

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

<p>In re:</p> <p>SRC Holding Corporation, f/k/a Miller &amp; Schroeder, Inc., and its subsidiaries,</p> <p style="text-align: center;">Debtors.</p>	<p style="text-align: center;">Chapter 7 Case BKY Case Nos. 02-40284 to 02-40286 Jointly Administered</p>
<p>McIntosh County Bank, First State Bank Of Bigfork, Security First Bank Of North Dakota, Campbell County Bank, Inc., Security State Bank, Choice Financial Group, United Community Bank Of North Dakota, Community National Bank, Lake Country State Bank, Bank of Luxemburg, People State Bank Of Madison Lake, New Auburn Investment, Inc., Oregon Community Bank &amp; Trust, State Bank Of Park Rapids, Farmers State Bank, Citizens State Bank Of Roseau, First Independent Bank, First National Bank Of The North, Security State Bank Of Sebeka, Northstate, LLC, First American Bank &amp; Trust, First Federal Savings Bank Of The Midwest, North Country Bank &amp; Trust, Dacotah Bank – Valley City, First National Bank &amp; Trust Co. Of Williston, Ultima Bank Minnesota, Security Bank Usa, The Ramsey National Bank And Trust Co. Of Devils Lake, Mcville State Bank, Page State Bank, First National Bank Of The North, Brian F. Leonard, Trustee, and Marshall Investments Corporation, a Delaware Corporation,</p> <p style="text-align: center;">Plaintiffs,</p> <p>v.</p> <p>Dorsey &amp; Whitney LLP, a Minnesota Limited Liability Partnership,</p> <p style="text-align: center;">Defendant.</p>	<p style="text-align: center;">ADV Case No. 03-4291</p> <p style="text-align: center;"><b>AFFIDAVIT OF MARK A. JARBOE</b></p>

STATE OF MINNESOTA )  
 ) ss.  
COUNTY OF HENNEPIN )

MARK A. JARBOE, being first duly sworn on oath, states as follows:

1. I am an attorney duly licensed to practice law in the State of Minnesota. I am a partner with the law firm Dorsey & Whitney LLP ("Dorsey") and am the Chair of Dorsey's Indian and Gaming Law practice group. I have practiced law with Dorsey since 1976.

2. Sometime in or around November 1998, Steven Erickson from Miller & Schroeder Financial, Inc. ("Miller & Schroeder") contacted me to discuss two potential loans that Miller & Schroeder planned to make to President R.C. – St. Regis Management Company ("President") to assist President in financing the development, construction and operation of a casino in upstate New York owned by the St. Regis Mohawk Tribe ("Tribe").

3. Mr. Erickson told me that Miller & Schroeder wanted to retain Dorsey to structure and document the loan transaction to President (the "Transaction"). Mr. Erickson and I did not discuss whether Miller & Schroeder would sell any portion of the loans, called "participation interests," to other banks or financial institutions. I had no knowledge that any banks would eventually purchase participation interests in the loans.

4. At no time did Mr. Erickson, Mary Jo Brenden or anyone else at Miller & Schroeder tell me or any other Dorsey lawyer that Dorsey was being retained to represent the banks that would eventually purchase participation interests in the loans.

5. After my initial contacts with Miller & Schroeder personnel, I ran an internal conflict check to determine whether any conflicts existed to preclude Dorsey's representation of Miller & Schroeder in the Transaction. Consistent with my discussions with Miller & Schroeder personnel, Miller & Schroeder was identified in the conflict check as the client and President and

the Tribe were identified as adverse parties. The conflict check revealed no impediments to Dorsey's representation of Miller & Schroeder in the Transaction.

6. On or about November 23, 1998, I opened a new Miller & Schroeder matter for the Transaction. I was the billing and responsible attorney for the matter. As indicated by the "New Matter Form" that is prepared internally at Dorsey for each new matter, no participating bank was identified as a client. A copy of the New Matter Form is attached as **Exhibit A**.

7. Shortly after opening the new Miller & Schroeder matter, I asked Paula Rindels, then a partner in Dorsey's Public Finance practice group, if she would handle the Transaction for Miller & Schroeder. I asked Ms. Rindels to handle the loan transaction because she was available and had previously worked with Miller & Schroeder.

8. Ms. Rindels agreed and was the Dorsey attorney primarily responsible for handling the Transaction on behalf of Miller & Schroeder.

9. I was not advised by Miller & Schroeder or anyone else during the structuring and documentation of the loans that the banks who would eventually purchase participation interests in the two loans were the intended beneficiaries of Dorsey's representation of Miller & Schroeder or that the participating banks were actually Dorsey's clients. If I had been so advised, Dorsey would have had a conflict of interest that would have precluded it from representing, in the same Transaction, both Miller & Schroeder, the seller of the participation interests, and any of the participating banks in the Transaction, the purchasers of those interests.

10. From the time Dorsey was retained through the closing and funding of the loans, I did not know the identity of any of the participating banks.

11. I did not have any direct oral or written communications with any participating bank at any time during Dorsey's representation of Miller & Schroeder in the Transaction.

12. At all times during Dorsey's representation of Miller & Schroeder in the Transaction, I acted solely on behalf and for the benefit of Miller & Schroeder.

13. I never received any letter, memorandum, document or other communication from a participating bank in which the participating bank advised me or anyone else at Dorsey that it considered itself an intended beneficiary of Dorsey's representation of Miller & Schroeder.

14. No one at Miller & Schroeder ever instructed me to take any direction from any bank participant in connection with the Transaction.

15. Prior to the closing and funding of the loans, I did not send any letter, correspondence, memoranda, drafts of agreements or any other documents to any participating bank.

16. I did not sign any written agreement with any of the participating banks in which I agreed to provide legal advice or services to the participating banks. I am not aware of any Dorsey lawyer signing any such written agreement.

17. I did not sign any written retainer agreement or engagement letter with any of the participating banks. I am not aware of any Dorsey lawyer signing any written retainer agreement or engagement letter with any of the participating banks.

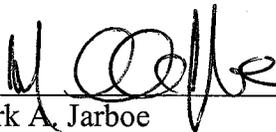
18. The participating banks did not expressly request, either orally or in writing, that Dorsey provide legal advice or services in connection with the Transaction.

19. Any bills that I prepared for Dorsey's services on behalf of Miller & Schroeder in connection with the Transaction were sent to Miller & Schroeder. I did not send a bill to any of the participating banks.

20. I did not participate in the preparation of, or have any knowledge of, any memorandum from Miller & Schroeder to the participating banks concerning the lack of NIGC approval prior to the closing and funding of the two loans.

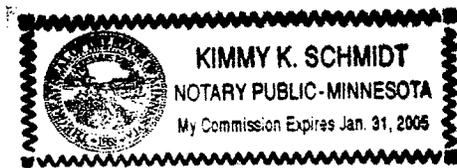
21. I did not have any part in drafting the participation agreement that Miller & Schroeder signed with each participating bank. It is my understanding that Miller & Schroeder drafted its own participation agreements. I did not review Miller & Schroeder's form participation agreement in connection with this Transaction.

FURTHER AFFIANT SAYETH NOT.

  
\_\_\_\_\_  
Mark A. Jarboe

Subscribed and sworn to before me  
this 25th day of May, 2004.

  
\_\_\_\_\_  
Notary Public



**NEW MATTER FORM**

65-05/05/98

RECEIVED NOV 24 AM 11:00 DORSEY & WHITNEY

**CONFIDENTIAL**

SEND TO:  
CONFLICTS (1) *OO*

Date Opened:  
*12/3/98*

Okay to publish matter and adverse parties on the New Matter List?  Yes  No

Use E-Mail Conflict Checking Form. All items below must be completed for new matters. Also complete: p.2 for new clients; p. 3 for litigation or contingent fee matters. Obtain required approvals. Questions? Call Michelle Johns at ext. 8843.

I. NEW MATTER DESCRIPTION		II. ATTORNEYS	
Client No. <b>189243</b>	Series Client Name <b>Miller &amp; Schroeder Financial, Inc.</b>	Billing Attorney <b>Mark A. Jarboe</b>	Billing No. <b>01436</b>
Matter No. <b>141</b>	Matter Title (label); Do not use "general" "personal" "misc." etc. (32 char. max.) <b>President R.C.-St. Regis Management Company</b>	Billing Attorney's Department <b>14 Indian &amp; Gaming</b>	Billing Attorney's Office <b>01 Minneapolis</b>
Matter Title (Bills and Reports) only 1st 25 chars. print on some reports <b>President R.C.- St. Regis Management Company</b>		Area of Law <b>Indian &amp; Gaming Law</b>	Code <b>143</b>
		Practice Group(s) <b>Indian &amp; Gaming La</b>	Group No(s) <b>60</b>
Amount Involved (\$)	Description of Work (Optional)	Responsible/Supervising Attorney <b>Mark A. Jarboe</b>	Billing No. <b>01436</b>

**III. PARTIES AND RELATIONSHIPS TO MATTER (attach list if needed)**

Use these relationship codes: CL (Client); ADV (adverse/potentially adverse); G.O.P. (co-party); Misc (other - explain relationship)

Code	Relationship	Code	Relationship
CL	Miller & Schroeder Financial, Inc.		
ADV	President R.C.-St. Regis Management Company		
ADV	St. Regis Mohawk Tribe		

**IV. CONFLICTS RESOLUTIONS attach conflict reports and any proposed waivers**

I have listed all known parties to this matter and

no potential conflicts identified or

all potential conflicts resolved (explanations on reports) or

conflicts unresolved; matter declined; enter Non-File Record

Conflict Check No(s) **107256**

Responsible Attorney Signature *[Signature]*

Date: *11/23/98*

**V. APPROVALS - SIGNATURES**

Billing Attorney *[Signature]* Date: *11/23/98*

Litigation Matter<sup>1</sup> - Backvold (14) Date:

Pro Bono Matter - Wiehoff-Kaufmann (14) Date:

Corporate Securities Offering<sup>4</sup> - Alt (20) Date:

Loss Prevention - Tinkham (16) Date:

Client 90+ days past due fees

Group Head - Route to Group Administrator

Contingent Fee<sup>2</sup>

Special Billing Rates/Arrangements<sup>3</sup>

Public Finance<sup>5</sup> - Gonnella (19) Date:

**VI. BILLING AND REFERRAL INFORMATION**

Bills to: **Miller & Schroeder Financial, Inc.**

Attn: **Mary Jo Brenden**

Title/Dept:

Address **220 S. Sixth Street**

City State ZIP **Minneapolis, MN 55402** Matter Phone No.: **612-376-1369**

Billing Matter if time billed to another matter  
N/A

Billing Matter No. N/A

Referred By

Memo Selection  
**Single**

Special Billing Rates/Instructions

Fee Type check applicable	Special Billing Rates <sup>3</sup>
<input checked="" type="checkbox"/> Hourly	<input type="checkbox"/> Premium + (S/%)
<input type="checkbox"/> Contingent	<input type="checkbox"/> Discounted - (S/%) <i>01</i>
<input type="checkbox"/> Fixed Fee	<input type="checkbox"/> Canon
<input type="checkbox"/> Capped Fee	<input checked="" type="checkbox"/> Regional @ Mpls. rate
<input type="checkbox"/> USB Bank Reimbursed*	<input type="checkbox"/> Regional @ Lower rate
<input type="checkbox"/> USB Client Reimbursed*	<input type="checkbox"/> HSM
<input type="checkbox"/> No Time or Disbursements	*PN
Estimated/Budgeted fees:	

**VII. FILING AND FILE TRANSFER INFORMATION**

Legal Spindle?  Yes  No

Send File to: **Responsible**

File Transferred from (if applicable)

Date Opened

# of Corres. Spindles

Responsible Attorney

<sup>1</sup> Attach Litigation Screening Form for actual or potential litigation.  
<sup>2</sup> Obtain sample engagement letter and Litigation Plan/Estimate from Group Administrator; attach Contingent Fee Form and Litigation Plan.  
<sup>3</sup> Approval required for fixed, capped, and discounted rates if estimated fees over \$15,000.  
<sup>4</sup> Approval required for public offerings (except bonds) and for private offerings of \$5,000,000+. Attach detailed description of representation. If bond, indicate at Description of Work whether general obligation (G.O.) or not and, when applicable, whether the bond sale will be public or negotiated.