Exhibit 7 and there is no Exhibit 6.
25 MR. LAWVER: And I ask, are you going to redact

1 the notes if this was something that was pulled out of
2 the files of Leonard, Street & Deinard?
3 MR. BURTON: I don't have any problem with
4 redacting the notes on this one. I'll save that one for
5 another day.
6 Just give me one second to get my bearings
7 here.
8 (Exhibit 7 was marked for identification.)
9 BY MR. BURTON:
10 **Q. Mr. Iverson, are you familiar with the document**
11 **that's in front of you which is marked as Exhibit 7?**
12 A. No.
13 **Q. Do you recall ever having a consulting**
14 **agreement of a similar form presented to you?**
15 A. No.
16 **Q. In this transaction you received an employment**
17 **agreement and a noncompete agreement; is that correct?**
18 A. I believe so, yes.
19 **Q. Can you take a look at the next document, which**
20 **was Wikner No. 8, which we will also make Iverson No. 8.**
21 MR. LAWVER: This is a May 6 --
22 MR. BURTON: Yes.
23 (Exhibit 8 was marked for identification.)
24 BY MR. BURTON:
25 **Q. Mr. Iverson, are you familiar with that**

1 letter?
2 A. No.
3 Q. In that letter -- well, let me strike that.
4 The addressee of the letter is Mr. Morris
5 Sherman.
6 Do you see that?
7 A. Yes.
8 Q. And he was your attorney, correct?
9 A. Yes.
10 Q. And the letter purports to transmit a
11 consulting agreement for you.
12 Do you see that?
13 A. Yes.
14 Q. Do you recall ever having seen a consulting
15 agreement for you?
16 A. No.
17 Q. Can you turn to the next exhibit, which is
18 Exhibit No. 9 from the Wikner deposition, and we'll make
19 this your Exhibit No. 9.
20 MR. LAWVER: 9 will be where?
21 MR. BURTON: 9 is 9.
22 MR. LAWVER: 10 is 10?
23 (Exhibit 9 was marked for identification.)
24 BY MR. BURTON:
25 Q. Mr. Iverson, do you recognize what's been

1 marked as your deposition Exhibit No. 9?
2 A. No.
3 Q. I'll ask you a question about this.
4 In this letter, it states that there is an
5 employment agreement for you and a noncompete agreement
6 for you.
7 A. Yes.
8 Q. The prior letter had mentioned consulting.
9 Do you have any recollection as to what changed
10 or do you know why things changed?
11 A. No.
12 MR. LAWVER: Excuse me, Counsel. Did the prior
13 letter also mention an employment agreement?
14 MR. BURTON: Yes. I'm really focusing on the
15 consulting versus noncompete.
16 BY MR. BURTON:
17 Q. Were you ever part of any discussions related
18 to that?
19 A. I don't recall.
20 Q. All right. Let's go to 10, which was Wikner
21 10. It should be Iverson 10.
22 (Exhibit 10 was marked for identification.)
23 BY MR. BURTON:
24 Q. Can you tell me if you recognize that letter?
25 A. No.

1 Q. Can we go to 11. This was Mr. Wikner's 11, and
2 it will be your 11.
3 (Exhibit 11 was marked for identification.)
4 BY MR. BURTON:
5 Q. Can you take a minute to look at that and let
6 me know if this appears to be the final Stock Purchase
7 Agreement with MI Acquisition Group. And I guess I'm
8 referring to the main agreement itself. I think that
9 the exhibits that are attached are your schedules. I
10 don't believe that every schedule is here. I think it
11 would be a lot thicker exhibit if they were all here.
12 But the main agreement, which ends on page 26,
13 my question is: Do you recognize that as your --
14 A. I recognize my signatures, yes. Whether it's
15 the final, I don't know.
16 Q. Do you have any reason to believe that this is
17 not the final agreement?
18 A. I have no reason to believe that it is not the
19 final.
20 Q. This transaction, it states on the first page,
21 is dated June 20 and effective June 1. The actual
22 closing, I believe, was at the very end of July.
23 Does that match your recollection?
24 A. No. I don't recall.
25 Q. Do you recall whether Mr. Erickson had any

1 involvement in the negotiation of this agreement?
2 A. I do not.
3 Q. At the time here at the beginning of June 1997,
4 who were the members of the board, if you recall?
5 MR. LAWVER: The board of which company?
6 MR. BURTON: Miller & Schroeder.
7 THE WITNESS: Roger Wikner, Jim Iverson and
8 Steven Erickson.
9 BY MR. BURTON:
10 Q. Do you recall whether you had an official board
11 meeting to consider the transactions which were taking
12 place?
13 A. I do not recall.
14 Q. Your corporation kept minutes of your board
15 meetings, though, correct?
16 A. Yes.
17 Q. So if there were -- excuse me -- if there was a
18 board meeting, there should be minutes in your
19 corporation record book?
20 A. There should be.
21 Q. On page 4 it talks about a purchase price
22 adjustment. And I don't want to get into that in any
23 great detail, but I want to paraphrase how the
24 transaction occurred and see if you agree with this.
25 Essentially they were paying $15 million for

1 the stock of you, Mr. Wikner and Mr. Erickson. And this
2 paragraph 2.3 discusses that there might be an
3 adjustment to the price at a later date depending on the
4 condition of the company.
5 Is that a fair paraphrasing of what --
6 A. Correct.
7 Q. Can you go to page 14 of the agreement.
8 Paragraph 5.2 discusses giving MI Acquisition
9 access about the company. And I think we touched on
10 this earlier, but do you recall whether they were given
11 the access that they required?
12 A. I don't know.
13 Q. On section 5.5 on that same page, it discusses
14 the sellers repaying outstanding notes and advances owed
15 to the company.
16 Do you see that?
17 A. Yes.
18 Q. Do you know if that occurred?
19 A. Yes.
20 Q. And how did that occur?
21 A. It was done at the closing.
22 Q. And how was that done?
23 A. I believe they netted it out.
24 Q. When you say --
25 A. But I don't recall because I wasn't at the

1 closing.
2 Q. On the next page, section 5.11, it states that,
3 "The Sellers and Buyers shall use commercially
4 reasonable efforts to cause each of the conditions of
5 Closing to be satisfied on or prior to the Closing
6 Date."
7 My question is: What was your involvement in
8 making sure that the conditions of closing occurred?
9 A. I wasn't involved.
10 Q. Page 18, a little ways down, there is a (c)
11 with "Releases of Personal Guarantees." It mentions
12 MidAmerica Bank.
13 My question is: Can you give me some idea of
14 what the MidAmerica Bank transaction was?
15 A. I believe there was a real estate project that
16 was in the middle of closing, and they wanted -- they
17 didn't want to include that in the closing on the
18 purchase of the stock, and they wanted Roger and I to
19 take it out. And I believe -- I think MidAmerica Bank
20 is owned by Chuck Gesme, and I think our stock was
21 collateral for that loan. And to get the release of the
22 stock, we were -- I believe Roger called me and said,
23 "We're going to have to guarantee" -- you know, "put up
24 a guarantee until the deal closes." And it closed very
25 shortly thereafter. And that's what it related to.

1 Q. Okay.
2 A. But that's all the details I remember.
3 And I don't even recall seeing any
4 documentation with respect to that transaction. I
5 just -- it's too long ago.
6 And by the way, I don't have any of these
7 records. I received them, but when I moved to
8 Los Angeles -- I don't have them.
9 Q. Okay. After page 26, which is where the main
10 agreement ends, there is a noncompetition agreement.
11 Can you see if you can locate that.
12 A. After 26? What do you mean?
13 MR. LAWVER: It looks like there are several
14 page 26s.
15 MR. BURTON: Because it's multiple signature
16 pages.
17 MR. LAWVER: Okay. So I think he's referring
18 to right here.
19 BY MR. BURTON:
20 Q. Can you just take a look at that noncompetition
21 agreement and let me know if that --
22 A. That's my signature.
23 Q. Do you believe that this is the noncompetition
24 agreement that you received as part of the
25 transaction?

1 A. Well, let me read it.
2 Yeah. I don't remember this, but this is
3 probably it. I remember that the 84 equal monthly
4 payments were something that they wanted. They wanted
5 it in that form.
6 Q. And this agreement looks like it has four pages
7 and there are two number 4s here. I don't know why
8 there are two number 4s.
9 But the next agreement is an employment
10 agreement.
11 A. Yes.
12 Q. Same question. Do you recognize that as being
13 the employment agreement that you received?
14 A. It's my signature.
15 Do I recognize the agreement? No.
16 Q. Do you have any reason to believe that this is
17 not the agreement that you received?
18 A. I do not.
19 Q. Now, I'd like to jump ahead a little bit, and
20 this is going to get a little tricky. There's a page
21 that's got a 73 at the bottom and it's labeled,
22 "Schedule 3.15."
23 MR. LAWVER: Just show me the page.
24 Schedule 3.15. Still on --
25 MR. BURTON: It's still in Exhibit 11.

1 MR. LAWVER: 3.15.
2 MR. BURTON: Is there a 73 at the bottom?
3 MR. LAWVER: Okay.
4 BY MR. BURTON:
5 **Q. Mr. Iverson, this is, again, part of the**
6 **closing book, and it's a schedule from the transaction.**
7 **On item 3 there, it lists advances to you from the**
8 **company or its subsidiaries.**
9 **Do you see that?**
10 A. Uh-huh.
11 **Q. You have to say "yes."**
12 A. Yes.
13 **Q. Sorry.**
14 **Do you have any reason to dispute that those**
15 **numbers were amounts that were owed at the time of this**
16 **transaction?**
17 A. No.
18 **Q. If you turn a few more pages, at the bottom of**
19 **the page there is a 75, and there's an entry for you**
20 **there.**
21 **Do you see that?**
22 A. Yes.
23 **Q. Do you have any recollection as to what that**
24 **would be?**
25 A. No.

1 **Q. Now, I'd like to turn a little bit further**
2 **ahead to the Closing Statement Certificate and Receipt.**
3 **And maybe your attorney can help you find that. And**
4 **once we do locate that page, you might want to put**
5 **another Post-it or something on there, because we're**
6 **going to be coming back to that a time or two, and it**
7 **could be hard to find.**
8 MR. LAWVER: What time is it?
9 MR. BURTON: It's 11:30.
10 MR. LAWVER: How far are you?
11 MR. BURTON: I'd say another -- we can go off
12 the record.
13 (Discussion held off the record.)
14 (Brief recess taken.)
15 BY MR. BURTON:
16 **Q. You're on Exhibit 11 and we're looking at the**
17 **page entitled, "Closing Statement Certificate and**
18 **Receipt."**
19 **Mr. Iverson, that document has got about four**
20 **or five pages to it and then there's a lot of signature**
21 **pages there.**
22 **Do you recognize this Closing Statement**
23 **Certificate and Receipt?**
24 A. That's my signature.
25 **Q. Do you recognize the document?**

1 A. Yes.
2 **Q. Okay. And is it fair to say that this is the**
3 **Closing Statement Certificate and Receipt for the**
4 **MI Acquisition transaction?**
5 A. Yes.
6 **Q. Do you believe that this receipt accurately**
7 **states how the closing was conducted?**
8 A. Yes.
9 **Q. On the second page, under III, it has your name**
10 **there.**
11 **Do you see that?**
12 A. Yes.
13 **Q. If you exclude the MidAmerica Bank item and the**
14 **American Bank item and consider just the items that are,**
15 **I guess, under III there, do you agree that those were**
16 **obligations that you owed Miller & Schroeder, Inc., and**
17 **Miller & Schroeder Financial, Inc.?**
18 A. Yes.
19 **Q. Now, I'd like to back up a little bit.**
20 **We discussed the MidAmerica Bank a little**
21 **earlier, and that's the same item, correct?**
22 A. Correct.
23 **Q. Can you tell me what you recall about The**
24 **American Bank?**
25 A. No.

1 **Q. You don't recall anything?**
2 A. No.
3 **Q. I'd like to jump ahead to what's been marked as**
4 **16, and now I'm lost as to numbers. Are we at 12, I**
5 **believe?**
6 **(Exhibit 12 was marked for identification.)**
7 MR. LAWVER: Exhibit 12.
8 MR. BURTON: It's your 16 would be No. 12, I
9 believe. You're at the right place, I believe.
10 MR. LAWVER: Weren't those also exhibits to
11 the -- we did not get a complete --
12 MR. BURTON: I said earlier that the book would
13 be enormous.
14 MR. LAWVER: Okay. He's looking at the
15 Promissory Note. Okay.
16 BY MR. BURTON:
17 **Q. Mr. Iverson, have you had a second to look at**
18 **Exhibit 16?**
19 A. Yes.
20 **Q. Do you recognize those promissory notes**
21 **there?**
22 A. It's my signature.
23 MR. BURTON: I'm sorry. I said 16. It's your
24 12. I think I said 16, because it's Mr. Iverson's 16.
25 MR. LAWVER: No. This is Iverson 12.

1 MR. BURTON: Correct. It was pointed out to me
2 that I said 16, so I was adjusting my statement.
3 BY MR. BURTON:
4 **Q. Do you believe these are true and accurate**
5 **copies of the promissory notes that you had with the**
6 **entities stated therein?**
7 A. I have no reason to doubt it.
8 **Q. And is it your recollection that these notes**
9 **were labeled as "Cancelled" as part of the transaction**
10 **with MI Acquisition?**
11 A. I think so.
12 **Q. How were the Miller & Schroeder entities**
13 **compensated under these notes as part of the**
14 **transaction?**
15 MR. LAWVER: Are you asking how the notes were
16 paid?
17 MR. BURTON: Yes.
18 MR. LAWVER: Okay.
19 THE WITNESS: I think they wired the money. I
20 don't recall. I mean I don't know.
21 BY MR. BURTON:
22 **Q. Okay. Is it fair to say it's your**
23 **understanding that your obligations to the company were**
24 **satisfied?**
25 A. Yes.

1 **Q. At the closing, right?**
2 A. Right.
3 **Q. Is it also fair to say that the mechanics as to**
4 **how that actually occurred, you don't know?**
5 A. Right.
6 **Q. And, for instance, just thinking back to the**
7 **closing receipt, there's items such as where it says you**
8 **had a note or a bonus, just as an example, and there was**
9 **money owed to the company, these were real transactions**
10 **where you – for instance, these notes, you really**
11 **received money from the company and these notes were**
12 **real obligations of yours; is that fair?**
13 A. Correct.
14 **Q. And if it says there was a bonus advance that**
15 **you had an obligation to the company, that was real and**
16 **you really did owe money to the company under those**
17 **items?**
18 A. Yes.
19 **Q. Okay. Can you jump ahead to what's in the book**
20 **as Exhibit 22, which will now be our Exhibit 13.**
21 **(Exhibit 13 was marked for identification.)**
22 **BY MR. BURTON:**
23 **Q. And after you've had a second to look that**
24 **over, can you let me know if you recognize that**
25 **document.**

1 A. No.
2 **Q. Do you recognize the signatures of you and I**
3 **believe your wife on the signature pages?**
4 MR. LAWVER: Page 5.
5 THE WITNESS: Yes.
6 BY MR. BURTON:
7 **Q. And do you think those are –**
8 A. Yep.
9 **Q. – accurate signatures?**
10 A. Yep.
11 **Q. We talked earlier about, in the purchase**
12 **agreement, that there would be a price adjustment at a**
13 **later date.**
14 A. Yep.
15 **Q. Do you believe that this Settlement Agreement**
16 **is that price adjustment?**
17 A. It looks like it.
18 **Q. And do you have any reason to believe that this**
19 **is not a true and accurate copy of that agreement?**
20 A. I do not have a reason to believe that it is
21 not.
22 MR. LAWVER: Triple negative.
23 BY MR. BURTON:
24 **Q. I told your counsel that I would try to move**
25 **things here, and I'm going to do that.**

1 **In the second part of this book where the**
2 **numbers start again, there is a number 5 in that part.**
3 A. Uh-huh.
4 **Q. And this will become our Exhibit No. 14.**
5 **(Exhibit 14 was marked for identification.)**
6 **BY MR. BURTON:**
7 **Q. After you've had a second to look that over,**
8 **can you just let me know if you recognize that item.**
9 A. No.
10 It's my signature.
11 **Q. But you don't recognize this?**
12 A. No.
13 **Q. It seems to me that this may be when you**
14 **stopped working for Miller & Schroeder in 2000.**
15 **Does that seem right to you?**
16 A. Let's see.
17 Yeah. I think it's when my -- the original
18 employment agreement ended and they wanted an agreement.
19 I believe Dlugosch came out to Solana Beach, and this is
20 what he wanted, I assume.
21 **Q. When did you stop working for the company?**
22 A. When the -- I think it's when they filed
23 bankruptcy. They fired me, I think.
24 **Q. So you made it all the way to January of**
25 **2002?**

A. I think so. But I don't -- I'm not exactly sure.
When did Danny Mathison buy Miller & Schroeder?
Q. I believe that closed in August of 2002, so that would be a more likely date.
A. I think it was at or about the time, but I don't remember.
Q. Can you look at what's been marked as the next exhibit, which is 6, which will become your Exhibit 15.
(Exhibit 15 was marked for identification.)
BY MR. BURTON:
Q. In going through the records of the company, we came across the record here, which is your Exhibit 15, and it appears as though you were part of the company getting some San Diego Charger season football tickets.
Do you remember this?
A. No.
MR. LAWVER: Do you remember -- I'm sorry. The question was do you remember this particular document or do you remember getting the tickets?
MR. BURTON: The ticket transaction.
BY MR. BURTON:
Q. Do you remember just getting the tickets?
A. Yes.
Q. Looking at Exhibit 16, were you part of the --

excuse me. Were you part of acquiring San Diego Charger tickets in June of 2001?
A. Yes.
Q. And who received those tickets?
A. Miller & Schroeder did.
The story behind that is Dean Spanos, I know him personally, offered the opportunity to buy season Charger tickets, very nice seats. Our sales and trading department and bankers take clients all the time. But he wouldn't sell them to Miller & Schroeder. He would sell them to me. So I wrote a check to buy them. And I've never been to a game.
So the -- my administrative assistant used to have a drawing once a week for so many of the tickets, and if anybody wanted to go, stand in line or put your name in the hat, and she would dole them out, and the employees would take customers or their families to the football game.
I've never been there. I don't know even know where the seats are.
Q. Is it fair to say you facilitated acquiring the tickets but the tickets belonged to the company?
A. Yes.
Q. And, as you stated, you didn't use the tickets?

A. Never.
(Exhibit 16 was marked for identification.)
BY MR. BURTON:
Q. If you go to the next exhibit, which is the 7 in your book, which will become our No. 16, I'll represent to you that in going through the records of Miller & Schroeder, we located some checks to you. And it appears to me these are the payments that were made to you under your noncompete agreement.
A. Yes.
Q. And did you receive all of your payments under that agreement?
A. I believe I have.
Q. And this is how you would typically receive them, by a check as identified here --
A. Yes.
Q. -- in Exhibit 16?
A. Yes.
Q. Can you take a look at the next exhibit, which would become your Iverson Exhibit 17.
(Exhibit 17 was marked for identification.)
BY MR. BURTON:
Q. There's a letter from The American Bank. I would like to ask you to take a second to look through the documents there and then let me know if that

refreshes your recollection at all about The American Bank transaction.
A. It doesn't. But I see they were holding the shares as collateral.
Q. Okay.
A. Which jibes with my vague memory. But that's what it related to.
Q. Are you familiar with these records at all?
A. No.
Q. Was American Bank an entity with which you did business, that you recall?
A. I do not recall.
All my shares were in Minneapolis.
This letter is to John Arvold, isn't it?
Q. I'm not alleging that you actually received it. It appears to me to be a transaction in which your shares or which you personally had something to do with, but I don't know the details. And I'm not sure that it will ultimately --
A. I don't either.
I believe that it relates to business the firm was doing in M&S Investments, and Rog and I would accommodate or facilitate closings and transfers by putting up our stock or our guarantees. I don't recall.

1 MR. LAWVER: If you don't know, just say you
2 don't know.
3 THE WITNESS: I don't know.
4 BY MR. BURTON:
5 **Q. I believe your counsel is working with me to**
6 **get those records, so we'll eventually figure that out.**
7 A. I don't know.
8 MR. LAWVER: This has to do with the stuff we
9 sent out to Grand Rapids. As soon as we get those
10 banking records, we'll share them with counsel, and it
11 will explain exactly what happened.
12 THE WITNESS: I don't know what it relates
13 to.
14 MR. LAWVER: Looks like it's a payoff of two
15 personal notes.
16 THE WITNESS: Right.
17 MR. LAWVER: And they were holding the
18 collateral.
19 BY MR. BURTON:
20 **Q. Are you still a shareholder of**
21 **Miller & Schroeder?**
22 A. No.
23 Oh, am I a shareholder of Miller & Schroeder?
24 Yes.
25 **Q. And it's through that initial investment you**

1 **made with MI Acquisition?**
2 A. Yes.
3 **Q. I think I'm just about done. I'm just thinking**
4 **back to when the transaction with MI was being**
5 **contemplated.**
6 **What do you recall in the nature of discussions**
7 **that you may have had with Mr. Wikner about the**
8 **transaction and things that might need to be done?**
9 A. My recollection is pretty vague. I mean I know
10 we had conversations. But what we were talking about, I
11 don't remember.
12 This transaction was fairly simple. You know,
13 some of the details that were mentioned in there, like
14 the transfer of the Rideau note that we had to buy,
15 which was a note that was probably going to be
16 uncollectable; that's why they adjusted.
17 I'm sure I had some conversations about that,
18 because I would have known whether it was collectable or
19 not. But beyond that I don't remember what the
20 conversations were.
21 MR. BURTON: Let me have just one second here
22 to make sure I'm not skipping too much.
23 I'm done.
24 ///
25 ///

1 EXAMINATION
2 BY MR. LAWVER:
3 **Q. Mr. Iverson, I just have a couple of questions.**
4 **On Exhibit 12, the promissory notes that are --**
5 **copies of the promissory notes that were cancelled, were**
6 **you provided the original promissory notes back?**
7 A. I don't recall.
8 **Q. Did you direct anyone at Miller & Schroeder,**
9 **Inc., in 1997 to cancel these notes?**
10 A. No.
11 **Q. And in the Purchase Agreement, the Closing**
12 **Statement, Item III-A-3 -- it's interesting. There's**
13 **two 3s there. Okay.**
14 **Making reference to the Miller & Schroeder,**
15 **Inc., promissory notes and interest and the**
16 **Miller & Schroeder Financial, Inc., promissory notes and**
17 **interest that you said that you did not dispute these**
18 **amounts as being owed, is it your understanding that**
19 **these amounts at closing were paid to these entities?**
20 A. Yes.
21 **Q. Do you have any reason to believe that they**
22 **weren't?**
23 A. No.
24 **Q. At any time had anyone told you or advised you**
25 **that that these debts were just going to be forgiven?**

1 A. No.
2 **Q. In fact, the total proceeds you received was,**
3 **you take your original closing proceeds of $7.3 million,**
4 **and everything else was deducted before, and you got a**
5 **net number.**
6 A. Right.
7 MR. LAWVER: I don't have any further
8 questions.
9 MR. BURTON: I have no other questions.
10 MR. LAWVER: You have the right to see the
11 transcript and read it for accuracy. In this case I
12 would ask that. I think you should get a transcript so
13 you can review it, make sure it's accurate. Not to
14 change your testimony, only to make sure that the court
15 reporter properly recorded your testimony.
16 THE WITNESS: I'm sure she did.
17 MR. LAWVER: We would like to have him see a
18 copy.
19 THE WITNESS: Thank you.
20 MR. LAWVER: How quickly will you have this
21 done?
22 THE REPORTER: Two weeks.
23 (The deposition was concluded at 12:07 p.m.)
24 * * * * *
25

1 I hereby declare under penalty of perjury that
2 the foregoing is my deposition under oath; that these
3 are the questions asked of me and my answers thereto;
4 that I have read my deposition and have made the
5 necessary corrections, additions or changes to my
6 answers that I deem necessary.
7 In witness thereof, I hereby subscribe my name,
8 this _____ day of _____ 2004.
9
10
11 _____
12 James E. Iverson
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24
25

1 STATE OF CALIFORNIA)
: SS.
2 COUNTY OF SAN DIEGO)
3
4 I, Peggy C. Siino, CSR NO. 6263, hereby certify
5 that I reported in shorthand the above proceedings on
6 Friday, January 23, 2004, at 8954 Rio San Diego, Suite
7 602, in the City of San Diego, County of San Diego,
8 State of California; and I do further certify that the
9 above and foregoing pages, numbered from 5 to 57,
10 inclusive, contain a true and correct transcript of all
11 of said proceedings.
12 And I further certify that I am a disinterested
13 person and am in no way interested in the outcome of
14 said action, or connected with or related to any of the
15 parties in said action, or to their respective counsel.
16 The dismantling, unsealing or unbinding of the
17 original transcript will render the reporter's
18 certificate null and void.
19 Dated: February 6, 2004.
20
21
22
23
24
25 _____
Peggy C. Siino
CSR No. 6263

A
about 7:5,23 9:17,24 10:13 11:7 12:9 13:16 19:7,8 20:15 22:21,23 24:14 25:15 27:7 28:7,8 31:15,19 32:1 35:3 37:21 38:9 43:19 44:23 48:11 50:6 53:1 55:3,7,10 55:17
above 59:5,9
access 11:21 22:22 29:16,17,22 38:9,11
accommodate 53:23
accuracy 57:11
accurate 17:4,11 18:3 46:4 48:9,19 57:13
accurately 44:6
acquired 11:25 16:9
acquiring 51:1,21
Acquisition 4:8 11:17 11:17,18 16:5,21 19:8 21:16 23:17,22 36:7 38:8 44:4 46:10 55:1
across 50:13
action 5:12 59:14,15
actual 20:16 36:21
actually 20:12 22:3 23:14 24:6 25:5 29:22 47:4 53:15
Addendum 4:12
addition 26:11
additions 58:5
address 6:7 28:18
addressee 34:4
addresses 30:8
adjusted 55:16
adjusting 46:2
adjustment 37:22 38:3 48:12,16
administrative 51:13
admissible 29:8 31:12
advance 47:14
advanced 13:24
advances 14:4,5,7 38:14 42:7
advised 56:24
after 7:14 8:14,25 12:9 40:9,12 47:23 49:7
again 5:17 20:18 32:13 42:5 49:2
against 12:22 13:24 14:5
ago 15:14 20:18,22 40:5
Agoura 6:10
agree 37:24 44:15
agreement 3:14,22 4:7 4:11,12 14:19,19 15:17,20 18:4 19:2 20:8,11 25:25 26:14 27:2 30:8,18,21 33:14,17,17 34:11,15 35:5,5,13 36:7,8,12 36:17 37:1 38:7 40:10,10,21,24 41:6 41:9,10,13,15,17 48:12,15,19 49:18,18 52:9,12 56:11
agreements 25:22
ahead 41:19 43:2 45:3 47:19
alleging 13:1 53:15
allowed 10:21
already 16:9
always 13:12
American 44:14,24 52:23 53:1,10
among 4:7
amount 4:14,16 14:7 17:4 26:7
amounts 42:15 56:18 56:19
analysis 24:11
Angeles 40:8
another 33:5 43:5,11
answer 14:21
answers 58:3,6
anybody 51:15
anyone 6:15 7:4 56:8 56:24
anything 31:14 45:1
anyway 5:18
appear 18:3,6
APPEARANCES 2:7
appeared 13:23
appears 31:3 36:6 50:14 52:8 53:16
approximately 12:7
April 3:17,19 9:7 10:2 30:15
area 7:24
around 19:13
Arvold 20:19 53:14
Arvold/N 4:18
asked 23:23 24:6 58:3
asking 5:24,25 12:18 12:21 13:7 32:14 46:15
asserted 12:21
assistant 51:13
assume 49:20
attached 30:15,17 31:3 36:9
attaching 31:13
attitude 23:4
attorney 7:1,2 8:23 27:18 34:8 43:3
attorney-client 21:12 27:19 31:10
August 7:23 8:3 50:4
author 16:18
away 22:7 23:12
a.m 2:3 5:1

B
B 3:9 4:1
BA 7:16
back 8:22 14:1 22:8 25:6 29:10 43:6 44:19 47:6 55:4 56:6
background 7:13
ball 21:17
Bank 39:12,14,19 44:13,14,20,24 52:23 53:2,10
bankers 24:2,3 51:9
banking 54:10
bankruptcy 1:1 5:13 49:23
Barcus 9:9
Barney 19:11
basically 19:22
basis 14:9
Beach 11:23 20:15 49:19
bearings 33:6
became 10:18,22
become 10:21,24,25 49:4 50:9 52:5,20
before 2:3 5:14 13:2 16:5 31:14 57:4
beginning 16:4 37:3
behalf 21:17,18
behind 51:6
being 5:3 8:18 15:12 21:21 23:7 26:23,25 28:13 31:8 41:12 55:4 56:18
believe 6:20 11:16 12:13 17:4,6 18:1 19:5 20:4 24:4 25:13 27:5,17,25 33:18 36:10,16,18,22 38:23 39:15,19,22 40:23 41:16 44:6 45:5,9,9 46:4 48:3,15,18,20 49:19 50:4 52:13 53:21 54:5 56:21
belonged 51:22
benefits 13:16,17
besides 6:15 7:4
better 11:8
between 20:11,17 27:2 31:8
beyond 55:19
bit 15:25 19:6,9 22:9 41:19 43:1 44:19
BKY 1:6
board 10:25 11:15,21 37:4,5,10,14,18
bond 9:21
bonus 13:12 47:8,14
bonuses 13:10,10,15 14:6,6
book 14:25 16:12 27:13 37:19 42:6 45:12 47:19 49:1 52:5
both 21:3
bottom 41:21 42:2,18
bought 12:6,12
breach 13:1
break 6:4
Brian 1:5 5:11
brief 9:24 25:1 43:14
brokerage 9:22
broker/dealer 9:2,10
brought 27:13
Burton 2:9 3:6 5:6,10 11:11 15:6 16:3 17:7 17:10,24 18:17 21:14 25:2,7,9 26:3 27:24 28:15,21 29:10,11 30:3,17,19 31:17 32:3,7,11,18,23 33:3 33:9,22,24 34:21,24 35:14,16,23 36:4 37:6,9 40:15,19 41:25 42:2,4 43:9,11 43:15 45:8,12,16,23 46:1,3,17,21 47:22 48:6,23 49:6 50:11 50:21,22 52:3,22 54:4,19 55:21 57:9
business 8:9 9:1,21 14:8,11,15 24:19 53:11,21
buy 19:24 50:3 51:7,11 55:14
buyers 20:25 21:1 29:17 39:3
buying 19:12 29:21

C
c 1:17 2:4 39:10 59:4 59:25
Caldwell 8:2
California 2:2,5 5:1 6:10 9:19 10:6,8,22 23:7 27:4 59:1,8
call 19:18
called 19:17,23 39:22
calls 21:10
came 19:8,10 22:8 23:17 29:4 49:19 50:13
cancel 56:9
cancelled 46:9 56:5
Canyon 6:10
capacity 12:15 22:20
car 22:7
care 13:18,18
carried 21:17
case 1:6 57:11
cases 5:13
cash 20:7 23:2 26:23,25
cause 39:4
cease 11:12
CEO 22:20
certainly 31:24
certificate 43:2,17,23 44:3 59:18
Certified 2:4
certify 59:4,8,12
change 10:19 12:2 32:23 57:14
changed 35:9,10
changes 58:5
charge 23:17
Charger 50:15 51:1,8
check 4:14,16 51:11 52:15
checks 52:7
Chicago 9:10
Chuck 39:20
circumstances 10:20 15:17
City 59:7
claims 12:21
clear 14:24
client 31:1,8
clients 51:9
close 22:10
closed 22:2,6 39:24

50:4
closes 39:24
closing 6:21 22:8 26:23 26:25 36:22 38:21 39:1,5,5,8,16,17 42:6 43:2,17,22 44:3,7 47:1,7 56:11,19 57:3
closings 53:23
Club 13:19
collateral 39:21 53:4 54:18
collectable 55:18
College 7:16
Columbia 7:15
comfortable 24:10
coming 43:6
commercially 39:3
communications 31:8
company 9:2,11,13,16 10:11 11:24 12:23 13:25 15:23 16:7 37:5 38:4,9,15 42:8 46:23 47:9,11,15,16 49:21 50:12,14 51:22
compensated 46:13
compensation 13:6 25:19 26:12
compete 23:3
competition 23:7
complete 45:11
completing 21:16
component 13:13
comprehensive 29:17
concept 19:7
concerned 28:7 31:23
concerning 29:18
concluded 57:23
condition 20:24,25 21:1 31:13 38:4
conditions 20:13,23 39:4,8
conducted 44:7
connected 59:14
consider 37:11 44:14
consideration 24:22
consult 24:19
consultants 24:19
consulting 3:22 25:19 25:21 26:13 33:13 34:11,14 35:8,15
contact 21:9
contacted 23:7
contain 59:10
contemplated 55:5
continuing 8:14
contract 3:11 15:8 20:14,14
controversial 28:2
conversations 6:14 7:7 55:10,17,20
copies 46:5 56:5
copy 18:4 31:3 48:19 57:18
Corp 4:14
corporate 8:17
corporation 4:8 8:18 13:2,3 37:14,19
correct 16:22 21:4 26:23 33:17 34:8 37:15 38:6 44:21,22 46:1 47:13 59:10
corrections 58:5
counsel 16:22 25:24 27:10 29:4 30:25 31:5,10 35:12 48:24 54:5,10 59:15
County 59:2,7
couple 24:2,3 56:3
course 12:14
court 1:1 31:18 57:14
CSR 1:17 59:4,25
curiosity 7:22
curious 13:22 20:9
currently 7:10
customers 51:17

D

D 3:1
Danny 50:3
date 38:3 39:6 48:13 50:5
dated 3:11,12,14,15,17 3:19,23 4:3,5,8,11,13 4:17 26:18 27:7 30:14 36:21 59:19
day 33:5 58:8
days 27:7
deal 39:24
dealing 10:9
Dean 51:6
debts 56:25
December 4:11
decision 20:6
declare 58:1
deduct 14:7
deducted 13:25 57:4
deem 58:6
DEFENDANT 2:12
Defendants 1:9
define 26:2
degree 7:16
degrees 8:5
Deinard 28:24 33:2
Denny 12:10 18:25
dental 13:18
department 9:5 51:9
depending 13:10 38:3
deposed 21:20
deposition 1:12 2:1 3:3 5:14,17 6:3,13 7:5 15:2,3 28:11 31:14 32:8 34:18 35:1 57:23 58:2,4
derived 22:18
describe 12:4
DESCRIPTION 3:10 4:2
detail 37:23
details 20:20 40:2 53:18 55:13
determining 24:23
developed 19:15
Diego 2:2,2 5:1 9:22 50:15 51:1 59:2,6,7,7
different 22:10
direct 56:8
director 8:19 11:5 12:15,19,22
directors 11:1
disallowed 13:20
discovery 29:9
discussed 16:9 44:20
discusses 25:17 26:21 27:1 38:2,8,13
discussion 16:2 19:6 43:13
discussions 20:21 35:17 55:6
disinterested 59:12
dismantling 59:16
dispute 27:16 42:14 56:17
DISTRICT 1:2
Dlugosch 3:13,16,18,20 7:8 19:16,17,19,22 19:24 20:11,12 22:4 22:19 23:23 24:18 25:14 27:3 49:19
document 15:10 17:25 20:21 27:11,12,20 28:19,21,23,24 29:2 31:4,6,24 32:15,16 33:10,19 43:19,25 47:25 50:19
documentation 40:4
documents 6:17 27:14 27:16 28:17 29:2 31:15 52:25
doing 14:5 53:22
dole 51:16
done 13:8 26:15,16 38:21,22 55:3,8,23 57:21
doubt 46:7
down 5:20 23:5 39:10
drawing 51:14
drove 22:7
duly 5:3
During 13:4
duties 10:17
duty 13:1

E

E 1:8,12 2:1 3:1,3,9 4:1 5:2 19:1 58:12
each 5:20 39:4
earlier 27:7 30:9,12 38:10 44:21 45:12 48:11
early 19:13
easier 32:18
education 8:11,14
educational 7:13
Edward 5:9
effective 4:9 36:21
efforts 39:4
either 20:4 31:9 53:20
employed 11:16 13:4
employee 11:18 24:6
employees 23:25 51:17
employment 3:11 4:12 10:17 11:12 13:16 14:19 15:7 20:14 27:2 33:16 35:5,13 41:9,13 49:18
end 11:3,9 36:22
ended 26:23,25 49:18
ending 13:5
ends 36:12 40:10
enormous 45:13
entered 18:18 26:1
entities 46:6,12 56:19
entitled 43:17
entity 53:10
entry 42:19
equal 41:3
Erickson 4:8 17:13 26:8 36:25 37:8 38:1
Erickson's 17:16 18:24 19:4
essence 22:4
essentially 18:23 21:24 37:25
estate 39:15
evaluators 24:20
even 19:10 22:25 40:3 51:19
eventually 54:6
ever 5:14 7:20 8:17 12:14,21,25 19:10,19 33:13 34:14 35:17
every 36:10
everybody 23:25
everything 22:21 23:5 57:4
evidence 29:8 31:12
exact 13:7 19:22
exactly 50:1 54:11
EXAMINATION 5:5 56:1
EXAMINED 3:5
example 47:8
except 14:1
exclude 44:13
excuse 11:8 35:12 37:17 51:1
executed 14:18
execution 26:13
exhibit 14:23 15:5 16:12,24 17:8,9,23 17:25 25:4,8,11 27:8 27:9 28:2,13 29:13 29:25 30:2,15,21 31:13 32:3,8,14,22 32:24,24 33:8,11,23 34:17,18,19,23 35:1 35:22 36:3,11 41:25 43:16 45:6,7,18 47:20,20,21 49:4,5 50:9,9,10,13,25 52:2 52:4,17,19,20,21 56:4
exhibits 14:25 15:1,3 27:13 36:9 45:10
expenses 13:21,24 14:2 14:8,12,15
explain 54:11

F

F 1:5
facilitate 53:23
facilitated 51:21
fact 14:1 57:2
facts 25:25
fair 15:20 21:2,18

22:15 24:11,13 38:5 44:2 46:22 47:3,12 51:21
fairly 55:12
familiar 5:16 30:4 33:10,25 53:8
families 51:17
far 21:6,8 31:23 43:10
Farris 4:18
favor 24:7
Fax 3:17
February 3:15 26:18 59:19
felt 24:10
few 42:18
fiduciary 13:1
Fifth 2:10,14
figure 54:6
file 14:9
filed 49:22
files 33:2
final 36:6,15,17,19
finance 9:5,12 10:9 23:19
financial 6:20 11:19 44:17 56:16
financing 26:22,24
find 43:3,7
fine 28:9,15 31:12
fired 49:23
firm 8:2,3 9:22 12:5,6 12:11 13:10 16:17 19:24 20:5,12 22:20 22:21,23 28:22 31:7 53:21
first 5:3 10:4,10 14:18 15:1,7 16:11,25 36:20
five 43:20
flew 20:15
focus 15:25 16:4
focusing 35:14
folks 23:18
following 32:12
follows 5:3
football 50:15 51:18
foregoing 58:2 59:9
forget 5:22
forgiven 56:25
form 15:22 33:14 41:5
founder 12:5
four 41:6 43:19
frame 11:9
Friday 2:3 59:6
from 3:13,16,18,19,23 4:3,5,18 6:24 7:16,19 7:25 20:2 21:10,23 22:8 23:12 29:4 31:7 34:18 42:6,7 47:11 52:23 59:9
front 25:4 33:11
full 5:7
further 43:1 57:7 59:8 59:12
future 14:6

G

GALE 2:9
game 51:12,18
gave 18:23
Gesme 39:20
getting 25:13 50:15,20 50:23
give 5:21 7:13 11:8 19:8 23:2 33:6 39:13
given 29:17,22 38:10
giving 38:8
go 24:19 29:10 30:23 32:3 35:20 36:1 38:7 43:11 51:15 52:4
going 23:12,13,14 25:10 27:21 28:10,17 29:5 31:24 32:6,8,25 39:23 41:20 43:6 48:25 50:12 52:6 55:15 56:25
Goodbody 9:2
governance 8:18
governing 13:1,3
graduate 7:15,19
graduated 7:17,19
Grand 54:9
grandfathered 8:13
great 37:23
group 19:21 29:21 36:7
guarantee 39:23,24
guarantees 39:11 53:24
guess 18:15 19:1 36:7 44:15
guessing 5:16 18:14
guy 23:15

H

H 3:9 4:1
handle 21:6
handled 13:22 21:8
handling 20:20
handwriting 27:22 28:9 32:16,17
happened 10:21 12:4 54:11
happy 23:9
hard 43:7
hat 51:16
having 33:13 34:14
health 13:18
heart 19:15,25
held 16:2 43:13
help 18:19 43:3
high 7:14
him 31:14,21,22 32:1 51:7 57:17
hold 23:8
holding 53:3 54:17
hoping 22:10
huh-uh 5:22

I

idea 39:13
identification 15:5 17:9 17:23 25:8 27:9 30:2 33:8,23 34:23 35:22 36:3 45:6 47:21 49:5 50:10 52:2,21
identified 32:14 52:15
III 44:9,15
III-A-3 56:12
Illinois 9:10
Immediately 23:6
Inc 4:16 44:16,17 56:9 56:15,16
include 39:17
inclusive 59:10
increased 12:7
incurred 13:22 14:1
indicated 19:16,19
individual 9:21 10:6
information 11:22 29:16,18
initial 54:25
instance 7:8 47:6,10
intended 22:3
intentionally 3:21 32:21
interest 56:15,17
interested 19:12,20,21 20:1 59:13
interesting 56:12
invest 23:25
invested 24:3,4
investment 19:20 54:25
investments 4:14 24:1 53:22
investor 23:16,22,23,24
involved 21:21 39:9
involvement 20:9,16 37:1 39:7
IRS 13:20
issue 31:18
issues 24:22 30:8,12
item 17:20,20 27:1,6 28:1 42:7 44:13,14 44:21 49:8 56:12
items 44:14 47:7,17
Iverson 1:8,12 2:1 3:3 3:16,19 4:7 5:2,9,10 6:12 14:23 17:1 19:1 27:21 28:22 30:20 32:15 33:10,20,25 34:25 35:21 37:7 42:5 43:19 45:17,25 52:20 56:3 58:12
Iverson's 28:11 31:14 45:24
I-v-e-r-s-o-n 5:9

J

J 4:18
James 1:8,12 2:1 3:3 4:7 5:2,9 19:1 58:12
January 1:13 2:3 5:1 49:24 59:6
Janzen 23:16
jibes 53:6
Jim 37:7
job 7:11
Joe 12:5
John 20:19 53:14
Johnson 4:3,5
joined 10:4,10
Jolla 10:8
JOSEPH 2:14
July 3:12 4:17 36:22
jump 8:22 41:19 45:3 47:19
June 4:3,5,8,9 6:23 11:14 31:1 32:1 36:21,21 37:3 51:2
just 6:3 7:22 10:8,23 12:18,22 14:14,24 19:8 22:7 24:10 26:23,24 27:22 30:14 31:19 32:19,19 33:6 40:5,20 41:23 44:14 47:6,8 49:8 50:23 54:1 55:3,3,21 56:3 56:25

K

kept 37:14
Kindred 9:9
knew 14:4 22:21,22
know 6:1,4 10:15 14:8 15:24 18:15,16 19:23 21:6,8,8 22:25 23:9 24:7 25:11 26:15 27:24 29:4,24 35:10 36:6,15 38:12,18 39:23 40:21 41:7 46:20 47:4,24 49:8 51:6,19,20 52:25 53:18 54:1,2,3,7,12 55:9,12
known 55:18
KRAMER 2:13

L

La 10:8
labeled 15:7 41:21 46:9
last 15:13,13
late 12:11
later 38:3 48:13
Laurie 3:18
law 7:17,19,20,24 8:3 8:15 16:17 28:22 31:7
Lawyer 2:14 3:7 6:14 6:15 7:5 11:8 18:15 21:11 24:25 25:6,24 27:10 28:10,16,23 30:14,24 31:21 32:6 32:9,13,21,25 33:21 34:20,22 35:12 37:5 40:13,17 41:23 42:1 42:3 43:8,10 45:7,10 45:14,25 46:15,18 48:4,22 50:18 54:1,8 54:14,17 56:2 57:7 57:10,17,20
lawyers 20:17
leading 24:1
left 12:5,11
Leonard 1:5 2:9 5:11 16:17 28:1,24 31:7 33:2
let 5:25 6:4 25:11 31:21 34:3 36:5 40:21 41:1 47:24 49:8 52:25 55:21
letter 3:12,15,19,23 4:3 4:5,17 16:13,18 25:12 27:7 29:12,15 30:5,6,7,14,17 31:2 32:1,2 34:1,3,4,10 35:4,8,13,24 52:23

53:14
let's 25:6 29:10 32:3,4 32:23 35:20 49:16
licensed 8:9
licensure 8:12
like 15:25 17:7 19:6 21:23 22:9 23:9 24:6 28:12 31:18,19 40:13 41:6,19 43:1 44:19 45:3 48:17 52:24 54:14 55:13 57:17
likely 50:5
limitations 17:15
line 51:15
lists 16:25 42:7
litigation 7:1,3 12:25 28:25 31:2
little 19:6,9 21:21 39:10 41:19,20 43:1 44:19,20
LLB 7:16
loan 39:21
Lobo 6:10
locate 40:11 43:4
located 52:7
log 29:7 31:11
long 6:2 9:6,15 15:19 40:5
longer 11:15
look 15:14 16:11,24 25:3,10 27:20 29:25 33:19 36:5 40:20 45:17 47:23 49:7 50:8 52:19,24
looked 24:5
looking 23:14 32:13 43:16 45:14 50:25
looks 5:23 40:13 41:6 48:17 54:14
Los 40:8
lost 45:4
lot 22:24 23:6,11 36:11 43:20
loud 14:21

M

made 10:24 13:14 19:22 24:9,12,18 49:24 52:8 55:1 58:4
main 36:8,12 40:9
maintain 8:11,12
make 5:19,23 13:15 24:12 25:4 27:10 31:11 32:4,9 33:20 34:18 55:22 57:13,14
making 14:14 39:8 56:14
many 51:14
March 9:17
mark 17:20
marked 3:21 15:5 17:7 17:9,23,25 25:8,11 27:8,9 29:13 30:1,2 33:8,11,23 34:23 35:1,22 36:3 45:3,6 47:21 49:5 50:8,10 52:2,21
match 36:23
matching 32:19
Mathison 50:3
matters 10:9
Matthew 2:9 5:10
may 3:23 23:21 27:17 29:6 33:21 49:13 55:7
maybe 9:24 11:8 14:13 14:14 17:20 19:8,13 26:1 43:3
mean 11:21 13:5 22:22 22:24 27:20 32:10 40:12 46:20 55:9
mechanics 47:3
meet 6:15 23:18
meeting 37:11,18
meetings 20:16 37:15
member 10:25 11:15
members 37:4
memberships 13:19
memory 19:16 53:6
mention 35:13
mentioned 8:6 35:8 55:13
mentions 39:11
MESSERLI 2:13
MI 4:8 11:17,17,18 16:5,21 19:8 21:16 23:17,22 36:7 38:8 44:4 46:10 55:1,4
MidAmerica 39:12,14 39:19 44:13,20
middle 39:16
might 11:16 13:25 18:1 30:24 38:2 43:4 55:8
Mike 23:16
Miller 4:14,16 5:12 6:21,23 10:2,4,7,10 11:4,10,13,19 12:5 12:10 13:5 14:20 19:12,18 29:18 37:6 44:16,17 46:12 49:14 50:3 51:5,10 52:7 54:21,23 56:8,14,16
million 20:5 24:9 25:15 25:18 26:11 37:25 57:3
Minneapolis 2:10,15 19:18 20:19 22:23,24 22:25 53:13
MINNESOTA 1:2
minute 6:3 20:22 36:5
minutes 37:14,18
Mitchell 8:2
MN 2:10,15
Mo 20:12,19 21:9
money 13:14,15,24 14:1 46:19 47:9,11 47:16
monthly 14:9 41:3
months 9:25 16:5
more 22:22 42:18 50:5
Morris 34:4
move 48:24
moved 9:19 40:7
Mssrs 3:16,19
much 55:22
multiple 40:15
municipal 8:3 9:10
Murphy 4:18
must 22:13
myself 10:8
M&S 53:22

N

N 3:1
name 5:7,10 8:2 9:23 23:16 44:9 51:16 58:7
narrative 19:9
nature 55:6
necessary 58:5,6
need 6:3 26:2 55:8
negative 48:22
negotiated 20:9,11 27:2
negotiation 21:2,15 37:1
negotiations 21:22
net 57:5
netted 38:23
never 19:17 22:5,8 51:12,19 52:1
new 7:16,17 9:3 30:8
next 17:20 27:6 33:19 34:17 39:2 41:9 50:8 52:4,19
nice 51:8
nine 9:25
noncompete 14:19 20:14 25:22 26:14 33:17 35:5,15 52:9
noncompetes 25:19
noncompetition 40:10 40:20,23
Nos 1:6
notations 27:14,23 28:12 29:4
note 27:12 45:15 47:8 55:14,15
notes 4:10 27:12,17,24 28:3 31:7 33:1,4 38:14 45:20 46:5,8 46:13,15 47:10,11 54:15 56:4,5,6,9,15 56:16
November 3:11
null 59:18
number 3:10 4:2 12:2 24:10,11,12,15 27:13 28:17 29:5 41:7,8 49:2 57:5
numbered 59:9
numbers 11:22 13:7 14:14 15:1,2 22:22 32:19 42:15 45:4 49:2

O

oath 58:2
object 31:8,13
objected 31:6
objection 25:24 31:17
objections 27:11
obligation 47:15
obligations 44:16 46:23 47:12
obtained 6:25 7:2
occasions 19:11
occupied 7:10
occur 26:22 29:5 38:20
occurred 25:21 37:24 38:18 39:8 47:4
October 3:14 18:19
off 15:25 16:2 24:25 43:11,13
offer 10:23 19:23 20:5 24:9,18 25:15 28:5
offered 20:5 24:1 51:7
office 10:7,22 20:19,20 28:20
officer 8:19 9:13 10:13 10:15 11:15,19 12:16 12:20,23
official 37:10
oh 9:24 19:13 21:13 54:23
okay 6:5 9:18 10:1,25 12:9 13:21 14:17 15:16 16:4,15 20:6 21:13,15 22:13 25:17 26:17,20 29:15 40:1 40:9,17 42:3 44:2 45:14,15 46:18,22 47:19 53:5 56:13
old 19:25
omit 32:21
once 43:4 51:14
one 19:12,13 20:12,22 27:11 28:5,7,9 33:4,4 33:6 55:21
ones 8:6
only 10:6 20:16 28:1,5 57:14
open 14:24
opening 14:23
opportunity 51:7
orally 20:4
original 23:16 49:17 56:6 57:3 59:17
other 5:20 8:5,5 13:16 17:11 18:10 24:11,14 28:17 31:3 57:9
out 7:22 11:23 12:6 14:21 20:15 21:22 22:11 23:4,6,17 29:23 33:1 38:23 39:19 46:1 49:19 51:16 54:6,9
outcome 59:13
outstanding 38:14
over 5:19 12:2,14 13:25 23:13,14 26:12 47:24 49:7
owe 13:25 47:16
owed 38:14 42:15 44:16 47:9 56:18
own 24:12
owned 11:18 16:6 17:5 39:20
owner 10:11,24
owns 17:1
O'BRIEN 2:9

P

page 3:5,10 4:2 15:13 15:13 16:24 18:6

29:15 30:1 36:12,20 37:21 38:7,13 39:2 39:10 40:9,14 41:20 41:23 42:19 43:4,17 44:9 48:4
pages 40:16 41:6 42:18 43:20,21 48:3 59:9
paid 14:6 25:18 26:8,12 46:16 56:19
paper 5:23
paragraph 16:25 25:17 26:5 30:7 38:2,8
paraphrase 37:23
paraphrasing 22:1 38:5
part 25:22 28:11 30:21 32:6 35:17 40:24 42:5 46:9,13 49:1,2 50:14,25 51:1
participation 24:6
particular 50:19
parties 59:15
party 12:15,25 29:1
paying 37:25
payments 41:4 52:8,11
payoff 54:14
Peggy 1:17 2:4 59:4,25
penalty 58:1
people 18:10 19:3 22:25 24:15
percent 11:24 12:1,8 12:12 16:6
perform 24:11
perhaps 13:23 23:22 27:18
period 9:24 26:12
perjury 58:1
person 59:13
personal 39:11 54:15
personally 51:7 53:17
personnel 23:6
perspective 22:9
place 15:20 20:17 37:12 45:9
placed 17:15
plaintiff 1:6 2:8 5:11
played 29:22
please 5:7,25
point 8:8 27:10 29:1
pointed 46:1
position 9:4 10:5,16 29:6
possessed 6:24
Post-it 43:5
power 18:23
practice 7:20,22,24
prepare 6:12
present 29:3
presented 33:14
presume 8:8
pretty 21:25 55:9
previous 30:9
price 22:18 24:13,23 25:18,23 26:1,5,11 37:21 38:3 48:12,16
prior 23:12 35:8,12 39:5
privilege 21:12 31:10
privileges 27:19 31:25
probably 18:9 41:3 55:15
problem 19:15,25 28:4 28:13,16 33:3
proceedings 59:5,11
proceeds 57:2,3
process 20:10 29:22
produced 27:25 28:19 28:21,24 29:7 31:2,9
product 27:18 31:9
production 27:16 29:2
profession 8:15 9:20
progress 10:16
progressed 19:10 20:2
project 39:15
promissory 4:10 45:15 45:20 46:5 56:4,5,6 56:15,16
properly 57:15
proposal 23:1 30:10,21
proposed 30:18
proposing 29:16
provide 29:7
provided 56:6
public 9:5,12 10:9 23:18
pull 28:10
pulled 31:11,16 33:1
purchase 4:7 22:18 25:18,22,25 26:1,5 26:11 28:6 36:6 37:21 39:18 48:11 56:11
purported 16:17 18:10
purports 34:10
purpose 18:13 19:5
put 14:25 15:4 22:4 23:17 25:7 30:24 39:23 43:4 51:15
putting 53:24
P.A 2:13
p.m 57:23

Q

question 6:1 15:9 24:17 25:20 30:11 31:19 35:3 36:13 39:7,13 41:12 50:19
questions 5:24 31:1,15 31:22 56:3 57:8,9 58:3
quickly 5:17 57:20

R

R 2:9
raised 30:8
Rapids 54:9
read 41:1 57:11 58:4
ready 22:11
real 39:15 47:9,12,15
really 22:2,3,5 35:14 47:10,16
reason 23:24 27:17 36:16,18 41:16 42:14 46:7 48:18,20 56:21
reasonable 39:4
recall 11:24 14:18 15:19,21,22 17:17 18:5,13 19:21 20:2,8 23:21 25:14,16 26:10 29:12,14 30:11,20,22 33:13 34:14 35:19 36:24,25 37:4,10,13 38:10,25 40:3 44:23 45:1 46:20 53:11,12 53:25 55:6 56:7
receipt 43:2,18,23 44:3 44:6 47:7
receive 8:5 13:17 52:11 52:14
received 33:16 40:7,24 41:13,17 47:11 51:4 53:15 57:2
recess 25:1 43:14
recognize 15:9,12 16:13,14,16 18:9 25:11 34:25 35:24 36:13,14 41:12,15 43:22,25 45:20 47:24 48:2 49:8,11
recollection 15:16 18:19,22 21:21 22:17 32:2 35:9 36:23 42:23 46:8 53:1 55:9
recollections 27:18 31:9
record 5:8 6:20 14:25 15:25 16:2 17:1 24:25 30:25 37:19 43:12,13 50:13
recorded 57:15
records 6:24 27:25 40:7 50:12 52:6 53:8 54:6,10
redact 27:22 28:3,8 32:25
redacted 28:12
redacting 33:4
reference 56:14
referring 36:8 40:17
refreshes 53:1
regard 31:1
reimburse 14:8
reimbursed 14:11
reimbursements 13:21
rejection 30:9
related 35:17 39:25 53:7 59:14
relates 53:21 54:12
release 39:21
Releases 39:11
remain 9:15
remained 11:16 15:20
remember 25:13 30:6 40:2 41:2,3 50:7,16 50:18,19,20,23 55:11 55:19
render 59:17
repaying 38:14
replace 23:15
reported 1:17 59:5
reporter 2:4 57:15,22
reporter's 59:17
represent 5:11 52:6
represented 21:3 28:22
request 28:25 29:2
required 38:11
reserve 31:18
residence 6:8
respect 6:22 16:21 21:2 40:4
respective 59:15
response 21:24
responses 5:21
responsibilities 23:11
restate 6:1
review 6:17,19 29:17 57:13
reviewed 29:3
reviewing 30:20
reward 10:23
Rideau 55:14
right 7:18 19:4 30:24 32:5 35:20 40:18 45:9 47:1,2,5 49:15 54:16 57:6,10
rights 17:16
Rio 2:2 59:6
Road 6:10
Robert 9:23
Rog 53:22
Roger 4:7 18:25 19:18 19:23 37:7 39:18,22
role 9:11 12:22 22:14
roughly 16:6
rules 5:16
run 5:17
running 8:18
R.J 4:18

S

S 2:14 3:9 4:1
salary 13:9,12
sale 6:21,22 11:14 19:7 19:10 20:24 23:12
sales 23:14 24:14 51:8
salesmen 24:2,4
same 5:23 21:24 26:21 28:16 38:13 41:12 44:21
San 2:2,2 5:1 9:22 50:15 51:1 59:2,6,7,7
satisfied 39:5 46:24
save 33:4
saying 21:10 28:23
SAYRE 2:9
says 16:25 19:2 26:9 29:16 30:7 47:7,14
schedule 36:10 41:22 41:24 42:6
schedules 36:9
school 7:14,17,19 8:15
Schroeder 4:14,16 5:12 6:21,23 10:2,4,7,10 11:4,10,13,19 12:10 12:10 13:5 14:20 18:25 19:12,18 29:18 37:6 44:16,17 46:12 49:14 50:3 51:5,10 52:7 54:21,23 56:8 56:14,16
Scott 9:23
season 50:15 51:7
seats 51:8,20
SEC 7:25
second 15:2 16:1 26:4,9

29:15 30:7 33:6 44:9 45:17 47:23 49:1,7 52:24 55:21
secretary 10:9
section 26:21 38:13 39:2
securities 9:1
security 8:9
see 16:19 17:2 23:5,10 26:4 29:19 34:6,12 37:24 38:16 40:11 42:9,21 44:11 49:16 53:3 57:10,17
seeing 29:12 40:3
seem 17:11 23:21 49:15
seems 49:13
seen 34:14
sell 22:3 51:10,11
seller 26:22,24
sellers 38:14 39:3
selling 19:20
senior 11:21
sense 24:12
sent 54:9
sentence 26:4,6,9
separate 15:3 31:2
September 4:13
seriously 22:6
services 26:13
set 15:1,2
Settlement 4:11 48:15
seven 20:18 22:20 23:3
seven-year 26:12
several 40:13
sham 31:20
share 12:6,7,12 54:10
shareholder 8:19 10:18 10:21 11:4 17:16 54:20,23
shareholders 17:12
shares 16:10 17:1,18 18:24 19:4,7 53:4,13 53:17
Shaw 3:18
Sherman 3:13,23 4:3,5 21:4,9,10,17 34:5
Sherman's 20:12,19
shorthand 2:4 59:5
shortly 39:25
show 41:23
side 23:19
sign 18:11
signature 15:12,15 18:6 40:15,22 41:14 43:20,24 45:22 48:3 49:10
signatures 18:10 36:14 48:2,9
Siino 1:17 2:4 59:4,25
similar 33:14
simple 23:1 31:19 55:12
simply 24:5
sit 20:20
six 9:24 22:20
skipping 32:7 55:22
slow 23:5
small 10:7
Smith 19:11
Solana 11:23 20:15 49:19
some 8:8,11 13:24 17:15 24:2,11 27:11 27:12,15 31:3 32:15 32:16 39:13 50:15 52:7 55:13,17
Somebody 23:13,13
someone 23:15
something 33:1 41:4 43:5 53:17
sometime 12:11 19:13
sometimes 5:22
soon 27:22 54:9
sorry 42:13 45:23 50:18
sort 22:6
sounds 21:23 22:9
South 2:10
Spanos 51:6
speak 5:19,19 7:4
SPENCER 2:9
spoke 13:23
SS 59:1
stand 51:15
standard 15:22
start 49:2
starting 7:14
state 2:5 5:7 59:1,8
stated 22:1 46:6 51:24
statement 6:21 43:2,17 43:22 44:3 46:2 56:12
states 1:1 35:4 36:20 39:2 44:7
stating 25:25
stay 20:13,23 22:14 23:2,8
staying 22:13
step 22:11
Steven 4:8 37:8
still 41:24,25 54:20
stock 4:7 6:22 11:14 17:5 26:9 36:6 38:1 39:18,20,22 53:24
stop 49:21
stopped 49:14
story 23:20 51:6
straightforward 21:25
Street 2:10,14 16:17 28:1,24 31:7 33:2
strike 34:3
structured 13:7
stuck 32:19
stuff 54:8
stunned 22:6
subject 19:9 29:8
subscribe 58:7
subsequently 6:25
subsidiaries 42:8
success 23:10
successful 10:23 23:5
sued 12:15,17
Suite 2:2,14 59:6
supposed 14:8
sure 5:19,23 24:8,12 32:21 39:8 50:2 53:18 55:17,22 57:13 57:14,16
surprised 22:2
sworn 5:3

T

T 3:9 4:1
tab 25:7
take 6:4 8:14 14:4,5 16:11 23:13,14 24:17 25:3,10 27:6 29:25 33:19 36:5 39:19 40:20 51:9,17 52:19 52:24 57:3
taken 2:1 5:14 23:12 25:1 43:14
taking 5:20 20:17 37:11
talk 28:8
talked 24:14 48:11
talking 25:14 55:10
talks 37:21
tax 24:22
telephone 21:9
tell 30:4 35:24 44:23
telling 21:23
term 26:5
terms 8:18 10:16 13:1 13:3,21 21:15 24:13 30:9
terribly 6:2
testified 5:3
testify 27:21 31:21
testimony 57:14,15
thank 25:7 57:19
their 51:17 59:15
thereof 58:7
thereto 58:3
thicker 36:11
thing 22:5
things 6:25 8:20 20:2 29:5 35:10 48:25 55:8
think 6:2 8:22 10:23 11:17 12:6,11 15:13 17:18 18:14 19:14 20:6 22:19 23:3 25:5 28:1,5,7 31:11,22 36:8,10 38:9 39:19 39:20 40:17 45:24 46:11,19 48:7 49:17 49:22,23 50:1,6 55:3 57:12
thinking 47:6 55:3
third 16:24 27:1
though 18:22 37:15 50:14
thought 22:4
three 19:3 23:2
through 5:17 6:25 7:2 11:3,9 20:4 50:12 52:6,24 54:25
Throughout 32:16
ticket 50:21
tickets 50:15,20,23 51:2,4,8,14,22,22,25
time 8:1,8 10:20 11:1,3 11:9,10 12:2 13:4,25 16:6 17:12 18:18 19:22 22:11 24:16,18 28:8,18 37:3 42:15 43:6,8 50:6 51:9 56:24
title 10:14,18 11:20
today 6:13
together 14:25 22:5 23:8
told 21:12 22:7 48:24 56:24
top 32:15
total 26:7 57:2
touched 38:9
trading 23:13 51:8
training 8:17
transaction 16:5,21 21:16,22 22:2 33:16 36:20 37:24 39:14 40:4,25 42:6,16 44:4 46:9,14 50:21 53:2 53:16 55:4,8,12
transactions 37:11 47:9
transcript 57:11,12 59:10,17
transfer 55:14
transfers 53:23
transmit 34:10
tricky 41:20
Trimble 8:2
trip 27:4
Triple 48:22
true 18:3 46:4 48:19 59:10
trust 3:14 17:18 18:1 18:22
trustee 1:5 5:12
trustees 19:4
try 6:1 14:24 48:24
trying 23:4,25
turn 34:17 42:18 43:1
turned 14:12
two 6:3 7:25 19:11 41:7 41:8 43:6 54:14 56:13 57:22
type 8:11,19
typically 13:6 52:14

U

uh-huh 5:22 17:3 21:5 42:10 49:3
ultimately 25:21 26:22 53:19
unanimous 20:6
unbinding 59:16
uncollectable 55:16
under 44:9,15 46:13 47:16 52:9,11 58:1,2
understand 5:24,25 31:17
understanding 25:20 26:7 27:15 29:21 30:25 31:5 46:23 56:18
Underwriter 9:12
UNITED 1:1
University 7:17
unless 27:21 31:15
unsealing 59:16
until 8:3,23 9:7,17

13:20 39:24
use 39:3 51:24
used 14:15 15:1,3 21:9 51:13
using 26:5

V

vague 53:6 55:9
verbal 5:21
versus 35:15
very 9:23 10:22 14:5 21:20 23:1 36:22 39:24 51:8
vice-president 10:15 11:20
virtual 22:20
void 59:18
vote 18:23 19:4
voting 3:14 17:18 18:1 19:3
vs 1:7

W

W 2:14
waive 31:24
want 5:23 16:4 21:11 23:5 27:20 28:3,8 30:25 37:22,23 39:17 43:4
wanted 22:14 23:8 39:16,18 41:4,4 49:18,20 51:15
wants 19:24
wasn't 14:13 38:25 39:9
way 26:15 40:6 49:24 59:13
ways 39:10
week 51:14
weeks 57:22
well 10:6,22 11:14 13:9 14:4,5 18:14,25 30:24 34:3 41:1
Wenger 3:23 4:4,6
went 7:15 9:1,1,9 10:2
were 6:24,25 8:8 9:13 10:10,20 11:4 12:21 13:4,14,24,25 14:5,6 15:1,3 16:22 17:12 17:15,18 19:3 20:17 20:20 21:3 22:10,11 23:7,12,14,22,25 24:22 25:22 27:25 30:12 35:17 36:11 37:4,11,17,25 38:10 39:22 41:4 42:15,15 44:15 46:9,12,15,23 47:9,11 50:14,25 51:1 52:8 53:3,13 54:17 55:10,13,20 56:5,5,19,25
weren't 45:10 56:22
we'll 6:4 23:2 34:18 54:6,10
we're 14:24 28:17 32:7 39:23 43:5,16
whatnot 20:17 23:19
whole 21:7 22:5
wife 48:3
Wikner 3:16,19 4:7 7:8 13:23 17:12 18:23,25 21:3,20 22:1 26:8 31:6 32:13 33:20 34:18 35:20 37:7 38:1 55:7
Wikner's 15:2 21:18 28:25 36:1
wired 46:19
witness 18:16 21:13 37:7 46:19 48:5 54:3 54:12,16 57:16,19 58:7
word 31:19
work 9:2,6,9 10:2 27:18 31:9
worked 7:25 8:1,23 9:21,22 14:3 21:22 23:18
working 10:7 19:17 49:14,21 54:5
wouldn't 51:10
wound 12:12
written 20:5 27:23 28:12 31:6
wrong 23:21
wrote 51:11

X

X 3:1,9 4:1

Y

yeah 7:18 13:20 16:16 17:19 20:4 22:12,16 26:24 41:2 49:17
yearly 13:10
years 7:25 10:19 12:14 13:14 15:14 19:25 20:18 22:20 23:2,3
Yep 6:6 48:8,10,14
York 7:16,17 9:3

$

$1,200 4:16
$15 20:5 37:25
$20,000 14:15
$25,000 24:3,4
$3,654.00 4:15
$50,000 23:24
$7.3 57:3

#

#1200 2:10

0

02-40284 1:7
02-40286 1:7

1

1 3:11,11 4:9 9:17 14:23 15:5,7 36:21
1.4 25:18 26:11
10 4:5 27:7 34:22,22 35:20,21,21,22
10:25 2:3 5:1
100 2:10
11 4:7,11 36:1,1,2,3 41:25 43:16
11:30 43:9
12 4:3,10 45:4,6,7,8,24 45:25 56:4
12:07 57:23
13 4:11 18:7 47:20,21
14 4:12 38:7 49:4,5
15 3:11,17 4:14 24:9 50:9,10,13
150 2:14
16 4:16 45:4,8,18,23,24 45:24 46:2 50:25 52:2,5,17
16.4 25:15
17 3:13,14 4:17 52:20 52:21
18 39:10
1800 2:14
19 4:5
1968 8:4
1970 9:17
1971 10:3
1973 10:18 11:25
1977 12:6
1985 3:11
1986 3:14
1997 3:12,15,17,19,23 4:3,5,8,9,11,17 13:6 16:4 26:18 30:15 31:1 37:3 56:9

2

2 3:12,19 16:12 17:8,9 25:17 26:5
2nd 30:15 31:1 32:1
2.3 38:2
20 4:8 15:14 36:21
2000 4:13 49:14
2001 51:2
2002 49:25 50:4
2004 1:13 2:3 5:1 58:8 59:6,19
22 47:20
23 1:13 2:3 5:1 59:6
25 3:16 12:1
26 36:12 40:9,12
26s 40:14
27 3:18
28 3:15 4:13,17 26:18

3

3 3:14 17:20,21,23,25 42:7
3s 56:13
3.15 41:22,24 42:1
30 3:20 10:19 12:7
31 3:12
31300 6:8,10
33 3:22,23
332-1030 2:11
34 4:4
35 4:6
36 4:9

4

4 3:15 25:3,4,4,8,11 37:21
4A 3:17 25:5,5 27:6,8,9 28:4 29:10,13
4s 41:7,8
45 4:10
47 4:11
482,812.5 17:1
49 4:13 12:12 16:6

5

5 3:6,19 29:25 30:2,15 30:21 48:4 49:2 59:9
5.11 39:2
5.2 38:8
5.5 38:13
50 4:15
52 4:16,18
55402 2:10,15
56 3:7
57 59:9
59 7:17,18

6

6 3:21,23 30:23 32:4,4 32:9,11,15,19,22,24 33:21 50:9 59:19
60 7:18
602 2:2 59:7
612 2:11,15
62 7:19,23,25 19:25
6263 1:17 59:4,25
64 8:1
672-3698 2:15
68 7:23 8:23
69 9:7

7

7 3:22 32:3,10,11,14,20 32:20,24 33:8,11 52:4
73 41:21 42:2
75 42:19

8

8 3:23 33:20,20,23
80s 12:11 19:13
84 41:3
86 18:19
8954 2:2 59:6

9

9 4:3 34:18,19,20,21,21 34:23 35:1
91301 6:11
95 19:14,14,15
96 19:13
97 6:23,24 11:14