

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Chapter 7 Case

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

BKY Case Nos. 02-40284 to 02-40286

Jointly Administered

Debtors.

Brian F. Leonard, Trustee,

Adv. Case No. 03-4155

Plaintiff,

vs.

James E. Iverson,

Defendant.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Chapter 7 Case

SRC Holding Corporation,
f/k/a Miller & Schroeder, Inc.
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BKY Case Nos. 02-40284 to 02-40286

Jointly Administered

Debtors.

Brian F. Leonard, Trustee,

Adv. Case No. 03-4153

Plaintiff,

vs.

Roger J. Wikner,

Defendant.

**PLAINTIFFS RESPONSE TO DEFENDANTS' MOTIONS
FOR SUMMARY JUDGMENT**

INTRODUCTION

Defendants Roger Wikner ("**Wikner**") and James Iverson ("**Iverson**") (collectively referred to as "**Defendants**") are not entitled to prevail on their respective motions for summary judgment.¹ Each Defendant has taken a historically revisionist view of the subject July 31, 1997 transactions and each now attempts to reclassify the events as though they were originally constructed as Defendants now creatively describe. There is no factual support for Defendants' version of the relevant history. Further, Plaintiff Brian F. Leonard, Trustee of these jointly-administered Chapter 7 cases ("**Trustee**") has established that he is entitled to summary judgment on his own pending motion.

It would have been quite simple for the Defendants to have structured a transaction which did not subject them to scrutiny herein. For instance, MIAC Acquisition Corporation ("**MIAC**") could have actually raised sufficient funding and then paid Defendants the full purchase price for their shares and Defendants could have, then, actually repaid their substantial debts to the Debtors.² However, Defendants permitted their self-interests to determine the transaction. Neither Defendant gave the interest of the Debtors a modicum of thought (until this action was commenced). Each testified that their mutual counsel negotiated the transaction. Defendants' counsel structured the transaction in a manner which (a) allowed MIAC to use the Debtors' assets (Defendants' obligations to the Debtors) to fund the stock purchase (to the sole harm to Debtors and their creditors), and (b)

¹The Trustee is submitting the same Memorandum in each adversary file in response to Defendants' motions. Further, the Trustee is relying, in large part, on the evidence submitted in support of his own motion for summary judgment in defense of Defendants' motions.

²The "Debtors," as used herein, are Miller & Schroeder, Inc. ("**MSI**") and its affiliates and subsidiaries, including Miller & Schroeder Financial, Inc. ("**MSFI**").

to allow Defendants to pay a lesser amount in income taxes. Defendants entirely ignored their duty of stringent loyalty to the Debtors.

Each Defendant treated the sale proceeds (even the amounts not actually paid by MIAC) as capital gains. However, there was no money for MIAC to withhold from Defendants, there was no payment to Debtors and there were no advances.³ Defendants' obligations to the Debtors were "forgiven." If the transaction had been treated for tax purposes as debt forgiveness, Defendants would have paid tens of thousands of dollars more in income taxes as the "forgiveness" would have been taxed as ordinary income (as opposed to the lower capital gains rate).

Each Defendant has filed a motion for summary judgment and, in each, Defendants make representations to the Court as to how the events of July 1997 unfolded and how MSI was "unaffected" by the sale to MIAC. Each Defendants' characterization of the events are just that - characterizations. Neither points to any evidence, contemporaneous or prior to the closing, which establishes that MSI or MSFI avoided harm or how Defendants' debts to those entities were satisfied. Instead, each attempts to alter history. Further, each makes statements which contradict their own positions. The Trustee herein, will buttress his own motion for summary judgment by exposing the dramatic flaws in Defendants' arguments.

Examples of statements made by Defendants that are inconsistent with their own position include or are unsupportable by evidence include:

A. "The \$ 15,000,000 purchase price was to be funded . . . with an estimated 1,500,000 of proceed [sic] from payment of notes receivable from [Defendants] . . ." Iverson Memorandum

³Defendant can offer no evidence that actual funds, raised by MIAC, were withheld, that Debtors were paid or that the same funds were then "advanced" to MIAC.

at p. 2. *Comment: This is a blatant statement of the problem in this case. The money should have gone to the Debtors, not for the stock acquisition. This is an admission that Defendants knew that the structure of the transaction breached their fiduciary duties.*

B. "the private placement memorandum prepared by [MIAC] . . . states in pertinent part the purchase of [MSI] was funded in part by 2 million dollars from the assets of [MSI]." *Id.*, at 11; See also, Lawver Affidavit, Exhibit C, page 3 (Executive Summary) *Comment: This shows harm to the Debtors - MSI and MSFI should have been strangers to this transaction.*

C. On page 4 of his Memorandum, Defendant Wikner shows the balance of \$795,992.29 and refers to the same as "representing amount repaid to [MSI and MSFI]." Wikner Memorandum at 4. *Comment: Wikner has no evidence of any actual sums of money being transferred to the Debtors.*

D. "as of July 31, 1997 the Officer Liabilities in the amount of \$2,001,548 were satisfied" and that the same were "paid." *Id.* at 5. *Comment: Again, Defendants are relying on accounting entries generated after closing to account for what occurred. Neither Defendant can sincerely argue that any real economic transactions took place. In fact, they avoid that topic at every turn.*

E. "The Noncompetition Agreement was a transaction negotiated by [MIAC] for its business reasons. . ." *Id.* at 14. *Comment: The Debtors were satisfied with the pre-existing agreements. They ended up paying Wikner and Iverson more money due to MIAC's needs.*

F. "It was important to MIAC . . . that he not be able to compete . . ." *Id.* at 19. *Comment: The only evidence is that Debtors were satisfied with the pre-existing agreements.*

Debtors ended up paying Wikner and Iverson more money due to MIAC's needs as opposed to their own.

G. The funds withheld at closing were "used to satisfy Wikner's own personal Officer Liabilities to the Debtors . . . as of the closing date." *Id.* at 26. *Comment: No evidence of any actual funds being withheld nor that the same were used to satisfy anything.*

The Trustee believes that his original submissions, coupled with the flaws in Defendants' motions, merit that summary judgment be entered in his favor.

ARGUMENT

I. DEFENDANTS' DEBT WAS NOT PROPERLY "FORGIVEN"

The Defendants argue that they have paid their respective debts to the Debtors.⁴ They argue this despite the fact that MIAC did not possess sufficient funding to satisfy the Defendants' debts and despite the fact that Defendants cannot identify a single real dollar that made its way into to the Debtors' coffers. See, i.e., Deposition of James Dlugosh, Trustee's Notice of Hearing, Exhibit D.

The items of evidence upon which Defendants rely are the post-closing accounting records (created by MIAC) and cancelled promissory notes. There is no evidence that a contemporaneous, conscious and authentic effort was made to satisfy the Defendants' obligations. In fact, the evidence establishes that this could not have happened.

As to the cancelled notes, there is absolutely no evidence that the Debtors, in fact, cancelled the notes. The notes in evidence are simply labeled as "cancelled" and they have a date of July 31, 1997. There is no signature or other indication that the Debtors consented to the cancellation. It is most likely that counsel structured the transaction for Defendants and MIAC labeled the promissory

⁴Again, neither Defendant alleged payment as an affirmative defense.

notes as "cancelled." A corporation can act only through its agents and, like a natural person, is bound only by acts an agent does within the scope of his authority. *Budelman v. White's Exp. & Transfer Co.*, 140 A. 2d 552, 556 (NJ. Sup. A.D. 1958). An unauthorized signature of an agent is 'wholly inoperative' and equal to forgery. *Id.*, at 557. The general rule is that burden of establishing authority of an agent is on the party contending that the act was authorized. *Commercial Bank and Trust Co. v. Dixie Sound & Communications Corp.*, 468 F. Supp 576, 584 (D. Ark. 1979), citing *Johnson v. Mosley*, 179 F.2d 573 (8th Cir. 1952). There is no evidence that anyone of authority cancelled the promissory notes. Defendants cannot meet their burden that the notes were properly cancelled.

Defendants cannot identify how cancellation was authorized or why it would have been so authorized. Any "authorization" would have been wholly premised on furthering Defendants' self-serving transaction.⁵ Accordingly, the Trustee submits that the promissory notes were not properly cancelled.

II. DEFENDANTS' DISTRIBUTION ARGUMENT MISSTATES THE FACTS AND MINNESOTA LAW

The Defendants each now assert that they received a distribution as part of the July 31, 1997 closing. Defendants seek to recharacterize the events as a distribution in an effort to forestall the Trustee's fraudulent transfer claims and to create a shorter statute of limitation period. This is a clever argument and one that is flat out misplaced in this case.

⁵Without proper cancellation, Defendants also remain liable on the notes.

"Forgiveness" of the debt is not a distribution as defined by Minn. Stat. §302A.011(10).⁶ The end of the first sentence of §30A.11(10) requires that the distribution be "in respect of its shares." In this case, any "distribution" to Defendants was not on account of their shares. It was on account of their unequal debts owed to the Debtor corporations and Defendants' desire to accommodate MIAC. If these were true distributions, they would have been in proportion to each Defendants' equal stock ownership - they were not.

Further, distributions must be declared by the board of directors pursuant to Minn. Stat. §302A.551. The Defendants cannot point to a single board resolution or record wherein a distribution to facilitate this closing was discussed or voted upon. In fact, there are no board resolutions, at all, of the Debtors which relate to the transaction. Distributions are voted upon by directors and tied to the stock of the corporation. That did not happen here.

Also, it should be noted that Defendants argue that the Debtors were repaid. If the Debtors received consideration for the distributions, then there was not a distribution. Defendants' distribution arguments are inconsistent with the law and the facts presented and, therefore, they must fail.

III. DEFENDANTS' ARGUMENTS THAT DEBTORS RECEIVED VALUE IS INCONSISTENT WITH THE FACTS AND THEIR OWN STATEMENTS

The Trustee does not want to beat a dead horse with respect to lack of reality as to Defendants' arguments that the Debtors were repaid as part of this transaction. There is absolutely no evidence that on or before July 31, 1997 the Defendants' obligations to the Debtors were satisfied.

⁶That section provides: "Distribution" means a direct or indirect transfer of money or other property, other than its own shares, with or without consideration, or an incurrence or issuance of indebtedness, by a corporation to any of its shareholders in respect of its shares. A distribution may be in the form of a dividend or a distribution in liquidation, or as consideration for the purchase, redemption, or other acquisition of its shares, or otherwise.

The only items of evidence possessed by Defendants are cancelled notes and post-closing accounting entries.

Defendants attempt to paint a picture that the Debtors were made whole as part of the transaction. For instance, Defendant Wikner alleges that, "Debtors received a dollar-for-dollar payment from Wikner and Iverson at closing." *Wikner Memorandum*, at 28. There was not a single dollar paid to Debtors. See, *Dlugosch Deposition* and *Dlugosch Statement*. Iverson also paints a false picture. He states, "\$808,289.79 were withheld at closing **as payment to [MSI]** for notes receivable and interest, and \$382,661.79 were withheld at closing **for payment to [MSFI]**." *Iverson Memorandum* at 2. He added, "[MIAC] received inter-company transfers . . ." *Id.* at 3.⁷ Again, neither Defendant can propound evidence that a real economic transaction took place. Neither can show any transaction which occurred at or prior to closing which satisfied Defendants' debts to the Debtors. That is because MIAC did not raise funds to pay the Debtors.

In summary, Defendants really only have two arguments as to how they satisfied their debts. These are summarized as follows:

Argument

Comment

The Notes Were Cancelled:

The notes are, indeed, marked as being "cancelled." There is no indication as to who marked them as such. There is no evidence that the Debtors cancelled the Notes nor that the Debtors received value.

The "Advances" Replaced the Debt:

There is no evidence of an advance. In fact, the advances could not have occurred. The evidence establishes that MIAC used the debt "forgiveness" as part of its purchase of

⁷This means that MIAC paid the Debtors and then took the money back as an advance. There is no evidence that this occurred or could have occurred.

Defendants' stock, and that the book entries were "accounting treatment."

There is no evidence before this Court which supports Defendants' arguments that the Debtors were actually repaid. Defendants walked away from the transaction without paying their debts. Their newly-created arguments are not supported by the evidence.

IV. DEBTORS WERE IN VICINITY OF INSOLVENCY AT TIME OF CLOSING

The Trustee addressed the topic of insolvency, vicinity of insolvency and the existence of creditors in his own Motion for Summary Judgment and the submissions therewith. It is clear, despite Defendants' reliance on financial statements, that the Debtors were either insolvent or within the zone of insolvency at all times material herein. Wikner's counsel attested via affidavit that he reviewed the claims registers and that there were no claims relevant to this action. Yet, the Trustee has submitted claims into evidence, predating the transaction, totaling \$153,412,928. Trustee's Notice of Hearing and Motion, Exhibit I. The Trustee is submitting additional relevant claims via affidavit herewith - including Defendant Wikner's own claim which evidences significant pre-closing liabilities.

When viewing a director's actions, there are three general financial "tests" used to determine the zone of insolvency. Peterson, Directors' Duties in the Zone of Insolvency: The Quandary of the Nonprofit Corp., 23 AMBKRIJ 12 (March 2004). The tests are the "balance sheet test," the "cash flow test" and transactional analysis. *Id.* The Trustee submits that only the first and last tests are pertinent to this case.

A. Debtors Fail the Balance Sheet Test

A corporation is insolvent under the balance sheet test if its "financial condition is such that the sum of such entity's debts is greater than all of such entity's property, at a fair valuation." 11 U.S.C. §101(32)(A); Minn. Stat. §513.42(a). A "debt" is any "liability on a claim." 11 U.S.C. §101(12); Minn. Stat. §513.41(5). A "claim" is the "right to payment, whether or not such is reduced to judgment, liquidated, unliquidated, fixed, **contingent**, matured, **unmatured**, disputed, undisputed, legal, equitable, secured or unsecured." 11 U.S.C. §101(5)(A).

Exhibit N to the Trustee's Verified Notice of Hearing and Motion for Summary Judgment was a statement of financial condition "as of July 31, 1997," but created sometime after. That statement shows that the consolidated shareholders' equity (assets less liabilities) on July 31, 1997 was \$10,552,344. Not included within the liabilities are either (a) the potential liabilities disclosed in the schedules to the Stock Purchase Agreement, or (b) the potential/actual liabilities generated by the Heritage Bond debacle. As to the former, the Trustee has submitted records with his submission, both from the closing schedules and items attached to the Affidavit of Patrick McDavitt, which evidence contingent liabilities, valued at their expected liability, in excess of \$14,000,000.00. This, alone, evidences insolvency on the balance sheet test.

However, when the Heritage issues are considered, these Debtors move far underwater on the balance sheet test. Again, the Heritage-related claims belittle this entire transaction. The Trustee has already submitted evidence that the Heritage claims "brought down" the Debtors and that four offerings totaling over \$44,000,000 had closed prior to July 31, 1997.

Defendants cannot counter these extensive contingent liabilities. The Trustee submits that the fact that the Heritage ultimately did destroy the Debtors is significant evidence that these contingent liabilities are properly included in the analysis.

B. Debtors Fail the "Transactional Analysis" Test

Even though a corporation is balance sheet solvent, it may still be in the vicinity of insolvency where there is a substantial risk that the assets would be dissipated putting the creditors at substantial risk. *In re Ben Franklin Retail Stores, Inc.*, 225B.R. 646, 655 n. 14 (Bankr. N.D. Ill. 1998). When a corporation enters into a transaction that results in unreasonably small capital remaining in the corporation, and the corporation faces an unreasonable risk of insolvency, it has entered the zone of insolvency. See, *In re Healthco Int'l Inc.*, 208 B.R. 288, 399 (Bankr. D. Mass. 1997).

Some commentators have stated that there is not really a test for the vicinity of insolvency. See, 2003: A Legal Perspective, 67 TXBJ 22, 23 (Jan. 2004) (No standard has been devised for determining when a corporation is in the "vicinity of insolvency;" rather, the determination is made on a case-by-case basis). Another commentator has argued that the term "vicinity of insolvency" should be limited to circumstances where "a corporation's contemplated action would cause insolvency." Schwarcz, Rethinking a Corporation's Obligations to Creditors, 17 Cardozo L. Rev. 647, 665 (1996). Schwarcz noted that a better term for the "vicinity of insolvency" should be "contingent insolvency." *Id.*

Directors have been advised to account for contingent liabilities. Another commentator has stated that, "Even where contingent liabilities and losses appear unlikely to occur, directors must be cognizant of the risk that these liabilities and losses ultimately may be realized and, despite the directors' prior reasonable assessment that these contingencies were unlikely to occur, a court in the

future nevertheless may determine the corporation was insolvent using '20-20 hindsight' . . ." Hot Topics in Chapter 11: Protecting Directors in the 'Zone of Insolvency', - 013102 ABI-CLE 109, *4 (2002). Interestingly, as noted in the Trustee's initial submission, neither Defendant gave the matter of this closing a bit of thought. Based on their testimony, Defendants did not consider potential liabilities (or anything else). Defendant Wikner was even surprised that there was a closing. They blindly entered into the transaction.

The Trustee's evidence with respect to the vicinity of insolvency includes, but is not limited to, the \$14,000,000 in liabilities disclosed in the closing schedules, the Heritage liabilities (commenced in 1996) which total over \$ 150,000,000⁸ and the fact that the companies were losing money. Defendants rely upon financial statements which were created after-the-fact. Further, these statements leave open the door for additional liabilities. Each financial statement provided by Defendants contains "Off-Balance-Sheet Risk." Those state "The Company. . . is exposed to off-balance-sheet risk of loss. . ." See, i.e., Lawver Affidavit, Ex. D. at p. 10. See also, Ricke Exhibit D at p. 13 (Debtors even deny Heritage liability as late as October 2000). Therefore, the balance sheets do not totally reflect the companies' liabilities.

The evidence demonstrates that the Heritage offerings commenced prior to the closing and that they ultimately destroyed the Debtors and created a creditor pool with millions of dollars of claims. The Heritage transaction was well under way by July 31, 1997. Thus, Defendants fail under the transactional analysis.

⁸Proofs of claim filed with Trustee's motion as Exhibit I. Generally, a creditor's proof of claim constitutes prima facie evidence of the validity and amount of a claim. *In re Brown*, 82 F.3d 801, 805 (8th Cir. 1996).

V. FRAUDULENT TRANSFER HAS BEEN ESTABLISHED

In accord with the Uniform Fraudulent Transfer Act, Minnesota law provides:

(a) A transfer made or obligation incurred by a debtor is fraudulent as to a creditor whose claim arose before the transfer was made or the obligation was incurred if the debtor made the transfer or incurred the obligation without receiving a reasonably equivalent value in exchange for the transfer or obligation and the debtor was insolvent at that time or the debtor became insolvent as a result of the transfer or obligation.

Minn. Stat. 513.45(a). Therefore, constructive fraud requires proof of a transfer, a prior claim, no "reasonably equivalent value," and debtor insolvency.

Defendants do not appear to be arguing that about the "transfer" issue. Instead, they focus on the latter three elements. As to the "prior claim" issue, the Trustee submits that the proofs of claim, together with the closing schedules and other evidence, establish that creditors were in existence at the time of the closing.

These Debtors did not receive reasonably equivalent value. As the Trustee has noted repetitiously throughout his submissions, there is no evidence that the Debtors received a single, real economic item. Wikner argues that the "funds that were withheld by the buyer, MIAC, from Wikner at closing, . . . were used to satisfy Wikner's [liabilities] . . ." Wikner Memorandum at 26. There is not a scintilla of evidence that the money withheld was paid to the Debtors. In fact, it has been established that this could not have occurred. See, i.e., Deposition of James Dlugosch. The Trustee submits that replacing substantial obligors (Defendants) with the debt-ridden MIAC whose only asset was the Debtors, did not give the Debtors value, either.⁹

⁹There is no evidence that MIAC ever actually became bound to the Debtors or that any claimed accounting treatment created an enforceable obligation.

The Trustee has discussed the issue of the Debtors' insolvency elsewhere in this Memorandum, as well as in his first submission. The only evidence before this Court bearing on the Debtor's condition as of July 31, 1997 shows that the Debtors were well within the vicinity of insolvency.

VI. THERE WAS NO RATIFICATION

As the Trustee argued in his first submission, self-dealing and waste are not ratifiable. However, Minn. Stat. §302A.255 only stands for that certain acts are not voidable under that section. Other items, such as waste and self-dealing, are not within the penumbra of protection offered by §302A.255. See, *Onvoy, Inc. v. SHAL, Inc.*, 669 NW2d 344, 356 (Minn. 2003). In this case, we have the diversion of a corporate opportunity (the opportunity to be repaid) being forsaken for the apparent reason of generating a tax savings for Defendants. There cannot be a ratification of such acts or omissions.

VII. MUTUAL RELEASE IS A RED HERRING

The Settlement Agreement dated December 11, 1997 has no bearing on the issues raised in this case. The Stock Purchase Agreement was the purchase of Defendants' stock by MIAC in July of 1997. The Settlement Agreement's purpose was to adjust the price (section 2.3 of Stock Purchase Agreement) paid by MIAC to Wikner and Iverson (by requiring that they repay money to MIAC). This action is between the MIAC-acquired Debtors, whose claims were preserved in the subsequent corporate merger, against Wikner and Iverson.

Section 5 of the Settlement Agreement releases claims related to section 2.03 of the Stock Purchase Agreement, alone. In this case, the Trustee alleges fraudulent transfer, preference, breach of fiduciary duty, conversion and other claims. None of these claims are barred by the terms

of the Settlement Agreement as none of them are related to it. The Debtors possessed these claims immediately upon the closing which occurred on July 31, 1997. The Settlement Agreement does not bear on these claims. In fact, assuming for arguments sake that the Agreement did purport to bar the Trustee's claims, then the Settlement Agreement itself would be a fraudulent transfer and a further breach of Defendants' fiduciary duties. The bottom line is that the Defendants gave the matters raised by the Trustee no thought in 1997 and are now attempting to rewrite history and to assign new meanings to paper trail.

VIII. NONCOMPETITION AGREEMENTS

The Trustee has offered evidence that, (a) noncompetition agreements were already in place for each Defendant in July 1997, (b) that MIAC offered \$16.4 million for Defendants' stock with \$1.4 million being paid via consulting agreements, and, (c) that the consulting agreements morphed into noncompetition agreements prior to closing. The Trustee contends that there is sufficient evidence that the noncompetition agreements were really a way to pay the purchase price (from the Debtors' assets with a deductibility) and that there was no consideration for the same. There is no evidence that the Debtors were displeased with the noncompensatory noncompetition agreements that they possessed with Defendants and those agreements had been in place for twelve years.

Defendant Wikner's characterization of noncompetition agreements supports the Trustee's position. In his Memorandum, Wikner's counsel states, "The Noncompetition Agreement was a transaction negotiated by [MIAC] for its business reasons. . ." Wikner Memorandum at p. 14. MIAC did not negotiate with Debtors - it dealt with Defendants' counsel. Wikner's counsel also further states, "It was important to MIAC,. . . that [Wikner] not be able to compete or solicit

employees of the Company, and a one year noncompete would not have been adequate for the business purposes of the Debtors and MIAC." *Id.*, at 19 (citing Dlugosch deposition at p. 28).¹⁰

The foregoing demonstrates that the noncompetition agreements were insisted upon and were for the benefit of MIAC - not the Debtors. Further, it appears that they were truly a vehicle to pay a portion of MIAC's purchase price (despite Defendants' denial of the same). The Debtors had already sufficiently "tied up" Defendants' post-employment ability to compete.

The Defendants' 1985 Employment Contracts (Trustee's Motion, Exhibit L), indefinitely restrain Defendants from using trade secrets, information, data, or the like. Competitive employment was barred for a year. Yet, Defendants caused the Debtors to highly compensate them for the same restrictions.

The highly compensated noncompetition agreements were not for anyone's benefit other than those of Defendants and MIAC.

IX. EVIDENTIARY ISSUES

During the course of this case, and without notice to the Trustee, it is believed that Defendant Wikner served a subpoena upon KPMG, the Debtors' post-acquisition accountants, to obtain certain records. Those records were obtained by Defendants and were, after the fact, made available for inspection by the Trustee.¹¹ The KPMG records have now surfaced as Exhibits to the Affidavits of Defendants' counsel as Exhibit J to Ricke Affidavit and as Exhibit B to Lawver Affidavit. Neither provides proper foundation for those records.

¹⁰Mr. Dlugosch was the president of MIAC. The actual dialogue was: Q:But for business reasons was it important to your acquisition group that Mr. Wikner not be able to compete or solicit employees? A: Yes. Dlugosch Deposition at 28. Mr. Dlugosch did not state that it was important to the Debtors.

¹¹It is believed that the error in not giving the Trustee notice of the subpoena, which was to be issued contemporaneously with a deposition notice, was an inadvertent oversight by Wikner's counsel.

It is fundamental that before a document may be admitted into evidence it must be established that it is what it purports to be. *Leonard v. Chubb & Son, Inc., et al. (In re M.F. Bank & Company, Inc.)*, Adv. 03-4094, Order dated April 7, 2004 at 21 (Dreher, J.), citing, Fed. R. Evid. 901 (a). A document is not authenticated by simply attaching it to an affidavit. *Id.*, at 22, citing, *U.S. v. Dibble*, 429 F.2d 598, 602 (9th Cir. 1970). Neither of Defendants' counsel have personal knowledge of the KPMG records. No proper foundation has been laid for their admission in these proceedings. In addition, the foregoing records are excludable as hearsay.

Given the significant liabilities disclosed in the closing schedules and the evidence that the Trustee has adduced with respect to the Heritage liabilities, the KPMG records are possibly moot. However, the Trustee believes that the records have not been properly placed in the record for purposes at these motions and should not receive consideration:

X. PREFERENCE ISSUES AND REMAINING CLAIMS

A. Defendants Have not Established an Ordinary Course of Business Exception

The Trustee submits that he has established all of the elements for a preference in his own motion for summary judgement. The Defendants each claim "ordinary course of business" as their defense to the Trustee's claim. However, neither Defendant has met their burden as to that defense. A transferee must prove, by the preponderance of the evidence, that all three elements of §547(c)(2) are met. *In re Gateway Pacific Corp.*, 214 B.R. 870, 874 (8th Cir. BAP 1997). The first element is that the "debt was incurred by the debtor in the ordinary course of business or financial affairs of the debtor." 11 U.S.C. §547(c)(2)(A). As the Defendants arranged for the debt in furtherance of their own self-interests and to facilitate the sale of their stock to MIAC, Defendants cannot meet this first element. Defendants cannot establish an ordinary course of business exception.

B. Unjust Enrichment and Conversion

The Trustee submits that he addressed these issues in his own motion for summary judgment. Defendants offer nothing new. It is inescapable that the Defendants deprived the Debtors of assets in July of 1997 and for many years thereafter solely to facilitate their sale of stock. The Debtors should have been strangers to the MIAC transaction and were not. Based on these facts, Defendants have both been unjustly enriched and have converted the Debtors' assets.

CONCLUSION

There may be times where ignorance can actually be bliss. Those in control of corporations with millions of dollars of liability are not afforded such luxury. Defendants were undisputedly "hands off" with respect to the construction and execution of the transaction which resulted in the sale of their shares to MIAC. The problem with their actions was that they allowed their own self-interests to be placed ahead of those of the Debtors to whom they owed a duty of stringent loyalty. On July 31, 1997, as Wikner and Iverson drove away from closing, they had caused the Debtors harm in excess of \$2 million dollars. They utilized the assets of the Debtors to fund the sale of their stock and they ignored their fiduciary duties.

Every argument now propounded by Defendants is a revisionist view of the transactions which does not ring true as Defendants lack evidence to support their arguments. The reason that the evidence is lacking is that their arguments are premised upon fictions and post-closing "accounting treatment." Defendants cannot show a single transaction where money flowed to the Debtors to satisfy their debts. Defendants simply cashed out, chased a better tax rate and gave the Debtors no thought.

However, in addition to saddling the Debtors with nonpayment of their substantial debt, Defendants also allowed the Debtors to be saddled with significant payment streams on noncompetition agreements. There is no evidence that the Debtors were anything but complacent with the protections which they already had in place with Defendants. The party who wanted more was MIAC. Defendants granted MIAC more, by allowing the Debtors to become obligated to themselves. While Defendants claim that this was legitimate, their position is belied by the fact that MIAC had offered \$16.4 million for their stock and had, through the negotiations, been working on consulting agreements as opposed to noncompetition agreements. By closing, the consulting agreements were gone, the purchase price "dropped" and the noncompetition agreements surfaced. The Trustee submits that the evidence supports his allegation that the Debtors did not receive consideration for the new noncompetition agreements. The parties that benefitted were MIAC and Defendants. Further, the very structuring of this type of transaction was a breach of Defendants' fiduciary duties.

Based on the volume of records submitted to the Court, it would appear that this matter is quite complex and that it is difficult for one to get their arms around the same. However, when the transaction is viewed from the "eyes" of the Debtors, it is not difficult to see how they were harmed. As noted in the Trustee's motion, the Debtors should have been, properly, strangers to this transaction. It was a private stock sale which did not need to involve the Debtors. Instead, ignoring their fiduciary duties, Defendants made the Debtors the financiers of the transaction - all to Defendants' benefit and to the harm of creditors.

The Trustee submits that there does not exist a genuine issue of material fact as to the matters presented to the Court in the parties' respective motions. Further, the Trustee submits that he is

entitled to summary judgment on his motion and, at the same time, that he has properly defended the Defendants' motions. The Trustee respectfully requests that judgment be entered in his favor.

**LEONARD, O'BRIEN
SPENCER, GALE & SAYRE, LTD.**

Dated: April 28, 2004

/e/ Matthew R. Burton
By _____
Matthew R. Burton, #210018
Attorneys for Brian F. Leonard, Trustee
100 South Fifth Street
Suite 2500
Minneapolis, Minnesota 55402-1216
(612) 332-1030

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Defendant.

AFFIDAVIT OF BRIAN F. LEONARD

defraud investors by effecting transactions in Heritage Bonds through the use of false and misleading statements." Exhibit A, claim 9, at 11. The dates of the Heritage Bond offerings, and their amounts, are listed on page 15 of the Complaint and evidences that at least four of the offerings predated July 31, 1997. *Id.*, at 15.

FURTHER YOUR AFFIANT SAYETH NOT.

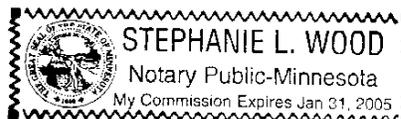
Dated: April 28, 2004



Brian F. Leonard

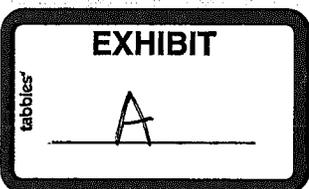
Subscribed and sworn to before me
this 28th day of April, 2004.


Notary Public



C:\Documents and Settings\stephanie\Desktop\Affidavit of BFL.wpd

UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA (MINNEAPOLIS)		PROOF OF CLAIM
Name of Debtor SRC HOLDING CORPORATION		Case Number 02-40284
<p>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.</p>		
Name of Creditor (The person or other entity to whom the debtor owes money or property): HERRMANN LEWIS G Name and Address where notices should be sent: HERRMANN LEWIS G C O MILLER MILOVE & KOB THE KOLL CENTER 501 W BROADWAY # 1600 SAN DIEGO CA 92101 Telephone Number: (619) 696-5200		<input type="checkbox"/> 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. <input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case. <input checked="" type="checkbox"/> 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 <input type="checkbox"/> replaces this claim <input type="checkbox"/> amends a previously filed claim, dated _____
1. Basis for Claim <input type="checkbox"/> Goods sold <input type="checkbox"/> Services performed <input type="checkbox"/> Money loaned <input type="checkbox"/> Personal injury/wrongful death <input type="checkbox"/> Taxes <input checked="" type="checkbox"/> Other Securities violations		<input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. §1114(a) <input type="checkbox"/> Wages, salaries, and compensation (fill out below) Your SS #: _____ Unpaid compensation for services performed from _____ to _____ (date) (date)
2. Date debt was incurred: Lawsuit filed 11/20/01		3. If court judgment, date obtained:
4. Total Amount of Claim at Time Case Filed: \$ 3.3 million If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below. <input type="checkbox"/> 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. <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ Value of Collateral: \$ _____ Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ _____		6. Unsecured Priority Claim. <input type="checkbox"/> Check this box if you have an unsecured priority claim Amount entitled to priority \$ _____ Specify the priority of the claim: <input type="checkbox"/> 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). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. §507(a)(4). <input type="checkbox"/> 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). <input type="checkbox"/> Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input type="checkbox"/> 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): W. Richard Sirtak, atty. W. Richard Sirtak	
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.		



FILED
CIVIL BUSINESS OFFICE 5

2001 NOV 20 P 4: 28

STANDARD TIME 11:30
11:30 PT

1 Brian Miller - #117262
Bradd Milove - #117221
2 Jeffrey S. Kob - #147971
W. Richard Sintek - #134894
3 Miller Milove & Kob
The Koll Center
4 501 West Broadway, Suite 720
San Diego, California 92101
5 (619) 696-5200

6 Attorneys for Plaintiff
Lewis G. Herrmann individually and as Trustee of The Herrmann Family Trust
7

8 **IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF SAN DIEGO**

10 LEWIS G. HERRMANN AS TRUSTEE OF
11 THE HERRMANN FAMILY TRUST, on behalf
of himself and all others similarly situated,

12 Plaintiff,

13 v.

CASE NO. **GIC**

778499

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27)
28)

CLASS ACTION
COMPLAINT FOR:

15 MILLER & SCHROEDER FINANCIAL, INC.;
16 MILLER & SCHROEDER, INC.; MILLER &
17 SCHROEDER INVESTMENTS
CORPORATION; MILLER & SCHROEDER
18 SMALL BUSINESS CAPITAL
CORPORATION; MILLER & SCHROEDER
19 MORTGAGE CORPORATION; POOLED
20 LOAN MARKETING CORPORATION;
21 PLMC-I, INC; MARSHALL MILLER &
22 SCHROEDER, INC.; MM&S INVESTMENTS
CORPORATION; MM&S FINANCIAL, INC.;
23 JAMES E. IVERSON; JOHN M. CLAREY;
24 JEROME A. TABOLICH; EDWARD J.
25 HENTGES; KENNETH R. LARSEN; STEVEN
26 W. ERICKSON; PAUL R. EKHOLM; JAMES
27 F. DLUGOSCH; MARK F. AUGUSTA;
28 BRUCE R. TALLEY; GAY M. REEVES
formerly known as GAY DIAZ; JAMI J.
WAGNER; DANIEL C. OSGOOD; DEBORAH
L. STOKES; SCOTT T. PENWARDEN;
TIMOTHY E. JONES; RONALD W.
VANDERVEEN; BEREAN CAPITAL, INC.;
JOEL T. BOEHM; SABO & GREEN, a
professional corporation; ATKINSON,
ANDELSON, LOYA, RUUD & ROMO, a
professional corporation; HERITAGE
HOUSING DEVELOPMENT, INC.;

1. Misrepresentations in connection with the offer and sale of securities in violation of section 12(2) of the 1933 Securities Act;
2. Misrepresentations in connection with the offer and sale of securities in violation of section 25501 of the California Corporations Code;
3. Fraud and Deceit;
4. Negligent Misrepresentation;
5. Breach of Fiduciary Duty;
6. Avoidance of transfer, Temporary Restraining Order, Preliminary and Permanent Injunction, Attachment, and Appointment of a Receiver;
7. Successor Liability

MILLER MILOVE & KOB
ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
OFFICE: (619) 696-5200 ♦ FACSIMILE: (619) 696-5393

MILLER MILOVE & KOB
ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
OFFICE: (619) 696-5200 ♦ FACSIMILE: (619) 696-5393

1 HERITAGE HEALTHCARE OF AMERICA,)
2 INC.; HERITAGE RANCHO HEALTHCARE,)
3 INC.; HERITAGE CARE OF CHICAGO, INC.;)
4 HERITAGE GERIATRIC HOUSING)
5 DEVELOPMENT IX, INC.; HERITAGE CARE)
6 OF SARASOTA, INC.; HERITAGE)
7 GERIATRIC HOUSING DEVELOPMENT)
8 VIII, INC.; HERITAGE GERIATRIC)
9 HOUSING DEVELOPMENT VII, INC.;)
10 JEROLD V. GOLDSTEIN; EMERY RUBIN;)
11 LARRY A. RUBIN; VIRGIL LIM; ONOFRIO)
12 V. BERTOLINI; BERMAN AND BERTOLINI,)
13 INC. aka BERMAN & ASSOCIATES;)
14 HEALTH CARE HOLDINGS, LLC;)
15 CARECONTINUUM, LLC; IHN HEALTH)
16 SERVICES GROUP, INC.; BHMC, INC.; JDDJ)
17 HOLDINGS, L.P.; ROBERT A. KASIRER;)
18 and DOES 1 through 100,)
19 Defendants.)
20)
21)
22)
23)
24)
25)
26)
27)
28)

Plaintiff, Lewis G. Herrmann as Trustee of The Herrmann Family Trust, alleges on behalf of himself and all others similarly situated as follows:

I.

SUMMARY

1. This is a class action complaint on behalf of purchasers of municipal bonds underwritten offered and sold by Defendant Miller & Schroeder Financial, Inc. (hereinafter referred to as Miller & Schroeder"). The municipal bonds were structured as conduit financing for the acquisition of distressed hospital properties to be converted into health care and Alzheimer care facilities. The stated issuer of the municipal bonds was a quasi-governmental agency that assumed no debt obligations to bond holders and no project oversight. Instead, bond holders were dependant upon the integrity and skill of the promoter, Defendant Heritage Housing Development, Inc. and its affiliates, and the manager, Defendant Robert Kasirer and his affiliates, to generate operating revenues from the proposed health care facilities to pay debt obligations of principal and interest to the bond holders. Twelve related bond offerings, with a face value of over \$144 million, were financed, structured, and marketed by Miller & Schroeder from its Solana Beach, California office. All twelve bond issuances are in default and are hereinafter referred to as the "Heritage Bonds".

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3 Miller Milove & Kob
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4 501 West Broadway, Suite 720
San Diego, California 92101
5 (619) 696-5200

6 Attorneys for Claimants
Lewis G. Herrmann and Florence Herrmann
7 as Trustees of The Herrmann Family Trust

8 **NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.**

9
10 LEWIS G. HERRMANN AND FLORENCE
11 HERRMANN AS TRUSTEES OF THE
HERRMANN FAMILY TRUST

12 Claimants,

13 v.

14 MILLER & SCHROEDER FINANCIAL, INC.;
15 MARK F. AUGUSTA; DANIEL E. DILL;
16 VICTOR P. DHOOGHE; JAMES E. IVERSON;
MARSHALL MILLER & SCHROEDER;
17 BEREAN CAPITAL, INC.; THE CHAPMAN
COMPANY;

18 Respondents.

CASE NO. *01-05806*

STATEMENT OF CLAIM FOR:

Securities Fraud;
Breach of Fiduciary Duty;
Constructive Fraud;
Intentional Misrepresentation;
Negligent Misrepresentation;
Elder Abuse

19
20 Claimants, Lewis G. Herrmann and Florence Herrmann as Trustees of The Herrmann Family
21 Trust, allege as follows:

22 **I. NATURE OF THE CLAIMS**

23 The claims stated herein are based upon Respondents' fraudulent underwriting, recommendation,
24 offer, and sale of unrated municipal bonds providing conduit financing for speculative privat
25 development. Respondents' bonds were represented to be safe and secure when in fact they were ver
26 risky and systematically sold utilizing written and oral misrepresentations of material facts and throug
27 the failure to state material facts necessary to make those facts stated not misleading. Respondents
28 fraudulent operations and sales practices target elderly persons, such as Claimants, who relied upon th

1 safety provided by historically low levels of default in the municipal bond market and the
2 misrepresentations by Respondents.

3 **II. IDENTIFICATION OF THE PARTIES AND ACCOUNT**

4 1. Claimants Lewis Herrmann and Florence Herrmann are approximately 90 years old and
5 reside in Southern California. At all relevant times herein, they were acting as trustees of The Herrmann
6 Family Trust.

7 2. Respondents, and each of them, have transacted business within the county of San Diego
8 and throughout California. The violations of law described herein occurred, among other places, within
9 the County of San Diego

10 3. Respondent Miller & Schroeder Financial, Inc. ("M&S"), is a Minnesota corporation
11 doing business in San Diego County, from offices in Solana Beach, as a securities firm underwriting and
12 selling municipal bonds. M&S was issued a broker-dealer certificate in California in 1984 authorizing
13 it to offer and sell securities in compliance with the law. M&S has been a member of the National
14 Association of Securities Dealers ("NASD"), a self-regulatory organization, since 1976. M&S has at
15 all times herein, held itself out to the public as a regulated entity composed of securities professionals
16 specializing in municipal bonds. At all relevant times herein, Claimants maintained a securities
17 brokerage account with M&S Account Number RI 2701301.

18 4. Respondent Marshall Miller & Schroeder is a Minnesota corporation. Claimants are
19 informed and believe that Marshall Miller & Schroeder is a successor corporation of M&S. Beginning
20 in 2001, M&S began divesting portions of its business to employees and third parties. Claimants are
21 informed and believe that M&S continues to conduct business as usual from its Solana Beach offices
22 in San Diego County, using the name of Marshall Miller & Schroeder.

23 5. Respondent Mark F. Augusta has been and is a resident of San Diego County. At all
24 relevant times herein, Respondent Augusta was acting as a First Vice President for M&S in the Solana
25 Beach office in San Diego County. Respondent Augusta acted as Claimants' securities broker and
26 advisor with respect to the investments which are the subject of this claim.

27 6. Claimants are informed and believe that Respondent Daniel E. Dill is a resident of
28 Washington state. At all relevant times herein, Dill was acting as an investment banker for M&S for

1 the purpose of underwriting municipal bonds to be offered and sold by M&S.

2 7. Claimants are informed and believe that Respondent Victor P. Dhooge is a resident of
3 San Diego County. At all relevant times herein, Dhooge was acting as an investment banker for M&S
4 for the purpose of underwriting municipal bonds to be offered and sold by M&S.

5 8. Respondent James E. Iverson has been and is a resident of San Diego County. Claimants
6 are informed and believe that Iverson is and was a control person, owner, officer and director of M&S,
7 working from the Solana Beach office, at all relevant times herein.

8 9. Respondent Berean Capital, Inc., is a Delaware corporation doing business as a securities
9 firm underwriting and selling municipal bonds. Berean Capital Inc. has been a member of the NASD
10 since 1989. Berean Capital Inc.'s broker-dealer certificate was revoked in California in 1999. At all
11 times herein, Berean Capital Inc. has held itself out to the public as a regulated entity composed of
12 securities professionals specializing in municipal bonds.

13 10. Respondent The Chapman Company is a Maryland corporation doing business in
14 California as a securities firm underwriting and selling municipal bonds. The Chapman Company was
15 issued a broker-dealer certificate in California in 1994. The Chapman Company has been a member of
16 the NASD since 1987.

17 **III. IDENTIFICATION OF THE BONDS WHICH ARE THE SUBJECT OF THIS**
18 **CLAIM**

19 11. Respondents underwrote, recommended, offered, or sold the following bonds to
20 Claimants on or about the following dates:

21 A. Municipal Bonds Issued Pursuant to Agreements Between Redevelopment
22 Agencies and Heritage Housing Development, Inc. and its affiliates
23 ("HERITAGE")

- 24 • 1996 Danforth Health Facilities Corp. Revenue Bonds: Heritage Danforth Gardens-Texas City
25 \$6,440,000 Series A tax-exempt; \$855,000 Series B taxable;
26 Herrmann is solicited and buys \$50,000 Series A on 12/31/96
27 Herrmann is solicited and buys \$15,000 Series A on 1/27/97
28 Herrmann is solicited and buys \$15,000 Series A on 3/10/97
Herrmann is solicited and buys \$25,000 Series A on 3/10/97
Herrmann is solicited and buys \$10,000 Series A on 9/8/98
Herrmann is solicited and buys \$40,000 Series A on 3/5/99
Herrmann is solicited and sells \$50,000 Series A on 7/2/99
The Heritage Danforth Gardens - Texas City bonds are in default. The Trustee instituted judicial

- 1 proceedings to foreclose on any security for the bonds and to obtain appointment of a Receiver.
- 2 • 1997 Danforth Health Facilities Corp. Revenue Bonds: Heritage Sam Houston Gardens-Houston
3 \$9,265,000 Series A tax-exempt; \$1,105,000 Series B taxable
4 Herrmann is solicited and buys \$5,000 Series B on 3/13/97
5 Herrmann is solicited and buys \$20,000 Series B on 3/13/97
6 Herrmann is solicited and buys \$20,000 Series A on 9/28/98
7 Herrmann is solicited and buys \$10,000 Series A on 9/4/98
8 The Heritage San Houston Gardens - Houston bonds are in default. The Trustee instituted judicial
9 proceedings to foreclose on any security for the bonds and to obtain appointment of a Receiver.
- 10 • 1998 Danforth Health Facilities Corp. Revenue Bonds: Heritage Duval Gardens-Austin
11 \$9,190,000 Series A tax-exempt; \$1,900,000 Series B taxable
12 Herrmann is solicited and buys \$45,000 Series A on 7/30/98
13 Herrmann is solicited and buys \$20,000 Series A on 8/11/98
14 The Heritage Duval Gardens-Austin bonds are in default. The Trustee instituted judicial proceedings
15 to foreclose on any security for the bonds and to obtain appointment of a Receiver.
- 16 • 1997 Tarrant County Health Facilities Development Corp. Revenue Bonds: Heritage St. Joseph-
17 Ft. Worth
18 \$11,745,000 Series A tax-exempt; \$1,675,000 Series B taxable
19 Herrmann is solicited and buys \$50,000 Series A on 6/10/97
20 Herrmann is solicited and buys \$25,000 Series A on 6/10/97
21 Herrmann is solicited and buys \$10,000 Series A on 6/13/97
22 Herrmann is solicited and buys \$25,000 Series A on 7/10/97
23 Herrmann is solicited and buys \$5,000 Series A on 7/1/98
24 Herrmann is solicited and buys \$50,000 Series B on 1/20/99
25 Herrmann is solicited and buys \$30,000 Series A on 4/12/99
26 The Heritage St. Joseph-Ft. Worth bonds are in default. The Trustee instituted judicial proceedings to
27 foreclose on any security for the bonds and to obtain appointment of a Receiver.
- 28 • 1998 Tarrant County Health Facilities Development Corp. Revenue Bonds: Heritage Eastwood
Gardens-Houston
\$8,775,000 Series A tax-exempt; \$2,545,000 Series B taxable
Herrmann is solicited and buys \$25,000 Series A on 12/3/98
The Heritage Eastwood Gardens-Houston bonds are in default. The Trustee instituted judicial
proceedings to foreclose on any security for the bonds and to obtain appointment of a Receiver.
- 1998 Tarrant County Health Facilities Development Corp. Revenue Bonds: Heritage Valley
Gardens-Brownsville
\$9,785,000 Series A tax-exempt; \$1,950,000 Series B taxable
Herrmann is solicited and buys \$70,000 Series A on 3/31/99
Herrmann is solicited and buys \$25,000 Series A on 4/5/99
Herrmann is solicited and buys \$30,000 Series A on 4/5/99
The Heritage Valley Gardens-Brownsville bonds are in default. The Trustee instituted judicial
proceedings to foreclose on any security for the bonds and to obtain appointment of a Receiver.
- 1997 City of Mexico Beach Public Service Facilities Revenue Bonds: Heritage House Sarasota
\$10,740,000 Series A tax-exempt; \$1,565,000 Series B taxable
Herrmann is solicited and buys \$25,000 Series A on 1/5/98
The Heritage House-Sarasota bonds are in default. The Trustee instituted judicial proceedings to
foreclose on any security for the bonds and to obtain appointment of a Receiver.
- 1998 City of Mexico Beach Public Service Facilities Revenue Bonds: Heritage House-Seminole
\$5,820,000 Series A tax-exempt; \$1,410,000 Series B taxable

1 Herrmann is solicited and buys \$100,000 Series A on 12/30/98
2 Herrmann is solicited and buys \$25,000 Series A on 1/14/99
3 Herrmann is solicited and buys \$15,000 Series A on 2/17/99
4 The Heritage House-Seminole bonds are in default. The Trustee instituted judicial proceedings to
5 foreclose on any security for the bonds and to obtain appointment of a Receiver.

6 • 1998 Chicago Health Facilities Revenue Bonds: Heritage Care-Chicago
7 \$15,750,000 Series A tax-exempt; \$1,525,000 Series B taxable
8 Herrmann is solicited and buys \$25,000 Series A on 7/31/98
9 Herrmann is solicited and buys \$10,000 Series A on 8/19/98
10 The Heritage Care-Chicago bonds are in default. The Trustee instituted judicial proceedings to foreclose
11 on any security for the bonds and to obtain appointment of a Receiver.

12 These nine bond issuances are collectively referred to as the "HERITAGE BONDS".

13 B. Municipal Bonds Issued Pursuant to Agreements Between Redevelopment
14 Agencies and the Christian Methodist Episcopal Church and its affiliates ("CME
15 Church")

16 • 1999 County of Shelby TN Health Educational and Housing Facility Board: CME-Jackson
17 Avenue Apartments
18 \$3,470,000 Series A tax-exempt; \$300,000 Series B taxable; \$2,650,000 Series C tax-exempt
19 Herrmann is solicited and buys \$50,000 Series C on 7/6/99
20 Herrmann is solicited and buys \$100,000 Series C on 7/20/99
21 Herrmann is solicited and buys \$65,000 Series C on 8/6/99
22 Herrmann is solicited and buys \$35,000 Series C on 8/16/99
23 Herrmann is solicited and buys \$50,000 Series C on 9/3/99
24 Herrmann is solicited and buys \$50,000 Series C on 9/7/99
25 Herrmann is solicited and buys \$210,000 Series C on 9/30/99
26 The CME-Jackson Avenue bonds are in default. The Trustee instituted judicial proceedings to foreclose
27 on any security for the bonds and to obtain appointment of a Receiver.

28 • 1997 County of Shelby TN Health Educational and Housing Facility Board: Raleigh Woods
Apartment Project
29 Face amount and tax status of issuance unknown to Claimant at this time.
30 Herrmann is solicited and buys \$25,000 Series C on 9/16/97
31 The CME-Raleigh Woods bonds are in default.

32 • 1996 County of Shelby TN Health Educational and Housing Facility Board: CME-Harbour
33 Apartments Project
34 Face amount and tax status of issuance unknown to Claimant at this time.
35 Herrmann is solicited and buys \$30,000 Series C on 5/17/99
36 Claimants are informed and believe that the CME-Harbour Apartments bonds are in default.

37 • 1996 County of Shelby TN Health Educational and Housing Facility Board: CME-Forest &
38 Sherwood Apartments Project
39 Face amount and tax status of issuance unknown to Claimant at this time.
40 Herrmann is solicited and buys \$5,000 Series D on 8/14/98
41 Herrmann is solicited and buys \$30,000 Series D on 4/30/99
42 The status of the CME-Forest & Sherwood bonds is unknown to Claimant at this time.

43 • 1996 County of Shelby TN Health Educational and Housing Facility Board: CME-Sub Corners
Apartment Project

1 Face amount and tax status of issuance unknown to Claimant at this time.
Herrmann is solicited and buys \$25,000 Series D on 9/16/97
2 Herrmann is solicited and buys \$50,000 Series D on 1/20/00
The status of the CME-Sub Corners bonds is unknown to Claimant at this time.

3
4 • 1999 County of Jackson Missouri Industrial Development Authority Revenue Anticipation
Bonds: CME-Stonegate Meadows Apartments Project
\$10,135,000 Series A; \$480,000 Series B; \$1,265,000 Series C; \$1,000,000 Series D
5 Herrmann is solicited and buys \$100,000 of Series C on 6/8/99
Herrmann is solicited and buys \$60,000 of Series C on 6/14/99
6 Herrmann is solicited and buys \$135,000 of Series A on 9/30/99
Herrmann is solicited and buys 25,000 of Series A on 11/1/99
7 Herrmann is solicited and buys 25,000 of Series A on 7/25/00
The CME-Stonegate Meadows bonds are in default. The Trustee instituted judicial proceedings to
8 foreclose on any security for the bonds and to obtain appointment of a Receiver.

9 • 1999 County of Jackson Missouri IDA Bonds: CME-Santa Fe Village Apartments
\$5,070,000 Series A tax-exempt; \$355,000 Series B taxable; \$635,000 Series C tax-exempt
10 Herrmann is solicited and buys \$35,000 Series C on 3/4/99
Herrmann is solicited and buys \$25,000 Series C on 3/10/99
11 The CME-Santa Fe Village bonds are in default. The Trustee obtained appointment of a Receiver.

12 • 1998 Louisiana Housing Finance Agency Revenue Bonds: CME-Southside Villa Apartments
\$3,525,000 Series A tax-exempt; \$275,000 Series B taxable; \$550,000 Series C tax-exempt
13 Herrmann is solicited and buys \$100,000 Series C on 8/28/98
Herrmann is solicited and buys \$50,000 Series C on 9/8/98
14 Herrmann is solicited and buys \$10,000 Series C on 9/23/98
Herrmann is solicited and buys \$20,000 Series C on 10/2/98
15 \$5,000 redemption 1/12/01
The status of the CME-Southside Villa bonds is unknown to Claimant at this time.

16 These eight bond issuances are collectively referred to as the "CME CHURCH BONDS".

17
18 C. Municipal Bonds Issued Pursuant to Agreements Between Redevelopment
Agencies and American Opportunity Foundation and its affiliates ("AOF")

19 • 1997 Beech Grove Economic Development Revenue Bonds: AOF-Diplomat South Apartments
\$8,200,000 Series A tax-exempt; \$460,000 Series B taxable; \$1,000,000 Series C tax-exempt
20 Herrmann is solicited and buys \$25,000 Series C on 1/5/98
Herrmann is solicited and buys \$50,000 Series C on 1/7/98
21 Herrmann is solicited and buys \$50,000 Series C on 2/10/98
\$5,000 Series C redeemed in July of 2001
22 The AOF-Diplomat South Apartments bonds are in default.

23 • 1998 Beech Grove Economic Development Revenue Bonds: AOF-Beech Grove Village
Apartments
24 Face amount and tax status of issuance unknown to Claimant at this time.
Herrmann is solicited and buys \$20,000 Series C on 10/30/97
25 Herrmann is solicited and buys \$25,000 Series C on 12/8/97
Herrmann is solicited and buys \$10,000 Series A on 9/4/98
26 Herrmann is solicited and buys \$40,000 Series A on 12/6/00
Herrmann sells \$40,000 Series A on 12/20/00
27 The AOF-Beech Grove Village bonds were in default pursuant to Trustee's Notice of Default dated
October 17, 2000.
28

- 1 • 1999 Illinois Development Finance Authority Mortgage Revenue Bonds: AOF-South Shore
View Apartments
2 \$3,975,000 Series A tax-exempt; \$375,000 Series B taxable; \$500,000 Series C tax-exempt
Herrmann is solicited and buys \$20,000 Series C on 9/7/99
3 The AOF-South Shore View bonds were in default pursuant to Trustee's Notice of Default dated
October 17, 2000.
4
- 5 • 1998 Illinois Development Finance Authority Mortgage Revenue Bonds: AOF-Spring Grove
Apartments
6 \$4,465,000 Series A tax-exempt; \$285,000 Series B taxable; \$570,000 Series C tax-exempt
Herrmann is solicited and buys \$60,000 Series C on 1/4/99
7 Herrmann is solicited and buys \$25,000 Series A on 5/5/00
The AOF-Spring Grove bonds were in default pursuant to Trustee's Notice of Default dated October 17,
8 2000.
- 9 • 1996 Indianapolis Economic Development Revenue Bonds: AOF-Willowbrook Apartments
\$12,560,000 Series A tax-exempt; \$370,000 taxable Series B; \$1,365,000 Series C tax-exempt;
10 \$2,585,000 Series D tax-exempt and not rated
Herrmann buys \$15,000 Series D on 10/1/96
11 Herrmann buys \$15,000 Series D on 10/28/96
Herrmann buys \$5,000 Series D on 1/13/97
12 Claimant is informed and believes that the AOF-Willowbrook bonds are in default.
- 13 • 2000 Aurora Housing Authority Revenue Bonds: AOF-River Falls Project
\$17,100,000 Series A tax-exempt; \$375,000 Series B taxable; \$2,045,000 Series C tax-exempt;
14 \$1,600,000 Series D tax-exempt and not rated
Herrmann solicited and buys \$100,000 Series D on 6/22/99
15 Herrmann solicited and buys \$65,000 Series D on 6/23/99
Claimant is informed and believes that the AOF-River Falls bonds are in default.
- 16 These six bond issuances are collectively referred to as "AOF BONDS".
17
- 18 D. Miscellaneous Municipal Bonds Issued Pursuant to Agreements with
Redevelopment Agencies and Private Developers
- 19 • 1998 Oklahoma County Finance Authority Revenue Bonds: Oklahoma City-Midwest City
Apartments
20 \$19,500,000 Series A tax-exempt; \$700,000 Series B taxable; \$2,850,000 Series C tax-exempt
Herrmann is solicited and buys \$25,000 of Series C on 9/17/98
21 Herrmann is solicited and buys \$25,000 of Series C on 9/23/98
Herrmann is solicited and buys \$50,000 of Series C on 10/9/98
22 Herrmann is solicited and buys \$95,000 of Series C on 10/20/98
Herrmann is solicited and buys \$50,000 of Series C on 12/1/98
23 Herrmann is solicited and buys \$25,000 of Series C on 1/5/99
Herrmann is solicited and buys \$60,000 of Series C 2/1/99
24 Claimant is informed and believes that the Midwest City bonds are in default.
- 25 • 1999 Savannah GA Economic Development Authority Revenue Bonds: Marshview Inn
Face amount and tax status of issuance unknown to Claimant at this time.
26 Herrmann solicited and buys \$100,000 Series B on 9/10/99
Herrmann solicited and buys \$100,000 Series B on 9/27/99
27 \$5,000 of Series B is redeemed on 7/3/00
Claimant is informed and believes that the Marshview Inn bonds are in default.
28

1 • 2000 Louisiana Local Government Environmental Facilities and Community Development
2 Authority: Baton Rouge Apartments
3 \$7,200,000 Series A tax-exempt; \$375,000 Series B taxable; \$900,000 Series C tax-exempt; \$1,175,000
4 Series D tax-exempt
5 Herrmann solicited and buys \$50,000 Series D on 1/31/00
6 Herrmann solicited and buys \$100,000 Series D on 2/3/00
7 Claimant is informed and believes that the Baton Rouge bonds are in default.

8 The total amount invested by Plaintiffs in these bonds which are the subject of this claim is
9 approximately \$3,300,000.

10 12. With respect to each of these so called municipal bonds, no municipality or other
11 governmental agency maintained any obligation with respect to the debt represented by the bond.
12 Indeed, the bonds were each underwritten and sold by Respondents as part of a fraudulent financing
13 scheme for unseasoned promoters and projects engaged in a pattern of self-dealing, as described below.

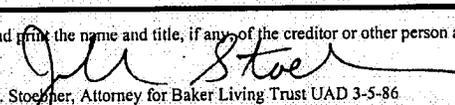
14 **IV. THE SCHEME TO COMMIT SECURITIES FRAUD THROUGH THE SALE OF**
15 **FRAUDULENTLY ISSUED MUNICIPAL BONDS TO THE ELDERLY**

16 13. All of the municipal bonds which are the subject of this action were underwritten and sold
17 by Respondents M&S and Augusta to Claimants. Respondent Berean Capital Inc. participated with
18 M&S as co-underwriters in the Heritage Care-Chicago bonds. Respondent The Chapman Company
19 participated with M&S as co-underwriters in the CME-Jackson Avenue bonds. All of the municipal
20 bonds which are the subject of this action are securities subject to the anti-fraud provisions of federal
21 securities law and the California Corporate Securities Law.

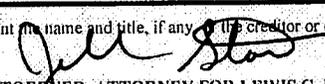
22 14. Respondents M&S and Augusta acted as Claimants' securities brokers in connection with
23 the sale of municipal bonds and as such owed Claimants an ongoing fiduciary duty. This fiduciary duty
24 included post-sale continuing advice concerning the status of the bonds held in Claimants' securities
25 account with M&S until January of 2001.

26 15. Claimants are informed and believe and based thereon allege that all of the municipal
27 bonds that are the subject of this action were sold to Claimants as part of an initial public offering of the
28 bonds.

16. Respondents have engaged in ongoing fraudulent marketing of fraudulently issued
municipal bonds targeted at the elderly and have utilized mass media advertising designed to create the
misleading impression that the municipal bond investments being offered are safe and conservative.

UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA		PROOF OF CLAIM
Name of Debtor: SRC HOLDING CORPORATION		Case Number: 02-40284
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		<p style="font-size: 2em; font-weight: bold;">RECEIVED</p> <p style="font-size: 1.2em;">2002 MAY -6 PM 1:56</p> <p style="font-size: 1.2em;">15 MINNAPOLIS COURT</p> <p style="font-size: 1.5em; border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 10px auto;">5</p> <p style="font-size: 0.8em; text-align: center;">THIS SPACE IS FOR COURT USE ONLY</p>
Name and address where notices should be sent: BAKER LIVING TRUST UAD 3-5-86 C/O JOHN R STOEGBNER, ESQ. LAPP, LIBRA, THOMSON, STOEGBNER & PUSCH, CHARTERED 120 SOUTH SIXTH STREET, SUITE 2500 MINNEAPOLIS, MN 55402		
Telephone number: 612-338-5815		
Account or other number by which creditor identifies debtor:		Check here <input type="checkbox"/> replaces if this claim: <input type="checkbox"/> amends a previously filed court claim dated: _____
1. Basis for Claim: <input type="checkbox"/> Goods sold <input type="checkbox"/> Services performed <input type="checkbox"/> Money loaned <input type="checkbox"/> Personal injury/wrongful death <input type="checkbox"/> Taxes <input checked="" type="checkbox"/> Other BOND INVESTMENTS		
<input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114 (a) <input type="checkbox"/> 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. <input type="checkbox"/> 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 <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ Value of Collateral: \$ _____ Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ _____		6. Unsecured Priority Claim <input type="checkbox"/> Check this box if you have an unsecured priority claim Amount entitled to priority claim \$ _____ Specify the priority of the claim: <input type="checkbox"/> 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) <input type="checkbox"/> Contributions to an employee benefit plan — 11 U.S.C. § 507 (a)(4) <input type="checkbox"/> 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) <input type="checkbox"/> Alimony, maintenance, or support owed to a spouse, former spouse, or child — 11 U.S.C. § 507 (a)(7) <input type="checkbox"/> Taxes or other penalties of governmental units — 11 U.S.C. § 507 (a)(8) <input type="checkbox"/> Other — Specify applicable paragraph of 11 U.S.C. § 507 (a)
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		

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Acct	Acct From	Acct Name	Acct No	Request On	Bonds From	Acct Price	Acct Price	Stk Price	Rate of Int					
BONDS ONLY-UPDATED 4-15-02														
TRANSACTIONS FROM MILLER AND SCHROEDER INC. AND THE														
SPELMAN CO.														
1	41313	31000												
2	41313	31000												
3	75	85	7823	JONES	11/12/91	110.000	110.001	117.400	120.001	122.291	8.000%	12/1/23	10000001	R-195
4	75	85	7827 8 1000 7823	JONES	5/23/94	145.000	144.454	110.100	120.001	124.348	9.000%	1/1/19	45200005	C-134
5	75	85	7830	JONES	2/21/94	144.7276	144.7276	110.100	120.001	124.348	9.000%	1/1/19	45200005	C-134
6	75	85	7832	JONES	7/11/94	144.7276	144.7276	110.100	120.001	124.348	9.000%	1/1/19	45200005	C-134
7	75	85	7834	JONES	9/29/94	110.000	110.016	11	120.000	110.016	8.000%	1/1/24	44154005	80120
8	87	86	7844	JONES	10/19/96	120.000	120.000	171.5	120.001	120.001	8.000%	1/1/26	44521000	D-18
9	85	88	7845	JONES	3/12/97	120.000	120.012	12.250	120.001	121.804	8.250%	3/1/27	23811898	80148
10	83	86	7845	JONES	1/21/97	120.000	119.891	110.200	120.001	122.291	8.500%	4/1/21	34482010	43148
11	83	86	7855	JONES	7/24/98	120.000	120.051	11.022	120.001	118.028	7.315%	7/1/28	23811877	80073
12	83	80	7856	JONES	8/29/98	120.000	120.528	11.338	120.001	118.170	8.500%	6/1/28	25841000	80298
13	84	80	7858	JONES	10/14/98	110.000	110.331	11.559	120.001	118.372	7.825%	7/1/28	18750000	80196
14	84	80	78618	JONES	1/21/99	120.000	121.155	11.140	120.001	123.661	8.000%	1/1/29	44119500	C-9
15	84	80	7861	JONES	2/24/99	120.000	120.126	11.144	120.001	124.441	7.000%	1/1/29	40739005	R-18
16	84	80	7862	JONES	4/15/99	112.000	115.151	11.150	120.001	124.011	7.250%	3/1/29	1/25000000	80208
17	84	80	7863	JONES	1/21/99	120.000	120.017	12.250	120.001	122.511	8.000%	1/1/28	1/25000000	80208
18	83	89	7861	JONES	1/21/99	120.000	120.017	12.250	120.001	122.511	8.000%	1/1/28	1/25000000	80208
19	75	85	7851	JONES	3/29/94	110.000	110.185	11.000	120.001	115.185	8.000%	2/1/14	40739005	R-12008
20	82	88	7848 and 7849	JONES	2/27/92	120.000	120.451	11.150	120.001	127.051	8.000%	1/1/27	1/25000000	80212
21	82	85	7848	JONES	8/19/92	120.000	120.342	11.150	120.001	124.501	8.000%	1/1/27	1/25000000	80207
22	83	89	7850	JONES	10/29/97	120.000	119.619	11.000	120.001	113.619	7.000%	1/1/28	1/25000000	80207
23	82	89	7852	JONES	1/21/97	120.000	120.048	11.000	120.001	115.069	8.000%	12/1/27	1/25000000	80241
24	83	86	7857	JONES	8/19/98	120.000	120.102	11.000	120.001	118.102	8.000%	1/1/28	1/25000000	802
25	84	80	7850	JONES	10/17/98	120.000	120.088	11.244	120.001	118.102	8.000%	1/1/27	1/25000000	80208
26	84	86	7858	JONES	10/19/98	120.000	120.088	11.400	120.001	118.102	8.000%	1/1/28	1/25000000	80208
27	TOTALS													
						5423.262	5106.377	1318.676						

UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA		PROOF OF CLAIM
Name of Debtor: SRC HOLDING CORPORATION	Case Number: 02-40284	<div style="font-size: 2em; font-weight: bold; opacity: 0.5;">RECEIVED</div> <div style="font-size: 1.5em; font-weight: bold; opacity: 0.5;">MAY - 7 PM 6:10</div> <div style="font-size: 1.5em; font-weight: bold; opacity: 0.5;">1998</div> <div style="text-align: center; margin-top: 20px;">THIS SPACE IS FOR COURT USE ONLY</div> <div style="text-align: center; font-size: 2em; font-weight: bold; border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">6</div>
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) 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. STOEENNER, ESQ. LAPP, LIBRA, THOMSON, STOEENNER & PUSCH, CHARTERED 120 SOUTH SIXTH STREET, SUITE 2500 MINNEAPOLIS, MN 55402 Telephone number: 612-338-5815	<input checked="" type="checkbox"/> 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. <input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case. <input checked="" type="checkbox"/> 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 <input type="checkbox"/> replaces if this claim: <input type="checkbox"/> amends a previously filed court claim dated: _____	
1. Basis for Claim: <input type="checkbox"/> Goods sold <input type="checkbox"/> Services performed <input type="checkbox"/> Money loaned <input type="checkbox"/> Personal injury/wrongful death <input type="checkbox"/> Taxes <input checked="" type="checkbox"/> Other BOND INVESTMENTS - CLASS ACTION <input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114 (a) <input type="checkbox"/> Wages, salaries, and compensation (Fill out below) Your SS#: _____ Unpaid compensation for services performed from _____ to _____ (date) (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. <input type="checkbox"/> 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 <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ Value of Collateral: \$ _____ Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ _____	6. Unsecured Priority Claim <input type="checkbox"/> Check this box if you have an unsecured priority claim Amount entitled to priority claim \$ _____ Specify the priority of the claim: <input type="checkbox"/> 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) <input type="checkbox"/> Contributions to an employee benefit plan -- 11 U.S.C. § 507 (a)(4) <input type="checkbox"/> 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) <input type="checkbox"/> Alimony, maintenance, or support owed to a spouse, former spouse, or child -- 11 U.S.C. § 507 (a)(7) <input type="checkbox"/> Taxes or other penalties of governmental units -- 11 U.S.C. § 507 (a)(8) <input type="checkbox"/> Other -- Specify applicable paragraph of 11 U.S.C. § 507 (a) _____ <i>*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.</i>	
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. STOEENNER, 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		

ATTACHMENT

- 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.

It is possible that individual class action members may have filed separate claims.

2001 NOV 20 P 4: 23

1 Brian Miller - #117262
Bradd Milove - #117221
2 Jeffrey S. Kob - #147971
W. Richard Sintek - #134894
3 Miller Milove & Kob
The Koll Center
4 501 West Broadway, Suite 720
San Diego, California 92101
5 (619) 696-5200

6 Attorneys for Plaintiff
Lewis G. Herrmann individually and as Trustee of The Herrmann Family Trust

7
8 **IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF SAN DIEGO**

10 LEWIS G. HERRMANN AS TRUSTEE OF
THE HERRMANN FAMILY TRUST, on behalf
11 of himself and all others similarly situated,

12 Plaintiff,

13 v.

14 MILLER & SCHROEDER FINANCIAL, INC.;
15 MILLER & SCHROEDER, INC.; MILLER &
16 SCHROEDER INVESTMENTS
CORPORATION; MILLER & SCHROEDER
17 SMALL BUSINESS CAPITAL
CORPORATION; MILLER & SCHROEDER
18 MORTGAGE CORPORATION; POOLED
LOAN MARKETING CORPORATION;
19 PLMC-I, INC; MARSHALL MILLER &
SCHROEDER, INC.; MM&S INVESTMENTS
20 CORPORATION; MM&S FINANCIAL, INC.;
JAMES E. IVERSON; JOHN M. CLAREY;
21 JEROME A. TABOLICH; EDWARD J.
HENTGES; KENNETH R. LARSEN; STEVEN
22 W. ERICKSON; PAUL R. EKHOLM; JAMES
F. DLUGOSCH; MARK F. AUGUSTA;
23 BRUCE R. TALLEY; GAY M. REEVES
formerly known as GAY DIAZ; JAMI J.
24 WAGNER; DANIEL C. OSGOOD; DEBORAH
L. STOKES; SCOTT T. PENWARDEN;
25 TIMOTHY E. JONES; RONALD W.
VANDERVEEN; BEREAN CAPITAL, INC.;
26 JOEL T. BOEHM; SABO & GREEN, a
professional corporation; ATKINSON,
27 ANDELSON, LOYA, RUUD & ROMO, a
professional corporation; HERITAGE
28 HOUSING DEVELOPMENT, INC.;

CASE NO.

GIC

778499

CLASS ACTION
COMPLAINT FOR:

1. Misrepresentations in connection with the offer and sale of securities in violation of section 12(2) of the 1933 Securities Act;
2. Misrepresentations in connection with the offer and sale of securities in violation of section 25501 of the California Corporations Code;
3. Fraud and Deceit;
4. Negligent Misrepresentation;
5. Breach of Fiduciary Duty;
6. Avoidance of transfer, Temporary Restraining Order, Preliminary and Permanent Injunction, Attachment, and Appointment of a Receiver;
7. Successor Liability

MILLER MILOVE & KOB
ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
OFFICE: (619) 696-5200 ♦ FACSIMILE: (619) 696-5393

MILLER MILOVE & KOB
ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
OFFICE: (619) 696-5200 ♦ FACSIMILE: (619) 696-5393

1 HERITAGE HEALTHCARE OF AMERICA,)
2 INC.; HERITAGE RANCHO HEALTHCARE,)
3 INC.; HERITAGE CARE OF CHICAGO, INC.;)
4 HERITAGE GERIATRIC HOUSING)
5 DEVELOPMENT IX, INC.; HERITAGE CARE)
6 OF SARASOTA, INC.; HERITAGE)
7 GERIATRIC HOUSING DEVELOPMENT)
8 VIII, INC.; HERITAGE GERIATRIC)
9 HOUSING DEVELOPMENT VII, INC.;)
10 JEROLD V. GOLDSTEIN; EMERY RUBIN;)
11 LARRY A. RUBIN; VIRGIL LIM; ONOFRIO)
12 V. BERTOLINI; BERMAN AND BERTOLINI,)
13 INC. aka BERMAN & ASSOCIATES;)
14 HEALTH CARE HOLDINGS, LLC;)
15 CARECONTINUUM, LLC; IHN HEALTH)
16 SERVICES GROUP, INC.; BHMC, INC.; JDDJ)
17 HOLDINGS, L.P.; ROBERT A. KASIRER;)
18 and DOES 1 through 100,)

Defendants.

Plaintiff, Lewis G. Herrmann as Trustee of The Herrmann Family Trust, alleges on behalf of himself and all others similarly situated as follows:

I.

SUMMARY

1. This is a class action complaint on behalf of purchasers of municipal bonds underwritten offered and sold by Defendant Miller & Schroeder Financial, Inc. (hereinafter referred to as Miller & Schroeder"). The municipal bonds were structured as conduit financing for the acquisition of distressed hospital properties to be converted into health care and Alzheimer care facilities. The stated issuer of the municipal bonds was a quasi-governmental agency that assumed no debt obligations to bond holder and no project oversight. Instead, bond holders were dependant upon the integrity and skill of the promoter, Defendant Heritage Housing Development, Inc. and its affiliates, and the manager, Defendant Robert Kasirer and his affiliates, to generate operating revenues from the proposed health care facilities to pay debt obligations of principal and interest to the bond holders. Twelve related bond offerings, with a face value of over \$144 million, were financed, structured, and marketed by Miller & Schroeder from its Solana Beach, California office. All twelve bond issuances are in default and are hereinafter referred to as the "Heritage Bonds".

UNITED STATES BANKRUPTCY COURT _____ DISTRICT OF <u>Minnesota</u>		PROOF OF CLAIM
Name of Debtor SRC Holding Corporation		Case Number 02-40284
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): James E. Iverson		 THIS SPACE IS FOR COURT USE ONLY
Name and address where notices should be sent: Joseph W. Lawver Messerli & Kramer P.A. 150 South Fifth Street, Suite 1800 Minneapolis, MN 55402 Telephone number: 612-672-3600		
Account or other number by which creditor identifies debtor:		<input checked="" type="checkbox"/> 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. <input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case. <input type="checkbox"/> Check box if the address differs from the address on the envelope sent to you by the court.
		Check here if this claim <input type="checkbox"/> replaces a previously filed claim, dated: _____ <input type="checkbox"/> amends
1. Basis for Claim <input type="checkbox"/> Goods sold <input type="checkbox"/> Services performed <input type="checkbox"/> Money loaned <input type="checkbox"/> Personal injury/wrongful death <input type="checkbox"/> Taxes <input checked="" type="checkbox"/> Other <u>Indemnification</u>		<input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114(a) <input type="checkbox"/> Wages, salaries, and compensation (fill out below) Your SS #: _____ Unpaid compensation for services performed from _____ (date) to _____ (date)
2. Date debt was incurred: <u>Lawsuit filed 11/20/01</u>		3. If court judgment, date obtained:
4. Total Amount of Claim at Time Case Filed: \$ <u>144,000,000 +</u> If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below. <input type="checkbox"/> 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. <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ Value of Collateral: \$ _____ Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ _____		6. Unsecured Priority Claim. <input type="checkbox"/> Check this box if you have an unsecured priority claim Amount entitled to priority \$ _____ Specify the priority of the claim: <input type="checkbox"/> 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). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> 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). <input type="checkbox"/> Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(____). <small>*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.</small>
7. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.		THIS SPACE IS FOR COURT USE ONLY
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.		
Date 4/23/02	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): Joseph W. Lawver 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.		

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1 Brian Miller - #117262
2 Bradd Milove - #117221
3 Jeffrey S. Kob - #147971
4 W. Richard Sintek - #134894
5 Miller Milove & Kob
The Koll Center
501 West Broadway, Suite 720
San Diego, California 92101
(619) 696-5200

6 Attorneys for Plaintiff
7 Lewis G. Herrmann individually and as Trustee of The Herrmann Family Trust

8 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SAN DIEGO

MILLER MILOVE & KOB
ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
OFFICE: (619) 696-5200 ♦ FACSIMILE: (619) 696-5393

10 LEWIS G. HERRMANN AS TRUSTEE OF
11 THE HERRMANN FAMILY TRUST, on behalf
12 of himself and all others similarly situated,
13
14 Plaintiff,

CASE NO. **GIC** 778499

CLASS ACTION
COMPLAINT FOR:

15 MILLER & SCHROEDER FINANCIAL, INC.;
16 MILLER & SCHROEDER, INC.; MILLER &
17 SCHROEDER INVESTMENTS
18 CORPORATION; MILLER & SCHROEDER
19 SMALL BUSINESS CAPITAL
20 CORPORATION; MILLER & SCHROEDER
21 MORTGAGE CORPORATION; POOLED
22 LOAN MARKETING CORPORATION;
23 PLMC-I, INC; MARSHALL MILLER &
24 SCHROEDER, INC.; MM&S INVESTMENTS
25 CORPORATION; MM&S FINANCIAL, INC.;
26 JAMES E. IVERSON; JOHN M. CLAREY;
27 JEROME A. TABOLICH; EDWARD J.
28 HENTGES; KENNETH R. LARSEN; STEVEN
W. ERICKSON; PAUL R. EKHOLM; JAMES
F. DLUGOSCH; MARK F. AUGUSTA;
BRUCE R. TALLEY; GAY M. REEVES
formerly known as GAY DIAZ; JAMI J.
WAGNER; DANIEL C. OSGOOD; DEBORAH
L. STOKES; SCOTT T. PENWARDEN;
TIMOTHY E. JONES; RONALD W.
VANDERVEEN; BEREAN CAPITAL, INC.;
JOEL T. BOEHM; SABO & GREEN, a
professional corporation; ATKINSON,
ANDELSON, LOYA, RUUD & ROMO, a
professional corporation; HERITAGE
HOUSING DEVELOPMENT, INC.;

- 1. Misrepresentations in connection with the offer and sale of securities in violation of section 12(2) of the 1933 Securities Act;
- 2. Misrepresentations in connection with the offer and sale of securities in violation of section 25501 of the California Corporations Code;
- 3. Fraud and Deceit;
- 4. Negligent Misrepresentation;
- 5. Breach of Fiduciary Duty;
- 6. Avoidance of transfer, Temporary Restraining Order, Preliminary and Permanent Injunction, Attachment, and Appointment of a Receiver;
- 7. Successor Liability

MILLER MILOVE & KOB
ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
OFFICE (619) 696-5200 ♦ FACSIMILE (619) 696-5393

1 Investment bankers and other control persons at Miller & Schroeder structured each of the
2 offerings in negotiations with Defendant Heritage Housing Development, Inc. and its affiliates and
3 control persons. The creation and marketing of the Heritage Bonds was centered in the Solana Beach
4 office of Miller & Schroeder. The Heritage Bonds were mostly offered and sold from the Solana Beach
5 branch office of Miller & Schroeder which acted as the underwriter for each of the Heritage Bonds.

6 With respect to each of the Heritage Bonds, a primary disclosure document known as an Official
7 Statement was prepared by Defendant Miller & Schroeder's counsel, Defendant Joel Boehm of San
8 Diego. Defendants knew these Official Statements contained common and typical misrepresentations
9 of relevant facts and omitted to state other facts necessary to be disclosed so that other facts stated would
10 not be misleading. Generally, the misrepresentations and omissions concerned: (1) overstating the value
11 of the collateral represented by the underlying real estate projects securing the Heritage Bonds; (2) the
12 background and experience of the Heritage Bond promoters and managers; (3) an undisclosed financial
13 relationship between the Heritage Bond promoters and Miller & Schroeder in the form of undisclosed
14 loans from Miller & Schroeder and their repayment from bond proceeds; and (4) a course of business
15 to conceal development delays and cost overruns that were extraordinary in light of promised
16 construction cost "guarantees" in the Official Statements, and defaults in connection with prior Heritage
17 Bond offerings structured, financed, and marketed by Miller & Schroeder.

18 These misrepresentations and omissions of material facts were contained in written Official
19 Statements drafted by Miller & Schroeder and disseminated by its Solana Beach sales staff to Plaintiffs
20 and other investors through the instrumentalities of interstate commerce including the mails.

21 In addition to common misrepresentations of material facts, omissions of material facts, half-
22 truths, and misleading statements in each of the Official Statements prepared by Miller & Schroeder, oral
23 misrepresentations and omissions, parroting the false and misleading written misrepresentations, were
24 made directly to Plaintiffs by Miller & Schroeder representatives. The misrepresented and omitted
25 information caused the bonds to be in a state of default and the loss of Plaintiffs' investment funds.

26 The Solana Beach office of Miller & Schroeder Financial, Inc. conducted a boiler room sales
27 operation targeting elderly investors because of their need and desire for safety of principal and the
28 historically low default rate associated with municipal bonds. Sales were generated in part by television

MULLER MILOVE & KOB

ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
OFFICE: (619) 696-5200 ♦ FACSIMILE: (619) 696-5393

1 regulatory organization, since 1976. Miller & Schroeder has at all times herein, held itself out to the
2 public as a regulated entity composed of securities professionals specializing in municipal bonds. At
3 all relevant times herein, Plaintiffs maintained a securities brokerage account with Miller & Schroeder.

4 4. Plaintiff is informed and believes and based thereon alleges that Defendants Miller &
5 Schroeder Inc., Miller & Schroeder Investments Corporation, Miller & Schroeder Small Business-
6 Capital Corporation, Miller & Schroeder Mortgage Corporation, Pooled Loan Marketing Corporation,
7 and PLMC-I Inc. are Minnesota corporations affiliated with Miller & Schroeder through common
8 ownership and control. These five corporate defendants, plus Miller & Schroeder, are sometimes
9 collectively referred to hereinafter as "MULLER & SCHROEDER DEFENDANTS".

10 C. MM&S CORPORATE DEFENDANTS

11 5. Defendant MM&S Financial Inc. ("MM&S") is a Minnesota corporation doing business
12 in San Diego County, from offices in Solana Beach, as a securities firm underwriting and selling
13 municipal bonds. Following the recent acquisition of assets from the MILLER & SCHROEDER
14 DEFENDANTS, MM&S became a licensed broker-dealer in California and a member of the NASD in
15 October, 2001, thereby authorizing it to offer and sell securities in compliance with the law. MM&S
16 holds itself out to the public as a regulated entity composed of securities professionals specializing in
17 municipal bonds. Plaintiffs are informed and believe that MM&S is operating as a successor corporation
18 of Miller & Schroeder. Beginning in 2001, the MILLER & SCHROEDER DEFENDANTS began
19 divesting portions of its business to employees and others. Plaintiffs are informed and believe that
20 Miller & Schroeder continues to conduct business as usual from its Solana Beach office, using the name
21 of MM&S.

22 6. Plaintiff is informed and believes and based thereon alleges that Defendants Marshall
23 Miller & Schroeder Inc., and MM&S Investments Corporation are Minnesota corporations affiliated with
24 MM&S through common ownership and control. These two corporate defendants, plus MM&S, are
25 sometimes collectively referred to hereinafter as "MM&S DEFENDANTS".

26 D. MILLER & SCHROEDER INDIVIDUAL DEFENDANTS

27 7. Defendant James E. Iverson is and was at all relevant times herein a resident of San Diego
28 County, a former Securities & Exchange Commission enforcement attorney, and an officer, director,

MILLER MILOVE & KOB
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1 relevant times herein, Augusta was employed as a stockbroker for Miller & Schroeder offering and
2 selling Heritage Bonds from the Solana Beach office.

3 17. Defendant Bruce R. Talley has been and is a resident of San Diego County. At all
4 relevant times herein, Talley was employed as a stockbroker for Miller & Schroeder offering and selling
5 Heritage Bonds from the Solana Beach office.

6 18. Defendant Gay M. Reeves, also known as Gay Diaz, has been and is a resident of San
7 Diego County. At all relevant times herein, Reeves was employed as a stockbroker for Miller &
8 Schroeder offering and selling Heritage Bonds from the Solana Beach office.

9 19. Defendant Jami J. Wagner has been and is a resident of San Diego County. At all
10 relevant times herein, Wagner was employed as a stockbroker for Miller & Schroeder offering and
11 selling Heritage Bonds from the Solana Beach office.

12
13 20. Plaintiff is informed and believes that Defendant Daniel C. Osgood is a resident of San
14 Diego County. At all relevant times herein, Osgood was employed as a stockbroker for Miller &
15 Schroeder offering and selling Heritage Bonds from the Solana Beach office.

16 21. Plaintiff is informed and believes that Defendant Timothy E. Jones has been and is a
17 resident of San Diego County. At all relevant times herein, Jones was employed as a stockbroker for
18 Miller & Schroeder offering and selling Heritage Bonds from the Solana Beach office.

19 22. Plaintiff is informed and believes that Defendant Scott T. Penwarden has been and is a
20 resident of San Diego County. At all relevant times herein, Penwarden was employed as a stockbroker
21 for Miller & Schroeder offering and selling Heritage Bonds from the Solana Beach office.

22 23. Plaintiff is informed and believes that Defendant Deborah L. Stokes has been and is a
23 resident of San Diego County. At all relevant times herein, Stokes was employed as a stockbroker for
24 Miller & Schroeder offering and selling Heritage Bonds from the Solana Beach office.

25 24. Plaintiff is informed and believes that Defendant Ronald W. Vanderveen has been and
26 is a resident of San Diego County. At all relevant times herein, Vanderveen was employed as a
27 stockbroker for Miller & Schroeder offering and selling Heritage Bonds from the Solana Beach office.

28 25. Defendants Augusta, Talley, Reeves, Wagner, Osgood, Jones, Penwarden, Stokes, and

MILLER MILOVE & KOB
ATTORNEYS AT LAW & A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
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1 affiliate of defendant Heritage Housing Development Inc.

2 34. Defendant Heritage Geriatric Housing Development IX Inc. is a nonprofit Texas
3 corporation and an affiliate of defendant Heritage Housing Development Inc.

4 35. Defendant Heritage Geriatric Housing Development VIII Inc. is a nonprofit Texas
5 corporation and an affiliate of defendant Heritage Housing Development Inc.⁵

6 36. Defendant Heritage Geriatric Housing Development VII Inc. is a nonprofit Texas
7 corporation and an affiliate of defendant Heritage Housing Development Inc.

8 37. Defendant Heritage Care of Sarasota Inc. is a nonprofit Florida corporation and an
9 affiliate of defendant Heritage Housing Development Inc.

10 38. Defendant Jerold V. Goldstein is and at all relevant times herein was a licensed California
11 attorney acting as an officer and director for Heritage Housing Development, Inc. and its affiliates.
12 Plaintiff is informed and believes that Defendant Goldstein resides in Los Angeles County.

13 39. Defendant Emery Rubin is and at all relevant times herein was acting as an officer and
14 director of Heritage Housing Development, Inc., and its affiliates. Plaintiffs is informed and believes
15 that Defendant Rubin resides in Los Angeles County.

16 40. Defendant Larry A. Rubin is and at all relevant times herein was acting as an officer and
17 director for Heritage Housing Development, Inc., and its affiliates. Plaintiff is informed and believes
18 that Defendant Rubin resides in Los Angeles County.

19 41. Defendant Virgil Lim is and at all relevant times herein was acting as an officer and
20 director for Heritage Housing Development, Inc., and its affiliates. Plaintiff is informed and believes
21 that Defendant Lim resides in Los Angeles County.

22 42. Defendant Onofrio Bertolini is and at all relevant times herein was acting as an officer
23 and director for Heritage Housing Development, Inc., and its affiliates. Defendant Bertolini is also a
24 principal of Defendant Berman and Bertolini, Inc. Plaintiff is informed and believes that Defendant
25 Bertolini resides in Los Angeles County.

26 43. Defendant Berman and Bertolini, Inc., aka Berman & Associates, is a California
27 corporation engaged in construction oversight in connection with the Heritage Bonds.

28 44. Heritage Housing Development Inc., Heritage Healthcare of America Inc., Heritage

MILLER MILOVE & KOB
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OFFICE: (619) 696-5200 ♦ FACSIMILE: (619) 696-5193

1 51. Robert Kasirer, JDDJ, HCH, CareContinuum LLC, BMHC Corp., and IHN are
2 sometimes collectively referred to hereinafter as "KASIRER DEFENDANTS".

3 52. Plaintiff does not know the names of defendants sued herein as DOES 1 - 100 who were
4 acting at all times herein as agents, employees, principals, partners, business associates, co-conspirators,
5 aiders and abettors, successors, or alter egos of the named Defendants and who committed acts in
6 furtherance of the scheme to defraud alleged herein.

7 53. Defendants and each of them, unless otherwise stated in this Complaint, directly or
8 indirectly, singularly and in concert and aiding and abetting each other, have engaged in acts and
9 practices constituting violations of law complained of herein pursuant to a common plan and scheme
10 among all defendants.

11 III.
12 CONSPIRACY TO DEFRAUD
13 THROUGH THE OFFER AND SALE OF HERITAGE BONDS

14 A. GENERAL DESCRIPTION OF THE SCHEME TO DEFRAUD

15 54. Commencing in or about 1996, Defendants entered into an agreement and scheme to
16 defraud investors by effecting transactions in Heritage Bonds through the use of false and misleading
17 statements of material facts.

18 55. Pursuant to the agreement and scheme to defraud, Miller & Schroeder acted as the
19 investment banker and lead underwriter in all twelve Heritage Bond offerings. Under the direction of
20 KEY EMPLOYEE DEFENDANTS, and others unknown to Plaintiffs at this time, Miller & Schroeder
21 raised capital for purported health care facility development by structuring securities offerings utilizing
22 a municipal entity as the stated issuer. Miller & Schroeder SALES DEFENDANTS were responsible
23 for retail distribution of the securities, in the form of municipal bonds referred to collectively herein as
24 Heritage Bonds, to investors such as the Plaintiff Class.

25 56. The Heritage Bonds, underwritten and sold by Miller & Schroeder in furtherance of the
26 agreement and scheme to defraud, share these characteristics: the stated issuer was a local governmental
27 agency or non-profit corporation created pursuant to a statutory scheme addressing health care needs;
28 the governmental issuer did not have taxing power and lacked assets to secure the bonds; the ultimate
obligors responsible for debt service payments to investors are the HERITAGE DEFENDANTS and

1 financing to private developers such as the HERITAGE DEFENDANTS and the KASIRER
2 DEFENDANTS.

3 61. The success of each proposed health care facility financed by the Heritage Bonds, and
4 thus the repayment of principal and interest to bond holders, was dependant upon the experience, skill,
5 competence, efforts and integrity of the promoters and managers. The Heritage Bonds were in effect
6 providing financing for private real estate development projects of the HERITAGE DEFENDANTS and
7 the KASIRER DEFENDANTS. The development projects were speculative start-up real estate ventures
8 financed by Miller & Schroeder's sale of Heritage Bonds to the Plaintiff Class.

9 C. SEED MONEY PROVIDED BY MILLER & SCHROEDER DEFENDANTS

10 62. The MILLER & SCHROEDER DEFENDANTS agreed to loan seed money to the
11 HERITAGE DEFENDANTS and the KASIRER DEFENDANTS before the Heritage Bonds were
12 structured and marketed to the investing public. The purpose of the loans was to provide bridge
13 financing for preliminary work such as property appraisals and feasibility studies.

14 63. This seed money took the form of at least two loans, totaling approximately \$700,000.
15 The loans were secured by investor proceeds derived from the anticipated public sale of Heritage Bonds.

16 64. The seed money loans from Miller & Schroeder to the HERITAGE DEFENDANTS and
17 KASIRER DEFENDANTS were not disclosed to investors in the Heritage Bonds.

18 D. STRUCTURING THE HERITAGE BONDS

19 65. In order to secure its seed money loans and to generate fees, Miller & Schroeder
20 structured the Heritage Bonds in the form of negotiated conduit revenue bonds for sale to the public.

21 66. Miller & Schroeder assembled a "working group" of bond professionals who recruited
22 the stated issuers and commenced drafting the agreements and documents necessary to make the
23 proposed Heritage Bonds marketable to investors.

24 67. The KASIRER DEFENDANTS located distressed hospitals and negotiated for their
25 purchase with anticipated proceeds from the proposed sale of Heritage Bonds.

26 68. The HERITAGE DEFENDANTS participated as the promoter by borrowing Heritage
27 Bond proceeds to provide funds to purchase and renovate the hospital property.

28 69. The HERITAGE DEFENDANTS and the KASIRER DEFENDANTS were paid "fees"

MILLER MILOVE & KOB
ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
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1 78. After Miller & Schroeder determined that sufficient "indications of interest" were
2 obtained by SALES DEFENDANTS, the bond issuance was ready to close. Closing occurred when the
3 working group executed the necessary documents, including the bond purchase agreement whereby
4 Miller & Schroeder purchased the entire bond offering, less its negotiated discount.

5 79. Upon closing each Heritage Bond transaction, SALES DEFENDANTS collected investor
6 funds in exchange for the Heritage Bonds.

7 80. SALES DEFENDANTS, from their Solana Beach office of Miller & Schroeder, targeted
8 elderly investors seeking safety and tax benefits historically provided by municipal bonds. The
9 solicitations included mass media advertising on television and in newspapers, and cold calling.

10 F. CHRONOLOGY OF THE HERITAGE BONDS

11 81. Beginning in 1996, the Miller & Schroeder financed, structured, and marketed to Plaintiff
12 Class the Heritage Bonds as follows:

- 13 1. California Communities Local Public Improvements Financing Authority
14 Health Care Revenue Bonds \$13,050,000 (Rancho Cucamonga Hospital)
Official Statement dated February 15, 1996
- 15 2. Danforth Health Facilities Corporation Revenue Bonds \$7,295,000
16 (Danforth Long Term Care Facility-Texas City Texas)
Official Statement dated December 20, 1996
- 17 3. Danforth Health Facilities Corporation Revenue Bonds \$10,370,000
18 (Sam Houston Long Term Care Facility, Houston, Texas)
Official Statement dated March 3, 1997
- 19 4. Tarrant County Health Facilities Development Corporation Revenue Bonds \$13,420,000
20 (St. Joseph Long Term Care Facility, Fort Worth, Texas)
Official Statement dated May 15, 1997
- 21 5. City of Mexico Beach, Florida Public Services Facilities Revenue Bonds \$12,305,000
22 Multi-Jurisdictional No-Profit Series 1997 (Heritage House of Sarasota Project)
Official Statement dated December 22, 1997
- 23 6. Danforth Health Facilities Corporation Revenue Bonds \$11,090,000
24 (Heritage Duval Gardens, Austin, Texas)
Official Statement dated July 10, 1998
- 25 7. City of Chicago, Illinois Health Facilities Revenue Bonds \$17,275,000
26 (Heritage Care of Chicago, Inc.)
Official Statement dated July 24, 1998
- 27 8. Desert Hot Springs Public Financing Authority Health Care Refunding and
28 Improvement Certificates of Participation \$22,330,000 (Heritage Hospital Project)
Official Statement dated August 20, 1998

MILLER MILOVE & KOB

ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
OFFICE: (619) 696-5200 ♦ FACSIMILE: (619) 696-5393

1 Houston"). The face value of the bonds totaled approximately \$10,370,000. The HERITAGE
2 DEFENDANTS were paid a fee, from bond proceeds, to participate in the offering as borrower and
3 promoter. The KASIRER DEFENDANTS were paid to manage the facility.

4 85. In furtherance of the agreement and scheme to defraud Heritage Bond investors,
5 beginning on or about May 15, 1997, Miller & Schroeder underwrote, offered, and sold Tarrant County
6 Health Facilities Development Corporation Revenue Bonds for the stated purpose of financing the
7 acquisition, renovation and management of a proposed Heritage facility in Fort Worth, Texas
8 (hereinafter referred to as "Tarrant - Ft. Worth"). The face value of the bonds totaled \$13,420,000. The
9 HERITAGE DEFENDANTS were paid a fee, from bond proceeds, to participate in the offering as
10 borrower and promoter. The HERITAGE DEFENDANTS used bond proceeds to acquire the property
11 from the KASIRER DEFENDANTS. Thereafter the KASIRER DEFENDANTS were paid to manage
12 the facility.

13 86. In furtherance of the agreement and scheme to defraud Heritage Bond investors,
14 beginning in or about December of 1997, Miller & Schroeder underwrote, offered, and sold City of
15 Mexico Beach Public Service Facilities Revenue Bonds for the stated purpose of financing the
16 acquisition, renovation and management of a proposed Heritage facility in Sarasota, Florida (hereinafter
17 referred to as "Mexico Beach - Sarasota"). The face value of the bonds totaled approximately
18 \$12,305,000. The HERITAGE DEFENDANTS were paid a fee, from bond proceeds, to participate in
19 the offering as borrower and promoter. The KASIRER DEFENDANTS were paid to manage the
20 facility.

21 87. In furtherance of the agreement and scheme to defraud Heritage Bond investors,
22 beginning in or about July of 1998, Miller & Schroeder underwrote, offered, and sold Danforth Health
23 Facilities Corporation Revenue Bonds for the stated purpose of financing the acquisition, renovation and
24 management of a proposed Heritage facility in Austin, Texas (hereinafter referred to as "Danforth -
25 Austin"). The face value of the bonds totaled \$11,090,000. The HERITAGE DEFENDANTS were paid
26 a fee, from bond proceeds, to participate in the offering as borrower and promoter. The KASIRER
27 DEFENDANTS were paid to manage the facility.

28 88. In furtherance of the agreement and scheme to defraud Heritage Bond investors,

MILLER MILOVE & KOB
ATTORNEYS AT LAW & A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
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1 borrower and promoter. The HERITAGE DEFENDANTS used bond proceeds to acquire the property
2 from the KASIRER DEFENDANTS. Thereafter the KASIRER DEFENDANTS were paid to manage
3 the facility.

4 92. In furtherance of the agreement and scheme to defraud Heritage Bond investors,
5 beginning in or about December of 1998, Miller & Schroeder underwrote, offered, and sold City of
6 Mexico Beach Public Service Facilities Revenue Bonds for the stated purpose of financing the
7 acquisition, renovation and management of a proposed Heritage facility in Seminole, Florida (hereinafter
8 referred to as "Mexico Beach - Seminole"). The face value of the bonds totaled \$7,230,000. The
9 HERITAGE DEFENDANTS were paid a fee, from bond proceeds, to participate in the offering as
10 borrower and promoter. The HERITAGE DEFENDANTS used bond proceeds to acquire the property
11 from the KASIRER DEFENDANTS. Thereafter the KASIRER DEFENDANTS were paid to manage
12 the facility.

13 93. In furtherance of the agreement and scheme to defraud Heritage Bond investors,
14 beginning in or about March 15 of 1999, Miller & Schroeder underwrote, offered, and sold Tarrant
15 County Health Facilities Development Corporation Revenue Bonds for the stated purpose of financing
16 the acquisition, renovation and management of a proposed Heritage facility in Brownsville, Texas
17 (hereinafter referred to as "Tarrant - Brownsville"). The face value of the bonds totaled \$11,735,000.
18 The HERITAGE DEFENDANTS were paid a fee, from bond proceeds, to participate in the offering as
19 borrower and promoter. The HERITAGE DEFENDANTS used bond proceeds to acquire the property
20 from the KASIRER DEFENDANTS. Thereafter the KASIRER DEFENDANTS were paid to manage
21 the facility.

22 94. In each of the above-referenced Heritage Bonds, Miller & Schroeder underwrote, offered,
23 and sold the securities for the stated purpose of financing the acquisition, renovation and management
24 of a proposed hospital or Alzheimer facility. The HERITAGE DEFENDANTS were paid a fee, from
25 bond proceeds, to substantially assist in each offering as the borrower and promoter. The KASIRER
26 DEFENDANTS were paid fees from bond proceeds to manage the facility for the HERITAGE
27 DEFENDANTS.

28 95. Beginning with the earliest Heritage Bonds in 1996, Defendants knew that the renovation

1 & Schroeder settled the litigation in the fall of 2001 by agreeing to pay \$350,000 to the county.

2 103. While continuing to make a market for the Heritage Bonds, the KEY EMPLOYEES
3 began selling off pieces of the business. In or about January of 2001, Miller & Schroeder sold its asset
4 management unit and 10,000 retail securities accounts to a Minnesota-based company.

5 104. In 2001, the MILLER & SCHROEDER DEFENDANTS entered into an Asset Purchase
6 Agreement with the MM&S DEFENDANTS. Under the terms of the Asset Purchase Agreement, the
7 MILLER & SCHROEDER DEFENDANTS are attempting to transfer their assets to the former
8 executives of Miller & Schroeder now doing business as the MM&S DEFENDANTS.

9 105. In recent months, the liquidity and value of the Heritage Bonds collapsed in the secondary
10 market based after Miller & Schroeder ceased acting as the lead underwriter and primary market maker
11 for the Heritage Bonds.

12 H. FRAUDULENT CONVEYANCE

13 106. While Plaintiff Class is left with Heritage Bonds that are not marketable and of little
14 value, the KEY EMPLOYEE DEFENDANTS continue to conduct business as usual. Plaintiff is
15 informed and believes that the MM&S DEFENDANTS employ approximately 19 former managers and
16 approximately 100 former employees of Miller & Schroeder. The MM&S DEFENDANTS continue
17 to underwrite bonds and loan participations, including Indian gambling financing, using the same
18 locations and phone numbers used by the MILLER & SCHROEDER DEFENDANTS to finance,
19 structure, and market the Heritage Bonds. For example, MM&S Financial Inc. is now doing business
20 from the former Miller & Schroeder Solana Beach office.

21 107. Pursuant to the Asset Purchase Agreement, MILLER & SCHROEDER DEFENDANTS'
22 assets were transferred to MM&S DEFENDANTS in an effort to avoid obligations relating to the
23 Heritage Bonds.

24 108. The MILLER & SCHROEDER DEFENDANTS structured the Asset Purchase
25 Agreement so that the value of the assets transferred to the MM&S DEFENDANTS exceeds the value
26 received by the MILLER & SCHROEDER DEFENDANTS. Value received does not include
27 unperformed promises contingent upon any future success of the MM&S DEFENDANTS. The
28 MILLER & SCHROEDER DEFENDANTS are in the process of being left insolvent for the intended

MILLER MILOVE & KOB
ATTORNEYS AT LAW & A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 * SAN DIEGO, CALIFORNIA 92101
OFFICE: (619) 696-5700 * FACSIMILE: (619) 696-5393

1 exit strategy and fraudulent conveyance, including selling his Miller & Schroeder stock in August of
 2 1997 and then continuing as a control person of Miller & Schroeder until the fraudulent conveyance
 3 resulted in him presently acting as a shareholder and consultant of MM&S, Inc.; and
 4 i. substantially assisting the fraudulent conveyance as a "key employee".
 5 112. John Clarey agreed to participate with full knowledge of the conspiracy by:
 6 a. acting as chairman of the credit committee at Miller & Schroeder with
 7 responsibility for reviewing the proposed Heritage Bond underwritings and documentation including the
 8 Official Statements;
 9 b. approving successive Heritage Bond underwritings while accumulating
 10 information of problems plaguing earlier Heritage Bond projects;
 11 c. acting as an officer, director, and shareholder of Miller & Schroeder during the
 12 financing, structuring, and marketing of the Heritage Bonds;
 13 d. accepting a promotion from Chief Operating Officer to Executive Vice
 14 President of Miller & Schroeder and thereafter acting as a key Miller & Schroeder executive officer
 15 responsible for controlling the Heritage Bond problems with investors and the media during
 16 implementation of the exit strategy;
 17 e. substantially assisting the fraudulent conveyance as a "key employee" and
 18 "knowledgeable seller".
 19 113. Jerome Tabolich agreed to participate with full knowledge of the conspiracy by:
 20 a. acting as a member of the credit committee at Miller & Schroeder with
 21 responsibility for reviewing the proposed Heritage Bond underwritings and documentation including the
 22 Official Statements;
 23 b. acting as an officer and shareholder of Miller & Schroeder during the
 24 financing, structuring, and marketing of the Heritage Bonds;
 25 c. participating in the exit strategy and fraudulent conveyance as the President
 26 of the MILLER & SCHROEDER DEFENDANTS and continuing thereafter as an officer and
 27 shareholder of the MM&S DEFENDANTS; and
 28 d. substantially assisting the fraudulent conveyance as a "key employee" and

MILLER MILOVE & KOB
 ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
 501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
 OFFICE: (619) 696-5200 ♦ FACSIMILE: (619) 696-5393

1 responsibility for reviewing the proposed Heritage Bond underwritings and documentation including the
 2 Official Statements;

3 b. acting as an executive officer of Miller & Schroeder during the financing,
 4 structuring, and marketing of the Heritage Bonds;

5 c. participating in the exit strategy and fraudulent conveyance as a Senior Vice-
 6 President of the MILLER & SCHROEDER DEFENDANTS and continuing thereafter as an executive
 7 officer and shareholder of the MM&S DEFENDANTS; and

8 d. substantially assisting the fraudulent conveyance as a "key employee".

9 118. James F. Dlugosch agreed to participate with full knowledge of the conspiracy by:

10 a. acting as a member of the credit committee at Miller & Schroeder with
 11 responsibility for reviewing the proposed Heritage Bond underwritings and documentation including the
 12 Official Statements;

13 b. acting as an officer, director, and shareholder of Miller & Schroeder during
 14 the financing, structuring, and marketing of the Heritage Bonds; and

15 c. participating in the exit strategy and fraudulent conveyance as an executive
 16 officer and director of the MILLER & SCHROEDER DEFENDANTS and substantially assisting the
 17 fraudulent conveyance as a "knowledgeable seller".

18 119. Mark Augusta agreed to participate with full knowledge of the conspiracy by:

19 a. recommending, offering, and selling over \$10 million of Heritage Bonds to
 20 mostly elderly investors from the Solana Beach office of Miller & Schroeder; and

21 b. participating as a shareholder in the MILLER & SCHROEDER
 22 DEFENDANTS.

23 120. Bruce Talley agreed to participate with full knowledge of the conspiracy by
 24 recommending, offering, and selling Heritage Bonds from the Solana Beach office of Miller &
 25 Schroeder.

26 121. Gay Reeves, formerly known as Gay Diaz, agreed to participate with full knowledge of
 27 the conspiracy by recommending, offering, and selling Heritage Bonds from the Solana Beach office of
 28 Miller & Schroeder.

MILLER MILOVE & KOB
ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
OFFICE (619) 696-5200 ♦ FACSIMILE (619) 696-5393

1 Heritage Bonds; and

2 c. providing legal services to Miller & Schroeder, on behalf of Defendant Sabo
3 & Green, in connection with the 1996 Rancho Cucamonga bonds and the 1996 Danforth Texas City
4 bonds before he was licensed to practice law in California in January of 1997.

5 - 130. Sabo & Green agreed to participate with full knowledge of the conspiracy by:

6 a. employing and supervising Joel Boehm as an unlicensed attorney providing
7 legal services in recruiting municipal conduit issuers and providing financing for the HERITAGE
8 DEFENDANTS' and the KASIRER DEFENDANTS' proposed health care facilities;

9 b. employing and supervising Joel Boehm to act as the lead attorney for the firm
10 in its role as underwriter's counsel for Miller & Schroeder in connection with the following Heritage
11 Bonds and drafting the Official Statement, which included misrepresentations and omissions of material
12 fact, for distribution to prospective purchasers of the following Heritage Bonds: 1996 Rancho
13 Cucamonga, 1996 Danforth Texas City, 1997 Mexico Beach Sarasota, 1997 Danforth Houston, 1997
14 Tarrant Fort Worth, 1998 Chicago, 1998 Desert Hot Springs, and 1998 Danforth Austin; and

15 c. representing a defendant in Platt v. Kasirer, et al., a lawsuit filed in August of
16 1997 in San Bernardino Superior Court by the Chief Executive Officer of the Rancho Cucamonga
17 Heritage Hospital alleging misappropriation of bond proceeds from the 1996 Rancho Cucamonga
18 Heritage Bonds.

19 131. Atkinson, Andelson, Loya, Ruud & Romo agreed to participate with full knowledge of
20 the conspiracy by:

21 a. employing and supervising Joel Boehm as an attorney providing legal services
22 in recruiting municipal conduit issuers and providing financing for the HERITAGE DEFENDANTS'
23 and the KASIRER DEFENDANTS' proposed health care facilities; and

24 b. employing and supervising Joel Boehm to act as the lead attorney for the firm
25 in its role as underwriter's counsel for Miller & Schroeder in connection with the following Heritage
26 Bonds and drafting the Official Statement, which included misrepresentations and omissions of material
27 fact, for distribution to prospective purchasers of the following Heritage Bonds: 1998 Tarrant Houston,
28 1998 Tarrant Fort Worth, 1998 Tarrant Brownsville, and 1998 Mexico Beach Seminole.

MILLER MILOVE & KOB
ATTORNEYS AT LAW ◊ A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ◊ SAN DIEGO, CALIFORNIA 92101
OFFICE: (619) 696-5200 ◊ FACSIMILE: (619) 696-5393

1 Cucamonga bonds and the 1998 Desert Hot Springs bonds to further the private development interests
2 of the KASIRER DEFENDANTS;

- 3 b. unlawfully transferring proceeds from the Heritage Bond offerings; and
- 4 c. failing to provide ongoing disclosure of material information and events in
- 5 connection with these Heritage Bonds after agreeing to do so.

6 135. Heritage Care of Chicago Inc., an affiliate of Defendant Heritage Housing Development
7 Inc., agreed to participate with full knowledge of the conspiracy by:

- 8 a. acting as the conduit issuer borrowing proceeds from the 1998 Chicago
- 9 Heritage bonds to further the private development interests of the KASIRER DEFENDANTS;

- 10 b. unlawfully transferring proceeds from the Heritage Bond offerings; and
- 11 c. failing to provide ongoing disclosure of material information and events in
- 12 connection with these Heritage Bonds after agreeing to do so.

13 136. Heritage Geriatric Housing Development IX Inc., an affiliate of Defendant Heritage
14 Housing Development Inc., agreed to participate with full knowledge of the conspiracy by:

- 15 a. acting as the conduit issuer borrowing proceeds from the 1997 Tarrant Fort
- 16 Worth bonds and the 1998 Tarrant Forth Worth bonds to further the private development interests of the
- 17 KASIRER DEFENDANTS;

- 18 b. unlawfully transferring proceeds from the Heritage Bond offerings; and
- 19 c. failing to provide ongoing disclosure of material information and events in
- 20 connection with these Heritage Bonds after agreeing to do so.

21 137. Heritage Geriatric Housing Development VIII Inc., an affiliate of Defendant Heritage
22 Housing Development Inc., agreed to participate with full knowledge of the conspiracy by:

- 23 a. acting as the conduit issuer borrowing proceeds from the 1997 Danforth
- 24 Houston bonds to further the private development interests of the KASIRER DEFENDANTS;

- 25 b. unlawfully transferring proceeds from the Heritage Bond offerings; and
- 26 c. failing to provide ongoing disclosure of material information and events in
- 27 connection with these Heritage Bonds after agreeing to do so.

28 138. Heritage Geriatric Housing Development VII Inc., an affiliate of Defendant Heritage

MILLER MILOVE & KOB
ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
OFFICE: (619) 696-5700 ♦ FACSIMILE: (619) 696-5395

1 acquiring vacant health care facilities, most of which were burdened with restrictive use covenants.
 2 141. Emery Rubin agreed to participate with full knowledge of the conspiracy by:
 3 a. combining his status as an officer and director for the HERITAGE
 4 DEFENDANTS with his pre-existing business relationship with Robert Kasirer to further the private
 5 development interests of the KASIRER DEFENDANTS with knowledge of negative information
 6 regarding the background of Robert Kasirer;
 7 b. structuring and agreeing to use the non-profit status of the HERITAGE
 8 DEFENDANTS as conduit issuers in a scheme to provide financing for the KASIRER DEFENDANTS'
 9 proposed purchase, renovation, and management of distressed health care facilities;
 10 c. collecting fees paid from Heritage Bond proceeds for purported administrative
 11 oversight services in connection with the acquisition and renovation of the health care facilities;
 12 d. unlawfully directing the transfer of proceeds from the Heritage Bond offerings;
 13 e. obtaining secret loans for the HERITAGE DEFENDANTS from Miller &
 14 Schroeder to obtain appraisals and feasibility studies needed by Miller & Schroeder to underwrite the
 15 proposed Heritage Bonds; and
 16 f. directing Heritage Bond proceeds to assist the KASIRER DEFENDANTS in
 17 acquiring vacant health care facilities, most of which were burdened with restrictive use covenants.

18 142. Larry Rubin agreed to participate with full knowledge of the conspiracy by:
 19 a. combining his status as an officer and director for the HERITAGE
 20 DEFENDANTS with his pre-existing business relationship with Robert Kasirer to further the private
 21 development interests of the KASIRER DEFENDANTS with knowledge of negative information
 22 regarding the background of Robert Kasirer;
 23 b. structuring and agreeing to use the non-profit status of the HERITAGE
 24 DEFENDANTS as conduit issuers in a scheme to provide financing for the KASIRER DEFENDANTS'
 25 proposed purchase, renovation, and management of distressed health care facilities;
 26 c. collecting fees paid from Heritage Bond proceeds for purported administrative
 27 oversight services in connection with the acquisition and renovation of the health care facilities;
 28 d. unlawfully directing the transfer of proceeds from the Heritage Bond offerings;

MILLER MILOVE & KOB
 ATTORNEYS AT LAW & A PROFESSIONAL CORPORATION
 501 WEST BROADWAY, SUITE 720 & SAN DIEGO, CALIFORNIA 92101
 OFFICE: (619) 696-5200 & FACSIMILE: (619) 696-5393

1 f. directing Heritage Bond proceeds to assist the KASIRER DEFENDANTS in
 2 acquiring vacant health care facilities, most of which were burdened with restrictive use covenants
 3 145. Berman and Bertolini Inc. agreed to participate with full knowledge of the conspiracy by:
 4 a. using the status of owner Onofrio Bertolini to direct architecture business to
 5 the Berman and Bertolini Inc. in connection with the Heritage Bonds; and
 6 b. collecting fees paid from Heritage Bond proceeds for purported architecture
 7 and construction oversight services in connection with the acquisition and renovation of the health care
 8 facilities.
 9 146. Robert Kasirer agreed to participate with full knowledge of the conspiracy by:
 10 a. using his pre-existing business relationships with Defendant James Iverson,
 11 Defendant Jerold Goldstein, Defendant Emery Rubin, and Defendant Latry Rubin, to obtain financing
 12 from the Heritage Bonds to further the private development interests of the KASIRER DEFENDANTS;
 13 b. using Heritage Bond proceeds to assist the KASIRER DEFENDANTS in
 14 acquiring vacant hospitals, most of which were burdened with restrictive use covenants, and then
 15 reselling the property to the HERITAGE DEFENDANTS at a profit;
 16 c. using funds secretly loaned by Miller & Schroeder to obtain appraisal reports
 17 and feasibility studies, based on hypothetical assumptions and limiting conditions, for the proposed
 18 health care facilities to be financed by the Heritage Bonds;
 19 d. directing fees derived from Heritage Bond proceeds to the KASIRER
 20 DEFENDANTS purportedly acting as managers of the health care facilities;
 21 e. unlawfully directing the transfer of proceeds from the Heritage Bonds; and
 22 f. Plaintiff alleges on information and belief that Defendant Kasirer engaged in
 23 self-dealing by misappropriating Heritage Bond proceeds for the unauthorized use of the KASIRER
 24 DEFENDANTS.
 25 147. JDDJ Holdings L.P., under the direction and control of Defendant Robert Kasirer, agreed
 26 to participate with full knowledge of the conspiracy by locating vacant health care properties for resale
 27 at an undisclosed profit paid from proceeds of the Chicago bonds, from the Tarrant Houston bonds,
 28 from the Mexico Beach Seminole bonds, and from the Tarrant Brownsville bonds.

MILLER MILOVE & KOB
 ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
 501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
 OFFICE: (619) 696-5200 ♦ FACSIMILE: (619) 696-5393

1 Heritage Bonds were underwritten. These loans provided seed money to the HERITAGE
 2 DEFENDANTS in preparation for underwriting the Heritage Bonds.

3 154. The Official Statements contained a section titled "Relationships Among The Parties",
 4 for the purpose of disclosing conflicts of interest and related party transactions, that stated, "[T]here is
 5 no direct or indirect relationship between any of the officers of the Company (the HERITAGE
 6 DEFENDANTS) and the officers and directors of the Manager (the KASIRER DEFENDANTS)."

7 155. The Official Statements' representations in the section titled "Relationships Among The
 8 Parties" was false and misleading because there was no disclosure of loans from Miller & Schroeder,
 9 no disclosure of pre-existing business relationships involving Defendants Robert Kasirer, Jerold
 10 Goldstein, Larry Rubin, Emery Rubin and James Iverson, and no disclosure of the continuing
 11 relationship between Miller & Schroeder and the HERITAGE DEFENDANTS and the KASIRER
 12 DEFENDANTS as evidenced by twelve successive Heritage Bond offerings.

13 156. The Official Statements contained a section titled "Estimated Sources and Uses of Funds"
 14 describing the expected application of Heritage Bond proceeds. The descriptions were false and
 15 misleading because, among other reasons, the use of Heritage Bond proceeds to repay the loans from
 16 Miller & Schroeder should have been, but was not, disclosed in the Official Statements as a conflict of
 17 interest and as a use of investor funds.

18 **B. COST OVERRUNS AND CONSTRUCTION DELAYS FOR EACH PROJECT**

19 157. The Official Statements for the Heritage Bonds contained representations regarding the
 20 use of investor proceeds to renovate the project property and operate it as a health care facility. In
 21 addition to the "Estimated Sources And Uses Of Funds" section, the Official Statements contained a
 22 section titled "Construction Contract and the Contractor" which stated, "[U]pon issuance of the
 23 (Heritage Bonds), the Company (the HERITAGE DEFENDANTS) will enter into a construction contract
 24 ... to renovate the Existing Facility, pursuant to a guaranteed maximum price contract in the amount
 25 of In connection with the Renovation Project, the contractor will guarantee completion of the
 26 Renovation Project and will provide a performance bond The Construction Contract requires the
 27 Contractor to complete the Renovation Project by ..., subject to certain limited extensions, and to
 28 guarantee completion of the Renovation Project." (emphasis added)

MILLER MILOVE & KOB

ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
OFFICE (619) 696-5200 ♦ FACSIMILE (619) 696-5393

1 and integrity of the KASIRER DEFENDANTS, including Robert Kasirer, was material to prospective
2 investors because revenue derived from operation of the facility by the KASIRER DEFENDANTS was
3 the sole source of funds available for debt service payments for each respective Heritage Bond.
4 Representations in the Official Statements about the achievements of the developer and manager were
5 material to Plaintiffs because without an established and reputable and financially strong developer and
6 manager, Heritage Bond holders had little, if any, assurance that the proposed project would be
7 developed and operated and valued as represented in the Official Statements.

8 164. The Official Statements prepared and used by Miller & Schroeder in connection with the
9 Heritage Bonds failed to disclose negative information regarding the KASIRER DEFENDANTS
10 including: (a) several lawsuits in the last eight years alleging wrongful acts, including fraud, against
11 Robert Kasirer in various business transactions including development of real property;

12 (b) unpaid obligations, totaling hundreds of thousands of dollars, of Robert Kasirer
13 arising from tax liens and unsatisfied judgments;

14 (c) an IRS investigation involving Robert Kasirer's participation in the tax-exempt status
15 of municipal securities financing real property development involving defendants Emery Rubin and
16 Jerold Goldstein;

17 (d) (for those Heritage Bonds marketed after August of 1997) a lawsuit filed August 7,
18 1997, in California, against Robert Kasirer, some of the HERITAGE DEFENDANTS, Larry Rubin, and
19 Emery Rubin, alleging wrongful acts such as misappropriation of bond proceeds at the Rancho
20 Cucamonga Heritage facility; or

21 (e) (for those Heritage Bonds marketed after July of 1998) a lawsuit was threatened and
22 eventually filed July 22, 1998, in California, against some of the KASIRER DEFENDANTS and some
23 of the HERITAGE DEFENDANTS alleging wrongful acts such as fraud in the management of the
24 Rancho Cucamonga Heritage facility.

25 165. The Official Statements prepared and used by Miller & Schroeder in connection with the
26 Heritage Bonds also contained a "Litigation" section stating in part, "[T]he Company (the HERITAGE
27 DEFENDANTS) has advised that no litigation or proceedings are pending or, to its knowledge,
28 threatened against it or the Facility or the transactions described herein or which might have a material

1 terms such as price, fair market value, liens, restrictive covenants, and the identity and profit of
2 participants to the transaction such as the KASIRER DEFENDANTS.

3 171. Heritage Bond holders were misled by not knowing the true and complete assumptions
4 and limiting conditions supporting the appraisals, opinions of value, and feasibility reports for the real
5 property purchased with bond holder proceeds and pledged as collateral to secure the bonds. The present
6 fair market value of the pledged property was material to prospective investors' calculation of the value-
7 to-lien ratio which measures the adequacy of the collateral securing their investment.

8 V.

9 OFFER AND SALE OF HERITAGE BONDS TO PLAINTIFF HERRMANN

10 172. Defendant Augusta solicited Plaintiff who purchased Heritage Danforth - Texas City
11 bonds, from December of 1996 through March of 1999, with a face value of approximately \$155,000.

12 173. Defendant Augusta solicited Plaintiff who purchased Heritage Danforth - Houston bonds,
13 from March of 1997 through September of 1998, with a face value of approximately \$55,000.

14 174. Defendant Augusta solicited Plaintiff who purchased Heritage Tarrant - Ft. Worth bonds,
15 from May of 1997 through March of 1999, with a face value of approximately \$195,000.

16 175. Defendant August solicited Plaintiff who purchased Heritage Mexico City - Sarasota
17 bonds, in or about January of 1998, with a face value of approximately \$25,000.

18 176. Defendant August solicited Plaintiff who purchased Heritage Danforth - Austin bonds,
19 from July of 1998 through August of 1998, with a face value of approximately \$65,000.

20 177. Defendant Augusta solicited Plaintiff who purchased Heritage - Chicago bonds, from July
21 of 1998 through August of 1998, with a face value of approximately \$35,000.

22 178. Defendant Augusta solicited Plaintiff who purchased Desert Hot Springs bonds, in or
23 about August of 1998 with a face value of approximately \$265,000. Plaintiffs sold these bonds in June
24 of 1999.

25 179. Defendant Augusta solicited Plaintiff who purchased Heritage Tarrant - Houston bonds,
26 in November of 1998, with a face value of approximately \$25,000.

27 180. Defendant Augusta solicited Plaintiff who purchased Heritage Mexico Beach - Seminole
28 bonds, from December of 1998 through February of 1999, with a face value of approximately \$140,000.

MILLER MILOVE & KOB
ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
OFFICE: (619) 696-5200 ♦ FACSIMILE: (619) 696-5393

1 commencement of proceedings to foreclose on the project property securing the Heritage Bonds. At
2 no time did the trustee, Miller & Schroeder, the SALES DEFENDANTS, or Defendant Clarey advise
3 Plaintiff Class of the misrepresentations and omissions alleged herein. Instead, Miller & Schroeder led
4 Plaintiffs to believe that the Heritage Bonds were in default for economic reasons other than
5 misrepresentations and that investors would continue to be protected from losses because principal and
6 interest payments were secured by first mortgages or trust deeds on the various health care facility real
7 estate projects.

8 188. Heritage Bond holders remain ignorant of the true and complete facts regarding Miller
9 & Schroeder loans and advances to the HERITAGE DEFENDANTS, the extent of the cost overruns and
10 delays, the background and role of the KASIRER DEFENDANTS, and the lack of adequate real estate
11 values to secure repayment of the Heritage Bonds. Plaintiffs' counsel recently learned of this material
12 information in late October, 2001.

13 189. As part of the effort to conceal the fraud in connection with the Heritage Bonds, KEY
14 EMPLOYEE DEFENDANTS have fraudulently conveyed the assets of Miller & Schroeder as alleged
15 herein. In furtherance of the agreement and scheme to defraud in connection with the Heritage Bonds,
16 Miller & Schroeder has stated to bond holder claimants and their counsel, including during the course
17 of arbitration hearings, that Defendant Miller & Schroeder is and has been insolvent, thus with no ability
18 to pay judgments. With the exception of the one class member, bond holder Lundquist, the MILLER
19 & SCHROEDER DEFENDANTS have effectively prevented the Plaintiff Class members from
20 discovering the true nature of the fraud perpetrated by the Defendants.

21 VII.

22 DEFINITION OF THE CLASS

23 190. Plaintiff Herrmann purchased ten different Heritage Bonds from Miller & Schroeder.

24 191. Plaintiff prosecutes this action on behalf of himself and all others similarly situated. The
25 class is defined as follows:

26 All those persons who held an account with Miller & Schroeder Financial, Inc. and who
27 purchased during the time period of January 1, 1996 through December 31, 2000,
28 beneficial interests in any of the following Heritage Bonds:

MILLER MILOVE & KOB
 ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
 501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
 OFFICE: (619) 696-5200 ♦ FACSIMILE: (619) 696-5393

1 Section 382. There is a community of interest amongst the class members who are so numerous and
 2 geographically dispersed so that it is impracticable to bring them all before this Court. Hundreds, if not
 3 thousands, of persons throughout the United States are members of the Plaintiff Class, most of whom
 4 are elderly and many of whom would face physical challenges in personally prosecuting an action of this
 5 nature. Many class members' damages are not large enough to economically justify litigation of this
 6 nature. Heritage Bonds were sold in denominations of \$5,000. Common questions of law and fact
 7 predominate over any questions affecting only individual members of the Plaintiff Class. The common
 8 questions of law and fact that predominate include, among others:

- 9 (a) whether the Official Statements described herein contain false and misleading
 10 statements;
- 11 (b) whether the Asset Purchase Agreement dated as of July 26, 2001, between
 12 MILLER & SCHROEDER DEFENDANTS as "Sellers" and MM&S
 13 DEFENDANTS as "Buyers", represents a fraudulent conveyance of assets to
 14 avoid liabilities to the Plaintiff Class;
- 15 (c) whether a lien upon the assets transferred and a restraining order or injunction
 16 against further transfer of the assets transferred pursuant to the July 26, 2001
 17 Asset Purchase Agreement should be imposed; and
- 18 (d) whether the MM&S DEFENDANTS are liable as successor corporations and/or
 19 alter egos of Defendant Miller & Schroeder Financial, Inc.

20 Plaintiff's claims are typical of the absent class members and Plaintiff will adequately and fairly
 21 represent the Plaintiff Class.

22 VII.

23 CAUSES OF ACTION

24 FIRST CAUSE OF ACTION

25 **Untrue and misleading statements of material fact in the offer and sale of securities
 in violation of sections 12(a)(2) and 15 of the 1933 Securities Act**

26 193. Plaintiffs reallege and incorporate by reference all previous allegations of this complaint
 27 and prosecute this claim for relief against Miller & Schroeder, Berean Capital Inc., the KEY
 28 EMPLOYEE DEFENDANTS, the SALES DEFENDANTS, the HERITAGE DEFENDANTS, and Does

MILLER MILOVE & KOB
 ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
 501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
 OFFICE (619) 696-5200 ♦ FACSIMILE (619) 696-5393

1 196. By reason of issuing, underwriting, offering, or selling municipal securities in this state
 2 by means of untrue statements and statements that are misleading because of the omission of material
 3 facts as alleged herein, these defendants violated Corporations Code section 25401 and as a result,
 4 Plaintiff and all those similarly situated have been damaged in an amount to be determined at trial
 5 pursuant to Corporations Code section 25501. Defendants Miller & Schroeder, Berean Capital Inc., and
 6 the SALES DEFENDANTS are liable as sellers as alleged in this complaint. The KEY EMPLOYEE
 7 DEFENDANTS are liable as control persons of Miller & Schroeder and the SALES DEFENDANTS
 8 pursuant to Corporations Code section 25504, with knowledge of the false and misleading statements
 9 alleged herein. The KEY EMPLOYEE DEFENDANTS are liable for materially assisting in the
 10 violations alleged herein pursuant to Corporations Code section 25504.1, with intent to deceive or
 11 defraud. The Heritage entities (Heritage Housing Development Inc., Heritage Healthcare of America
 12 Inc., Heritage Rancho Healthcare Inc., Heritage Care of Chicago Inc., Heritage Geriatric Housing
 13 Development IX Inc., Heritage Geriatric Housing Development VIII Inc., Heritage Geriatric Housing
 14 Development VII Inc. and Heritage Care of Sarasota) were issuers and sellers liable pursuant to
 15 Corporations Code section 25501. The Heritage control persons (Jerold Goldstein, Emery Rubin, Larry
 16 Rubin, Virgil Lim, and Onofrio Bertolini) are liable pursuant to Corporations Code section 25504, with
 17 knowledge of the false and misleading statements alleged herein. The Heritage control persons, Berman
 18 and Bertolini Inc., Joel Boehm, Sabo & Green, and Atkinson, Andelson, Loya, Ruud & Romo are liable
 19 for materially assisting in the violations alleged herein pursuant to Corporations Code section 25504.1,
 20 with intent to deceive or defraud.

21 **THIRD CAUSE OF ACTION**
 22 **Fraud and Deceit**

23 197. Plaintiff realleges and incorporates by reference all previous allegations of this complaint
 24 and prosecute this claim for relief against all Defendants.

25 198. Defendants engaged in a course of business to deceive investors such as Plaintiffs, as
 26 alleged herein, by understating and inadequately disclosing, in each respective official statement, the true
 27 risks of using municipal bond proceeds to provide financing for speculative real estate development
 28 projects by non-governmental participants whose history and ability and financial status is inadequately

MILLER MILOVE & KOB
ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
OFFICE: (619) 696-5200 ♦ FACSIMILE: (619) 696-5393

1 and prosecute this claim for relief against all Defendants and Does 1-100 for breach of fiduciary duty
2 and conspiracy to breach fiduciary duty in connection with defendants duty to properly advise Plaintiffs
3 regarding the bonds.

4 208. At all times herein Defendants Miller & Schoeder and the SALES DEFENDANTS owed
5 Plaintiff and all those similarly situated a fiduciary duty.

6 209. Defendants breached their fiduciary duty by recommending, offering, and selling
7 unsuitable Heritage Bonds to Plaintiffs, effected through the use of misrepresentations and omissions
8 of material information, as described herein.

9 210. By reason of the breach of fiduciary duty in connection with the sale of Heritage Bonds,
10 these Defendants are liable to Plaintiffs for damages according to proof at trial.

11 211. Defendants, and each of them, did the wrongful acts alleged herein maliciously and with
12 the intent to defraud and oppress Plaintiffs. Plaintiffs are therefore entitled to punitive and exemplary
13 damages in such amount as may abide in the discretion of the trier of fact.

14 **SIXTH CAUSE OF ACTION**

15 **Avoidance of transfer of property, attachment, temporary restraining order,
16 preliminary and permanent injunction, and appointment of a receiver**

17 212. Plaintiff prosecutes this cause of action on behalf of himself and all others similarly
18 situated pursuant to the Uniform Fraudulent Transfer Act, California Civil Code Section 3439 et. seq.,
19 against the MM&S DEFENDANTS and the MILLER & SCHROEDER DEFENDANTS. Plaintiff
20 incorporates by reference all preceding allegations of this Class Action Complaint.

21 213. The transfer of assets from the MILLER & SCHROEDER DEFENDANTS to the MM&S
22 DEFENDANTS and their principals was: (a) not in good faith nor for a reasonably equivalent value;
23 (b) with actual intent to hinder, delay and defraud creditors; (c) without receipt of reasonably equivalent
24 value in exchange for the transfer; (d) was a transaction intended to render the MILLER &
25 SCHROEDER DEFENDANTS and the MM&S DEFENDANTS judgment proof, with an apparent
26 inability to satisfy liabilities to the Plaintiff Class.

27 214. If this transfer of assets, including cash, is not subject to an avoidance to the extent
28 necessary to satisfy claims of the Plaintiff and all those similarly situated, these Defendants will further
encumber or transfer the transferred assets frustrating any effort by Plaintiff and all those similarly

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment as follows:

UPON THE FIRST CAUSE OF ACTION

1. For rescission of Plaintiffs' Heritage Bond investments underwritten and sold by Miller & Schroeder Financial Inc., as described herein.
2. For damages in an amount exceeding \$144,000,000 with interest as provided by law.

UPON THE SECOND CAUSE OF ACTION

3. For rescission of Plaintiffs' Heritage Bond investments underwritten and sold by Miller & Schroeder Financial Inc., as described herein.
4. For damages in an amount exceeding \$144,000,000 with interest as provided by law.

UPON THE THIRD CAUSE OF ACTION

5. For damages in an amount exceeding \$144,000,000 with interest as provided by law.
6. For punitive and exemplary damages.

UPON THE FOURTH CAUSE OF ACTION

7. For damages in an amount exceeding \$144,000,000 with interest as provided by law.

UPON THE FIFTH CAUSE OF ACTION

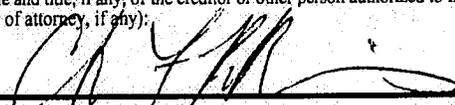
8. For damages in an amount exceeding \$144,000,000 with interest as provided by law.
9. For punitive and exemplary damages.

UPON THE SIXTH CAUSE OF ACTION

10. For an Order and Judgment setting aside the transferred assets as identified in the Asset Purchase Agreement to the extent necessary to satisfy the Plaintiffs' claims.

11. For injunctive relief in the form of a Temporary Restraining Order, Preliminary Injunction, and Permanent Injunction restraining Miller & Schroeder Financial Inc., Miller & Schroeder Inc., Miller & Schroeder Investments Corporation, Miller & Schroeder Small Business Capital Corporation, Miller & Schroeder Mortgage Corporation, Pooled Loan Marketing Corporation, PLMC-I Inc., MM&S Financial Inc., Marshall Miller & Schroeder Inc., MM&S Investments Corporation and each of them, their attorneys, officers, employees, agents, and those persons acting in concert or participation with them from directly or indirectly causing the transferred assets of Miller & Schroeder

MILLER MILOVE & KOB
 ATTORNEYS AT LAW ♦ A PROFESSIONAL CORPORATION
 501 WEST BROADWAY, SUITE 720 ♦ SAN DIEGO, CALIFORNIA 92101
 OFFICE: (619) 696-5200 ♦ FACSIMILE: (619) 696-3393

UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA		PROOF OF CLAIM
Name of Debtor: SRC HOLDING CORPORATION fka MILLER & SCHROEDER, INC.		Case Number: 02-40284
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		<input type="checkbox"/> 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. <input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case. <input type="checkbox"/> 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: Mark F. Augusta c/o ROBBINS & KEEHN, APC 530 "B" Street, Suite 2400 San Diego, CA 92101 Telephone number: 619-232-1700		
Account or other number by which creditor identifies debtor:		Check here <input type="checkbox"/> replaces a previously filed court claim, dated: _____ if this claim: <input type="checkbox"/> amends
1. Basis for Claim: <input type="checkbox"/> Goods sold <input type="checkbox"/> Services performed <input type="checkbox"/> Money loaned <input type="checkbox"/> Personal injury/wrongful death <input type="checkbox"/> Taxes <input checked="" type="checkbox"/> Other <u>Indemnification and general damages for Fraud</u>		<input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114(a) <input type="checkbox"/> Wages, salaries, and compensations (Fill out below) Your SS# _____ Unpaid compensations for services performed from _____ to _____ (date) (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: \$ <u>7,000,000.00</u> If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below. <input type="checkbox"/> 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 <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ Value of Collateral: \$ _____ Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ _____		6. Unsecured Priority Claim <input type="checkbox"/> Check this box if you have an unsecured priority claim. Amount entitled to priority claim \$ _____ Specify the priority of the claim: <input type="checkbox"/> 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) <input type="checkbox"/> Contributions to an employee benefit plan — 11 U.S.C. § 507(a)(4) <input type="checkbox"/> 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) <input type="checkbox"/> Alimony, maintenance, or support owed to a spouse, former spouse, or child — 11 U.S.C. § 507(a)(7) <input type="checkbox"/> Taxes or other penalties of governmental units — 11 U.S.C. § 507(a)(8) <input type="checkbox"/> Other — Specify applicable paragraph of 11 U.S.C. § 507(a) _____ <small>*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.</small>
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

UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA		PROOF OF CLAIM
Name of Debtor: SRC Holding Corporation		Case Number: 02-40284-NCD
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) Wanda Pope Felton		<p>THIS SPACE IS FOR COURT USE ONLY</p>
Name and address where notices should be sent: c/o John R. Stoebner, Esq. 120 South 6th Street, Ste 2500, Mpls, MN 55402 Telephone number: 612-338-5815		
Account or other number by which creditor identifies debtor: R125192801		
1. Basis for Claim: <input type="checkbox"/> Goods sold <input type="checkbox"/> Services performed <input type="checkbox"/> Money loaned <input type="checkbox"/> Personal injury/wrongful death <input type="checkbox"/> Taxes <input checked="" type="checkbox"/> Other <u>Investment Losses</u>		<input type="checkbox"/> 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. <input checked="" type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case. <input type="checkbox"/> Check box if the address differs from the address on the envelope sent to you by the court.
2. Date debt was incurred: See attached		<input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114(a) <input type="checkbox"/> Wages, salaries, and compensations (Fill out below) Your SS# _____ Unpaid compensations for services performed from _____ to _____ <div style="text-align: right;">(date) (date)</div>
3. If court judgment, date obtained:		<input type="checkbox"/> Check here if this claim: <input type="checkbox"/> replaces a previously filed court claim, dated: _____ <input type="checkbox"/> amends
4. Total Amount of Claim at Time Case Filed: \$ <u>1,325,615.53</u> If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below. <input checked="" type="checkbox"/> 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 <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ Value of Collateral: \$ _____ Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ _____		6. Unsecured Priority Claim <input type="checkbox"/> Check this box if you have an unsecured priority claim. Amount entitled to priority claim \$ _____ Specify the priority of the claim: <input type="checkbox"/> 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) <input type="checkbox"/> Contributions to an employee benefit plan -- 11 U.S.C. §507(a)(4) <input type="checkbox"/> 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) <input type="checkbox"/> Alimony, maintenance, or support owed to a spouse, former spouse, or child -- 11 U.S.C. §507(a)(7) <input type="checkbox"/> Taxes or other penalties of governmental units -- 11 U.S.C. § 507(a)(8) <input type="checkbox"/> Other -- Specify applicable paragraph of 11 U.S.C. § 507(a) _____ <small>*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.</small>
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 <u>3/12/03</u>	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 Creditor	
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.		

Re: US Bankruptcy Court
Case # 02-06093JM

Creditor: Wanda Pope Felton Revocable Living Trust

Investment Losses (through Miller and Schroeder Account # RI 27928 01)

Loss of Principal					
<u>Issue</u>	<u>Cusip</u>	<u>Quantity</u>	<u>Cost</u>	<u>Current Market Value</u>	<u>Loss</u>
Beech Grove	076698CB3	25,000	25,004.00	11,000.00	(14,733.17)
Beech Grove	076698DG1	45,000	45,000.00	2,250.00	(43,160.00)
Bexar	088379NF5	60,000	60,000.00	6,000.00	(54,000.00)
East Point GA	274503AE1	40,000	41,604.00	35,173.00	(6,431.00)
Emerald Coast	29087RAA3	195,000	195,000.00	81,900.00	(114,708.75)
Emerald Coast	29087RAA3	5,000	5,000.00	2,100.00	(2,900.00)
Emerald Coast	29087RAA3	5,000	4,900.00	2,100.00	(2,800.00)
Fontana	344630EY0	325,000	295,315.50	260,812.00	(35,003.50)
Fontana	344630EN4	75,000	72,375.00	60,187.00	(12,188.00)
Fontana	344630ES3	70,000	61,258.00	56,175.00	(5,083.00)
GlobalStar	379363AKO	104,000	72,564.00	6,760.00	(65,804.00)
GlobalStar	379363AR5	25,000	18,879.00	1,625.95	(17,254.05)
Indianapolis	455369BB9	10,000	10,189.70	1,000.00	(9,189.70)
Jackson Cnty,MO	467369BB9	75,000	75,000.00	6,750.00*	(68,250.00)*
Jackson Cnty,Mo	467369AZ7	65,000	59,278.25	42,138.59*	(17,139.66)*
Mexico Beach	59283TAQ3	500,000	500,000.00	500.00	(450,000.00)
Mexico Beach	59283TBJ8	130,000	130,000.00	10,400.00	(119,600.00)
Tarrant Co. TX	87638LFY1	45,000	45,000.00	2,250.00	(42,250.00)
Tarrant Co. TX	87638LBN8	100,000	100,000.00	10,000.00	(90,000.00)
Weirtan	948804AC3	35,000	35,787.50	8,400.00	(27,387.50)
Total Loss of Principal					(1,197,881.53)

- Jackson County, MO development was purchased by Bank of America and they gave the value listed above for the bonds.

030 356-30169-FSX POPE FELTON TR
CL A1 TAX 4 C/S C ACM M FD016

B-3 S-7 9:53 12/04/02
TMV 1,451,622
T/E 1,451,622

P.04/12

TO 18638597425

DEC 04 2002 23:56 FR

TD PSN **TYPE 1-8** PX/DLA FS EX SYM/MV
228.7523 WAL-MART STORES INC 53.930 A WMT

2,628.4358 WALGREEN CO 10/09/02 MV:12,336
DR OR:1 SB:228.7523
28.600 A WAG 11/19/02 MV:75,173
DR OR:1 SB:2,628.4358

104,000 GLOBALSTAR L P CAP CORP 01/17/01 MV:6,760
SR NOTE 6.500 H 5563177
DUE 02/15/2004 INT 11.375% SB:104,000
30,000 SAN JOSE CALIF IMP BD ACT 1915 105.680K 3917183
IMP DIST 83-176SJ-SENER RD 01/17/01 MV:31,704
DUE 07/02/2004 INT 10.600% SB:30,000

V: A/C: ka6 30169 SPAD ID: PA1-NEXT PA2-PREV
TYPE SSC# PAGE 3

030 356-30169-FSX POPE FELTON TR B-3 S-7 9:53 12/04/02
 CL A1 TAX 4 C/S C ACM M FD016 TMV 1,451,622
 T/E 1,451,622

P.05/12

TO 918638597425

DEC 04 2002 23:56 FR

TID PSN	**TYPE 1-8**	PX/DLA	FS EX	SYM/MV
25,000	GLOBALSTAR L P / GLOBALSTAR CAP CORP SR NOTE	6.500	H	5157683
	DUE 06/01/2005 INT 11.500%	01/17/01	MV:1,625	
		SB:25,000		
75,000	FONTANA CALIF SPL TAX CMNTY FACS DIST #90-3 EMPIRE	80.250K		3277279
	DUE 04/01/2011 INT 8.375%	10/04/01	MV:60,187	
		SB:75,000		
35,000	WEIRTON W VA POLLUTN CTL REV RFDG WEIRTON STEEL PROJ	24.000K		3845041
	DUE 11/01/2014 INT 8.625%	05/06/02	MV:8,400	
		SB:35,000		
70,000	FONTANA CALIF SPL TAX CMNTY FACS DIST #90-3 EMPIRE	80.250K		3277280
	DUE 04/01/2015 INT 8.400%	10/04/01	MV:56,175	
		SB:70,000		
10,000	INDIANAPOLIS IND MULTI-FAM REV HSG SUNRISE APTS PJ SER C	10.000K		3501097
	DUE 06/01/2019 INT 9.000%	11/29/02	MV:1,000	
		SB:10,000		

N: A/C: ka6 30169 SPAD ID: PA1-NEXT PA2-PREV
 TYPE SSC#

030 356-30169-FSX
CL A1 TAX 4 C/S C ACM M FD016

POPE FELTON TR

B-3 S-7

9:53 12/04/02

TMV 1,451,622
T/E 1,451,622

P.06/12

TO 18638597425

DEC 04 2002 23:56 FR

TD PSN	**TYPE 1-8**	PX/DLA	FS EX	SYM/MV
325,000	FONTANA CALIF SPL TAX CMNTY	80.250K		3277281
	FACS DIST #90-3 EMPIRE	10/04/01	MV:260,812	
	DUE 04/01/2021 INT 8.500%	SB:325,000		
40,000	EAST POINT GA HSG AU MULTIFAM	87.934K		3523322
	REV SUB HSG COLONY REGENCY	03/01/02	MV:35,173	
	DUE 03/01/2023 INT 9.000%	SB:40,000		
205,000	EMERALD COAST FLA HSG II INC	42.000K		3786009
	HSG REV SER A	01/17/01	MV:86,100	
	DUE 07/01/2026 INT 8.250%	SB:205,000		
35,000	NEWPORT KY PUB PPTY'S CORP REV	95.967K		3152343
	1ST MTG-PUB PRKG & PLAZA-A-1	01/17/01	MV:33,588	
	DUE 01/01/2027 INT 8.500%	SB:35,000		
100,000	TARRANT CNTY TEX HEALTH FACS	10.000K		2846913
	DEV CORP REV ST JOSEPH LONG	01/17/01	MV:10,000	
	DUE 05/01/2027 INT 8.500%	SB:100,000		

N: A/C: ka6 30169 SPAD ID: PA1-NEXT PA2-PREV
TYPE SSC#

030 356-30169-FSX POPE FELTON TR
CL A1 TAX 4 C/S C ACM M FD016

B-3 S-7 9:53 12/04/02
TMV 1,451,622
T/E 1,451,622

P.07/12

TO 18638597425

DEC 04 2002 23:56 FR

TD PSN	**TYPE 1-8**	PX/DLA	FS EX	SYM/MV
500,000	MEXICO BEACH FLA PUB SVC	.100K		3832943
	FACS REV HERITAGE HOUSE			
	DUE 12/01/2027 INT 8.000%	01/17/01 MV:500		
		SB:500,000		
25,000	BEECH GROVE IND ECONOMIC DEV	44.000K		2873341
	REV VLG APTS PJ SR-A	01/17/01 MV:11,000		
	DUE 01/01/2028 INT 7.000%	SB:25,000		
45,000	BEECH GROVE IND ECONOMIC DEV	5.000K		2959105
	REV DIPLOMAT SOUTH APTS PJ	01/17/01 MV:2,250		
	DUE 01/01/2028 INT 8.000%	SB:45,000		
60,000	BEAR CNTY TEX HSG FIN CORP	10.000K		3481788
	MULTI FAMILY HSG-KINGS PL &	01/17/01 MV:6,000		
	DUE 07/01/2028 INT 8.000%	SB:60,000		
130,000	MEXICO BEACH FLA PUB SVC FACS	8.000K		2969573
	REV HERITAGE HOUSE SEMINOLE PJ	01/17/01 MV:10,400		
	DUE 12/01/2028 INT 7.500%	SB:130,000		

I: A/C: ka6 30169 SPAD ID: PA1-NEXT PA2-PREV
TYPE SSC#

030 356-30169-FSX POPE FELTON TR
CL A1 TAX 4 C/S C ACM M FD016

B-3 S-7 9:53 12/04/02
TMV 1,451,622
T/E 1,451,622

TD PSN **TYPE 1-8** PX/DLA FS EX SYM/MV
45,000 TARRANT CNTY TEX HEALTH FACS 5.000K 2968553
DEV CORP REV HERITAGE VLY 01/17/01 MV:2,250
DUE 03/01/2029 INT 7.750% SB:45,000

N: A/C: ka6 30169 SPAD ID: LAST PAGE PA2-PREV
TYPE SSC#

*Beech Grove in Economic Dev.
 Rev Beech Grove Village Proj Apt PRJ
 Sr. Ser. 97A Callable 1/1/03 @ 102*

*1/24/98 Bought 25,000 @ 102 per
 = 25,000 -
 = 729.17
 = 4.00
 25,733.17*

Cusip - 076698CB3

Miller & Schroeder Financial, Inc.

Member
 National Association of Securities Dealers, Inc.
 Securities Investor Protection Corporation

P.O. BOX 795
 MINNEAPOLIS, MN 55440-0795
 TOLL FREE: MINNESOTA 1-800-321-6122 • CALIFORNIA 1-800-542-8738

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	TYPE	TRANS NO.	UNIT	CAP	SPEC	TRADE DATE	SETTLEMENT DATE	IR	CAO
AUGUSTA		38026266	1	00026	0	2		11/04/98	12/01/98	CA01	IR

SOCIAL SEC / ID NO.
 : 508-05-1655

CONTRA PARTY OR CUSTOMER
 ANDA POPE FELTON F/K/A WANDA B
 OPE TRS WANDA POPE FELTON F/K/A
 ANDA POPE REV LIV TR DTD 11/17/88
 MENDED 11/16/95
 330 WESTLAKE PARKER DR
 AXELAND FL 33805-4553

YOU	QUANTITY	CUSIP # / FILE #	DESCRIPTION	RATE	MATURITY
BOT	25000	076698CB3	BEECH GROVE IN ECONOMIC DEV REV BEECH GROVE VLG APTS PRJ SR SER 97A CALL 1/1/03 @ 102 CALLABLE 01/01/03 AT 102.000 OID: 97.537	7.0000	01/01/28

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	REG FEE	MISC
100.00	25000.00			729.17		4.00

WDY NR S&P NR FITCH NR DUFF NR
 YIELD TO 01/01/05 CALL AT 100.000 6.9982

ADDITIONAL CALL FEATURES...
 IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THE
 ADDITIONAL CALL FEATURES MAY AFFECT THE COMPLETE INFORMATION IN
 BE PROVIDED UPON REQUEST.
 PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATTER
 OR USE IN YOUR INVESTMENT DECISIONS OR FINANCIAL STATEMENTS.
 SEE REVERSE SIDE FOR EXPLANATION OF TERMS, TERMS AND CONDITIONS

*Beech Grove in Economic Dev.
 Rev. Diplomat South Apts PRJ
 Subordinated SRS 1997 C
 Callable 11/01/03 @ 102%*

8% due 11/01/28

First 7/01/98 - 1,800 -

11/07/98 Bought 45000 at par 45,000

*Interest 410
 45,410*

Cusip 076698DG1

11/07/98

Miller & Schroeder Financial, Inc.
 P.O. BOX 789 MINNEAPOLIS, MN 55440-0789 TOLL FREE: MINNESOTA 1-800-328-8122 • CALIFORNIA 1-800-542-8289
 3
 SIPC member
 National Association of Securities Dealers, Inc.
 Securities Investor Protection Corporation

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	TYPE	TRANS NO.	MKT	CAP	SPEC	TRADE DATE	SETTLEMENT DATE	IF	A.B.S
A AUGUSTA		38026266	1	00037	O	2	C	01/07/98	01/12/98	CA01	IE

SOCIAL SEC / ID NO. 3: 508-05-1655
 CONTRA PARTY OR CUSTOMER
 VANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 WENDED 11/16/95
 PO BOX 90304
 LAKELAND FL 33804-0304

SPECIAL DELIVERY INSTRUCTIONS / ADDITIONAL INFORMATION:
 INVESTOR LETTER REQUIRED
 APPLY PROCEEDS FROM SOLD BONDS

YOU BUY	QUANTITY	CUSIP # / FILE #	DESCRIPTION	DATE	MATURITY
	45000	076698DG1	BEECH GROVE IN ECONOMIC DEV REV DIPLOMAT SOUTH APTS PRJ SUBORDINATED SRS 1997C CALLABLE 01/01/03 AT 102.000	8.0000	01/01/28

INT ACRD 12/01/97 TO 01/12/98 DATED: 12/01/97
 FIRST: 07/01/98

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC
00.00	45000.00			410.00		45410.00

ADDITIONAL CALL FEATURES: 7.999%
 YIELD TO 01/01/05 CALL AT 100.000

IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, ALL ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST.
 PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS.
 WE'LL BE PLEASED TO PROVIDE AN EXPLANATION OF NOTES, TERMS AND CONDITIONS.

Beech Grove in Economic Dev.
 Res. Beech Grove Village Proj Apt PRJ
 Ser. Ser. 97A Call 1/1/03 @ 102.000
 01/01/99

1/1/99 Bought 25,000 = \$ per 35,000 -
 729.17
 4.00
 35,733.17

Comp - 0766 98033

Mutual & Schroeder Financial, Inc.

Member
 National Association of Securities Dealers, Inc.
 Securities Investor Protection Corporation

ACCOUNT NO.	1000078	DATE	11/04/98	12/01/98	CA01	IR
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SOCIAL SEC / ID NO.
 508-65-1655

CONTRA PARTY OR CUSTOMER
 ANDA POPE FELTON F/K/A WANDA B
 OPE TRS WANDA POPE FELTON F/K/A
 ANDA POPE REV LIV TR DTD 11/17/89
 WENDED 11/16/85
 830 WESTLAKE PARKER DR
 ANELAND FL 33806-4553

QUANTITY	CUSIP #/FILE #	DESCRIPTION	RATE	MATURITY
25000	076698CB3	BEECH GROVE IN ECONOMIC DEV BEV BEECH GROVE VLG APTS PRJ SR SER 97A CALL 1/1/03 @ 102 CALLABLE 01/01/05 AT 102.000 OID: 97.537	7.0000	01/01/28

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SECFER	MISC
100.00	25000.00			729.17	4.00	25733.17

ADY NR
 YIELD TO 01/01/05

BXP NR
 CALL AT 100.000

FITCH NR
 6.99625%

DRFF NR

ADDITIONAL FEATURES: NONE
 IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, WE
 ADDITIONAL CALL FEATURES MAY AFFECT YOUR COMPLETE INFORMATION
 BE PROVIDED UPON REQUEST.
 PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE BY WRITING OF ANY ALTER
 CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS.
 SEE REVERSE SIDE FOR EXPLANATION OF HOW TO TERMS AND CONDITIONS

Wanda Co. Hwy. Ben Larp
 Multi Bond to Wanda King Point
 Thomas Place Apts Proj. Subord
 Series 98C

4/14/98

Callible 7/01/98 @ 102.00
 8 1/2% due 7/01/98
 4/07/98 Bought 6000 at par 60,000 -
 Int. 186.67
 60,186.67

Cusip 088379NF5



Miller & Schroeder Financial, Inc.

P.O. BOX 733
 MINNEAPOLIS, MN 55440-0733

TOLL FREE: MINNESOTA 1-800-323-5122 • CALIFORNIA 1-800-542-3233

Member Association of Securities Dealers
 Securities Investor Protection Corporation

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	TYPE	TRANS NO.	MARK	CAP	SPED	TRADE DATE	EXPIRES	SETTLEMENT	CLASS
M AUGUSTA		38026266	1	00083	0	1	E	04/07/98	04/15/98	CA01	1

SOCIAL SEC #/ID NO.
 S: 508-05-1655

CONTRA PARTY OR CUSTOMER

SPECIAL DELIVERY INSTRUCTIONS/ADDITIONAL INFORMATION

INVESTOR LETTER REQUIRED
 APPLY SOLD BOND PROCEEDS

WANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 AMENDED 11/16/95
 1330 W LAKE FARMER DR
 LAKELAND FL 33805-4553

YOU	QUANTITY	CUSIP # / FILE #	DESCRIPTION	RATE	MATURITY
BUY	60000	088379NF5	SEKAR CNTY HSG FIN CORP MULTI- FAM HSG REV KINGS FT THOMPSON PLACE APTS PRJ SUBORD SRS 98C	8.0000	07/01/98
INT ACRD 04/01/98 TO 04/15/98			CALLABLE 07/01/03 AT 102.000	DATED: 04/01/98 FIRST: 07/01/98	

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	REG FEE	MISC
100.00	60000.00			186.67		60186.67

MDY NR S&P NR FITCH NR DUFF NR
 YIELD TO 07/01/05 CALL AT 100.000 7.9884%

ADDITIONAL CALL FEATURES DATA
 IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, AN
 ADDITIONAL CALL FEATURES DATA SHEET MUST BE RECEIVED BY
 OFFICE ON OR BEFORE THE SETTLEMENT DATE

PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ALL CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS

SEE REVERSE SIDE FOR EXPLANATION OF NOTES, TERMS AND CONDITIONS

Bank of America, CA Home, 222 N. 7th St
 San. Ho. Sub. Rev. Bldg. Cal. Hwy Bldg
 Paris, P.M. Series B. Subj to 4MT
 Atms. balance 3/01/03 at 102.00
 9% due 3/01/03.

Page 357

128/96 Bought 40,000 @ 104⁰⁰ - 41,600⁰⁰
 Int 90 -
 Fee 4 -
 41,694⁰⁰

10/04/96 - To Miller + character stock name

124/97 Bought 10,000 @ 105 10,500⁰⁰
 Int 376 -
 Fee 4 -
 10,876⁰⁰

+ above 41,694⁰⁰
 Total Cash 52,570⁰⁰

Cusip: 274503 AE1
New 50,000 total

6/23/97 Bought 15,000 @ 102.758 15,413⁷⁰
 Int 420 -
 Fee 4⁰⁰
 15,837⁷⁰

New 65,000 total

New 100,000 total

9/12/97 5000 called @ 10000 @ 5000⁰⁰

~~55,000~~ Total

3/01/99 5000⁰⁰ to be called
 Balance now 50000
 5000 called @ 10000

5,000 @ 10000 - Cash 51,500⁰⁰
 9/01/00 - 5000 called

Merrill Lynch
Merrill Lynch
Schwab & Co.
Financial, Inc.

P.O. BOX 789
 MINNEAPOLIS, MN 55440-0789

TOLL FREE: WISCONSIN 1-800-328-6122 • CALIFORNIA 1-800-542-0288

SIPC
 Member:
 National Association of Securities Dealers, Inc.
 Securities Investor Protection Corporation

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	TYPE	TRANS NO.	MGT	CAP	SECT	TRADE DATE	DATE
M AUGUSTIA		262256	1	00011	0	2		08/28/96	09/30/96
SOCIAL SEC ID NO.									CAD1 XHR
S: 508-05-1655									

WANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 RECORDED 11/15/95
 PG BOX 90304
 LAUREL AND

FL 33804-0304	
QUANTITY	40000
SUSPENSE	274503NE1

INT ACRD 09/01/96 TO 09/10/96
 SUBJECT TO EXTRAORDINARY REDEM

DESCRIPTION	RATE	MATURITY
EAST POINT GA HSS AUTH MULTI FAM HSS SUB REV BBS COM NY REV PINS PRJ SER B SUBJ TO AMT CALLABLE 03/01/03 AT 102.000	9.0000	03/01/23

PRICE	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC
104.00			90.00		4.00
MDY NR	FITCH NR	DUFF NR			
YIELD TO 03/01/05	CALL AT 100.000				416.94.00

IF IT IS NOTED ABOVE THAT ADDITIONAL CALLS REQUIRES EXIST. THESE
 ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL
 BE PROVIDED UPON REQUEST.
 PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL
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TOLL FREE, MINNESOTA 1-800-820-8122 • CALIFORNIA 1-800-542-6288

National Association of Securities Dealers
Sponsored by the Investment Company Institute

ISSUE TYPE/EXECUTIVE	SYMBOL	ACCOUNT NO.	DATE	YEARS NO.	WKT	CYCLE	SPEC	EXPIRE DATE	EXPIRE MONTH	EXPIRE YEAR
M AUGUSTA		38026266	1	00073	0	2		01/23/97	01	2098

CONTROL PARTY OR COUNTERPARTY

S: 508-05-1655

WANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV LIV TR DID 11/17/88
 AMENDED 11/16/95
 PO BOX 90304
 LAKELAND

FL 33804-0304

YOU	QUANTITY	CUSIP #/FILE #
601	10000	274503AF1

INT ACRD 09/01/96 TO 01/29/97
 SUBJECT TO EXTRAORDINARY REDEM

DESCRIPTION	RATE	MAJORITY
EAST POINT GA HSB AUTH MULTI FPM HSB SUB REV BBS COLONY REV FINRS PRJ SER B SUBS TO AMT CALLABLE 03/01/03 AT 102.000	9.0000	03/01/23

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	ISSC	YIELD
105.00	10500.00			370.00			10874.00

88P NR FITCH NR DUFF NR
 YIELD TO 03/01/05 CALL AT 100.000

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INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	INVEST	TRANS NO.	UNIT	CON.	DATE	TRADE DATE	ACQUISITION COST	MARKET VALUE
M AUGUSTA		38026260	1	00079	0	2	06/18/97	06/28/97	74.01	74.01

S: 508-05-1654

WANDA POPE FELTON P/K/A WANDA B
 POPE TRS WANDA POPE FELTON P/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 AMENDED 11/10/95
 PO BOX 90304
 LAKELAND

FL 33804-0304

YOU	QUANTITY	DESCRIPTION	PRICE	YIELD	DATE	MATURITY
BOT	15000	EAST POINT GA HSG AUTH MULTI PAM HSG SUB REV BDC COLONY REV FINES PBJ SER B SUBJ TO AMT CALLABLE 03/01/03 AT 102.000	15413.70	4.00	03/01/93	03/01/23

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC	YIELD
102.758	15413.70						4.00

INT ACID 03/01/97 TO 06/30/97
 SUBJECT TO EXTRAORDINARY REDEM
 FITCH NR 15837.70
 S&P NR 420.00
 CALL AT 100.000 DUFF NR 4.00

APPROX YIELD TO MATURITY = 8.72%
 CURRENT YIELD = 8.75%

PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL
 CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS.
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TOLL FREE: MINNESOTA 1-800-928-8322 CALIFORNIA 1-800-560-2208

FDX
National Address
Service

NAME	M. AUGUSTA	AMOUNT	38026268	DATE	05/18/96	STATUS	06/20/96
ADDRESS	WANDA POPE FELTON P.O. BOX 854 LAKE JUNIALUSKA NC 28745						
ACCOUNT	FOR THE ACCOUNT OF WANDA POPE FELTON F/K/A WANDA POPE TRS WANDA POPE FELTON F/K/A WANDA B POPE REV LIV TR DTG 11/17/88 AMENDED 11/16/95 P.O. BOX 80304 LAKELAND FL 33804-0304						
ACCOUNT	NO. 195000	ACCOUNT	29087RAAS	ACCOUNT	EMERALD COAST FL HS6 LI INT HSC REV SER A	ACCOUNT	8 2500
DATE	INT ACRO 05/15/96 TO 05/21/96	DATE	CALLABLE 07/01/06 AT 100.500	DATE	05/15/96	DATE	01/01/97

PRICE	100.00	PRICE	195000.00	PRICE	1600.78	PRICE	196008.75
YIELD	YIELD TO 07/01/13	YIELD	CALL AT 100.000	YIELD	8 249	YIELD	ADD CALL FEATURES
PROSPECTUS	PROSPECTUS SENT SEPARATELY	PROSPECTUS	CALL AT 100.000	PROSPECTUS	8 249	PROSPECTUS	ADD CALL FEATURES

PLEASE NOTIFY YOUR INVESTMENT REPRESENTATIVE IN WRITING OF ANY MATERIAL CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS.

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MAIL TO SUBSCRIBER
MINNEAPOLIS
MINNEAPOLIS, MN 55440-0718

P.O. BOX 788
 MINNEAPOLIS, MN 55440-0718

TOTAL FREE MINNEAPOLIS 1-800-510-0218

38026266	1	00113	0	2	6	05/20/96	05/25/96	CASH	XLR
----------	---	-------	---	---	---	----------	----------	------	-----

WANDA POPE FELTON
 PO BOX 854
 LAKE JUNALUSKA NC 28745

FOR THE ACCOUNT OF:
 WANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA B POPE REV LIV TR DTD 11/17/88
 AMENDED 11/15/95
 PO BOX 90304
 LAKELAND
 FL 33804-0304

YOU
 BOT 5000 29087RAN3

INT ACRD 05/15/96 TO 06/25/96 PAYABLE 07/01/96 AT 103.500

100.00	S&P NR	5000.00	45.83	ADDL CREL FEATURES	4.00	5040.83
FIELD TO 07/01/13	FITCH NR	CALL AT 100.000	0.7497473	ADDL CREL FEATURES	4.00	5040.83

PLEASE NOTIFY YOUR INVESTMENT BROKER FOR LETTING US SERVE YOU THE AMOUNT OR SECURITIES DUE MUST BE RECEIVED IN OUR OFFICE ON OR BEFORE THE SETTLEMENT DATE
 CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS
 SEE REVERSE SIDE FOR EXPLANATION OF NOTES, TERMS AND CONDITIONS



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MINNEAPOLIS, MN 55440-0716

TOIL FREE: MINNESOTA 1-400-328-6122 • CALIFORNIA 1-800-642-6288

INVESTMENT TYPE	SYMBOL	ACCOUNT NO.	TYPE	TRADES NO.	AMOUNT	DATE	PRICE	STATUS	ORDER NO.	ORDER DATE	ORDER TIME	ORDER TYPE	ORDER NO.	ORDER DATE	ORDER TIME	ORDER TYPE
M AUGUSTA		38026256	A	00046	0	08/20/96	08/23/96	CA01	KHR							

S: 506-05-1655
 WANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV TRM YR DTD 11/17/88
 ANNOUNCED 11/16/95
 P.O. BOX 90304
 LAKELAND

APPROX YIELD TO MATURITY = 8.433%
 CURRENT YIELD = 8.418%
 SPECIAL DELIVERY INSTRUCTIONS: ADDITIONAL INFORMATION

QUANTITY 5000
 FL 33804-0304
 DESCRIPTION EMERALD COAST FL HSG II INC
 HSG REV SER A
 RATE 8.2500
 MATURITY 07/01/26
 DATED: 05/15/96
 FIRST: 01/01/97
 CALLABLE 07/01/96 AT 103.500

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC
98.00	4900.00			4.00		
MDY NR	S&P NR	FITCH NR	DUFF NR			
	YIELD TO MATURITY		8.432698%			

IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE ADDITIONAL CALL FEATURES MAY AFFECT YIELD; COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST.
 IF YOU ARE NOT ALREADY IN YOUR ACCOUNT, THEY MUST BE RECEIVED IN OUR OFFICE ON OR BEFORE THE SETTLEMENT DATE.
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 *SEE REVERSE SIDE FOR LIMITATIONS ON THESE TERMS AND CONDITIONS.

Dartmouth VA Special Tax Bonds
Community Facilities Dist.

No 90-3-Empire

Callable 4/01/01 @ 102

8.4% due 4/01/15

3/06/97 Bought 20000 @ .80 = 16,000

Int

746.67
16,750.67

Prinip 344630 ES3

Int 746.67
16,754.67

Partial
Call
10/01/98
25,000

8/19/97 Bought 25,000 @ 90 1/2

Int
Fee

22,625.00
886.67
4.00
23,515.67

8/19/97 Bought another 25,000 @ 90 1/2

22,625.00
886.67
4.00
23,515.67

25,000 -

4/10/00 Bought 50,000 @ 90 1/2

Int
Fee

45,000.00
1,793.33
4.00

Total now 95,000 -

47,000.00

Prinip 33,997

25,000 - called 10/01/98 at par (25,000)

Total now 70,000

4/01/00 - defaulted partially

11/5/01 ...

16,000
4,347



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National Association of Securities Dealers, Inc.
Securities Investor Protection Corporation

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	TYPES	TRANS NO.	MARKET	CAP	SPEC	TRADE DATE	IR	ABX
M. AUGUSTA		38026266	1	07026	0	2		08/19/97	09/03/97	CA01
SOCIAL SEC / ID NO										IR

S: 508-05-1655

CONTRA PARTY OF CUSTOMER

SPECIAL DELIVERY INSTRUCTIONS/ADDITIONAL INFORMATION

WANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 AMENDED 11/16/95
 PO BOX 90304
 LAKELAND FL 33804-0304

CURRENT YIELD = 8.282%

YOU	QUANTITY	CUSIP # / FILE #	DESCRIPTION	RATE	MATURITY
BOT	25000	344630ES3	FONTANA CA SPECIAL TAX BONDS COMMUNITY FACILITIES DISTRICT NO 90-3-EMPIRE CALLABLE 04/01/01 AT 102.000	8.4000	04/01/15

INT ACRD 04/01/97 TO 09/03/97
 SUBJECT TO EXTRAORDINARY REDEM

DATED: 03/27/91

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC
90 1/2	22625.00			886.67		
MDX NR	S&P NR	FITCH NR	DUFF NR			
CORRECTION						
YIELD TO MATURITY		9.522092%			4.00	23515.67

ADDITIONAL CALL FEATURES
 ARE NOT ALREADY IN YOUR ACCOUNT. THEY MUST BE RECEIVED IN OUR
 OFFICE ON OR BEFORE THE SETTLEMENT DATE.

IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE
 ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL
 BE PROVIDED UPON REQUEST.

PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL
 CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS.

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REVISED FOR A/C # & SETTLEMENT DATE
 INVESTOR LETTER ON FILE
 MS2 364
 CUP
 CONFIRMATION



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MINNEAPOLIS, MN 55440-0788

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S&P
Member:
National Association of Securities Dealers, Inc.
Securities Investor Protection Corporation

INVESTMENT EXECUTIVE:	SYMBOL:	ACCOUNT NO.:	TYPE:	TRANS NO.:	MCT:	CALL:	SECC:	TRADE DATE:	IE:	A, B, C:
M AUGUSTA		38026266	1	07024	0	2		08/19/97	09/03/97	CA01 IR
SOCIAL SEC. ID. NO.:	CONTRA PARTY OR CUSTOMER									
S: 508-05-1655	SPECIAL DELIVERY INSTRUCTIONS / ADDITIONAL INFORMATION									

WANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 AMENDED 11/16/95
 PO BOX 90304
 LAKELAND FL 33804-0304

CURRENT YIELD = 9.282%
 APPLY CALLED BOND PROCEEDS

YOU BOUGHT	QUANTITY	CUSIP #/FILE #	DESCRIPTION	RATE	MATURITY
	25000	344630ES3	FONTANA CA SPECIAL TAX BONDS COMMUNITY FACILITIES DISTRICT NO 90-3-EMPIRE	8.4000	04/01/15

INT ACRD 04/01/97 TO 09/03/97 CALLABLE 04/01/01 AT 102.000
 SUBJECT TO EXTRAORDINARY REDEM

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC
90 1/2	22625.00			886.67		4.00
MDY NR	S&P NR	FITCH NR	DUFF NR			23515.67

CORRECTION
 YIELD TO MATURITY 9.522092%

REVISED FOR PAR VALUE

MS-2394
 CAP

CONFIRMATION

PLEASE NOTE: IF YOU ARE NOT ALREADY IN YOUR ACCOUNT, IF THE AMOUNT DUE OR SECURITIES DUE ARE NOT ALREADY IN YOUR ACCOUNT, THEY MUST BE RECEIVED IN OUR OFFICE ON OR BEFORE THE SETTLEMENT DATE.
 IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST.
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Member:
National Association of Securities Dealers, Inc.
Securities Investor Protection Corporation

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	TYPE	TRANS NO.	DATE	TRADE DATE					
M. AUGUSTA		38026266	1	07024	O	2	08/19/97	09/03/97	CA01	IR	

S: 508-05-1655

WANDA POPE FELTON
PO BOX 854
LAKE JUNALUSKA NC 28745

DUPLICATE
FOR THE ACCOUNT OF:
WANDA POPE FELTON F/K/A WANDA B
POPE TRS WANDA POPE FELTON F/K/A
WANDA POPE REV LIV TR DTD 11/17/88
AMENDED 11/18/95
PO BOX 90304
LAKELAND

QUANTITY	CUSIP #/FILE #	DESCRIPTION	RATE	MATURITY
25000	344630ES3	FONTANA CA SPECIAL TAX BONDS COMMUNITY FACILITIES DISTRICT NO 90-3-EMPIRE CALLABLE 04/01/01 AT 102.000	8.4000	04/01/15

INT ACRD 04/01/97 TO 09/03/97
SUBJECT TO EXTRAORDINARY REDEM

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC	YIELD TO MATURITY
90 1/2	22625.00			886.67		4.00	9.522092%

REVISY NR S&P NR FITCH NR DUFF NR
CORRECTION YIELD TO MATURITY

145-2 3/94
CONFIRMATION

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National Association of Securities Dealers, Inc.
Securities Investor Protection Corporation

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	TYPE	TRANS NO.	MM*	CCP*	SPEC*	TRADE DATE	EXPIRE DATE	IE	A/B/C
M. AUGUSTA		38026266	1	00048	0	2		08/19/97	09/03/97	CA01	IR
SOCIAL SEC ID NO:	CONTRA PARTY OR COUNTERPARTY										
S: 508-05-1655	SPECIAL DELIVERY INSTRUCTIONS/ADDITIONAL INFORMATION										

WANDA POPE FELTON
PO BOX 854
LAKE JUNALUSKA NC 28745

FOR THE ACCOUNT OF:
WANDA POPE FELTON F/K/A WANDA B
POPE TRS WANDA POPE FELTON F/K/A
WANDA POPE REV LIV TR DTD 11/17/88
AMENDED 11/15/95
PO BOX 90304
LAKELAND
FL 33804-0304

DUPLICATE

YOU BOT	QUANTITY	CUSIP #/FILE #	DESCRIPTION	DATE	MATURITY
	50000	344630ES3	FONTANA CA SPECIAL TAX BONDS COMMUNITY FACILITIES DISTRICT NO 90-3-EMPIRE CALLABLE 04/01/01 AT 102.000	8.4000	04/01/15

INT ACRD 04/01/97 TO 09/03/97
SUBJECT TO EXTRAORDINARY REDEM

DATED: 03/27/91

90 1/2	PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC
MDY NR	45250.00				1773.33		
S&P NR	FITCH NR	DUFF NR	ADDITIONAL FEATURES				
YIELD TO MATURITY	9.522092%		47027.33				

INVESTOR LETTER ON FILE

MS-3 3/94
CIV

CONFIRMATION

IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE
ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL
BE PROVIDED UPON REQUEST.
IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE
ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL
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National Association of Securities Dealers, Inc.
Securities Investor Protection Corporation
Member

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	TYPE	TRADE NO.	MKT	CRP	SPEC	TRADE DATE	CA01	IR
M. AUGUSTA		38026266	1	07026	Q	2		08/19/97	09/03/97	
SOCIAL SEC ID NO.	SPECIAL DELIVERY INSTRUCTIONS / ADDITIONAL INFORMATION									
S: 508-05-1655	CONTRA PARTY OR COUNTERPARTY									

WANDA POPE FELTON
PO BOX 854
LAKE JUNALUSKA NC 28745

DUPLICATE
FOR THE ACCOUNT OF:
WANDA POPE FELTON F/K/A WANDA B
POPE TRS WANDA POPE FELTON F/K/A
WANDA POPE REV LIV TR DTD 11/17/88
AMENDED 11/15/95
PO BOX 90304
LAKELAND

YOU BOT	QUANTITY	CUSIP # / FILE #	DESCRIPTION	FL 33804-0304	RATE	MATURITY
	25000	344630ES3	FONTANA CA SPECIAL TAX BONDS COMMUNITY FACILITIES DISTRICT NO 90-3-EMPIRE		8.4000	04/01/15

INT ACRD 04/01/97 TO 09/03/97 CALLABLE 04/01/01 AT 102.000
SUBJECT TO EXTRAORDINARY REDEM

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC	YIELD TO MATURITY
90 1/2	22625.00			886.67		4.00	23515.67
MDY NR	S&P NR	FITCH NR	DUFF NR	CORRECTION			
				YIELD TO MATURITY 9.522092%			

REVISED FOR A/C # & SETTLEMENT DATE
INVESTOR LETTER ON FILE

MS-2.994
CONFIRMATION

ADDITIONAL CALL FEATURES. THESE ACCOUNT DUE DATES ARE NOT ALREADY IN YOUR ACCOUNT. THEY MUST BE RECEIVED IN OUR OFFICE ON OR BEFORE THE SETTLEMENT DATE.

IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST.
PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS.
SEE REVERSE SIDE FOR EXPLANATION OF NOTES, TERMS AND CONDITIONS.
PLEASE RETAIN THIS COPY FOR YOUR RECORDS.



Miller & Schroeder Financial, Inc.

P.O. BOX 789
MINNEAPOLIS, MN 55440-0789

TOLL FREE: MINNESOTA 1-800-328-6122 • CALIFORNIA 1-800-542-6288

SIF
Member:
National Association of Securities Dealers, Inc.
Securities Investor Protection Corporation

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	TYPE	TRANS. NO.	WKTY	CAP.	SPEC.	TRADE DATE	ISSUE DATE	AS-C
M. AUGUSTA		38026266	1	07023	O	Z		08/19/97	08/25/97	CA01
SOCIAL SEC ID NO.	CONTRA PARTY OR CUSTOMER									
S: 508-05-1655	SPECIAL DELIVERY INSTRUCTIONS / ADDITIONAL INFORMATION									

WANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 AMENDED 11/16/95
 PO BOX 90304
 LAKELAND FL 33804-0304

APPLY CALLED BOND PROCEEDS
 CURRENT YIELD = 9.282%

YOU	QUANTITY	CUSIP #/FILE #
BOT	25000	344630ES3

DESCRIPTION	RATE	MATURITY
FONTANA CA SPECIAL TAX BONDS COMMUNITY FACILITIES DISTRICT NO 90-8-EMPIRE CALLABLE 04/01/01 AT 102.000	8.4000	04/01/15
DATED: 03/27/91		

INT ACRD 04/01/97 TO 08/25/97
 SUBJECT TO EXTRAORDINARY REDEM

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC
90 1/2	22625.00			840.00		
MDY NR	S&P NR	FITCH NR	DUFF NR	YIELD TO MATURITY		
				9.521131%		
				ADD'L CALL FEATURES	23469.00	

IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST.

IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST.

MS-2394
C/P

CONFIRMATION

PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS.

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Miller & Schroeder Financial, Inc.
 P.O. BOX 789
 MINNEAPOLIS, MN 55440-0789
 TOLL-FREE: MINNESOTA 1-800-329-6122 • CALIFORNIA 1-800-542-6288

M AUGUSTA
 SOCIAL SEC./ID NO. **38026266**
 S: **508-05-1655**
 WANDA POPE FELTON
 PO BOX 854
 LAKE JUNALUSKA NC 28745

ACCOUNT NO. **00013**
 CONTRACT PARTY OR COUNTERPARTY
 MKT. CDP. BOND
 TRADE DATE **08/25/97**
 SPECIAL DELIVERY INSTRUCTIONS / ADDITIONAL INFORMATION
08/28/97
 CA01
 IR

INVESTMENT EXECUTIVE
 NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
 MEMBER
 SOCIETIES INVESTOR PROTECTION CORPORATION

QUANTITY	QUANTITY	QUANTITY	QUANTITY	QUANTITY	QUANTITY	QUANTITY	QUANTITY	QUANTITY	QUANTITY
10000	344630EY0	HONTANA CA SPECIAL TAX BONDS COMMUNITY FACILITIES DISTRICT NO 90-3 EMPIRE CALLABLE 04/01/01 AT 102.000	FL 38804-0304	DATE 04/01/21	MATURITY 03/27/91	8.5000	347.08	4.00	9376.08
1/4	NR	S&P NR 9025.00 FITCH NR YIELD TO MATURITY 9.545041%	DUFF NR	347.08	4.00	9376.08	ADDITIONAL CALL FEATURES		

FOR THE ACCOUNT OF:
 WANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 LAKELAND

DUPLICATE

PLEASE REVERSE SIDE FOR EXPLANATION OF NOTES, TERMS AND CONDITIONS.
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CONFIRMATION

Miller & Schroeder Financial, Inc.

P.O. BOX 789
MINNEAPOLIS, MN 55440-0789

TOLL FREE: MINNESOTA 1-800-328-6122 • CALIFORNIA 1-800-342-6228

Member
National Association of Securities Dealers, Inc.
Securities Investor Protection Corporation

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	TYPE	TRANS NO.	MKT	CAP	SECC	TRADE DATE	MEMBER	CA01	IR
IM AUGUSTA		38026266	1	00064	Q	2		05/04/99	05/07/99		
SOCIAL SEC ID NO.											
S: 508-05-1655											
CONTRA PARTY OR CUSTOMER											
SPECIAL BELIEVER INSTRUCTIONS / ADDITIONAL INFORMATION											

FOR THE ACCOUNT OF:
 WANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 1830 WESTLAKE PARKER DR
 LAKELAND
 FL 33805-4553

DUPLICATE

YOU BOU	QUANTITY	CUSIP #/FILE#	DESCRIPTION	RATE	MATURITY
	30000	344630EY0	FONTANA CA SPECIAL TAX BONDS COMMUNITY FACILITIES DISTRICT NO 90-3 EMPIRE CALLABLE 04/01/01 AT 102.000	8.5000	04/01/21
					DATED: 03/27/91
8.6.00			PRICE		
YDY NR	S&P NR	FITCH NR	COMMISSION	STATE TAX	INTEREST
	25800.00				255.00
			PRINCIPAL		
			YIELD TO MATURITY	DUFE NR	ADDD CALL FEATURES EXIST
			10.096465%		26059.00

THANK YOU FOR LETTING US SERVE YOU. IF THE ABOVE USE OF SECURITIES IS NOT ALREADY IN YOUR ACCOUNT, THEY MUST BE RECORDED IN OUR OFFICE ON OR BEFORE THE SETTLEMENT DATE. IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST. PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS. SEE REVERSE SIDE FOR EXPLANATION OF NOTES, TERMS AND CONDITIONS.

PLEASE RETURN THIS COPY FOR YOUR RECORDS



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 MINNEAPOLIS, MN 55440-0789

TOLL FREE: MINNESOTA 1-800-328-6122 • CALIFORNIA 1-800-542-8288

INVESTMENT EXECUTIVE	W. AUGUSTA	ACCOUNT NO.	38026266	TYPE	1	TRANS NO.	00009	MICT	0	GNP	2	SPEC		TRADE DATE	03/05/99	03/08/99	CA01	IR
SOCIAL SEC ID NO.	508-05-1655	CONTRA PARTY OR CUSTOMER																

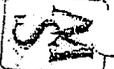
WANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 1330 WESTLAKE PARKER DR
 LAKELAND
 FL 33805-4553

APPLY SOLD BOND PROCEEDS
 INVESTOR LETTER REQUIRED

YIELD BOT	35000	344630EY0	FONTANA CA SPECIAL TAX BONDS COMMUNITY FACILITIES DISTRICT NO 90-3 EMPIRE CALLABLE 04/01/01 AT 102.000	RATE	8.5000	MATURITY	04/01/21
INT ACRD	10/01/98	TO 03/08/99					
SUBJECT TO EXTRAORDINARY REDEM							
PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC	

33 1/4	60612.50			2409.51		4.00	
YIELD	TO MATURITY			ADDDL CALL FEATURES			63026.01

THANK YOU FOR LETTING US SERVE YOU. IF THE AMOUNT DUE ON SECURITIES DUE ARE NOT ALREADY IN YOUR ACCOUNT, THEY MUST BE RECEIVED IN OUR OFFICE ON OR BEFORE THE SETTLEMENT DATE. IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST. PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS. SEE REVERSE SIDE FOR EXPLANATION OF NOTES, TERMS AND CONDITIONS.



Miller & Schroeder Financial, Inc.
 P.O. BOX 719
 MINNEAPOLIS, MN 55440-0719

TOLL FREE: MINNESOTA 1-800-328-5122 • CALIFORNIA 1-800-542-6288



National Association of Securities Dealers, Inc.
 Securities Investor Protection Corporation

INVESTMENT EXECUTIVE	STANDARD	ACCOUNT NO.	TYPE	TRANS NO.	MT	QTY	PRICE	TRADE DATE	SETTLEMENT DATE	ISIN	ABC
M AUGUSTA		38026286	1	00017	0	2	10/26/98	10/20/98	CA01	IR	
S: 508-05-1655											

WANDA POPE FELTON
 PO BOX 854
 LAKE JUNALUSKA NC 28745

FOR THE ACCOUNT OF:
 WANDA POPE FELTON F/K/A WANDA E
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 1330 WESTLAKE PARKER DR
 LAKELAND
 FL 33805-4553

DUPLICATE

YOU BOT	QUANTITY	CUSIP#/FILE#	DESCRIPTION	RATE	MATURITY
	30000	344630EY0	FL 33805-4553 FONTANA CA SPECIAL TAX BONDS COMMUNITY FACILITIES DISTRICT NO. 90-3 EMPIRE CALLABLE 04/01/01 AT 102.000	8.5000	04/01/21
					DATED: 03/27/91
8.00			INTEREST	SEC FEE	MISC
			198.33	4.00	29602.33
YIELD NR	S&P NR	FITCH NR	DUFF NR		
YIELD TO MATURITY	29400.00		8.703103%		

ADDITIONAL FEATURES:
 IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS. PLEASE REVERSE SIDE FOR EXPLANATION OF NOTES, TERMS AND CONDITIONS.
 PLEASE OBTAIN THIS COPY FOR YOUR RECORDS.

Miller & Schroeder Financial, Inc.
 P.O. BOX 789
 MINNEAPOLIS, MN 55440-0789

TOLL FREE: MINNESOTA 1-800-328-9122 • CALIFORNIA 1-800-542-8208

INVESTMENT EXECUTIVE: M AUGUSTA
 SOCIAL SEC #/ID NO.: 508-05-1655
 ACCOUNT NO.: 380262661
 TYPE: 1
 TRADE DATE: 01/26/98
 TRADE DATE: 01/29/98
 CONTRACT PARTY OR CUSTOMER: 00006
 MKT: 0
 CMT: 2
 SPECIAL DELIVERY INSTRUCTIONS / ADDITIONAL INFORMATION: CA01 IR

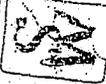
WANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 AMENDED 11/16/95
 PO BOX 90304
 LAKELAND

YOU BOT	QUANTITY	CUSIP #/FILE #	DESCRIPTION	RATE	MATURITY
	50000	344630EY0	FONTANA CA SPECIAL TAX BONDS COMMUNITY FACILITIES DISTRICT NO 90-3 EMPIRE CALLABLE 04/01/01 AT 102.000	8.5000	04/01/21

INT ACRD	PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC
10/01/97 TO 01/29/98	48125.00				1393.06	4.00	4952.06

6 1/4
 YIELD TO MATURITY 8.882250%
 DUFF NR 1393.06
 ADDITIONAL FEATURES: **CALL**
 DUE ARE NOT ALREADY IN YOUR ACCOUNT, THEY MUST BE RECEIVED IN CASH
 IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE
 BE PROVIDED UPON REQUEST.
 PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL
 CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS.
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CONFIRMATION



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WANDA POPE FELTON
 PO BOX 854
 LAKE JUNALUSKA NC 28745

INVESTMENT EXECUTIVE: **IM AUGUSTA**

SOCAL SEC/ID NO.: **38026266**

ACCOUNT NO.: **100018**

TYPE: **0** TRANSFER: **2** MNT: **0** SFP: **2** SPEC: **09/04/97**

TRADE DATE: **09/09/97**

ASSIGNMENT DATE: **09/09/97**

MEMBER: **CA01** A.S.C. **IR**

CONTRA PARTY OR CUSTOMER: **0**

SPECIAL DELIVERY INSTRUCTIONS / ADDITIONAL INFORMATION

FOR THE ACCOUNT OF:
 WANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON B
 WANDA POPE REV LIV TR DTD 11/17/88
 PO BOX 90304
 LAKELAND

DUPLICATE

YOU BOT	QUANTITY	CUSIP #/FILE #	DESCRIPTION	PL	RATE	MATURITY
	90000	344630EY0	FONTANA CA SPECIAL TAX BONDS COMMUNITY FACILITIES DISTRICT NO. 90-3 EMPIRE CALLABLE 04/01/01 AT 102.000	33804-0304	8.5000	04/01/21
						DATED: 03/27/91

1 1/4	Y NR	S&P NR	FITCH NR	DUFF NR	INTEREST	SEC FEE	MISC
	80325.00			3357.50		4.00	83686.50
	YIELD TO MATURITY		INVESTOR LETTER ON EXX FILE				
			9.663748%				

CONFIRMATION

PLEASE REVERSE SIDE FOR EXPLANATION OF NOTES, TERMS AND CONDITIONS.

PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS.

IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS WILL BE PROVIDED UPON REQUEST.

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PLEASE REVERSE SIDE FOR EXPLANATION OF NOTES, TERMS AND CONDITIONS.

Miller & Schroeder Financial, Inc.

P.O. BOX 789
MINNEAPOLIS, MN 55400-0789

TOLL FREE: MINNESOTA 1-800-326-6122 • CALIFORNIA 1-800-542-6288



National Association of Securities Dealers
Securities Investor Protection Corporation

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	TYPE	TRANS. NO.	MKT.	CAP.	SPEC.	TRADE DATE	RECEIVED DATE	ISSUE	AI
AUGUSTA		38026266	1	00079	0	2		03/13/97	03/18/97	CA01	

508-05-1655

CURRENT YIELD = 10.00%

WANDA POPE FELTON F/K/A WANDA B
POPE TRS WANDA POPE FELTON F/K/A
WANDA POPE REV LIV TR DTD 11/17/88
ENDED 11/16/95
J BOX 90304

SYMBOL	QUANTITY	CUSIP #/FILE#	DESCRIPTION	RATE	MATURITY
WANDA	50000	344630EYD	FONTANA CA SPECIAL TAX BONDS COMMUNITY FACILITIES DISTRICT NO 90-3 EMPIRE	8.5000	04/01/21

DATED: 03/27/97

EXPIRATION DATE	REDEMPTION PRICE	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC
10/01/96 TO 03/18/97	102.000			1.97153		4.00

YIELD TO MATURITY 10.3104968

INVESTOR LETTER REQUIRED

IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION BE PROVIDED UPON REQUEST.
PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS.
SEE REVERSE SIDE FOR EXPLANATION OF NOTES, TERMS AND CONDITIONS.
PLEASE PRINT YOUR NAME AND ADDRESS IN THE SPACE PROVIDED.

CONFIRMATION

52394



Miller & Schroeder Financial, Inc.

P.O. BOX 789
MINNEAPOLIS, MN 55440-0789

TOLL FREE: MINNESOTA 1-800-328-6122 • CALIFORNIA 1-800-542-6283

INVESTMENT EXECUTIVE
M AUGUSTA
SOCIAL SEC./DNO
S: 503-05-1655

ACCOUNT NO
380262661
CONTROL PARTY OF CUSTOMER
00045

TRADE DATE
01/21/99
SPECIAL DELIVERY INSTRUCTIONS, ADDITIONAL INFORMATION

National Association of Securities Investors
Member

MANDA POPE FELTON
PO BOX 854
LAKE JUMALUSKA

YOU
BOT

QUANTITY
75000

DESCRIPTION
**FONTANA CA SPECIAL TAX CMNTY
FACS DIST # 90-3 EMPIRE CENTER
LAKELAND**

INT ACRD
10/01/98 TO 01/26/99

PRICE
344630EN4

FOR THE ACCOUNT OF:
**WANDA POPE FELTON F/K/A WANDA B
WANDA TRS WANDA POPE FELTON F/K/A
AMENDED 11/16/95
1330 WESTLAKE PARKER DR
LAKELAND**

SUBJECT TO EXTRAORDINARY REDEM

CALLABLE 04/01/01 AT 102.000

FL 33805-4553
DATED: 03/27

96 1/2
NR

S&P NR
72375.00

04/01/11
MATURE

YIELD TO MATURITY

FITCH NR
8.847357%

4.00

COMMISSION

STATE TAX

4.00

ADDL CALL FEATURES EXIST

2006.51

74385.51

THANK YOU FOR LETTING US SERVE YOU IF THE AMOUNT DUE OR SECURITIES DUE
NOT ALREADY IN YOUR ACCOUNT, THEY MUST BE RECEIVED IN OUR OFFICE OR
IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE ADDITIONAL
FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL BE PROVIDED UPON
REQUEST. PLEASE NOTE YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL CHANGES.
YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS.
SEE REVERSE SIDE FOR EXPLANATION OF NOTES, TERMS AND CONDITIONS.

*Globalstar LP/Capital
Book Entry - Callable 6/01/03
11.50% due 6/01/05*

*4/23/99 - Bought 25,000 @ 75 1/2 18,875.00
Interest 1173.96
Due 4.00
20,052.96*

*Cusip # 379363ARS
In deposit*

Miller & Schroeder Financial, Inc.

P.O. BOX 789
MINNEAPOLIS, MN 55411-0789

TOLL FREE MINNESOTA 1-800-326-6122 • CALIFORNIA 1-800-542-6285

National Association of Securities Dealers, Inc.
Securities Investor Protection Corporation
Member

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	QUANTITY	TRANS NO.	MARK	CAP	SPEC	TRADE DATE	SETTLEMENT DATE	ISSUE	SEC
I AUGUSTA		88026266	1	00058	0	2		04/23/99	04/28/99	CA01	TY

SOCIAL SEC ID NO.
: 508-05-1655

CONTRA PARTY OR CUSTOMER

SPECIAL DELIVERY INSTRUCTIONS / ADDITIONAL INFORMATION

WANDA POPE FELTON F/K/A WANDA B
POPE TRS WANDA POPE FELTON F/K/A
WANDA POPE REV LIV TR DTD 11/17/88
MENDED 11/16/85
930 WESTLAKE PARKER DR
AKELAND FL 33895-4558

QUANTITY	CUSIP # / FILE #	DESCRIPTION	RATE	MATURITY
25000	379363ARS	GLOBALSTAR LP/CAPITAL BOOK ENTRY	11.5000	06/01/05

NT ACRD 12/01/98 TO 04/28/99 CALLABLE 06/01/03 AT 105.750

DATED: 05/20/96

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC	YIELD TO MATURITY
8 1/2	18875.00			1173.96		4.00	18.330847%

BY CAAL S&P B FITCH NR DUFF NR
YIELD TO MATURITY 18.330847%

THANK YOU FOR LETTING US SERVE YOU. IF THE AMOUNT DUE OR SECURITIES DUE ARE NOT ALREADY IN YOUR ACCOUNT, THEY MUST BE RECEIVED IN OUR OFFICE ON OR BEFORE THE SETTLEMENT DATE.

IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST.

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Globalstar Telecommunications
 Senior Note - Bank Entry
 Callable 2/15/02 @ 105.696
 11.375%, due 2/15/04

GSTRF Pay stub

9/15/98 Bought 40000 @ 65% - 26,000
 Interest 404
 Fee 4-

9/15/98 Bought 4000 @ 72 3/4% - 46,800
 Int. 930
 26,408

Miss 379363 AKO
 Total now 104,000

4/15/99 Bought 25000
 11.5% Senior Note

Miller & Schoder Financial, Inc.
 P.O. BOX 789 MINNEAPOLIS, MN 55408-0789
 TOLL FREE: MINNESOTA 1-800-368-5122 CALIFORNIA 1-800-548-9288

ISSUER	SYMBOL	ACCOUNT NO.	TYPE	ISSUANCE NO.	AMOUNT	CURR	TRM	PRICE	DATE	EXPIRES	COUPON
AUGUSTA		38028266	1	00048	0	2	1		09/15/98	09/17/98	CA01

SOCIAL SEC ID NO. 503-05-1655
 CONTRACT PART FOR CUSTOMER
 SPECIAL DELIVERY INSTRUCTIONS ADDRESS INFORMATION

FOR THE ACCOUNT OF:
 WANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 AMENDED 11/18/96
 1880 WESTLAKE PARKER DR
 LAKELAND
 FL 32805-4558

DUPLICATE

QUANT	SYMBOL	DESCRIPTION	PRICE	DATE	MATURITY
41100	279883AKB	GLOBALSTAR TELECOMMUNICATIONS SENIOR NOTES BOOK ENTRY CALLABLE 02/15/02 AT 105.690	11.3750	02/15/04	

NT ACRD 09/15/98 TO 09/17/98
 DATED: 08/15/97

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	GEN FEE	MISC
5.00	26000.00			404.24		4.00

YIELD TO MATURITY 22.988628%
 DUFF NR 26408.44

GSTRF

THANK YOU FOR LETTING US SERVE YOU. IF THE AMOUNT DUE OR SECURITY
 ARE NOT ALREADY IN YOUR ACCOUNT, THEY MUST BE RECEIVED IN OUR
 OFFICE ON OR BEFORE THE SETTLEMENT DATE.
 IF YOU HAVE ABOVE THAT ADDITIONAL CALL FEATURES MUST BE
 PROVIDED UPON REQUEST. COMPLETE INFORMATION IS
 PLEASE NOTIFY YOUR INVESTMENT BROKER OR WRITING OF ANY
 CHANGES IN YOUR INVESTMENT OBJECTIVES

NATIONAL ASSOCIATION OF SECURITY BROKERS, INC.
 Securities Investor Protection Corporation
 175 N. Wacker Drive
 Chicago, Illinois 60606
 P.O. BOX 709
 ANN ARBOR, MICHIGAN 48106-0709

TOLL FREE: MINNESOTA 1-800-328-4122 • CALIFORNIA 1-800-654-2288
 SPECIAL SERVICE
 ACCOUNT NO. 48026266
 TRADING UNIT 1
 SHARES 00125
 UNIT 2
 EXPIRES 09/29/98
 CASH 001 LY

WANDA POPE FELTON
 PO BOX 854
 LAKE JONALUEKA
 NC 28745

FOR THE ACCOUNT OF:
 WANDA POPE FELTON B/K/A WANDA B
 POPE THIS WANDA POPE FELTON B/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 AMENDED 11/16/85
 1310 WESTLAKE PARKER DR
 LAKELAND

YOU	QUANTITY	CUSTOMER	DESCRIPTION	PRICE	DATE	MAIORITY
POP	64000	379451	ALPHASPAR TELECOMMUNICATIONS	11.3750	02/15/84	
			SENIOR NOTES			
			CALLABLE 02/15/82 AT 109.000			

PRICE	YIELD	PRINCIPAL	INTEREST	COMMISSION	NET
72 3/4	9.580833%	46560.00	980.22		\$7,310.22

THANK YOU FOR LETTING US SERVE YOU. IF THE AMOUNT DUE TO YOU IS ALREADY IN YOUR ACCOUNT, THESE SECURITIES WILL BE DEPOSITED INTO YOUR ACCOUNT. IF YOU HAVE REQUESTED ADDITIONAL INFORMATION, WE WILL MAIL IT TO YOU. IF YOU HAVE REQUESTED ADDITIONAL INFORMATION, WE WILL MAIL IT TO YOU. IF YOU HAVE REQUESTED ADDITIONAL INFORMATION, WE WILL MAIL IT TO YOU.

SEE REVERSE SIDE FOR FULL DISCLOSURE OF RISKS, TERMS AND CONDITIONS.

*in Multi-Family
Sunrise Apts Proj. Ser. C to AMT
Callable 12/01/03 @ 102*

9/10, due 6/01/19

*Bought 10,000 @ 101.557 - 10,185.70
 10,150 -
 212.50
 4.00
 10,402.20
 10,366.50*

Crash 455 = 84 E 9

Wilder & Schroeder Financial, Inc.

MINNEAPOLIS, MN 55440-7339

TOLL FREE: MINNESOTA 1-800-228-1327 CALIFORNIA 1-800-442-8236

Member
National Association of Securities Dealers, Inc.
Securities Investor Protection Corporation

AGENT EXECUTIVE	ST ABOL	ACCT/INT NO.	TYPE	TRANS NO.	WKT	GRP	SESS	TRADE DATE	SETTLEMENT DATE	IF	A-20
AUGUSTA		38026266	1	00017	0	2		08/21/98	08/25/98	CA01	IR

SOCIAL SEC ID NO.
508-05-1655

WANDA POPE FELTON
POB 854
KE JUNALUSKA

NC 28745

FOR THE ACCOUNT OF:
WANDA POPE FELTON F/K/A WANDA B
POPE TRS WANDA POPE FELTON F/K/A
WANDA POPE REV LIV TR DTD 11/17/88
AMENDED 11/18/95
1330 WESTLAKE PARKER DR
LAKELAND
FL 33805-4553

DUPLICATE

QUANTITY	CUSIP # / FILE #	DESCRIPTION	DATE	MATURITY
10000	455284AE9	INDIANAPOLIS IN MULTI-FAMILY HSG REV BD SUNRISE APTS PROJ SER-C SUBJ TO AMT CALLABLE 12/01/03 AT 102.000	9.0000	06/01/19

ACRD 06/01/98 TO 08/25/98

DATED: 12/01/93

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SUB-PER	MISC
1.957	10185.70			212.50	4.00	10402.20

MR. S&P NR
PITCH NR
DUFF NR
CALLED TO 12/01/97
CALL AT 102.000

8.70000

ADDITIONAL CALL FEATURES, EXCEPT
OUR ARE NOT ALREADY IN YOUR ACCOUNT THEY MUST BE RECEIVED IN OUR
OFFICE ON OR BEFORE THE SETTLEMENT DATE.

IF THIS NOTE SHOWS THAT ADDITIONAL CALL FEATURES EXIST, THESE
ADDITIONAL CALL FEATURES MAY APPLY UNLESS COMPLETE INFORMATION WILL
BE PROVIDED UPON REQUEST.

PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL
CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS.

SEE REVERSE SIDE FOR EXPLANATION OF NOTES, TERMS AND CONDITIONS.

Jackson Co 110.000
 Multijam Hwy Rev Stonegate Meadows
 Apt. Proj. St. Sec A. Mandate

Callable 7/01/04 @ 10.2% ^{contingent}
 junk

1/02/99 Bought 30,000 @ 94.07 - 28,221
 Interest 1,073.00

Cash 46,736.94 27
 29,294.33

1/05/00 Bought 35,000 @ 88.735 - 31,057.25
 Int. 11,500.17

1/13/00 Now 65,000
 3,138.17

1/15/01 Now 70,000

8/24/01 - Recd 32,500 on default sold bond

Cost - 59,278.25
 Sale 32,500.00

Long Investments 26,778.25
 PA 11/06/01 9,638.59
 17,139.66

Total available
 29,074.33
 31,323.22
 60,430.25

11/03/00
 (9,638.59)

Now 10,294.46
 2,500.00
 9,794.46
 11,294.50
 21,089.00

WARRANTY USE CALLICORP FINANCIAL, INC.

P.O. BOX 788
MINNEAPOLIS, MN 55406-0788

TOLL FREE MINNESOTA 1-800-328-5122 • CALIFORNIA 1-800-542-6223

Member
National Association of Securities Dealers, Inc.
Securities Investor Protection Corporation

INVESTMENT	SYMBOL	ACCOUNT NO.	TYPE	CLASS	UNIT	SEC	SPC	TRADE DATE	SETTLEMENT DATE	IS	A-S-C
M AUGUSTA		38026268	I	00022	0	2	C	11/02/99	11/05/99	CAG1	1

S: 505-05-1651

WANDA POPE FELTON F/K/A WANDA B
POPE TRS WANDA POPE FELTON F/K/A
WANDA POPE REV LIV TR DTD 11/17/88
AMENDED 11/16/95
1830 WESTLAKE PARKER DR
LAKELAND FL 33805-4558

CURRENT YIELD = 7.44%

QUANTITY	CUSIP #/FILE #	DESCRIPTION	RATE	MATURITY
30000	467369AZ7	JACKSON CNTY MO INDL DEV ADTM MULTIFAM HSC REV STONEGATE MEA DOWS APT PROJ SR SER A CALLABLE 07/01/04 AT 102.000	7.0000	07/01/29

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC
24.07	2321.00			1073.33		29294.33

ADY NR S&P NR FITCH NR DUFF NR
YIELD TO MATURITY 7.500000%

ADDL CALL FEATURES: EXIST

THANK YOU FOR LETTING US SERVE YOU. IF THE AMOUNT DUE ON SECURITIES DUE AND NOT ALREADY IN YOUR ACCOUNT, THEY MUST BE RECEIVED IN OUR OFFICE ON OR BEFORE THE SETTLEMENT DATE.
IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST.
PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS.



Miller & Schroeder Financial, Inc.

P.O. Box 789, Minneapolis, Minnesota 55440-0789

WE ARE PLEASED TO CONFIRM THE FOLLOWING TRANSACTION

WANDA POPE FELTON F/K/A WANDA POPE TRS WANDA POPE FELTON F/K/A WANDA POPE REV LIV TR DTD 11/17/88 AMENDED 11/16/95 1001 CARPENTERS WAY #F320 LAKELAND FL 33809-3972

ACCOUNT NUMBER RI 27528 1 01 TAX IDENTIFICATION NO. ON FILE SYMBOL

Table with columns: YOU BOUGHT, TRADE DATE (01/05/00), PROCESS DATE (01/13/00), SETTLEMENT DATE (01/31/00), CUSIP NUMBER (467369AZ7), SECURITY NUMBER (B85Z86 DTC), FOF, QUANTITY (35000), DESCRIPTION (JACKSON CO MO IDA CLLTZD REV /R/ 7 DUE 070129 DTD 050199 C 102 070104 PC 070106 MAND SINK FND FC 010100), PRICE (88.7350000), YIELD (7.999), GROSS AMOUNT (31057.25), TOTAL QUANTITY (35000), GROSS AMOUNT (31057.25), COMMISSION/MARKET, INTEREST (204.17), STATE TAX, OTHER, TOTAL AMOUNT (31261.42)

Non Rated Security - see reverse side Next Call 07/01/04 @ \$102.0000

Capacity: Principal

Handwritten signature and date: Wanda Pope Felton 01/31/00

se retain this confirmation for tax purposes. agreement controlling this transaction and explanation symbols (C I) are printed on the reverse side. nents not received by the settlement date may be sub- c a late payment fee. Please notify us immediately is confirmation is not correct.

CALIFORNIA OFFICE CUSTOMERS Please mail your check to: MILLER & SCHROEDER FINANCIAL P O Box 946 SOLANA BEACH, CA 92075-0946

If required, checks must be made payable to: Miller & Schroeder Financial, Inc. Please mail your check to: MILLER & SCHROEDER FINANCIAL PO BOX 789 MINNEAPOLIS MN 55440-0789

ACCOUNT CARRIED BY CORRESPONDENT SERVICES CORPORATION (CSC)

ADDITIONAL SECURITY DESCRIPTION:

JACKSON CO MO IDA CLLTZD 7.000 070129 DTD 050199 REV /R/ RATE 07.000% MATURES 07/01/29 MULTI FAM HSG REV DATED 05/01/1999 REVENUE ANTICIPATION 07/01/2004 AT 102.00

REV /R/ JACKSON CO MO IDA CLLTZD MAND SINK FND JACKSON CNTY MO INDL DEV AUTH DUE 07/01/2029 7.00% INTEREST CALLABLE-NEXT PRICING CALL MANDATORY SINK UNRATED



Miller & Schroeder Financial, Inc.
 P.O. Box 789, Minneapolis, Minnesota 55440-0789

WE ARE PLEASED TO CONFIRM THE FOLLOWING TRANSACTION

WANDA POPE FELTON F/K/A WANDA
 POPE TRS WANDA POPE FELTON
 F/K/A WANDA POPE REV LIV TR
 DTD 11/17/88 AMENDED 11/16/95
 1001 CARPENTERS WAY #F320
 LAKELAND FL 33809-3972

ACCOUNT NUMBER 1412
RI 27928 1 01
TAX IDENTIFICATION NO. ON FILE
SYMBOL

YOU BOUGHT	TRADE DATE 01 05 00	PROCESS DATE 01 13 00	SETTLEMENT DATE 01 13 00	CUSIP NUMBER 467369AZ7	SECURITY NUMBER B85Z86 DTC	FOR INTERNAL USE ONLY AFLNT
QUANTITY 35000	DESCRIPTION JACKSON CO MO IDA CLLTZO REV /R/ YIELD 7 DUE 070129 DTD 050199 C 102 070104 PC 070106 MAND SINK FND FC 010100 CAL FEATURES EXIST WHICH MAY AFFECT YIELD-ADDITIONAL INFO ON REQUEST			PRICE 88.7350000	GROSS AMOUNT 31057 25	
TOTAL QUANTITY 35000	GROSS AMOUNT 31057 25	COMMISSION MARK**	INTEREST 81 67	STATE TAX	OTHER †	TOTAL AMOUNT 31138 92

Non Rated Security - see reverse side
 Next Call 07/01/04 @ \$102.0000

Capacity: Principal

Use retain this confirmation for tax purposes.
 agreement controlling this transaction and explanation
 re symbols (◇ †) are printed on the reverse side.
 payments not received by the settlement date may be sub-
 ject to a late payment fee. **Please notify us immediately
 if this confirmation is not correct.**

CALIFORNIA OFFICE CUSTOMERS
 Please mail your check to:
 MILLER & SCHROEDER FINANCIAL
 P O Box 946
 SOLANA BEACH, CA 92075-0946

If required, checks must be made payable to:
 Miller & Schroeder Financial, Inc.
 Please mail your check to:
 MILLER & SCHROEDER FINANCIAL
 PO BOX 789
 MINNEAPOLIS MN 55440-0789

ACCOUNT CARRIED BY CORRESPONDENT SERVICES CORPORATION [CSC]

ADDITIONAL SECURITY DESCRIPTION:

JACKSON CO MO IDA CLLTZO
 7.000 070129 DTD 050199
 REV /R/
 RATE 07.000% MATURES 07/01/29
 MULTI FAM HSG REV
 DATED 05/01/1999
 REVENUE ANTICIPATION
 07/01/2004 AT 102.00

REV /R/
 JACKSON CO MO IDA CLLTZO
 MAND SINK FND
 JACKSON CNTY MO INDL DEV AUTH
 DUE 07/01/2029
 7.00% INTEREST
 CALLABLE-NEXT PRICING CALL
 MANDATORY SINK UNRATED



Miller & Schroeder Financial, Inc.

P.O. Box 789 • Minneapolis, Minnesota 55440-0789

Account carried by Correspondent Services Corporation [CSC]

WE ARE PLEASED TO CONFIRM THE FOLLOWING TRANSACTION

WANDA POPE FELTON F/K/A WANDA POPE TRS WANDA POPE FELTON F/K/A WANDA POPE REV LIV TR DTD 11/17/88 AMENDED 11/16/95 1001 CARPENTERS WAY #F320 LAKELAND FL 33809-3972

ACCOUNT NUMBER TYPE
RI 27928 1 01
TAX IDENTIFICATION NO.
ON FILE
SYMBOL

YOU BOUGHT	TRADE DATE 01 05 00	PROCESS DATE 01 13 00	SETTLEMENT DATE 01 31 00	CUSIP NUMBER 467369AZ7	SECURITY NUMBER B85Z86 DTC	FOR INTERNAL USE ONLY AFLNT
QUANTITY 35000	DESCRIPTION JACKSON CO MO IDA CLLTZO REV /R/ 7 DUE 070129 DTD 050199 C 102 070104 PC 070106 MAND SINK FND FC 010100 CALL FEATURES EXIST WHICH MAY AFFECT YIELD-ADDITIONAL INFO ON REQUEST ***CANCELS PREVIOUS CONFIRMATION***			PRICE 88.7350000	GROSS AMOUNT 31057 25	
TOTAL QUANTITY 35000	GROSS AMOUNT 31057 25	COMMISSION/MARK	INTEREST 204 17	STATE TAX	OTHER	TOTAL AMOUNT 31261 42

Non Rated Security - see reverse side
Next Call 07/01/04 @ \$102.0000

Capacity: Principal

For your - records of 9/17 - Andrew Johnson

Please retain this confirmation for tax purposes. The agreement controlling this transaction and explanation of the symbols (<> #) are printed on the reverse side. Payments not received by the settlement date may be subject to a late payment fee. Please notify us immediately if this confirmation is not correct.

CALIFORNIA OFFICE CUSTOMERS
Please mail your check to:
MILLER & SCHROEDER FINANCIAL
P O Box 946
SOLANA BEACH, CA 92075-0946

If required, checks must be made payable to:
Miller & Schroeder Financial, Inc.
Please mail your check to:
MILLER & SCHROEDER FINANCIAL
PO BOX 789
MINNEAPOLIS MN 55440-0789

ACCOUNT CARRIED BY CORRESPONDENT SERVICES CORPORATION [CSC]

ADDITIONAL SECURITY DESCRIPTION:

JACKSON CO MO IDA CLLTZO
7.000 070129 DTD 050199
REV /R/
RATE 07.000% MATURES 07/01/29
MULTI FAM HSG REV
DATED 05/01/1999
REVENUE ANTICIPATION
07/01/2004 AT 102.00

REV /R/
JACKSON CO MO IDA CLLTZO
MAND SINK FND
JACKSON CNTY MO INDL DEV AUTH
DUE 07/01/2029
7.00% INTEREST
CALLABLE-NEXT PRICING CALL
MANDATORY SINK UNRATED

William H. ...
 ...
 ...

6/03/99 Bought 50000 @ par 50000.00
 - Curr. Int. 416.11
 467369.339 50416.11

6/09/99 Bought 25,000 @ par 25,000.00
 Int. 216.67
 25,216.67

Total cost
 Total now 75K Int. 75,000.00

5/24/01 - Rec'd 6,750 on defaulted, sold car

Paid to
 Bank America

cost 75,000 -
 sale 6,750 -
 Long Term Loss 68,250.00

Sold ...

50,000.00
 25,216.67
 75,216.67
 6,750.00

P.O. BOX 789
MINNEAPOLIS, MN 5540-0789

TOLL FREE: MINNESOTA 1-800-325-8122 • CALIFORNIA 1-800-542-6263

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	TYPE	TRANS NO.	BR	CRP	SPEC	TRADE DATE	TRADE DATE	TRADE DATE
AUGUSTA		38026256	1	07013	0	2	C	06/02/99	06/08/99	CAG1
SOCIAL SEC #/ID NO.		CONTRA PARTY OR CUSTOMER		SPECIAL DELIVERY INSTRUCTIONS / ADDITIONAL INFORMATION						

Member
National Association of Securities Dealers
S Securities Investor Protection Company

WANDA POPE FELTON
PO BOX 854
LAKE JUNGALUSHA
NC 28745

DUPLICATE
FOR THE ACCOUNT OF:
WANDA POPE FELTON F/K/A WANDA B
POPE TRS WANDA POPE FELTON F/K/A
WANDA POPE REV LIV TR DTD 11/17/88
AMENDED 11/16/95
1330 WESTLAKE PARKER DR.
LAKELAND
FL 33805-4553

QUANTITY	CUSIP #/FILE #	DESCRIPTION	RATE	MATURITY
51000	467369BB9	JACKSON CNTY MD INDL DEV AUTH MULTIFAM HSG REV STONEGATE MEA -DOWS APT PROJ SUB SR SER C CALLABLE 07/01/04 AT 102.000	8.0000	07/01/28
DATED: 05/01/99 FIRST: 01/01/00				

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC
100.00	50000.00			411.11		
NR S&P NR FITCH NR DUFF NR DIRECTION: ADDL CALL FEATURES EXIST 50411.11 FIELD TO 07/01/06 CALL AT 100.000 7.8883.88%						

REVISED FOR ACCOUNT NUMBER

THANK YOU FOR LETTING US SERVE YOU. IF THE AMOUNT DUE OR SECURITIES DUE ARE NOT ALREADY IN YOUR ACCOUNT, THEY MUST BE RECEIVED IN OUR OFFICE ON OR BEFORE THE SETTLEMENT DATE.
IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST.
PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL CHANGE IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS.

WELLS FARGO FINANCIAL, INC.

P.O. BOX 783
MINNEAPOLIS, MN 55440-0728

TOLL FREE: MINNESOTA 1-800-329-8122 • CALIFORNIA 1-800-542-8288

Member
National Association of Securities Dealers
Semi-Annual Investor Protection Corporation

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	INSTR	TRANS NO	MTY	AP	SECT	TRADE DATE	SETTLEMENT DATE	CA01
AVGUSTA		38026266	1	00063	0	2	C	06/09/99	06/10/99	CA01

SOCIAL SEC ID NO: 508-05-1655
CONTRA PARTY OR CUSTOMER
WANDA POPE FELTON
PO BOX 854
LAKE JUHALUSKA NC 28745

DUPLICATE
FOR THE ACCOUNT OF:
WANDA POPE FELTON F/K/A WANDA B
POPE TRS WANDA POPE FELTON F/K/A
WANDA POPE REV LIV TR DTD 11/17/88
AMENDED 11/16/95
1830 WESTLAKE PARKER DR
LAKELAND FL 32805-4553

QUANTIT	CUSIP # / FILE #	DESCRIPTION	DATE	MATURITY
20,000	467369BB9	JACKSON CNTY MO INDL DEV AUTH MULTIFAM HSG REV STONEGATE MRA -DOWNS APT PROJ SUB SR SEE C CALLABLE 07/01/04 AT 102.000	05/01/99 TO 08/10/99	07/01/29

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC
100.00	35000.00			216.67		

NR S&P NR PITCH NR DURE NR
YBLD TO 07/01/06 CALL AT 100.000 7.998471% ADDE CALL FEATURES EXIST

THANK YOU FOR LETTING US SERVE YOU. IF THE AMOUNT DUE OR SECURITIES DUE ARE NOT ALREADY IN YOUR ACCOUNT, THEY MUST BE RECEIVED IN OUR OFFICE ON OR BEFORE THE SETTLEMENT DATE.
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Mexico Beach FL Public Service Co
 Rev. Multi-Jurisdiction Non Profit
 Heritage House Sarasota 97A
 Callable 12/01/02 at 102

8 7/8, due 12/01/27

2/15/97 Bought 500,000.00 @ par 500,000.00
 Int. 2222.22

502,222.22

Cusip 59 283TAQ 3

Miller & Schroeder Financial, Inc.
 P.O. BOX 739 MINNEAPOLIS, MN 55404-0739 TOLL FREE: MINNESOTA 1-800-528-6122 • CALIFORNIA 1-800-442-8288
 Member National Association of Securities Dealers, Inc. Securities Investor Protection Corporation

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	TYPE	TRF. NO.	MTY	PER	SPES	TRADE DATE	EXPIRES	CA	SET
AUGUSTA		38028266	1	00056	O	2	1 E	12/15/97	01/05/98	CA01	II
CONTRA PARTY OR CUSTOMER											
SOCIAL SEC. ID. NO. 3: 508-05-1655											
SPECIAL DELIVERY INSTRUCTIONS / ADDITIONAL INFORMATION											

WANDA POPE FELTON F/K/A WANDA B
 POPE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 AMENDED 11/16/95
 PO BOX 90364
 LAUREL AND
 FL 33804-0364

YOU	QUANTITY	CUSIP #/FILE #	DESCRIPTION	DATE	PRICE	
NOT	500000	59283TAQ3	MEXICO BEACH FL PUB SVC PACS REV MULTI-JURISDICTION NON PROFIT HERITAGE HOUSE SARASOTA 97A CALLABLE 12/01/02 AT 102.000	12/01/27	8.0000	
NT ACRD 12/15/97 TO 01/05/98					DATED: 12/15/97	
					FIRST: 06/01/98	
PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC
00.00	500000.00			2222.22		
BY NR	SEP NR	PITCH NR	DUFF NR	APPLY CALL STRATEGY STRS	502222.22	
HELD TO 12/31/95	CALL AT 100.000		7.9978	PLEASE NOTE: YOUR INVESTMENT EXECUTIVE'S WRITING IS NOT LIMITED TO THE INFORMATION CONTAINED HEREIN. PLEASE REFER TO THE EXPLANATION OF NOTES, RISKS AND DISCLOSURES.		

Medico Beach FL Plu Sue Docs
 Reg. Multi-jurisdictional Non-
 Prof. Seminars Reg. No. 98A
 Expiring 12/01/03 Jan 02.
 7.5% due 12/01/98, std. 12/15/98

3187
 2/26/01/99

12/17/98 - Bought 85,000⁰⁰ @ par 85,000 -
 Int. 265⁰⁰
85,265⁰⁰

Emp 09283TBJS

1/04/99 Bought 15,000⁰⁰ @ par 15,000⁰⁰
 Int. 687⁵⁰
15,687⁵⁰

Plan 100,000⁰⁰ at total cost of 100,000⁰⁰

1/11/99 Bought 30,000⁰⁰ at par 30,000
 Int. 1013⁵⁰

Plan 130,000⁰⁰ at a total cost of 130,000⁰⁰

to be paid by

1/15/00 Annual T. Bill

Miller & Schroeder Financial, Inc.

P.O. BOX 789
MINNEAPOLIS, MN 55406-0789

TOLL FREE: MINNESOTA 1-800-339-5122 • CALIFORNIA 1-800-542-0326

Member:
National Association of Securities Dealers
Securities Investor Education Corporation

INVESTMENT	SYMBOL	ACCOUNT NO.	TYPE	TRANS NO.	INT	CAF	SEC	DATE	QUANTITY	PRICE	MARKET
W AUGUSTA		38026286	I	00027	0	2	C	01/11/99	01/14/99	CA01	UA

SPECIAL DELIVERY INSTRUMENT / ADDITIONAL INFORMATION

5: 500-05-1855

WANDA POPE FELTON F/K/A WANDA E
POPE TRS WANDA POPE FELTON F/K/A
WANDA POPE REV LIV TR DID 11/17/88
AMENDED 11/16/95
1330 WESTLAKE PARKER DR.
LAURELARD FL 33805-4553

QUANTITY	CUSIP #/FILE #	DESCRIPTION	DATE	MATURITY
30000	58283THJ8	MEXICO BEACH FL PUB SVC PACS REV MULTI JURISDICTIONAL NON PROF SEMINOLE PRJ SRS 98A	7.5000	12/01/28

INT ACRD 12/15/98 TO 01/14/99 CALLABLE 12/01/99 AT 102.000
DATED: 12/15/98
FIRST: 06/01/99

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	INTST
100.00	30000.00			181.25		
MR S&P ME	FITCH NR	DUFF NR				
YIELD TO 12/01/98	CALL AT 100.000					
						30181.25

ADDL CALL FEATURES EXIST

THANK YOU FOR LETTING US BE WE NOW IF THE AMOUNT DUE OR SECURED BY US IS NOT ALREADY IN YOUR ACCOUNT, THIS MUST BE RECEIVED IN OUR OFFICE BY 7:00 PM BEFORE THE SET-LEMENT DATE.
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SEE REVERSE SIDE FOR EXPLANATION OF NOTES, TERMS AND CONDITIONS.

Walter & Gutfreund Financial, Inc.

F.O.B. 604 789
MILWAUKEE, WI 53240 0189

TOLL FREE MICHIGAN 1-800-328-6182 - CALIFORNIA 1-800-328-6183

Member
National Association of Securities Dealers, Inc.
Securities Investor Protection Corporation

STOCK NO	38026286	1	00016	0	2	C	01/04/99	01/07/99	CA01	124
ACCOUNT NO	SPECIAL DELIVERY INSTRUCTIONS: NATIONAL ASSOCIATION									

WANDA POPE FELTON F/K/A WANDA B
POPE TRS WANDA POPE FELTON F/K/A
WANDA POPE REV LIV TR DTD 11/17/88
AMENDED 11/16/95
1336 WESTLAKE PARKER DR
LAKELAND

QUANTITY 15000
CUSIP #/FILE # FL 33805-4553
582837HJ8

MEXICO BEACH FL PUB SVC FACS
REV MULTI JURISDICTIONAL NON
PROF SEMINOLE PRJ SES 98A
CALLABLE 12/01/03 AT 102.000

DATE 12/01/98
SECURITY 7.5000
DATED: 12/15/98
FIRST: 06/01/99

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SPREAD	NETS
100.00	15000.00					
800 NR	FITCH NR	7.4979			68.75	
12/01/05	CALL AT 100.000					15068.75

APPROXIMATE YIELD: 6.81%
PLEASE REFER TO ENCL. FOR DETAILS.
IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE
ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL
BE PROVIDED UPON REQUEST.
PLEASE REFER YOUR INVESTMENT EXECUTIVE IN WRITING TO ANY MATTER
CHANGED BY YOUR INVESTMENT EXECUTIVE'S FINANCIAL STATUS.
SEE OTHER SIDE FOR ENCL. AND OTHERS, TERMS AND CONDITIONS

Miller & Schockley Financial, Inc.

1000-320-8122 CALIFORNIA 1-800-542-5200
 MINNEAPOLIS, MN 55402-0200

Member of Regulation S Securities Lender, Inc.
 Securities Investor Protection Corporation

ACCOUNT NO.	38026266	1	00016	0	2	E	12/17/98	12/30/98	CA01	13
CONTRACT PARTY OF CUSTOMER										

81 508-05-1655

APPLY SOLD BOND PROCEEDS

WANDA POPE FULTON P/K/A WANDA B
 S/OE TRS WANDA POPE FULTON P/K/A
 WANDA POPE REV LIV TR DTD 11/17/98
 ANNENED 11/16/98

1530 WESTLAKE PARKER DR
 JAYKELAN
 VI 31805-4353
 CUSIP #11617

QUANTITY 85000
 59282418

INT ACRD 12/15/98 TO 12/30/98
 CALLABLE 12/01/98 AT 102.000

DESCRIPTION
 MEXICO BEACH FL PUB SVC PACS
 REV MULTI JURISDICTIONAL NON
 PROF BIRMINGLE PNJ SSS 98A
 DATED: 12/15/98
 FIRST: 06/01/98

PRINCIPAL	COMMISSION	STAGE TAX	INTEREST	SETTLE	PRICE
100.00	55000.00		265.63		85265.63
MDY NES S&P MR	FITCH NR	DUFF MR			
YIELD TO 12/01/03	CALL AT 100.000	7.4992			

IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THE ADDITIONAL CALL FEATURES MAY AFFECT THE COMPLETE REDEMPTION OF THE SECURITY. PLEASE NOTIFY YOUR INVESTMENT BROKER IMMEDIATELY IN WRITING OF ANY KAFFER CHANGES IN YOUR INVESTMENT OR INVESTMENT STATUS. SEE REVERSE SIDE FOR EXPLANATIONS OF NOTES, TERMS AND CONDITIONS.

85,000 x .075 + 2 = 3127.50

Tarrant County Health Fac. Dev.
 Corp. Rev. St. Josephs Long Term
 Care Fac. Fort Worth TX SR5 97A
 Callable 05/04 @ 102.00

7/1/97
 10/3/97

8.50% due 5/01/27

5/07/97 Bought 100,000⁰⁰

Q par 100,000 -
 Interest 356.94
 100,356.94

Final 11/91

Cusip 87638LBN9

12/1/97

1/5/91

1/5/91

01/1/97

Miller & Schroeder Financial, Inc.
 P.O. BOX 786 MINNEAPOLIS, MN 55411-0786 TOLL FREE: MINNESOTA 1-800-329-6122 CALIFORNIA 1-800-542-8228
 National Association of Securities Dealers, Inc. Member
 Securities Investor Protection Corporation

INVESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	TYPE	TRF/ISS NO.	MKT	CAP	SPRD	TRADE DATE	EXPIRATION DATE	ISSUE	ASB
AUGUSTA		38026266	1	00076	0	2	1-E	05/07/97	05/28/97	GA01	TR

SOCIAL SEC ID NO: 508-05-1655
 CONTRA PARTY OR CUSTOMER
 WANDA POPE FELTON F/K/A WANDA B
 THE TRS WANDA POPE FELTON F/K/A
 WANDA POPE REV LIV TR DTD 11/17/88
 WENDEO 11/16/95
 P BOX 90304
 APPLAND FL 33604-0904

QUANTITY	CUSIP #/FILE #	DESCRIPTION	RATE	MATURITY
100000	87638LBN9	TARRANT CNTY HEALTH FAC DEV CORP REV ST JOSEPH LONG TERM CARE FAC FORT WORTH TX SR5 97A CALLABLE 05/01/04 AT 102.000	8.5000	05/01/27

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC
10.00	100000.00			305.94		

AT ACRD 05/15/97 TO 05/28/97
 DATED: 05/15/97
 FIRST: 12/01/97

THANK YOU FOR LETTING US SERVE YOU. IF THE AMOUNT DUE OR SECURITY ARE NOT ALREADY IN YOUR ACCOUNT, THEY MUST BE RECEIVED IN OUR OFFICE ON OR BEFORE THE SETTLEMENT DATE.
 IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, THESE ADDITIONAL CALL FEATURES MAY AFFECT YIELD. COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST.
 PLEASE NOTIFY YOUR INVESTMENT EXECUTIVE IN WRITING OF ANY MATERIAL CHANGES IN YOUR INVESTMENT OBJECTIVES OR FINANCIAL STATUS.
 SEE REVERSE SIDE FOR EXPLANATION OF NOTES, TERMS AND CONDITIONS.

Llano County, TX Health Dept Rev
 Corp Rev. Heritage Valley Gardens
 Brownsville, TX Series A
 Callable 3/01/04 @ 103.00

7.75%, due 3/01/99, Callable 3/01/04 @ 102.00

3/01/99 Bought 45,000 @ per 45,000
 Int 155

45,155

Cusip # 87638LFY1

Miller & Schroeder Financial, Inc.

P.O. BOX 789
 MINNEAPOLIS, MN 55415-0789

TOLL FREE: MINNESOTA 1-800-328-6122 • CALIFORNIA 1-800-542-3286

Member
 National Association of Securities Dealers, Inc.
 Securities Investor Protection Corporation

VESTMENT EXECUTIVE	SYMBOL	ACCOUNT NO.	TYPE	TRADE NO.	MKT	QTY	SPEC	TRADE DATE	ACQ DATE	ADJ DATE
AUGUSTA		38026288	1	00110	0	2	E	03/11/99	03/31/99	CA01 IE

SOCIAL SEC / ID NO.
 : 508-05-1655

CONTRA PARTY OR CUSTOMER

SPECIAL DELIVERY INSTRUCTIONS / ADDITIONAL INFORMATION

ANDA POPE PELTON F/K/A WANDA B
 OPE TRS WANDA POPE PELTON F/K/A
 ANDA POPE REV LIV TR DTD 11/17/88
 WENDED 11/16/85
 380 WESTLAKE PARKER DR
 AKELAND
 FL 33805-4553

APPLI CALLED BOND PROCEEDS

QUANTITY	CUSIP # / FILE #	DESCRIPTION	RATE	MATURITY
45000	87638LFY1	LARRANT CNTY TX HLTH PACS DEV CORP REV HERITAGE VLY GARDENS BROWNSVILLE TX SERIES A CALLABLE 03/01/04 AT 102.000	7.7500	03/01/23

BT ACRD 03/15/99 TO 03/31/99
 DATED: 03/15/99
 FIRST: 09/01/99

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	SEC FEE	MISC
91.80	45000.00			155.00		

ADDL CALL FEATURES EXIST
 7.748070%

THANK YOU FOR LETTING US SERVE YOU. IF YOU WOULD, ONE OR SEVERAL OF OUR
 NOT ALREADY IN YOUR ACCOUNT, THEY MUST BE RECEIVED IN OUR OFFICE 30
 BEFORE THE SETTLEMENT DATE.
 IF IT IS NOTED ABOVE THAT ADDITIONAL CALL FEATURES EXIST, YOU MAY
 FEATURES THAT AFFECT YOUR COMPLETE CALL FEATURES LIST.

Hickman, N.C.

Industrial Development Rev. (A)
Rated - Moody - B-2 Standard's Poor - B
1989 Issue

8 7/8% Due 11/01/14 - current yield 8.43%

7/18/00 Bought 35,000 @ 102 3/4 = 35,787.50
 Int = 1,182.34
 Fee = 46 -

Total 36,973.84

10/10/01 Drawn to Waterhouse
 Account 901304833



Miller & Schroeder Financial, Inc.

WE ARE PLEASED TO CONFIRM THE FOLLOWING TRANSACTION

COPY FOR ACCOUNT OF
 WANDA POPE FELTON F/K/A WANDA
 POPE TRS WANDA POPE FELTON
 F/K/A WANDA POPE REV LIV TR
 DTD 11/17/88 AMENDED 11/16/95
 PO BOX 854
 LAKE JUNALUSKA NC 28745-0854

ACCOUNT NUMBER	RI 27928 1 01
TAX IDENTIFICATION NO.	
SYMBOL	

YOU BOUGHT	TRADE DATE 09 20 00	PROCESS DATE 09 20 00	SETTLEMENT DATE 09 22 00	CUSIP NUMBER 948804AC3	SECURITY NUMBER	FOR INTERNAL USE ONLY
-------------------	------------------------	--------------------------	-----------------------------	---------------------------	-----------------	-----------------------

QUANTITY	DESCRIPTION	PRICE	GROSS AMOUNT			
35000	WEIRTON WV PLTN CTL REV REF WEIRTON STEEL PRJ/R/ 8.625 110114 DTD 110189 CALLABLE @ 102 102000 PC 110103 FC 050190 CALL FEATURES EXIST WHICH MAY AFFECT YIELD-ADDITIONAL INFO ON R DUPLICATE CONFIRMATION	102.2500000 5.109	35787 50			
TOTAL QUANTITY	GROSS AMOUNT	COMMISSION/MARK**	INTEREST	STATE TAX	OTHER †	TOTAL AMOUNT
35000	35787 50		1182 34		4 00	36973 84

Capacity: Principal

Please retain this confirmation for tax purposes. The agreement controlling this transaction and explanation of the symbols (◇ †) are printed on the reverse side. Payments not received by the settlement date may be subject to a late payment fee. **Please notify us immediately if this confirmation is not correct.**

CALIFORNIA OFFICE CUSTOMERS
 Please mail your check to:
 MILLER & SCHROEDER FINANCIAL
 P O Box 946
 SOLANA BEACH, CA 92075-0946

If required, checks must be made payable to:
 Miller & Schroeder Financial, Inc.
 Please mail your check to:

ACCOUNT CARRIED BY CORRESPONDENT SERVICES CORPORATION [CSC]

SEC RULE SETS PAYMENT TIME FRAME

In June 1995, the Securities and Exchange Commission (SEC) required that most U.S. Securities transactions be settled, or fully paid for, by the third business day after trade date (known as trade date plus three, or T+3 settlement). Previously, transactions had to be settled by the fifth business day after trade date.

It is your responsibility to make sure there is sufficient cash or borrowing power in your account to cover the cost of the transaction within three business days. If you ask us to sell securities that you hold yourself in certificate form, you will be required to deliver the securities in time to meet the T+3 deadline. Similarly, if we hold the securities, but they are registered in your name, you will have three days to obtain and complete the paperwork necessary to transfer ownership. If funds and/or securities are needed and are not already on deposit in your account federal regulations require that they be deposited by the settlement date.

COMPLYING WITH T+3

To comply with the three day settlement allow us to hold your securities in street name and keep enough cash in your account to accommodate your transaction needs. With an RMA, our central asset account, you can consolidate all your financial assets, including cash, in one place. If you would like more information please call your Investment Representative at the firm servicing your account.

Account Number RI 27928 01
 Your Investment Representative
 MARK AUGUSTA 800-542-6288
 612-376-1500



Miller & Schroeder Financial, Inc.
 P.O. Box 739 • Minneapolis, Minnesota 55408-0739
 Account carried by Correspondent Services Corporation [etc]

NCZU1239A

Earnings summary

Earnings below are classified as taxable or non-taxable based on the tax status for the specific security on which the earnings are received and does not attempt to reflect your account's tax status or reporting requirements. Use only official tax reporting documents (e.g. 1099) for tax reporting purposes. The classification of private investment distributions can only be determined by referring to the official year-end tax reporting document provided by the issuer.

	Current period		Year-to-date
Taxable			
Interest	\$ 5,916.39	\$ 5,923.27	\$ 5,923.27
Total taxable security earnings	\$ 5,916.39	\$ 5,923.27	\$ 5,923.27
Non-taxable			
Dividends/interest	\$ 1,064.36	\$ 21,587.96	\$ 21,587.96
Less accrued interest paid	.00	-81.67	-81.67
Prior month(s) adjustments	265.00		
Total non-taxable security earnings	\$ 1,329.36	\$ 21,506.29	\$ 21,506.29
Total current year security earnings	\$ 7,245.75	\$ 27,429.56	\$ 27,429.56
Net security earnings	\$ 7,245.75	\$ 27,429.56	\$ 27,429.56

Asset portfolio

When available, prices, income and current values may be approximate and thus gains/losses may not be accurately reflected. Details on back of page one. An asterisk (*) indicates a change in the original transaction data from the prior month or the display of new data input at your branch office. Gains/losses are not calculated for zero coupon investments.

Corporate bonds and notes

Prices are obtained from independent quotation bureaus that use computerized valuation formulas to calculate current values. Actual market values may vary and thus gains/losses may not be accurately reflected.

Coupon corporates

Original face value	Description	Price	Current value	Est. annual income	Trade date	Face value purchased	Purchase price	Cost basis	Unrealized Gain/Loss
104,000	GLOBALSTAR LP/CAPITAL SENIOR NOTES	60.750	63,180.00	11,830		104,000			
	RATE 11.375% MATURES 02/15/04			5.75					
25,000	GLOBALSTAR LP/CAPITAL SR NTS	57.750	14,437.50	2,875		25,000			
	RATE 11.500% MATURES 06/01/05								
129,000	Total		77,617.50	14,705					

Account Number RI 27928 01
 Your Investment Representative
 MARK AUGUSTA 800-542-6288
 612-376-1500



Miller & Schroeder Financial, Inc.
 P.O. Box 719 • Indianapolis, Indiana 46201-0719
 Account carried by Correspondent Services Corporation Inc.

1/22/00

Money funds	Description	Opening balance	Closing balance	Closing share price	Average yield	Dividend period	Days in period
	3MVA CAL MONEY FD	397.37	7,643.12	1.00	2.02%	01/20 - 02/18	28
	Total	\$ 397.37	\$ 7,643.12				

Municipal bonds and notes
 Prices are obtained from independent quotation bureaus that use computerized valuation formulas to calculate current values. Actual market values may be significantly different and their gains/losses may not be accurate.

Upper municipalities
 All basis for tax-exempt and AMT eligible Coupon Municipal securities has been automatically adjusted for estimated bond premium amortization to date.

Quantity	Description	Price	Current value	Est. annual income	Trade date	Face value	Purchase price	Cost basis	Unrealized Gain/Loss
25,900	WINTON CAL SAN DIST SPL TAX CMNTY DST#80-1 /TR PRE-REFUNDED	103.774	25,943.50	2,125		25,000			---This information was unavailable---
30,000	RATE 00.560% MATURES 09/20/05 PREREFUNDED 08/01/00 @ 102.00 SAN JOSE CALIF 1A/PT 9D ACT 1915 DST 83-1785J	106.406	31,921.80	3,130		30,000			---This information was unavailable---
75,000	RATE 10.800% MATURES 07/02/04 CALLABLE 07/02/00 @ 105.00 FONTANA CAL SPL TAX COMM FAC DIST 390-3 EMP/RE/R/ MAND SINK FND	79.000	59,250.00	8,281		75,000			---This information was unavailable---
70,000	RATE 08.375% MATURES 04/01/11 CALLABLE 04/01/01 @ 102.00 FONTANA CALIF SPL TAX CMNTY DST #90-3EM/RE/R/ MAND SINK FND	79.000	55,300.00	5,880		70,000			---This information was unavailable---
10,000	RATE 09.400% MATURES 04/01/15 CALLABLE 04/01/01 @ 102.00 INDIANAPOLIS IND MFH REV SUNSHIRE SR C B/E AM/TR/ MAND SINK FND	70.887	7,088.70	900		10,000			---This information was unavailable---
	RATE 09.000% MATURES 09/01/19 CALLABLE 12/01/03 @ 102.00								

Account Number RI 27928 01
 Your Investment Representative
 MARK AUGUSTA 800-542-6288
 612-376-1500


Miller & Schroeder Financial, Inc.
 P.O. Box 750 • Minneapolis, Minnesota 55400-0750
 Account earned by Correspondent Services Corporation, Inc.

NC2L1238

Coupon Municipals - continued
 Cost basis for tax exempt and AMT eligible Coupon Municipal securities has been automatically adjusted for estimated bond premium amortization to date.
 Total face value
 at maturity

Description	Price	Current value	Est. annual income	Trade date	Face value purchased	Purchase price	Cost basis	Unrealized Gain/Loss
325,000 FONTANA CALIF-SPL TAX CMNTY FAC DIST NO90-3/R/ MAND SINK FND	79,000	258,750.00	27,825		325,000			
---This information was unavailable---								
50,000 RATE 08.500% MATURES 04/01/21 CALLABLE 04/01/01 @ 102.00 EAST POINT GA HSG AUTH M/F REV COL REG PTNR /R/ MAND SINK FND	93,599	46,799.50	4,500		50,000			
---This information was unavailable---								
205,000 RATE 09.000% MATURES 03/01/23 CALLABLE 03/01/03 @ 102.00 EMERALD COAST FLA HSG II INC REV SER A /R/ MAND SINK FND	94,865	194,473.25	16,913		205,000			
---This information was unavailable---								
100,000 RATE 08.250% MATURES 07/01/26 CALLABLE 07/01/07 @ 103.00 TARRANT CO TEX HFDC REV SER A /R/ MAND SINK FND	73,000	73,000.00	8,500		100,000			
---This information was unavailable---								
500,000 RATE 08.500% MATURES 05/01/27 CALLABLE 05/01/04 @ 102.00 MEXICO BEACH FLA PUB SVC FACS REV REV /R/ MAND SINK FND	50,000	250,000.00	40,000		500,000			
---This information was unavailable---								
45,000 RATE 08.000% MATURES 12/01/27 CALLABLE 12/01/02 @ 102.00 BEECH GROVE IND ECON DEV REV /R/ MAND SINK FND	93,575	42,108.75	3,600		45,000			
---This information was unavailable---								
500,000 RATE 08.000% MATURES 01/01/28 CALLABLE 01/01/03 @ 102.00								

February 2000

Account Number RI 27928 01
Your Investment Representative
MARK AUGUSTA 800-542-6288
612-376-1500

Page 5 of 6



Miller & Schroeder Financial, Inc.
P.O. Box 789 • Minneapolis, Minnesota 55406-0789
Account carried by Correspondent Services Corporation [ret]

NCZL1236

Coupon municipalities - continued
Cost basis for tax-exempt and AMT eligible Coupon Municipal securities has been automatically adjusted for estimated bond premium amortization to date.
Total face value

Yield maturity	Description	Price	Current value	Est. annual income	Trade date	Face value purchased	Purchase price	Cost basis	Unrealized Gain/Loss
25,000	BEECH GROVE IND ECON DEV REV OID @ 97.5371 /R/ MAND SINK FND	92.864	23,218.00	1,750		25,000			
	RATE 07.000% MATURES 01/01/28 CALLABLE 01/01/03 @ 102.00								
60,000	BEXAR CO TEX HRC M/FM RV REV /R/ MAND SINK FND	93.447	56,068.20	4,800		60,000			
	RATE 08.000% MATURES 07/01/28 CALLABLE 07/01/03 @ 102.00								
130,000	MEXICO BEACH FLA PUB SVC FACS REV REV /R/ MAND SINK FND	88.000	114,400.00	9,750		130,000			
	RATE 07.500% MATURES 12/01/28 CALLABLE 12/01/03 @ 102.00								
45,000	TARRANT CO TEX HLTH FACS SER A REV /R/ MAND SINK FND	88.000	39,600.00	3,488		45,000			
	RATE 07.750% MATURES 03/01/29 CALLABLE 03/01/04 @ 102.00								
55,000	JACKSON CO MO IDA CLITZD REV /R/ MAND SINK FND	91.562	59,515.30	4,550		35,000	88.735	31,057	989
	RATE 07.000% MATURES 07/01/29 CALLABLE 07/01/04 @ 102.00					30,000			
75,000	JACKSON CO MO IDA CLITZD SER C REV /R/ MAND SINK FND	92.301	69,225.75	6,000		75,000			
	RATE 08.000% MATURES 07/01/29 CALLABLE 07/01/04 @ 102.00								
1,035,000	Total	\$	1,404,660.75	149,842					31,057

February 2000

Account Number R127928 01
Your Investment Representative
MARK AUGUSTA 800-542-6288
612-376-1500

Page 6 of 6



Miller & Schroeder Financial, Inc.
P.O. Box 789 • Minneapolis, Minnesota 55400-0789
Account carried by Correspondent Services Corporation, Inc.

NCZL13894

Monthly activity

Cash flow

Date	Activity	Description	Amount
1/31		Balance forward	\$.00
2/01	INTEREST	WINNITON CAL SAN DIST SPL TAX CMNTY DST#90-1 /R/ 8.5 080109 DTD 072591 CALLABLE PAID ON 25000	1,062.50
2/08	INTEREST	SAN JOSE CALIF IMPT BD ACT 1915 DST 83-176SJ 10.6 070204 DTD 061584 CALLABLE AS OF 01/01/00.	265.00
2/15	INTEREST	GLOBALSTAR LP/CAPITAL 11.375% 021504 DTD021997 FC081597 SENIOR NOTES PAID ON 104900	5,915.00

Security transactions

See Important information on the back of page one regarding the Price/Value presented for restricted securities.

Date	Activity	Description	Quantity	Price / Value	Amount
2/08	RECEIVE	SAN JOSE CALIF IMPT BD ACT 1915 DST 83-176SJ 10.6 070204 DTD 061584 CALLABLE AS OF 11/08/99	5,000.000	5,332.10	
		Securities transferred in or received		\$ 5,332.10	\$.00

Money fund transactions

See RMA CAL Money Fd is your primary sweep fund.

Date	Activity	Money fund	Amount
1/31		Opening RMA CAL Money Fd	\$ 397.37
2/02	BOUGHT	RMA CAL MONEY FUND	1,062.50
2/09	BOUGHT	RMA CAL MONEY FUND	265.00
2/16	BOUGHT	RMA CAL MONEY FUND	5,915.00
2/18	BOUGHT	RMA CAL MONEY FUND	1.86

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Chapter 7 Case

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

BKY Case Nos. 02-40284 to 02-40286

Jointly Administered

Debtors.

Brian F. Leonard, Trustee,

Plaintiff,

vs.

James E. Iverson,

Defendant.

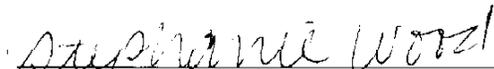
UNSWORN CERTIFICATE OF SERVICE

I, Stephanie Wood, declare under penalty of perjury that on the 28th day of April, 2004, I hand delivered a copy of the annexed *Plaintiff's Response to Defendants' Motions for Summary Judgment and Affidavit of Brian F. Leonard* on:

Joseph W. Lawver, Esq.
Messerli & Kramer
1800 Fifth Street Towers
150 South Fifth Street
Minneapolis, MN 55402

by handing to and leaving with the receptionist, enclosed in an envelope.

Dated: April 28, 2004


Stephanie Wood
100 South Fifth Street, Suite 2500
Minneapolis, MN 55402
(612) 332-1030