

REQUEST FOR PROPOSAL

by the

STATE OF OHIO

OHIO BUREAU OF WORKERS' COMPENSATION

for

**EMERGING
INVESTMENT FUND MANAGERS
A: FIXED INCOME
B: COMMON STOCK
C: ALTERNATIVE INVESTMENTS**

**December 8, 1997
Bid # B98010**

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1.0 BACKGROUND AND NATURE OF PROJECT

1.1 Purpose of the Request for Proposals

BWC is interested in acquiring the services of Emerging Investment Fund Managers to exercise full investment discretion and to manage a portion of the assets of the funds under its control.

1.2 BWC Background

The Ohio workers' compensation system is the largest exclusive state fund system in the United States, with assets of \$18.6 billion and annual insurance premiums and assessments of \$2.3 billion. BWC exercises fiduciary authority with respect to the Ohio State Insurance Fund (OSIF). This fund is held for the benefit of the injured workers and employers of Ohio. It is from this fund that all claims for both medical and compensation for disability benefits are paid with the exception of self-insuring claims. Self-insuring employers have been granted the status of self-insurance by demonstrating the ability to meet certain obligations set forth in Ohio Revised Code §4123.35. Self-insuring employers administer their own workers' compensation claims and are monitored by BWC. Presently, BWC processes claims, pays compensation and medical benefits to injured workers and medical providers, and underwrites workers' compensation coverage for employers doing business in Ohio. BWC also offers safety training and accident prevention programs to employers and helps injured employees return to work through rehabilitation programs.

BWC Year End 1995 Statistics

BWC Assets	\$18.6 billion*
Benefits Paid	
Compensation Paid	\$1.1 billion
Medical Paid	<u>\$611 million</u>
Total	\$1.71 billion
Investments	
Investment Income	\$729 million
Gains and Losses on Sale of Investments	<u>\$306 million</u>
Total	\$1.03 billion
Premium & Assessment Income	
Premium Income	\$1.90 billion
Assessment Income	<u>\$397 million</u>
Total	\$2.30 billion

* Assets as of year end 1995 restated from original 1995 audited financial statements

1.3 BWC Investments Program Background

In accordance with the Ohio Revised Code Section 4123.44, the Administrator seeks to retain the services of Emerging Investment Fund Managers to manage the investment of the surplus and reserve belonging to the Ohio State Insurance Fund. In addition to the Ohio State Insurance Fund, there are five other funds which are managed internally by BWC, namely the Black Lung Fund, the Disabled Workers' Relief Fund, the Marine Industry Fund, the Public Workers' Relief Fund, and the Self-Insured Guaranty Fund.

BWC is changing its investment structure. In order to fully understand the changes anticipated, vendors must read Appendix A: Statement of Investment Policy and Guidelines.

1.4 Scope Of Services

Proposals are hereby solicited for Emerging Investment Fund Managers in multiple disciplines. Emerging Investment Fund Managers will have no more than \$500 million in total assets. The Emerging Investment Fund Manager will have been a going business concern for at least two years. If the firm itself has not been in operation for at least two years, the principals of the firm and the professionals managing the assets will have been managing assets using a similar investment style for a reasonably material period of time.

Those Emerging Investment Fund Managers that best fit BWC investment objectives, have competitive performance records, and best demonstrate the capacity, strategy, and activity mix shall be recommended to be placed on a list of Approved Emerging Investment Fund Managers. Depending on the amount of funds available for investment in individual asset sectors, and each Approved Investment Fund Manager's capacity as measured by its current asset base for a particular discipline, contracts may be awarded to several vendors. Consideration will also be given to Ohio vendors. The highest-scoring vendors that are not initially selected for a contract shall remain on the list of Approved Emerging Investment Fund Managers. If the performance of any selected Emerging Investment Fund Manager falls below expectations (see Sections VI and VII of Appendix A: Statement of Investment Policy and Guidelines), or other considerations support termination of a contract, a replacement Emerging Investment Fund Manager will be selected from the list of Approved Emerging Investment Fund Managers. When the list becomes depleted or when it no longer supports adequate selection options for one or more asset sectors, a Request For Proposals shall be issued for Emerging Investment Fund Managers for the particular sectors needed.

BWC reserves the right to negotiate a fee with selected vendors. In no event shall the negotiated fee exceed the amount stated in the proposal.

The Emerging Investment Fund Managers' duties, criteria, and objectives are identified in Section II (C) and Sections IV, V, VI, VII and VIII of Appendix A: Statement of Investment Policy and Guidelines.

2.0 CALENDAR OF EVENTS AND RFP COMMUNICATIONS

2.1 Calendar of Events

The following timeframes have been established for completing this proposal process:

RFP Issued:	December 8, 1997
Proposals Due/Opening:	2:00 PM, January 6, 1998
Submission of Questions via Fax until	Close of Business, December 19, 1997

2.2 Proposal Submissions; Changes and Costs Not Reimbursable

It is essential that vendors carefully review all elements in their final proposals. Once opened, proposals cannot be altered. BWC shall not be liable for any costs incurred in responding to this RFP, including the costs of proposal preparation and any travel relating to this RFP.

2.3 Communications Prior to RFP Opening

BWC will accept questions regarding the RFP through 4:45 p.m. on Friday, December 19, 1997. Questions received after this date and time will not be answered. Questions that arise during proposal development must be sent by fax. Please call (614) 752-8058 and leave your name, your company name and telephone number and the time when you faxed your question.

- ♦ FAX: (614) 466-0818 - Attn.: Robert Cowman

All questions received will be answered through a voicemail system. Vendors will have the opportunity to access answers to their questions, as well as those asked by other vendors. To hear answers to submitted questions, vendors shall dial (614) 466-5310. The voicemail line is accessible 24 hours/day. To the best of BWC's ability, all inquiries will receive a response on this voicemail line within two working days. Depending on the extent of voicemail use and volume of questions/answers on the system, old BWC responses may be deleted from the system every Friday at 12:00 p.m. in order to maintain sufficient room on the system for newer questions/answers.

No response by BWC officially modifies the RFP in any way except by written addendum issued by BWC.

2.4 Communication Restrictions

From the release of the RFP until vendors are selected and contracts are executed, vendors shall not communicate with any BWC staff or staff of BWC's agents (e.g., contractors, etc.) or the BWC Oversight Commission concerning the RFP, except by using the methods described in Section 2.3. Vendors that attempt any unauthorized communications will be disqualified.

BWC reserves the right to contact vendors after receipt of proposals for clarification of any items within the proposal. Nothing in this section shall prohibit BWC from requesting presentations in accordance with Section 6.2 of this RFP.

2.5 Changes To The Request For Proposals By BWC

BWC may amend specific sections of this RFP at any time prior to the opening date as stated in section 2.3. If the BWC alters the requirements of the RFP, the BWC will furnish all amendments to all vendors who have requested an RFP. Should BWC issue an addendum to this RFP, the submission deadline may be extended for all prospective vendors, if appropriate, to accommodate changes in proposal content.

2.6 Proposal Submission

Four complete and signed copies (See Section 5.0) of each proposal shall be submitted for evaluation. A proposal is comprised of all items listed in Section 5.0. Vendor submissions shall be clearly marked on the outside of the package with the following two items:

- 1) "BWC EMERGING INVESTMENT FUND MANAGERS RFP-BID # B98010"
a listing of which asset sector(s) the proposal covers, i.e., A: Fixed Income, B: Common Stock C: Alternative Investment

Proposals must be received by 2:00 PM on January 6, 1998. **Proposals delivered after the deadline will not be accepted.** Proposals will be opened at 2:00 PM on January 6, 1998, at 30 West Spring Street, Columbus, Ohio 43215, Level 3, Training room E.

Vendors mailing proposals shall allow for normal mailing time to ensure timely receipt of their materials. Submit complete copies of the proposal to the following address:

Ohio Bureau of Workers' Compensation
Purchasing Department
30 West Spring Street L27
Columbus OH 43215-2256

3.0 GENERAL REQUIREMENTS

3.1 Contract

The contract consists of this RFP and any written addenda issued by BWC, the response, and the executed agreement for services.

3.2 Headings

The headings used in this RFP are for convenience only and shall not affect the interpretation of any of the terms and conditions hereof.

3.3 Related Contracts

After award of the contract, the vendor shall not hire or use subcontractors without prior written approval from BWC. All work subcontracted shall be at the expense of the vendor.

3.4 Conflicts of Interest

No personnel of the vendor, who exercises any functions or responsibilities in connection with the review or approval of the undertaking or carrying out of any work under this RFP and any resulting contract, shall prior to the completion of said work, voluntarily acquire any personal interest, direct or indirect, which is incompatible, or in conflict with the discharge and fulfillment of such person's functions and responsibilities with respect to the work under this RFP and any resulting contract.

Any such person who acquires an incompatible or conflicting personal interest, prior to, on or after the effective date of any resulting contract, or who involuntarily acquires any such incompatible or conflicting personal interest, shall immediately disclose his or her interest to BWC in writing. Thereafter, such person shall not participate in any action affecting the work under this contract, unless BWC shall determine that in the light of the personal interest disclosed, such person's participation in any such action would not be contrary to the public interest.

3.5 Time Of Performance

The contract shall be binding upon both parties upon receipt by the vendor of a copy of a fully executed agreement and compliance with any and all conditions precedent.

3.6 The Resulting Contract

By submitting a response, the vendor acknowledges that it has read this RFP, understands it, and agrees to be bound by its requirements, terms, and conditions, and further agrees that the contract, as defined herein, is the complete and exclusive statement of the contract between the parties and supersedes all responses, oral or written, and all other communications between the parties relating to the subject matter of the contract. The contract, unless otherwise provided herein, can only be modified in writing signed by the vendor and BWC. BWC reserves the right to disqualify any responses which take exception to or limit the rights of BWC under the RFP, and the resulting contract.

4.0 TERMS AND CONDITIONS

4.1 Procedures for Securities Transfer.

Once a contract is awarded to the successful vendor procedures for the transfer of securities and cash to and from the designated Investment Account shall be set forth in a directive letter from the BWC prior to any transfer. The successful Emerging Investment Manager agrees to follow these procedures.

4.2 Allocation of Brokerage.

Trading directions shall be submitted by the approved Emerging Investment Fund Managers to the Administrator and Chief Investment Officer who shall supervise and control the execution of all trading by Approved Brokers, provided however, if necessary to accomplish cost effective trading, the Administrator shall have the discretion to permit an approved Emerging Investment Fund Manager to cause the execution of the purchase or sale provided such purchase or sale is executed by an Approved Broker that is not affiliated with such approved Emerging Investment Fund Manager.

4.3 Proxies.

The BWC will vote all proxies for the successful Investment Managers unless the Emerging Investment Fund Manager is permitted by the Administrator to vote proxies.

4.4 Reports.

The successful Investment Manager will be required to submit to the BWC monthly and quarterly reports concerning the status of the Investment Account and all other reports as may be customary or reasonably requested by the BWC.

4.5 Fees for Investment Management Services.

The compensation of the successful Emerging Fund Investment Manager for its services are to be calculated and paid quarterly in arrears by the BWC.

4.6 Confidentiality

By submitting a proposal the vendor acknowledges the proprietary and confidential nature of BWC data. The selected vendor shall be required to protect the confidentiality of all BWC data and source code and shall not reproduce, disclose or make use of any BWC data or source code without the express permission of BWC. The vendor and its employees shall also be required to honor copyright requirements for software products licensed to BWC.

4.7 Vendor's Liability

The selected vendor's entire liability and BWC's remedies for claims it may have related to or arising out of the contract for any cause and regardless of the form of action, whether in contract or in tort, shall be as set forth in the contract, including all legal and equitable remedies. In addition to the selected vendor's liability and BWC's remedies established in the contract, BWC shall retain such other and further rights and remedies as are available to it at law or in equity. Furthermore, the selected vendor acknowledges the technical requirements set forth in section 4.0 of this RFP and hereby agrees to indemnify BWC for any and all damages sustained as a result of either the damage to or loss, disclosure or unauthorized use of BWC data or source code or copyrighted materials by the selected vendor.

4.8 Governing Law - Severability

The validity, construction and performance of the contract and the legal relations among the parties to the contract, shall be governed by and construed in accordance with the laws of the State of Ohio. If any provision of the contract or the application of any such provision shall be held by a court of competent jurisdiction to be contrary to law, the remaining provisions of the contract shall remain in full force and effect. The parties agree to submit irrevocably to the jurisdiction of Ohio courts.

4.9 Default By The Vendor

BWC declares and the vendor acknowledges that a default shall occur in the event the vendor does not perform in accordance with the performance measures identified in the Statement of Investment Policy and Guidelines, or under-performs when compared to comparable managers in the particular sector and BWC may terminate the contract. BWC declares and the vendor acknowledges that a default shall occur in the event there is a change in the firm structure, including a change in the investment focus or a material change in personnel, and BWC may terminate the contract. BWC declares and the vendor acknowledges that a default shall occur in the event the vendor becomes subject to regulatory or legal proceedings which BWC judges to be injurious to BWC or to its fiduciary duties, and BWC may terminate the contract.

4.10 No Additional Waiver Implied

If the vendor fails to perform an obligation or obligations under the contract or otherwise is in default and thereafter such failure or default is waived by BWC, such waiver shall be limited to the particular failure or default so waived and shall not be deemed to waive other failure or default hereunder. Waiver by BWC shall not be effective unless it is in writing.

4.11 Publicity

Any use or reference to this RFP by the vendor to promote, solicit, or disseminate information regarding the scope of the contract is prohibited, unless otherwise agreed to in writing by BWC. BWC agrees to be used as a reference by the vendor in other State of Ohio competitive bidding situations.

4.12 Conditions Precedent

It is expressly understood by the parties any resulting contract is not binding on BWC until such time as all necessary funds are made available and forthcoming from the appropriate state agencies, and when required, such expenditure of funds is approved by BWC.

4.13 Equal Employment Opportunity

In carrying out the contract, the successful vendor shall not discriminate against any employee or applicant for employment because of race, religion, national origin, color, sex, sexual orientation, age, handicap, Vietnam-era veteran status, or disability. The vendor shall ensure that applicants are hired, and that employees are treated during employment without regard to their race, religion, national origin, color, sex, sexual orientation, age, handicap, Vietnam-era veteran status, or disability. Such action shall include, but not be limited to the following: Employment, Upgrading, Demotion, or Transfer; Recruitment or Recruitment Advertising; Layoff or Termination; Rates of Pay or other forms of Compensation; and Selection for Training including Apprenticeship.

The successful vendor agrees to post in conspicuous places, available to employees and applicants for employment, notices stating that the vendor complies with all applicable federal and state non-discrimination laws. The vendor shall, in all solicitations or advertisements for employees placed by or on behalf of the vendor, state that all qualified applicants shall receive consideration for employment without regard to race, religion, color, sex, national origin, sexual orientation, Vietnam-era veteran status, handicap, age, or disability. The vendor shall incorporate the foregoing requirements of this paragraph in all of its contracts for any of the work prescribed herein (other than subcontracts for standard commercial supplies or raw materials), and shall require all of its subcontractors for any part of such work to incorporate such requirements in all subcontracts for such work.

4.14 Compliance With The Law

The vendor agrees to comply with all applicable federal, state, and local laws in the conduct of the work hereunder. The vendor accepts full responsibility for payment of all taxes and insurance including workers' compensation insurance premiums, unemployment compensation insurance premiums, all income tax deductions, social security deductions, and any and all other taxes or payroll deductions required for all employees engaged by the vendor in the performance of the work authorized by this contract. BWC does not agree to pay any taxes.

4.15 Assignment

Neither the contract nor any rights, duties, or obligations described therein shall be assigned by either party hereto without the prior, express, written consent of the other party.

4.16 Cancellation of Contract

Either party may cancel the contract upon written notice delivered to the other party thirty (30) days prior to the effective time of termination.

4.17 Drug-Free Workplace

The vendor agrees to comply with all applicable state and federal laws regarding a drug-free workplace. The vendor shall make a good faith effort to ensure that all of the vendor's employees, if working on state property, will not purchase, use or possess illegal drugs or alcohol or abuse prescription drugs in any way.

4.18 Public Records

All materials submitted to and accepted by BWC in response to this RFP shall become the property of BWC and will be retained by BWC in accordance with Ohio law, including the provisions of the Public Records Act, the Ohio Records Retention Act and state purchasing provisions. BWC shall have sole discretion in determining whether any part of vendors' proposals contain information which is excepted from Ohio Public Records law.

4.19 Termination

If for any reason the selected vendor should fail to fulfill its obligations under the contract in a timely and professional manner, or if the selected vendor should violate any of the covenants, agreements, or stipulations of the contract or applicable Ohio statutes, BWC shall have the right to terminate the contract by giving thirty (30) days written notice to the selected vendor of such termination by Certified U.S. Mail; except that failure to maintain professional liability coverage, comprehensive general liability coverage, or Ohio workers' compensation coverage will allow BWC to immediately terminate any agreement made pursuant to this RFP. If BWC's representative observes any infraction(s), such shall be documented and conveyed to the selected vendor for immediate correction. If the selected vendor fails to rectify the problem(s), the Division of Investments shall notify BWC's Purchasing/Accounts Payable and Law Departments to help resolve the incident(s). Continued failure on the selected vendor's part to comply with the terms and conditions of the ensuing contract may result in the immediate removal of the selected vendor from the contract by BWC, or result in the accrual of liquidated damages. In the event that BWC executes its right to terminate the contract, the selected vendor shall not be relieved of any liability for damages sustained by BWC by virtue of any breach by the selected vendor, and BWC may withhold any payment due to the selected vendor, whether the payment is due to the selected vendor under the contract or otherwise, for the purpose of set off until such time as damages to BWC are determined.

If by reason of force majeure BWC is unable in whole or in part to act in accordance with the Contract, BWC shall not be deemed in default during the continuance of such inability. The term "force majeure" as used in the Agreement awarded to the successful Emerging Manager shall mean without limitation: acts of God, strikes, lockout, or other industrial disturbances, acts of public enemies, insurrection, riots, epidemics, lightning, earthquakes, fire, storms, floods, washouts, droughts, arrests, restraint of

government and people, civil disturbances, and explosions. BWC shall, however, remedy with all reasonable dispatch such cause preventing it from carrying out its obligation(s) contained herein.

Unless terminating because of an unremedied breach by BWC, the vendor may terminate without cause with 90 days notice.

4.20 Food and Beverage

Investment Manager will be responsible for providing necessary food and beverages at or associated with training or information sessions provided or conducted by the Investment Manager with the Oversight Commission or staff held outside of Columbus, Ohio.

4.21 Year 2000 Compliance

The successful Emerging Investment Fund Managers will be required to guarantee that all services provided under this Agreement will be "year 2000 compliant" meaning that all services are designed to operate without regard to the turning of the century and that any process involved in these services which involves dates will operate in a manner that takes into account dates occurring before and after the turning of the century and that any process involved in these services creates, processes and stores dates in a format that accurately reflects whether the date is before or after the year 2000.

When chosen, the successful Emerging Investment Fund Managers will be required to show proof of compliance. Proof of compliance shall be sent to the BWC in writing and shall indicate the date of implementation and describe in detail the upgraded software used in managing the funds and any necessary upgrades to the firewalls and operating systems.

5.0 PROPOSAL FORMAT

These instructions describe the required format for vendors' proposals. The proposal submitted shall follow the same format as described below. All pages shall be sequentially numbered.

All materials submitted in response to this RFP shall become the property of BWC and may be returned only at BWC's option. In the event that confidential or proprietary information is sent as part of a proposal, please enclose in a separately marked envelope. Vendors shall submit four (4) identical copies of their proposal to the address identified in Section 2.6 of this RFP.

Each copy shall contain the following documents:

- Cover Letter/Executive Summary which includes firm size
- Appendix B Request for Information
- Proof of License
- Proof of Insurance
- Affirmative Action Policy and Profile
- Written Non-Discrimination Policy
- Personnel Profile/Resumes

5.1 Cover Letter/Executive Summary

The cover letter/executive summary shall be in the form of standard business letter and shall be signed by an individual authorized to legally bind the vendor. The cover letter/executive summary shall provide the name and telephone number of a contact person with authority to answer questions regarding the proposal. The letter shall also include the name and telephone number of a contact to be notified regarding contractual issues. The vendor shall state that the Statement of Investment Policy and Guidelines (Appendix A) has been read. The vendor shall clearly indicate understanding of BWC objectives and the scope of services under this RFP.

The cover letter/executive summary shall state the proposer's fee. It is expected that the fee will be paid quarterly in arrears upon submission of an invoice and review by BWC. Any expenses which may be incurred by BWC not included in this fee shall also be disclosed. BWC reserves the right to negotiate a fee that is lower than the proposer's stated fee.

5.2 Appendix B Request for Information

Parts I, II and/or III of Appendix B must be completed in its entirety and submitted.

5.3 Proof of License/References

The proposal shall include proof that the vendor is a bank, an insurance company, an investment management company or an investment adviser as defined by the Investment Advisers Act of 1940. In the event that a vendor submitting a proposal is not a bank, insurance company, investment management company or investment adviser as defined by the Investment Advisers Act of 1940, the bid will not automatically be deemed nonresponsive or nonresponsible but rather will be weighted equally against all proposals and on its individual merits. Three (3) references are requested in lieu of proof of licensure. References should consist of the submitting vendor's three largest clients. Client names, addresses, phone numbers and contact persons must be submitted as part of the references in addition to a brief summary of the work performed for each client.

5.4 Proof of Insurance

The vendor shall provide proof (a copy of a current certificate) that the vendor is covered by workers' compensation insurance. The vendor shall also provide proof of employer's liability and/or vendor's insurance.

5.5 Affirmative Action Policy and Profile

The vendor shall submit information detailing its Affirmative Action Policy. This information should include the total number of employees and: (1) the percentage of the total who are women, and (2) the percentage of the total who are Black, Hispanic, Oriental, or American Indian. Information submitted should also include the number of employees located in Ohio offices and: (1) the percentage of the total who are women, and (2) the percentage of the total who are Black, Hispanic, Oriental, or American Indian.

5.6 Non-Discrimination Policy

The vendor shall submit with its response a copy of its written non-discrimination policy, including compliance with the Americans with Disabilities Act.

5.7 Personnel Profile for Investment Management Team

The vendor shall furnish information regarding the composition of the management team which will administer BWC assets, if it is chosen as a successful vendor. Resumes of the individual members of the management team will be reviewed for experience. Additional information submitted MUST include the individual member's credentials, current position within the organization, and respective position in the investment management team if chosen as a successful vendor.

6.0 EVALUATION OF RESPONSES

BWC will evaluate each response on the above items in phases as described below. Any deviation or omission from preceding instructions shall be grounds for rejection of the response. BWC reserves the right to reject any and all responses received in response to this Request for Proposal. BWC may waive minor defects which are not material when no prejudice will result to the rights of other vendors, the public, or BWC. BWC shall not pay for information or services solicited or provided prior to entering into a contract with a selected vendor.

6.1 Responsive and Responsible

A vendor's proposal shall be responsive when a vendor's response fulfills a particular requirement of the RFP in all material respects and contains no irregularities or deviations from the requirement. A

vendor shall be non-responsive when a vendor's response fails to fulfill a particular requirement of the RFP in any material respect or contains an irregularity or deviation from the requirement.

A vendor shall be responsible when a vendor's response demonstrates the vendor's ability to successfully carry out the requirements of the RFP. The factors that BWC may consider in determining whether a vendor is responsible include the experience of the vendor, its financial condition, its conduct and performance on previous contracts, its facilities, its management skills, and its ability to execute the contract properly.

6.2 Evaluation Phases

This process will proceed in two phases. Phase One will entail the review and confirmation of the mandatory technical, format, and content requirements of the RFP. If a vendor is non-responsive to any of the requirements in Phase One, that vendor's proposal shall be rejected. All responsive proposals shall be considered during Phase Two.

Phase Two will consist of evaluating the proposals using the following methodology. First, the proposed products (as well as their sponsoring firms) will be ranked quantitatively using the following criteria:

PERFORMANCE:

The products' relative and risk-adjusted performance will be scored, as well as any risk measures that may be relevant to the given discipline.

ORGANIZATIONAL STRENGTH:

This scoring will be based on the strength of the individual members of the firm's management team. All submitting vendors should furnish resumes and the mandatory additional information concerning credentials, current position within the organization and the respective position for each member of the management team if chosen as a successful vendor, as stated in section 5.7. Additionally, as mentioned in section 1.4, Scope of Service, the size of the firm will also be examined to ensure that a submitting vendor has the investment capability of handling the size and type of accounts required by this RFP and does not exceed the maximum assets under management as permitted in this RFP, section 1.4. In the event that the investment firm is not a bank, insurance company, an investment management company or an investment advisor as defined by the Investment Advisers Act of 1940, as noted in section 5.3, please submit three (3) references for existing clients and summaries of the work performed by each individual who will be responsible for managing assets for the Bureau.

FEES:

Fees will be scored on a relative basis.

Once the scoring has been run, the candidates will be evaluated for closeness of fit with BWC's objectives by factors including, but not limited to the following:

- Investment Process
- Organizational Stability
- Professional Turnover
- Public Fund Experience
- Designation as an Ohio-qualified firm by BWC's criteria
- Personnel Profile/Resume

The highest scoring qualified vendors in each of the investment categories will be recommended for inclusion on the Emerging Investment Fund Manager Approved List for approval by the BWC Oversight Commission. From the list accepted by the BWC Oversight Commission, some Emerging Investment Fund Managers may be invited to make a personal presentation to BWC staff and/or investment consultant. Several Emerging Investment Fund Managers may be offered contracts. The selections shall conform to procedures delineated in the BWC's Statement of Investment Policy and Guidelines. Nothing herein shall restrict BWC or its Oversight Commission from revising its Investment Policy and Guidelines in accordance with the prudent exercise of its fiduciary duty to the beneficiaries of the funds so administered.

Exhibit 1

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APPENDIX A
(INSERT INVESTMENT POLICY w/ Statute)

APPENDIX B
(INSERT REQUEST FOR INFORMATION)

Bureau of Workers' Compensation
 Bid Opening Log and Auditor's Certification

Bid Number: B98010
 Description: Emerging Investment Managers
 Opening Date: 1/6/98
 Opening Time: 2:00

	Bidder Name	Date	Time	Timely?	Bid / NonBid
	Oak Ridge Investments	1/5/98	11:50	Y	✓ 1
2H-F	Opus Capital management	1/5/98	11:50	Y	✓ 1
F	Rutland Smiley Asset Mgmt.	1/6/98	8:04	Y	✓ 1
	Rampart Investment Mgmt.	1/6/98	8:04	Y	✓ 1
-Dist	Gratry + Co.	1/6/98	8:04	Y	✓ 1
2H	Mead, Adam + Co. Inc.	1/6/98	10:53	Y	✓ 1
H	R. Meeder + Assoc.	1/6/98	10:51	Y	✓ 1
	Mitchell + Henry Inc	1/6/98	12:39	Y	✓ 1
4-6+	Atlantic Asset Advisors	1/6/98	1:17	Y	✓ 1
	Charter Financial Group	12/30/97	1:11	Y	✓ 1
	Piedra Capital Ltd.	1/5/98	9:36	Y	✓ 1
H-	Bartlett + Co.	1/6/98	9:14	Y	✓ 1
H-	Shaker Investments	1/6/98	11:30	Y	✓ 1
win	W.R. Lazard Asset	1/6/98	11:30	Y	✓ 1
win	Abacus Financial Group Inc.	1/6/98	11:29	Y	✓ 1
F	Llama Asset Mgmt. Co.	1/6/98	11:29	Y	✓ 1
win	Pugh Capital Mgmt.	1/6/98	12:39	Y	✓ 1
	Evergreen Capital Mgmt.	1/5/98	9:36	Y	✓ 1
no	Sector Capital Mgmt.	1/5/98	9:36	Y	✓ 1
	SMCCapital Inc.	1/5/98	9:36	Y	✓ 1
	Mastholm Asset Mgmt.	1/5/98	9:36	Y	✓ 1

I hereby certify that the above referenced bids were properly sealed, opened, and read publicly in accordance with Section 125.10, O.R.C.

[Signature] 1/6/98
 Representative, Auditor of State

21
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Bureau of Workers' Compensation
 Bid Opening Log and Auditor's Certification

Bid Number: B 98010
 Description: Emerging Investment Managers
 Opening Date: 1/6/98
 Opening Time: 2:00

	Bidder Name	Date	Time	Timely?	Bid / NonBid
	The Empowerment Partnership ^{Fund.}	1/6/98	9:44	Y	✓ 1 2
	Salus Capital mgmt.	1/6/98	9:48	Y	✓ 1
M-F	Fortaleza Asset mgmt.	1/6/98	9:48	Y	✓ 1
M	Rittenhouse Advisors	1/6/98	9:48	Y	✓ 1
M-F	Columbia Partners	1/6/98	9:48	Y	✓ 1
	Rampart Investment mgmt.	1/6/98	9:47	Y	✓ 1
OH	Spero Smith Investment Advisors	1/6/98	9:47	Y	✓ 1
NY	Schroder Mortgage Assoc.	1/6/98	9:47	Y	✓ 1
	Trias Capital mgmt.	1/2/98	12:17	Y	✓ 1
	Reiser Assoc. Inc.	1/2/98	12:15	Y	✓ 1
Y	Hourglass Capital mgmt.	1/2/98	12:17	Y	✓ 1
	Rockwood Capital Advisors	1/5/98	11:36	Y	✓ 1
	Constitution Research + Mgmt.	1/2/98	9:43	Y	✓ 1
M	Daedalus Capital	12/31/97	2:41	Y	✓ 1
OH	Vintage Coins + Cards	12/31/97	11:49	Y	✓ 1
Indor	Castlerock Capital mgmt.	1/5/98	9:36	Y	✓ 1
	New Century Invest. Mgmt	1/2/98	12:17	Y	✓ 1
	Timberland Investment	1/6/98	10:23	Y	✓ 1
	Farrell-Wako Global Invest.	1/6/98	9:43	Y	✓ 1
OH	The BancStock Group Inc.	1/5/98	4:10	Y	✓ 1
M-F	Smith Whiteley & Co.	1/5/98	9:41	Y	✓ 1

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[Signature] 1/6/98
 Representative, Auditor of State

21

Bureau of Workers' Compensation
 Bid Opening Log and Auditor's Certification

Bid Number: B98010
 Description: Emerging Investment Managers
 Opening Date: 1/6/98
 Opening Time: 2:00

	Bidder Name	Date	Time	Timely?	Bid / NonBid
WJ	Tanaka Capital mgmt.	1/6/98	9:43	Y	✓ 1
	Ungelzang + Assoc.	1/6/98	9:43	Y	✓ 1
SH	Renaissance Investment mgmt.	1/5/98	11:50	Y	✓ 1
H	Brantley Venture Partners	1/5/98	9:35	Y	✓ 1
H	Renaissance Investment mgmt.	1/6/98	9:44	Y	✓ 1
	Sterling Johnston Capital mgmt.	1/2/98	10:24	Y	✓ 1
	Sage Advisory Services Ltd	1/6/98	9:44	Y	✓ 1
F	Zevenbergen Capital Inc.	1/6/98	9:43	Y	✓ 1
	Cardinal Capital Mgmt.	1/5/98	8:13	Y	✓ 1
	JMC Capital mgmt.	1/5/98	1:01	Y	✓ 1
	Calport Asset Mgmt.	1/6/98	9:43	Y	✓ 1
	North Central Trust Co.	1/6/98	10:05	Y	✓ 1
	Marque Millennium	12/24/97	1:37	Y	✓ 1
F	Danson + Newhar	12/31/97	1:47	Y	✓ 1
H	Reed Financial Services Inc	1/6/98	10:49	Y	✓ 1
SH	Forstmann Leff	1/6/98	9:53	Y	✓ 1
	Cavanaugh Capital mgmt.	1/6/98	9:53	Y	✓ 1
	Pacholder Associates Inc.	1/6/98	9:53	Y	✓ 1
WJ	Greystone Capital mgmt.	1/6/98	9:53	Y	✓ 1
MIN	V.A. Reid + Assoc.	1/6/98	9:53	Y	✓ 1
	Matthews International	1/6/98	9:44	Y	✓ 1

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[Signature] 1/6/98
 Representative, Auditor of State

21

Bureau of Workers' Compensation
 Bid Opening Log and Auditor's Certification

Bid Number: B 98010
 Description: Emerging Investment Managers
 Opening Date: 1/6/98
 Opening Time: 2:00

	Bidder Name	Date	Time	Timely?	Bid / NonBid
	Ryan Financial mgmt.	1/5/98	9:42	Y	✓ 1
	IMG	1/5/98	9:36	Y	✓ 1
X-F	The Ruppert Harrington Financial	1/6/98	8:04	Y	✓ 1
	Thorsell Parker Partners	1/6/98	8:04	Y	✓ 1
	ZPR Investment mgmt.	1/5/98	4:01	Y	✓ 1
	Meridian Investment mgmt.	1/6/98	9:44	Y	✓ 1
	Carroll & CO. Capital mgmt.	1/6/98	10:05	Y	✓ 1
	CL Capital mgmt. Inc.	1/6/98	9:44	Y	✓ 1
	Great Northern Capital	1/6/98	10:05	Y	✓ 1 ✓
	Kamco (Keeley Asset mgmt)	1/6/98	10:05	Y	✓ 1
M	GW Capital Inc.	1/6/98	10:05	Y	✓ 1
M	Quadra Capital Partners	1/6/98	10:05	Y	✓ 1
H *	Mentor Investment Group	1/6/98	10:05	Y	✓ 1
	Colony Capital mgmt.	1/6/98	9:43	Y	✓ 1
	Pzena Investment mgmt.	1/5/98	9:36	Y	✓ 1
	Penn Capital mgmt.	1/6/98	9:48	Y	✓ 1
2nd	Vogelzang + Assoc.	1/6/98	9:43	Y	✓ 1
F	Palladium Capital mgmt.	1/6/98	9:48	Y	✓ 1
1st	Pacholter Assoc.	1/6/98	9:53	Y	✓ 1
	QED Investments LLC	1/6/98	9:45	Y	✓ 1
	Cole Financial Group	1/6/98	9:45	Y	✓ 1

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[Signature] 1/6/98
 Representative, Auditor of State

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Bureau of Workers' Compensation
 Bid Opening Log and Auditor's Certification

Bid Number: RS 310
 Description: Emerging Investment Managers
 Opening Date: 1/6/98
 Opening Time: 2:00

	Bidder Name	Date	Time	Timely?	Bid / NonBid
	Highland Investment Group	1/5/98	9:36	Y	✓ 1
	Millennia (Boston)	1/5/98	9:36	Y	✓ 1
24	Dean Investment Assoc.	12/22/97	11:11	Y	✓ 1
24	Carnegie Capital Asset Mgmt.	1/5/98	9:36	Y	✓ 1
24	AFA Financial Investment	12/31/97	9:59	Y	✓ 1
24	The Ohio Company	1/6/98	1:15	Y	✓ 1
24	JIR	1/6/98	2:00	Y	✓ 1
24	Gries Financial Corp.	12/29 1/5/98	9:41	Y	✓ 1
	Hutchens Investment mgmt.	12/29/97	12:22	Y	1
	Schwendiman Partners	12/31/97	9:59	Y	✓ 1
24	New Amsterdam Partners	12/31/97	10:08	Y	✓ 1
24	Windham Capital mgmt.	12/30/97	12:11	Y	✓ 1
24	Great Northern Capital	12/30/97	10:20	Y	✓ 1
	Jacobs Asset mgmt.	12/31/97	10:08	Y	✓ 1
24	Broad Street Asset mgmt.	12/23/97	1:16	Y	✓ 1
	HCM	12/26/97	3:52	Y	✓ 1
24	Homestead Capital	1/6/98	2:20	N	2/1 ✓
	First Company	12/29/97	10:45	Y	✓ 1
M	Cypress Asset mgmt.	12/22/97	11:56	Y	✓ 1
	Campbell Newman Pottinger	1/2/98	9:40	Y	✓ 1
M	Cordillera Asset mgmt.	1/6/98	8:04	Y	✓ 1

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[Signature] 1/6/98
 Representative, Auditor of State

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WORKERS' COMPENSATION OVERSIGHT COMMISSION**MINUTES OF THE MEETING****MONDAY, MARCH 23, 1998****10:00 A.M.****CINCINNATI CONVENTION CENTER****FIFTH AND ELM STREETS****CINCINNATI, OHIO 45202**

Members Present: Neal Schultz, Chairman
George Forbes
Thomas Bainbridge, Jr.
William Burga
Senator Gary Suhadolnik
Representative David Hartley

Member Absent: Rachel Longaberger
Senator Alan Zaleski
Representative Richard Hodges

ROLL CALL

Mr. Schultz called the meeting to order and the roll call was taken.

MINUTES OF FEBRUARY 11, 1998

Mr. Burga moved that the minutes of the meeting of February 11, 1998, be adopted. Mr. Bainbridge seconded and the motion was approved by unanimous voice vote.

CHAIRMAN'S COMMENTS

Mr. Schultz stated that he was pleased to be in Cincinnati for the All Ohio Safety Congress and Exhibit. Members of the Oversight Commission introduced themselves to those in attendance.

ADMINISTRATOR'S COMMENTS

James Conrad, BWC Administrator, thanked those attending for traveling to Cincinnati and attending the 68th Annual Safety Congress. He stated that he was impressed with the number of exhibitors present and the demand for safety classes.

This meeting also marks the first anniversary of managed care in Ohio under the Health Partnership Program (HPP) and the Quality Health Plan (QHP). In January, the Managed Care Organizations (MCOs) met in Dayton to suggest changes they want to see in the system. A select number of BWC employees met during the week of March 16 to review these ideas. Stakeholders will meet later in March to provide their recommendations. This week, there will be regional meetings at hospitals to discuss billing problems. Other providers will meet in late May.

Open enrollment for HPP will occur during April and May. An additional tool for regulating compliance will be placing an MCO "at capacity" when it is not meeting the standards. This means, the MCO can no longer enroll new employers until it corrects its deficiencies. Employers are also prohibited from choosing an MCO. The MCO selection guide being distributed today to the Oversight Commission and to the public contains a report card to the public. It is also being mailed today to members of the General Assembly and employers.

Mr. Burga asked when would the stakeholders be meeting. John Romig, Assistant to the Administrator, announced that the stakeholders would meet on April 23 and 24. Mr. Burga asked was the survey of 12,000 injured workers made at random? Mr. Conrad replied that the survey was done at random and the statistical validity was verified by an outside consulting firm. The survey includes both lost time claims and those with medical only claims. Mr. Bainbridge asked if the survey applied to old and new injuries. Mr. Conrad replied that it applied only to those on or after March 1, 1997.

RULES FOR INTRODUCTION: INVESTMENTS

Robert Cowman, Chief Investment Officer, brought proposals concerning investments of the State Insurance Fund. The emerging managers firms are the last of those to be approved by the Oversight Commission. Emerging firms are those which are less established and have less than \$500 million in assets. BWC uses the same method in evaluating these applicants as it did for other managers, except that selection was done by BWC staff because no consultants had the necessary expertise to review the applications. The Requests for Proposal (RFP) responses were received in January. Forty-one firms were interviewed and those selected for final approval are contained on the list provided today to the Oversight Commission. Eleven firms are Ohio-based; ten are owned by women; and ten are minority-owned.

Mr. Bainbridge asked how many applicants were there. Mr. Cowman replied that there were 104 responses to the RFP. Mr. Bainbridge also asked if BWC had given approval to all forty-one interviewees. Mr. Cowman replied that the Administrator would select between twenty and twenty-five finalists. Mr. Conrad added that the distributed list has a recommended dollar allocation per firm.

Mr. Schultz asked if there were any particular problems in selection of firms. Mr. Cowman replied that there were three applicants which were Ohio firms with more than \$500 million in assets and were not considered "emergent" because they were long-established. Nevertheless, they met other guidelines.

Mr. Forbes moved that the Oversight Commission adopt Resolution 98-03. The Commission consents to adding these three management firms to the list of the emerging managers to be considered today for approval by the Oversight Commission. Mr. Burga seconded and the resolution was adopted by unanimous roll call vote.

Mr. Bainbridge moved the Oversight Commission adopt Resolution 98-04 on the investment policy. The resolution consents to the approved list of emerging investment managers as amended by earlier Resolution 98-03. Mr. Forbes seconded and the resolution was approved by unanimous roll call vote.

Mr. Cowman continued with the report concerning the approved brokers. BWC investment policy had originally prescribed that 60% of brokers be Ohio firms and 10% be minority firms. Thirty percent of the transactions could be conducted by brokers chosen at the discretion of the managers. However, it has proven too cumbersome to use an approved list for manager-chosen brokers because the managers are allowed wide latitude.

Mr. Forbes stated that this problem was the subject of much discussion in drafting the investment policy. All manager applicants were aware of the rules from the time of application and should not be permitted to revise those rules to use brokers from their "old-boy network." Mr. Cowman replied that BWC was not proposing a change in the percentage with which managers must comply. Mr. Conrad added that since these brokers could be out-of-state, BWC would not know and would have no concern about who made up the managers' 30%. However, monitoring those brokers would add more burdens to the BWC Investments Department than it should undertake.

Mr. Schultz stated that this issue had been very extensively discussed with BWC management. The Oversight Commission and BWC intend to make an example of any manager who deviates from the standards of the investment policy.

Mr. Bainbridge asked how hard would it be to enforce these standards. Mr. Cowman replied that all transactions involving the State Insurance Fund are reviewed daily by BWC staff.

Mr. Burga stated that approval of today's resolutions should also require further revision of the investment policy. John Annarino, Chief Legal Officer, replied that no further amendment of the policy is necessary.

Mr. Burga moved that the Oversight Commission adopt Resolution 98-05. The Oversight Commission hereby amends the investment policy so it need only approve the list of Ohio and minority brokers, but not manager-chosen brokers. Mr. Forbes seconded and the motion was approved by unanimous roll call vote.

Mr. Cowman continued with the report concerning revisions to the approved broker list. The information here adds four brokers to the approved list of Ohio brokers. Five firms are also added to the minority list. Another firm is removed from the minority list because two principals of the firm have left and the remaining owner is not a minority. There has also been elimination of a non-Ohio minority. Mr. Bainbridge asked what was the total amount for Ohio managers. Mr.

Cowman replied that it had increased from about twenty-five to thirty. Minority firms had been increased from about twenty to twenty-five. Managers may choose any broker to meet the 60%/10% goals.

Mr. Forbes moved that the Oversight Commission approve Resolution 98-06. The resolution approves the revised brokers list presented today to the Oversight Commission. Mr. Schultz seconded and the resolution was approved by unanimous roll call vote.

RULES FOR SECOND CONSIDERATION: RULE REVIEW PROJECT

Tom Sico, BWC Attorney, provided a report on Administrative Code rule revisions. House Bill 473 requires agencies to review their rules every five years. Forty-eight of BWC's Safety and Hygiene rules were submitted unchanged to the Joint Committee on Agency Rule Review (JCARR) and they were approved at its February meeting. Of the remaining rules, BWC has amended four of them to eliminate references to the Industrial Commission. Twenty-three of the other rules have been amended to eliminate conflicts with the Occupational Safety and Health Administration (OSHA) requirements.

The rules were filed in December and there was a hearing held at BWC in January. Two or three individuals testified at the hearing and requested more time for review. However, none of those testifying have provided any response on their concerns. Accordingly, the rules are submitted today for consent by the Oversight Commission and will proceed to JCARR for approval at its May meeting. Mr. Burga stated Tom Bell, AFL-CIO counsel, is retiring and would not be responding. He recommended that the Oversight Commission proceed with consideration.

Senator Gary Suhadolnik asked if this legislation was not similar to the executive order from Governor George Voinovich to reduce agency rules by 5%. Mr. Sico stated that the legislation and the executive order have the same concept: they require agencies to review the rules with the purpose of reducing their amount and updating their provisions.

Mr. Bainbridge moved that Resolution 98-07 in which the Oversight Commission consents to submitting the twenty-seven amended Administrative Code rules to JCARR for approval. Mr. Burga seconded and the resolution was adopted by unanimous roll call vote.

NEW BUSINESS: SERVICE OFFICE CUSTOMER IMPACT

Steve Dyer, Bill Bailey, and Steve Witterstaeter, Cincinnati Area Service Office Managers, provided a report on changes in customer service at their offices. Mr. Dyer, manager of the Fairfield Office, first reported on four programs he conducts. There is a monthly exchange of information between BWC and the MCOs. The Fairfield Office conducts metropolitan leadership meetings whereby BWC supervisors and managers of the three offices meet to ensure consistency in policies. Coordination is also obtained by meetings between BWC and the Industrial Commission. Finally, meetings are held with the claimants bar. Other internal initiatives include the Claims Board, made up of hearing officers, Law Section attorneys, and managers from Safety and Hygiene and Rehabilitation. This supplements the daily meetings of

the service office teams. Fairfield also conducts training institutes on such issues as subrogation and lump-sum settlements. Finally, Fairfield is a site for the pilot imaging project.

With respect to employers, initiatives include visits to the employer's places of business and counseling on programs such as Drug-Free Workplace. There are seminars conducted for injured workers and new managers of service companies.

Senator Suhadolnik asked what kinds of employers are identified for site visits. Mr. Dyer replied that these are based upon the consensus of BWC teams and are need-determined. The employers with a high number of claims and with claims appropriate for settlement meet these criteria. Mr. Forbes asked if any of these initiatives are conducted by other BWC service offices. Mr. Conrad replied that they are, generally, if the office is in a metropolitan area such as Cincinnati or Cleveland.

Mr. Bainbridge asked how does an injured worker get invited to a seminar. Mr. Dyer replied that these are open to individuals with new claims and newly granted temporary total disability benefits. The seminars focus upon rehabilitation. Injured workers are contacted by phone and letter, with about ten individuals attending per month. The responsibility for the seminar rotates between claims teams.

Mr. Conrad added that Cincinnati leads the state among regions in providing these services. Columbus region stopped injured worker seminars because of low attendance. However, the appointment of John Fish as overall supervisor of the service offices should give impetus to more widespread utilization.

Mr. Bailey continued with a report on his service office at Governor's Hill. In addition to the initiatives and programs provided in the Fairfield Office, Governor's Hill includes a preferred rehabilitation network. This brings together rehabilitation providers from Springfield, Fairfield, Dayton, and Cincinnati. Another program surveys employers on the effectiveness of MCO service and training of MCOs on coverage. Governor's Hill is one of the first service offices to use an index system. This attempts to match Ohio claims with similar claims in other states by social security account number, name, address, etc. This initiative assists in the detection of fraud and identification of claims for subrogation.

Mr. Witterstaeter continued the report, with some further details on the Cincinnati Service Office. In addition to serving several Ohio counties, it serves injured workers living in Northern Kentucky. Other programs not previously discussed include the injured worker job search assistance. This provides help in writing resumes and looking for work. Another program is the nurse liaison program, whereby nurses provide training and assistance to MCOs.

Mr. Witterstaeter reported that he began working for BWC in 1971 as a field auditor for the Risk Department. At the time, he was chiefly concerned with auditing payroll and getting appropriate payment of premiums. Today, he evaluates a wide spectrum of employer problems to enhance safety and management. On the claims side, BWC merely paid bills in 1971. It now utilizes managed care. In a recent visit to about five employer sites, he was surprised to find that all were positive about how well the system was working.

Mr. Forbes asked if a Kentucky resident would be eligible for Ohio workers' compensation. Mr. Witterstaeter replied that this sometimes occurs, and each injury must be evaluated on a case-by-case basis for eligibility.

Mr. Schultz asked how widely available was injured worker job assistance. Mr. Witterstaeter replied that it is available at all service offices.

Mr. Bainbridge asked if fraud investigation was conducted against only injured workers or also employers, also. Mr. Witterstaeter replied that all types of fraud investigation are conducted by the fraud specialists.

NEW BUSINESS: PUBLIC EMPLOYER RATE MODIFICATION

Terry Gasper, Chief Investment Officer, introduced William Darlage, Actuarial Director, and James Inkrott, Mercer and Associates. They provided a report on state agency rate changes. Upon advice of the Law Section, there is no need for Oversight Commission approval on these changes. Nevertheless, BWC will be coming before the Oversight Commission at the April meeting to get approval on percentage of increase or decrease of premiums to be made effective July 1, 1998.

Mr. Darlage reported that the first change would be the lowering of the minimum premium rate from \$0.15 cents per \$100 to \$0.05 per \$100. The change is because of the overall decline in expense in recent years. Individual agencies will be able to enjoy even greater savings than they have before. Also, BWC will be trending losses on individual agencies, rather than on all agencies. This is a more accurate method of setting rates and enables agencies to experience immediate incentives for good claims management.

The third change is that universities and university hospitals will have lump-sum settlement awards excluded from rates if they pay them directly. This provides an incentive to participate in the settlement process and reduces administrative costs. BWC plans to make this effective for other agencies beginning July 1, 1999. If rates go up for an agency as a result of the changes being implemented at this time, the agency will cap its workers' compensation premiums at the previous years' payments.

Mr. Burga asked if these changes affected only state agencies. Mr. Darlage replied yes and that local government rates already use this method. Mr. Burga asked if the rates are set too low what would be the effect on other employers. Mr. Darlage replied that there is no effect on other groups of employers, because separation of rate-setting is required by law at the present time.

Mr. Conrad stated that he had discussed these changes with Governor Voinovich. Currently all agencies are lumped together in the rate-making process. Governor Voinovich has urged that Ohio departments pay greater attention to accidental injury. For example, Jerry Manual, Director of the Department of Mental Retardation and Developmental Disabilities has implemented an aggressive program resulting in a decline in claims. This has led to a decrease in

costs. This incentive is needed by other departments as well and information will be available in the budget making process for this year.

OLD BUSINESS: HPP OPEN ENROLLMENT

Sandy Blunt, Chief of Customer Service, provided a report on the open enrollment period for HPP of April 1 to May 29. The emphasis of this for employers is "the choice is yours." Ads are being run in Ohio business journals. There will be editorial visits to the chambers of commerce and third-party administrators. The open enrollment guide with its forms offer three ways by which MCO selection may be made. Employers may also contact the MCO direct.

When an employer reaches "at capacity" the 1-800 number used for selection will roll the employer over to a customer representative for assistance. The prohibition against enrollment because of "at capacity" is then explained and employers are assisted in choosing another MCO. Automated selection by telephone will be available to employers from 6:00 a.m. to 12:00 midnight each day. After the end of the open enrollment period, providers will be given notice of any changes.

OLD BUSINESS: OHIO SAFETY CONGRESS

Kevin Kenney, Superintendent of Safety and Hygiene, welcomed the members of the Oversight Commission and the public to the 68th Annual Ohio Safety Congress. Mr. Kenney distributed badges for admission to the Congress. Mr. Kenney thanked Larry Whalen and the Safety and Hygiene staff for their assistance in putting together the Congress. The Congress opens on March 24 at 10:00 a.m. and will run through Thursday.

Mr. Kenney introduced regional managers of the Safety and Hygiene Division. Mr. Kenney stated that in his years of work in the private sector and the National Aeronautics and Space Administration, this is the best group of managers and safety experts with whom he has ever worked.

Concerning the Congress, all 230 of the exhibition spaces have been sold out. All sessions concerning the premium discount program were sold out. It is hoped that there will be more than 6,000 people attending the Congress.

ADJOURNMENT

Mr. Forbes moved that the meeting be adjourned. Mr. Burga seconded and the meeting was adjourned by unanimous voice vote.

PREPARED BY: Larry Rhodebeck, BWC Attorney

LR/lm31798
April 7, 1998

Dated 1997

THE OHIO BUREAU OF WORKERS' COMPENSATION

Statement of Investment Policy and Guidelines

I. INTRODUCTION

Purpose

This document establishes the investment policy (the "Investment Policy") for the Ohio Bureau of Workers' Compensation ("OBWC") State Insurance Fund (the "Fund"). Its purpose is to assist the Oversight Commission, the Administrator, the Chief Financial Officer, the Chief Investment Officer and the OBWC staff in effectively supervising, monitoring and evaluating the investment of the surplus and reserves of the Fund.

From and after March 7, 1997, all investment activities undertaken by, or on behalf of, the OBWC, including any investment activities performed by outside professional fund managers and brokers, will strictly adhere to the terms of this Investment Policy, the restrictions of the Ohio Revised Code Section 4123.44, as amended Am. Sub. S.B. No. 82, and any other applicable statutory or regulatory provisions. A copy of Ohio Revised Code Section 4123.44, as amended, is attached to this Investment Policy and all aspects of this Investment Policy shall be construed and interpreted in a manner consistent with Section 4123.44.

Prior to March 7, 1997, all investment activities undertaken by, or on behalf of, the OBWC, including any investment activities performed by outside professional fund managers and brokers, will strictly adhere to the terms of this Investment Policy, the restrictions of the Ohio Revised Code Section 4123.44, as in effect prior to the effective date of Am. Sub. S.B. No. 82, and any other applicable statutory or regulatory provisions.

Objectives

The objectives of this Investment Policy have been established in conjunction with a comprehensive review of the current and projected financial requirements of the OBWC. These objectives are:

- To safeguard the assets of the Fund.
- To maximize returns within acceptable risk parameters.
- To maintain the purchasing power of the current assets and all future contributions by producing positive real rates of return on Fund assets.

- To preserve the ability of OBWC to pay all disability benefits and expense obligations when due.
- To achieve a total annualized average rate of return during each rolling five year period which equals or exceeds the average discount rate used by the OBWC's actuarial consultant to compute reserves for compensation for each such rolling five year period.
- To achieve an aggregate rate of return during each rolling five year period that exceeds generally accepted and broadly recognized conventional indicators of the overall rate of inflation, e.g., the GDP deflator, for such period.
- To minimize the costs of administering the Fund and managing the investments.

All aspects of this Investment Policy should be interpreted in a manner consistent with the Fund's objectives and Section 4123.44 of the Ohio Revised Code. The Oversight Commission shall adopt in regular or special meetings, policies, objectives or criteria for the operation of the investment program at least annually. The Oversight Commission shall review, prospectively, any investment activity proposed to be undertaken pursuant to this Investment Policy and shall prohibit any such investment activity that the Oversight Commission finds to be contrary to this Investment Policy.

II. DEFINITION OF RESPONSIBILITIES

A. Oversight Commission

The Oversight Commission shall:

- Establish the strategic investment policy for the Fund and periodically review such policy in light of any changes in actuarial variables, market conditions, or other evolving facts or situations relevant to the appropriate character of that policy.
- Monitor and review the investment performance of the Fund to determine achievement of goals and compliance with this Investment Policy.
- Approve the selection of all Investment Consultants.
- Approve, based upon the criteria and procedures established pursuant to this Investment Policy, the list of qualified fund managers selected by, and the list of qualified outside brokers prepared by the Administrator and Chief Investment Officer. The list

of qualified brokers shall be reviewed and updated by the Administrator and Chief Investment Officer at least annually. The list of fund managers selected by the Administrator and Chief Investment Officer and approved by the Oversight Commission are referred to herein as the Approved Fund Managers and a fund manager included on the list shall be referred to herein as an Approved Manager. The list of outside brokers prepared by the Administrator and the Chief Investment Officer shall be referred to herein as the Approved Brokers and a broker included on the list shall be referred to herein as an Approved Broker.

- Approve the scope of investment activities that may be undertaken by each Approved Fund Manager. The investment activities undertaken by an Approved Fund Manager may not vary from the scope of activities previously approved by the Oversight Commission without the prior approval of the Oversight Commission.
- Approve the criteria and procedures developed by the Administrator and Chief Investment Officer, with the assistance of the Investment Consultants, to select the Approved Fund Managers and Approved Brokers. The criteria and procedures developed by the Administrator and Chief Investment Officer, and approved by the Oversight Commission, shall be incorporated into, and shall be treated for all purposes as part of, this Investment Policy.
- Prohibit on a prospective basis any investment activity that the Oversight Commission finds to be contrary to this Investment Policy. In the event that the Oversight Commission determines that any activity undertaken or proposed to be undertaken pursuant to this Investment Policy is contrary to this Investment Policy, the Administrator shall take any corrective action that the Oversight Commission determines, after consultation with the Administrator, is necessary to prohibit such activity.

B. OBWC Staff Responsibilities

The Chief Investment Officer shall be employed by the Administrator, after consultation with the Oversight Commission, and shall be a senior member of the OBWC Staff with the primary responsibility to implement and supervise this Investment Policy. Subject to the supervision and control of the Administrator, the Chief Investment Officer and OBWC Staff shall:

- Supervise the management of all the Fund assets in accordance with this Investment Policy and the objectives and guidelines set forth herein.
 - Develop the criteria and procedures to be utilized to select the Approved Fund Managers and the Approved Brokers.
 - Select, subject to the approval of the Oversight Commission described above, qualified investment consultants. Select from the list of Approved Managers investment fund managers to provide advice with respect to, and manage, the investment of the Fund's assets.
 - Monitor all managed assets to insure compliance with the guidelines set forth in this Investment Policy.
 - Promptly vote all proxies and related actions in a manner consistent with the long term interests and objectives of the Fund set forth herein. Maintain detailed records of said voting of proxies and related actions and comply with all regulatory obligations related thereto.
 - Report to the Oversight Commission on at least a quarterly basis regarding the status of the portfolio and its performance for various time periods.
 - Consult with the Approved Fund Managers on at least a quarterly basis to discuss account progress and other material information.
 - Subject to any exceptions expressly set forth herein, cause the execution of all trades dictated by the Approved Fund Managers through the services of outside brokers selected by the Administrator and the Chief Investment Officer from the list of Approved Brokers.
 - Provide the Oversight Commission with a report on at least a quarterly basis on the trading activities of the Fund, including the volume of trades, and related commissions, executed by each Approved Broker.
- C. Investment Managers' Responsibilities
- The investment of all Fund assets, shall be managed by Approved Fund Managers; provided however, short-term cash management investments may be made by OBWC staff members selected by the Administrator.

Each professional fund manager shall:

- Manage the plan assets under its care, custody and/or control in accordance with this Investment Policy objectives and guidelines set forth herein and in compliance with applicable Ohio statutory requirements.
- Exercise full investment discretion over the assets in their care within the guidelines set forth herein; provided however, subject to any exceptions expressly set forth herein, all trades shall be executed under the supervision and control of the Administrator and the Chief Investment Officer by brokers selected by the Administrator and Chief Investment Officer from the list of Approved Brokers.
- Promptly inform the Administrator, Chief Investment Officer and Investment Consultant in writing of all changes of a material nature pertaining to the firm's organization and professional staff.
- If directed by the Administrator and Chief Investment Officer, shall promptly vote all proxies and related actions in a manner consistent with the long term interests and objectives of the Fund. Each manager designated to vote shall keep detailed records of said voting of proxies and related action and will comply with all regulatory obligations related thereto.
- Report to the Administrator and the Chief Investment Officer on at least a quarterly basis on the status of the portfolio and its performance for various time periods and meet with the staff at least semi-annually to report on the economic outlook and compliance with goals and objectives.
- Shall acknowledge and agree in writing to their fiduciary responsibility to fully comply with the entire Investment Policy.

D. Investment Consultants' Responsibilities

The Investment Consultants shall:

- Provide independent and unbiased information to the Oversight Commission and the OBWC Staff.
- Assist in the development and amendment of this Investment Policy.
- Assist in the development of strategic asset allocation targets.
- Assist in development of performance measurement standards.

- Monitor and evaluate fund manager performance on an ongoing basis.
- Conduct due diligence when a manager fails to meet a standard.
- Establish a procedural due diligence search process.
- Assist in the development of criteria and procedures to be utilized for the selection of all fund managers.
- Provide any other advice or services that the Oversight Commission or the Administrator and Chief Investment Officer determine from time to time is necessary, useful or appropriate to fulfill the objectives of this Investment Policy.

In selecting qualified consultants, consideration shall be given to consultants that are based in Ohio or having significant operations in the State of Ohio. In addition, consideration shall be given to the engagement of qualified minority-owned firms.

E. Brokerage Services.

- Subject to any exceptions expressly set forth herein, all trades shall be executed under the supervision and control of the Administrator and the Chief Investment Officer by brokers selected by the Administrator and Chief Investment Officer from the list of Approved Brokers.

III. INVESTMENT POLICY GUIDELINES

A. Asset Allocation Guidelines

It is the Oversight Commission's responsibility to determine the allocation of assets among distinct capital markets in accordance with allowable legal limits. The procedure for determining the allocation will consider the relevant characteristics of the liabilities and potential assets of the Fund.

The liability considerations shall include, but not be limited to, current and expected future values of the benefits, premiums and total assets. These factors are important for identifying the investment horizon of the Fund and its cash flow requirements.

Based on an asset and liability study dated July 1, 1996, which analyzed the expected returns of various asset classes, projected liabilities and the risks associated with

alternative asset mix strategies, the Oversight Commission has established the following asset allocation:

<u>Asset Class</u>	<u>Target</u>	<u>Range</u>
<u>Equity Securities</u>		
Large Capitalization Domestic Equities	25%	
Small/Mid Capitalization Equities	6%	
International Equity Securities	9%	
Total Equity Securities	40%	{30-50%}
<u>Fixed Income Securities</u>		
Domestic Fixed Income Securities	59%	
International Fixed Income Securities	1%	
Total Fixed Income Securities	60%	{45-65%}
Cash Equivalents	0%	{0-5%}
Total	100%	

The asset allocation represents a long term strategy. Short term market shifts may cause the asset mix to drift from the allocation targets. Should the target percentage fall out of the indicated range for a particular asset class, the Administrator and Chief Investment Officer will cause the the Approved Fund Managers to make any adjusts in the Fund's the investment portfolio necessary to satisfy the asset allocation guidelines established by this Investment Policy.

B. Securities Guidelines

Each Approved Fund Manager must adhere to the following guidelines as well as any currently applicable Ohio statutory requirements as the same may be amended from time to time.

Domestic Equity Securities

It has been determined that diversification of the equity asset base into large capitalized companies (over \$8 billion in market capitalization) and small to mid-size companies (under \$8 billion) will offer the opportunity for enhanced returns, while lessening overall risk due to the broader diversification benefits of additional asset classes.

Large Capitalization Equity Securities

- All equity securities held by the Fund shall meet the requirements of Ohio Revised Code Section 4123.44.
- The principal focus of the Fund's investment activities in equity securities will be companies with market capitalizations in excess of \$8 billion.
- No single holding shall account for more than 5% of the entire portfolio at market, or 9.9% of the outstanding equity securities of any one corporation.
- Trading directions shall be submitted by the Approved Fund Managers to the Administrator and Chief Investment Officer who shall supervise and control the execution of all trades by Approved Brokers.
- An Approved Fund Manager shall have the discretion to invest, a portion of the assets in cash reserves when it deems appropriate. However, each Approved Fund Manager will be evaluated on the overall return earned on the aggregate amount of all funds under its direct management.

Small/Mid Capitalization Equity Securities

- The guidelines applicable to the Approved Managers investing in large capitalization equity securities shall also apply to Approved Managers investing in small/mid capitalization securities except that:
- The investment activity in this category will be limited to companies with market capitalizations in the range of \$100 million to \$8 billion.
- Trading directions shall be submitted by the Approved Fund Managers to the Administrator and Chief Investment Officer who shall supervise and control the execution of all trades by Approved Brokers, provided however, if necessary to accomplish cost effective trading, the Administrator shall have the discretion to permit an Approved Fund Manager to cause the execution of the purchase or sale of small and middle capitalization equity securities recommended by that Approved Fund Manager provided that such purchase or sale is executed by an Approved Broker that is not affiliated with such Approved Fund Manager.

International Equity Securities

The Fund may allocate a portion of its investment portfolio to international equity securities subject to all applicable

legal requirements and the limits set forth in this Investment Policy. The purpose of investing in international equity securities is to enhance the overall investment returns of the Fund while reducing risk through increased diversification. All of the guidelines applicable to the investments in large capitalization equity securities shall apply to investments in international equity securities except that:

- Equity holdings of the equity securities of any one international company shall not exceed 10% of the total value of the all investments in international equity securities.
- Equity holdings of international equity securities of any one industry category shall not exceed 25% of the total value of all investments in international equity securities.
- Country by country allocations shall be based upon the allocations made a peer group of international equity managers that employ a broadly diversified investment strategy; provided however, no more than 40% of the total value of all investments in international equity securities shall be invested in any one country.
- An Approved Fund Manager may enter into foreign currency exchange contracts for the sole purpose of hedging the exposure to foreign currency risk inherent in the investment portfolio maintain for the Fund by such Approved Fund Manager. Direct or indirect speculation in foreign currency, and any investment activity related to speculation in foreign currency, shall be prohibited.
- Trading directions shall be submitted by the Approved Fund Managers to the Administrator and Chief Investment Officer who shall supervise and control the execution of all trades by Approved Brokers, provided however, if necessary to accomplish cost effective trading, the Administrator shall have the discretion to permit an Approved Fund Manager to cause the execution of the purchase or sale of international equity securities recommended by that Approved Fund Manager provided that such purchase or sale is executed by an Approved Broker that is not affiliated with such Approved Fund Manager.

Domestic Fixed Income Investments

The domestic fixed income investment component of the Fund shall be diversified as to investment management style and asset types, in order to minimize risk through added

diversification and provide the opportunity for enhanced returns.

The following guidelines shall apply to this asset class:

- All fixed income securities held by the Fund shall meet the requirements of Ohio Revised Code Section 4123.44.
- Each fixed income portfolio shall be invested with duration characteristics that are within a range from a maximum duration of the OBWC Custom Benchmark* to a minimum duration equal to the Lehman Bros. Government and Corporate Intermediate Index.
- The average credit quality shall not be lower than single A rating.
- No portfolio shall have more than 5% of its assets (by market value) invested in securities guaranteed by a single non-government creditor.
- The fixed income securities investment component of the Fund shall be diversified to minimize the risk of losses.
- Trading directions for all fixed income securities shall be submitted by the Approved Fund Managers to the Administrator and the Chief Investment Officer who shall supervise and control the execution of all trades by Approved Brokers; provided however, if necessary to accomplish cost effective trades, the Administrator shall have the discretion to permit an Approved Fund Manager to cause the execution of the purchase or sale of fixed income securities recommended by that Approved Fund Manager provided that such purchase or sale is executed by an Approved Broker that is not affiliated with such Approved Fund Manager.

International Fixed Income Securities

The Fund may allocate a portion of its investment portfolio to international fixed income securities subject to all applicable legal requirements and the limits set forth in this Investment Policy. The purpose of investing in international fixed income securities is to enhance the overall investment returns of the Fund while reducing risk through increased diversification. All of the guidelines applicable to the investments in domestic fixed income securities shall apply to investments in international fixed income securities except that:

- All international fixed income securities shall be investment grade; provided however, not more than 10%

of the total value of all investments in international fixed income securities may consist of emerging market debt securities.

- Holdings of the fixed income securities issued by any one international issuer shall not exceed 5% of the total value of the all investments in international fixed income securities.
- Holdings of international fixed income securities issued by any one industry category shall not exceed 25% of the total value of all investments in international fixed income securities.
- An Approved Fund Manager may enter into foreign currency exchange contracts for the sole purpose of hedging the exposure to foreign currency risk inherent in the investment portfolio maintain for the Fund by such Approved Fund Manager. Direct or indirect speculation foreign currency, and any investment activity related to speculation in foreign currency, shall be prohibited.
- Trading directions shall be submitted by the Approved Fund Managers to the Administrator and Chief Investment Officer who shall supervise and control the execution of all trades by Approved Brokers, provided however, if necessary to accomplish cost effective trading, the Administrator shall have the discretion to permit an Approved Fund Manager to cause the execution of the purchase or sale of international fixed income securities recommended by that Approved Fund Manager provided that such purchase or sale is executed by an Approved Broker that is not affiliated with such Approved Fund Manager.

* The OBWC Custom Benchmark will have the same modified duration (2 measure of price sensitivity to interest rate changes) utilized by OBWC's actuarial consultant to compute the amount of OBWC's future liability for claims and expenses.

Real Estate

- Investments may be in securities or real property, although such investments are not presently anticipated.

Cash Equivalents

- The maximum maturity shall not exceed 360 days.

IV. MANAGER SELECTION PROCEDURE

The Administrator and the Chief Investment Officer, with the assistance of the Investment Consultants, will select from the list of Approved Fund Managers the appropriate money managers to manage all Fund assets. The nature of the investment activities in which each such fund manager will engage must be approved by the Oversight Commission. Approved Fund Managers must meet the following minimum criteria:

- A manager must be a bank, insurance company, investment management company, or investment advisor as defined by the Registered Investment Advisors Act of 1940.
- A manager must demonstrate that it has achieved historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees that are at least comparable to other investment managers with similar investment strategies and objectives.
- A manager must provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers with similar investment strategies and objectives.
- A manager must provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel.
- A manager must clearly articulate the investment strategies and activities that would be followed and demonstrate that the manager has successfully employed these strategies and activities over time. If selected, a manager must submit to the Administrator and the Chief Investment Officer a complete description of any changes the manager proposes to make with respect to its investment strategies and activities. These proposed changes must be submitted to the Oversight Commission for its approval and finding that the proposed investment activity is not contrary to this Investment Policy prior to implementation on behalf of OBWC.
- A manager shall not have any outstanding legal judgments or past judgments which may, in the opinion of the Administrator, Chief Investment Officer and the Oversight Commission, reflect negatively upon the manager.

- Specific consideration shall be given to investment management firms based in Ohio or having significant investment operations in the State of Ohio.
- As a goal, but not as a minimum standard, fund managers managing at least 50% of the total OBWC funds under management should satisfy at least one of the following characteristics:
 - Have its Corporate Headquarters located in Ohio;
 - Have at least three separate significant operating locations in Ohio;
 - Employ at least five individuals in Ohio; or
 - Have other contacts to, or operations within, this State, including the presence of agents and other representatives, that the Oversight Commission and the Administrator determine are significant.
- As a goal, but not as a minimum standard, at least 10% of all OBWC funds under management should be managed by minority-owned firms.
- A manager must satisfy all other criteria developed by the Administrator and the Chief Investment Officer and approved by the Oversight Commission.

The Oversight Commission believes that the long-term performance of the investment activities of the OBWC would be enhanced by the participation of fund managers that have demonstrated the ability to successfully manage smaller investment portfolios. Therefore, as a goal, but not as a minimum standard, the OBWC should create a Emerging Manager Portfolio in the amount of \$200,000,000. The purpose of this fund is to provide opportunities to small firms that have successful historic record of fund management, but do not have the size or resources to manage a large portfolio. Fund managers that otherwise satisfy the criteria for selection outlined above, but in the ordinary course of business do not manage large portfolios shall be selected to manage these funds in accordance with this Investment Policy. It is expected that no one fund manager would be allocated less than \$5,000,000 or more than \$50,000,000 of the Emerging Manager Portfolio. The Emerging Manager Portfolio be subject to all of the provisions of this Investment Policy and shall be taken into account in applying the Asset Allocation Guidelines set forth in Section III above.

V. SELECTION OF BROKERS.

- All Approved Brokers must be properly licensed and should be selected based upon their demonstrated professional and administrative ability; however, one of the goals of this Investment Policy is to control and minimize the aggregate cost and expense of executing trades.
- All Approved Brokers must provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel.
- An Approved Broker shall have no outstanding legal judgments or past judgments which may, in the opinion of the Administrator, Chief Investment Officer and the Oversight Commission, reflect negatively upon the Approved Broker.
- As a goal, but not as a minimum standard, at least 60% of all transactions, measured by the dollar volume of commissions paid, should be executed by Approved Brokers that satisfy at least one of the following characteristics:
 - Have its Corporate Headquarters located in Ohio;
 - Have at least three separate significant operating locations in Ohio;
 - Employ at least five individuals in Ohio; or
 - Have other contacts to, or operations within, this State, including the presence of agents or other representatives, that the Oversight Commission and the Administrator determine are significant.
- As a goal, but not as a minimum standard, at least 60% of all transactions, measured by the dollar volume of commissions paid, should be executed by individual agents that are Ohio residents or are otherwise subject to Ohio income taxation.
- As a goal, but not as a minimum standard, at least 10% of all transactions, measured by the dollar volume of commissions paid, should be executed by minority-owned firms.
- Each Approved Broker must satisfy any other criteria developed by the Administrator and the Chief Investment Officer and approved by the Oversight Commission.

VI. PERFORMANCE OBJECTIVES

The performance objectives of the total Fund investment assets are to:

- Achieve a total annualized average rate of return during each rolling five year period which equals or exceeds the average discount rate used by the OBWC's actuarial consultant to compute reserves for compensation for each such rolling five year period.
- Achieve an aggregate rate of return during each rolling five year period that exceeds a generally accepted and broadly recognized conventional indicators of the overall rate of inflation, e.g., the GDP deflator, for such period.

Quarterly performance will be evaluated to test progress toward the attainment of longer term targets. It is understood that there are likely to be short term periods during which performance deviates from market indices and longer term absolute and relative targets. During such times, greater emphasis shall be placed on peer performance comparisons with managers employing similar styles.

On a timely basis, but not less than four times a year, the Administrator and Chief Investment Officer, will meet with the Investment Consultants to:

- Evaluate the performance of each Approved Fund Manager;
- Review each Approved Fund Managers' adherence to this Investment Policy.
- Analyze any material changes in the Approved Fund Manager's organization, investment strategies or personnel.
- Review each Approved Fund Manager's performance relative to appropriate indices and peer groups.

VII. INVESTMENT MONITORING

Each Approved Fund Manager's performance shall be evaluated relative to an appropriate market index and a relevant peer group of managers as indicated below. They are expected to (1) rank above median versus their respective peer groups over each rolling three-year and five-year periods and (2) earn investment returns that equal or exceed their respective market index over each rolling three-year and five year periods.

Benchmark Comparisons

<u>Investment Manager</u>	<u>Index</u>	<u>Consultant Comparative Peer Group</u>
Large Cap Equity	S&P 500 or BWC Legal List	Growth Style Value Style
Small/Mid-Cap Equity	Blend {Russell 2000 & S&P 400 Mid-Cap}	Small/Mid-Capitalization Growth Small/Mid-Capitalization Value
International Equity	EAFE	International Equity Managers
Domestic Fixed Income Style	To be determined for each fixed income manager by written agreement	Varying by investment style
International Fixed Income	Salomon World Bond	International Fixed Income Mangers
Real Estate	NCRBIF	Real Estate Managers
Cash Equivalents	90 day T. Bills	STIF

The performance of each Approved Fund Managers will be monitored on an ongoing basis and the Administrator and the Chief Investment Officer shall take any appropriate corrective action, including, subject to prior Oversight Commission approval, the replacement of an Approved Fund Manager. Performance factors which may lead to terminating a manager relationship include:

- Performance below the median (50th percentile) of their peer group over rolling three year periods.
- Performance below the median (50th percentile) of their peer group over a five year period.
- Realization of negative incremental value added to portfolio returns for three and/or five year periods.

- Major organizational changes that could warrant a review of the Approved Fund Manager's relationship with the OBWC, including:
 - Change in professionals
 - Significant account losses
 - Significant growth of new business
 - Change in ownership

VIII. COMMUNICATIONS

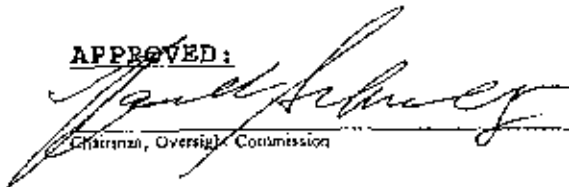
- Each Approved Fund Manager will provide written reports at least quarterly, including asset inventories, market commentary or anything else deemed significant at the time of reporting.
- Each Approved Fund Manager is expected to meet with the Administrator and the Chief Investment Officer at least annually at OBWC offices.
- Frequent and regular communication with the OBWC by all Approved Fund Managers is encouraged.

IX. REVIEW PROCEDURES

The Oversight Commission in conjunction with the Administrator, Chief Investment Officer and Investment Consultants will review this policy statement at least once a year, to determine if revisions are warranted.

It is not expected that investment policy will change frequently; in particular short term changes in the financial markets should generally not require an adjustment in this Investment Policy.

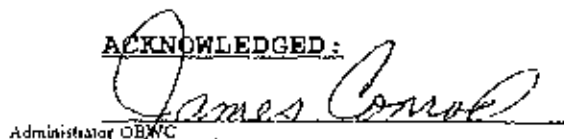
APPROVED:


 Chairman, Oversight Commission

Date

2/12/97

ACKNOWLEDGED:


 Administrator OBWC

Date

2/12/97

Investment Manager Certification

On behalf of _____, I hereby certify that
_____ has been provided a copy of the Investment
Policy of the Ohio Bureau of Workers' Compensation.
_____ agrees that it will comply with that
Investment Policy in all respects during the performance of any
investment activities engaged in on behalf of the Ohio Bureau of
Workers' Compensation.

Confidential Memorandum

CAPITAL COIN FUND LIMITED

(a Limited Liability Company to be organized
under the laws of Ohio)

\$20,000,000

PLACEMENT OF 200 Units

\$100,000 PER UNIT

MINIMUM PURCHASE - 1 UNIT

**THESE SECURITIES ARE SPECULATIVE
AND INVOLVE A HIGH DEGREE OF RISK**

MANAGERS

Vintage Coins and Cards
3509 Briarfield Blvd.
Maumee, OH 43537
(419) 865-2646
(800) 295-2646

Delaware Valley Rare Coin Co., Inc.
2835 West Chester Pike
Broomall, PA 19008
(610) 356-3555
(800) 345-8188

The Date of this Confidential Memorandum is March 25, 1997

(This Cover Page is Continued)

No. 09
Tony G. [Signature]
Name of Offeree

CAPITAL COIN FUND LIMITED

(A Limited Liability Company Organized
Under The Laws Of Ohio)

PLACEMENT OF 200 Units

\$100,000 PER UNIT
(MINIMUM PURCHASE OF 1 UNIT)

THE UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY, NOR HAS THE COMMISSION OR ANY STATE AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES ("UNITS" OR "SECURITIES") OFFERED HEREIN ARE SUITABLE ONLY FOR PERSONS WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENTS. THESE SECURITIES INVOLVE SUBSTANTIAL RISKS AS SET FORTH HEREIN (SEE "RISK FACTORS") AND THE OPERATION OF THE COMPANY INVOLVES TRANSACTIONS WITH THE MANAGERS OF THE COMPANY AND THEIR AFFILIATES WHICH INVOLVE CONFLICTS OF INTEREST (SEE "CONFLICTS OF INTEREST") AND WHICH WILL RESULT IN SUBSTANTIAL FEES AND PROFITS TO THE MANAGERS AND THEIR AFFILIATES.

THE UNITS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 ("ACT"), AS AMENDED, IN RELIANCE UPON EXEMPTIONS UNDER THE ACT. THE UNITS WILL BE SOLD ONLY TO "ACCREDITED INVESTORS." SEE "SUITABILITY STANDARDS."

UNTIL THE SALE OF A MINIMUM OF TWENTY (20) UNITS, ALL PROCEEDS OF THIS OFFERING WILL BE HELD BY THE MANAGERS IN TRUST FOR THE BENEFIT OF PURCHASERS OF THE UNITS. AFTER THE SALE OF THE FIRST TWENTY (20) UNITS, PROCEEDS WILL BE PAID DIRECTLY TO THE COMPANY. THE PROCEEDS WILL BE USED ONLY FOR THE PURPOSES SET FORTH IN THE SECTION OF THIS CONFIDENTIAL MEMORANDUM ENTITLED "SOURCE AND USE OF FUNDS."

Capital Coin Fund Limited (the "Company") is an Ohio Limited Liability Company in organization, the managers of which will be Vintage Coins and Cards, a Division of Thomas Noe, Inc., and Delaware Valley Rare Coin Co., Inc. The Company intends to acquire a diversified portfolio of rare coins and related material principally, but not limited to, those certified and graded by the Professional Coin Grading Service ("PCGS") and Numismatic Guaranty Corporation of America ("NGC"), and to use the expertise, knowledge and abilities of officers of the Managers to capitalize on the eventual resale of the coins to dealers in the wholesale market and to the general public in the retail market. The Company will distribute all its assets not previously distributed and liquidate within eleven (11) years of formation.

	Offering Price	Selling Commission(2)	Proceeds To Company(3)
Per Unit	\$ 100,000 (1)	\$ -0- (2)	\$ 100,000 (3)
Total Minimum	2,000,000 (1)	-0- (2)	2,000,000 (3)
Total Maximum	20,000,000 (1)	-0- (2)	20,000,000 (3)

Notes:

1. The minimum total number of Units in the Company will be twenty (20) and the maximum will be two hundred (200).
2. The Units will be sold directly by the Managers without commission.
3. Certain additional expenses, estimated at \$25,000 will be payable by the Company from the proceeds of the Offering. These figures for additional expenses are estimates and may be higher or lower. These additional expenses will include, among others, organizational, offering and legal and accounting fees, printing costs and filing fees with federal and/or state securities authorities. See "SOURCE AND APPLICATION OF CAPITAL CONTRIBUTIONS."

INVESTOR NOTICES

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS CONFIDENTIAL MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE MANAGERS.

THIS CONFIDENTIAL MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY BY ANYONE IN ANY STATE OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION, OR TO ANY PERSON OTHER THAN THE PROSPECTIVE INVESTOR NAMED ON THE COVER HEREOF.

THE STATEMENTS IN THIS CONFIDENTIAL MEMORANDUM ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED, AND NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE HEREUNDER SHALL CREATE, UNDER ANY CIRCUMSTANCE, AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS HEREIN SET FORTH SINCE THE DATE HEREOF.

THERE ARE AND WILL CONTINUE TO BE RESTRICTIONS ON THE TRANSFER OF THE UNITS AND THERE WILL BE NO PUBLIC MARKET FOR THE UNITS. THE UNITS MUST BE HELD INDEFINITELY UNLESS SUBSEQUENTLY REGISTERED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION IS DETERMINED BY COUNSEL FOR THE COMPANY TO BE AVAILABLE. SUCH RESTRICTIONS WILL APPLY TO ALL SALES OF THESE SECURITIES, INCLUDING ROUTINE SALES. THE COMPANY IS UNDER NO OBLIGATION, AND HAS NO INTENTION, TO SO REGISTER THESE SECURITIES AND IS UNDER NO OBLIGATION TO ATTEMPT TO SECURE AN EXEMPTION FOR ANY SUBSEQUENT SALE. THE OPERATING AGREEMENT ALSO CONTAINS SIGNIFICANT RESTRICTIONS ON TRANSFER.

NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED OR SHOULD BE INFERRED IN RESPECT OF THE ECONOMIC RETURN OR THE TAX ADVANTAGES WHICH MAY ACCRUE TO THE MEMBERS OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT EXISTING TAX LAWS WILL NOT BE CHANGED OR INTERPRETED ADVERSELY, EITHER OF WHICH MAY DENY THE INVESTOR ALL OR A PORTION OF THE TAX BENEFITS CONSIDERED HEREIN.

PROSPECTIVE INVESTORS ARE WARNED NOT TO CONSTRUE THE CONTENTS OF THIS CONFIDENTIAL MEMORANDUM OR ANY COMMUNICATIONS FROM THE COMPANY OR ITS MANAGERS OR THEIR RESPECTIVE OFFICERS OR EMPLOYEES AS LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT HIS OWN COUNSEL AND ACCOUNTANT AS TO TAX MATTERS AND RELATED MATTERS CONCERNING HIS INVESTMENT. EACH INVESTOR SHOULD BE AWARE THAT THERE HAS BEEN NO INDEPENDENT REVIEW OF THE TERMS OF THIS OFFERING AND THE STRUCTURE OF THE PROGRAM. EACH INVESTOR AND HIS ADVISORS SHOULD REVIEW THIS CONFIDENTIAL MEMORANDUM ON THAT BASIS.

NOTICE TO PENNSYLVANIA INVESTORS

UNDER THE PROVISIONS OF THE PENNSYLVANIA SECURITIES ACT OF 1972, A PENNSYLVANIA RESIDENT MAY TERMINATE A SUBSCRIPTION TO UNITS, WITHOUT LIABILITY TO THE COMPANY OR ANYONE ELSE, WITHIN TWO (2) BUSINESS DAYS AFTER HE ENTERS INTO A BINDING CONTRACT OF PURCHASE, OR MAKES ANY PAYMENT FOR THE SECURITIES BEING OFFERED OR THE EXEMPTION BECOMES EFFECTIVE, WHICHEVER IS LATER. PAYMENTS FOR TERMINATED SUBSCRIPTIONS WILL BE PROMPTLY REFUNDED, WITHOUT INTEREST. THE UNITS OFFERED HEREIN HAVE NOT BEEN REGISTERED UNDER THE PENNSYLVANIA SECURITIES ACT AND MAY NOT BE SOLD OR TRANSFERRED UNLESS THEY ARE SO REGISTERED OR AN EXEMPTION FROM THE REGISTRATION STATEMENT REQUIREMENT OF THE ACT BECOMES AVAILABLE.

TO ACCOMPLISH THE FOREGOING, THE SUBSCRIBER NEED ONLY SEND A LETTER OR TELEGRAM TO THE COMPANY INDICATING HIS INTENTION TO WITHDRAW. THE LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IF THE SUBSCRIBER SENDS A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME WHEN IT WAS MAILED.

BY EXECUTION OF A SUBSCRIPTION AGREEMENT, A PENNSYLVANIA SUBSCRIBER AGREES THAT HE SHALL NOT SELL OR OTHERWISE TRANSFER THE SHARES PURCHASED PURSUANT TO THIS OFFERING FOR A PERIOD OF AT LEAST TWELVE (12) MONTHS FROM THE DATE HEREOF.

By accepting delivery of this Confidential Memorandum, an offeree agrees to return this Confidential Memorandum and all enclosed documents to the Company, if the offeree does not undertake to purchase any of the Units offered hereby. Any reproduction or distribution of this Confidential Memorandum, in whole or in part, or the dissemination or divulgence of any of its contents, except by or through an authorized representative of the Company, is prohibited.

This Offering is being made by the Managers on behalf of the Company on a "best efforts" basis. Subscription payments from purchasers of the Units will be held in a special trust account established by the Company with Fifth Third Bank of Northwestern Ohio, N.A., or another federally insured banking institution in the Toledo, Ohio metropolitan area, prior to receipt of subscriptions for at least Twenty (20) Units. After that time, subscription payments will be made directly to the Company. Such funds will not be released to the Company until the sale of at least twenty (20) Units. If subscriptions for at least twenty (20) Units have not been received by June 1, 1997 (subject to the right of the Company to extend the Offering until not later than September 30, 1997), the Offering will terminate and the Company will return to the subscribers such funds as were paid by them and all documents executed and delivered by the subscribers. Whether or not this offering is consummated, interest earned, if any, on the amounts contributed by the subscribers to the first twenty (20) Units will be paid to such subscribers within thirty (30) days after the earlier to occur of the Offering Termination Date or the breaking of the escrow account.

FURTHER INFORMATION

Any person receiving this Confidential Memorandum, or his representative, is hereby invited to question the Managers as representatives of the Company concerning the terms and conditions of this Offering at any time during normal business hours by telephone, or personal appearance at the offices of Vintage Coins and Cards, 3509 Briarfield, Maumee, Ohio 43537 (419/865-2646) or Delaware Valley Rare Coin Co., Inc., 2835 West Chester Pike, Broomall, Pennsylvania 19008 (610/356-3555). Moreover, the Company will provide additional information and documents concerning the Company, if available to it, upon request.

The date of this Confidential Memorandum is March 25, 1997.

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DEFINITIONS

Whenever used in this Confidential Memorandum, the following terms will have meanings described below:

Act. Securities Act of 1933, as amended.

Affiliate. An Affiliate of another Person means: (a) any Person directly or indirectly owning, controlling, or holding with power to vote ten percent (10%) or more of the outstanding voting securities of such other Person; (b) any Person ten percent (10%) or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other Person; (c) any Person directly controlling, controlled by, or under common control with such other Person; (d) any officer, director or partner of such other Person; and (e) if such other Person is an officer, director or partner, any company or partnership for which such Person acts in any such capacity.

Agreement. The Operating Agreement of Capital Coin Fund Limited in the form attached hereto as Exhibit A.

ANACS. American Numismatic Association Certification Service, based in Dublin, Ohio, which is a certifier of rare coins.

Bankruptcy. Admission in writing of the Person's inability to pay its debts generally as they become due; an order for relief entered in any case commenced by or against a Person under the federal bankruptcy laws, as now or hereafter in effect; commencement of a proceeding under any other federal or state bankruptcy, insolvency, reorganization or other similar law, or having such a proceeding commenced against the Person and either an order of insolvency or reorganization entered against the Person or the proceeding remaining undismissed and unstayed for sixty (60) days; an assignment for the benefit of creditors; or appointment of a receiver or trustee for the Person or for the whole or any substantial part of its property.

Capital Contribution. The amount of cash paid by a Member (either Manager or Investor) for his Unit(s).

Cause. Material breach of the Agreement which is not cured within thirty (30) days after notice of such breach or Bankruptcy.

Code. Internal Revenue Code of 1986, as amended, and corresponding provisions of subsequent revenue laws.

Company. Capital Coin Fund Limited, the Ohio limited liability company in which the Investor is investing.

Counsel. Legal counsel to the Company for this Offering, Werner & Blank, Co., L.P.A., 7205 West Central Avenue, Toledo, Ohio 43617.

Delaware Valley. Delaware Valley Rare Coin Co., Inc., a Pennsylvania corporation, which will be one of the Managers of the Company.

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

Fiscal Year. The Fiscal Year of the Company which shall be the calendar year.

General and Administrative Expenses. Expenses incurred in the operation of the Company including, but not limited to, certification, marketing, insurance, postage, accounting and legal fees.

Investor. A Purchaser of Unit(s).

IRS. Internal Revenue Service.

Managers. The Managers of the Limited Liability Company: Vintage Coins and Cards, a Division of Thomas Noe, Inc., an Ohio corporation, and Delaware Valley Rare Coin Co., Inc., a Pennsylvania corporation.

Memorandum. This Confidential Memorandum.

NGC. Numismatic Guaranty Corporation of America, based in Parsippany, New Jersey, which is a certifier of rare coins.

Numismatic. By formal definition, it is the study and collection of rare coins and medals. By informal definition, the term has come to mean "of or related to" old coins in general, but particularly, rare coins.

Offering. Sale of Units pursuant to this Memorandum in a maximum amount of two hundred (200) Units and in a minimum amount of twenty (20) Units.

Offering Termination Date. June 1, 1997 (subject to extension by the Company until not later than September 30, 1997), unless all of the Units of the Offering are sold prior to such date in which event the Offering shall terminate as of the sale of the last such Unit.

Ohio Act. The Ohio Limited Liability Company Statute, Chapter 1705 of the Ohio Revised Code, as amended.

PCGS. Professional Coin Grading Service, based in Newport Beach, California, which is a certifier of rare coins.

Person. Any individual, corporation, partnership, trust or other entity.

Profit and Loss. The net income or net loss of the Company for Federal income tax purposes determined from its items of income, gain, loss and deduction for each Fiscal Year, or part thereof.

Regulations. Regulations, as may be amended from time to time, promulgated under the Code.

Related Materials. Material such as, but not limited to, bullion, tokens, medals, numismatic literature, and other collectible items that are related to the numismatic field.

Return. The Profits (or Losses) for each fiscal year divided by the Net Capital Contributions as of the close of such fiscal year. For this purpose, Net Capital Contributions means the result of the following calculation determined as of the last day of each fiscal year, the total Capital Contributions from Investors, plus Profits (and minus Losses) allocable to Investors for all prior fiscal years and less all Distributions made to Investors in the current and all prior fiscal years.

SEC. The United States Securities and Exchange Commission.

Subscription Agreement. Agreement executed by each Investor agreeing to purchase a Unit(s) and making representations as to the suitability of the Investor as a purchaser of a Unit.

Unit(s). Unit of Interest in the Limited Liability Company. Also referred to generally as a Unit or Interest.

Vintage. Vintage Coins and Cards, a Division of Thomas Noe, Inc., an Ohio corporation, which will be one of the Managers of the Company.

SUITABILITY STANDARDS

An investment in the Company involves a high degree of risk and is suitable only for persons and entities of substantial financial means who have no need for liquidity in respect of their investment. The Company has determined that the Units will be sold only to Persons who are "accredited investors" as that term is defined in Rule 501(a) of Regulation D, promulgated by the SEC, which definition includes, but is not limited to:

- (a) a natural person who by himself or together with his spouse has a net worth in excess of \$1,000,000 at the time of purchase;
- (b) a natural person who has had individual income in excess of \$200,000 in each of the two most recent years or joint income with his spouse in excess of \$300,000 in each of those years and expects to reach the same income level in the current year;

- (c) any organization described in Section 501(c)(3) of the Code, corporation, Massachusetts or similar business trust or partnership not formed for the specific purpose of acquiring the Units, with total assets of greater than \$5,000,000;
- (d) an entity in which all of the equity owners are accredited investors;
- (e) any plan established and maintained by a State, its political subdivisions or any agency or instrumentality of a State or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; or
- (f) any trust (exclusive of any "trust" under ERISA), with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Units, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D.

The fact that a prospective Investor is an "accredited investor" does not necessarily mean that the Units are a suitable investment for such Investor.

If any Units are purchased by a Person in a fiduciary capacity for any other Person who (or for an entity in which such Person) is deemed to be a "purchaser" of the subject Units under standards as promulgated by the SEC, such other Person must be an "accredited investor."

The representations set forth above will be reviewed by the Company to determine the suitability of the prospective Investors. The Company has the right to refuse a subscription for Units if, in its sole discretion, it believes that the prospective Investor does not meet the applicable suitability requirements or that the Units are an otherwise unsuitable investment for the prospective Investor. It is anticipated that comparable suitability standards will be imposed by the Company in connection with any resale of the Units. Any such resale is subject to various restrictions and may result in substantial adverse tax consequences.

The Company will rely upon the veracity of the representations of the Investor in the Subscription Agreement to the effect that such Investor is an accredited investor. The Agreement contains an indemnification of the Company and its Members concerning such representations. Meeting the suitability standards and acceptance by the Company is not conclusive of whether an investment in the Company is suitable for the Investor. Suitability can only be determined by the Investor himself and then only after substantial and thorough discussion with the Investor's tax, legal and investment advisors.

ACCESS TO INFORMATION

Each prospective Investor may inquire about any aspect of this Offering. The Company through the Managers or any person acting on its behalf will answer all inquiries concerning the Company, the Offering and the sale of the Units and the organization and operation of the Company. Prospective Investors will be afforded the opportunity to obtain additional

information, to the extent the Company possess such information, or can acquire it without unreasonable effort and expense. Prospective Investors having questions or desiring additional information should contact Thomas W. Noe, President, Vintage Coins and Cards, 3509 Briarfield Blvd., Maumee, Ohio 43537 (419/865-2646) or Frank Greenberg, President of Delaware Valley Rare Coin Co., Inc., 2835 West Chester Pike, Broomall, Pennsylvania 19008 (610/356-3555).

SUMMARY OF THE OFFERING

The following is a very brief summary of certain information contained in this Memorandum and is intended only as a guide and a reference. It is not complete nor should it be relied upon to disclose accurately all aspects of the transaction described in this Memorandum. This summary is qualified in its entirety by reference to the complete text of this Memorandum and its Exhibits which should be read thoroughly by prospective Investors.

OFFERING:

Number of Units: Maximum: two hundred (200); Minimum: twenty (20).

Price Per Unit: \$100,000 payable in cash upon execution of a Subscription Agreement.

Minimum Subscription: One (1) Unit; however, the Company in its sole discretion may sell one-half (1/2) Unit.

Total Offering: Maximum of \$20,000,000 (200 Units) and minimum of \$2,000,000 (20 Units).

Termination: The Offering will terminate on June 1, 1997, subject to extension by the Company until not later than September 30, 1997. The Escrow Account to be established will be "broken" upon receipt of subscriptions for twenty (20) Units. In the event that the maximum of two hundred (200) Units is subscribed for prior to such date, the Offering will terminate upon the sale of the last Unit.

COMPANY:

Managers: The Managers of the Company will be Vintage Coins and Cards, and Delaware Valley Rare Coin Co., Inc.

Termination Date: June 30, 2008 or earlier upon the happening of certain events.

Member Investors: In no event shall Units be sold to any Person who is not an "accredited investor," as that term is defined under the Act and no sales will be made to plans subject to ERISA.

Contributions: The Manager Members each will contribute \$5,000 for which they each will receive one (1) Manager's Unit. Such units will entitle the Managers, in the aggregate, to twenty percent (20%) of the first 10% Return to the Members in each Fiscal Year; and twenty-five percent (25%) of any Return to the Members in excess of ten percent (10%) in each Fiscal Year.

Non-Manager Members (Investors), in the aggregate, will contribute \$20,000,000 for two hundred (200) Units and eighty percent (80%) of the Profit of the Company on the first ten percent (10%) Return in each Fiscal Year; and seventy-five percent (75%) of the Return in excess of ten percent (10%) in any Fiscal Year.

Additional Assessment: None.

Reserve: The Company anticipates retaining a significant portion of the monies derived from operations of Company for the purchase of additional coins. The amount to be retained or distributed shall be at the sole discretion of the Managers. There is no assurance that any cash will be available for distribution.

Purpose and Operation: The Company will be formed primarily to acquire rare coins and Related Material. A significant portion of the rare coins will be certified and graded by PCGS and NGC. The Company will in turn sell the coins to wholesalers in the coin marketplace; to retailers of coins; and/or to the general public. The Company may also buy and/or sell coins, via public auction. The Company will use the expertise, knowledge, and abilities of the Managers in the buying and selling of coins. The coins purchased, and the decision as to the point in time for resale of such coins, will be in the sole discretion of the Managers. It is anticipated that Thomas W. Noe and Timothy H. LaPointe, President and Executive Vice President, respectively, of Vintage and Frank Greenberg and Carol Tailby, President and Vice President, respectively, of Delaware Valley, will be the principal decision makers as to the purchase and resale of such coins.

INTERESTS AND FEES:

Managers: The Managers shall receive no fees for serving as the Managers other than their respective Interest in the Company specified below and reimbursement of General and Administrative Expenses incurred by them.

Company Allocations:

Profit and Loss will be allocated, subject to certain exceptions detailed in the Agreement, in accordance with the following percentages:

	<u>Investors</u>	<u>Managers</u>
	<u>On First 10% Return in Fiscal Year</u>	
Profit	80%	20%
	<u>On Return Greater than 10% in Fiscal Year</u>	
Profit	75%	25%

In the event of any Loss in a Fiscal Year, such Loss would be shared 80% by the Investors and 20% by the Managers.

For example, in the event that the Company were capitalized at \$2,000,000 and the Profits for the first Fiscal Year of the Company are \$500,000, the Profits would be divided among the Managers and Investors as follows:

	<u>Profits</u>	<u>Percentage</u>	<u>Total</u>
<u>Managers</u>	\$200,000	20%	= \$40,000
(in the aggregate)	<u>\$300,000</u>	25%	= <u>\$75,000</u>
Total	\$500,000		\$115,000
 <u>Investors</u>	 \$200,000	 80%	 = <u>\$160,000</u>
(in the aggregate)	<u>\$300,000</u>	75%	= <u>\$225,000</u>
Total	\$500,000		\$385,000

Note that even though the above information sets forth the applicable division of Profits, there is no requirement that all or any portion of such Profits be distributed in any Fiscal Year. In such event, a Member's tax liability may exceed distribution of Profits.

The Company will dissolve, making a final liquidating distribution to Investors, no later than June 30, 2008. The Managers anticipate beginning to liquidate the Company's holdings sometime in advance of such date, in order to attempt to dispose of the Company's coins on the best available terms. Although the Managers may, in their sole discretion, liquidate such portfolio and dissolve the Company substantially prior to such period, they would anticipate doing so only in the event that they predict a substantial decline in the value of the Company. Consequently, Investors should consider the Company as a long-term investment.

POTENTIAL ADVANTAGES

Investing in Coins. Over the past decade, the coin market has changed dramatically. Many of these changes have resulted in greater ease in investing in coins. With sufficient funds, substantial capital appreciation can be realized by those with expert knowledge of market cycles. In addition, historically, an investment in coins has offered asset protection during inflationary cycles.

Investment Diversification. An investment in the Company will represent a diversification into an area of economic activity which is generally not represented in a typical portfolio. Further, because the Company will have a minimum capitalization of \$2,000,000, it will be able to gather a diversified base of rare coins.

Timing. The prices for most coins have declined dramatically during the last several years. While it is virtually impossible to purchase coins at the exact bottom of a market cycle, prices now (vs. their historical highs), are generally quite favorable for long-term growth and capital appreciation.

Ability to Purchase at Wholesale. Individual Investors generally would not have access to the wholesale coin prices which will be available to the Company through the Managers.

Comprehensive Knowledge and Flexibility of the Managers. It is quite unusual for two coin companies to combine their strengths and act as managers in a rare coin fund. The combined talents of the Managers in the Company increase the chances of capital appreciation for the Company.

Guaranteed Authenticity and Grading. Prior to the last decade, some of the primary risks of dealing in coins were that there was no standardization of grading amongst the dealers and little protection from a coin proving to be counterfeit or altered. Such risks have decreased substantially due to the grading and authenticity guarantees of PCGS and NGC. Certified coins have gained wide acceptance in the rare coin marketplace. A large portion of the Company's coins will be certified by PCGS or NGC (see "THE AMERICAN RARE COIN MARKET," below).

Insurance Against Loss; Loss Control Policies. The Company intends to obtain comprehensive insurance coverage against theft, destruction, loss or damage of its coins. Such

INVESTMENT OBJECTIVES

Capital Coin Fund Limited is a Limited Liability Company to be organized under the Ohio Limited Liability Company Statute by Vintage Coins and Cards, a Division of Thomas Noe, Inc., and Delaware Valley Rare Coin Co., Inc., which will act as the Managers of the Company. As of the date of this Confidential Memorandum, the Company has not commenced operations and it will not do so prior to the sale of the minimum Offering of the Units.

The Company will seek to generate capital appreciation through buying, accumulating, investing, trading, and selling rare coins and Related Material. The Managers will direct the Company's operations.

The Company intends to participate in a wide range of different activities relating to the coin market. The Company's proposed strategies will include, among others: (i) purchasing coins that have been certified and graded by PCGS, NGC, or ANACS at prices and price levels that the Managers believe will be advantageous to the Company; (ii) accessing and purchasing uncertified coins and Related Materials based on the Managers' comprehensive knowledge of uncertified coins and Related Materials; when appropriate, the Company will engage in "grading arbitrage" and will pay for official grading and certification of coins in order to capitalize on what the Managers believe will be the desirability of particular coins being certified; (iii) purchasing and accumulating "positions" and/or a portfolio(s) of coins and/or Related Materials with the intention of holding such coins for either a relatively short period of time or a significant period of time prior to sale; (iv) acting as a wholesale "trader" - i.e., actively buying and selling a wide range of coins, thereby attempting to generate an ongoing stream of income to defray expenses and for reinvestment in coins while also attempting to establish the Company's position in the certified coin market; and (v) aggressively seeking retail outlets for coins purchased by the Company in order to broaden and strength the scope of interest in rare coins, generate greater profits for the Company, and to correct and/or deplete any temporary oversupply of material in the marketplace.

Although a principal aspect of the Company's strategy involves acting as a wholesale market maker for buying and selling of coins, there is no clear-cut distinction between the coins which the Company will use in trading and those which it will hold as part of a short or long-term portfolio or use in "grading arbitrage." Coins purchased with the intention of being used in one aspect of the Company's operations may frequently be put to other uses, as changing market conditions create what the Managers perceive to be desirable profit opportunities.

While the different aspects of the Company's overall strategy are conceptually distinct, in practice they may be interconnected. Furthermore, the different aspects of the Company's operations can serve to promote one another. For example, the Company's market making activities are likely to give it information concerning and access to coins which might be desirable as a part of its short or long-term portfolio. The Company will attempt to maximize both its available capital and the Managers' expertise, while attempting to recognize an ongoing stream of current income available to defray expenses and for reinvestment.

insurance provides generally for the payment of the fair market value of coins lost, destroyed, damaged or stolen, subject to the conditions of the deductible under the policy. Such fair market value is determined as of the date that any such loss, destruction, damage or theft is discovered, not the date of the occurrence. As an extra measure of protection, whenever possible, the Company's coins will be held in safekeeping at a major bank depository. The Company is obligated to use its best efforts to obtain and maintain such insurance. If it is unable to obtain adequate insurance (as determined by the Managers), the Company will be liquidated as promptly as practicable and appropriate distributions of the Company's assets made (all coins having been reduced to cash).

Administrative Convenience. The Company is structured so as to eliminate for Members the administrative burden involved in trading, shipping, insuring and storing coins. The Company will have a state-of-the-art custom designed inventory and business management computer system which it will use to maintain all transactional records relating to the Company. The Company will prepare and distribute annual financial reports and all tax information relating to the Company necessary for Members to complete their income tax returns.

THE AMERICAN RARE COIN MARKET

Mintages. The term "mintage" refers to the number of coins of any particular denomination that were produced at any given mint during any given year. By definition, the supply of these coins is finite and can not be replenished. While most of the coins purchased by the Company will have relatively high original mintages, some of the coins purchased by the Company will have relatively low original mintages, especially in the case of older coins, and choice examples of these coins are generally considered to be scarce.

Methods of Manufacture. Most coins are minted with the intention of circulating. These coins are sometimes referred to in the trade as "business strikes." The term "uncirculated" refers to a coin which, while produced for use as currency, has never, in fact, seen circulation. Such a coin has little evidence of wear or markings. Uncirculated normal production coins are struck on high speed presses, stored in bags and run through counting machines. As a result, uncirculated coins usually have bag marks and evidence of coin-to-coin contact.

Coins are also minted in "proof" condition. These are struck exclusively for presentation or for collector purposes. A proof coin is made from specially prepared dies that are inspected for perfection and are highly polished and cleaned. The coinage blanks from which proof coins are made are also polished and cleaned to assure high quality when struck. The blanks are then hand-fed into a coinage press one at a time, each blank receiving two blows from the dies. The entire operation is conducted at slow speeds utilizing extra pressure. Finished proofs are individually inspected and are handled with gloves and tongs. These perfect coins display a mirror-like surface, sharp detail, high wire rims and high relief details.

Supply. As stated, the supply of coins is finite. The number of coins that exists in high quality states of preservation also has an influence on what is generally perceived to be the

supply. Very few coins ever remain in their original "newly minted" state, and perfect or near-perfect uncirculated coins, particularly older coins, are usually extremely rare.

Although the Company may from time to time acquire "great rarities," in general it will deal in coins that offer greater versatility in terms of supply. "Great rarities" are sometimes less susceptible than more common coins to declining in value during market downturns (due to the fact that the supply is so limited that the demand is ordinarily sufficient to ensure against price drops). The Company's coins will generally not be of a rarity sufficient to withstand market downturns. By the same token, however, such coins will be far more liquid than "great rarities" and will give the Managers more scope to make use of their trading skills.

Demand. Demand is created when insufficient supplies of desirable material are available in the market or when the prices of coins are perceived as favorable. These two factors are usually interrelated. In recent years, the shift from collecting to investing (or a blend of the two) has served to increase demand. With the introduction of PCGS and NGC, many formerly hesitant individual investors as well as several institutions have taken a stronger interest in rare coins as an investment vehicle.

Certain Aspects of Coin Values. The value of coins, in addition to being affected by the usual forces of supply and demand, is determined in large measure by physical condition. Historically, coins of high quality have appreciated in value at a rate much faster than have pieces of lower quality. Small differences in the grade of a coin can materially affect its value.

In the past, other factors which have had a significant effect on the value of coins has been the prevailing rate of inflation (or expectations concerning what such rate will be in the near future) and the commodity value of the precious metals from which coins are minted (particularly in the case of relatively common gold coins). While factors such as inflation and metal prices have been an influence in the past, there is no guarantee that they will be an influence in the future.

Grading. The importance of the condition of coins to their value has led to the development of a standardized system for evaluating the state of preservation of a coin. Coins are generally graded on a 70 point scale with the top 10 points being the uncirculated or proof grades.

Certified Grading & Encapsulation. Since the value of a coin is determined to a large extent by the condition or "grade" of a coin, the growing need for "third-party" grading and certification became evident in the late 1980's. The difference in value between a coin being graded MS 64 and MS 65, for instance, can sometimes be substantial. While firms such as PCGS and NGC have not been able to solve all of the difficulties associated with the grading of coins, they have made substantial inroads in the standardization of coin grading. Firms such as PCGS and NGC grade and certify the authenticity of coins based upon a uniform set of grading standards. They then sonically seal each coin and its certification tag in plastic, effectively creating a coin "capsule." In addition to providing certification information about the coin, this plastic capsule helps to provide protection from damage and enables relatively safe, long-term

coins for the Company which are readily salable at a profit or are expected to appreciate over the life of the Company.

Trading in Uncertified Coins. While the Company anticipates that a substantial percentage of its coin holdings will consist of certified and readily marketable coins, there is also a substantial market in uncertified coins. Trading in uncertified coins offers "grading arbitrage" profit opportunities i.e., purchasing a coin which is selling at beneath its realizable market value due to mistaken evaluation of its grade. Furthermore, although determining the value of uncertified coins is a subjective process, the Managers believe that the experience of its principal officers will permit them to assign estimated values to the Company's uncertified coins with sufficient accuracy that these coins may return significant profit to the Company. The risks in "grading arbitrage" are, however, substantial.

In most cases, when the Company purchases uncertified coins, it will submit such coins for grading and certification to PCGS, NGC or any other certification service selected by the Managers. However, the Managers may choose to sell such purchases without having them certified if the Managers believe it would be of benefit to that Company to do so.

Auctions. Prior to the creation of electronic trading networks, the primary means of selling coins publicly was at auction, and auctions remain a principal focus of activity in the coin market. Many coins sold at auction are ungraded. Certified coins are sold at auction sometimes for purposes of liquidity and sometimes in order to attain a higher price realized at auction. The Managers believe that in some cases the prices received for coins when auctioned may exceed the price which would have been received for the same items in a negotiated, private transaction or on a trading network. The principal officers of the Managers have many years of experience in participating in coin auctions and in assessing when it would be advantageous to buy or sell particular coins at auction.

When coins are to be sold at auction, they must be consigned to the auction house for some length of time (often as much as two or three months) in advance. The Company will have no control over any of its coins when so consigned and could not, for example, decide to sell any of such coins to a third-party during the interim. Despite the Company's lack of access to coins after consignment to action, the Managers will continue to value such coins for purposes of determining net asset value. However, prospective investors must recognize that, due in part to factors such as those referred to above, the actual value recognized at auction may differ substantially from such estimates.

Dynamics. The evolution of certified grading services such as PCGS and NGC and the use of certified trading networks where "bids" and "asks" are posted for some certified coins has resulted in periods of extreme volatility in the marketplace. It is important to note that the rare coin industry is still evolving. For instance, it is too early to tell what impact the Internet will have on the rare coin industry. However, entities such as the grading services and the trading networks have now been a factor in the marketplace long enough for some measure of stability to have emerged. While the Managers are very cognizant of the fact that the rare coin market

storage for the coins. Overall consumer confidence has increased as a result of "third party" grading, certification and encapsulation.

Both PCGS and NGC offer Guarantees of Grade and Authenticity. The Company intends to submit coins for grading and authentication to both PCGS and NGC and to such other grading services as the Managers may deem appropriate.

Population Reports. Both PCGS and NGC publish monthly "population" reports in which they publish a complete census of the number of coins certified by their service at a given grade for each date, denomination, mint mark, and variety. These reports provide useful information when the information is interpreted by parties, such as the Managers, with advanced knowledge of the field.

Electronic Trading Network. There are two electronic trading networks for coins. The dominant one is called The Certified Quote System (otherwise known as "CQS") and its administrative arm, the Certified Coin Exchange (otherwise known as "CCE"). The two networks allow subscribing dealers to trade certified coins such as PCGS and NGC via a computerized trading network that is linked to a satellite. Both networks allow subscribing dealers to post "sight seen" bids and asks and "sight unseen" bids and asks on PCGS, NGC, and ANACS certified coins. To purchase or sell a coin "sight unseen" means that both parties in the transaction agree to accept the coin offered in trade without right of refusal. To purchase or sell a coin on a "sight seen" basis means that both parties in the transaction agree to allow the party purchasing the coin the right to view the coin prior to purchase to determine if the coin is appropriate for their needs. The Company will, at times, participate on these two networks or on any other trading network which may exist in the future, for the purposes of buying and selling coins and obtaining information about current prices.

In addition to the electronic trading networks, there are numerous other price reference materials which the Company will use to obtain further information about current price levels and historical price levels in order to make the most informed decisions possible. The Company has designed a computer program which integrates key price reference information and it will use this system to its advantage in the course of buying and selling coins.

The Dealer Network. Unlike securities, in which numerous stock exchange transactions are effected by brokers on an agency basis for a commission, all transactions in the coin market are effected on a principal basis, with a network of dealers buying and selling coins for their own account and charging "bid"- "ask" spreads rather than a commission. The Company's cost in acquiring coins for its holdings will often times reflect such spreads, but the Managers will attempt to ensure that the purchase prices paid for the Company's coins are, in all cases, fully competitive. Because the Company intends to act as a wholesale supplier of coins, the continued success of the dealer network is important for the success of the Company. In addition to others, it is anticipated that the Managers, in their individual retail capacity will purchase from and, in more limited situations, sell coins to, the Company. It is the objective of the Managers that the Company achieve profitability through the "spread" in the cost paid for coins and the price charged to wholesale or retail brokers upon resale. In addition, the Managers intend to purchase

involves risk, they believe that the dynamic nature of the coin market creates opportunities for financial rewards for the Company.

RISK FACTORS

Investment in the Units involves certain significant risks, many of which are beyond the control of the Company and the Managers and represent contingencies that cannot be reliably estimated. Investment in the Units is suitable only for Persons of substantial financial means who have no need for liquidity in their investments and who can afford the loss of their entire investment. This summary is qualified in its entirety by the Agreement and the contents of this Memorandum. Among other aspects of this Offering, potential Investors should consider carefully the following factors which discussion is meant to be a brief summary of some, but not all, of the risk factors involved in a purchase of Units.

Dependence on the Services of Messrs. Noe, Greenberg, LaPointe and Ms. Tailby. The Company's success is critically dependent upon the services of Messrs. Noe, Greenberg, LaPointe and Ms. Tailby, the executive officers of the Managers. Were these persons to become unable to manage the Company's assets, the effect on the Company would be material and adverse.

Possible Delay in Becoming Fully Invested. The Managers have not identified any specific coins which they intend to purchase for the Company. Prevailing market conditions and/or a desire to purchase coins and Related Material at favorable prices, may cause the Managers to exercise caution in purchasing coins for the Company. Therefore, it is possible that it will require a considerable period of time before the Company has invested a material portion of its assets in coins. Until invested in coins or Related Material, funds of the Company likely will be held in short term, liquid investments such as money market or bank savings or checking accounts.

Possible Unavailability of Insurance. The Company expects to obtain an insurance policy which generally covers the fair market value of coins destroyed, lost, stolen or damaged. There can, however, be no assurance that the Company will be able to obtain or renew such policy. If the Company is unable to obtain adequate insurance coverage, the Company may be required to curtail its operations and liquidate.

Possible Market Value Volatility. The coin market is subject to substantial fluctuations, and the value of the coins acquired by the Company could experience significant declines in value. Unlike many forms of investment, there is no assured return on an investment in the Company in the form of dividends or interest.

Unregulated Nature of the Coin Market. The coin market is presently subject to no material regulation. Consequently, the investor protection benefits of the often extensive governmental and self-regulation applicable to other forms of investment will not be available to Investors. Conversely, there can be no assurance that, in the future, regulations which might materially and adversely affect the coin market will not be imposed.

Thinness of Market and Possible Lack of Liquidity. The coin industry is very small in comparison to other investment vehicles such as the stock market. The degree of liquidity of coins will vary according to general market conditions and according to the particular coin involved. For some coins there may be no active market at all at certain points of times. Thus, the market is, and will remain, significantly less liquid than more traditional forms of investment such as stocks and bonds. Trading networks such as CCE do not provide any more liquidity than the wholesale marketplace in general. Market illiquidity could make it difficult for the Company to execute trades which the Managers consider advisable or to dispose of coins at what they consider to be fair value. However, the Managers believe that it is possible that the thinness of the market and/or the lack of liquidity could, at times, be of some benefit when the Company is attempting to buy coins at favorable price levels.

Competition. The buying and selling of coins is a highly competitive business. In doing so, the Company will be in direct competition with other experts, some of which have significantly greater financial resources. Competition in coin trading develops not only from dealers in coins, but also from collectors and investors who acquire coins.

Relationship of Coin Prices to Gold Prices. Historically, the value of some U.S. gold coins has been influenced to a certain degree by the value of gold. In the past, gold prices have been known to be highly volatile.

Hoards. Many hoards of coins and Related Materials still exist in private holdings. It is possible that one or more substantially large hoards exist as well. In the past, hoards of one particular coin or a group of related coins have been known to drive the price of that coin(s) down. If a hoard of sufficient financial magnitude should come on the market, it could have a negative impact on overall prices.

However, there are many opportunities to make money by purchasing hoards that have been off the market for many years. As one of their strategies, the Managers hope to acquire hoards of coins and/or Related Materials for the Company because the profit potential of such material sometimes can be substantial.

Limited Operating History of Coin Certification Services and Trading Networks. NGC, PCGS, ANACS and the resultant trading networks such as CCE have each been formed relatively recently and have limited operating histories. Investor should understand that certification does not guarantee protection against the normal risks associated with potentially volatile markets. There can be no assurance as to continued viability or future operations for these entities. Were these organizations to substantially change their method of operations or curtail operations entirely, it could become difficult for the Company to achieve its profit objectives.

Subjectivity of Grading. While the certification services have made substantial progress in the standardization of coin grading, it is generally accepted that the "art" of coin grading is still subjective. For example, if a coin is submitted to the same grading more than once, it is

possible that it could be certified at different grade levels. Bearing in mind that the value of the coin is heavily influenced by the specific grade of the coin, the owner of such a coin could be in a profit or loss situation depending upon what grade the coin received.

Grading and Authenticity of Uncertified Coins. The Managers believe that their expertise will create substantial profit opportunities for the Company in purchasing uncertified coins, and some uncertified coins which the Company purchases may be certified after acquisition. However, there are risks involved in the Company dealing in coins which it intends to have certified and/or coins which it intends to sell in an uncertified state. It should be noted again that even small differences in grading can have a significant impact on their value. Although the Managers are generally adept at determining a coin's authenticity, if a coin's authenticity becomes subject to doubt, it may lose all or substantially all of its value since it is illegal to knowingly sell a counterfeit coin.

Value Differences Between Grading Services. Coins graded by one grading service may not conform to the grading standards as interpreted by another grading service or by the dealers in the industry and the buying public. This can have an impact on the value of a coin.

Lack of Regulation of Trading Network. In their present form, the trading networks have little or no self-regulation with respect to monitoring the legitimacy of bids and asks on the system. This is particularly true of the "sight-seen" bids. The Managers intend to use their years of experience and their expertise in evaluating any and all bids and/or asks on the trading networks in order to judge their viability in the marketplace.

CCE and other trading networks that now exist are primarily useful as a means for the dealers to exchange buy and sell information. A subscriber's trading limit can be quite small. Although the marketplace currently trades coins in relation to the bids and asks as posted on trading networks such as the CCE system, very few trades are actually executed via the network.

Possible Disadvantageous Market Conditions When the Company's Holdings are Liquidated. The Managers will have considerable flexibility in selecting the times at which to liquidate portions of the Company's holdings. Nevertheless, the Company must liquidate the last of its holdings prior to June 30, 2008. In the event that there is a sustained depression in the coin market during the last few years of the life of the Company, the Company could be forced to dispose of its holdings under adverse market conditions and for inadequate prices.

The Managers. The Managers have engaged in the buying and selling of coins since 1994 (Vintage) and 1977 (Delaware Valley). However, neither Vintage nor Delaware Valley has acted as the general partner of a partnership or manager of a limited liability company. The proposed distribution of Profits and Losses has been determined by the Managers as the initial organizers of the Company. Further, the Managers engage in the buying and selling of coins as retail brokers as a regular and customary part of their business and will continue to do so in the future. Specifically, there is no prohibition against the Managers buying coins from and selling coins to the Company. Such transactions will occur at what is deemed to be fair market value, but such relationship creates an inherent conflict of interest.

No Ruling from the IRS Regarding Status as a Partnership. The Company has not sought a ruling from the IRS regarding the treatment of the Company as a Partnership for federal income tax purposes. If it is ultimately determined that the Company should be classified as an association taxable as a corporation, the Company and Members will be adversely affected in that, among other things, (a) Company income would be taxed to the Company at corporate income tax rates, rather than there being no tax on income at the Company level; (b) Company losses (i.e., deductible expenses in excess of taxable income), deductions and other tax benefits would not be passed through to the Members for possible use by the Members in reducing their taxable income from permitted sources other than the Company; and (c) Company distributions to Members would be treated as corporate dividends, resulting effectively in a double tax on the Company's earnings.

Members Will Be Taxed on Profits Whether or Not Distributed. The Company is not required to distribute Profits. If the Company has taxable income for a Fiscal Year, such income will be taxable to Members in accordance with their percentage interest in the Company's Profits, whether or not such Profits have been distributed to them. The tax liability of Members for any Profits of the Company may exceed any distributions received from the Company.

"Passive" Income and Losses. It is likely that a significant portion of the Profits and Losses of the Company will be deemed profits and losses from passive activities, thus limiting the deductibility of any such Losses. Each Member must consult his own tax adviser regarding this issue. In addition, it is likely that a significant portion of the Profits and Losses of the Company will not be profits or losses from a passive activity. Thus, it is possible that the Company may produce Losses from a passive activity which may not be used to offset other Profits of the Company because such Profits are deemed not to be from a passive activity.

Possibility of Tax Audit of Both the Company and Members. There can be no assurance that the Company's tax returns will not be audited by the IRS or that adjustments to such returns will not be made as a result of such an audit. If an audit results in an adjustment, Members may be required to file amended returns (which may themselves also be audited) and to pay additional taxes, plus interest. The IRS currently is authorized to impose an interest penalty on tax deficiencies based upon prevailing rates.

ERISA Accounts. Because of the significant and restrictive nature of the regulations of ERISA as implemented by the Department of Labor, ERISA plans will at no time be allowed to invest in the Interests of the Company.

State and Local Taxes. In addition to the effects of the tax reform legislation on an investment in the Company, state and local taxes may result in an increase in the amount of such taxes applicable to the Company and its Members.

BECAUSE OF THE SIGNIFICANT DIFFERENCES AMONG POTENTIAL INVESTORS, NO ATTEMPT HAS BEEN MADE HEREIN TO SUMMARIZE IN ANY SIGNIFICANT WAY THE TAX MATTERS APPLICABLE TO AN INVESTMENT IN THE COMPANY. PROSPECTIVE INVESTORS IN THE COMPANY ARE URGED TO CONSULT THEIR OWN TAX ADVISERS WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATION UNDER FEDERAL LAW AND THE PROVISIONS OF APPLICABLE STATE AND LOCAL LAWS BEFORE SUBSCRIBING FOR UNITS.

No Public Market for Units. No public market will exist for the Units. A Member may not be able to realize cash upon his investment prior to dissolution of the Company because: (a) the sale of his Unit will be subject to restrictions imposed by the federal securities laws and regulations promulgated by the SEC and applicable state securities laws; (b) Units cannot be assigned without the prior written consent of the Managers and the delivery of certain documents and satisfaction of other requirements as provided in the Agreement; (c) Members have no right to withdraw any part of their investment in the Company; and (d) it may not be possible to find a buyer for his Unit. If, as a result of some change in circumstances arising from an event not presently contemplated, a Member wishes to transfer his Unit, or any portion thereof, he may find no market for such Unit due to market conditions or the general illiquidity of such Unit.

Non-Registration of Units. The Offering has not been registered under the Act in reliance upon the "private offering" exemption of Section 4(2) of the Act and Rule 506 of Regulation D promulgated thereunder. It is anticipated that reliance also will be made upon apparently available exemptions from securities registration under applicable state securities laws. However, there can be no assurance that the Offering presently qualifies or will continue to qualify under such exemptions due to, among other things, the adequacy of disclosure and the manner of distribution of the Offering, the existence of similar offerings conducted by the Managers or their Affiliates in the future, or the retroactive change of any securities law or regulation. If, and to the extent, suits for rescission are brought and successfully concluded for failure to register the Offering or other offerings under the Act or for acts or omissions constituting offenses under the Securities Exchange Act of 1934 or under state securities laws, both the capital and assets of the Company could be affected adversely, thus jeopardizing the ability of the Company to operate successfully.

The Company does not intend at any time in the future to register the Units in the Company with the SEC or, except as may be required in connection with this Offering, with any state securities commission. For this reason, Investors do not and will not enjoy the benefits or security, if any, that may be derived from such a registration and corresponding review by regulatory officials. For that reason, Investors must make their own decision as to a subscription to the Company with the knowledge that federal officials have not passed on the adequacy of the disclosures contained in this Memorandum and that state officials have not passed on the fairness of this Offering.

Indemnification. The Agreement provides that the Managers shall not be liable to the Company or to any Member for actions taken in good faith and reasonably believed to be in the

best interest of the Company, or for errors of judgment, neglect or omission unless a Manager is adjudged to have been liable for fraud, willful misconduct, gross negligence, material breach of its obligations under the Agreement or material breach of its representations, warranties and covenants in the Agreement. Moreover, the Agreement provides for the indemnification of the Managers in connection with the foregoing.

TERMS OF THE OFFERING

The escrow account established in connection with the Offering will be broken upon receipt of subscriptions for twenty (20) Units, an aggregate minimum consideration of \$2,000,000 at which time the funds will be released to the Company. The maximum number of Units which will be sold in the Offering is two hundred (200) Units for an aggregate maximum consideration of \$20,000,000.

Offers will be made only to accredited investors (See "SUITABILITY STANDARDS"). The Offering of the Units has not been registered with the SEC. The Units are being offered pursuant to an exemption from registration under Section 4(2) of the Act and under Rule 506 of Regulation D promulgated thereunder and other available exemptions. Depending upon in which states the Units are offered, the Units may or may not be offered pursuant to exemptions from registration provided in various state securities laws.

Each Investor must subscribe for a minimum of one (1) Unit. However, the Company, in its sole discretion, may sell one-half (1/2) of a Unit. This Offering will terminate upon the earlier to occur of: (1) June 1, 1997 (subject to extension by the Company in its sole discretion until not later than September 30, 1997); or (2) the sale of all of the Units offered hereunder.

The Managers reserve the right to purchase Units so as to cause the minimum offering standard to be met. In no event shall the Managers purchase more than two (2) Units in the aggregate (\$200,000) and they are under no obligation to purchase any Units.

Purchasers of the Units are required to execute the Subscription Agreement and Signature Page attached hereto as Exhibits A and B, respectively, and such other documents as reasonably may be required by the Company. Purchasers are required to pay in full for subscribed Units upon executing the Subscription Agreement. Checks are to be made payable to "Capital Coin Fund Limited."

The Company has the exclusive right to refuse to accept, for any reason, all or part of the Units which a potential Investor offers to purchase pursuant to his Subscription. In the event that the Company rejects a part but not all of the Units to which any potential Investor subscribed, the potential Investor shall be obligated to purchase the balance of the Units which were accepted by the Company, and the Company will be required to return, or cause to be returned, the excess funds. No interest will be paid on subscription funds returned as a result of the Company's refusal to accept all or a portion of any subscription.

All of the proceeds of this Offering will be deposited in a trust account established and controlled by the Company with Fifth Third Bank of Northwestern Ohio, N.A. or another federally insured banking institution in the Toledo, Ohio metropolitan area, and held for the Investors until such time as subscriptions for twenty (20) Units have been received and thereafter such funds, together with additional funds received pursuant to subscriptions, shall be made available to the Company. In the event that the minimum of twenty (20) Units shall not have been sold prior to the Offering Termination Date, this Offering shall terminate and all funds held in trust shall be returned to the respective subscribers. Whether or not this Offering is consummated, interest earned, if any, on the capital contributions of the subscribers, to the first twenty (20) units will be paid to such subscribers within thirty (30) days after the earlier to occur of Offering Termination Date or the breaking of escrow.

**SOURCE AND APPLICATION OF
CAPITAL CONTRIBUTIONS**

In the event this Offering is not completed, then all subscription payments will be refunded to all Investors with interest earned, if any, and without deduction. The proceeds to the Company from the sale of the Units will be utilized for the purposes set forth herein. The Company expects that the total amount of funding will be provided and allocated as follows:

<u>SOURCE OF FUNDS:</u>	<u>MINIMUM</u>		<u>MAXIMUM</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Initial Contributions				
Investors	\$2,000,000	99.5%	\$20,000,000	99.95%
Managers	10,000	0.5%	10,000	0.05%
TOTAL SOURCE OF FUNDS	\$2,010,000	100.0%	\$20,010,000	100.0%
USE OF FUNDS:				
Organization Expenses: (1) Legal, Accounting, etc.	\$20,000	1.0%	\$20,000	0.1%
Operating Expenses: (1) Printing, filing fees and miscellaneous expenses	5,000	0.25%	5,000	0.025%
Working Capital: For Coin Acquisition	1,985,000	98.75%	19,985,000	99.9%
TOTAL USE OF FUNDS:	\$2,010,000	100.0%	\$20,010,000	100.0%

(1) Organizational and Operating expenses are estimates and may be higher or lower. These expenses will include, among others, organizational, offering and legal and accounting fees, printing costs and filing fees with federal and/or state securities authorities.

COMPENSATION AND FEES

Other than the reimbursement of any necessary General and Administrative Expenses incurred by the Managers on behalf of the Company, the Managers shall receive no compensation in connection with the sale of the Units nor will they receive any fees for services rendered in regard to the operation of the Company. The Managers will, however, have an Interest in the Company which will entitle them to a percentage of the Profits and Losses of the Company as specified in the following section entitled "PARTICIPATION IN PROFITS AND LOSSES." It should be noted that the percentage interest to which the Managers are entitled is not based on a pro rata cash contribution to the Company.

PARTICIPATION IN PROFIT AND LOSS

The Managers will determine which coins to buy and sell and the terms and conditions for such transaction. The terms of those transactions will have a fundamental effect on the Profits and Losses that will be allocated to the Company and, pursuant to the Agreement, to the Investors.

Profit and Loss allocated to the Company will be allocated, subject to certain exceptions detailed in the Agreement, between the Investors and the Managers as follows:

	<u>Investors</u>	<u>Managers</u>
	<u>On First 10% Return in Fiscal Year</u>	
Profit	80%	20%
	<u>On Return Greater than 10% in Fiscal Year</u>	
Profit	75%	25%

In the event of any Loss in a Fiscal Year, such Loss would be shared 80% by the Investors and 20% by the Managers.

For example, in the event that the Company were capitalized at \$2,000,000 and the Profits for the first Fiscal Year of the Company are \$500,000, the Profits would be divided among the Managers and Investors as follows:

	<u>Profits</u>	<u>Percentage</u>	<u>Total</u>
<u>Managers</u>	\$200,000	20%	= \$40,000
(in the aggregate)	<u>\$300,000</u>	25%	= <u>\$75,000</u>
Total	\$500,000		\$115,000
<u>Investors</u>	\$200,000	80%	= \$160,000
(in the aggregate)	<u>\$300,000</u>	75%	= <u>\$225,000</u>
Total	\$500,000		\$385,000

Note that even though the above information sets forth the applicable division of Profit, there is no requirement that all or any portion of such Profit be distributed in any Fiscal Year. In such event a Member's tax liability may exceed distribution of Profit (See "Summary of Certain Federal Income Tax Aspects").

Subject to certain qualifications, net proceeds upon termination (after payment of Company obligations), including those from the sale of all or substantially all of the assets of the Company, will be distributed first to the Members to the extent of their capital account balances (determined after allocation of Profit or Loss on the sale of the assets). The Agreement provides that a Member will not be allocated any Loss (or item thereof) for tax purposes if the allocation of such item to the Member would result in a deficit in his capital account which he is not obligated to restore.

The Managers in their sole discretion may cause the Company to retain otherwise distributable Profits, the monies from which would be used to purchase additional coins. There can be no assurance that the Company will have cash to distribute notwithstanding a Profit or a Loss to the Company. This could cause the Members to be obligated to pay taxes in respect of Profits for which they do not receive corresponding cash distributions.

The Agreement provides that distributions, if any, will be made to Investors holding Units of record on each distribution date, whereas Company Profit and Loss will be earned ratably over the period of the Fiscal Year of the Company. Accordingly, Investors are advised that if Units are transferred, the transferor and the transferee may not receive distributions in the same ratios that the Profit and Loss giving rise to such distributions have been allocated.

MANAGEMENT

The Company's financial success will be primarily dependent upon the management and operation of the Company which shall be the responsibility of the Managers. The Managers will be Vintage Coins and Cards, a Division of Thomas Noe, Inc., an Ohio corporation, and Delaware Valley Rare Coin Co., Inc., a Pennsylvania corporation. Delaware Valley was incorporated in 1977 and Vintage was organized in 1994. Thomas Noe, Inc. was formed in 1979. Since their respective dates of organization, the corporations have engaged in the purchase and sale of rare coins and Related Materials. The corporations regularly provide advice to customers in

connection with the purchase and sale of such coins. As with most coin dealers, the success of Vintage and Delaware Valley has been tied directly to the talents of their principal officers. The principal officers of Vintage and Delaware Valley and a brief biography of each of them follows:

Vintage

Thomas W. Noe. Thomas Noe is the founder and President of Vintage Coins and Cards, located in Maumee, Ohio. He is a native of Bowling Green, Ohio and attended Bowling Green State University. Mr. Noe has been a full-time coin dealer since 1973 during which time he has worked in Greenville, South Carolina; New York; Boston; Miami; and since 1981, Toledo. Mr. Noe has been a member of the American Numismatic Association since 1971. In 1979, Mr. Noe became a member of the Professional Numismatists Guild ("PNG") and served on their Board of Directors from 1991 until 1993. Mr. Noe is a Charter Member of the Professional Coin Grading Service ("PCGS") and the Numismatic Guaranty Corporation ("NGC"). He is past chairman of the Industry Council for Tangible Assets and is an approved probate appraiser in Lucas County, Ohio.

Mr. Noe is also active in civics and the community. He has served on the Board of Regents of the Catholic University of America, Washington, D.C. and the Board of Trustees of Bowling Green State University. He has also served on the Board of Directors of the Central City Ministry of Toledo and the St. Vincent Medical Center Foundation. He is past Chairman of the Board of Trustees of Lourdes College. Currently, he is serving on the Ohio Board of Regents and the Board of Directors of Capital Bank, N.A.; and the Executive Committee of the Bishops Education Council.

Timothy H. LaPointe. Mr. LaPointe is the Executive Vice President of Vintage Coins and Cards. Mr. LaPointe is a native of Chicago, Illinois and grew up in the San Fernando Valley in California. He and his family moved to Japan in 1960 where Mr. LaPointe graduated from Yamato High School in 1965. Mr. LaPointe returned to the United States in 1965 and in the mid to late 1960's, served in the military and attended Los Angeles Pierce College in Los Angeles, California. Mr. LaPointe began his career as a professional numismatist in 1974. He brings a wealth of knowledge and experience to his position as Executive Vice President of Vintage since he has served as Director of Wholesale and/or Retail Sales for some of the largest coin companies in the United States. Mr. LaPointe is currently responsible for the management of several hundred client portfolios at Vintage. Mr. LaPointe is a member of the Florida United Numismatists, the Central States Numismatic Society, as well as being a life member of the American Numismatic Association. Mr. LaPointe is a registered PNG Numismatist.

Delaware Valley

Frank Greenberg. Frank Greenberg is the founder and President of Delaware Valley. Delaware Valley has been in business since 1969, relocating from Springfield, Pennsylvania to its current location in Broomall, Pennsylvania in September, 1991. Mr. Greenberg is a graduate of Upper Darby High School and attended Drexel Institute of

Technology (now Drexel University) where he studied economics and finance. Mr. Greenberg became a full-time professional numismatist in 1969. Mr. Greenberg is a life member of numerous numismatic organizations, including the American Numismatic Association. Mr. Greenberg became a member of the Professional Numismatists Guild in 1980 and he served as an Arbitrator for PNG on several occasions. He is a Charter Member of the Numismatic Guaranty Corporation. In addition to Mr. Greenberg's activity dealing in the Numismatic marketplace, he has been retained by various banks, law firms and governmental agencies to provide appraisal of various types of numismatic material as well as expert testimony in regard to such matters.

Carol Tailby. Carol Tailby is the Vice President of Delaware Valley. She graduated from Wellesley High School in Wellesley, Massachusetts and graduated from the University of Massachusetts, *Cum Laude*, in 1970 with a Bachelors of Science Degree. Ms. Tailby commenced her numismatic career in Boston, Massachusetts in 1976 as the Administrative Manager of the Auction Department of New England's largest rare coin company. In 1979, she moved to Los Angeles where she was employed by a rare coin company that was a subsidiary of General Mills, Inc. Ms. Tailby joined Delaware Valley in 1984 as Director of Sales and became Vice President in 1990. Ms. Tailby was instrumental in the design of the state-of-the-art inventory and business management computer system used by Delaware Valley today. In addition to administrative responsibilities for Delaware Valley, Ms. Tailby travels throughout the country assisting in the buying and selling of rare coins for Delaware Valley. Ms. Tailby is a member of the American Numismatic Association and is a registered PNG Numismatist.

The Managers will direct the business of the Company, including supervision of operations and administration of the Company's affairs and other Company activities. All decisions as to the day to day operations of the Company will be made by the Managers. The Managers have exclusive authority in the exercise of such management and supervisory activities.

The Managers are indemnified in the Agreement by the Company against certain liabilities and expenses as a result of their actions as a Manager taken on behalf of the Company. The Managers will devote such time and shall employ and contract with such administrative, accounting, clerical and legal personnel as may be required properly to conduct the business affairs of the Company. In connection with services to be performed by the Managers regarding the operation of the Company, the Managers shall not receive a specified fee other than their respective percentage Interest in the Profits and Losses of the Company. However, the Agreement provides that the Company shall reimburse the Managers for any General and Administrative Expenses incurred in connection with the Company.

CONFLICTS OF INTEREST

In considering the risks and merits of an investment in the Company, prospective Investors should carefully consider the conflicts of interest hereinafter described.

The Company is subject to various conflicts of interest arising out of its relationship with the Managers and their respective affiliates. Conflicts include, but are not limited to, the following:

1. The Managers are engaged, as a regular and customary part of their respective businesses, in the buying and selling of coins. It is anticipated that the Managers will purchase from and sell to the Company, a significant number of coins and Related Materials. Notwithstanding the fact that the Managers would engage in any such transactions based only upon fair market values including such fees and expenses customarily charged to its unaffiliated clients, a conflict of interest in this regard does exist and the Managers potentially could realize a personal benefit in regard to such transactions. The terms and conditions in connection with such sales will not be subject to review by any independent third party and it will not be negotiated at arm's length, but will be determined solely by the Managers.

2. The Managers and their Affiliates may engage in other activities in connection with coins for their own account or the accounts of others. They also may engage in activities as part of a joint venture, partnership or limited partnership. The Managers may serve as general partner, manager or member of other ventures, in addition to Numismatic Investors Limited Partnership, including other rare coin investment limited partnerships. Any such additional entity may have substantially similar roles to that of the Company and conflicts could arise between the Company, the Managers and any such other entity.

3. The Managers are authorized to designate the Company's "tax matters partner" who will have the authority to take certain actions on behalf of the Company. The possession of such authority by the Managers may involve a conflict of interest to the extent that the Managers' interests differ from the interest of the other Members.

4. The Investors, as a group, have not been represented by counsel. The Company and the Managers are not represented by separate counsel. The attorneys, accountants and other experts who will perform services for the Company all perform services for the Managers and their Affiliates and it is anticipated that such dual representation will continue in the future.

LEGAL

Certain legal matters in connection with the Units will be passed upon by Werner & Blank Co., L.P.A., 7205 West Central Avenue, Toledo, Ohio 43617, as counsel to the Company for this Offering.

REPORTS

On or before ninety (90) days after the end of each Fiscal Year, the Company will mail to each Member:

1. Such information as is necessary for the preparation by each Member of his Federal income tax return; and
2. Financial Statements prepared by the Company or the Accountants for the Company.

CONDITIONS PRECEDENT TO CLOSING OF THE OFFERING

The following are conditions precedent to the closing of this Offering:

1. Receipt of at least \$2,000,000 from the sale of Units.
2. Receipt by the Company of fully executed Subscription Agreements from each Member.
3. Receipt by the Company of fully executed signature pages to the Agreement from each Member and execution of the Acceptance on each by the Managers on behalf of the Company.
4. Receipt by the Company of the Capital Contribution of the Managers.

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EXHIBIT

A

OPERATING AGREEMENT

OF

CAPITAL COIN FUND LIMITED

(an Ohio Limited Liability Company)

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CAPITAL COIN FUND LIMITED**(A Limited Liability Company)****OPERATING AGREEMENT**

THIS OPERATING AGREEMENT is made and entered into as of this ____ day of _____, 1997 by and among VINTAGE COINS AND CARDS, A DIVISION OF THOMAS NOE, INC., an Ohio corporation, and DELAWARE VALLEY RARE COIN CO., INC., a Pennsylvania corporation, as the Manager/Members, and those persons whose names are listed on Schedule A attached hereto as Investor/Members.

WITNESSETH THAT:

Intending to be legally bound hereby, the parties hereto agree to operate a limited liability company under the laws of the State of Ohio, upon the following terms and conditions:

**ARTICLE I
ORGANIZATION AND DEFINITIONS**

Section 1.1 Formation. The Managers are in the process of forming a limited liability company under the name and style of Capital Coin Fund Limited, pursuant to the provisions of Title 1705 of the Ohio Revised Code (hereinafter referred to as the "Company").

Section 1.2 Articles of Organization. The Managers will file the Articles of Organization of the Company in the offices of the Ohio Secretary of State, in accordance with the Ohio Act. The Company will file under any other applicable provisions of any state statutes of states in which the Company is doing business. The Managers shall also register the Company under all applicable fictitious name statutes or similar laws.

Section 1.3 Definitions. The following terms used in this Agreement shall (unless otherwise expressly provided herein or unless the context otherwise requires) have the following respective meanings:

Accountant. The independent certified public accountant engaged from time to time by the Managers.

Act. Securities Act of 1933, as amended.

Affiliate. An Affiliate of another Person means (a) any Person directly or indirectly owning, controlling, or holding with power to vote ten percent (10%) or more of the outstanding voting securities of such other Person; (b) any Person ten percent (10%) or more of whose

outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other Person; (c) any Person directly controlling, controlled by, or under common control with such other Person; (d) any officer, director or Member of such other Person; and (e) if such other Person is an officer, director or Member, any Co. or Company for which such Person acts in any such capacity.

Agreement. This Operating Agreement of Capital Coin Fund Limited.

Bankruptcy. Admission in writing of the Person's inability to pay its debts generally as they become due; an order for relief entered in any case commenced by or against a Person under the federal bankruptcy laws, as now or hereafter in effect; commencement of a proceeding under any other federal or state bankruptcy, insolvency, reorganization or other similar law, or having such a proceeding commenced against the Person and either an order of insolvency or reorganization entered against the Person or the proceeding remaining undismissed and unstayed for sixty (60) days; an assignment for the benefit of creditors; or appointment of a receiver or trustee for the Person or for the whole or any substantial part of its property.

Capital Account. The account established for each Member pursuant to Section 4.2 of this Agreement.

Capital Contribution. The total amount a Member agrees to contribute to the Company which amounts are set forth on Exhibit "A" hereto.

Cause. Material breach of the Agreement which is not cured within thirty (30) days after notice of such breach or Bankruptcy.

Code. Internal Revenue Code of 1986, as amended, and corresponding provisions of subsequent revenue laws.

Company. Capital Coin Fund Limited, the Ohio limited liability company in which the Investor is investing.

Counsel. Legal counsel to the Company for this Offering - Werner & Blank, Co., L.P.A., 7205 West Central Avenue, Toledo, Ohio 43617.

Delaware Valley. Delaware Valley Rare Coin Co., Inc., a Pennsylvania corporation which is one of the Managers of the Company.

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

Fiscal Year. The Fiscal Year of the Company which shall be the calendar year.

General and Administrative Expenses. Expenses incurred in the operation of the Company including, but not limited to, certification, marketing, insurance, computer software design and support, postage, and accounting and legal fees.

Interest. The percentage of ownership interest of a Member in the Company at any particular time, including all benefits to which such Member may be entitled as provided in this Agreement and in the Ohio Act, together with the obligations of such Member to comply with all the terms and provisions of this Agreement and of the Ohio Act, which percentage Interest for voting and certain other purposes of this Agreement initially shall be as set forth on Exhibit "A" attached hereto, absent documentary proof to the contrary.

Investor. Purchaser of Units in the Company, other than a manager. Upon execution of the Agreement, sometimes herein also referred to as an Investor Member.

IRS. Internal Revenue Service.

Managers. The Managers of the Company: Vintage Coins and Cards, a Division of Thomas Noe, Inc., which is an Ohio corporation, and Delaware Valley Rare Coin Co., Inc., which is a Pennsylvania corporation, both of which shall be Members of the Company.

Members. The Members who are parties to the Agreement and any other Persons who are admitted to the Company as additional or substituted Members. Reference to a "Member" shall refer to any one of them. Unless the context otherwise requires, this definition also shall include the Managers which are also "Members" of the Company.

Memorandum. The Confidential Memorandum dated March 21, 1997 (to which a copy of this Agreement is an Exhibit) providing for the purchase of Units.

NGC. Numismatic Guaranty Corporation of America, based in Parsippany, New Jersey, which is a grader of rare coins.

Offering. Sale of Units pursuant to the Memorandum in a maximum amount of two hundred (200) Units and in a minimum amount of twenty (20) Units.

Offering Termination Date. June 1, 1997 (subject to extension until not later than September 30, 1997, in the sole discretion of the Company), unless all of the Units of the Offering are sold prior to such date in which event the Offering shall terminate as of the sale of the last such Unit.

Ohio Act. The Ohio Limited Liability Company Act, Chapter 1705 of the Ohio Revised Code, as amended.

PCGS. Professional Coin Grading Service, based in Newport Beach, California, which is a certifier of rare coins.

Person. Any individual, corporation, Company, trust or other entity.

Profit and Loss. The net income or net loss of the Company for Federal income tax purposes determined from its items of income, gain, loss and deduction for each Fiscal Year, or part thereof.

Regulations. Regulations, as may be amended from time to time, promulgated under the Code.

Related Materials. Material such as, but not limited to, bullion, tokens, medals numismatic literature, and other collectible items that are related to the numismatic field.

Return. The Profits (or Losses) for each fiscal year divided by the Net Capital Contributions as of the close of such fiscal year. For this purpose, Net Capital Contributions means the result of the following calculation determined as of the last day of each fiscal year; the total Capital Contributions from Investors, plus Profits (and minus Losses) allocable to Investors for all prior fiscal years and less all Distributions made to Investors in the current and all prior fiscal years.

SEC. The United States Securities and Exchange Commission.

Subscription Agreement. Agreement executed by each Investor agreeing to purchase Units and making representations as to the suitability of the Investor as a purchaser of a Unit.

Unit(s). Unit of Interest as a Member in the Company. Referred to generally as a Unit or Interests.

Vintage. Vintage Coins and Cards, a Division of Thomas Noe, Inc. which will be one of the Managers of the Company.

ARTICLE II NAME, CHARACTER, PLACE OF BUSINESS, AGENT AND TERM OF COMPANY

Section 2.1 Name. The Company shall be conducted under the firm name of Capital Coin Fund Limited.

Section 2.2 Purposes. The purposes of the Company are to buy, sell and otherwise manage rare United States coins and Related Materials and to take all such actions which may be incidental thereto as determined by the Managers. The Company shall not engage in any other business or activity.

Section 2.3 Place Of Business/Agent. The principal office of the Company shall be located c/o Vintage Coins and Cards at 3509 Briarfield Blvd., Maumee, Ohio 43537, or at such

other place as the Managers may from time to time determine. The registered agent of the Company at such address shall be Thomas Noe.

Section 2.4 Term. The Company as herein constituted shall continue until June 30, 2008, or until dissolved or terminated pursuant to the Act or any other provision of this Agreement.

ARTICLE III CAPITAL CONTRIBUTIONS/ADDITIONAL MEMBERS

Section 3.1 Contribution Of Managers. The Manager/Members each shall contribute Five Thousand Dollars (\$5,000) and shall receive one (1) Manager/Member Unit therefor. The Managers have not agreed and have no obligation to contribute or loan additional funds to the Company. The amount of the Capital Contribution by the Managers and the Units represented by such contribution are as set forth in Schedule A attached hereto.

Section 3.2 Contribution Of Investors. The Investor/Members each shall contribute to the capital of the Company an amount of cash equal to One Hundred Thousand Dollars (\$100,000) per Unit with a minimum purchase of one (1) Unit; provided, however, that the Company has the sole discretion to issue one-half (1/2) Units. The amount of the Capital Contribution by each Investor/Member and the Units represented by such contribution are as set forth on Schedule A attached hereto.

Section 3.3 Interest. No interest shall be paid on the Capital Contributions of any Member.

Section 3.4 Acceptance Of Subscription Agreements. Each person desiring to become a Member shall submit a Subscription Agreement and such other documents deemed appropriate by the Managers. Acceptance of the Subscription Agreements to the Company shall be within the sole discretion of the Managers, who may reject any Subscription Agreement for any reason. A Member's subscription to the Company and acceptance thereof shall be evidenced by the execution of a counterpart of the Subscription Agreement by such proposed Member and by one of the Managers.

Section 3.5 Minimum Capital Contributions. This Company shall not commence business unless at least twenty (20) Units have been purchased on or before June 1, 1997, subject to extension at the sole discretion of the Company until not later than September 30, 1997.

Section 3.6 Admission to Membership. From the date of the formation of the Company and until September 30, 1997, any Person acceptable to all of the Managers may become a Member in this Company by the issuance by the Company of Interests for consideration equal to that paid for the original Units. After that date, a Person may become a Member upon the approval of all of the Managers and a majority of the Members, for such consideration as agreed upon by all such parties, subject to the terms and conditions of this Agreement.

No new Members shall be entitled to any retroactive allocation of losses, income, or expense deductions incurred by the Company. The Managers may, at their option, at the time a Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of loss, income, and expenses deductions to a new Member for that portion of the Company's tax year in which a Member was admitted in accordance with the provisions of IRC § 706(d) and the Treasury Regulations promulgated thereunder.

**ARTICLE IV
PROFIT, LOSS AND ACCOUNTS**

Section 4.1 Allocation Of Profit And Loss. Subject to the other provisions of this Article, all Profit and Loss of the Company will be allocated to and borne by the Members as follows:

(a) The Shares of the Member Classes. The shares of the Members in the Company, other than to the extent otherwise specified in this Article 4, shall be as follows:

(i) Profits.

- (A) Up to and including Company Profits equal to a ten percent (10%) Return:
Managers - 20%; Investor Members as a class - 80%.
- (B) Company Profits in excess of a ten percent (10%) Return:
Managers - 25%; Investor Members as a class - 75%.

(ii) Losses: Managers - 20%; Investor Members as a class - 80%.

(iii) Limitation on Losses: Notwithstanding the foregoing, Losses shall not be allocated to reduce a Member's Capital Account below zero if at least one other Member has a positive Capital Account; in such a case, the Losses which, but for this Section 4.1(a)(iii), would have been allocated to the Member(s) without a positive Capital Account shall be allocated to the Members which have positive Capital Accounts in proportion to the positive balances in their Capital Accounts. If no Member has a positive Capital Account, Losses shall be allocated as set forth in Section 4.1(a)(ii).

(b) The Share of Each Investor Member in Relation to the Class. Except as otherwise provided in this Article 4, at any particular time, the share of each Member in the allocations of profit, income, gain, loss, expense, deduction and credit made to the class of which he is a member, shall be determined by dividing (i) the Units held by such Member, by (ii) the total amount of Units held by the Members of that class.

Section 4.2 Capital Accounts. A separate Capital Account shall be maintained by the Company for each Member (both Investors and Managers). The amount initially credited to the Capital Account of each Member shall be an amount equal to his cash contribution as set forth on Schedule A attached hereto. The Capital Account of each Member shall be: (a) credited by any additional Capital Contribution made by such Member; (b) credited by such Member's share of the Company's Profit for each Fiscal Year; (c) debited by such Member's share of the Company's Loss for each Fiscal Year; (d) debited by the amount of cash and the fair market value of property distributions made by the Company to such Member from time to time; and (e) otherwise adjusted in accordance with Section 704(b) and (c) of the Code and Section 1.704-1(b)(2)(iv) of the Regulations.

Section 4.3 Limitation on Loss Allocation. Notwithstanding any provision hereof to the contrary, no allocation of deduction or loss may cause any Member to have a deficit capital account balance in excess of the Member's share of the "minimum gain" (determined in accordance with applicable Treasury Regulations at the end of the Company Fiscal Year to which the allocation relates) and the amount of such deficit which the Member is otherwise required to restore. Any loss allocation limited by this Section shall be reallocated to the Managers. For this purpose, "minimum gain" is the excess of the outstanding principal balance of non-recourse indebtedness of the Company over the adjusted tax basis of the Company assets subject to that indebtedness.

Section 4.4 Qualified Income Offset. If at the end of any Company taxable year any Member has a deficit balance in his capital account and such deficit is caused or increased by an unexpected adjustment, allocation or distribution described in Treasury Regulation §1.704-1(b)(2)(ii)(d)(4), (5) or (6), then, notwithstanding the provisions of Sections 4.1 and 4.2, items of Company income and gain shall be allocated to those Members in the amount and proportion necessary to eliminate such deficit balances as quickly as possible. The amount of Company income or gain allocated pursuant to this Paragraph in any taxable year shall not be taken into account in calculating Profits or Losses under Section 4.1 for that taxable year which is otherwise allocable.

Section 4.5 Curative Allocations. The allocations set forth in Section 4.3 and 4.4 hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the Treasury Regulations. It is in the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 4.5. Therefore, notwithstanding any other provision hereof (other than the Regulatory Allocations), the Manager Members shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner they determine appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Sections 4.1. In exercising their discretion under this Section 4.5, the Manager Members may take into account

future Regulatory Allocations under Sections 4.3 and 4.4 that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 4.3 and 4.4.

Section 4.6 Authority Of Managers To Vary Allocations.

- (a) It is the intent of the Members that each Member's distributive share of Profit, Loss or credit (or item thereof) shall be determined and allocated in accordance with this Agreement to the fullest extent permitted by Section 704(b) of the Code. In order to preserve and protect the determinations and allocations provided for in this Agreement, the Managers are authorized and directed to allocate Profit, Loss or credit (or item thereof) arising in any Fiscal Year differently than otherwise provided for in this Agreement to the extent that allocating Profit, Loss or credit (or item thereof) in the manner provided for in this Agreement would cause the determinations and allocations of each Member's distributive share of Profit, Loss or credit (or item thereof) not to be permitted under section 704(b) of the Code and the Regulations promulgated thereunder. Any allocation made pursuant to this section shall be deemed to be a complete substitute for any allocation otherwise provided for in this Agreement and no amendment of this Agreement or approval of any Member shall be required.
- (b) In making any allocation under the foregoing paragraph ("new allocation"), the Managers are authorized to act only after having been advised by Counsel and/or the Accountant that under Section 704(b) of the Code and the Regulations thereunder: (i) the new allocation is necessary; and (ii) the new allocation is the minimum modification of the allocations otherwise provided for in Article IV necessary in order to assure that, either in the then current Fiscal Year or in any preceding Fiscal Year, each Member's distributive share of Profit, Loss or credit (or item thereof) is determined and allocated in accordance with this Article IV to the fullest extent permitted by Section 704(b) of the Code.
- (c) If the Managers are required by paragraph (a) of this Section to make any new allocation in a manner less favorable to the Investors than is otherwise provided for in this Article IV, the Managers are authorized and directed, insofar as it is advised by Counsel and/or the Accountant that they are permitted by Section 704(b) of the Code, to allocate Profit, Loss or credit (or item thereof) arising in later years in a manner so as to bring the allocations of Profit, Loss or credit (or item thereof) to the Investors as nearly as possible to the allocations thereof otherwise contemplated by this Article IV.
- (d) New allocations made by the Managers under paragraph (a) of this Section in reliance upon the advice of Counsel and/or the Accountant shall be deemed to have been made in the best interest of the Investors and no such allocation shall give rise to any claim or cause of action by any Investor.

Section 4.7 Accounting. The Managers shall cause to be kept full and accurate records of all transactions of the Company. The records and books of account shall be prepared by the Accountant as of the end of each Fiscal Year of the Company. The records shall be maintained in accordance with generally accepted accounting principles. The Company books shall be kept on the cash basis method of accounting unless the Managers, upon the advice of the Accountants, determine that the accrual method of accounting should be used.

Section 4.8 Determination Of Profit Or Loss. Profit and Loss shall be considered to have been earned ratably over the period of the Fiscal Year of the Company.

Section 4.9 Minimum Interest Of Managers. Notwithstanding any provision in this Agreement to the contrary, the Interest of the Managers, in the aggregate, in each material item of income, gain, loss, deduction or credit shall be equal to at least one percent (1%) of each such item at all times.

Section 4.10 Tax Election. In the event of a transfer of all or part of a Unit, the Company may, but shall not be obligated to, elect pursuant to Section 754 of the Code to adjust the basis of the Company's assets. The determination to make such election shall be within the absolute discretion of the Managers in consultation with Counsel and/or the Accountant.

ARTICLE V POWERS, DUTIES, LIABILITIES AND COMPENSATION OF MANAGERS

Section 5.1 Powers. Subject to the limitations imposed by the Ohio Act and this Agreement, the Managers, in their full and exclusive discretion, shall manage and control and make all decisions affecting the business and assets of the Company, including, without limitation, the power to:

- (a) Acquire, invest in, maintain, finance, refinance, own, encumber, sell, exchange and otherwise manage the coins and any other assets of the Company and to enter into other business arrangements with respect to Company assets deemed prudent by the Managers in order to achieve successful operation for the Company.
- (b) Borrow money and to make and issue notes, obligations and evidences of indebtedness of all kinds, whether or not secured and to secure the same by necessary action, including, without limitation, the execution of notes and security agreements in order to secure a loan(s), make, enter into, perform and carry out any arrangements, contracts and/or agreements of every kind for any lawful purpose, without limit as to amount or otherwise, with any party; authorize or approve all actions with respect to distributions from the Company and generally to make and perform agreements and contracts of every kind and description and do any and all things necessary or incidental to the foregoing for the protection and enhancement of the assets of the Company.

- (c) Subject to the transfer restrictions set forth in Article VIII hereof, admit Members (other than a Manager) to the Company and admit Members (other than a Manager) in substitution of Members disposing of their Units as set forth in this Agreement.
- (d) Enter into agreements and contracts with such parties as the Managers deem advisable;
- (e) The Managers in their discretion may cause the Company to create a reserve account whether from Capital Contributions, interest thereon or Profits of the Company, the monies from which may be used to purchase additional coins and for other Company activities. The Managers shall not be required to distribute any Profit in any Fiscal Year;
- (f) Except as provided herein or by law, the Managers may delegate all or any of their duties hereunder and may employ such persons, firms or corporations for the conduct of the business of the Company, including, without limitation, accountants, attorneys, and other consultants on such terms and for such reasonable compensation as it shall determine, notwithstanding the fact that the Managers or any other Member may have a financial interest in such firms or corporations; provided that such compensation shall be no greater than that charged for comparable services by other nonaffiliated firms or persons in that area in which such firms are employed;
- (g) Subject to the provisions of this Agreement, deposit and invest the monies of the Company in savings accounts, certificates of deposits, in any security issued or guaranteed as to principal or interest by the United States or by a person controlled or supervised by and acting as an instrumentality of the government of the United States pursuant to authority granted by the Congress of the United States, in a special bank account established by the Managers solely for the funds of the Company, or in a money market fund or other comparable fund; and to make withdrawals from such accounts upon such signature(s) as the Managers may designate.

Section 5.2 Duties And Restrictions.

- (a) The Managers shall manage the affairs of the Company in a prudent and businesslike manner and shall devote such part of their time to the Company affairs as is reasonably necessary for the conduct of such affairs. Subject to the terms of this Agreement, any Member may engage in or possess an interest in other businesses of every nature and description, independently or with others, regardless of whether such businesses compete with the Company. Neither the Company nor any other Member shall have any right by virtue of this Agreement in and to such businesses or to the income or profits derived therefrom.

- (b) In carrying out its obligations, the Managers shall:
- (i) Furnish, within ninety (90) days after the end of each Fiscal Year, financial statements prepared by the Accountant or the Managers and signed by at least one of the Managers as being accurate to the best of its knowledge;
 - (ii) Obtain and maintain such property and other insurance as may be available to the extent it deems necessary or appropriate;
 - (iii) Deposit all funds of the Company as described in Section 5.1(g) hereof;
 - (iv) Maintain complete and accurate records of all assets owned by the Company and complete and accurate books of accounts (containing such information as shall be necessary to record allocations and distributions), and make such records and books of account and all Company tax returns available for inspection and audit by any Member or his duly authorized representative (at the expense of such Member) during regular business hours at the principal office of the Company;
 - (v) Cause to be filed such certificates and do such other acts as may be required by law to qualify and maintain the Company as a limited liability company in Ohio and all other states in which the Company transacts any business; and
- (c) Without limiting the generality of any provisions in this Agreement, except as otherwise expressly provided in this Agreement, the Managers shall not have the authority to:
- (i) Do any act in contravention of this Agreement;
 - (ii) Do any act which would make it impossible to carry on the ordinary business of the Company;
 - (iii) Possess Company property or assign the rights of the Company in specific Company property for other than a Company purpose;
 - (iv) Admit a Person as a Manager;
 - (v) Knowingly perform any act, other than an act required by this Agreement, that would, at the time such act occurred, subject an Investor to personal liability in any jurisdiction;
 - (vi) To employ or permit employment of the funds or assets of the Company in any manner except for the benefit of the Company in furtherance of its business's purposes; or

- (vii) Change the Company's purposes from those set forth in this Agreement.

Section 5.3 Reliance On Act Of Managers. No financial institution or any other person, firm or corporation dealing with the Managers or either one of them shall be required to ascertain whether it is acting in accordance with this Agreement, but such financial institution or such other person, firm or corporation shall be protected in relying solely upon the deed, transfer or assurance of and the execution of such instrument(s) by either one of the Managers.

Section 5.4 Compensation. The Managers shall not receive any fees or other compensation for acting as the Managers of the Company except for their respective Member's Interest in the Profits and Losses of the Company as set forth herein and reimbursement of all expenses reasonably incurred by it on behalf of the Company.

Section 5.5 Return Of Capital Contributions. The Managers shall not be personally liable for the return of all or any part of the Capital Contributions of the Members to the Company. Any such return shall be made solely from the assets of the Company.

Section 5.6 Liability Of Managers. In carrying out their duties hereunder, the Managers shall not be liable to the Company or to any other Member for any actions taken in good faith and reasonably believed to be in the best interests of the Company, or for errors of judgment, neglect or omission, unless any such Manager is adjudged to have been liable for fraud, willful misconduct, gross negligence, material breach of its obligations under this Agreement or material breach of its representations, warranties and covenants in the Agreement.

Section 5.7 Indemnification Of The Managers. The Company shall indemnify and hold the Managers harmless to the fullest extent provided under Section 1705.32 of Ohio Revised Code, as follows:

- (a) In any threatened, pending or completed action, suit or proceeding to which either or both of the Managers was or is a party or is threatened to be made a party by reason of the fact that it is or was a Member of the Company (other than an action by or in the right of the performance of activities relating to management of the Company), the Company shall indemnify such Manager against expenses, including attorneys' fees, judgments and amounts paid in settlement, actually and reasonably incurred by such Manager in connection with such action, suit or proceeding if such Manager acted in good faith and in a manner it reasonably believed to be in, or not opposed to, the best interests of the Company and provided that such Manager's conduct does not constitute an act or failure to act for which Section 5.6 imposes liability upon a Manager. The termination of any action, suit or proceeding by judgment, order or settlement shall not of itself create a presumption that the manager did not act in good faith and in a manner which it reasonably believed to be in the best interests of the Company.

- (b) In any threatened, pending or completed action, suit or proceeding by or in the right of the Company, to which either or both of the Managers was or is a party or is threatened to be made a party, involving an alleged cause of action by one or more Member for damages arising from the activities of such Manager in performance of the management of the internal affairs of the Company as prescribed by this Agreement or the law of the State of Ohio, or both, the Company shall indemnify such Manager against expenses, including attorneys' fees, actually and reasonably incurred by such Manager in connection with the defense or settlement of such action, suit or proceeding if such Manager acted in good faith and in a manner it reasonably believed to be in the best interests of, or not opposed to the best interests of, the Company, except that no indemnification may be made in respect of any claim, issue or matter as to which any such Manager shall have been adjudged to be liable for an act or failure to the extent that the court in which such action, suit or proceeding was brought shall determine, upon application, that despite the adjudication of liability, but in view of all circumstances of the case, such Manager is fairly and reasonably entitled to indemnify for such expenses as such court shall deem proper. Notwithstanding the foregoing, the court shall not authorize indemnification in respect of any claim, issue or matter as to which a Manager shall have been adjudged liable for an act or failure to act for which Section 5.6 imposes liability upon the Managers.
- (c) To the extent that a Manager has been successful on the merits or otherwise in defense of any claim, issue or matter therein, the Company shall indemnify such Manager against the expenses, including attorneys' fees, actually and reasonably incurred by it in connection therewith.
- (d) The indemnification rights set forth in this Section shall be cumulative and in addition to any and all other rights, remedies and resources to which a Manager shall otherwise be entitled, either pursuant to any other provision of this Agreement, at law or in equity.

Section 5.8 Withdrawal of a Manager. A Manager may not withdraw from the Company without the consent of all remaining Members. If all remaining Members consent to such withdrawal, the Company shall be terminated and dissolved unless the remaining Members agree to reconstitute and continue the existence of the Company. In such case, the withdrawing Manager's Membership Interest shall be automatically converted into that of an Investor Membership Interest. Notwithstanding the foregoing, a Manager may not withdraw from the Company unless there shall be a remaining Manager or, if none, a successor Manager who would acquire the withdrawing Manager's Membership Interest. In addition, such withdrawal shall not be allowed until such Manager has restored any deficit in his capital account as required pursuant to Section 9.3(b) hereof. A successor Manager shall be selected by all of the Members. If the business of the Company is continued after the withdrawal of a Manager, the withdrawing Manager or its legal representative shall remain liable for all obligations and liabilities incurred by it while a Manager and for which it was liable as a Manager, but shall be free of any

obligation or liability incurred on account of or arising from the activities of the Company from and after the time the withdrawal of such Manager has become effective.

Section 5.9 Maintenance Of And Access To Company Documents. The Managers shall maintain at the Company's principal office the following documents: (a) a current list of the full name and last known address of each Member set forth in alphabetical order; (b) a copy of the Articles of Organization and all amendments thereto, together with executed copies of any powers of attorney pursuant to which the Articles of Organization or any amendment thereto has been executed; (c) copies of the Company's federal, state and local income tax returns and reports and Financial Statements of the Company, if any, for the three (3) most recent years; and (d) copies of this Agreement as then in effect. Such documents are subject to inspection and copying at the reasonable request and at the expense of any Member during ordinary business hours. In addition, the Company will furnish a list of the names and addresses of all Members, together with their respective Capital Contributions, to any Member who makes a written request therefor to the Company, provided such Member shall pay the cost of reproducing and delivering such list. Except to the extent requested by any Member, the Managers shall have no obligation to deliver or mail a copy of the Company's Articles of Organization or any amendment thereto to the Members.

ARTICLE VI RIGHTS, PROHIBITIONS AND LIABILITIES OF MEMBERS

Section 6.1 Member Liability. Subject to the Ohio Act, and except as specifically set forth in this Agreement, the personal liability of each of the Members arising out of or in any manner relating to the Company shall be limited to and shall not exceed the amount of the initial (and subsequent, if any) Capital Contributions of such Member to the Company.

Section 6.2 Members' Voting Rights. The Members shall have the rights enumerated in the following provisions of this Section 6.2, subject to the following conditions precedent to their existence and exercise: (a) that such rights exist and may be exercised; (b) that the existence and exercise of such rights do not subject the Members to unlimited liability pursuant to state law and/or subject the Company to being treated as an association taxable as a corporation for Federal income tax purposes; and (c) if requested by one or both of the Managers, prior to the exercise thereof, counsel for the Members (other than Counsel for the Managers and as selected by a majority in Interest of the Members) shall have delivered an opinion that neither the grant nor the exercise thereof will so subject the Members or the Company. Such opinion shall be in form and substance satisfactory to a majority in Interest of the Members.

- (a) At a meeting called for the purpose, Members who own at least seventy-five percent (75%) of the Units (exclusive of those owned by the Managers) may remove one or both of the Managers for Cause. Upon such removal, each and every Member must approve the selection of a substitute Manager(s). The

election of the new Manager(s) shall be effective only if and when the following conditions have been satisfied:

- (i) The substitute Manager(s) shall have agreed to accept the responsibilities of the Managers and shall have agreed to assume liability on any Company obligations or guarantees arising from and after the date of substitution;
- (ii) The Manager shall remain liable for any Company obligations or guarantees which arose before such date;
- (iii) This Agreement and the Articles of Organization (to the extent required) shall have been amended to name the substitute(s) as a new Manager; and
- (iv) All the rights and interests of the Manager in respect of any Units it may hold as an Investor shall continue.

A substituted Manager, immediately upon his or its admission as a Manager, shall become the owner of the Manager Units of the replaced Manager(s). The substitute Manager(s) shall immediately pay to the replaced Manager(s), as the purchase price for his or its Units, the fair market value of such Interest as agreed to by the replaced Manager(s) and the substituted Manager(s), or, if no such agreement can be reached within ninety (90) days thereafter, as determined by an independent appraiser to be selected by Members who own at least seventy-five percent (75%) of the aggregate units owned by Members other than the Managers.

- (b) At a meeting called for that purpose, all of the Members may approve the assignment of a Manager's Units pursuant to Section 8.1 or all of the Members may approve a successor Manager(s) in the event a Manager elects to withdraw from the Company, as provided in Section 5.8.
- (c) At a meeting called for that purpose, Members owning at least seventy-five percent (75%) of the Units owned by Members (exclusive of the Managers) may dissolve the Company pursuant to Section 9.1(b), or all of the Members may elect to reconstitute and continue the Company in accordance with Section 9.1(a).
- (d) At a meeting called for that purpose, the Investors owning seventy-five percent (75%) of the Units owned by Investors may amend this Agreement pursuant to Section 10.1(e) hereof.
- (e) Meetings of the Members shall not be held on a regular or annual basis but may be called by the Managers or by Investors holding not less than twenty-five percent (25%) of the Units owned by all Investors. Within fifteen (15) days of receipt by the Managers of a written call for a meeting from such Investors, the Managers shall mail a notice of the meeting to each Member, which meeting shall be held on a date not less than thirty (30) nor more than sixty (60) days after the

transmittal of such notice, at a reasonable time and place. Members may vote either in person or by proxy at any special meeting.

- (f) In connection with any merger or consolidation involving the Company, the Managers shall be deemed the "comparable representatives" as used in §1701.781 of the Ohio Revised Code.

Section 6.3 Other Rights.

- (a) Members shall not in any way be prohibited or restricted from engaging in or owning an interest in any other business venture of any nature including any venture which might be competitive with the business of the Company. The Company may engage Members or persons or firms associated with them for specific purposes and may otherwise deal with such Members on such terms and for compensation to be agreed upon by any such Member and the Company.
- (b) Each Member shall be entitled to have the Company books kept at the principal place of business of the Company, and at all times, during reasonable business hours, inspect and, at such Member's expense, copy any of them and have on demand true and full information of all things affecting the Company. Names and addresses of Members shall be available to Members upon request.

Section 6.4 Prohibitions. the Members shall not have the right:

- (a) To take part in the control of the Company business or to sign for or to bind the Company, such power being vested solely in the Managers;
- (b) To have their Capital Contribution repaid except to the extent provided in this Agreement;
- (c) To sell or assign their Units or to constitute the purchaser or assignee thereunder a substituted Member, except as provided in Article VIII hereof;
- (d) To withdraw from the Company; or
- (e) To require partition of Company property or to compel any sale or appraisal of Company assets or sale of a deceased Member's interests therein, notwithstanding any provisions of the law to the contrary.

**ARTICLE VII
DISTRIBUTIONS TO MEMBERS**

Section 7.1 Distribution Of Profits. The Company's Profits shall be distributed to the Members on an annual basis, or more frequently, in the sole discretion of the Managers. Profits

shall be distributed to the Members in proportion to their Units according to the allocation provisions of Article IV; provided, however, that no distribution shall be made to a Member if such distribution would reduce such Member's Capital Account to less than zero. A Member who knowingly receives a distribution which is in violation of either the Agreement or the Ohio Act is liable to the Company for a return of such distributions for a period of two years after such distribution is made.

Section 7.2 Withdrawal. No Member shall be entitled to make withdrawals from his individual capital account except to the extent of distributions made under this Article VII. Distributions of Profits will be distributed to those Members who are the owners of record of such Units on each distribution date.

Section 7.3 Reserve. The Managers in their sole discretion may cause the Company to create a reserve account, the monies from which would be used to purchase additional coins. The monies for the reserve account may be drawn in whole or in part from the Capital Contributions to the Company or from Profits.

ARTICLE VIII TRANSFERS OF UNITS

Section 8.1 Managers. Without the prior written consent of all of the Members, the Unit of a Manager shall not be transferable, and any attempted assignment shall be ineffective to transfer such Units. In the event of the Bankruptcy of the Manager or if the Manager shall die, dissolve, or be adjudicated insane or incompetent, and if the remaining Members determine to continue the Company pursuant to Section 9.1(a) hereof, the transferee, or legal fiduciary or representative, as the case may be, of such Manager shall become the assignee of its Unit(s) and subject to the provisions of Section 8.2 hereof with respect to the requirements for admission of a substituted Member, shall become a substituted Member in the Company as of the date of such event and shall receive the rights and benefits it would have been entitled to for its Unit(s) as a Manager consistent with its status as a substituted Member.

Section 8.2 Investors.

- (a) An Investor may only sell, assign, pledge or otherwise transfer (collectively, "transfer") his Interest under the terms and conditions set forth in this Section 8.2. Any transfer not expressly permitted herein shall be null and void. Each Investor may assign his interest in the Company to any person, but such assignee shall not be admitted as a substitute Member except as expressly provided in Section 8.2(b), below.
- (b) No assignee of a Member's Units or Interest may become a substitute Member unless and until:

(i) the Manager Members have approved the form and substance of the written instrument evidencing such assignment;

(ii) the Manger Members, if they so elect in their sole discretion, shall receive an opinion of counsel to the effect that the transfer of such Unit(s), or portion thereof, is in compliance with all applicable federal and state securities laws;

(iii) the assignee has agreed to be bound by the terms of the Articles of Organization of the Company and this Agreement;

(iv) The assignee or assignor has committed to pay the reasonable expense of the Company incurred in connection with the assignee's admission to the Company as a substitute Member; and

(v) all Manger Members have consented to the admission of such proposed assignee as a substitute Member, which consent either or both Manager Members may unreasonably withhold in their complete and total discretion.

(c) A Person who is an assignee of one or more Units but who is not admitted as a substituted Member pursuant to Section 8.2(b) hereof shall be entitled only to allocations and distributions with respect to such Units in accordance with this Agreement and Section 1705.18 of the Act, and shall have no right to any information or accounting of the affairs of the Company, shall not be entitled to inspect the books or records of the Company, and shall not have any of the rights of a Member or Manager under the Act or this Agreement.

(d) A Member may not withdraw from the Company except as provided in this Article VIII. In the event of the Bankruptcy of a Members or if a Member shall die, dissolve, be adjudicated insane or incompetent, the Company shall not terminate but the Member's transferee, or legal fiduciary or representative, shall become an assignee of the Unit(s) of such Member and may, with the written consent of all of the Manager Members, which consent may be unreasonably withheld, become a substituted Member in the Company.

Section 8.3 Transferees. Units transferred pursuant to this Article VIII shall remain subject to all of the provisions of this Agreement. This Company shall be deemed to continue with the remaining Members on the same terms (except as the Members' percentage may thereby be affected) as set forth in this Agreement.

Section 8.4 Absolute Restriction. Notwithstanding any provision of this Agreement to the contrary, the sale or exchange of a Unit will not be permitted if the Unit sought to be sold or exchanged, when added to the total of all other Units sold or exchanged within the period of twelve (12) consecutive months ending with the proposed date of the sale or exchange, would result in the termination of the Company under Section 708 of the Code.

ARTICLE IX TERMINATION OF THE COMPANY

Section 9.1 Termination. The Company shall be dissolved and terminated upon the occurrence of any of the following events:

- (a) Upon the death, removal or expulsion, withdrawal or retirement, disability, bankruptcy, insanity of a Manager Member or the occurrence of such other events set forth in Section 1705.15 of the Ohio Revised Code with respect to a Manager Member, unless at least two Members remain and within ninety (90) days thereafter, both (i) the remaining Manager Members (if any) holding a majority of Units held by such remaining Manager Members and (ii) Investors owning a majority of the Units held by all Investors determine to reconstitute and continue the Company, and if necessary or desired at such time, to elect one or more Members as Manager Members;
- (b) By the consent of the Managers and by the approval of Members owning a majority of the Units (exclusive of those owned by Managers);
- (c) Upon the sale of all or substantially all of the assets of the Company; or
- (d) Upon the expiration of the term of the Company as set forth in Section 2.4 hereof.

Upon dissolution of the Company, the Managers will proceed with the winding up of the Company and the Company's assets shall be applied and distributed as hereio provided.

Section 9.2 Payment Of Debts. The assets shall first be applied to the payment of the liabilities of the Company (whether to third party creditors or a Member or its Affiliates) and the expenses of liquidation.

Section 9.3 Distribution Upon Termination.

- (a) Upon a distribution of the property of the Company in liquidation of the Company, the net proceeds, or remaining property (after the payment of all debts and obligations of the Company), or the property distributed to a Member in liquidation of the Member's Interest, shall be distributed to the Members in accordance with their positive Capital Account balances (determined after allocation of any Profit or Loss on the sale, or other disposition or foreclosure as well as the Profit or Loss from other Company operations and the hypothetical sale of the Company's remaining property (described below)) by no later than the end of the Fiscal Year in which such liquidation of the Company or of the Member's Interest occurs (or, if later, within ninety (90) days after the date of such liquidation); provided, however, if property of the Company (other than cash) is distributed in kind, in determining the foregoing distributions, the Capital

Accounts of the Members shall be increased or decreased, to the extent supported by a revaluation of the Company's property based upon its then fair market value, and other appropriate adjustments which may be made as required or permitted by Section 1.702-1(b)(2)(iv)(f) of the Regulations so that the Capital Accounts of each Member will be allocated an amount of hypothetical gain or loss which such Member would have been allocated if the Company's property had been sold for cash at its fair market value, and the proceeds distributed; the Capital Account of the Member receiving property shall be debited with the values so determined. For purposes of this paragraph, the Company also shall be deemed liquidated when it ceases to be a going concern and such other events more fully described in Section 1.704-1(b)(2)(ii)(g) of the Regulations.

- (b) No Member shall be obligated to restore any deficit balance in its capital account.
- (c) Notwithstanding any provision herein to the contrary, any provision in the Agreement relating to the liquidation of the Company or of a Member's Interest are intended to comply with Sections 1.704-1(b)(2) and (3) of the Regulations and shall be interpreted and applied in a manner consistent with such Regulations, as amended from time to time. Any final determinations made by the Managers with respect to these items which are consistent with a reasonable interpretation of such Regulations shall be conclusive and binding on all Members.

Section 9.4 Reserve. Notwithstanding the provisions of Sections 9.2 and 9.3, the Managers may retain such amounts as they deem reasonably necessary as a reserve for any contingent liabilities or obligations of the Company, which amount, after the passage of a reasonable period of time, shall be distributed in accordance with the provisions of this Article IX.

Section 9.5 Final Accounting. Each of the Members shall be furnished with a statement provided by the Accountant, which shall set forth the assets and liabilities of the Company as of the date of the complete liquidation. Upon compliance by the Managers with the foregoing distribution plan, the Members shall cease to be such, and the Managers shall execute and cause to be filed a Certificate of Dissolution of the Company and any and all other documents necessary with respect to termination and cancellation.

ARTICLE X AMENDMENTS AND CONSENTS

Section 10.1 Authority.

- (a) This Agreement may be amended by the Managers without the approval of the other Members if in the reasonable judgment of the Managers, such amendment is solely for the purpose of clarification and does not change the substance hereof.

Any amendment made pursuant to this paragraph may be effective as of the date of this Agreement.

- (b) Except as otherwise specifically provided herein, this Agreement may be amended by the Managers without the approval of the other Members if such amendment is for the purpose of admitting or substituting Members or evidencing assignment or transfer of a Unit in accordance with the terms and conditions of this Agreement.
- (c) This Agreement may be amended by the Managers without the approval of the other Members if such amendment is, in the reasonable judgment of the Managers, necessary or appropriate to satisfy requirements of the Code with respect to limited liability companies/partnerships or of any Federal or state securities laws or regulations. Any amendment made pursuant to this paragraph may be made effective as of the date of this Agreement.
- (d) Notwithstanding provisions of this Agreement to the contrary, subject to Article IV and Section 10.1(c), any amendment to this Agreement which would adversely affect the Federal income tax treatment to be afforded Members or any other act which would adversely affect the Federal income tax treatment to be afforded by the Members, adversely affect the liabilities of Members, change the method of allocation of Profit and Loss as provided in Article IV hereof, change the distribution provisions of this Agreement or seek to impose personal liability on the Members, shall require the approval of all the Members.
- (e) This Agreement may be amended with the approval of Members owning greater than fifty percent (50%) of the Units owned by Investors, with the prior written consent of the Managers.

Section 10.2 Notice. The Managers shall have the right to propose amendments to this agreement and the Members owning twenty-five percent (25%) or more of the Units owned by Investors shall have the right to propose amendments to this Agreement. A copy of any amendment to be approved by the Members pursuant to Sections 10.1(d) and 10.1(e) shall be mailed in advance by the Managers to the other Members. Members shall be notified as to the substance of any amendment pursuant to Section 10.1, and upon request shall be furnished a copy thereof.

Section 10.3 Method Of Consent Or Approval. Any consent or approval required by this Agreement may be given as follows:

- (a) By a written consent given by the consenting Member and received by the Managers at or prior to the doing of the act or thing for which the consent is solicited, provided that such consent shall not have been nullified by notice to the Managers of such nullification by the consenting Member prior to the doing of any act or thing, the doing of which is not subject to approval at a meeting called

pursuant to this Agreement; by notice to the Managers of such nullification by the consenting Member prior to the time of any such meeting called to consider the doing of such act or thing; or by the negative vote by such consenting Member at any such meeting called to consider the doing of such act or thing; or

- (b) By the affirmative vote by the consenting Member to the doing of the act or thing for which the consent is solicited at any meeting called pursuant to this Agreement to consider the doing of such act or thing.

Unless otherwise provided in this Agreement, all consents and approvals described in this Agreement shall be given either in writing or given pursuant to a vote as provided for in this Agreement.

ARTICLE XI DOCUMENTS AND ACKNOWLEDGMENTS

Section 11.1 Acknowledgments.

- (a) Each of the Members signatory hereto acknowledges that prior to the date of execution of a counterpart of this Agreement, he has received and reviewed this Agreement, the Memorandum and all other documents relating to this transaction and that all documents relating to this transaction have been and are available for inspection at the office of the Company.
- (b) Each of the parties hereto and each of the substituted Members signatory hereto acknowledges that he has been advised of and hereby approves of the application of the Company funds, as set forth in the Memorandum, to pay all expenses incurred in connection with the organization of the Company and the sale of the Units.

ARTICLE XII POWER OF ATTORNEY

Section 12.1 Power. Each of the Members irrevocably constitutes and appoints Vintage Coins and Cards, a Division of Thomas Noe, Inc. and/or Delaware Valley Rare Coin Co., Inc. and their respective officers his true and lawful attorney-in-fact, in his name, place and stead to make, execute, swear to, acknowledge, deliver and file:

- (a) Any certificates or other instruments which may be required to be filed by the Company under the laws of the State of Ohio, or of any other state or jurisdiction in which the Managers shall deem it advisable to file;
- (b) Any documents, certificates or other instruments, including without limiting the generality of the foregoing, any and all amendments and modifications of this

Agreement or of the instruments described in Section 12.1(a) which may be required or deemed desirable by the Managers to effectuate the provisions of any part of this Agreement, and, by way of extension and not in limitation, to do all such other things as shall be necessary to continue and to carry on the business of the Company; or

- (c) All documents, certificates or other instruments which may be required to effectuate the dissolution and termination of the Company, to the extent such dissolution and termination is authorized hereby.

The power of attorney granted hereby shall not constitute a waiver of, or be used to avoid, the rights of the Members to approve certain amendments to this Agreement pursuant to Sections 10.1(d) and 10.1(e) or be used in any other manner inconsistent with the status of the Company as a limited liability company.

Section 12.2 Survival Of Power. It is expressly intended by each of the Members that the foregoing power of attorney is coupled with an interest, is irrevocable and shall survive the death, incompetence or adjudication of insanity of each such Members. The foregoing power of attorney shall survive the delivery of an assignment of any of the Members of his Unit, except that where an assignee of such Unit has become a substituted Member, then the foregoing power of attorney of the assignor Member shall survive the delivery of such assignment for the sole purpose of enabling the Manager to execute, acknowledge and file any and all instruments necessary to effectuate such substitution.

ARTICLE XIII REGISTRATION

Section 13.1 Private Offering. The Members acknowledge that the Interests of the Company have not been registered under the Act or any state securities laws in reliance upon the exemption of Section 4(2) of the Act and Rule 506 of Regulation D under the Act and exemptions from state registration. Each Member hereby covenants that he is acquiring his Interests solely for investment purposes and not with a view to the distribution or resale thereof and that his purchase of his Interests is expressly subject to the conditions and limitations on transferability set forth in the Subscription Agreement and this Agreement.

Section 13.2 Transfers And Securities Statutes. Notwithstanding the statements contained in other Articles in this Agreement, no Unit may be offered or sold and no transfer of any Unit will be made either by the Company or the Members unless the transfer complies with the Act and any applicable state securities laws.

Section 13.3 Indemnity. Each Member shall indemnify, hold and save harmless and defend the Managers, the other Members and the Company from and against any and all actions, causes of actions, claims, demands, liabilities, loss, damage, cost or expense (including reasonable attorney's fees) which the Managers, any Member or the Company may sustain or

incur as a result of or in connection with the Subscription Agreement containing any untrue statement of a material fact or omitting to state any material fact necessary to make the statements made therein not misleading.

**ARTICLE XIV
TAX MATTERS PARTNER AND DESIGNATED PERSON**

Section 14.1 Designation Of Tax Matters Partner. The Managers shall designate one of the Managers as "Tax Matters Partner" of the Company, as provided in Regulations pursuant to Section 6231 of the Code, and the "Designated Person" for purposes of maintaining an investor list as required by the Code. Each Member, by the execution of this Agreement, consents to such designation of the Tax Matters Partner and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such consent.

Section 14.2 Duties Of Tax Matters Partner.

- (a) To the extent and in the manner provided by applicable law and regulations, the Tax Matters Partner shall furnish the name, address, profits interest and taxpayer identification number of each Member, including any successor or additional Member, to the IRS.
- (b) To the extent and in the manner provided by applicable law and regulations, the Tax Matters Partner shall keep each Member informed of the administrative and judicial proceedings for the adjustment at the Company level of any item required to be taken into account by a Member for income tax purposes (such administrative proceedings referred to hereinafter as a "tax audit" and such judicial proceeding referred to hereinafter as "judicial review").
- (c) If the Tax Matters Partner, on behalf of the Company, receives a notice with respect to a Company tax audit from the IRS, the Tax Matters Partner shall, within thirty (30) days of receiving such notice, forward a copy of such notice to the Members who hold or held an Interest (through their Interest in the Company) in the Profits or Losses of the Company for the Fiscal Year to which the notice relates.

Section 14.3 Authority Of Tax Matters Partner. The Tax Matters Partner is hereby authorized, but not required:

- (a) To enter into any settlement with IRS with respect to any tax audit or judicial review, in which agreement the Tax Matters Partner may expressly state that such agreement shall bind the other Members, except that such agreement shall not bind any Member who, within the time period prescribed by the Code and Regulations, files a statement with the IRS stating that the Tax Matters Partner

does not have the authority to enter into a settlement agreement on behalf of the Member;

- (b) In the event that a notice of a final administrative adjustment at the Company level of any item required to be taken into account by a Member for tax purposes (a "final adjustment") is mailed to the Tax Matters Partner, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the United States Tax Court, the District Court of the United States for the district in which the Company's principal place of business is located, or the United States Claims Court;
- (c) To intervene in any action brought by any other Member for judicial review of a final adjustment;
- (d) To file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file a petition for judicial review with respect to such request;
- (e) To enter into an agreement with IRS to extend the period for assessing any tax which is attributable to any item required to be taken into account by a Member for tax purposes, or an item affected by such item; and
- (f) To take any other action on behalf of the Members or the Company in connection with any administrative or judicial tax proceeding to the extent permitted by applicable law or regulations.

Section 14.4 Expenses Of Tax Matters Partner. The Company shall indemnify and reimburse the Tax Matters Partner for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Members. The payment of all such expenses shall be made before any distributions are made by the Managers. Neither the Managers, nor any other person, shall have any obligation to provide funds for such purpose. The taking of any action and the incurring of any expense by the Tax Matters Partner in connection with any such proceeding, shall be subject to the indemnification provisions set forth in this Agreement.

ARTICLE XV REPRESENTATIONS, WARRANTIES AND COVENANTS OF MANAGERS

Section 15.1 Representations And Warranties. The Managers, jointly and severally represent and warrant, which representations and warranties shall survive the execution of this Agreement, as follows:

- (a) The Memorandum, as of its date, did not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. If the Memorandum is amended or supplemented, at the time of each supplement or amendment thereto the Memorandum as amended or supplemented will not, as of such date or dates, include any untrue statement made therein, in the light of the circumstances under which they were made, not misleading.
- (b) The Managers have full legal right, power and authority to enter into this Agreement and to perform its obligations under and as contemplated in this Agreement and the Memorandum.
- (c) The Managers are both corporations, duly organized and validly existing under the laws of the States of Ohio and Pennsylvania, respectively.

Section 15.2 Covenants. The Managers covenant, which covenants shall survive the execution of this agreement, as follows:

- (a) The Managers will not undertake or knowingly consent to any course of action that would or foreseeably could result in the Members' owning, directly or indirectly (under the attribution rules of Section 318 of the Code), individually or in the aggregate more than twenty percent (20%) of any class of stock of either of the Managers or any of their "affiliates" (as such term is defined in Section 1504 of the Code) during the term of the Company, unless prior to undertaking or knowingly consenting to such course of action, it obtains an opinion from Counsel to the effect that neither such action nor the percentage of such outstanding stock ownership by Members foreseeably resulting therefrom will result in the classification of the Company as an association taxable as a corporation under the Code.
- (b) The Managers will cause the Company to take such steps as may be required from time to time by the IRS to cause the Company to be classified as a partnership subject to Subchapter K of the Code and not as an association taxable as a corporation for Federal income tax purposes.

Section 15.3 Beneficiaries Of Representations, Warranties And Covenants. The representations, warranties and covenants made in this Article are for the benefit of the Company and all of its Members.

ARTICLE XVI MISCELLANEOUS

Section 16.1 Governing Law. The Company and this Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

Section 16.2 Agreement For Further Execution. At any time or times upon the request of the Managers, the Members agree to sign, swear to, and acknowledge such further documents as the Managers shall request for the purpose of carrying on the business of the Company as a limited liability company under the laws of the State of Ohio or the laws of other states where the Company does or proposes to do business.

Section 16.3 Entire Agreement. This Agreement contains the entire understanding among the Members, and supersedes any prior understanding and agreement between them respecting the within subject matter. There are no representations, agreements, arrangements or understandings, oral or written, between or among the Members hereto relating to the subject matter of this Agreement which are not fully expressed herein.

Section 16.4 Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations of the jurisdictions in which the Company does business. If any provision of this Agreement or the application thereof to any person or circumstance, shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

Section 16.5 Notices. Notices to Members or to the Company shall be deemed to have been given when hand delivered, mailed, by prepaid U.S. mail, or Federal Express or other overnight mail courier guaranteeing next day delivery, addressed as set forth in this Agreement, or as set forth in any notice of change of address previously given in writing by the addressee to the addressor.

Section 16.6 Counterparts. This Agreement may be executed in one or more counterparts and each such counterpart shall, for all purposes, be deemed to be an original, but all of such counterparts shall constitute one and the same instrument. Each Member hereby agrees that one original of this Agreement, or set of original counterparts, shall be held in the office of the Company and that there shall be distributed to each Member a conformed copy of this Agreement.

Section 16.7 Titles And Captions. All titles and captions are for convenience only, do not form a substantive part of this Agreement, and shall not restrict or enlarge any substantive provisions of this Agreement.

Section 16.8 Pronouns And Numbers. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person(s) may require.

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the day and year above written.

MANAGER/MEMBERS:

VINTAGE COINS AND CARDS, A
DIVISION OF THOMAS NOE, INC., an
Ohio corporation

By: _____
Thomas W. Noe, President

DELAWARE VALLEY RARE COIN CO.
INC., a Pennsylvania Corporation

By: _____
Frank Greenberg, President

INVESTOR MEMBERS SIGNATURE PAGE

The undersigned, desiring to become a Member of Capital Coin Fund Limited, a limited liability company organized under the laws of the State of Ohio (the "Company"), hereby agrees to all of the terms of the Operating Agreement of the Company (the "Agreement") and agrees to be bound by the terms and provisions thereof.

Executed, acknowledged and sworn to by the undersigned as a Member of the Company.

MEMBER:

(Signature of Member)

(Name of Member --
Please Print)

(Street Address)

(City - State - Zip Code)

(Taxpayer Identification or
Social Security Number)

Operating Agreement
of
Capital Coin Fund Limited

SCHEDULE "A"

Manager/Members

	<u>Units</u>	<u>Initial Interest (%) of Profit/Loss</u>	<u>Capital Contributions</u>
Vintage Coins and Cards 3509 Briarfield Blvd. Maumee, Ohio 43537	1	10%	\$5,000
Delaware Valley Rare Coin Co., Inc. 2835 West Chester Pike Broomall, PA 19008	1	10%	\$5,000

Investor Members

<u>Name and Address</u>	<u>Units</u>	<u>Interest (%)</u>	<u>Capital Contributions</u>
-------------------------	--------------	---------------------	----------------------------------

EXHIBIT B**MEMBERS SIGNATURE PAGE**

The undersigned, desiring to become a Member of Capital Coin Fund Limited, a limited liability company organized under the laws of the State of Ohio (the "Company"), hereby agrees to all of the terms of the Operating Agreement of the Company (the "Agreement") and agrees to be bound by the terms and provisions thereof.

Executed, acknowledged and sworn to by the undersigned as a Member of the Company.

MEMBER:

(Signature of Member)

(Name of Member --
Please Print)

(Street Address)

(City - State - Zip Code)

(Taxpayer Identification or
Social Security Number)

OHIO BUREAU OF WORKERS' COMPENSATION

JUST THE FAX!

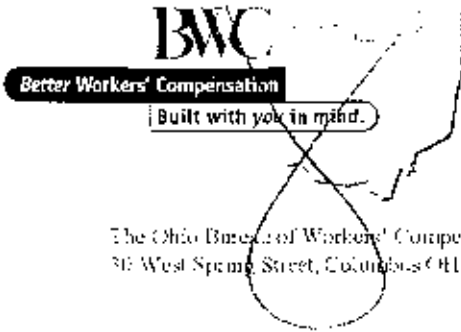
2 Number of pages (including this header page)

Date 12/23/99

THIS IS BEING SENT AS: [X] NORMAL [] PRIORITY [] CONFIDENTIAL

TO:

Name of person <i>Tom Noe</i>		Voice # ()	FAX # <i>1414 865-8685</i>
Name of company <i>Vintage Coin</i>		Subject:	
Copy to:	Copy to:	Copy to:	
Message:			
<i>Tom,</i>			
<i>Attached is a draft of a letter you would send Keith. Hopefully much of the data he reveals will have already been gathered by the CPA. The only thing I wasn't sure of was the conflict of interest language in the draft. I need it removed in the agreement, but it might be in the U.C. Law. You might want to check before you send the letter or your letter head to Keith.</i>			
FROM: <i>Have a Merry Christmas</i>			
Name of person <i>BK</i>		Voice # <i>1414 66088</i>	FAX # ()
Location			



DRAFT

~~Bob Taft
Governor~~
~~James Couchel
Admiral~~

The Ohio Bureau of Workers' Compensation
30 West Spring Street, Columbus OH 43215-2250

December 22, 1999

Dear Keith,

With regard to your fax of 12/2/99, we will have the following documents ready for your review.

- Copies of Table of Organization, insurance policies and engagement memorandum between company and the external CPA.
- The yearend coin inventory and the agreements between the company and other partnerships will be available for you to review, but copies will not be available. This is confidential information which, if it became public, might compromise the fund's investments.
- The bank statements, reconciliations, trial balances, etc will be available in the CPA's worksheets for your review.
- Related party transactions are permitted in the Agreement and were executed during the year. We can discuss this when you visit us.
- There are no loans outstanding in the Fund and so there are no loan agreements.
- There is no conflict of interest policy other than what is found in the Agreement.

Hopefully this will give you all the information you need. I look forward to seeing you on _____.

Very Truly Yours,

Thomas Noe



December 24, 1999

Keith Elliott
The Ohio Bureau of Workers' Compensation
30 West Spring Street
Columbus, OH 43215-2256

Dear Keith,

With regard to your fax of 12/2/99, we will have the following documents ready for your review:

- Copies of Table of Organization, insurance policies and engagement memorandum between company and the external CPA.
- The year end coin inventory and the agreements between the company and other partnerships will be available for you to review, but copies will not be available. This is confidential information which, if it became public, might compromise the Fund's investments.
- The bank statements, reconciliations, etc. will be available in the CPA's worksheets for your review.
- Related party transactions are permitted in the Agreement and were executed during the year. We can discuss this when you visit us.
- There are no loans outstanding in the Fund and so there are no loan agreements
- There is no conflict of interest policy other than what is found in the Agreement.

Hopefully this will give you all the information you need. I look forward to seeing you on January 26, 2000. Happy New Year.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tom Noe".

Thomas W. Noe
Managing Member

3509 Briarfield Blvd.
Maumee, OH 43537
800.295.COIN (2646)
419.865.COIN (2646)

FILED

2005 OCT 27 AM 11:20

U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO
TOLEDO

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION**

JUDGE DAVID A. KATZ

UNITED STATES OF AMERICA,

Plaintiff,

v.

THOMAS W. NOE,

Defendant.

3 : 05 CR 796
Cr. No.

18 U.S.C. § 371
2 U.S.C. § 437g
2 U.S.C. § 441f
18 U.S.C. § 2
18 U.S.C. § 1001

INDICTMENT

The Grand Jury charges:

COUNT ONE: Conspiracy
(18 U.S.C. § 371)

At all times relevant to this indictment:

Background

1. President George W. Bush was a candidate in the 2004 federal election for the Presidency of the United States.
2. "Bush-Cheney '04, Inc." was the principal campaign committee of President Bush's re-election campaign, and it solicited and accepted contributions on his behalf.

3. On or about August 12, 2003, the defendant THOMAS W. NOE and his spouse each contributed \$2,000 to Bush-Cheney '04, Inc.

4. On or about October 30, 2003, Bush-Cheney '04, Inc. hosted a campaign fundraiser ("the fundraiser") at the Hyatt Regency hotel in Columbus, Ohio; the admission fee to the event was a \$2,000 contribution—the maximum individual amount—to Bush-Cheney '04, Inc.

The Federal Election Commission and Regulation of Federal Elections

5. The Federal Election Commission (FEC) was an agency of the executive branch of the government of the United States that administered and enforced the Federal Election Campaign Act (FECA).

6. Specific FECA provisions governed the making and reporting of campaign contributions, including:

- (a) The maximum individual contribution allowed by law to any federal candidate or his authorized political committees was \$2,000 per election;
- (b) It was unlawful to make contributions in the name of another person or knowingly permit one's name to be used to effect such contributions;
- (c) Bush-Cheney '04, Inc. was required to file quarterly reports with the FEC identifying each person who made a contribution during the reporting period whose contribution or contributions for that calendar year aggregated over \$200; and
- (d) The FEC was responsible for providing accurate information to the public about the amounts and sources of campaign contributions, and it used these quarterly reports to administer and enforce the FECA.

The Conspiracy and Its Objects

7. From in or about October 2003 through in or about January 2004, in the Northern District of Ohio, Western Division, and elsewhere, the defendant, THOMAS W. NOE, and others knowingly combined, conspired, confederated, and agreed together and with each other:

- (a) to commit an offense against the United States: that is, to knowingly and willfully violate the FECA by making contributions aggregating \$25,000 or more during the 2003 calendar year to Bush-Cheney '04, Inc., an authorized campaign committee of President George W. Bush, a federal candidate, in the names of other persons, in violation of 2 U.S.C. § 441f and 2 U.S.C. § 437g(d)(1)(A)(i); and
- (b) to defraud the United States by impairing, impeding, obstructing, and defeating the lawful functions and duties of the Federal Election Commission.

The Purpose of the Conspiracy

8. The purpose of the conspiracy was for defendant THOMAS W. NOE to make prohibited campaign contributions totaling \$45,400 to Bush-Cheney '04, Inc. without being detected by the FEC or the public.

The Manner and Means of the Conspiracy

9. It was a part of the conspiracy that defendant THOMAS W. NOE, in order to fulfill a written pledge to raise \$50,000 for the campaign at the fundraiser, used \$45,400 of his funds to make campaign contributions over and above the legal limits and concealed the true source of the contributions by making the contributions in the names of other individuals, known as "conduits."

10. It was a part of the conspiracy that NOE requested that each conduit contribute money to Bush-Cheney '04, Inc. in his or her own name and attend the fundraiser.

11. It was a part of the conspiracy that NOE would recruit other individuals, referred to herein as “super-conduits,” who would not only act as conduits but would also recruit additional conduits and pass funds from NOE to those additional conduits.

12. It was a part of the conspiracy that before and after the fundraising event, NOE provided funds from his National City Bank account for 24 conduits and super-conduits as an advance on or reimbursement for their contributions; all but one of the conduits and super-conduits contributed the maximum permissible amount, with some adding small amounts of their own money to NOE's.

13. It was a part of the conspiracy that NOE took steps to conceal the existence, purpose, and acts done in furtherance of the conspiracy by making payments to several conduits in amounts slightly below the amount of the conduits' contributions, and by instructing several conduits that, if asked in the future about the payments, they should lie and say the payments were a loan from NOE.

Overt Acts in Furtherance of the Conspiracy

In furtherance of the conspiracy, and to effectuate the objects thereof, defendant THOMAS W. NOE and his co-conspirators committed, among other acts, the following overt acts in the Northern District of Ohio, Western Division, and elsewhere:

14. Between on or about October 22, 2003, and on or about November 3, 2003, NOE provided nine checks from his National City Bank account to the conduits listed in Table A below as an advance on or reimbursement for their contributions to Bush-Cheney '04, Inc., and the conduits deposited these checks into bank accounts they owned or controlled.

TABLE A

CONDUIT	DATE OF CHECK FROM NOE	AMOUNT OF CHECK FROM NOE	DATE OF DONATION	AMOUNT OF DONATION
1	10/22/03	\$1,750	10/22/03	\$2,000
2	10/23/03	\$1,950	10/23/03	\$2,000
3,4	10/23/03	\$4,000	10/24/03	\$4,000
5	10/23/03	\$1,950	10/24/03	\$2,000
6, 7	10/23/03	\$3,900	10/24/03	\$4,000
8, 9	10/23/03	\$3,750	10/31/03	\$3,900
10	10/24/03	\$2,000	10/24/03	\$2,000
11, 12	10/27/03	\$3,900	10/26/03	\$4,000
13	10/30/03	\$1,900	11/3/03	\$2,000

15. On or about the dates listed in Table B below, NOE provided two checks to two super-conduits (#14 and #17) who accepted the money and contributed a portion of the funds to Bush-Cheney '04, Inc. in their own names, and also acted as super-conduits by writing checks themselves to five additional conduits listed in Table B as an advance on or reimbursement for contributions those conduits made to Bush-Cheney, '04, Inc., and the conduits and super-conduits deposited these checks into accounts they owned or controlled.

TABLE B

CONDUIT or SUPER-CONDUIT	DATE OF CHECK	AMOUNT OF CHECK	DATE OF DONATION	AMOUNT OF DONATION
14 (super-conduit)	10/23/03 (from NOE)	\$6,000	11/3/03	\$2,000
15	10/23/03 (from #14)	\$2,000	10/23/03	\$2,000
16	10/24/03 (from #14)	\$2,000	10/23/03	\$2,000
17 (super-conduit), 18	10/23/03 (from NOE)	\$14,300	10/24/03	\$4,000
19, 20	11/5/03 (from #17)	\$3,750	10/24/03	\$4,000
21, 22	10/27/03 (from #17)	\$3,500	10/14/03	\$4,000
23, 24	10/27/03 (from #17)	\$3,900	10/31/03	\$4,000

16. Between on or about October 22, 2003 and on or about November 3, 2003, NOE caused each of the conduits to contribute money in their own names to Bush-Cheney '04, Inc.; the contributions, with one exception, were made in increments of either \$2,000 (if attending alone) or \$4,000 (if attending with a spouse).

17. From on or about October 22, 2003 until on or about October 30, 2003, NOE caused conduits and super-conduits to fill out donor cards and other contributor forms for the fundraiser stating that they were making the contributions themselves with their personal funds when, in fact, they used NOE's funds to make contributions.

18. On or about January 29, 2004, NOE and the conspirators caused Bush-Cheney, '04, Inc. to file with the FEC a report for the fourth quarter of 2003 that, unknown to Bush-Cheney, '04, Inc., incorrectly identified the 24 conduits and super-conduits as the sources of the \$45,400 in contributions to Bush-Cheney, '04, Inc.

19. On or about October 30, 2003, NOE and all but one of the conduits and super-conduits attended the Bush-Cheney '04, Inc. fundraiser.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO: Conduit Contribution Violations
(2 U.S.C. § 441f, 2 U.S.C. § 437g(d)(1)(A)(i))

20. All allegations made in paragraphs one through six and nine through 19 are re-alleged and incorporated herein.

21. From in or about October 22, 2003 until in or about November 3, 2003, the defendant THOMAS W. NOE knowingly and willfully violated the FECA by making contributions in the names of others that aggregated \$25,000 or more during the 2003 calendar year, that is, NOE knowingly and willfully caused other persons to contribute to Bush-Cheney '04, Inc. and advanced to those persons or reimbursed those persons a total of \$45,400 for their contributions.

All in violation of Title 2, United States Code, Sections 441f and 437g(d)(1)(A)(i).

COUNT THREE: FALSE STATEMENT
(18 U.S.C. § 2(b), 18 U.S.C. § 1001)

22. All allegations made in paragraphs one through six and nine through 19 are re-alleged and incorporated herein.

23. From on or about October 23, 2003 until on or about January 29, 2004, defendant THOMAS W. NOE, in a matter within the jurisdiction of the executive branch of the government of the United

States, knowingly and wilfully caused to be made a materially false, fictitious, and fraudulent statement and representation, in that he caused the responsible official of Bush-Cheney '04, Inc. to file with the FEC a quarterly report that falsely listed the conduits and super-conduits as contributors to the committee, when in fact, as NOE knew, he was the actual contributor of \$45,400 of those funds.

All in violation of Title 18, United States Code, Sections 2(b) and 1001.

A True Bill.

Foreperson

2025 Release Under E.O. 14176

FILED

United States District Court Northern District of Ohio

2005 SEP 13 PM 12:39

CLERK U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO

UNITED STATES OF AMERICA

JUDGMENT IN A CRIMINAL CASE

v.
Thomas W. Noe

Case Number: 3:05cr796-01

USM Number: 28157-018

Jon D. Richardson

Assistant Attorney

THE DEFENDANT:

pleaded guilty to count(s) 1, 2 & 3 of the indictment
 pleaded not-guilty to count(s) _____ which was accepted by the court
was found guilty on count(s) _____ after a trial of not guilty.

The defendant is adjudged guilty of these offense(s):


Title & Section	Nature of Offense	Offense Dated	Count
18 USC 371	Conspiracy	January 2004	1
2 USC 441f and 407(g)(1)(A)(ii)	Illegal Campaign Contributions	1/13/03	2
18 USC 1001	False Statement	10/04	3

The defendant is sentenced as provided in pages 2 through 5 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

The defendant has been found not guilty on count(s) _____

Count(s) _____ (is/are) dismissed on the motion of the United States _____

IT IS ORDERED that the defendant shall copy the United States Attorney for this district within 30 days of any change of name, residence, or mailing address and all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant must copy the court and the United States Attorney of material changes in the defendant's economic circumstances.

September 13, 2006
Date of Imposition of Judgment

Signature of Judicial Officer

DAVID A. KATZ, United States District Judge
Name & Title of Judicial Officer

9/13/06
Date

Exhibit 8

Page 2 of 6

AQ 245B (Rev. 6/05) Sheet 2 - Imprisonment

CASE NUMBER: 3:05cr796-01
DEFENDANT: Thomas W. Noe

Judgment - Page 2 of 6

IMPRISONMENT

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of 27 months on each count, to be served concurrently.

- The court makes the following recommendations to the Bureau of Prisons:
The defendant be designated to an FCI as close to his residence in Florida as possible.
The defendant not be designated until the conclusion of his state court case.
- The defendant is remanded to the custody of the United States Marshal.
- The defendant shall surrender to the United States Marshal for this district.
 at ___ on ____.
 as notified by the United States Marshal.
- The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons:
 before 2:00 p.m. on ____.
 as notified by the United States Marshal.
 as notified by the Probation or Pretrial Services Office.

RETURN

I have executed this judgment as follows:

Defendant delivered on _____ to _____

at _____, with a certified copy of this judgment.

UNITED STATES MARSHAL

By _____
Deputy U.S. Marshal

AO 245B (Rev. 6/05) Sheet 3 - Supervised Release

CASE NUMBER: 3:05cr796-01
DEFENDANT: Thomas W. Noe

Judgment - Page 3 of 6

SUPERVISED RELEASE

Upon release from imprisonment, the defendant shall be on supervised release for a term of 2 years on each of Counts 1-3, to run concurrently.

The defendant must report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

The defendant shall not commit another federal, state, or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the Court.

- The above drug testing condition is suspended, based on the court's determination that the defendant poses a low risk of future substance abuse. (Check, if applicable.)
- The defendant shall not possess a firearm, ammunition, destructive device, or any other dangerous weapon. (Check, if applicable.)
- The defendant shall cooperate in the collection of DNA as directed by the probation officer. (Check, if applicable.)
- The defendant shall register with the state sex offender registration agency in the state where the defendant resides, works, or is a student, as directed by the probation officer. (Check, if applicable.)
- The defendant shall participate in an approved program for domestic violence. (Check, if applicable.)

If this judgment imposes a fine or restitution, it is a condition of supervised release that the defendant pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant must comply with the standard conditions that have been adopted by this court as well as with any additional conditions on the attached page.

STANDARD CONDITIONS OF SUPERVISION

- 1) the defendant shall not leave the judicial district without permission of the court or probation officer;
- 2) the defendant shall report to the probation officer and shall submit a truthful and complete written report within the first five days of each month;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependants and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation, unless excused by the probation officer for schooling, training or other acceptable reasons;
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance or any paraphernalia related to any controlled substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view of the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court;
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

Exhibit 8

Page 4 of 6

AO 245B (Rev. 6/05) Sheet 3 - Supervised Release

CASE NUMBER: 3:05cr796-01
DEFENDANT: Thomas W. Noe

Judgment - Page 4 of 6

SPECIAL CONDITIONS OF SUPERVISED RELEASE

The defendant shall perform 200 hours of community service at the direction of the probation officer.

The defendant shall provide the probation officer access to all requested financial information.

The defendant shall pay a fine in full immediately in the amount of \$136,200.00 through the Clerk of the U.S. District Court. Should the defendant be unable to pay in full immediately, the balance shall be paid at the minimum rate of 10% of the defendant's gross monthly income. If a custody term is imposed, the defendant is to make payment through participation in the Bureau of Prisons' Inmate Financial Responsibility Program.

CASE NUMBER: 3:05cr796-01
 DEFENDANT: Thomas W. Noe

CRIMINAL MONETARY PENALTIES

The defendant must pay the total criminal monetary penalties under the Schedule of Payments on Sheet 6.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
Totals:	\$ 300.00	\$ 136,200.00	\$

- The determination of restitution is deferred until _____. An amended Judgment in a Criminal Case (AO 245C) will be entered after such determination.
- The defendant must make restitution (including community restitution) to the following payees in the amounts listed below.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment unless specified otherwise in the priority order of percentage payment column below. However, pursuant to 18 U.S.C. § 3664(j), all nonfederal victims must be paid before the United States is paid.

<u>Name of Payee</u>	<u>*Total Loss</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>
<u>TOTALS:</u>	\$ ____	\$ ____	

- Restitution amount ordered pursuant to plea agreement \$ ____
- The defendant must pay interest on restitution and a fine of more than \$2500, unless the restitution or fine is paid in full before the fifteenth day after the date of judgment, pursuant to 18 U.S.C. §3612(f). All of the payment options on Sheet 6 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. §3612(g).
- The court determined that the defendant does not have the ability to pay interest and it is ordered that:
 - The interest requirement is waived for the fine restitution.
 - The interest requirement for the fine restitution is modified as follows:

* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994 but before April 23, 1996.

Exhibit 8

Page 6 of 6

AO 245B (Rev. 6/05) Sheet 6 - Criminal Monetary Penalties

CASE NUMBER: 3:05cr796-01
DEFENDANT: Thomas W. Noe

Judgment - Page 6 of 6

SCHEDULE OF PAYMENTS

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties are due as follows:

- A Lump sum payment of \$ due immediately, balance due
 not later than or
 in accordance with C, D, E, or F below; or
- B Payment to begin immediately (may be combined with C D, or F below); or
- C Payment in equal installments of \$ over a period of . to commence days after the date of this judgment; or
- D Payment in equal installments of \$ over a period of , to commence days after release from imprisonment to a term of supervision; or
- E Payment during the term of supervised release will commence within (e.g., 30 or 60 days) after release from imprisonment. The Court will set the payment plan based on an assessment of the defendant's ability to pay at that time; or
- F Special instructions regarding the payment of criminal monetary penalties:
 A special assessment of \$300.00 is due in full immediately as to count(s) 1, 2 & 3.
PAYMENT IS TO BE MADE PAYABLE AND SENT TO THE CLERK, U.S. DISTRICT COURT
 After the defendant is release from imprisonment, and within 30 days of the commencement of the term of supervised release, the probation officer shall recommend a revised payment schedule to the Court to satisfy any unpaid balance of the restitution. The Court will enter an order establishing a schedule of payments.

Unless the court has expressly ordered otherwise, if this judgment imposes imprisonment, payment of criminal monetary penalties is due during imprisonment. All criminal penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the Clerk of the Court.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

- Joint and Several (Defendant name, Case Number, Total Amount, Joint and Several Amount and corresponding payee):
- The defendant shall pay the cost of prosecution.
- The defendant shall pay the following court cost(s):
- The defendant shall forfeit the defendant's interest in the following property to the United States:

Payments shall be applied in the following order: (1) assessment; (2) restitution principal; (3) restitution interest; (4) fine principal; (5) fine interest; (6) community restitution; (7) penalties; and (8) costs, including cost of prosecution and court costs.

FILED
LUCAS COUNTY
2006 APR 18 P 3:29
COMMON PLEAS COURT
CORNIE QUILTER
CLERK OF COURTS
IN THE COURT OF COMMON PLEAS, LUCAS COUNTY, OHIO

STATE OF OHIO,
Plaintiff,

vs.

THOMAS W. NOE,
Defendant.

* CASE NO. CR 06-1348
* Judge Thomas J. Osowik
* BILL OF PARTICULARS
*
* John J. Weglian (#0020674)
* Assistant Prosecuting Attorney
* Lucas County Courthouse
* Toledo, Ohio 43624
* Phone: (419) 213-4700
* Fax: (419) 213-4595

The undersigned, assistant prosecuting attorney, pursuant to Rule 7 (E) of the Ohio Rules of Criminal Procedure, hereby provides the following Bill of Particulars with respect to the above-captioned cause.

COUNT 1

During the period from March 31, 1998, through May 26, 2005, the defendant, in concert with [REDACTED], engaged in a pattern of conduct involving the theft offenses, forgeries, tampering with records, and money laundering charges which are set forth in Counts 2-53 below.

With respect to Counts 2-31, the following portions of the definitions of "deprive" set forth in § 2913.01 (C) are applicable to each count:

(1) to withhold property of another permanently, or for a period that appropriates a substantial portion of its value or use; and/or

(2) to dispose of property so as to make it unlikely that the owner will recover it; and/or

(3) to accept, use, or appropriate money or property with purpose not to give proper consideration in return for the money or property and without masonable justification or excuse for not giving proper consideration.

COUNT 2

On or about April 1, 1998, the defendant issued Check No. 3388 in the amount of \$25,000.00, Check No. 3394 in the amount of \$20,000.00, and Check No. 3395 in the amount of \$25,000.00 to Paul Vesoulis from the Vintage Coins & Cards checking account at National City Bank, Account No. [REDACTED], using funds which were forwarded by the Ohio Bureau of Workers' Compensation to Capital Coin Fund solely for the purpose of investing in numismatic items for the benefit of the Capital Coin Fund. Without any consideration, the defendant transferred \$1,375,000.00 from the Capital Coin Fund account on March 31, 1998, to the Vintage Coins & Cards checking account and knowingly used \$95,000.00 of the Capital Coin Fund money to repay Paul Vesoulis \$95,000.00 that Vesoulis had provided to the defendant in 1995 or 1996 for the purpose of investing in coins. The defendant fraudulently represented this transaction as a "coin purchase," but no coins were purchased from Mr. Vesoulis in regard to this transaction. The defendant knowingly obtained and exerted control over these funds beyond the scope of the express or implied consent of the owner or person authorized to give consent with purpose to deprive the owner of said property.

COUNT 3

On or about April 1, 1998, the defendant transferred \$95,000.00 to Paul Vesoulis knowing that the money had been obtained as a result of the commission of a theft offense with the purpose of committing or furthering the commission of corrupt activity and with the purpose to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of corrupt activity. The facts are set forth in Count 2 above.

COUNT 4

On or about April 3, 1998, the defendant issued Check No. 3020 in the amount of \$5,000.00, Check No. 3022 in the amount of \$5,500.00 to Jim Bremer, and Check No. 3021 in the amount of \$5,000.00 and Check No. 3023 in the amount of \$5,500.00 to John Bremer from the Vintage Coins & Cards checking account at National City Bank, Account No. [REDACTED], using funds which were forwarded by the Ohio Bureau of Workers' Compensation to Capital Coin Fund solely for the purpose of investing in numismatic items for the benefit of the Capital Coin Fund.

Without any consideration, the defendant transferred \$1,375,000.00 from the Capital Coin Fund account on March 31, 1998, to the Vintage Coins & Cards checking account and knowingly used \$21,000.00 of the Capital Coin Fund money to repay James Bremer and John Bremer \$21,000.00 that they had provided to the defendant prior to that time as a cash loan. The defendant fraudulently represented this transaction as a "coin purchase," but no coins were purchased from either James or John Bremer in regard to this transaction. The defendant knowingly obtained and exerted control over these funds beyond the scope of the express or implied consent of the owner or person authorized to give consent with purpose to deprive the owner of said property.

COUNT 5

On or about April 3, 1998, the defendant transferred \$21,000.00 to James Bremer and John Bremer knowing that the money had been obtained as a result of the commission of a theft offense with the purpose of committing or furthering the commission of corrupt activity and with the purpose to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of corrupt activity. The facts are set forth in Count 4 above.

COUNT 6

On or about March 31, 1998, the defendant transferred \$396,470.66 from the Vintage Coins & Cards checking account at National City Bank to National City Bank to make a payment on the line of credit on the pre-existing indebtedness of Vintage Coins and Cards which the defendant's company had at National City Bank, using funds which were forwarded by the Ohio Bureau of Workers' Compensation to Capital Coin Fund solely for the purpose of investing in numismatic items for the benefit of the Capital Coin Fund. Without any consideration, the defendant transferred \$1,375,000.00 from the Capital Coin Fund account on March 31, 1998, to the Vintage Coins & Cards checking account and knowingly used \$396,470.66 of the Capital Coin Fund money to pay the line of credit which his company owed to National City Bank for pre-existing debts. The defendant fraudulently represented this transaction as a "coin purchase," but no coins were purchased from National City Bank in regard to this transaction. The defendant knowingly obtained and exerted control over these funds beyond the scope of the express or implied consent of the owner or person authorized to give consent with purpose to deprive the owner of said property.

COUNT 7

On or about March 31, 1998, the defendant transferred \$396,470.66 to National City Bank in payment of his company's line of credit owed to National City Bank knowing that the money had been obtained as a result of the commission of a theft offense with the purpose of committing or furthering the commission of corrupt activity and with the purpose to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of corrupt activity. The facts are set forth in Count 6 above.

COUNT 8

On or about April 4, 1998, the defendant transferred \$50,000.00 from the Vintage Coins & Cards checking account at National City Bank to National City Bank to make a payment on the line of credit on the pre-existing indebtedness of Vintage Coins and Cards which the defendant's company had at National City Bank, using funds which were forwarded by the Ohio Bureau of Workers' Compensation to Capital Coin Fund solely for the purpose of investing in numismatic items for the benefit of the Capital Coin Fund. Without any consideration, the defendant transferred \$1,375,000.00 from the Capital Coin Fund account on March 31, 1998, to the Vintage Coins & Cards checking account and knowingly used \$50,000.00 of the Capital Coin Fund money to pay the line of credit which his company owed to National City Bank for pre-existing debts. The defendant fraudulently represented this transaction as a "coin purchase," but no coins were purchased from National City Bank in regard to this transaction. The defendant knowingly obtained and exerted control over these funds beyond the scope of the express or implied consent of the owner or person authorized to give consent with purpose to deprive the owner of said property.

COUNT 9

On or about April 4, 1998, the defendant transferred \$50,000.00 to National City Bank in payment of his company's line of credit owed to National City Bank knowing that the money had been obtained as a result of the commission of a theft offense with the purpose of committing or furthering the commission of corrupt activity and with the purpose to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of corrupt activity. The facts are set forth in Count 8 above.

COUNT 10

On or about March 31, 1998, the defendant issued Check No. 3387 in the amount of \$135,000.00, from the Vintage Coins & Cards checking account at National City Bank, Account No. [REDACTED], to himself using funds which were forwarded by the Ohio Bureau of Workers' Compensation to Capital Coin Fund solely for the purpose of investing in numismatic items for the benefit of the Capital Coin Fund. Without any consideration, the defendant transferred \$1,375,000.00 from the Capital Coin Fund account on March 31, 1998, to the Vintage Coins & Cards checking account and knowingly used \$135,000.00 of the Capital Coin Fund money to pay himself money which he was not entitled to for any reason. The defendant fraudulently represented this transaction as a "coin purchase," but no coins were purchased from the defendant in regard to this transaction. The defendant knowingly obtained and exerted control over these funds beyond the scope of the express or implied consent of the owner or person authorized to give consent with purpose to deprive the owner of said property.

COUNT 11

On or about March 31, 1998, the defendant transferred \$135,000.00 to himself without any valuable consideration therefore knowing that the money had been obtained as a result of the commission of a theft offense with the purpose of committing or furthering the commission of corrupt activity and with the purpose to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of corrupt activity. The facts are set forth in Count 10 above.

COUNT 12

During the period from March 31, 1998, through September 15, 2003, the defendant transferred to himself or his company, Vintage Coins and Cards and later Vintage Coins and Collectibles for alleged inventory purchases an amount in excess of \$100,000.00 without providing any valuable consideration. The funds used by the defendant were forwarded by the Ohio Bureau of Workers' Compensation to Capital Coin Fund and Capital Coin Fund II solely for the purpose of investing in numismatic items for the benefit of the Capital Coin Fund. Without any consideration, the defendant transferred more than \$100,000.00 out of the Capital Coin Fund account from March 31, 1998, through September 15, 2003, to the Vintage Coins & Cards checking account and/or himself and knowingly used more than \$100,000.00 of the Capital Coin Fund money to pay himself or his company money which neither he nor his company was entitled to for any reason. The defendant fraudulently represented these transactions as a "coin purchases," but no coins were purchased from the defendant or his company in regard to these transactions. The defendant knowingly obtained and exerted control over these funds beyond the

scope of the express or implied consent of the owner or person authorized to give consent with purpose to deprive the owner of said property.

COUNT 13

From March 31, 1998, through September 15, 2003, the defendant transferred more than \$100,000.00 to himself or his company without any valuable consideration therefore knowing that the money had been obtained as a result of the commission of a theft offense with the purpose of committing or furthering the commission of corrupt activity and with the purpose to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of corrupt activity. The facts are set forth in Count 12 above.

COUNT 14

On or about August 1, 2001, the defendant transferred \$2,000,000.00 of the \$25,000,000.00 capital contribution which was forwarded by the Ohio Bureau of Workers' Compensation to Capital Coin Fund II to the Vintage Coins & Collectibles checking account at National City Bank, Account No. [REDACTED] without any valuable consideration. The defendant then issued Check No. 8651 in the amount of \$10,000.00 from the Vintage Coins & Cards checking account at National City Bank, Account No. [REDACTED], to Capital Coin Fund II using \$10,000.00 of the \$2,000,000.00 he had transferred from Capital Coin Fund II and represented that check as the capital contribution to Capital Coin Fund II that he was required to make under the terms of the contract with the Ohio Bureau of Worker's Compensation and the Operating Agreement for Capital Coin Fund II. That \$2,000,000.00 had been transferred to Vintage Coins and Cards solely for the purpose of investing in numismatic items for the benefit of the Capital Coin Fund II, not for the defendant's capital contribution. Neither the defendant nor his company was entitled to the \$10,000.00 for any reason. The defendant fraudulently represented this transaction as a "coin purchase," but no coins were purchased from the defendant or his company in regard to this transaction. The defendant knowingly obtained and exerted control over these funds beyond the scope of the express or implied consent of the owner or person authorized to give consent with purpose to deprive the owner of said property.

COUNT 15

On or about August 1, 2001, the defendant transferred \$10,000.00 of the \$25,000,000.00 contributed to Capital Coin Fund II by the Ohio Bureau of Workers' Compensation for the purpose of paying the \$10,000.00 capital contribution which the defendant's company, Vintage Coins & Collectibles, owed to Capital Coin Fund II as a result of the Operating Agreement between the Ohio Bureau of Workers' Compensation and Vintage Coins & Collectibles knowing that the money had been obtained as a result of the commission of a theft offense with the

purpose of committing or furthering the commission of corrupt activity and with the purpose to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of corrupt activity. The facts are set forth in Count 14 above.

COUNT 16

On or about August 1, 2001, the defendant transferred \$393,000.00 from the Vintage Coins & Collectibles checking account at National City Bank to National City Bank to make a payment on the line of credit on the pre-existing indebtedness of Vintage Coins and Collectibles which the defendant's company had at National City Bank, using funds which were forwarded by the Ohio Bureau of Workers' Compensation to Capital Coin Fund II for the purpose of investing in numismatic items and other alternative investments for the benefit of the Capital Coin Fund II. Without any consideration, the defendant transferred \$2,000,000.00 from the Capital Coin Fund II account on August 1, 2001, to the Vintage Coins & Collectibles checking account and knowingly used \$393,000.00 of the Capital Coin Fund money to pay the line of credit which his company owed to National City Bank for pre-existing debts. The defendant fraudulently represented this transaction as a "coin purchase," but no coins were purchased from National City Bank in regard to this transaction. The defendant knowingly obtained and exerted control over these funds beyond the scope of the express or implied consent of the owner or person authorized to give consent with purpose to deprive the owner of said property

COUNT 17

On or about August 1, 2001, in Lucas County, Ohio, the defendant transferred \$393,000.00 to National City Bank in payment of his company's line of credit owed to National City Bank knowing that the money had been obtained as a result of the commission of a theft offense with the purpose of committing or furthering the commission of corrupt activity and with the purpose to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of corrupt activity. The facts are set forth in Count 16 above.

COUNT 18

On or about August 1, 2001, the defendant transferred \$2,000,000.00 of the \$25,000,000.00 capital contribution which was forwarded by the Ohio Bureau of Workers' Compensation to Capital Coin Fund II to the Vintage Coins & Collectibles checking account at National City Bank, Account No. [REDACTED] without any valuable consideration. The defendant then issued Check No. 8569 in the amount of \$17,000.00 from the Vintage Coins & Collectibles checking account at National City Bank, Account No. [REDACTED], to 2003 US Senior Open using \$17,000.00 of the \$2,000,000.00 he had transferred from Capital Coin Fund II, and he used those funds for the purpose of paying expenses on behalf of himself and/or his business for the 2003 Senior Open held at the Inverness Club in Toledo, Ohio, that year. That \$2,000,000.00 had been

transferred to Vintage Coins and Collectibles for the purpose of investing in numismatic items and other alternative investments for the benefit of the Capital Coin Fund II, not for the defendant's sponsorship of the senior US Open. Neither the defendant nor his company was entitled to the \$17,000.00 for any reason. The defendant fraudulently represented this transaction as a "coin purchase," but no coins were purchased from the defendant or his company in regard to this transaction. The defendant knowingly obtained and exerted control over these funds beyond the scope of the express or implied consent of the owner or person authorized to give consent with purpose to deprive the owner of said property.

COUNT 19

On or about August 1, 2001, the defendant transferred \$17,000.00 to the 2003 US Senior Open in payment for expenses relating to his sponsorship of the 2003 US Senior Open knowing that the money had been obtained as a result of the commission of a theft offense with the purpose of committing or furthering the commission of corrupt activity and with the purpose to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of corrupt activity. The facts are set forth in Count 18 above.

COUNT 20

On or about August 1, 2001, the defendant transferred \$2,000,000.00 of the \$25,000,000.00 capital contribution which was forwarded by the Ohio Bureau of Workers' Compensation to Capital Coin Fund II to the Vintage Coins & Collectibles checking account at National City Bank, Account No. [REDACTED] without any valuable consideration. Thereafter, on or about August 22, 2001, the defendant transferred approximately \$786,000.00 of that money that was to be used for Capital Coin Fund II to the Ohio Bureau of Workers' Compensation and represented that sum to be profits earned by and paid out of the original Capital Coin Fund, which hereafter will be referred to as Capital Coin Fund I. The defendant made this fraudulent transfer knowing that the money had been obtained as a result of the commission of a theft offense with the purpose of committing or furthering the commission of corrupt activity and with the purpose to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of corrupt activity.

COUNT 21

On or about March 15, 2005, the defendant represented that Rare Coin Enterprises, a wholly owned subsidiary of Capital Coin Fund I, which was being managed by the defendant purchased a 1910 \$20 Matte gold coin by trade for the benefit of the Capital Coin Fund I for the price of \$610,000.00 from Brian Hendelson as reflected in Rare Coin Enterprises Purchase ID: VTP0000485. The coin was graded by NGC as a PR 66 and had the Serial Number of 1721100004, and had the coin identification number of VT54991577 from Vintage Coins and

Collectibles. The coin was listed in the Rare Coin Enterprises inventory for 2005 that was prepared for the Bureau of Workers' Compensation on or about May 24, 2005, but the coin was not at Vintage Coins and Collectibles on May 26, 2005, at the time a search warrant was executed at Vintage Coins and Collectibles' place of business.

COUNT 22

On or about May 24 of 2005, [REDACTED] in concert with and/or acting at the directions of the defendant prepared an inventory of coins belonging to Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises which, at the directions of the defendant's counsel, was supposed to include only those coins which physically existed at defendant's place of business at Vintage Coins and Collectibles. That inventory included the coin described in Count 21 as an item owned by Rare Coin Enterprises. That inventory was prepared on approximately May 24, 2005, but the coin more fully described in Count 21 was not among the coins which were confiscated as a result of the execution of a search warrant on May 26, 2005. Sometime between the preparation of the inventory on or about May 24, 2005, that coin was removed from the Vintage Coins and Collectibles facility by the defendant, and the inventory presented to representatives of the Ohio Bureau of Workers' Compensation on May 26, 2005, falsely included that coin, and the defendant knew that that coin had been removed from the inventory prior to providing that inventory to the representatives of the Ohio Bureau of Workers' Compensation with purpose to defraud by falsifying a writing that belonged to the State of Ohio.

COUNT 23

On or about May of 2005, [REDACTED] in concert with and/or acting at the directions of the defendant prepared an inventory of coins belonging to Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises which, at the directions of the defendant's counsel, was supposed to include only those coins which physically existed at defendant's place of business at Vintage Coins and Collectibles. That inventory included the coin described in Count 21 as an item owned by Rare Coin Enterprises. That inventory was prepared on approximately May 24, 2005, but the coin more fully described in Count 21 was not among the coins which were confiscated as a result of the execution of a search warrant on May 26, 2005. Sometime between the preparation of the inventory on or about May 24, 2005, that coin was removed from the Vintage Coins and Collectibles facility by the defendant, and the inventory presented to representatives of the Ohio Bureau of Workers' Compensation on May 26, 2005, falsely included that coin, and the defendant knew that that coin had been removed from the inventory prior to providing that inventory to the representatives of the Ohio Bureau of Workers' Compensation with purpose to defraud by falsifying that document, and the value of the items contained in that writing was more than \$100,000.00.

COUNT 24

On or about June of 2002, [REDACTED] in concert with and/or acting at the directions of the defendant, prepared an inventory of coins purportedly belonging to Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises and which purported to include all the coins which were owned by Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises at the location of Vintage Coins and Collectibles in Lucas County, Ohio. That inventory included coins which did not belong to either Capital Coin Fund I, Capital Coin Fund II, or Rare Coin Enterprises that were obtained by the defendant and/or [REDACTED] acting at the direction of the defendant for the purpose of deceiving the Ohio Bureau of Workers' Compensation as to the value and the assets held by the defendant on behalf of the Ohio Bureau of Workers' Compensation. That inventory was a document belonging to the State of Ohio, and the defendant, in concert with [REDACTED] with purpose to defraud, provided that document to the Ohio Bureau of Workers' Compensation to deceive it as to the amount and value of the assets of Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises.

COUNT 25

On or about June of 2003, [REDACTED] in concert with and/or acting at the directions of the defendant, prepared an inventory of coins purportedly belonging to Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises and which purported to include all the coins which were owned by Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises at the location of Vintage Coins and Collectibles in Lucas County, Ohio. That inventory included coins which did not belong to either Capital Coin Fund I, Capital Coin Fund II, or Rare Coin Enterprises that were obtained by the defendant and/or [REDACTED] acting at the direction of the defendant for the purpose of deceiving the Ohio Bureau of Workers' Compensation as to the value and the assets held by the defendant on behalf of the Ohio Bureau of Workers' Compensation. That inventory was a document belonging to the State of Ohio, and the defendant, in concert with [REDACTED] with purpose to defraud, provided that document to the Ohio Bureau of Workers' Compensation to deceive it as to the amount and value of the assets of Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises.

COUNT 26

On or about June of 2004, [REDACTED] in concert with and/or acting at the directions of the defendant, prepared an inventory of coins purportedly belonging to Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises and which purported to include all the coins which were owned by Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises at the location of Vintage Coins and Collectibles in Lucas County, Ohio. That inventory included coins which did not belong to either Capital Coin Fund I, Capital Coin Fund II, or Rare Coin

Enterprises that were obtained by the defendant and/or [REDACTED] acting at the direction of the defendant for the purpose of deceiving the Ohio Bureau of Workers' Compensation as to the value and the assets held by the defendant on behalf of the Ohio Bureau of Workers' Compensation. That inventory was a document belonging to the State of Ohio, and the defendant, in concert with [REDACTED] with purpose to defraud, provided that document to the Ohio Bureau of Workers' Compensation to deceive it as to the amount and value of the assets of Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises.

COUNT 27

On or about June of 2002, [REDACTED] in concert with and/or acting at the directions of the defendant, prepared an inventory of coins purportedly belonging to Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises and which purported to include all the coins which were owned by Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises at the location of Vintage Coins and Collectibles in Lucas County, Ohio. That inventory included coins which did not belong to either Capital Coin Fund I, Capital Coin Fund II, or Rare Coin Enterprises that were obtained by the defendant and/or [REDACTED] acting at the direction of the defendant for the purpose of deceiving the Ohio Bureau of Workers' Compensation as to the value and the assets held by the defendant on behalf of the Ohio Bureau of Workers' Compensation. That document listed items with a value in excess of \$100,000.00, and the defendant, in concert with [REDACTED] with purpose to defraud, provided that document to the Ohio Bureau of Workers' Compensation to deceive it as to the amount and value of the assets of Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises.

COUNT 28

On or about June of 2003, Timothy LaPointe, in concert with and/or acting at the directions of the defendant, prepared an inventory of coins purportedly belonging to Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises and which purported to include all the coins which were owned by Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises at the location of Vintage Coins and Collectibles in Lucas County, Ohio. That inventory included coins which did not belong to either Capital Coin Fund I, Capital Coin Fund II, or Rare Coin Enterprises that were obtained by the defendant and/or [REDACTED] acting at the direction of the defendant for the purpose of deceiving the Ohio Bureau of Workers' Compensation as to the value and the assets held by the defendant on behalf of the Ohio Bureau of Workers' Compensation. That document listed items with a value in excess of \$100,000.00, and the defendant, in concert with [REDACTED] with purpose to defraud, provided that document to the Ohio Bureau of Workers' Compensation to deceive it as to the amount and value of the assets of Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises.

COUNT 29

On or about June of 2004, [REDACTED] in concert with and/or acting at the directions of the defendant, prepared an inventory of coins purportedly belonging to Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises and which purported to include all the coins which were owned by Capital Coin Fund I, Capitol Coin Fund II, and Rare Coin Enterprises at the location of Vintage Coins and Collectibles in Lucas County, Ohio. That inventory included coins which did not belong to either Capital Coin Fund I, Capital Coin Fund II, or Rare Coin Enterprises that were obtained by the defendant and/or [REDACTED] acting at the direction of the defendant for the purpose of deceiving the Ohio Bureau of Workers' Compensation as to the value and the assets held by the defendant on behalf of the Ohio Bureau of Workers' Compensation. That document listed items with a value in excess of \$100,000.00, and the defendant, in concert with [REDACTED] with purpose to defraud, provided that document to the Ohio Bureau of Workers' Compensation to deceive it as to the amount and value of the assets of Capital Coin Fund I, Capital Coin Fund II, and Rare Coin Enterprises.

COUNT 30

During the period from September 16, 2003 through May 26, 2005, the defendant transferred to himself or his company, Vintage Coins and Collectibles, for alleged inventory purchases an amount in excess of \$1,000,000.00 without providing any valuable consideration. The funds used by the defendant were forwarded by the Ohio Bureau of Workers' Compensation to Capital Coin Fund and Capital Coin Fund II solely for the purpose of investing in numismatic items for the benefit of the Capital Coin Fund. Without any consideration, the defendant transferred more than \$1,000,000.00 out of the Capital Coin Fund I and Capital Coin Fund II accounts from September 16, 2003 through May 26, 2005, to the Vintage Coins & Collectibles checking account and/or himself and knowingly used more than \$1,000,000.00 of the Capital Coin Fund money to pay himself or his company money which neither he nor his company was entitled to for any reason. The defendant fraudulently represented these transactions as a "coin purchases," but no coins were purchased from the defendant or his company in regard to these transactions. The defendant knowingly obtained and exerted control over these funds beyond the scope of the express or implied consent of the owner or person authorized to give consent with purpose to deprive the owner of said property.

COUNT 31

From September 16, 2003 through May 26, 2005, the defendant transferred more than \$1,000,000.00 to himself or his company without any valuable consideration therefore knowing that the money had been obtained as a result of the commission of a theft offense with the purpose of committing or furthering the commission of corrupt activity and with the purpose to

promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of corrupt activity. The facts are set forth in Count 30 above.

COUNT 32

On or about February 4, 1999, the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 4451 drawn upon the account of Vintage Coins and Cards at National City Bank, Account No. [REDACTED], in the amount of \$9,000.00 payable to Don Miller. The check was coded and included on financial statements as a business expense by the defendant for Vintage Coins & Cards, but, in fact, the signature of Don Miller was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Miller did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 33

On or about April 28, 1999, the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 4880 drawn upon the account of Vintage Coins and Cards at National City Bank, Account No. [REDACTED], in the amount of \$6,000.00 payable to Doug Donnell. The check was coded and included on financial statements as a business expense by the defendant for Vintage Coins & Cards, but, in fact, the signature of Doug Donnell was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Donnell did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 34

On or about May 11, 1999, the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 4940 drawn upon the account of Vintage Coins and Cards at National City Bank, Account No. [REDACTED], in the amount of \$8,500.00 payable to Jim Bremer. The check was coded and included on financial statements as a business expense by the defendant for Vintage Coins & Cards, but, in fact, the signature of Jim Bremer was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Bremer did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 35

On or about April 7, 2000, the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 6481 drawn upon the account of Vintage Coins

and Collectibles at National City Bank, Account No. [REDACTED], in the amount of \$5,000.00 payable to Jim Bremer. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Jim Bremer was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Bremer did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 36

On or about May 7, 2000, the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 6769 drawn upon the account of Vintage Coins and Collectibles at National City Bank, Account No. [REDACTED], in the amount of \$7,250.00 payable to Doug Donnell. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Doug Donnell was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Donnell did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 37

On or about July 28, 2000, the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 7007 drawn upon the account of Vintage Coins and Collectibles at National City Bank, Account No. [REDACTED], in the amount of \$11,000.00 payable to Doug Donnell. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Doug Donnell was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Donnell did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 38

On or about August 29, 2000, the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 7144 drawn upon the account of Vintage Coins and Collectibles at National City Bank, Account No. [REDACTED], in the amount of \$4,500.00 payable to John Bremer. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of John Bremer was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Bremer did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 39

On or about September 22, 2000, the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 7249 drawn upon the account of Vintage Coins and Collectibles at National City Bank, Account No. [REDACTED], in the amount of \$3,500 payable to Doug Donnell. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Doug Donnell was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Donnell did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 40

On or about September 22, 2000, the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 7316 drawn upon the account of Vintage Coins and Collectibles at National City Bank, Account No. [REDACTED], in the amount of \$7,500.00 payable to Doug Donnell. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Doug Donnell was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Donnell did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 41

On or about October 17, 2000, the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 7371 drawn upon the account of Vintage Coins and Collectibles at National City Bank, Account No. [REDACTED], in the amount of \$20,000.00 payable to Don Miller. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Don Miller was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Miller did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 42

On or about November 24, 2000, the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 7548 drawn upon the account of Vintage Coins and Cards at National City Bank, Account No. [REDACTED], in the amount of \$12,000.00 payable to Doug Donnell. The check was coded and included on financial statements as an

expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Doug Donnell was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Donnell did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 43

On or about November 19, 2001, the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 8977 drawn upon the account of Vintage Coins and Cards at National City Bank, Account No. [REDACTED] Account, in the amount of \$12,000.00 payable to Don Miller. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Don Miller was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Miller did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 44

On or about November 30, 2001, the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 9034 drawn upon the account of Vintage Coins and Cards at National City Bank, Account No. [REDACTED] Account, in the amount of \$25,000.00 payable to Betty Gordon. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Betty Gordon was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mrs. Gordon did not authorize the defendant or any other person to sign her name as the endorser of the instrument.

COUNT 45

On or about February 12, 2002 the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 9316 drawn upon the account of Vintage Coins and Cards at National City Bank, Account No. [REDACTED] Account, in the amount of \$15,000.00 payable to Doug Donnell. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Doug Donnell was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Donnell did not authorize the defendant or any other person to sign her name as the endorser of the instrument.

COUNT 46

On or about March 25, 2002 the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 9490 drawn upon the account of Vintage Coins and Cards at National City Bank, Account No. [REDACTED], in the amount of \$48,000.00 payable to Betty Gordon. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Betty Gordon was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mrs. Gordon did not authorize the defendant or any other person to sign her name as the endorser of the instrument.

COUNT 47

On or about April 30, 2002 the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 9626 drawn upon the account of Vintage Coins and Collectibles at National City Bank, Account No. [REDACTED], in the amount of \$110,000.00 payable to Gerry Gordon. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Gerry Gordon was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Gordon did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 48

On or about June 11, 2002 the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 9797 drawn upon the account of Vintage Coins and Collectibles at National City Bank, Account No. [REDACTED], in the amount of \$8,500.00 payable to Jim Bremer. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Jim Bremer was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Bremer did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 49

On or about July 3, 2002 the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 9878 drawn upon the account of Vintage Coins and Collectibles at National City Bank, Account No. [REDACTED], in the amount of \$27,250.00 payable to Doug Donnell. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Doug Donnell was forged by the defendant as the endorsement on the check and the

check was deposited by the defendant into his personal account. Mr. Donnell did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 50

On or about March 7, 2003 the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 10973 drawn upon the account of Vintage Coins and Collectibles at National City Bank, Account No. [REDACTED], in the amount of \$11,200.00 payable to Gerry Gordon. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Gerry Gordon was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Gordon did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 51

On or about August 13, 2003 the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 11671 drawn upon the account of Vintage Coins and Collectibles at National City Bank, Account No. [REDACTED], in the amount of \$14,000.00 payable to Gerry Gordon. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Gerry Gordon was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Gordon did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

COUNT 52

On or about February 10, 2004, the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 12533 drawn upon the account of Vintage Coins and Collectibles at National City Bank, Account No. [REDACTED], in the amount of \$52,500.00 payable to Jim Gideon. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Jim Gideon was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Gideon did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

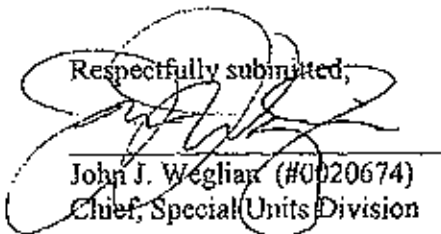
COUNT 53

On or about July 9, 2004, the defendant, with purpose to defraud the State of Ohio and the United States of America, issued Check No. 13303 drawn upon the account of Vintage Coins and

Collectibles at National City Bank, Account No. [REDACTED], in the amount of \$22,500.00 payable to Jerry Gordon. The check was coded and included on financial statements as an expense for coin purchases by the defendant for Vintage Coins & Collectibles, but, in fact, the signature of Jerry Gordon was forged by the defendant as the endorsement on the check and the check was deposited by the defendant into his personal account. Mr. Gordon did not authorize the defendant or any other person to sign his name as the endorser of the instrument.

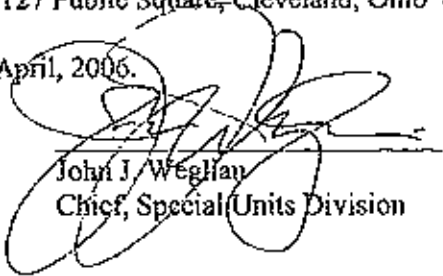
Additionally, with respect to Counts 1 through 53, the offense, or an element thereof, was committed in Lucas County, Ohio.

Respectfully submitted,


John J. Weglian (#0020674)
Chief, Special Units Division

PROOF OF SERVICE

A copy of the foregoing Bill of Particulars was sent to John R. Mitchell, Attorney for Defendant, Thompson Hine, 3900 Key Center, 127 Public Square, Cleveland, Ohio 44114-1291 by ordinary U.S. Mail on this the 19th day of April, 2006.


John J. Weglian
Chief, Special Units Division

Jury found defendant not guilty as to Counts 3,5,9,11,15,19,23,27,28,29 and 31. Further, as to Counts 4,6,8,10,12,14,16,18,21,47,50 and 53 were not for determination by the jury and or were nolle from previous rulings by the Court.

It is ORDERED that defendant serve a term of 10 years in prison as to Count 1. Said sentence is a mandatory term pursuant to R.C. 2929.13(F), 2929.14(D)(3) or 2925.

Defendant is ordered to serve 4 years in prison as to Count 2, to be served consecutively to count 1 but concurrently with all remaining counts.

Defendant is ordered to serve 8 years in prison as to Count 30. Said sentence is ordered to be served consecutively to the sentence imposed in Count 1.

Further, defendant is ordered to serve 6 months in prison as to counts 22, 24, 25 & 26. Each count is ordered to be served concurrently to each other, but consecutive to count 1.

Further, defendant is ordered to serve 4 years in prison as to counts 7, 13,17, & 20. Each count is ordered to be served concurrently to each other, but consecutive to count 1.

Further, defendant is ordered to serve 11 months in prison as to counts 32,33,34,35,36,37,38,39,40,41,42,43,44,45,46,48,49 & 52. All counts to be served concurrently with each other, but consecutive to Count 1.

Defendant's total amount of incarceration at state level is 18 years. Said state level incarceration shall be served consecutively to the sentence imposed by Judge Katz from The United States District Court for the Northern District of Ohio, Western Division.

Court further finds that defendant shall pay a fine of \$20,000.00 as to count 1; a fine of \$10,000.00 as to count 2; a fine of \$20,000.00 as to count 30; a fine of \$10,000.00 as to each count of 7,13,17 and 20; a fine of \$1,000.00 as to each count of 22,24,25 and 26 and a fine of \$2,500.00 as to each count of 32,33,34,35,36,37,38,39,40,41,42,43,44,45,46,48,49 and 52.

Defendant given notice of appellate rights under R.C. 2953.08 and post release control notice under R.C. 2929.19(B)(3) and R.C. 2967.28. Defendant does not wish this Court to appoint counsel for purposes of appeal. Defendant will retain private counsel.

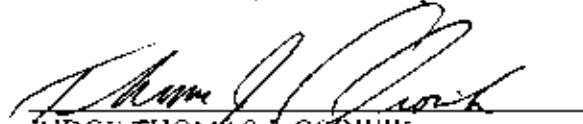
Defendant found ineligible for shock incarceration under R.C. 5120.031 or intensive program prison under R.C. 5120.032.

Defendant is therefore ORDERED conveyed to the custody of the U.S. Marshals for transport to the appropriate federal prison. Upon completion of defendant's federal prison sentence, defendant is ordered conveyed to the Ohio Department of Rehabilitation. Credit for 1 day is granted as of this date along with future custody days while defendant awaits transportation to the appropriate state institution.

Defendant found to have, or reasonably may be expected to have, the means to pay all or part of the applicable costs of supervision, confinement, and prosecution as authorized by law. Defendant ordered to reimburse the State of Ohio and Lucas County for such costs. This order of reimbursement is a judgment enforceable pursuant to law by the parties in whose favor it is entered. Defendant further ordered to pay the cost assessed pursuant to R.C. 9.92(C), 2929.18 and 2951.021.

Defendant ordered remanded into custody of Lucas County Sheriff for immediate transportation to appropriate federal institution.

Matter scheduled for restitution hearing on November 27, 2006 at 10:30 a.m. At request of counsel and without objection from the State of Ohio, defendant's presence is waived as said hearing.


JUDGE THOMAS J. SOSOWIK

FILED
LUCAS COUNTY
2006 JUL 27 AM 11:00
CLERK OF COURTS
COURT HOUSE
COLUMBUS, OHIO

Franklin County Municipal Court

Clerk of Court 375 S. HIGH ST., COLUMBUS, OHIO 43215

State of Ohio
County of Franklin
City of Columbus

V: Brian Hicks
DEFENDANT

FILED
05 JUL 28 PM 6: 5
FRANKLIN COUNTY
MUNICIPAL COURT
CLERK OF COURT
375 S. HIGH ST.
COLUMBUS, OHIO 43215
USE STAMP

COMPLAINT

Complainant, being duly sworn, states that the above named defendant, at Franklin County / Columbus, Ohio, on or about the 15 day of April, 2004, being a public official, to wit: Chief of Staff for Ohio Governor Bob Taft, and having voluntarily filed an annual financial disclosure statement pursuant to ORC section 102.02(A), did knowingly file a false statement, to wit: did fail to disclose Thomas Noe as a source of gifts with an aggregate value of over \$75.00 which were received during the 2002-2003 calendar years, to wit: did have use for less than fair market value of Noe's property at 126 Court Contessa, Islamorada, Florida, which consists of accommodations for 5 nights in March 2002 and 4 nights in March 2003

in violation of section 102.02(B) City Code & Misdemeanor of the 1st degree.

Complainant: *David E. Wick*
Address of Agency & Assignment: *8 E. Long St. Columbus, OH 43215*
City: *Columbus* State: *OHIO* ZIP Code: *43215*

Sworn to and subscribed before me, this 20th day of July, 2004
Melba P. Baker
Clerk of the Franklin County Municipal Court



Melba P. Baker
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration Date
Section 147.03 CRC

ARREST WARRANT

To any law enforcement officer of the State of Ohio:
You are hereby commanded to arrest the above named defendant and bring him/her before the Franklin County Municipal Court without unnecessary delay, to answer to the complaint herein. WHEN APPLICABLE, IN ACCORDANCE TO CRIMINAL RULE 64, THE WARRANT HAS BEEN ISSUED BEFORE THE DEFENDANT HAS APPEARED AND THE BAIL PROVISION CRIMINAL RULE 60 SHALL APPLY. ARRANGEMENT COURT IS HELD IN COURTROOM 4C AT 9:00 A.M., MONDAY THROUGH FRIDAY.

State # _____ Control # _____
By _____ DEPUTY CLERK

Case No. *05 CRB 18229*
Charge: *ETHICS - DISCLOSURE*
Section: *102.02(B)* Offense Date: *4/15/04*
Offense Location: *8 EAST LONG ST, 10th Flr*
Name: *HICKS BRIAN K.*
Street: _____
City: _____ State: _____ Zip: _____
M. PLACE: _____ HGT: *5'9"* WT: *150* HAIR: *BR* EYES: *BL*

SUMMONS: Read Notice #1 on reverse side.
You MUST appear in court room 4C at 15C on the date and time indicated. I personally served the defendant a copy of this summons on *Brian Hicks* Signature: *Brian Hicks*

CITATION: Read Notice #2 on reverse side.
Court appearance is OPTIONAL. You may contest this citation by appearing in COURTROOM 4C or COURTROOM 15C on the date and time indicated.

COURT DATE & TIME
07/29/2005 11:00 AM
 by *Melba P. Baker*
This is not an admission of guilt. An ARREST WARRANT will be issued if you do not properly respond to this charge.

IN THE FRANKLIN COUNTY MUNICIPAL COURT, COLUMBUS, OHIO

STATE OF OHIO,
CITY OF COLUMBUS,

Plaintiff,

CASE NO. OS CRB-18229

vs BRIAN HICKS

DISMISS

Defendant.

SENTENCE ENTRY
(INDIRECT)

- () Court Reporter Present
() Jury waiver executed
() Defense counsel present

Defendant entered a plea of N.C. to the stated charge of ETHICS VIOLATION in violation of Section 102.02 D O.R.C.

Based upon STIP there were sufficient facts to find the defendant guilty.
Court accepts defendant's guilty plea.

Defendant is a offender within years.

Having considered the principles of sentencing outlined in R.C. 2929.21 and the factors set forth in R.C. 2929.22, the following sentence is imposed:

FINE:
\$ 1,000 Fine and court costs. Suspend \$ of the fine/costs for
\$ Fine including costs. Suspend \$ of the fine/costs for

IN ACCORDANCE WITH R.C. 2947.14, THE COURT MAKES THE FOLLOWING FINDINGS:

Per defendant's own statement, he/she is able to pay the fine/costs imposed by 12-05 () Three payments authorized
If costs not paid, refer to City Attorney pursuant to R.C. 2947.23.

() Pursuant to R.C. 2947.14, the court finds defendant unable to pay. () Pursuant to R.C. 2929.28 defendant shall perform hours community service
In accordance with R.C. 2929.28(D), judgment is hereby rendered against defendant and in favor of the appropriate political subdivision or legal entity for the financial sanctions imposed herein.

RESTITUTION:

Pursuant to R.C. 2929.28(D), an order is rendered against defendant and in favor of for restitution in the amount of \$

- () Restitution payments shall be made directly to the victim.
() Restitution payments shall be made to the above named party through the restitution office of the department of probation services.
() Restitution ordered by agreement of the parties. () Installment payments authorized. () See separate Restitution Entry.

JAIL TERM:

Total days in FCCC. Suspend days. Credit days for time served.

Length of confinement days in Enforcement date

COMMUNITY CONTROL: () The Court hereby imposes a period of community control for years. The defendant shall be under the general control and supervision of the Department of Probation Services of the Franklin County Municipal Court for purposes of reporting any violations of the sanctions imposed herein. In addition, as a further condition of the community control sanction(s) imposed herein:

Defendant shall comply with "Conditions of Supervision" adopted by the Franklin County Municipal Court. Defendant is not to violate any law and not be engaged in an offensive course of conduct. Defendant may not leave Franklin County, Ohio without permission from his/her probation officer. Defendant must abide by all additional orders or instructions by this court or the probation officer, report promptly (within one week), and correctly report any change of address and telephone number to the probation officer.

MRP (work release) Enforcement Date(s)

Home Incarceration days. Enforcement Date. Electronic Monitoring Required

Special Enforcement Instructions:

- () No further acts of violence () No same or similar offense () Attend 3 day DIP and follow up.
() Community service hours () Attend victim impact panel () Attend Chemical Dependency Assessment
() Attend Defensive Driving Course (X) Pay fines and costs () Strict compliance
() Non-Reporting Probation, supervised as Provided No Convictions (P.N.C.) () Any and all counseling required by the Probation officer.
() No oral consumption of alcohol and/or drugs of abuse/no refusal () Submit to alcohol/drug screen(s)
() Stay away from () Compliance with all vehicle sanctions ordered
() Pay restitution to in the amount of \$ () Take all doctor prescribed medication
() Successfully complete Domestic Violence, Anger Management and/or mental health counseling as determined by the Probation Department.
() Successfully complete alcohol/chemical dependency counseling and NA/AA as deemed appropriate by the Probation Department

Further

DRIVING PRIVILEGES/ SUSPENSION:

Beginning date Class Length

- () Occupational/limited driving privileges authorized per separate entry. Effective date
() Proof of Financial Responsibility provided to officer/court. () Proof of Financial Responsibility not provided. Clerk to notify BMV.

VEHICLE SANCTIONS: () Vehicle ordered immobilized days per separate entry.

IT IS SO ORDERED

7-29-05
DATE

Van Oek
JUDGE SCOTT D. VANDERKARR

Franklin County Municipal Court

LORI M. TYACK

Clerk of Court 375 S. HIGH ST., COLUMBUS, OHIO 43215

State of Ohio
County of Franklin
City of Columbus

V: H. Douglas Talbott
DEFENDANT

FILED
2006 FEB 10 PM 2:53
FRANKLIN COUNTY
MUNICIPAL COURT
LORI M. TYACK
TIME STAMP

COMPLAINT

Complainant, being duly sworn, states that the above named defendant, at Franklin County / Columbus, Ohio, on or about the 25th day of July, 2004 ~~did~~ knowingly conceal or misrepresent contributions given to campaign committees, to wit: did make campaign contributions in his own name from his Hurst Government Consulting bank account in Franklin County, OH to the campaigns of Ohioans for Justice O'Donnell (check no. 1708 -- \$1,000.00); Lanzinger for Justice Campaign (check no. 1709 -- \$1,000.00); and Committee to Re-elect Chief Justice Moyer (check no. 1710 -- \$1,000.00) at a fundraising event hosted by Thomas Noe knowing that the contributions made were funded by Thomas Noe and given at Noe's direction ...

in violation of section 3517.13 (b) City Code, Misdemeanor Felony of the Unclassified degree.

Complainant Thomas P. Charles SIGNATURE
THOMAS P. CHARLES PRINT FULL NAME
OHIO INSPECTOR GENERAL ADDRESS OR AGENCY & ASSIGNMENT
Colo CITY
OH STATE
1010 ZIP CODE

Sworn to and subscribed before me, this 10th day of February, 2006



LARA H. BAKER
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration Date
Section 147.03 ORC
Notary Seal & Expiration Date

Clerk of the Franklin County Municipal Court
By Lara H. Baker
CLERK / DEPUTY CLERK / NOTARY PUBLIC / PEACE OFFICER

ARREST WARRANT

To any law enforcement officer of the State of Ohio:
You are hereby commanded to arrest the above named defendant and bring him/her before the Franklin County Municipal Court without unnecessary delay, to answer to the complaint hereon. WHEN APPLICABLE, IN ACCORDANCE TO CRIMINAL RULE #4, THIS WARRANT HAS BEEN ISSUED BEFORE THE DEFENDANT HAS APPEARED AND THE BAIL PROVISION CRIMINAL RULE #6 SHALL APPLY. ARRAIGNMENT COURT IS HELD IN COURTROOM 4C AT 9:00 AM, MONDAY THROUGH FRIDAY.

Clerk of the Franklin County Municipal Court
State # _____ Control # _____
By _____ DEPUTY DATE _____

Complaint Number: 1145303 Issue Date: _____
Case No. 06/3631-1 WARRANT SUMMONS
Charge: Electronic Prohibitions MISDEMEANOR CITATION
Section Number: 3517.13 (b) City Code ORC Offense Date: 7/25/04 Offense Time: N/A AM PM
Offense Location: 8 East Long St., 10th Floor Subsequent Offense: YES NO
Name: Talbott H. Douglas FIRST MIDDLE
Street: _____
City: _____ State: _____ Zip: _____
SEX: M RACE: _____ HT: 5'7" WT: 210 HAIR: BR EYES: GR
DOB: _____ SSN: _____

SUMMONS: Read Notice #1 on reverse side.
You MUST appear in courtroom 4C or 15C on the date and time indicated. I personally served the defendant a copy of this summons on 2/9/06 Signature: [Signature]
Type of SUMMONS Service Requested:
 Personal Certified Mail
 CITATION: Read Notice #2 on reverse side.
Court appearance is OPTIONAL. You may contest this citation by appearing in COURTROOM 4C COURTROOM 15C on the date and time indicated.
COURT DATE & TIME
02/21/2006 : _____ AM PM
 This is not an admission of guilt. An ARREST WARRANT will be issued if you do not properly respond to this charge.

Franklin County Municipal Court

LORI TYACK
Clerk of Court 375 S. HIGH ST., COLUMBUS, OHIO 43215

State of Ohio
County of Franklin
City of Columbus

V: H. Douglas Talbott
DEFENDANT

FILED

2006 FEB 10 PH 2:53

FRANKLIN COUNTY
MUNICIPAL COURT
LORI M. TYACK
TIME STAMP

COMPLAINT

Complainant, being duly sworn, states that the above named defendant, at Franklin County / Columbus, Ohio, on or about the 15th day of April, 2005, being a public official within the jurisdiction of the Ohio Ethics Commission, to wit: Commission Member of the Ohio Cosmetology Board and having filed an annual financial disclosure statement as required by O.R.C. Section 102.02(B), did knowingly file a false statement, to wit: while averring to have six known creditors, did fail to disclose Thomas Noe among them as the source of a 2002 loan for \$39,000.00 that was still owed during the 2004 calendar year. Additionally, Mr. Talbott did fail to disclose Thomas Noe as the source of gifts with an aggregate value of over \$15.00 that were received during the 2004 calendar year, to wit: "Noe Supper Club" dinners at Morton's in Columbus, OH in June and December of 2004.

in violation of section 102.02(D) City Code, a 1st degree Misdemeanor of the State of Ohio
Complainant: Lara N. Baker Notary Public, State of Ohio
Defendant: H. Douglas Talbott
Signature: [Signature] Notary Seal & Expiration Date
Signature: [Signature] Clerk of Court
Signature: [Signature] Deputy Clerk

Sworn to and subscribed before me, this 10th day of February, 2006



LARA N. BAKER
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration Date
Section 147.03 CRC

Clerk of the Franklin County Municipal Court
By: [Signature]
CLERK / DEPUTY CLERK / NOTARY PUBLIC / PEACE OFFICER

ARREST WARRANT

To any law enforcement officer of the State of Ohio:
You are hereby commanded to arrest the above named defendant and bring him/her before the Franklin County Municipal Court without unnecessary delay, to answer to the complaint herein. WHEN APPLICABLE, IN ACCORDANCE TO CRIMINAL RULE #4, THE WARRANT HAS BEEN ISSUED BEFORE THE DEFENDANT HAS APPEARED AND THE BAIL PROVISION CRIMINAL RULE #6 SHALL APPLY. ARRAIGNMENT COURT IS HELD IN COURTROOM 4C AT 9:00 AM., MONDAY THROUGH FRIDAY.

Clerk of the Franklin County Municipal Court
State # _____ Control # _____
By _____ DEPUTY (NAME)

Complaint Number: 1145299

Issuing Officer: _____
Block Number: _____

Case No. 06/3631-2

BY SUMMONS
 WARRANT
 MISDEMEANCH CITATION

Charge: Ethics - Disclosure

Section Number: 102.02(D) City Code
Offense Date: 4/15/05 Offense Time: N/A AM/PM

Offense Location: 8 East Long St., 10th Floor Suspect Name: H. Douglas Talbott

Name: Talbott H. Douglas
LAST FIRST MIDDLE

Street: 151 Chaucer Court

City: Northampton State: OH Zip: 43085

Sex: M Race: W Height: 5'11" Weight: 210 Hair: BR Eyes: GR
DOB: 4/16/64 SSN: _____

SUMMONS: Read Notice #1 on reverse side.
You MUST appear in courtroom 4C or 15C on the date and time indicated. Personally served the Defendant a copy of this Summons on 2/10/06 Signature: [Signature]

Type of SUMMONS Service Requested:
 Personal Certified Mail

CITATION: Read Notice #2 on reverse side.
Court appearance is OPTIONAL. You may contest this citation by appearing in COURTROOM 4C COURTROOM 15C on the date and time indicated.

COURT DATE & TIME
02/24/2006 : _____ AM/PM
WEDNESDAY DAY YEAR TIME

X
This is not an admission of guilt. An ARREST WARRANT will be issued if you do not properly respond to this charge.

ORIGINAL/COURT COPY

Franklin County Municipal Court

LORI TYACK
Clerk of Court 375 S. HIGH ST., COLUMBUS, OHIO 43215

State of Ohio
County of Franklin
City of Columbus

V: H. Douglas Talbott

DEFENDANT

FILED

2006 FEB 10 PM 2:53

FRANKLIN COUNTY
MUNICIPAL COURT
LORI M. TYACK
CLERK

OTHER JURISDICTION

COMPLAINT

Complainant, being duly sworn, states that the above named defendant, at Franklin County / Columbus, Ohio, on or about the 12th day of April, 2004 ~~2003~~ being a public official within the jurisdiction of the Ohio Ethics Commission, to wit: Commission Member of the Ohio Cosmetology Board and having filed an annual financial disclosure statement as required by O.R.C. Section 102.02(B), did knowingly file a false statement, to wit: while averring to have six known creditors, did fail to disclose Thomas Noe among them as the source of a 2002 loan for \$39,000.00 that was still owed during the 2003 calendar year. Additionally, Mr. Talbott did fail to disclose Thomas Noe as the source of gifts with an aggregate value of over \$75.00 that were received during the 2003 calendar year, to wit: "Noe Supper Club" dinners at Morrison's in Columbus, OH in June, September, and December of 2003.

in violation of section 102.02(D) City Code Misdemeanor Felony of the 1st degree.

Complainant: Lori Tyack Ohio State Highway System
Print Full Name: Thomas D. P. Chace Ohio CSS
Badge #: 95215

Sworn to and subscribed before me, this 10th day of February, 2006
LORI TYACK

Clerk of the Franklin County Municipal Court
By Lara N. Baker
CLERK / DEPUTY CLERK / NOTARY PUBLIC / PEACE OFFICER



LARA N. BAKER
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration Date
Section 147.03 OAC

Notary Seal & Expiration Date

ARREST WARRANT

To any law enforcement officer of the State of Ohio:
You are hereby commanded to arrest the above named defendant and bring him/her before the Franklin County Municipal Court without unnecessary delay, to answer to the complaint herein. WHEN APPLICABLE, IN ACCORDANCE TO CRIMINAL RULE #4, THE WARRANT HAS BEEN ISSUED BEFORE THE DEFENDANT HAS APPEARED AND THE BAIL PROVISION ORIGINAL RULE #4 SHALL APPLY. ARRANGEMENT COURT IS HELD IN COURTROOM 4C AT 9:00 AM, MONDAY THROUGH FRIDAY.

LORI TYACK
Clerk of the Franklin County Municipal Court
State # _____ Control # _____
By _____ DEPUTY DATE _____

Case No. 04/3031-3

Charge: Ethics - Disclosure

Section Number: 102.02(D) OH OAC Offense Date: 4/12/04 Offense Type: N/A AM/PM: AM

Offense Location: 8 East Long St., 10th Floor Suspect Gender: _____

Name: Talbott H. Douglas

Street: 151 Chaucer Court

City: Worthington State: OH Zip: 43085

SEX: M HGT: 5'7" WT: 210 HAIR: BR EYES: GR

DOB: 4/16/64 S.S.#: _____

SUMMONS: Read Notice #1 on reverse side. You MUST appear in courtroom 4C or 15C on the date and time indicated. I personally served the defendant a copy of this Summons on 2/10/06 Signature: [Signature]

Type of SUMMONS Service Requested:
 Personal Certified Mail

CITATION: Read Notice #2 on reverse side. Court appearance is OPTIONAL. You may contest this citation by appearing in COURTROOM 4C or COURTROOM 15C on the date and time indicated.

COURT DATE & TIME

02/24/2006 : AM PM

X This is not an admission of guilt. An ARREST WARRANT will be issued if you do not properly respond to this charge.

IN THE FRANKLIN COUNTY MUNICIPAL COURT, COLUMBUS, OHIO

STATE OF OHIO,
CITY OF COLUMBUS/

Plaintiff,

CASE NO. 06-3691

H DOUGLAS TALBOT

Defendant.

DISMISS 1-50

SENTENCE ENTRY
(INDIRECT) -1

- Court Reporter Present
- Jury waiver executed
- Defense counsel present

Defendant entered a plea of N.C. in the charge of _____ in violation of Section _____
 Based upon STIP there were sufficient facts to find the defendant guilty.
 Court accepts defendant's guilty plea.

Defendant is a _____ offender within _____ years.

Having considered the principles of sentencing outlined in R.C. 2929.21 and the factors set forth in R.C. 2929.22, the following sentence is imposed:

1960 FINE: Fine and court costs. Suspend \$ _____ of the fine/costs for _____
 \$ _____ Fine including costs. Suspend \$ _____ of the fine/costs for _____

IN ACCORDANCE WITH R.C. 2947.14, THE COURT MAKES THE FOLLOWING FINDINGS:

- Per defendant's own statement, he/she is able to pay the fine/costs imposed by 9-1-06 Time payments authorized
 If costs not paid, refer to City Attorney pursuant to R.C. 2947.23.
- Pursuant to R.C. 2947.14, the court finds defendant unable to pay. Pursuant to R.C. 2929.28 defendant shall perform _____ hours community service
 In accordance with R.C. 2929.28(D), judgment is hereby rendered against defendant and in favor of the appropriate political subdivision or legal entity for the financial sanctions imposed herein.

RESTITUTION:

Pursuant to R.C. 2929.28(D), an order is rendered against defendant and in favor of _____ for restitution in the amount of \$ _____

- Restitution payments shall be made directly to the victim.
- Restitution payments shall be made to the above named party through the restitution office of the department of probation services.
- Restitution ordered by agreement of the parties. Installment payments authorized. See separate Restitution Entry.

JAIL TERM:

Total days in FCCC Suspend _____ days. Credit _____ days for time served.

Length of confinement _____ days at _____ Enforcement date _____

COMMUNITY CONTROL: The Court hereby imposes a period of community control for _____ years. The defendant shall be under the general control and supervision of the Department of Probation Services of the Franklin County Municipal Court for purposes of reporting any violations of the sanctions imposed herein. In addition, as a further condition of the community control sanction(s) imposed herein:

Defendant shall comply with "Conditions of Supervision" adopted by the Franklin County Municipal Court. Defendant is not to violate any law and not be engaged in an offensive course of conduct. Defendant may not leave Franklin County, Ohio without permission from his/her probation officer. Defendant must abide by all additional orders or instructions by this court or the probation officer, report promptly (within one week), and correctly report any change of address and telephone number to the probation officer.

ISRP (work release) _____ Enforcement Date(s) _____
 Home Incarceration _____ days. Enforcement Date _____ Electronic Monitoring Required _____

Special Enforcement Instructions:

- No further acts of violence No same or similar offense Attend 3 day DIP and follow up
- Community service _____ hours Attend victim impact panel Attend Chemical Dependency Assessment
- Attend Defensive Driving Course (X) Pay fines and costs. Strict compliance
- Non-Reporting Probation, supervised as Provided No Convictions (P.N.C.) Any and all counseling required by the Probation officer.
- No odor/ingestion of alcohol and/or drugs of abuse/no refusals Submit to alcohol/drug screens(s)
- Stay away from _____ Compliance with all vehicle sanctions ordered
- Pay restitution to: _____ in the amount of \$ _____ Take all Doctor prescribed medication
- Successfully complete Domestic Violence, Anger Management and/or mental health counseling as determined by the Probation Department.
- Successfully complete alcohol/chemical dependency counseling and NAAAA as deemed appropriate by the Probation Department

Further 2 N.C. / STIP 1,000 FINE 3 N.C. / STIP 1,000 FINE

DRIVING PRIVILEGES/SUSPENSION:

Beginning date _____ Class _____ Length _____
 Occupational/Limited driving privileges authorized per separate entry. Effective date _____
 Proof of Financial Responsibility provided to officer/court Proof of Financial Responsibility not provided. Check to notify BMV.

VEHICLE SANCTIONS: Vehicle ordered immobilized _____ days per separate entry.

IT IS SO ORDERED

DATE 2-24-06

ORDER 39,000
10am

FOR THAW WITH

Van Derkarr

JUDGE SCOTT D. VANDERKARR

IN TO AMOUNT
F.C.C.C.T. 06 CROO 100042

CRB-06-12995



Case No. _____
STATE OF OHIO/CITY OF TOLEDO
vs.

THE TOLEDO MUNICIPAL COURT
TOLEDO, LUCAS COUNTY, OHIO

SUMMONS

#4125 11/2/06
1000 79
1079 6/28/06
1079 200
CB

Name Donna M. Owens
Address _____

COMPLAINT
(Crim. R. 3 and 4)

City _____ State _____ Zip _____
 TMC ORC R.B. No. _____
Code No. 102.02D

Rac W Sex F Hgt 503 Wgt 117
Hat BRO Eye BRO DOB _____
Soc _____ Pki _____
RID _____
BCI _____ FBI _____

Charge: FILE FINANCIAL DISCLOSURE WITH
ETHICS COMMISSION; FILE FALSE
STATEMENT

Classification: M1

Alias _____

Complainant being duly sworn states that Donna M. Owens defendant
at Toledo, Lucas County, Ohio on or about 04/14 20 04
did violate TMC or ORC # 102.02D constituting a charge of:

FILE FINANCIAL DISCLOSURE WITH ETHICS COMMISSION; FILE FALSE STATEMENT; being a public official required
to file a financial disclosure statement with the Ohio Ethics commission pursuant to R.C. Section 102.02(B) to wit: as a
Commissioner of the Ohio Industrial Commission, did knowingly file a false statement, by submitting a financial disclosure
statement that failed to disclose the source of a gift in excess of \$75, being a luncheon on October 30, 2003, in violation of
Section 102.02(D) of the Ohio Revised Code, a misdemeanor of the first degree.

Signature

Complainant's Name, address and phone number Lynn Grimshaw 8055 Hayport Rd. Wheelersburg, Ohio 45894 (740)
574-4311

Emergency Contact Name, address and phone number _____

Sworn to and subscribed before me by:
On 6/28 2006

Judge/Clerk/Deputy Clerk
The Toledo Municipal Court

I hereby certify this is a true copy
filed in the Toledo Municipal Court
Clerk's Office, Toledo, Ohio

Mollie Bowman-English
Clerk of Court
Deputy Clerk

ORIGINAL COPY

CRB-06-12995-0101



IN THE TOLEDO MUNICIPAL COURT, LUCAS COUNTY, OHIO

State of Ohio

Plaintiff

No. CRB-06-12995

vs.

JUDGMENT ENTRY

Donna M. Owens

Defendant

This matter came on for hearing on June 28, 2006. Present in court were special prosecutor Lynn Grimsbaw, and the defendant's attorney, Richard Hollenbaugh. The defendant entered a plea of No Contest/Guilty to one count of knowingly filing a false financial disclosure statement in violation of Ohio Revised Code Section 102.02(D) a misdemeanor of the first degree. The court advised the defendant of her Constitutional rights including her trial rights. The defendant indicated that she understood her rights and was willing to waive those rights and allow the court to accept her plea. The court finding the plea was knowingly, voluntarily, and intelligently given accepted the defendant's plea and made a finding of guilty. The special prosecutor made sentencing recommendations. Defense counsel and the defendant were given an opportunity to provide mitigating information to the court.

ORDERED: The defendant is found guilty. The defendant shall be fined \$1,000.00, the court costs and her proportionate share of the cost of the investigation and prosecution of this matter.

Clerk of Court: File this judgment entry, serve copies to the parties, and attorneys of record, and prove your service.

6/28/06
Mark B. Reddin, Assigned JudgeJournalized 6/28/06
Served on 1/1
Beth M. Ryan
Deputy Clerk of Court

IN THE TOLEDO MUNICIPAL COURT, LUCAS COUNTY, OHIO

State of Ohio

Plaintiff

No. CRB-06-12995

Vs.

JUDGMENT ENTRY

Donna M. Owens

Defendant

At the sentencing on June 28, 2006 defendant with three other defendants was ordered to pay the cost of the investigation and prosecution in this matter. Special Prosecutor Lynn Grimshaw has now forwarded to the court the Ohio Ethics Commission's Statement of costs incurred. The total costs conservatively calculated and incurred in the investigation and prosecution of the four defendants was \$16,498.77. Accordingly this defendant is responsible for \$4,125.00.

ORDERED: The defendant shall submit \$4,125.00 to the Clerk of Courts within 30 days for disbursement to the Ohio Ethics Commission.

Clerk of Court: File this judgment entry, serve copies to the parties, and attorneys of record.

10/2/06


Mark B. Reddin, Visiting Judge

Journalized 10/05/06
Served on 1/1


Deputy Clerk of Court

CLERK
WILLIE BOWMAN-ENGLISH

OCT 5 11 17 AM '06

TOLEDO MUNICIPAL COURT

CRB-06-12996



Case No. _____

STATE OF OHIO/CITY OF TOLEDO
vs.

Name Sally A. Perz

Address _____

City _____ State _____ Zip _____

TMC ORC R.B. No _____

Code No. 102.02D

Charge: FILE FINANCIAL DISCLOSURE WITH ETHICS COMMISSION; FILE FALSE STATEMENT

Classification: M1

THE TOLEDO MUNICIPAL COURT
TOLEDO, LUCAS COUNTY, OHIO

SUMMONS

COMPLAINT
(Crim. R. 3 and 4)

Rac W Sex F Hgt 507 Wgt 140

Hair BRN Eye BLU DOB _____

Soc _____ Pkt _____

RID _____

BCI _____ FBI _____

Alias _____

Handwritten notes:
1000
79
1079
1079
4/28/06
[Signature]

Complainant being duly sworn states that Sally A. Perz defendant
at Toledo, Lucas County, Ohio on or about 06/28 20 04
did violate TMC or ORC # 102.02D constituting a charge of:

FILE FINANCIAL DISCLOSURE WITH ETHICS COMMISSION; FILE FALSE STATEMENT; being a public official required to file a financial disclosure statement with the Ohio Ethics commission pursuant to R.C. Section 102.02(B) to wit: as a Board Member of the Ohio Board of Examiners of Nursing Home Administrators and/or the Transportation Review Advisory Council, did knowingly file a false statement, by submitting a financial disclosure statement that failed to disclose the source of a gift in excess of \$75, being a luncheon on October 30, 2003, in violation of Section 102.02(D) of the Ohio Revised Code, a misdemeanor of the first degree.

Signature

Complainant's Name, address and phone number Lynn Grimshaw 8055 Hayport Rd. Wheelersburg, Ohio 45694 (740) 574-4311

Emergency Contact Name, address and phone number _____

Sworn to and subscribed before me by:
On 6/28 20 04

Judge/Clerk/Deputy Clerk
The Toledo Municipal Court

Stamp: I hereby certify this is a true copy filed in the Toledo Municipal Court Clerk's Office, Toledo, Ohio

Signature of Clerk
Deputy Clerk

ORIGINAL COPY

CRB-06-12996-0101

IN THE TOLEDO MUNICIPAL COURT, LUCAS COUNTY, OHIO

State of Ohio

Plaintiff

No. CRB-06-12996

vs.

JUDGMENT ENTRY

Sally A. Perz

Defendant

This matter came on for hearing on June 28, 2006. Present in court were special prosecutor Lynn Grimshaw, and the defendant's attorney, Barry Savage. The defendant entered a plea of No Contest/Guilty to one count of knowingly filing a false financial disclosure statement in violation of Ohio Revised Code Section 102.02(D), a misdemeanor of the first degree. The court advised the defendant of her Constitutional rights including her trial rights. The defendant indicated that she understood her rights and was willing to waive those rights and allow the court to accept her plea. The court finding the plea was knowingly, voluntarily, and intelligently given accepted the defendant's plea and made a finding of guilty. The special prosecutor made sentencing recommendations. Defense counsel and the defendant were given an opportunity to provide mitigating information to the court.

ORDERED: The defendant is found guilty. The defendant shall be fined \$1,000.00, the court costs and her proportionate share of the cost of the investigation and prosecution of this matter.

Clerk of Court: File this judgment entry, serve copies to the parties, and attorneys of record, and prove your service.

6/28/06

Mark B. Reddin, Visiting Judge

Journalized 6/28/06
Served on / / 
Deputy Clerk of Court

IN THE TOLEDO MUNICIPAL COURT, LUCAS COUNTY, OHIO

State of Ohio

Plaintiff

No.CRB-06-12996

Vs.

JUDGMENT ENTRY

Sally Perz

Defendant

At the sentencing on June 28, 2006 defendant with three other defendants was ordered to pay the cost of the investigation and prosecution in this matter. Special Prosecutor Lynn Grimshaw has now forwarded to the court the Ohio Ethics Commission's Statement of costs incurred. The total costs conservatively calculated and incurred in the investigation and prosecution of the four defendants was \$16,498.77. Accordingly this defendant is responsible for \$4,125.00.

ORDERED: The defendant shall submit \$4,125.00 to the Clerk of Courts within 30 days for disbursement to the Ohio Ethics Commission.

Clerk of Court: File this judgment entry, serve copies to the parties, and attorneys of record.

10/2/06


Mark B. Reddin, Visiting Judge

Journalized 10/05/06
Served on ___/___/___


Deputy Clerk of Court

CLERK
ETHICS BOARD

2006 OCT -5 AM 7:58

10/05/06 10:05

A

7

IN THE TOLEDO MUNICIPAL COURT, LUCAS COUNTY, OHIO

State of Ohio

Plaintiff

No.CRB-06-12999

vs.

JUDGMENT ENTRY

Margaret Thurber

Defendant

This matter came on for hearing on June 28, 2006. Present in court were special prosecutor Lynn Grimsbaw, and the defendant's attorney, Richard Hollenbaugh. The defendant entered a plea of No Contest/Guilty to one count of knowingly filing a false financial disclosure statement in violation of Ohio Revised Code Section 102.02(D), a misdemeanor of the first degree. The court advised the defendant of her Constitutional rights including her trial rights. The defendant indicated that she understood her rights and was willing to waive those rights and allow the court to accept her plea. The court finding the plea was knowingly, voluntarily, and intelligently given accepted the defendant's plea and made a finding of guilty. The special prosecutor made sentencing recommendations. Defense counsel and the defendant were given an opportunity to provide mitigating information to the court.

ORDERED: The defendant is guilty. The defendant shall be fined \$1,000.00, the court costs and her proportionate share of the cost of the investigation and prosecution of this matter.

Clerk of Court: File this judgment entry, serve copies to the parties, and attorneys of record, and prove your service.

6/28/06


Mark B. Reddin, Visiting JudgeJournalized 6/28/06
Served on / / 
Deputy Clerk of Court

IN THE TOLEDO MUNICIPAL COURT, LUCAS COUNTY, OHIO

State of Ohio

Plaintiff

No. CRB-06-12999

Vs.

JUDGMENT ENTRY

Margaret Thurber

Defendant

At the sentencing on June 28, 2006 defendant with three other defendants was ordered to pay the cost of the investigation and prosecution in this matter. Special Prosecutor Lynn Grimshaw has now forwarded to the court the Ohio Ethics Commission's Statement of costs incurred. The total costs conservatively calculated and incurred in the investigation and prosecution of the four defendants was \$16,498.77. Accordingly this defendant is responsible for \$4,125.00.

ORDERED: The defendant shall submit \$4,125.00 to the Clerk of Courts within 30 days for disbursement to the Ohio Ethics Commission.

Clerk of Courts: File this judgment entry, serve copies to the parties, and attorneys of record.

10/2/06


Mark B. Reddin, Visiting Judge

Journalized
Served on


Deputy Clerk of Court

CLERK
JULIE BORNHAGEN
2006 OCT -5 AM 7:58
TOLEDO MUNICIPAL COURT

CRB-06-12998

UNRECORDED COPY OF ORIGINAL FILED

Case No. _____
STATE OF OHIO/CITY OF TOLEDO
vs.

THE TOLEDO MUNICIPAL COURT
TOLEDO, LUCAS COUNTY, OHIO

SUMMONS

COMPLAINT
(Crim. R. 3 and 4)

#4125⁰⁰ 11/2/06
1000 79
1079 6/28/06
1079
1079
1079

Name Betty K. Schultz

Address _____

City _____ State _____ Zip _____

TMC ORC R.B. No. _____

Code No. 102.02D

Charge: FILE FINANCIAL DISCLOSURE WITH ETHICS COMMISSION; FILE FALSE STATEMENT

Rac W Sex F Hgt 503 Wgt 147

Hai GRY Eye HAZ DOB _____

Soc _____ Pkt _____

RID _____

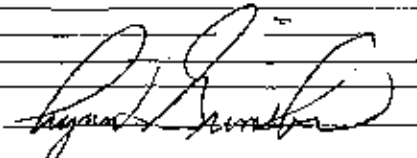
BCI _____ FBI _____

Classification: M1

Alias _____

Complainant being duly sworn states that Betty K. Schultz defendant
at Toledo, Lucas County, Ohio on or about 01/27 20 04
did violate TMC or ORC # 102.02D constituting a charge of:

FILE FINANCIAL DISCLOSURE WITH ETHICS COMMISSION; FILE FALSE STATEMENT; being a public official required to file a financial disclosure statement with the Ohio Ethics commission pursuant to R.C. Section 102.02(A) to wit: as a Toledo city Council member, did knowingly file a false statement, by submitting a financial disclosure statement that failed to disclose the source of a gift in excess of \$75, being a luncheon on October 30, 2003, in violation of Section 102.02(D) of the Ohio Revised Code, a misdemeanor of the first degree.

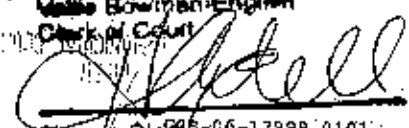
Signature 

Complainant's Name, address and phone number Lynn Grimshaw 8055 Hayport Rd. Wheelersburg, Ohio 45694 (740) 574-4311

Emergency Contact Name, address and phone number _____

Sworn to and subscribed before me by
On 01/28 20 06


Judge/Clerk/Deputy Clerk
The Toledo Municipal Court

I hereby certify this is a true copy
Filed in the Toledo Municipal Court
Clerk's Office, Toledo, Ohio
60:0119 82 NOV 23
Kelle Bowman-English
Clerk of Court

CRB-06-12998-0101

ORIGINAL COPY

IN THE TOLEDO MUNICIPAL COURT, LUCAS COUNTY, OHIO

State of Ohio

Plaintiff

No. CRB-06-12998

vs.

JUDGMENT ENTRY

Betty K. Shultz

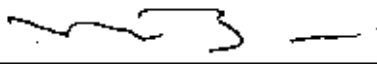
Defendant

This matter came on for hearing on June 28, 2006. Present in court were special prosecutor Lynn Grimshaw, and the defendant's attorney, Richard Hollenbaugh. The defendant entered a plea of No Contest/Guilty to one count of knowingly filing a false financial disclosure statement in violation of Ohio Revised Code Section 102.02(D), a misdemeanor of the first degree. The court advised the defendant of her Constitutional rights including her trial rights. The defendant indicated that she understood her rights and was willing to waive those rights and allow the court to accept her plea. The court finding the plea was knowingly, voluntarily, and intelligently given accepted the defendant's plea and made a finding of guilty. The special prosecutor made sentencing recommendations. Defense counsel and the defendant were given an opportunity to provide mitigating information to the court..

ORDERED: The defendant is guilty. The defendant shall be fined \$1,000.00, the court costs and her proportionate share of the cost of the investigation and prosecution of this matter.

Clerk of Court: File this judgment entry, serve copies to the parties, and attorneys of record, and prove your service.

62806


Mark B. Reddin, Visiting JudgeJournalized 6/28/06
Served on 1/1
Beth Auliyant
Deputy Clerk of Court

IN THE TOLEDO MUNICIPAL COURT, LUCAS COUNTY, OHIO

State of Ohio

Plaintiff

No. CRB-06-12998

Vs.

JUDGMENT ENTRY

Betty Shultz

Defendant

At the sentencing on June 28, 2006 defendant with three other defendants was ordered to pay the cost of the investigation and prosecution in this matter. Special Prosecutor Lynn Grimshaw has now forwarded to the court the Ohio Ethics Commission's Statement of costs incurred. The total costs conservatively calculated and incurred in the investigation and prosecution of the four defendants was \$16,498.77. Accordingly this defendant is responsible for \$4,125.00.

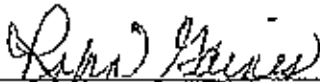
ORDERED: The defendant shall submit \$4,125.00 to the Clerk of Courts within 30 days for disbursement to the Ohio Ethics Commission.

Clerk of Court: File this judgment entry, serve copies to the parties, and attorneys of record.

1612106


Mark B. Reddin, Visiting Judge

Journalized / /
Served on / /


Deputy Clerk of Court

CLERK
WALLIE BOWMAN-ENGLISH

2006 OCT -5 AM 7:58

TOLEDO MUNICIPAL COURT
LUCAS COUNTY, OHIO

OHIO ELECTIONS COMMISSION
CASE SUMMARY

CASE NO. 2006G-002

COMPLAINANT: OHIO INSPECTOR GENERAL TASK FORCE
ARNIE J. SCHROPP, JR.
FIRST ASSISTANT INSPECTOR GENERAL
RHODES STATE OFFICE TOWER
30 E. BROAD ST., STE. 1820
COLUMBUS, OH 43215-3414
(614) 644-9110
FAX: (614) 644-9504

RESPONDENTS:	H. DOUGLAS TALBOTT, II	<u>COUNSEL:</u>	ROGER
SYNENBERG	██████████.		55 PUBLIC
SQUARE	████████████████████		CLEVELAND, OH
44113			(216) 622-2727
		FAX:	(216) 622-2707

ALLEGATIONS: 3517.13(G)(1)(MISREPRESENTATION OF CONTRIBUTIONS)

OFFICE:

ELECTION:

PRIORS:

DISPOSITION: 2/9/06 THE COMMISSION FOUND A VIOLATION OF R.C.
§3517.13(G)(1)
AND REFERRED THE MATTER TO THE FRANKLIN COUNTY
PROSECUTOR'S OFFICE.

**OHIO ELECTIONS COMMISSION
CASE SUMMARY**

CASE NO. 2006G-041

COMPLAINANT: MARC DANN
4531 BELMONT AVE., STE. C
YOUNGSTOWN, OH 45505

COUNSEL: DONALD J. MCTIGUE
550 E. WALNUT ST.
COLUMBUS, OH 43215
(614) 263-7000
Fax: (614) 263-7078

RESPONDENT: THOMAS NOE
[REDACTED]
[REDACTED]

COUNSEL: William C. Wilkinson
Thompson Hine, LLP
10 W. Broad St., Ste. 700
Columbus, OH 43215

SUSAN METZGER AKA SUSAN BAHN
[REDACTED] [REDACTED]
[REDACTED] [REDACTED]

MONTGOMERY CAMPAIGN COMMITTEE
211 S. FIFTH ST.
COLUMBUS, OH 43215

COUNSEL: MARK LANDES
ISAAC, BRANDT, LEDMAN &
TEETOR
250 E. BROAD ST
COLUMBUS, OH 43215
(614) 221-2121
FAX: 365-9516

ALLEGATIONS: 3517.13(G)(1) AND (2)(a)(CONCEALMENT AND/OR MISREPRESENTATION
OF CONTRIBUTIONS)

OFFICE:

ELECTION:

PRIORS: 98G-061

DISPOSITION: 5/31/07 THE COMMISSION DISMISSED THE MONTGOMERY CAMPAIGN
COMMITTEE FROM THE COMPLAINT. THE COMMISSION FOUND A
VIOLATION OF R.C. §3517.13(G)(1) AGAINST THOMAS NOE AND DETERMINED
TO REFER THE MATTER FOR PROSECUTION TO THE APPROPRIATE
PROSECUTOR'S JURISDICTION. AS TO RESPONDENT, SUSAN METZGER, A
HEARING WILL BE SET AT A LATER DATE.

10/18/07 THE COMMISSION FOUND A VIOLATION OF R.C. §3517.13(G)(1) AND
(2) AGAINST RESPONDENT SUSAN METZGER AND IMPOSED A FINE OF
\$250.00.

1
IN THE COURT OF COMMON PLEAS, FRANKLIN COUNTY, OHIO
CRIMINAL DIVISION

STATE OF OHIO,

51847A01

PLAINTIFF,

vs

CASE NO

06CR 06-4149

BERRENCE W. GASPER,

DEFENDANT

DEFENDANT

WAIVER OF INDICTMENT

I, Berrence W. Gasper, the defendant herein, accused of violating Ohio Revised Code Section 1315.23 concerning the offense of Motor Vehicle Theft and its Accessories, and 2913.01 (A)(2) control of a vehicle which are not punishable by death or life imprisonment, have been advised by the Court of the nature of the charges against me and the consequences of a conviction and have accepted by executing this waiver of indictment and by appearing in person before the Court to answer the charges against me. I understand the charges against me and I understand the consequences of a conviction and I understand the nature of the charges against me.

2006 JUN 11 AM 10:25

2006 JUN 11 AM 10:25

2006 JUN 11 AM 10:25

[Handwritten signature]
Berrence W. Gasper
2006 JUN 11 AM 10:25

[Handwritten signature]
2006 JUN 11 AM 10:25

[Handwritten signature]
2006 JUN 11 AM 10:25

[Handwritten signature]
2006 JUN 11 AM 10:25

[Handwritten signature]
2006 JUN 11 AM 10:25

ON COMPUTER
13

51847AC2

Case No.

06CR 06-4149

STATE OF OHIO
FRANKLIN COUNTY, ss:

INFORMATION FOR: Money Laundering (1315.55) (F-3)
(One count and Ethics Violation (102.02) (M-1) (Total Two)

FILED
COMMON PLEAS COURT
FRANKLIN COUNTY, OHIO
2006 JUN -1 AM 10:25
CLERK OF COURTS

In the Court of Common Pleas, Franklin County, Ohio, of the term of May 12th in the year of our Lord two thousand six.

Robert O'Brien, the duly elected and qualified Prosecuting Attorney of Franklin County, Ohio, in the name of and by the authority of the State of Ohio, says that prior to this information, Terrence W. Gasper was duly advised by the Court of the nature of the charge against him and of his rights under the Constitution, and he stated that he understood the nature of said charge against him and his constitutional, statutory, and procedural rights, and that he had fully discussed all aspects of his case with his attorneys, James D. Gilbert #0007624 and Terrence A. Grady #0020845, and he was completely satisfied with the legal representation and advice and waived in writing and in open Court prosecution of the offense by indictment.

Count One

By way of information, Terrence W. Gasper late of said County, on or about and between the 31st day of March, 2001 and the 13th day of July, 2004, within the County of Franklin aforesaid, after he was appointed, qualified, and employed as the Chief Financial Officer for the Ohio Bureau of Worker's Compensation (OBWC), a public servant under the definition contained in Section 2921.01(B) Ohio Revised Code, did conduct or attempt to conduct a transaction as defined in Section 1315.51(L), O.R.C., which includes among other things an investment involving that the property involved in the transaction is the proceeds of some form of unlawful activity with the intent to conceal or disguise the nature, location, source, ownership or control of the property, to wit: Terrence W. Gasper facilitated/condoned approved/authorized or sanctioned the payment of \$25,000 by Tom Nee as an investment in a business owned

ON COMPUTER
13

51847A03

purportedly on the behalf of, and in the name of, Betsy Ratcliff, when in fact Terrence W. Gasper was the true owner and intended beneficiary of the investment, and Terrence W. Gasper knew that the property involved in the transaction was the proceeds of unlawful activity in the form of bribery and/or soliciting or receiving improper compensation with the intent to conceal or disguise the true nature, source, ownership or control of the property involved in the transaction, in violation of Section 1315.55 O.R.C. (F-3),

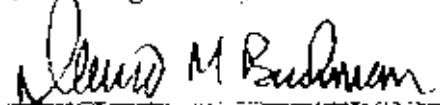
Count Two

On or about and between the 15th day of April, 1999 and the 15th day of April, 2005, Terrence W. Gasper, being a public official who was required to file an annual financial disclosure statement with the Ohio Ethics Commission, did knowingly file a false statement with the Ohio Ethics Commission in connection with those Ohio Ethics Financial Disclosure forms, in which he was required to disclose sources of income, and gifts, travel, meals, entertainment or gratuities, and the said Terrence W. Gasper knowingly failed to fully identify and disclose such matters, and falsely stated in writing that full disclosure had been made in violation of Section 102.02(D), Ohio Revised Code (M-1), and all of the above contrary to the statutes made and provided and against the peace and dignity of the State of Ohio



RON O'BRIEN #0017245

Prosecuting Attorney



DAVID M. BUCHMAN #0022218

Assistant Prosecuting Attorney

TERRENCE W. GASPER

[REDACTED]

M/W DOB [REDACTED]

SSN [REDACTED]

FILED

2006 JUN -1 AM 9:36

U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO
CLEVELAND

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

TERRENCE W. GASPER,

Defendant.

INFORMATION

JUDGE

JUDGE DOWD

CASE NO

1:06CR0269

Title 18, United States Code,
Sections 1962(c), 1951(a), 1341,
1343 and 1346

MAG. JUDGE GALLAS

The United States Attorney charges:

General Allegations

1. Beginning in or about 1912, the Ohio Bureau of Workers' Compensation ("OBWC") began assisting Ohio-based employers and employees to cover expenses related to workplace injuries by providing medical and compensation benefits for work-related injuries, diseases and deaths. Although its main office is located in Columbus, Ohio, the OBWC has 16 customer service offices located across the state of Ohio, including in the Northern District of

Ohio. At all times relevant to the offenses charged in the Information, the OBWC had assets which averaged 19 billion dollars and was one of the largest exclusive state-fund workers' compensation bureaus in the United States. The assets of the OBWC were under the management and control of the Chief Financial Officer and the employees of the Investment Department. The overall operation of the OBWC involved and affected interstate commerce as did the management and execution of matters regarding its financial investments.

2. The defendant, TERRENCE GASPER ("defendant" or "GASPER"), was at all times relevant to the allegations in this Information a public official who held the position of Chief Financial Officer ("CFO") of the OBWC. In his official capacity, GASPER was in a position to exert both formal and informal influence over decisions regarding all financial matters related to the OBWC, including but not limited to, those regarding the selection, retention and funding of investments and investment or money managers and advisors as well as the brokerage firms which administered OBWC's investment portfolio. TERRENCE W. GASPER owed a duty of honest services and fair dealing to the OBWC and the citizens of the State of Ohio.

3. As CFO of the OBWC, TERRENCE W. GASPER oversaw a staff of 210 employees in accounting, actuarial, investment, facilities management and risk insurance departments within the Finance Division of the OBWC.

4. At all times relevant to the offenses charged in this Information, Broker #1 was a licensed broker or security salesperson licensed by the State of Ohio's Department of Commerce, Division of Securities.

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5. At all times relevant to the offenses charged in this Information, Broker #2 was a licensed broker or security salesperson licensed by the State of Ohio's Department of Commerce, Division of Securities.

6. At all times relevant to the offenses charged in this Information, Broker #1 and Broker #2 were employed by the same brokerage or securities firms.

7. At all times relevant to the offenses charged in this Information, Dealer #1 was a coin dealer who specialized in the purchase and sale of rare coins and related numismatic materials.

8. At all times relevant to the offenses charged in this Information, Marketer #1 was a marketer or salesperson of securities associated with various businesses with which the OBWC invested state funds.

9. At all times relevant to the offenses charged in this Information, Realtor #1 was a real estate agent conducting business in the state of Florida.

The United States Attorney further charges:

COUNT 1
(RICO: 18 U.S.C. § 1962(c))

I. THE ENTERPRISE

1. The allegations contained in paragraphs 1-9 of the General Allegations of this Information are realleged and incorporated by reference in this Count.

2. The OBWC constituted an enterprise as defined in Title 18, United States Code, Section 1961 (4). This enterprise was engaged in, and its activities affected, interstate and foreign commerce. From in or about September 1995, the exact date being unknown to the

United States Attorney, through on or about October 6, 2004, TERRENCE W. GASPER, defendant herein, was employed by and associated with the OBWC. During that period of time, defendant TERRENCE W. GASPER was Chief Financial Officer of the OBWC and supervised and worked with other employees of the OBWC.

II. THE RACKETEERING VIOLATION

3. From in or about September 1995, the exact date being unknown to the United States Attorney, through on or about October 6, 2004, in the Northern District of Ohio and elsewhere, TERRENCE W. GASPER defendant herein, being employed by and associated with the OBWC, which enterprise was engaged in, and the activities of which affected, interstate and foreign commerce, did knowingly and unlawfully conduct and participate, directly and indirectly, in the conduct of the affairs of the OBWC through the following pattern of racketeering activity within the meaning of Title 18, United States Code, Sections 1961(1) and 1961(5).

III. THE PATTERN OF RACKETEERING ACTIVITY

Racketeering Act 1 (Hobbs Act Conspiracy: 18 U.S.C. § 1951(a))

4. From in or around November 1998 through in or about October 2004, the exact dates being unknown to the United States Attorney, in the Northern District of Ohio and elsewhere, defendant TERRENCE W. GASPER, and others known to the United States Attorney, conspired, combined, confederated and agreed to obstruct, delay and affect commerce and the movement of an article and commodity in commerce through extortion, by obtaining, under color of official right, the property of another with his consent, to wit: by agreeing that Broker #1 and Broker #2 would jointly provide property, including a condominium located in

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Islamorada, Florida, to which TERRENCE W. GASPER was given full and complete access for his personal use and enjoyment as well as the personal use and enjoyment of others close to TERRENCE W. GASPER and other things of value while TERRENCE W. GASPER was CFO of the OBWC in return for official acts designed to assist Broker #1 and Broker #2 in retaining and obtaining investment business involving the OBWC, in violation of Title 18, United States Code, Section 1951(a).

Racketeering Act 2
(Hobbs Act Conspiracy: 18 U.S.C. § 1951(a))

5. From in or about April 2002 through in or about October 2004, the exact dates being unknown, in the Northern District of Ohio and elsewhere, defendant TERRENCE W. GASPER, and others known to the United States Attorney, conspired, combined, confederated and agreed to obstruct, delay and affect commerce and the movement of an article and commodity in commerce through extortion, by obtaining, under color of official right, the property of another with his consent, to wit: by agreeing that Marketer #1 would provide property including money and other things of value to TERRENCE W. GASPER while he was CFO of the OBWC in return for official acts designed to assist Marketer #1 in retaining and obtaining investment business involving the OBWC, in violation of Title 18, United States Code, Section 1951(a).

Racketeering Act 3
(Hobbs Act Conspiracy: 18 U.S.C. § 1951(a))

6. From on or about March 31, 2001 through on or about July 30, 2001, the exact dates being unknown, in the Northern District of Ohio and elsewhere, defendant TERRENCE W. GASPER, and others known to the United States Attorney conspired, combined, confederated and agreed to obstruct, delay and affect commerce and the movement of an article and commodity in

commerce through extortion, by obtaining, under color of official right, the property of another with his consent, to wit: by agreeing that Dealer #1 would provide property including money and other things of value for the benefit of TERRENCE W. GASPER while he was CFO of the OBWC in return for official acts designed to assist Dealer #1 in retaining and obtaining investment business involving the OBWC, in violation of Title 18, United States Code, Section 1951(a).

Racketeering Act 4
(Honest Services Mail and Wire Fraud, 18 U.S.C. §§ 1341, 1343 and 1346)

7. From in or about November 1998 through in or about October 2004, TERRENCE W. GASPER, defendant herein, having devised and intended to devise a scheme and artifice to defraud the public, the OBWC and the citizens of the State of Ohio of their intangible right to the honest services of their public servants, free from fraud, dishonesty, bias and conflicts of interest, knowingly caused the mailing, in any post office and authorized depository for mail matter, of matters and things to be sent and delivered by the U.S. Postal Service and commercial interstate carrier and caused writings, signals and sounds to be transmitted by wire in interstate commerce, for the purpose of executing and attempting to execute such scheme and artifice as set forth in the paragraphs below.

i. Objects of the Scheme

8. It was part of the purpose and object of the scheme that TERRENCE W. GASPER, Broker #1 and Broker #2 agreed that TERRENCE W. GASPER would use his official position and influence at the OBWC to assist Broker #1 and Broker #2 in jointly obtaining and retaining OBWC investment business.

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9. It was part of the purpose and object of the scheme that TERRENCE W. GASPER, Broker #1 and Broker #2 would cause documents and information to be delivered to Florida from the Northern District of Ohio in order to purchase a condominium, Unit E-21, Coral Harbor, Islamorada, Florida, for the personal use and enjoyment of TERRENCE W. GASPER and his guests.

10. It was part of the purpose and object of the scheme for TERRENCE W. GASPER, Broker #1 and Broker #2 to conceal the true nature and extent of their relationship.

ii. Mailing and Wire Communications

11. On or about the dates set forth below, TERRENCE W. GASPER, Broker #1 and Broker #2 executed and attempted to execute the scheme and artifice set forth in the Racketeering Acts below by causing the following matters and things to be mailed via the U.S. Postal Service and delivered by commercial interstate carrier as set forth below, in violation of Title 18, United States Code, Sections 1341 and 1346:


RACKETEERING ACT	ITEM/THING MAILED AND DELIVERED	DATE	ADDRESS
4a.	Broker #1's Check No. 2492 made payable to Atlantic Coral Harbor for \$1,525.97 for "E.21"	April 9, 2003	Atlantic Coral Harbor Condominium Association, Inc., 88181 Old Highway, Islamorada, FL 33036
4b.	Broker #1's Check No. 3464 made payable to Coral Harbor for "Maintenance etc E.21"	October 10, 2004	Atlantic Coral Harbor Condominium Association, Inc., 88181 Old Highway, Islamorada, FL 33036

4c.	Letter from Florida Title of the Keys, Inc. To Broker #1 and Broker #2 transmitting, among other things, "a set of Keys to unit" E-21	January 4, 1999	2538 Dodd Road, Willoughby Hills, OH 44094
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12. On or about the dates set forth below, TERRENCE W. GASPER, Broker #1 and Broker #2 executed and attempted to execute the scheme and artifice set forth in the Racketeering Acts below by causing writings, signals and sounds to be transmitted by wire in interstate and foreign commerce as set forth below, in violation of Title 18, United States Code, Sections 1343 and 1346:

RACKETEERING ACT	INTERSTATE WIRE COMMUNICATION (INCLUDING PARTIAL DESCRIPTION)	DATE (ON OR ABOUT)
4d.	Facsimile from TERRENCE W. GASPER to Realtor #1 "extend[ing] the acceptance of the bid contract submitted by [him] on November 7, 1998 regarding unit E-21 at Coral Harbour, Islamorada, Florida".	November 9, 1998
4e.	Facsimile from TERRENCE W. GASPER to Realtor #1 regarding "E-21 Property/Bid Contract".	November 10, 1998
4f.	Telephone call from Broker #1 in the Northern District of Ohio to Office of Realtor #1 in Florida leaving a message that he was GASPER's partner and was coming down on Monday.	November 12, 1998

All in violation of Title 18, United States Code, Section 1962(c).


 Gregory A. White
 United States Attorney

From: Law Offices Hillman & Wolery 1 614 766 6418 05/31/2006 16:11 #258 P.002/002

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AO 455 (Rev. 5/85) Waiver of Indictment

United States District Court

NORTHERN DISTRICT OF OHIO, EASTERN DIVISION

UNITED STATES OF AMERICA

v.

TERRENCE W. GASPER

WAIVER OF INDICTMENT

JUDGE DOWD

CASE NUMBER 1:06CR0269

I, TERRENCE W. GASPER, the above named defendant, who is accused of Title 18, United States Code, Section 1962(c) being advised of the nature of the charge(s), the proposed information, and of my rights, hereby waive in open court on _____ Date prosecution by indictment and consent that the proceeding may be by information rather than by indictment.

Defendant TERRENCE W. GASPER

Counsel for Defendant

Before _____ Judicial Officer

Case: 1:06-cr-00291-DDD Doc #: 1 Filed: 06/15/06 1 of 10. PageID #: 4

2006 JUN 15 PM 2:47
U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

MICHAEL W. LEWIS,
DANIEL P. O'NEIL

Defendants.

INDICTMENT

JUDGE
1:06CR291
CASE NO.
JUDGE BOYKO

Title 18, United States Code,
Sections 1951(a), 371 and 1001(a)(2)

The Grand Jury charges:

GENERAL ALLEGATIONS

1. Beginning in or about 1955, the Ohio Bureau of Workers' Compensation ("OBWC") began assisting Ohio-based employers and employees to cover expenses related to workplace injuries by providing medical and compensation benefits for work-related injuries, diseases and deaths. Although its main office is located in Columbus, Ohio, the OBWC has 16 customer service offices located across the state of Ohio, including in the Northern District of Ohio. At all times relevant to the offenses charged in the Indictment, the OBWC had assets

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which averaged approximately 19 billion dollars and was one of the largest exclusive state-fund workers' compensation bureaus in the United States. The assets of the OBWC were under the management and control of the Chief Financial Officer and the employees of the Investment Department. The overall operation of the OBWC involved and affected interstate commerce as did the management and execution of matters regarding its financial investments.

2. At all times relevant to the offenses charged in this Indictment, MICHAEL W. LEWIS was a licensed broker and security salesperson licensed by the State of Ohio's Department of Commerce, Division of Securities.

3. At all times relevant to the offenses charged in this Indictment, DANIEL P. O'NEIL was a licensed broker and security salesperson licensed by the State of Ohio's Department of Commerce, Division of Securities.

4. At all times relevant to the allegations in this Indictment, Terrence W. Gasper was a public official who held the position of Chief Financial Officer of the OBWC. In his official capacity, Terrence W. Gasper was in a position to exert both formal and informal influence over decisions regarding all financial matters related to the OBWC, including but not limited to, those regarding the selection, retention and funding of investments and investment or money managers and advisors as well as the brokerage firms which administered OBWC's investment portfolio.

5. In or about 1998, MICHAEL W. LEWIS, DANIEL P. O'NEIL and Terrence W. Gasper agreed that MICHAEL W. LEWIS and DANIEL P. O'NEIL would provide Terrence W. Gasper with a condominium, Unit E-21, Coral Harbor, and deceded boat slip #63, both located in the Coral Harbor Condominium Complex, Islamorada, Florida, in return for favorable

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consideration from Terrence W. Gasper with respect to obtaining OBWC investment business and maintaining existing investment OBWC business which affected interstate and foreign commerce.

6. From on or about November 5, 1998 through November 9, 1998, Terrence W. Gasper visited Islamorada, Florida where he and his then girlfriend met with a real estate agent, viewed condominiums available for purchase and entered into a binding and assignable contract to purchase Unit E-21 and boat slip #63 at the Coral Harbor Club Condominium complex in Islamorada, Florida for \$345,000.

7. Terrence W. Gasper gave the real estate agent a \$500 personal check as a good faith down payment on Unit E-21 and boat slip #63. Terrence W. Gasper, however, never had any intention of actually purchasing Unit E-21 and boat slip #63 with his own money.

8. On or about November 9, 1998, Terrence W. Gasper sent a letter by facsimile from his office at the OBWC in Columbus, Ohio to the real estate agent in Islamorada, Florida extending his acceptance of the bid to purchase Unit E-21 and boat slip #63.

9. On or about November 12, 1998, MICHAEL W. LEWIS contacted the real estate agent representing Terrence W. Gasper and informed that person that he was Terrence W. Gasper's partner.

10. On or about November 16, 1998, Terrence W. Gasper's contract to purchase Unit E-21 and boat slip #63 was assigned to MICHAEL W. LEWIS and DANIEL P. O'NEIL, who thereafter jointly entered into a contract to purchase Unit E-21 and boat slip #63 for the same price, \$345,000, negotiated by Terrence W. Gasper.

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11. MICHAEL W. LEWIS and DANIEL P. O'NEIL each placed a \$35,000 good faith down payment on Unit E-21 and the boatslip, for a total of \$70,000.

12. In order to complete the purchase of Unit E-21 and boat slip #63, Terrence W. Gasper, MICHAEL W. LEWIS and DANIEL P. O'NEIL used and caused to be used both the mail and interstate wire services.

13. On or about January 4, 1999, MICHAEL W. LEWIS and DANIEL P. O'NEIL closed on the purchase of Unit E-21 and boat slip #63 and became the rightful owners for a total purchase price of \$345,000.

14. With the permission of MICHAEL W. LEWIS and DANIEL P. O'NEIL, beginning as early as February 11, 1999 and continuing throughout his employment with the OBWC which ended in October, 2004, Terrence W. Gasper stayed at the condominium and treated it as if it were his own. Additionally, Terrence W. Gasper permitted others, including his girlfriend, her family members and her veterinarian to use the condominium free of charge.

15. Occasionally, Terrence W. Gasper would make a token rental payment to MICHAEL W. LEWIS in order to make it appear that his stays at Unit E-21 were legitimate.

16. On or about June 1999 to September 2004, MICHAEL W. LEWIS and DANIEL P. O'NEIL jointly paid the mortgage and all Coral Harbor Club Condominium complex fees related to Unit E-21 and boat slip #63.

17. At all times relevant to the charges in the Indictment, MICHAEL W. LEWIS wrote checks payable to those close to Terrence W. Gasper, including a July 10, 2001 \$2,000 check to Terrence W. Gasper's then girlfriend with "Consulting" written in the memo line.

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18. Terrence W. Gasper did not report his stays at Unit E-21 on his mandatory annual Ohio Ethical Disclosure forms filed for the years 1999 through 2004.

The Grand Jury further charges:

COUNT 1

(Hobbs Act Conspiracy: 18 U.S.C. § 1951(a))

1. The General Allegations contained in paragraphs 1- 18 of this Indictment are realleged and incorporated by reference in this Count.

2. From in or about November 1998 through in or about October 2004, the exact dates being unknown to the Grand Jury, in the Northern District of Ohio and elsewhere, MICHAEL W. LEWIS and DANIEL P. O'NEIL, defendants herein, and others known to the Grand Jury, conspired, combined, confederated and agreed to obstruct, delay and affect commerce and the movement of an article and commodity in commerce through extortion, by Terrence W. Gasper ("Gasper") obtaining, under color of official right, the property of another with his consent, to wit: that MICHAEL W. LEWIS and DANIEL P. O'NEIL jointly provided property to Gasper, including a condominium located in Islamorada, Florida, to which Gasper was given full and complete access for his personal use and enjoyment as well as the personal use and enjoyment of others close to Gasper, and other things of value, while Gasper was Chief Financial Officer of the OBWC in return for official acts to assist MICHAEL W. LEWIS and DANIEL P. O'NEIL in retaining and obtaining investment business involving the OBWC.

All in violation of Title 18, United States Code, Section 1951(a).

The Grand Jury further charges:

COUNT 2

(Conspiracy to Commit Honest Services Mail and Wire Fraud: 18 U.S.C. § 371)

1. The General Allegations contained in paragraphs 1- 18 of this Indictment are realleged and incorporated by reference in this Count.

2. From in or about November 1998 through in or about October 2004, the exact dates being unknown to the Grand Jury, MICHAEL W. LEWIS and DANIEL P. O'NEIL, defendants herein, and Terrence W. Gasper ("Gasper"), conspired, combined, confederated and agreed (1) to devise a scheme and artifice to defraud the public, the OBWC and the citizens of the State of Ohio of their intangible right to the honest services of their public servant, Terrence W. Gasper, free from fraud, dishonesty, bias and conflicts of interest, (2) to knowingly cause the mailing, in any post office and authorized depository for mail matter, of any matter and thing to be sent and delivered by the U.S. Postal Service and commercial interstate carrier, for the purpose of executing and attempting to execute such scheme and artifice, and (3) to knowingly cause writings, signals and sounds to be transmitted by wire in interstate commerce, for the purpose of executing and attempting to execute such scheme and artifice, as set forth in the paragraphs below, in violation of Title 18, United States Code, Sections 1341, 1343 and 1346.

A. Object of the Conspiracy

3. It was part of the purpose and object of the conspiracy that Gasper, MICHAEL W. LEWIS and DANIEL P. O'NEIL agreed that Gasper would use his

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official position and influence at the OBWC to assist MICHAEL W. LEWIS and DANIEL P. O'NEIL in obtaining and maintaining OBWC investment business in return for receiving use of a condominium located in Islamorada, Florida and other valuable consideration.

B. Manner and Means of the Conspiracy

4. The manner and means by which the conspiracy was carried out included, among others, the following:

5. Gasper, MICHAEL W. LEWIS and DANIEL P. O'NEIL would cause documents and information to be delivered to Florida from the Northern District of Ohio in order to purchase a condominium, Unit E-21, Coral Harbor Club Condominium complex, Islamorada, Florida, for the personal use and enjoyment of Gasper and his guests.

6. Gasper, MICHAEL W. LEWIS and DANIEL P. O'NEIL concealed the true nature and extent of their relationship, which was that MICHAEL W. LEWIS and DANIEL P. O'NEIL provided the condominium in Islamorada, Florida and other valuable consideration to Gasper in return for official acts performed by Gasper as Chief Financial Officer of the OBWC.

C. Overt Acts

7. In furtherance of the conspiracy, and to achieve its object, one or more of the co-conspirators committed and caused to be committed in the Northern District of Ohio, Eastern Division, and elsewhere, including but not limited to the following overt acts:

8. On or about the dates set forth below, Terrence W. Gasper, MICHAEL W. LEWIS and DANIEL P. O'NEIL executed and attempted to execute the scheme and artifice set forth above by causing the following matters and things to be mailed via the U.S. Postal Service and delivered by commercial interstate carrier as set forth below:

OVERT ACTS	ITEM/THING MAILED AND DELIVERED	DATE	ADDRESS
2	LEWIS' Check No. 2492 made payable to Atlantic Coral Harbor for \$1,525.97 for "E.21"	April 9, 2003	Atlantic Coral Harbor Condominium Association, Inc., 88181 Old Highway, Islamorada, FL 33036
3	LEWIS' Check No. 3464 made payable to Coral Harbor for \$1684.65 for "Maintenance etc E.21"	October 10, 2004	Atlantic Coral Harbor Condominium Association, Inc., 88181 Old Highway, Islamorada, FL 33036
4	Letter from Florida Title of the Keys, Inc. To MICHAEL W. LEWIS and DANIEL P. O'NEIL transmitting, among other things, "a set of Keys to unit" E-21	January 4, 1999	2538 Dodd Road, Willoughby Hills, OH 44094
5	O'NEIL's Check No. 8152 made payable to Suntrust for \$10,600 for "Principal" on "Loan # 0001096858"	April 28, 2004	P.O. Box 79041, Baltimore, MD 21279-0041

9. On or about the dates set forth below, Gasper, MICHAEL W. LEWIS and DANIEL P. O'NEIL executed and attempted to execute the scheme and artifice set forth

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above by causing writings, signals and sounds to be transmitted by wire in interstate and foreign commerce as set forth below:

OVERT ACTS	INTERSTATE WIRE COMMUNICATION	DATE
6	Telephone call from LEWIS in the Northern District of Ohio to Office of Realtor #1 in Florida leaving a message that he was Terrence Gasper's partner and was coming down on Monday.	November 12, 1998

All in violation of Title 18, United States Code, Section 371.

The Grand Jury further charges:

COUNT 3

1. The General Allegations contained in paragraphs 1- 18 of this Indictment are recited and incorporated by reference in this Count.

2. On or about March 4, 2006, in the Northern District of Ohio, Eastern Division, in a matter within the jurisdiction of the United States Department of Justice, Federal Bureau of Investigation, MICHAEL W. LEWIS, defendant herein, knowingly and willfully made a false material statement, in that MICHAEL W. LEWIS falsely represented that Terrence W. Gasper (at the time of the statement, a former Chief Financial Officer of the OBWC) had no involvement in MICHAEL W. LEWIS' purchase of a condominium and a deced boat slip located in Islamorada, Florida when in truth and in fact, as MICHAEL W. LEWIS then well knew, Gasper had indeed been involved in

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MICHAEL W. LEWIS' purchase of the condominium and a deeded boat slip, located in Islamorada, Florida.

All in violation of Title 18, United States Code, Section 1001(a)(2).

The Grand Jury further charges:

COUNT 4

1. The General Allegations contained in paragraphs 1-18 of this indictment are realleged and incorporated by reference in this Count.

2. On or about March 7, 2006, in the Northern District of Ohio, Eastern Division, in a matter within the jurisdiction of the United States Department of Justice, Federal Bureau of Investigation, DANIEL P. O'NEIL, defendant herein, knowingly and willfully made a false material statement, in that DANIEL P. O'NEIL falsely represented that Terrence W. Gasper (at the time of the statement, a former Chief Financial Officer of the OBWC) had not provided any input into DANIEL P. O'NEIL's purchase of a condominium in Islamorada, Florida, when in truth and in fact, as DANIEL P. O'NEIL then well knew, Gasper had indeed provided input into the purchase of the condominium and a deeded boat slip, located in Islamorada, Florida that DANIEL P. O'NEIL purchased.

All in violation of Title 18, United States Code, Section 1001(a)(2).

A TRUE BILL

Original document – Signatures on file with the Clerk of Courts, pursuant to the E-Government Act of 2002.

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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

TERRENCE W. GASPER,

Defendant.

CASE NO. 1:06CR000269-001

JUDGE DOWD

PLEA AGREEMENT

INTRODUCTION

A. Pursuant to Rule 11(e)(1)(B) of the Federal Rules of Criminal Procedure and in consideration of the mutual promises set forth below, the following agreement, which is contained in its entirety in this document, is entered into between the United States Attorney's Office for the Northern District of Ohio and TERRENCE W. GASPER. No other agreement, understanding, promise, or condition between the Government and TERRENCE W. GASPER exists; nor will such agreement, understanding, promise or condition exist unless it is committed in writing in an amendment attached to this document and signed by the defendant TERRENCE

FILED

TWA

07 MAY 10 8:45 AM

Clerk U.S. District Court
Northern District of Ohio
Akron

W. GASPER, an attorney for the defendant and an Assistant United States Attorneys for the Northern and Southern Districts of Ohio.

B. This plea agreement is binding upon the United States Attorney's Offices for the Northern and Southern Districts of Ohio. It does not bind any United States Attorney outside the Northern and Southern Districts of Ohio; nor does it bind any state or local prosecutor or any administrative or regulatory authorities.

II. THE DEFENDANT'S RIGHTS AND OBLIGATIONS

A. TERRENCE W. GASPER, having been advised of his constitutional rights, including the right to have the felony charges against him presented to a federal grand jury to consider returning an indictment on such charges, the right to a trial by a jury or by the Court, the right to confront and cross-examine witnesses against him, the right to call witnesses on his behalf, the right to be represented by an attorney at every stage of the proceedings against him (including the right to appointed counsel at no cost if he cannot afford an attorney), the privilege against self-incrimination, and the right to additional disclosure from the United States, knowingly, intelligently, and voluntarily waives these rights and privileges and agrees to enter a plea of guilty to the sole count in the Information filed against him and admits that he is, in fact, guilty of violating Title 18, United States Code, Section 1962 (c) (RICO) by interfering with commerce through extortion (i.e. being bribed as a public official in violation of Title 18, United States Code, Section 1951) and honest services mail and wire fraud (i.e. obtaining things of value by means of false and fraudulent pretenses, promises and representations furthered by use of the mail and interstate wire communications, in violation of Title 18, United States Code, Sections 1341, 1343 and 1346) as charged in the Information.

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B. TERRENCE W. GASPER agrees to abide by the sentencing and cooperation provisions set forth in this plea agreement as applicable to him.

III. OBLIGATIONS OF THE UNITED STATES ATTORNEY

A. If defendant fulfills his obligations as set forth in this Plea Agreement, the United States Attorneys for the Northern and Southern Districts of Ohio shall agree: (a) to bring no additional criminal charges against TERRENCE W. GASPER for offenses known to the United States at the time of this agreement and (b) to abide by the sentencing and cooperation provisions set forth in this plea agreement as applicable to it.

B. Nothing in this plea agreement, however, shall preclude the United States from prosecuting the Defendant for murder, attempted murder or any crime of violence. Nor shall anything in this plea agreement affect the prerogatives of the Department of Justice or the Department of Homeland Security or other governmental agency to enforce the federal immigration laws.

C. Defendant hereby waives all defenses based on the speedy trial clause of the Constitution and the Speedy Trial Act with respect to such charges, which may be tried in accordance with this Agreement.

IV. SENTENCING

A. TERRENCE W. GASPER understands and agrees that the maximum penalty for violating Title 18, United States Code, Section 1962(c) is twenty years imprisonment, a \$250,000 fine and not more than three years of supervised release. The defendant understands that if he violates the terms of his supervised release he may be sentenced to an additional term of

imprisonment, including a term resulting in a total term that may exceed the statutory maximum for the offense set forth above.

B. TERRENCE W. GASPER understands and agrees that he shall be required to pay a special assessment of \$100, pursuant to Title 18, United States Code, Section 3013, which is due at the time of sentencing.

C. The parties agree to recommend that the Court impose a sentence within the range determined pursuant to the advisory United States Sentencing Guidelines in accordance with the computations and stipulations set forth below. The government will not request a sentence higher than the advisory Sentencing Guidelines range and Defendant will not request a sentence lower than the advisory Sentencing Guidelines range. TERRENCE W. GASPER understands the obligation of the United States to provide information regarding Defendant, including charged and uncharged criminal offenses, to the United States Probation Office. Defendant also states that he has had ample opportunity and has in fact discussed the impact of the Sentencing Guidelines and the statutory maximums with his attorney and is satisfied with his attorney's advice in this case.

D. TERRENCE W. GASPER understands and agrees that the government reserves, at the time of sentencing, the right of allocution, that is the right to describe fully, both orally and in writing, to the court the nature, seriousness and impact of the defendant's misconduct related to the charges against him or to any factor lawfully pertinent to the sentence in this case. Defendant further understands and agrees that in exercising this right, the government may solicit and make known the views of the law enforcement agencies which investigated this matter.

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E. **TERRENCE W. GASPER** and the United States Attorney's Offices for the Northern and Southern Districts of Ohio, agree that the following United States Sentencing Guidelines apply based upon the facts of this case:

1. The parties agree that the 2003 Sentencing Guidelines Manual ("U.S.S.G.") governs the guideline calculations in this case. All references in this agreement to the U.S.S.G. refer to that manual.

2. The parties agree that the base offense level for the defendant's offense conduct is determined under U.S.S.G. § 2C1.1 and is 10.

3. Because the offense involved more than one bribe or extortion, the parties agree that it is appropriate to adjust the offense level upward by 2 levels pursuant to U.S.S.G. § 2C1.1(b)(1).

4. Pursuant to § 2C1.1(b)(2)(A), because the benefit received exceeded \$5,000 the offense level is increased by the number of levels from the table in U.S.S.G. § 2B1.1 corresponding to that amount. The value of the benefit received was in excess of twenty million dollars resulting in an increase of 22 levels. For sentencing purposes, the parties agree that the "loss" amount associated with **TERRENCE W. GASPER**'s relevant conduct is greater than 20 million, U.S.S.G. § 2B1.1 (L), and does not exceed 50 million dollars, U.S.S.G. § 2B1.1 (M), as described in the factual basis below.

5. For the purpose of determining whether or not the defendant is entitled to a three level reduction in his offense level for acceptance of responsibility under § 3E1.1, the government agrees to advise the Court, at the time of sentencing, that the defendant timely notified the government of his intent to plead guilty and that, in its view, the three point

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adjustment should apply (unless after the date of this agreement the defendant breaches the agreement in any manner, commits another criminal offense, or engages in perjury or obstruction of justice). However, the defendant understands that the decision regarding acceptance of responsibility rests with the discretion of the Court and will be determined by the Court following an investigation by the U.S. Probation Office and in accordance with all applicable guideline provisions set forth in the U.S.S.G.

6. TERRENCE W. GASPER understands that his Criminal History Category will be determined by the Court after the completion of a Pre-Sentence Investigation by the U.S. Probation Office. The defendant acknowledges that the government has not promised or agreed that the defendant will or will not fall within any particular criminal history category or will or will not be a career offender, and that such determinations could affect his guideline range and/or offense level as well as his final sentence.

H. TERRENCE W. GASPER and the Government agree that neither party will seek or advocate for or suggest in any way an adjustment to or a departure from the sentencing guidelines other than those explicitly set forth in this agreement or for a sentence outside of the range determined to be applicable under the advisory Sentencing Guidelines, provided that those guidelines are calculated as set forth above.

I. TERRENCE W. GASPER understands that all final determinations regarding sentencing, including but not limited to the offense level at which he is sentenced, will be made by the Court with the aid of the Probation Department and that if those determinations are different than any of those set forth in this plea agreement, his guilty plea will remain in effect and he may not withdraw it.

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J. TERRENCE W. GASPER understands that the Court, within its discretion, may order him to pay a fine and to pay the costs of incarceration and supervised release, if any. The costs of incarceration and supervised release and any orders of restitution will be determined by the Court following an investigation by the United States Probation Department. The United States reserves the right to request revocation of probation or supervised release if Defendant fails to pay any restitution ordered.

K. In addition, TERRENCE W. GASPER understands and agrees that he shall make restitution in this case as ordered by the Court as a condition of the sentence, probation, and/or supervised release. Defendant agrees not to seek the discharge of any restitution obligation, in whole or in part, in any pending or future bankruptcy proceeding or conceal or transfer any asset to avoid any obligation under this plea agreement. The parties agree that each side may make full arguments regarding the amount of restitution, if any, to be imposed by the Court.

L. Notwithstanding the above, defendant understands that the final determination regarding all aspects of the appropriate sentence will be made by the Court. Defendant understands that the sentencing recommendations contained herein are not binding on the Court, and the Court may impose any sentence provided for by law up to and including the statutory maximum sentences as set forth above, and if the Court disagrees with the parties' sentencing guidelines recommendations, the guilty plea shall remain in effect and the defendant will not be permitted to withdraw it.

M. The parties agree that there are no other applicable upward adjustments based upon TERRENCE W. GASPER's role in the offenses known to the government at this time.

V. COOPERATION

A. Defendant agrees to fully cooperate in this and any other case or investigation with attorneys for the United States of America, the State of Ohio, the Internal Revenue Service, other federal, state, and local investigative agencies and federal and state grand juries by providing truthful and complete information, evidence and testimony, if required, concerning any unlawful or potentially unlawful activities of which he is aware.

B. The defendant understands that in the event he, during any criminal proceedings, commits perjury, suborns perjury, or obstructs justice, nothing in this agreement precludes the United States of America or any other law enforcement authority from prosecuting him fully for those crimes or any other crimes of which he may be guilty and from using any of his sworn or unsworn statements against him. The defendant understands that this plea agreement is explicitly dependent upon his providing completely truthful testimony in any trial or other proceeding, whether called as a witness by the government, the defense or the Court.

C. The defendant understands that, in the event this plea agreement is withdrawn or otherwise vacated, the government may use the information from his sworn or unsworn statements against him and to impeach him or any witness on his behalf.

D. In consideration of his forgoing promises, the government agrees, except as might otherwise be provided in this agreement, that it will not seek or otherwise pursue additional criminal charges against the defendant known to the United States as of the date of this agreement and for which the defendant could be prosecuted in the Northern or Southern Districts of Ohio, nor will the government use any statement offered by the defendant under this agreement to increase his sentence under the U.S.S.G.

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E. The defendant further acknowledges that the decision to make a motion under Section 5K1.1 under this agreement rests solely and exclusively within the discretion of the United States Attorneys for the Northern and Southern Districts of Ohio.

F. In the event that the defendant fully cooperates with the government, as set forth herein, the government, in consideration for such substantial assistance, will move the Court pursuant to U.S.S.G. Section 5K1.1 for a downward departure of up to 4 levels for his substantial assistance. The defendant agrees that should the United States make a motion under 5K1.1, that he will not seek or suggest in any way that the Court should apply a downward departure greater than 4 levels. The parties understand and agree that the final decision as to whether to grant any government motion for a downward departure under Section 5K1.1 and the extent of any such a departure rests with the Court.

G. The defendant understands that in the event he does not fully cooperate or otherwise acts in a fashion inconsistent with the acceptance of responsibility for his criminal conduct, and/or engages in or commits any other criminal or obstructive act during the period of his cooperation, the government is released from all its obligations under this agreement, including making a motion under U.S.S.G. Section 5K1.1, and the defendant has no right to withdraw his guilty plea.

H. The defendant agrees to make himself available at all meetings with the government and to respond truthfully and completely to any and all questions put to him, whether in interviews, before a grand jury, or at any trial or other proceedings.

I. The defendant agrees not to reveal any information derived from his cooperation to any third party before any such third party is charged with a criminal offense without prior consent of the government, and to instruct his attorneys to do the same.

J. The defendant agrees to inform the government of any attempt by any third party, prior to the filing of criminal charges against any such third party, to interview, depose, or communicate in any way with him regarding this case or his cooperation.

K. The defendant agrees that with respect to all charges contained in the Information, (1) that he is not a "prevailing party" within the meaning of the Hyde Amendment, Section 617, PL 105-119 (Nov. 26, 1997), (2) acknowledges that the government's position in the instant prosecution was not vexatious, frivolous, or in bad faith, and (3) agrees not to file any claim under the "Hyde Amendment".

L. The defendant agrees not to accept remuneration or compensation of any sort, directly or indirectly, for the dissemination through books, articles, speeches, interviews, or any other means, of information regarding his work at the Ohio Bureau of Workers' Compensation, the transactions alleged in the above-captioned Information, or the investigation or prosecution of any civil or criminal cases against him.

M. The defendant agrees not to oppose any request of the United States that his sentencing be postponed until the defendant's cooperation is completed. Defendant knowingly waives any rights he may have under the Speedy Trial Act, 18 U.S.C. § 3161 et seq., occasioned by such delay. Defendant further understands that, in the event he is sentenced prior to the completion of his cooperation, he agrees that his continued compliance with the condition of cooperation survives the imposition of sentence and that any failure to cooperate is a violation of

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this agreement which will entitle the government to seek any remedy allowed under this agreement and pursue any charges dismissed or not filed as a result of this agreement as set forth above.

VI. BREACH AND WAIVER OF THE APPLICABLE STATUTE OF LIMITATIONS

A. Defendant understands that if Defendant breaches any promise in this agreement or if Defendant's guilty plea or conviction in this case are at any time rejected, withdrawn, vacated, or set aside, the Government will be released from all of its obligations under this agreement and may institute or maintain any charges and make any recommendations with respect to sentencing that would otherwise be prohibited under the terms of the agreement. Defendant understands, however, that a breach of the agreement by Defendant will not entitle Defendant to withdraw, vacate, or set aside Defendant's guilty plea or conviction. The parties agree that any determination as to whether the defendant has breached the terms of this agreement shall be made by a federal judge based upon a preponderance of the evidence at a proceeding at which all the testimony, statements and information provided by the defendant shall be admissible.

B. The parties agree that if: (1) Defendant violates this agreement or fails to plead guilty or the Court refuses to accept a guilty plea by Defendant pursuant to this agreement, or (2) the Court permits Defendant to withdraw a guilty plea entered pursuant to this agreement or otherwise vacates such a guilty plea, or (3) the conviction following Defendant's guilty plea pursuant to this agreement is vacated, overturned, or abrogated for any reason, then any prosecution that is not time-barred by the applicable statute of limitations on the date of Defendant's signing of this agreement may be commenced or reinstated against Defendant,

notwithstanding the expiration of the statute of limitations between Defendant's signing of the agreement and the commencement or reinstatement of such prosecution. It is the intent of this agreement for Defendant to waive all defenses based on the statute of limitations or Speedy Trial Act with respect to any prosecution that is not time-barred on the date of Defendant's signing of this agreement. Defendant understands the waiver of the statute of limitations is effective immediately upon Defendant's signing of this agreement and is not conditioned upon the approval of this agreement by the Court.

VII. FACTUAL BASIS FOR PLEA

1. The parties hereby further agree and stipulate that the following facts would have been established beyond a reasonable doubt at a trial in this matter. The parties also agree that these are not the only facts that would have been established at a trial:

2. Beginning in or about 1912, the Ohio Bureau of Workers' Compensation ("OBWC") began assisting Ohio-based employers and employees to cover expenses related to workplace injuries by providing medical and compensation benefits for work-related injuries, diseases and deaths. Although its main office is located in Columbus, Ohio, the OBWC has 16 customer service offices located across the state of Ohio. At all times relevant to the offenses charged in the Information, the OBWC had assets which averaged 19 billion dollars and was one of the largest state-fund workers' compensation bureaus in the United States. The assets were under the management and control of the Chief Financial Officer and the employees of the Investment Department. The overall operation of the OBWC involved and affected interstate and foreign commerce as did the management and execution of matters regarding its financial investments.

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3. The defendant, TERRENCE W. GASPER ("defendant" or "GASPER"), was at all times relevant to the allegations in the Information a public official who held the position of Chief Financial Officer ("CFO") of the OBWC for the state of Ohio. In his official capacity, TERRENCE W. GASPER was in a position to exert both formal and informal influence over decisions regarding all financial matters related to the OBWC, including but not limited to, those regarding the selection, retention and funding of investments, investment or money managers and advisors as well as brokerage firms which administered OBWC's investment portfolio. TERRENCE W. GASPER owed a duty of honest services and fair dealing to the Ohio Bureau of Workers' Compensation and the citizens of the State of Ohio.

4. During his tenure as CFO of the OBWC, TERRENCE W. GASPER oversaw a maximum staff of 210 employees in accounting, actuarial, investment, facilities management and risk insurance departments within the Finance Division of the OBWC.

5. At all times relevant to the offenses charged in the Information, Broker #1 was a licensed broker or security salesperson licensed by the State of Ohio's Department of Commerce, Division of Securities.

6. At all times relevant to the offenses charged in the Information, Broker #2 was a licensed broker or security salesperson licensed by the State of Ohio's Department of Commerce, Division of Securities.

7. At all times relevant to the offenses charged, Broker #1 and Broker #2 were employed by the same brokerage security firms.

8. At all times relevant to the offenses charged in the Information, Dealer #1 was a coin dealer who specialized in the purchase and sale of rare coins and related numismatic materials.

9. At all times relevant to the offenses charged in the Information, Marketer #1 was a marketer or salesperson of securities associated with various business in which the OBWC invested in excess of one million dollars in state funds.

10. Beginning in or about 1998 and continuing up until October 6, 2004, TERRENCE W. GASPER, the Chief Financial Officer of the OBWC, willfully participated with others associated with OBWC money managers, investment advisors, brokers, dealers and other contractors or vendors doing and seeking to do business with the OBWC, including, but not limited to, Broker #1, Broker #2, Dealer #1 and Marketer #1, in conducting the affairs of the OBWC through a pattern of racketeering activity.

Condominium Scheme

11. In or about 1998, Broker #1, Broker #2 and TERRENCE W. GASPER agreed that Broker #1 and Broker #2 would provide TERRENCE W. GASPER with a condominium, Unit E-21, Coral Harbor, and deeded boat slip #63, located in Islamorada, Florida, in large part, in return for favorable consideration from TERRENCE W. GASPER with respect to OBWC investment business and to maintain existing investment OBWC business which affected interstate and foreign commerce.

12. In or about November 5, 1998 through November 9, 1998, TERRENCE W. GASPER visited Islamorada, Florida where he and his then girlfriend met with a real estate agent referred to him by Dealer #1, viewed condominiums available for purchase and entered into a

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binding and assignable contract to purchase Unit E-21 and boat slip #63 at the Coral Harbor Club Condominium complex in Islamorada, Florida for \$345,000.

13. TERRENCE W. GASPER gave the real estate agent a \$500 personal check as a good faith down payment on Unit E-21 and boat slip #63. TERRENCE W. GASPER, however, never had any intention of actually purchasing Unit E-21 and boat slip #63 with his own money.

14. On or about November 9, 1998, TERRENCE W. GASPER sent a letter by facsimile from his office at the OBWC in Columbus, Ohio to the real estate agent in Islamorada, Florida extending his acceptance of the bid to purchase Unit E-21 and boat slip #63.

15. On or about November 12, 1998, Broker #1 contacted the real estate agent representing TERRENCE W. GASPER and informed that person that he was TERRENCE W. GASPER's partner.

16. On or about November 16, 1998, TERRENCE W. GASPER's contract to purchase Unit E-21 and boat slip #63 was assigned to Broker #1 and Broker #2, who thereafter jointly entered into a contract to purchase Unit E-21 and boat slip #63 for the same price, \$345,000, negotiated by TERRENCE W. GASPER.

17. Broker #1 and Broker #2 each placed a \$35,000 good faith down payment on Unit E-21, for a total of \$70,000.

18. In order to complete the purchase of Unit E-21 and boat slip #63, TERRENCE W. GASPER, Broker #1 and Broker #2 used and caused to be used both the mail and interstate wire services.

19. On or about January 4, 1999, Broker #1 and Broker #2 closed on the purchase of Unit E-21 and boat slip #63 and became the rightful owners for a total purchase price of \$345,000.

20. With the permission of Broker #1 and Broker #2, beginning as early as February 11, 1999 and continuing throughout his employment with the OBWC which ended in October, 2004, TERRENCE W. GASPER stayed at the condominium and treated it as if it were his own. Additionally, TERRENCE W. GASPER permitted others, including his girlfriend, her family members and her veterinarian to use the condominium free of charge.

21. Occasionally, TERRENCE W. GASPER would make a token rental payment to Broker #1 in order to make it appear that his stays at Unit E-21 were legitimate.

22. TERRENCE W. GASPER did not report his stays at Unit E-21 on his mandatory annual Ohio Ethical Disclosure forms filed for the years 1999 through 2004.

23. At all times relevant to the charges in the Information, Broker #1 paid the mortgage and all condominium association fees related to Unit E-21 and boat slip #63 jointly on behalf of himself and Broker #2.

24. At all times relevant to the charges in the Information, Broker #1 wrote checks payable to those close to TERRENCE W. GASPER, including a July 10, 2001 check to TERRENCE W. GASPER's then girlfriend with "Consulting" written in the memo line.

25. The parties agree that the benefit to Brokers #1 and #2, which was reasonably foreseeable to TERRENCE W. GASPER based upon his participation in the Islamorada Condominium scheme, was in excess of 2.5 million dollars and not more than 7 million dollars.

Check Payment Scheme

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26. In or about October 2001, TERRENCE W. GASPER and Marketer #1 agreed that Marketer #1 would either directly or indirectly provide things of value to TERRENCE W. GASPER in return for favorable consideration from TERRENCE W. GASPER with respect to obtaining and maintaining OBWC investment business, which affected interstate and foreign commerce.

27. From in or about April 2002 through in or about September 2004, the exact dates being unknown and while TERRENCE W. GASPER was employed as Chief Financial Officer of the OBWC and in a position to exert control over investment decisions, Marketer #1 issued checks for the benefit of TERRENCE W. GASPER, to TERRENCE W. GASPER and those personally close to him, including his girlfriend, and children of TERRENCE W. GASPER and his girlfriend, for a total of \$23,405. Included among the checks written by Marketer #1 to or for the benefit of TERRENCE W. GASPER was one for \$9,005 for "Fall '04 Tuition" made payable to the college that TERRENCE W. GASPER's son was attending.

28. Although these checks were written to others, TERRENCE W. GASPER would sometimes deposit the checks into his own bank account. Other times, the person to whom the check was written would deposit the check into his or her own account and make the funds available to TERRENCE W. GASPER. At all times, the checks were intended to and did provide funds to TERRENCE W. GASPER in return for official acts he performed while CFO. In exchange for the checks and other things of value, TERRENCE W. GASPER permitted businesses represented by Marketer #1 to retain and obtain OBWC investment business in exchange for the payments by check, meals and entertainment for TERRENCE W. GASPER and those personally close to TERRENCE W. GASPER.

29. TERRENCE W. GASPER did not report any of the things of value provided to him either directly or indirectly by Marketer #1 on his mandatory annual Ohio Ethical Disclosure forms filed for the years 1999 through 2004.

30. The parties agree that the benefit to Marketer #1, which was reasonably foreseeable to TERRENCE W. GASPER based upon his participation in the above-described scheme, was in excess of 7 million dollars and not more than 20 million dollars.

Coin Scheme

31. At all times relevant to the offenses charged in the Information, Dealer #1 was a coin dealer who specialized in the purchase and sale of rare coins and related numismatic materials.

32. On or about March 23, 1998, the OBWC approved Dealer #1 as an investment fund or money manager for an award of 25 million dollars.

33. On or about March 31, 1998, Dealer #1 received 25 million dollars from OBWC which the dealer invested in a fund called Capital Coin I.

34. On or about March 31, 2001, TERRENCE W. GASPER, his then girlfriend and Dealer #1 met in a Columbus, Ohio area restaurant where Dealer #1 had TERRENCE W. GASPER's girlfriend execute documents making it appear that she was making a \$25,000 investment in an entity known to the U.S. Attorney.

35. Prior to the meeting on March 31, 2001 described above, Dealer #1 and TERRENCE W. GASPER agreed that TERRENCE W. GASPER's girlfriend would execute investment documents in her name although Dealer #1 and TERRENCE W. GASPER knew full well that the \$25,000 investment was intended to benefit TERRENCE W. GASPER and that

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neither **TERRENCE W. GASPER** nor his girlfriend were expected to produce the required \$25,000 because Dealer #1 would and did make the investment on behalf and for the benefit of **TERRENCE W. GASPER** in exchange for his official influence.

36. On or about April 26, 2001, Dealer #1 submitted a proposal to the OBWC for a second additional 25 million dollar investment in a coin fund later known as Capital Coin II.

37. During the course of the scheme, **TERRENCE W. GASPER** caused, along with others, the OBWC to approve two 25 million dollar investments in Capital Coin funds in exchange for the \$25,000 investment made in the name of **TERRENCE W. GASPER**'s girlfriend along with other things of value provided to **TERRENCE W. GASPER** directly and indirectly.

38. On or about July 30, 2001, the OBWC authorized the transfer of the second 25 million to Capital Coin II.

39. **TERRENCE W. GASPER** did not report the \$25,000 investment made in his then girlfriend's name or any of the other things of value provided to him either directly or indirectly by Dealer #1 on his mandatory annual Ohio Ethical Disclosure forms filed for the years 1999 through 2004.

40. The parties agree that the benefit to Dealer #1 as a result of the Capital Coin fund investments on behalf of the OBWC, which was reasonably foreseeable to **TERRENCE W. GASPER** based upon his participation in the above-described scheme, was approximately 13 million dollars plus additional profits of approximately 2.5 million dollars.

VIII. WAIVER OF APPELLATE RIGHTS

A. Defendant acknowledges that counsel has advised him of his rights, in limited circumstances, to appeal the conviction or sentence, including the appeal right conferred by 18 U.S.C. § 3742, and to challenge the conviction or sentence collaterally through a post-conviction proceeding, including a proceeding under 28 U.S.C. § 2255. Defendant expressly waives those rights, except as reserved below, including but not limited to waiving the appeal of any sentencing guideline determination by the sentencing judge in this case.

B. The parties reserve the right to appeal: (a) any sentence imposed in excess of the statutory maximum and (b) any sentence imposed to the extent it constitutes a departure from the Sentencing Guideline range deemed most applicable by the Court (other than a departure based on a government motion pursuant to U.S.S.G. 5K1.1 as provided for in this agreement). Nothing in this section shall act as a bar to the defendant perfecting any legal remedies he may otherwise have on appeal or collateral attack respecting claims of ineffective assistance of counsel or prosecutorial misconduct.

IX. EFFECT OF WAIVER OF A TRIAL AND GUILTY PLEA

A. TERRENCE W. GASPER also understands that by pleading guilty he will waive his constitutional and legal rights, including his rights: (1) to be tried by a jury, (2) to confront and cross-examine witnesses against him, (3) not to be compelled to incriminate himself, (4) to subpoena witnesses on his behalf, and (5) to require the government to prove his guilt beyond a reasonable doubt.

B. Although they are not part of the criminal justice sentence, TERRENCE W. GASPER understands that a guilty plea may subject him to other civil and/or administrative

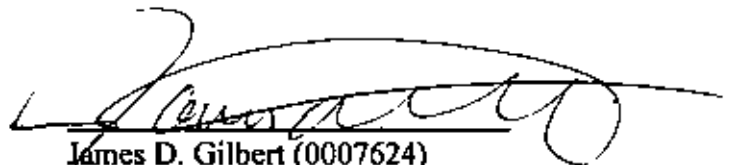
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consequences, including but not limited to a prohibition on possessing firearms, and the loss of rights to vote, hold public office and serve on a jury.

X. SIGNATURES OF THE PARTIES

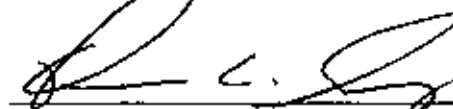
As attorney for the Defendant, TERRENCE W. GASPER, I have discussed this case and the plea agreement with my client in detail and have advised him of all matters within the scope of Federal Rule of Criminal Procedure 11, the constitutional and other rights of an accused, the factual basis for and the nature of the offenses to which the guilty plea will be entered, possible defenses, the consequences of the guilty plea and the provisions of the United States Sentencing Guidelines which may apply. I have had ample opportunity to meet with my client and discuss this matter with him. To my knowledge, my client's decision to plead guilty in this case is a knowing and voluntary one, and I concur with my client's decision to plead guilty as provided in this agreement.

Dated: 5/31/06



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Dated: 5/31/06



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I have fully discussed with my attorneys all of my constitutional trial and appeal rights and my right to be indicted by a grand jury, the nature of the charges, the elements of the offenses the United States would have to prove at trial, the evidence the United States would present at such trial, the Sentencing Guidelines and the potential consequences of pleading guilty in this case. I have had sufficient time and opportunity to discuss all aspects of the case in detail with my attorney and have told my attorney everything I know about the charges, any defense that I may have to those charges, and all personal and financial circumstances in possible mitigation of sentence.


My attorney has done everything I have asked my attorney to do and been accessible to me, and I am satisfied with the legal services and advice provided to me by my attorney and believe that my attorney has given me competent and effective representation.

Dated: 5/31/06


TERRENCE W. GASPER
Defendant

On behalf of Gregory A. White, United States Attorney, I accept and agree to this plea agreement between the United States and TERRENCE W. GASPER.

Dated: 5/31/06


BENITA Y. PEARSON (0065709)
Assistant United States Attorney
801 West Superior Avenue, Suite 400
Cleveland, Ohio 44113-1852
(216) 622-3919
(216) 522-7358 (fax)
E-mail: benita.pearson@usdoj.gov

Case: 1:06-cr-00269-DDD Doc #: 20 Filed: 05/10/07 23 of 23. PageID #: 176

Dated: 5/31/06

Robert F. Cortsi b4P

ROBERT F. CORTS (0041432)
Assistant United States Attorney
801 West Superior Avenue, Suite 400
Cleveland, Ohio 44113-1852
(216) 622-3957
(216) 522-7358 (fax)
E-mail: robert.corts@usdoj.gov

Dated: 5/31/06

Brenda Shoemaker

BRENDA SHOEMAKER (0041411)
Assistant United States Attorney
303 Marconi Blvd, Suite 200
Columbus, Ohio 43215
(614) 255-1588
(614) 469-5653 (fax)
E-mail: brenda.shoemaker@usdoj.gov

APPROVED:

[Signature]
UNITED STATES DISTRICT JUDGE

5/9/07
Date

Case: 1:12-cr-00087-CAB Doc #: 1 Filed: 02/16/12 1 of 3. PageID #: 1

FILED
2012 FEB 16 PM 3:00
U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO
CLEVELAND

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

PATRICK WHITE,

Defendant.

) INFORMATION

) CASE NO:

12CR0871

) JUDGE

JUDGE BOYKO

) Title 18, United States Code, Section
) 666(a)(2)

The United States Attorney charges:

General Allegations

At times material to this Information:

1. The Ohio Bureau of Workers' Compensation ("OBWC") was a government agency, as that term is defined in Title 18, United States Code, Section 666(d)(2), that received benefits in excess of \$10,000 during every calendar year material to this Information under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance or other form of Federal assistance.

- 2 -

2. The OBWC assisted Ohio-based employers and employees in covering expenses related to workplace injuries by providing medical and compensation benefits for work-related injuries, diseases and deaths. Although its main office is located in Columbus, Ohio, the OBWC has service offices located throughout the State of Ohio, including in the Northern District of Ohio.

3. Terrence Gasper ("Gasper") was a public official who held the position of Chief Financial Officer of the OBWC and was an agent of the OBWC, as defined in Title 18, Section 666(d)(1), United States Code. In his official capacity, Gasper was in a position to exert both formal and informal influence over decisions regarding all financial matters related to the OBWC including, but not limited to, those regarding the selection, retention and funding of investments, investment managers and advisors, and brokerage firms which administered OBWC's investment portfolio.

4. Defendant PATRICK WHITE was a marketer or salesperson of securities associated with various businesses with which the OBWC invested funds, including Great Lakes Capital Partners which the defendant founded in 2002.

The United States Attorney further charges:

COUNT 1
(Bribery in Federally Funded Programs)

5. The General Allegations contained in paragraphs 1 through 4 of this Information are incorporated by reference as though fully set forth herein.

6. From in or about 1999, through in or about 2004, in the Northern District of Ohio, Eastern Division, and elsewhere, the Defendant, PATRICK WHITE, did corruptly give, offer, and agree to give a thing of value; that is, cash payments to Gasper, intending to influence and

Case: 1:12-cr-00087-CAB Doc #: 1 Filed: 02/16/12 3 of 3. PageID #: 3

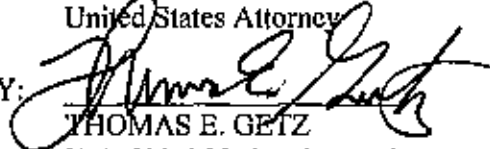
- 3 -

reward Gasper in connection with any business, transaction, and series of transactions of OBWC involving anything of value of \$5,000 or more.

All in violation of Title 18, United States Code, Section 666(a)(2).

STEVEN M. DETTELBACH
United States Attorney

BY:



THOMAS E. GETZ
Unit Chief, National Security,
Human Rights & Organized Crime

United States District Court

NORTHERN DISTRICT OF OHIO, EASTERN DIVISION

UNITED STATES OF AMERICA

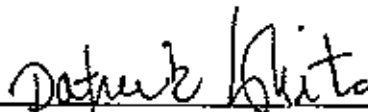
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WAIVER OF INDICTMENT

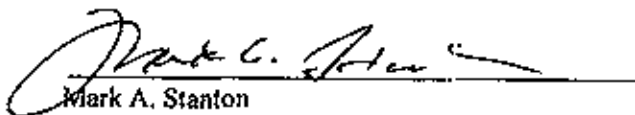
PATRICK WHITE

CASE NUMBER:

I, Patrick White, the above named defendant, who is accused of one count of bribery concerning programs receiving federal funds, in violation of Title 18, United States Code, Section 666(a)(2), being advised of the nature of the charge(s), the proposed information, and of my rights, hereby waive in open court on February 16, 2012 prosecution by indictment and consent that the proceeding may be by Date information rather than by indictment.



Patrick White
Defendant



Mark A. Stanton
Counsel for Defendant

Before _____
Judicial Officer

JOHN D'GRADY
CLERK OF THE FRANKLIN COUNTY COMMON PLEAS COURT, COLUMBUS, OHIO 43219
CRIMINAL DIVISION

54583008

THE STATE OF OHIO,
PLAINTIFF,

VS

CLARKE T. BLIZZARD,
DEFENDANT

07 CR 2607
CASE NUMBER

2007 APR 12 AM 11:00
CLERK OF COURTS

**** SUMMONS ON INFORMATION - INDICTMENT (RULES 4 & 7) ****

AN () INFORMATION () INDICTMENT, A COPY OF WHICH IS ATTACHED, HAS BEEN FILED IN THIS COURT CHARGING YOU WITH THE OFFENSES INDICATED BELOW

TO CLARKE T. BLIZZARD

1013 55

F3 MONEY LAUNDERING

YOU ARE HEREBY SUMMONED AND ORDERED TO APPEAR AT 09:00 A.M. ON WEDNESDAY, 25 DAY OF APRIL, 2007, IN COURTROOM 19 OF THE 1ST FLOOR, OF THE FRANKLIN COUNTY MUNICIPAL COURT BUILDING, 115 S. HIGH STREET, COLUMBUS, OHIO. IF YOU FAIL TO APPEAR AT THE TIME AND PLACE SPECIFIED ABOVE, YOU MAY BE ARRESTED. PLEASE BE PREPARED TO DEPOSIT \$ 250.00 FEE WHEN POSTING BOND. IF YOU HAVE A QUESTION REGARDING YOUR DUTY TO APPEAR, CALL (614) 462-3650.

JOHN D'GRADY
CLERK, COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

BY

... (SIGNED) ...

CLERK

Case No. 07CR 04-2609
54583009

State of Ohio,
Franklin County, ss

FILED
COMM. CLERK
20 APR 12 PM 1:23
CLERK OF COURTS

**INDICTMENT FOR: Money Laundering
(1315.55 R.C.) (F-3) (1 Count); (Total: 1
Count)**

In the Court of Common Pleas, Franklin County, Ohio, of the Grand Jury
terminating January twelfth, in the year of our Lord, Two Thousand Seven

Count 1

The Jurors of the Grand Jury of the State of Ohio, duly selected,
impaneled, sworn, and charged to inquire of crimes and offenses committed
within the body of Franklin County, in the State of Ohio, upon their oath do
find and present that Clark T. Blizzard late of said County, from or on or via
April 11, 2002 through September 11, 2004 within the County of Franklin
aforesaid, in violation of section 1315.55 of the Ohio Revised Code did conduct
a transaction or transactions, to wit made multiple payments totaling an
excess of \$20,000.00 to others including Betsy Ratchiff and the University of
the Arts, when, in fact, Terrence Gasper, Chief Financial Officer of the State of
Ohio Bureau of Workers Compensation, was the intended recipient or
beneficiary of the payments, knowing that the property involved in the
transactions was the proceeds of some form of unlawful activity, to wit
Providing Improper Compensation in violation of Revised Code Section 2921.13
or other unlawful acts, with the intent to conceal or disguise the nature and/or
source and/or ownership and/or control of the proceeds.

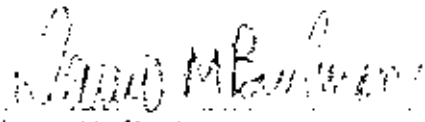
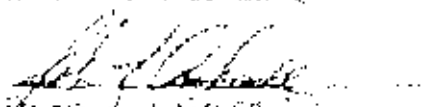
OHIO COURTS

contrary to the statute in such cases in and provided against the
dignity of the State of Ohio

5-8-2011

JOHN BARNETT
Prosecuting Attorney
Franklin County, OH

A TRUE BILL


David M. Buchanan
Assistant Prosecuting Attorney

Joseph A. Sirota

2007 FEB -5 PM 1:39

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

JUDGE ADAMS

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
CLARKE T. BLIZZARD,)
)
Defendant.)

INFORMATION

CASE NO. 1:07CR 059

Title 18, United States Code,
Section 371

MAG. JUDGE GALLAS

The United States Attorney charges:

General Allegations

1. Beginning in or about 1912, the Ohio Bureau of Workers' Compensation ("OBWC") began assisting Ohio-based employers and employees to cover expenses related to workplace injuries by providing medical and compensation benefits for work-related injuries, diseases and deaths. Although its main office is located in Columbus, Ohio, the OBWC has approximately 16 customer service offices located across the state of Ohio, including in the Northern District of Ohio. At all times relevant to the offense charged in the Information, the

OBWC had assets which averaged 19 billion dollars and was one of the largest exclusive state-fund workers' compensation bureaus in the United States. The assets of the OBWC were under the management and control of the Chief Financial Officer and the employees of the Investment Department. The overall operation of the OBWC involved and affected interstate commerce as did the management and execution of matters regarding its financial investments.

2. At all times relevant to the offense charged in this Information, Terrence W. Gasper was a public official who held the position of Chief Financial Officer ("CFO") of the OBWC. In his official capacity, Gasper was in a position to exert both formal and informal influence over decisions regarding all financial matters related to the OBWC, including but not limited to, those regarding the selection, retention and funding of investments and investment or money managers and advisors as well as the brokerage firms that administered OBWC's investment portfolio.

3. As CFO of the OBWC, Gasper oversaw a staff of 210 employees in accounting, actuarial, investment, facilities management and risk insurance departments within the Finance Division of the OBWC.

4. At all times relevant to the offense charged in this Information, the Defendant, CLARKE T. BLIZZARD was a marketer or salesperson who was associated with, employed by or a representative of businesses which managed or benefitted from the management of OBWC investment dollars. The OBWC paid these businesses over \$2.5 million in fees and commissions.

5. In or about January 1998, Gasper, CLARKE T. BLIZZARD, and others known to the United States Attorney agreed that CLARKE T. BLIZZARD would either directly or indirectly provide things of value to Gasper in exchange for favorable consideration from Gasper with respect to businesses,

Case: 1:07-cr-00059-DDD Doc #: 1 Filed: 02/05/07 3 of 5, PageID #: 4

with which CLARKE T. BLIZZARD was associated, employed by or represented, that managed or benefitted from the management of OBWC investment business and that obtained and maintained OBWC investment business, which affected interstate and foreign commerce.

The United States Attorney further charges:

COUNT 1

(Conspiracy to Violate 18 U.S.C. §1951, the Hobbs Act: 18 U.S.C. § 371)

1. The General Allegations contained in paragraphs 1- 5 of this Information are realleged and incorporated by reference in this Count.

2. From in or about November 1998 through in or about October 2004, the exact dates being unknown to the United States Attorney, CLARKE T. BLIZZARD, defendant herein, Terrence W. Gasper ("Gasper"), and others known to the United States Attorney conspired, combined, confederated and agreed to commit an offense against the United States, that is, to obstruct, delay, and affect commerce and the movement of an article and commodity in commerce through extortion in violation of Title 18, United States Code, Section 1951.

A. Object of the Conspiracy

3. It was part of the purpose and object of the conspiracy that Gasper, CLARKE T. BLIZZARD and others known to the United States Attorney agreed that Gasper would use his official position and influence at the OBWC to assist businesses with which CLARKE T. BLIZZARD was associated, employed by or represented, that managed or benefitted from the management of OBWC investment business and that obtained and maintained OBWC investment business in return for cash payments in the form of checks from CLARKE T. BLIZZARD provided directly and indirectly for the benefit of Gasper.

B. Manner and Means of the Conspiracy

4. The manner and means by which the conspiracy was carried out included, among others, the following:

5. From in or about November 1998 through in or about October 2004, the exact dates being unknown to the United States Attorney, in the Northern District of Ohio and elsewhere, CLARKE T. BLIZZARD, defendant herein, and others known to the United States Attorney, conspired, combined, confederated and agreed to obstruct, delay and affect commerce and the movement of an article and commodity in commerce through extortion, by Gasper obtaining, under color of official right, the property of another with his consent, to wit: that CLARKE T. BLIZZARD indirectly and directly provided property, in the form of checks, to Gasper, while Gasper was CFO of the OBWC in return for Gasper's official acts to assist CLARKE T. BLIZZARD in retaining and obtaining investment business involving the OBWC, on behalf of the businesses with which CLARKE T. BLIZZARD was associated, employed by or represented that managed or benefitted from the management of OBWC investment business.

C. Overt Acts

7. In furtherance of the conspiracy, and to achieve its object, one or more of the co-conspirators committed and caused to be committed overt acts in the Northern District of Ohio, Eastern Division, and elsewhere, including but not limited to the following:

8. On or about July 26, 2004, CLARKE T. BLIZZARD caused a \$9,005 check to be provided to the college that Gasper's son was attending for the payment of the son's "Fall '04 Tuition" while Gasper was CFO of the OBWC, in exchange for Gasper's exercise of his official influence, regarding OBWC investment dollars managed by certain corporate entities, including corporate entities which,

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during all relevant times, CLARKE T. BLIZZARD was associated with, employed by or represented that managed or benefitted from the management of OBWC investment business.

9. On or about April 11, 2002, CLARKE T. BLIZZARD issued a check for \$2,300 to the then girlfriend of Terry Gasper while Gasper was CFO of the OBWC which was intended to and did benefit Terry Gasper in that the check was deposited into Gasper's bank account, in exchange for Gasper's exercise of his official influence, regarding OBWC investment dollars managed by certain corporate entities, including corporate entities which, during all relevant times, either employed CLARKE T. BLIZZARD or owned a majority share of the entity which employed CLARKE T. BLIZZARD.

All in violation of Title 18, United States Code, Section 371.



GREGORY A. WHITE
UNITED STATES ATTORNEY

Jan 23 07 04 53p

Contra & Macioni P.C.

517-523-4350

p.4

FILED
07 MAY -3 AM 10:52
CLERK, US DISTRICT COURT
NORTHERN DISTRICT OF OHIO
AKRON

~~RECEIVED~~
2007 FEB 28 PM 1:57
U.S. DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
FORT MYERS, FLORIDA

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,)	CASE NO.
)	
Plaintiff,)	JUDGE DAVID D. DOWD
)	
v)	
)	
CLARKE T. BLIZZARD,)	<u>PLEA AGREEMENT</u>
)	
Defendant.)	

INTRODUCTION

A. Pursuant to Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure and in consideration of the mutual promises set forth below, the following agreement, which is contained in its entirety in this document, is entered into between the United States Attorney's Office for the Northern and Southern Districts of Ohio and CLARKE T. BLIZZARD. No other agreement, understanding, promise, or condition between the Government and CLARKE T. BLIZZARD exists; nor will such agreement, understanding, promise or condition exist unless it is committed to writing in an amendment attached to this document and signed by the Defendant

CLARKE T. BLIZZARD, an attorney for the Defendant and an Assistant United States Attorney for the Northern and Southern Districts of Ohio.

B. This plea agreement is binding upon the United States Attorney's Offices for the Northern and Southern Districts of Ohio. It does not bind any United States Attorney outside the Northern and Southern Districts of Ohio; nor does it bind any state or local prosecutor or any administrative or regulatory authorities.

II. THE DEFENDANT'S RIGHTS AND OBLIGATIONS

A. CLARKE T. BLIZZARD, having been advised of his constitutional rights, including the right to have the felony charges against him presented to a federal grand jury to consider returning an indictment on such charges, the right to a trial by a jury or by the Court, the right to confront and cross-examine witnesses against him, the right to call witnesses on his behalf, the right to be represented by an attorney at every stage of the proceedings against him, (including the right to appointed counsel at no cost if he cannot afford an attorney), the privilege against self-incrimination, and the right to additional disclosure from the United States, knowingly, intelligently, and voluntarily waives these rights and privileges and agrees to enter a plea of guilty to the sole count in the Information filed against him and admits that he is, in fact, guilty of violating Title 18, United States Code, Section 371 as charged in the information.

B. CLARKE T. BLIZZARD agrees to abide by the sentencing and cooperation provisions set forth in this plea agreement as applicable to him.

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05/03/07 14:57p

Cunha & Harcomb, P.C.

817-523-4350

p 3

III. OBLIGATIONS OF THE UNITED STATES ATTORNEY

A. If Defendant fulfills his obligations as set forth in this Plea Agreement, the United States Attorneys for the Northern and Southern Districts of Ohio shall agree: (a) to bring no additional criminal charges against CLARKE T. BLIZZARD for offenses known to the United States at the time of this agreement and (b) to abide by the sentencing and cooperation provisions set forth in this plea agreement as applicable to it.

B. Nothing in this plea agreement, however, shall preclude the United States from prosecuting the Defendant for murder, attempted murder or any crime of violence. Nor shall anything in this plea agreement affect the prerogatives of the Department of Justice or the Department of Homeland Security or other Governmental agency to enforce the federal immigration laws.

C. Defendant hereby waives all defenses based on the speedy trial clause of the Constitution and the Speedy Trial Act with respect to such charges, which may be tried in accordance with this Agreement.

IV. SENTENCING

A. CLARKE T. BLIZZARD understands and agrees that the maximum penalty for violating Title 18, United States Code, Section 371 is five years imprisonment, a \$250,000 fine and not more than three years of supervised release. The Defendant understands that if he violates the terms of his supervised release he may be sentenced to an additional term of imprisonment, including a term resulting in a total term that may exceed the statutory maximum for the offense set forth above.

3

Defendant's Initials



C. CLARKE T. BLIZZARD understands and agrees that he shall be required to pay a special assessment of \$100, pursuant to Title 18, United States Code, Section 3013, which is due at the time of sentencing.

D. The parties agree to recommend that the Court impose a sentence within the range determined pursuant to the advisory United States Sentencing Guidelines in accordance with the computations and stipulations set forth below. The Government will not request a sentence higher than the advisory Sentencing Guidelines range and Defendant will not request a sentence lower than the advisory Sentencing Guidelines range. Nothing in this agreement precludes or in any way limits the right of the Defendant or the Government to argue that the factors set out in Title 18, United States Code, Section 3553(a) merit a lower sentence or a higher sentence within the stipulated advisory guidelines range agreed to by both parties and set forth in this Agreement. To that end, the parties agree to recommend the low-end of the U.S.S.G. range calculated in Section F below. CLARKE T. BLIZZARD understands the obligation of the United States to provide information regarding Defendants, including charged and uncharged criminal offenses, to the United States Probation Office. Defendant also states that he has had ample opportunity and has in fact discussed the impact of the advisory Sentencing Guidelines and the statutory maximums with his attorney and is satisfied with his attorney's advice in this case.

Defendant's Initials *CTB*

E. CLARKE T. BLIZZARD understands and agrees that the Government reserves, at the time of sentencing, the right of allocution, that is the right to describe fully, both orally and in writing, to the court the nature, seriousness and impact of the Defendant's misconduct related to the charges against him or to any factor lawfully pertinent to the sentence in this case. Defendant further understands and agrees that in exercising this right, the Government may solicit and make known the views of the law enforcement agencies which investigated this matter.

F. CLARKE T. BLIZZARD and the United States Attorney's Offices for the Northern and Southern Districts of Ohio, agree that the following United States Sentencing Guidelines apply based upon the facts of this case:

1. The parties agree that although the 2006 Sentencing Guidelines Manual is in effect, the 2003 Sentencing Guidelines Manual ("U.S.S.G.") governs the guideline calculations in this case because the use of the most current or 2006 Sentencing Guidelines Manual would violate the *ex post facto* clause of the United States Constitution. Therefore, all references in this agreement to the U.S.S.G. refer to the 2003 manual. (See U.S.S.G. §1B1.1(b)(1).)

2. The parties agree that the base offense level for the Defendant's offense conduct as determined under U.S.S.G. §2X1.1 which refers to §2C1.1 is 10.

3. Because the offense involved more than one bribe or extortion, the parties agree that it is appropriate to adjust the offense level upward by 3 levels pursuant to U.S.S.G. §2C1.1(b)(1).

4. Pursuant to § 2C1.1(b)(2)(A), because the benefit received exceeded \$5,000 the offense level is increased by the number of levels from the table in U.S.S.G. § 2B1.1 corresponding to that amount.



Jan 11 07 14:00

Curtis E. Harbort PC

217-523-4350

6-3

5. The parties agree that the value of the benefit intended to and actually received in return for the bribes paid to influence Terry Gasper while he was Chief Financial Officer of the Ohio Bureau of Workers' Compensation and others known to the Grand Jury was more than 2.5 million dollars and, for the purposes of this Agreement and sentencing only, not more than 7 million dollars. Specifically, for the purposes of this Agreement and sentencing, the parties also agree that the vast majority of the financial benefit did not, and was not intended to go to BLIZZARD personally, but rather went to and was intended to go to the corporate entity which, during all relevant times, either employed BLIZZARD or owned a majority share of the equity which employed BLIZZARD. The offense level should, accordingly, be increased by 18 levels, pursuant to U.S.S.G. § 2B1.1(j), resulting in an adjusted base offense level of 30.

6. For the purpose of determining whether or not the Defendant is entitled to a three level reduction in his offense level for acceptance of responsibility under § 2E1.1, the Government agrees to advise the Court, at the time of sentencing, that the Defendant timely notified the Government of his intent to plead guilty and that, in its view, the three point adjustment should apply (unless after the date of this agreement the Defendant breaches the agreement in any manner, commits another criminal offense, or engages in perjury or obstruction of justice). However, the Defendant understands that the decision regarding acceptance of responsibility rests with the discretion of the Court and will be determined by the Court following an investigation by the U.S. Probation Office and in accordance with all applicable guideline provisions set forth in the U.S.S.G.

7. CLARKE T. BLIZZARD understands that his Criminal History Category will be determined by the Court after the completion of a Pre-Sentence Investigation by the U.S.

05/03/07 15:00

Quinn & Robinson, P.C.

317-623-4350

Page 7

Probation Office. The Defendant acknowledges that the Government has not promised or agreed that the Defendant will or will not fall within any particular criminal history category or will or will not be a career offender, and that such determinations could affect his guideline range and/or offense level as well as his final sentence.

G. CLARKE T. BLIZZARD and the Government agree that neither party will seek or advocate for or suggest in any way an adjustment to or a departure from the sentencing guidelines other than those explicitly set forth in this agreement or for a sentence outside of the range determined to be applicable under the advisory Sentencing Guidelines, provided that those guidelines are calculated as set forth above. As stated above, the parties agree to recommend the low-end of the U.S.S.G. range calculated herein.

H. CLARKE T. BLIZZARD understands that all final determinations regarding sentencing, including but not limited to the offense level at which he is sentenced, will be made by the Court with the aid of the Probation Department and that if those determinations are different than any of those set forth in this plea agreement, his guilty plea will remain in effect and he may not withdraw it.

I. CLARKE T. BLIZZARD understands that the Court, within its discretion, may order him to pay a fine and to pay the costs of incarceration and supervised release, if any. The costs of incarceration and supervised release and any orders of restitution will be determined by the Court following an investigation by the United States Probation Department. The United States reserves the right to request revocation of probation or supervised release if Defendant fails to pay any restitution ordered.

7

Defendant's Initials *C.T.B.*

J. In addition, CLARKE T. BLIZZARD understands and agrees that he shall make restitution in this case as ordered by the Court as a condition of the sentence, probation, and/or supervised release. Defendant agrees not to seek the discharge of any restitution obligation, in whole or in part, in any pending or future bankruptcy proceeding or conceal or transfer any asset to avoid any obligation under this plea agreement. Given that the parties have agreed that, for the purposes of this Agreement and sentencing only, the value of the benefit intended to be received in return for the bribes paid to influence Terry Gasper while he was Chief Financial Officer and others known to the grand jury did not and was not intended to go to BLIZZARD personally, but rather to his the corporate entity which, during all relevant times, either employed BLIZZARD or owned a majority share of the entity which employed BLIZZARD, the parties also agree that there are no circumstances requiring the imposition of restitution relative to this defendant.

K. Notwithstanding the above, Defendant understands that the final determination regarding all aspects of the appropriate sentence will be made by the Court. Defendant understands that the sentencing recommendations contained herein are not binding on the Court, and the Court may impose any sentence provided for by law up to and including the statutory maximum sentences as set forth above, and if the Court disagrees with the parties' sentencing guidelines recommendations, the guilty plea shall remain in effect and the Defendant will not be permitted to withdraw it.

L. The parties agree that there are no other applicable upward adjustments based upon CLARKE T. BLIZZARD's role in the offenses known to the Government at this time.

M. The parties agree that a 2 level downward adjustment should be made to the guidelines calculation to reflect CLARKE T. BLIZZARD's role as a minor participant, in

Jan 13 07 06:02a Glenn S. Heston, P.C. 317-523-4350 9/12

accordance with §1B1.2(b) of the advisory United States Sentencing Guidelines calculation. The parties agree that there are no other applicable downward adjustments based upon CLARKE T. BLIZZARD's role in the offenses known to the Government at this time.

V. COOPERATION

A. Defendant agrees to fully cooperate in this and any other case or investigation with attorneys for the United States of America, the State of Ohio, the Internal Revenue Service, the Federal Bureau of Investigation, other federal, state, and local investigative agencies and federal and state grand juries by providing truthful and complete information, evidence and testimony, if required, concerning any unlawful or potentially unlawful activities of which he is aware.

B. The Defendant understands that in the event he, during any criminal proceedings, commits perjury, suborns perjury, or obstructs justice, nothing in this agreement precludes the United States of America or any other law enforcement authority from prosecuting him fully for those crimes or any other crimes of which he may be guilty and from using any of his sworn or unsworn statements against him. The Defendant understands that this plea agreement is explicitly dependent upon his providing completely truthful testimony in any trial or other proceeding, whether called as a witness by the Government, the defense or the Court.

C. The Defendant understands that, in the event this plea agreement is withdrawn or otherwise vacated, the Government may use the information from his sworn or unsworn statements against him and to impeach him or any witness on his behalf.

D. In consideration of his foregoing promises, the Government agrees, except as might otherwise be provided in this agreement, that it will not seek or otherwise pursue additional criminal charges against the Defendant known to the United States as of the date of this

Defendant's Initial: CTB

CTB

agreement and for which the Defendant could be prosecuted in the Northern or Southern Districts of Ohio, nor will the Government use any statement offered by the Defendant under this agreement to increase his sentence under the U.S.S.G.

E. The Defendant further acknowledges that the decision to make a motion under Section 5K1.1 under this agreement rests solely and exclusively within the discretion of the United States Attorneys for the Northern and Southern Districts of Ohio.

F. In the event that the Defendant fully cooperates with the Government, as set forth herein, the Government, in consideration for such substantial assistance, will move the Court pursuant to U.S.S.G. Section 5K1.1 for a downward departure of up to 4 levels for his substantial assistance. The Defendant agrees that should the United States make a motion under 5K1.1, that he will not seek or suggest in any way that the Court should apply a downward departure greater than 4 levels. The parties understand and agree that the final decision as to whether to grant any Government motion for a downward departure under Section 5K1.1 and the extent of any such a departure rests with the Court.

G. The Defendant understands that in the event he does not fully cooperate or otherwise acts in a fashion inconsistent with the acceptance of responsibility for his criminal conduct, and/or engages in or commits any other criminal or obstructive act during the period of his cooperation, the Government is released from all its obligations under this agreement, including making a motion under U.S.S.G. Section 5K1.1, and the Defendant has no right to withdraw his guilty plea.

05/03/07 09:00

Curtis A. Edwards, P.C.

317-523-4330

p. 14

H. The Defendant agrees to make himself available at all meetings with the Government and to respond truthfully and completely to any and all questions put to him, whether in interviews, before a grand jury, or at any trial or other proceedings.

I. The Defendant agrees not to reveal any information derived from his cooperation to any third party before any such third party is charged with a criminal offense without prior consent of the Government, and to instruct his attorneys to do the same.

J. The Defendant agrees to inform the Government of any attempt by any third party, prior to the filing of criminal charges against any such third party, to interview, depose, or communicate in any way with him regarding this case or his cooperation.

K. The Defendant agrees that with respect to all charges contained in the Information, (1) that he is not a "prevailing party" within the meaning of the Hyde Amendment, Section 617, P.L. 105-119 (Nov. 26, 1997), (2) acknowledges that the Government's position in the instant prosecution was not vexatious, frivolous, or in bad faith, and (3) agrees not to file any claim under the "Hyde Amendment".

L. The Defendant agrees not to accept remuneration or compensation of any sort, directly or indirectly, for the dissemination through books, articles, speeches, interviews, or any other means, of information regarding his relationship with the Ohio Bureau of Workers' Compensation, the transactions alleged in the above-captioned Information, or the investigation or prosecution of any civil or criminal cases against him.

M. The Defendant agrees not to oppose any request of the United States that his sentencing be postponed until the Defendant's cooperation is completed. Defendant knowingly waives any rights he may have under the Speedy Trial Act, 18 U.S.C. § 3161 et seq., occasioned

11

Defendant's Initials

CTB

Case 1:07-cr-00059

United States District Court

17-523-4352

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by such delay. Defendant further understands that, in the event he is sentenced prior to the completion of his cooperation, he agrees that his continued compliance with the condition of cooperation survives the imposition of sentence and that any failure to cooperate is a violation of this agreement which will entitle the Government to seek any remedy allowed under this agreement and pursue any charges dismissed or not filed as a result of this agreement as set forth above.

VI. BREACH AND WAIVER OF THE APPLICABLE STATUTE OF LIMITATIONS

A. Defendant understands that if Defendant breaches any promise in this agreement or if Defendant's guilty plea or conviction in this case are at any time rejected, withdrawn, vacated, or set aside, the Government will be released from all of its obligations under this agreement and may institute or maintain any charges and make any recommendations with respect to sentencing that would otherwise be prohibited under the terms of the agreement. Defendant understands, however, that a breach of the agreement by Defendant will not entitle Defendant to withdraw, vacate, or set aside Defendant's guilty plea or conviction. The parties agree that any determination as to whether the Defendant has breached the terms of this agreement shall be made by a federal judge based upon a preponderance of the evidence at a proceeding at which all the testimony, statements and information provided by the Defendant shall be admissible.

B. The parties agree that if: (1) Defendant violates this agreement or fails to plead guilty or the Court refuses to accept a guilty plea by Defendant pursuant to this agreement, or (2) the Court permits Defendant to withdraw a guilty plea entered pursuant to this agreement or otherwise vacates such a guilty plea, or (3) the conviction following Defendant's guilty plea

Defendant's Initials CTB

pursuant to this agreement is vacated, overturned, or abrogated for any reason, then any prosecution that is not time-barred by the applicable statute of limitations on the date of Defendant's signing of this agreement may be commenced or reinstated against Defendant, notwithstanding the expiration of the statute of limitations between Defendant's signing of the agreement and the commencement or reinstatement of such prosecution. It is the intent of this agreement for Defendant to waive all defenses based on the statute of limitations or Speedy Trial Act with respect to any prosecution that is not time-barred on the date of Defendant's signing of this agreement. Defendant understands the waiver of the statute of limitations is effective immediately upon Defendant's signing of this agreement and is not conditioned upon the approval of this agreement by the Court.

VI FACTUAL BASIS FOR PLEA

A. The parties hereby further agree and stipulate that the following facts would have been established beyond a reasonable doubt at a trial in this matter. The parties also agree that these are not the only facts that would have been established at a trial:

B. Beginning in or about 1912, the Ohio Bureau of Workers' Compensation ("OBWC") began assisting Ohio-based employers and employees to cover expenses related to workplace injuries by providing medical and compensation benefits for work-related injuries, diseases and deaths. Although its main office is located in Columbus, Ohio, the OBWC has 16 customer service offices located across the state of Ohio. At all times relevant to the offenses charged in the Information, the OBWC had assets which averaged 19 billion dollars and was one of the largest state-funded workers' compensation bureaus in the United States. The assets were under the management and control of the Chief Financial Officer and the employees of the

Investment Department. The overall operation of the OBWC involved and affected interstate and foreign commerce as did the management and execution of matters regarding its financial investments.

C. At all times relevant to the allegations in the Information, the Defendant, CLARKE T. BLIZZARD, was a marketer or salesperson who was employed by or represented businesses which managed OBWC investment funds.

D. At all times relevant to the allegations in the Information, Terrence W. Gasper was a public official who held the position of Chief Financial Officer ("CFO") of the OBWC for the State of Ohio. In his official capacity, Gasper was in a position to exert both formal and informal influence over decisions regarding all financial matters related to the OBWC, including but not limited to, those regarding the selection, retention and funding of investments, investment or money managers and advisors as well as brokerage firms which administered OBWC's investment portfolio.

E. In or about January 1998, Gasper and CLARKE T. BLIZZARD agreed that CLARKE T. BLIZZARD would either directly or indirectly provide things of value to Gasper and others in return for favorable consideration from Gasper with respect to obtaining or maintaining OBWC investment business, on behalf of one of the businesses CLARKE T. BLIZZARD was associated with or employed by, which affected interstate and foreign commerce.

F. From in or about April 2002 through in or about September 2004, the exact dates being unknown and while Gasper was employed as CFO of the OBWC and in a position to exert control over investment decisions, CLARKE T. BLIZZARD issued checks for the benefit of

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p.13

Gasper, to Gasper and those personally close to him, including his girlfriend, and children of Gasper and his girlfriend, for a total of \$20,405. Included among the checks written by CLARKE T. BLIZZARD to or for the benefit of Gasper was one for \$9,005 for "Fall '04 Tuition" made payable to the college that Gasper's son was attending.

G. The checks were drawn on CLARKE T. BLIZZARD's bank account and were transported between CLARKE T. BLIZZARD, Gasper and the others described above via U.S. mail.

H. Although these checks were sometimes written to others, Gasper would deposit the checks into his own bank account. Other times, the person to whom the check was written would deposit the check into his or her own account and make the funds available to Gasper. At all times, the checks were intended to and did provide funds to Gasper in return for official acts he performed while CFO. In exchange for the checks and other things of value provided to either Gasper or those personally close to Gasper, Gasper permitted businesses represented by CLARKE T. BLIZZARD to retain and obtain OBWC investment business.

I. The parties agree that the benefit derived from the illegal conduct described herein, which was reasonably foreseeable to CLARKE T. BLIZZARD based upon his participation in the above-described scheme, was more than 2.5 million dollars and, for the purposes of this Agreement and sentencing only, not more than 7 million dollars. As stated in Section IV (Sentencing) above, for the purposes of this Agreement and sentencing only, the parties agree that the vast majority of the financial benefit did not, and was not intended to go to BLIZZARD personally, but rather went to and was intended to go to the corporate entity which,



during all relevant times, either employed BLIZZARD or owned a majority share of the entity which employed BLIZZARD.

VIII. WAIVER OF APPELLATE RIGHTS

A. Defendant acknowledges that counsel has advised him of his rights, in limited circumstances, to appeal the conviction or sentence, including the appeal right conferred by 18 U.S.C. § 3742, and to challenge the conviction or sentence collaterally through a post-conviction proceeding, including a proceeding under 28 U.S.C. § 2255. Defendant expressly waives those rights, except as reserved below, including but not limited to waiving the appeal of any sentencing guideline determination by the sentencing judge in this case.

B. The parties reserve the right to appeal: (a) any sentence imposed in excess of the statutory maximum and (b) any sentence imposed to the extent it constitutes a departure from the Sentencing Guideline range deemed most applicable by the Court (other than a departure based on a Government motion pursuant to U.S.G. 5K1.1 as provided for in this agreement). Nothing in this section shall act as a bar to the Defendant perfecting any legal remedies he may otherwise have on appeal or collateral attack respecting claims of ineffective assistance of counsel or prosecutorial misconduct.

IX. EFFECT OF WAIVER OF A TRIAL AND GUILTY PLEA

A. CLARKE T. BLIZZARD also understands that by pleading guilty he will waive his constitutional and legal rights, including his rights: (1) to be tried by a jury, (2) to confront and cross-examine witnesses against him, (3) not to be compelled to incriminate himself, (4) to subpoena witnesses on his behalf, and (5) to require the Government to prove his guilt beyond a reasonable doubt.

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Cunha & Holcomb P/O

617-523-4350

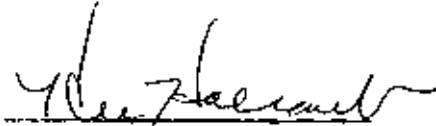
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B. Although they are not part of the criminal justice sentence, CLARKE T. BLIZZARD understands that a guilty plea may subject him to other civil and/or administrative consequences, including but not limited to a prohibition on possessing firearms, and the loss of rights to vote, hold public office and serve on a jury.

X. SIGNATURES OF THE PARTIES

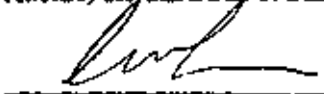
As attorney for the Defendant, CLARKE T. BLIZZARD, I have discussed this case and the plea agreement with my client in detail and have advised him of all matters within the scope of Federal Rule of Criminal Procedure 11, the constitutional and other rights of an accused, the factual basis for and the nature of the offenses to which the guilty plea will be entered, possible defenses, the consequences of the guilty plea and the provisions of the United States Sentencing Guidelines which may apply. I have had ample opportunity to meet with my client and discuss this matter with him. To my knowledge, my client's decision to plead guilty in this case is a knowing and voluntary one, and I concur with my client's decision to plead guilty as provided in this agreement.

Dated: 1/30/07



Helen Holcomb
One Station Street, Suite 500
Boston, MA 02109-3507
617-523-4300
617-523-4350
Holcomb@cunhaHolcomb.com
Attorney for CLARKE T. BLIZZARD

Dated: 1/30/07



John H. Cunha, Jr.
One Station Street, Suite 500
Boston, MA 02109-3507

Defendant's Initials C.T.B.

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Cunha & Helson P.C.

617-523-4350

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617-523-4300
617-523-4350
Cunha@CunhaHelson.com
Attorney for CLARKE T. BLIZZARD

I have fully discussed with my attorneys all of my constitutional trial and appeal rights and my right to be indicted by a grand jury, the nature of the charges, the elements of the offenses the United States would have to prove at trial, the evidence the United States would present at such trial, the Sentencing Guidelines and the potential consequences of pleading guilty in this case. I have had sufficient time and opportunity to discuss all aspects of the case in detail with my attorney and have told my attorney everything I know about the charges, any defense that I may have to these charges, and all personal and financial circumstances in possible mitigation of sentence.

My attorney have done everything I have asked my attorneys to do and have been accessible to me, and I am satisfied with the legal services and advice provided to me by my attorney and believe that my attorneys have given me competent and effective representation.

Dated _____


CLARKE T. BLIZZARD
Defendant

Case: 1:07-cr-00059-DDD Doc #: 17 Filed: 05/03/07 19 of 19. PageID #: 71

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Clarke & Associates P.C.

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** TOTAL PAGE 21 **

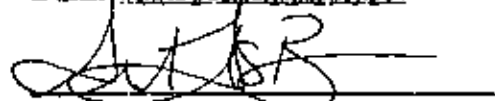
On behalf of Gregory A. White, United States Attorney, I accept and agree to this plea agreement between the United States and CLARKE T. BLIZZARD.

Dated: 2/2/2007



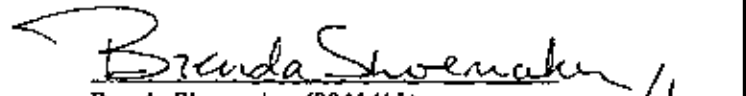
Benita Y. Pearson (0065709)
Assistant United States Attorney
801 West Superior Avenue, Suite 400
Cleveland, Ohio 44113-1852
(216) 622-3919
(216) 522-7358 (fax)
E-mail: benita.pearson@usdoj.gov

Dated: 2/2/2007



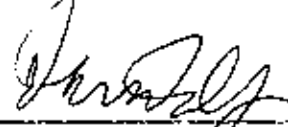
Antoinette T. Bacon (DC: 474596)
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801 West Superior Avenue, Suite 400
Cleveland, Ohio 44113-1852
(216) 622-3966
(216) 522-7358 (fax)
E-mail: Antoinette.T.Bacon@usdoj.gov

Dated: 2/2/07



Brenda Shoemaker (0041411)
Assistant United States Attorney
303 Marconi Blvd, Suite 200
Columbus, Ohio 43215
(614) 255-1588
(614) 469-3653 (fax)
E-mail: brenda.shoemaker@usdoj.gov

APPROVED:



UNITED STATES DISTRICT JUDGE

5/3/07
Date

19

Defendant's Initials G.T.B.

Case: 1:06-cr-00269-DDD Doc #: 21 Filed: 05/10/07 1 of 6. PageID #: 177

AO 245B (Rev. 6/05) Sheet 1 - Judgment in a Criminal Case

United States District Court
Northern District of Ohio

UNITED STATES OF AMERICA

v.

Terrence W. Gasper**JUDGMENT IN A CRIMINAL CASE**Case Number: **1:06CR00269-001**

USM Number: 55264-060

James D. Gilbert and Terrence A. Grady

Defendant's Attorney

THE DEFENDANT: pleaded guilty to count(s): 1 of the Information .

The defendant is adjudicated guilty of these offense(s):

<u>Title & Section</u>	<u>Nature of Offense</u>	<u>Offense Ended</u>	<u>Count</u>
18 USC Section 1962(c)	Racketeer Influenced and Corrupt Organizations Act (RICO), a Class C felony	October 6, 2004	1

The defendant is sentenced as provided in pages 2 through 6 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

IT IS ORDERED that the defendant shall notify the United States Attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant must notify the court and the United States Attorney of material changes in the defendant's economic circumstances.

May 9, 2007

Date of Imposition of Judgment

s/David D. Dowd, Jr.

Signature of Judicial Officer

DAVID D. DOWD, JR., United States Senior District Judge

Name & Title of Judicial Officer

May 10, 2007

Date

AO 245B (Rev. 6/05) Sheet 2 - Imprisonment

CASE NUMBER: 1:06CR00269-001

Judgment - Page 2 of 6

DEFENDANT: Terrence W. Gasper

IMPRISONMENT

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of 64 Months.

The court makes the following recommendations to the Bureau of Prisons:

The Court recommends commitment at Morgantown FCI and that defendant participate in the Residential Drug Treatment Program.

The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons:

before 2:00 p.m. on 6/11/2007.

as notified by the United States Marshal.

as notified by the Probation or Pretrial Services Office.

RETURN

I have executed this judgment as follows:

Defendant delivered on _____ to _____

at _____, with a certified copy of this judgment.

UNITED STATES MARSHAL

By _____
Deputy U.S. Marshal

Case: 1:06-cr-00269-DDD Doc #: 21 Filed: 05/10/07 3 of 6. PageID #: 179

AO 245B (Rev. 6/05) Sheet 3 - Supervised Release

CASE NUMBER: 1:06CR00269-001
DEFENDANT: Terrence W. Gasper

Judgment - Page 3 of 6

SUPERVISED RELEASE

Upon release from imprisonment, the defendant shall be on supervised release for a term of three (3) Years.

The defendant must report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

The defendant shall not commit another federal, state, or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the Court.

- The above drug testing condition is suspended, based on the court's determination that the defendant poses a low risk of future substance abuse. (Check, if applicable.)
- The defendant shall not possess a firearm, ammunition, destructive device, or any other dangerous weapon. (Check, if applicable.)
- The defendant shall cooperate in the collection of DNA as directed by the probation officer. (Check, if applicable.)
- The defendant shall register with the state sex offender registration agency in the state where the defendant resides, works, or is a student, as directed by the probation officer. (Check, if applicable.)
- The defendant shall participate in an approved program for domestic violence. (Check, if applicable.)

If this judgment imposes a fine or restitution, it is a condition of supervised release that the defendant pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant must comply with the standard conditions that have been adopted by this court as well as with any additional conditions on the attached page.

STANDARD CONDITIONS OF SUPERVISION

- 1) the defendant shall not leave the judicial district without permission of the court or probation officer;
- 2) the defendant shall report to the probation officer and shall submit a truthful and complete written report within the first five days of each month;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependants and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation, unless excused by the probation officer for schooling, training or other acceptable reasons;
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance or any paraphernalia related to any controlled substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view of the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court;
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

SPECIAL CONDITIONS OF SUPERVISED RELEASE

The defendant shall provide the probation officer with access to all requested financial information.

The defendant shall not incur new credit charges or open additional lines of credit without the approval of the probation officer.

The defendant shall participate in an outpatient program approved by the U.S. Probation Office for the treatment of drug and/or alcohol abuse, which will include testing to determine if the defendant has reverted to substance abuse.

The defendant shall participate in an outpatient mental health treatment program as directed by the probation officer.

The defendant to pay a fine in the amount of \$60,405.00.

Case: 1:06-cr-00269-DDD Doc #: 21 Filed: 05/10/07 5 of 6. PageID #: 181

AO 245B (Rev. 6/05) Sheet 5 - Criminal Monetary Penalties

CASE NUMBER: 1:06CR00269-001
 DEFENDANT: Terrence W. Gasper

Judgment - Page 5 of 6

CRIMINAL MONETARY PENALTIES

The defendant must pay the total criminal monetary penalties under the Schedule of Payments on Sheet 6.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
Totals:	\$ 100.00	\$60,405.00	\$

- The determination of restitution is deferred until __. An amended Judgment in a Criminal Case (AO 245C) will be entered after such determination.
- The defendant must make restitution (including community restitution) to the following payees in the amounts listed below.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment unless specified otherwise in the priority order of percentage payment column below. However, pursuant to 18 U.S.C. § 3664(l), all nonfederal victims must be paid before the United States is paid.

<u>Name of Payee</u>	<u>*Total Loss</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>
<u>TOTALS:</u>	\$ ____	\$ ____	

- Restitution amount ordered pursuant to plea agreement \$ ____
- The defendant must pay interest on restitution and a fine of more than \$2500, unless the restitution or fine is paid in full before the fifteenth day after the date of judgment, pursuant to 18 U.S.C. §3612(f). All of the payment options on Sheet 6 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. §3612(g).
- The court determined that the defendant does not have the ability to pay interest and it is ordered that:
 - The interest requirement is waived for the fine restitution.
 - The interest requirement for the fine restitution is modified as follows:

* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994 but before April 23, 1996.

SCHEDULE OF PAYMENTS

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties are due as follows:

- A Lump sum payment of \$ due immediately, balance due
- not later than or
 in accordance with C, D, E, or F below; or
- B Payment to begin immediately (may be combined with C D, or F below); or
- C Payment in equal installments of \$ over a period of , to commence days after the date of this judgment; or
- D Payment in equal installments of \$ over a period of , to commence days after release from imprisonment to a term of supervision; or
- E Payment during the term of supervised release will commence within (e.g., 30 or 60 days) after release from imprisonment. The Court will set the payment plan based on an assessment of the defendant's ability to pay at that time; or
- F Special instructions regarding the payment of criminal monetary penalties:
- A special assessment of \$ 100.00 is due in full immediately as to count I.
PAYMENT IS TO BE MADE PAYABLE AND SENT TO THE CLERK, U.S. DISTRICT COURT
 - The defendant shall pay 25% of defendant's earnings the defendant may receive while engaged in employment, if any, while incarcerated from Prison Industries or any other source and through the Federal Bureau of Prisons' Inmate Financial Responsibility Program towards payment of the fine.
 - After the defendant is released from imprisonment, and within 30 days of the commencement of the term of supervised release, defendant to pay not less than 25% of any amounts received by way of earnings, possible inheritances, pension payments from the Social Security and the Ohio Public Employment Retirement System toward his fine obligations until the obligations are discharged. After the defendant completes his period of supervised release his obligation to make payment towards his fine shall continue.

Unless the court has expressly ordered otherwise, if this judgment imposes imprisonment, payment of criminal monetary penalties is due during imprisonment. All criminal penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the Clerk of the Court.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

- Joint and Several (Defendant name, Case Number, Total Amount, Joint and Several Amount and corresponding payee):
- The defendant shall pay the cost of prosecution.
- The defendant shall pay the following court cost(s):
- The defendant shall forfeit the defendant's interest in the following property to the United States:

Payments shall be applied in the following order: (1) assessment; (2) restitution principal; (3) restitution interest; (4) fine principal; (5) fine interest; (6) community restitution; (7) penalties; and (8) costs, including cost of prosecution and court costs.

IN THE COURT OF COMMON PLEAS, FRANKLIN COUNTY, OHIO
CRIMINAL DIVISION

State of Ohio,

TERMINATION NO 12 BY CD

Plaintiff,

vs

Case No 08CR-0-4149

Terrence W Gasper,

Judge Reeca

Defendant

54868J01
FILED COURT
CORPORATE PLEAS CHIEF
FRANKLIN CO OHIO
2007 MAY 15 AM 8 14
CLERK OF COURTS

JUDGMENT ENTRY
(Prison Imposed)

On June 7, 2006, the State of Ohio was represented by Prosecuting Attorney Ron O'Brien and the Defendant was represented by Attorney James Gilbert and Attorney Terry Grady. The Defendant, after being advised of his rights pursuant to Crim R 11, entered a plea of guilty to Count One of the Bill of Information, to wit **MONEY LAUNDERING**, in violation of R C 1315.55, a Felony of the Third Degree, and Count Two of the Bill of Information, to wit **ETHICS VIOLATION**, in violation of R C 102.02, a Misdemeanor of the First Degree.

The Court found the Defendant guilty of the charges to which the pleas were entered.

The Court ordered and received a pre-sentence investigation.

On May 9, 2007 a sentencing hearing was held pursuant to R C 2929.19. The State of Ohio was represented by Prosecuting Attorney Ron O'Brien and Defendant was represented by Attorneys James Gilbert and Terrence Grady. The Prosecuting Attorney and the Defendant's Attorney did jointly recommend a sentence of Five (5) years on Count One, and Six (6) months on Count Two.

The Court afforded counsel an opportunity to speak on behalf of the Defendant and addressed the Defendant personally affording him an opportunity to make a statement on his own behalf in the form of mitigation.

The Court has considered the purposes and principles of sentencing set forth in R C 2929.11 and the factors set forth in R C 2929.12 and the decision of the Ohio Supreme Court in *State v Foster*, 109 Ohio St 3d 1, 2006-Ohio-856. The Court further finds that a prison term is not mandatory pursuant to R C 2929.13(F).

The Court hereby imposes the following sentence. The Defendant shall serve **Five (5) years** on Count One and **Six (6) months** on Count Two, at the OHIO DEPARTMENT

OF REHABILITATION AND CORRECTIONS Counts One and Two are to be served concurrently with each other and concurrently with the sentence in Federal Case No. 1-08-CR-0269. The sentence is to be served in Federal prison. Defendant is to report to serve his sentence pursuant to Federal instructions. Defendant is to pay the agreed upon restitution as a forfeiture of \$1,000.00 to State of Ohio, c/o Administrator, Ohio Bureau of Workers' Compensation, 30 West Spring Street, Columbus, Ohio 43215.

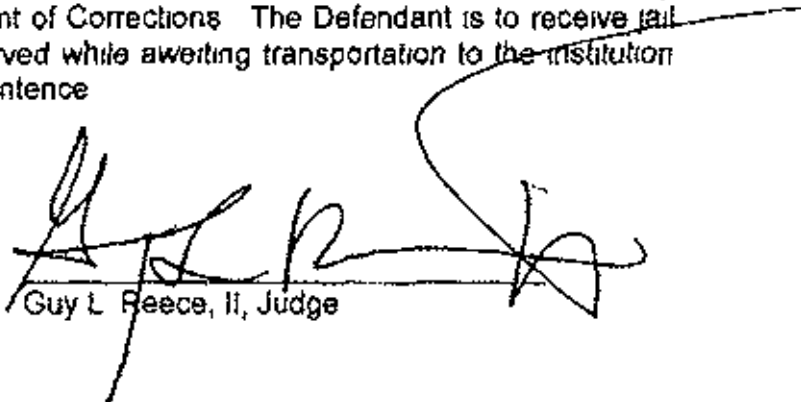
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Furthermore, the Court **DISAPPROVES** of the offender's placement in a Shock Incarceration Program, or an Intensive Prison Program.

The Court has considered the Defendant's present and future ability to pay a fine and financial sanction and does, pursuant to R.C. 2929.18, hereby render judgment for the following fine and/or financial sanctions. The Defendant's court costs suspended herein.

After the imposition of sentence, the Court notified the Defendant, orally and in writing, that the applicable period of post-release control pursuant to R.C. 2929.19(B)(3)(c), (d) and (e) is up to Three years - Optional.

The Court finds that the Defendant has zero (0) days of jail credit and hereby certifies the time to the Ohio Department of Corrections. The Defendant is to receive jail time credit for all additional jail time served while awaiting transportation to the institution from the date of the imposition of this sentence.



Guy L. Reece, II, Judge

cc

Ron O'Brien
Prosecuting Attorney
David M. Buchman
Assistant Prosecuting Attorney

James Gilbert
Terry Grady
Defendant's Attorney

DEFENDANT: PATRICK WHITE
CASE NUMBER: 1:12CR87-01

PROBATION

The defendant is hereby sentenced to probation for a term of :

Two (2) years.

The defendant shall not commit another federal, state or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of placement on probation and at least two periodic drug tests thereafter, as determined by the court.

- The above drug testing condition is suspended, based on the court's determination that the defendant poses a low risk of future substance abuse. *(Check, if applicable.)*
- The defendant shall not possess a firearm, ammunition, destructive device, or any other dangerous weapon. *(Check, if applicable.)*
- The defendant shall cooperate in the collection of DNA as directed by the probation officer. *(Check, if applicable.)*
- The defendant shall comply with the requirements of the Sex Offender Registration and Notification Act (42 U.S.C. § 16901, *et seq.*) as directed by the probation officer, the Bureau of Prisons, or any state sex offender registration agency in which he or she resides, works, is a student, or was convicted of a qualifying offense. *(Check, if applicable.)*
- The defendant shall participate in an approved program for domestic violence. *(Check, if applicable.)*

If this judgment imposes a fine or restitution, it is a condition of probation that the defendant pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant must comply with the standard conditions that have been adopted by this court as well as with any additional conditions on the attached page.

STANDARD CONDITIONS OF SUPERVISION

- 1) the defendant shall not leave the judicial district without the permission of the court or probation officer;
- 2) the defendant shall report to the probation officer in a manner and frequency directed by the court or the probation officer;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall comply with the Northern District of Ohio Offender Employment Policy which may include participation in training, education, counseling and/or daily job search as directed by the pretrial services and probation officer. If not in compliance with the condition of supervision requiring full-time employment at a lawful occupation, the defendant may be directed to perform up to 20 hours of community service per week until employed, as approved or directed by the pretrial services and probation officer.
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance or any paraphernalia related to any controlled substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity and shall not associate with any person convicted of a felony, unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view of the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court; and
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

"Upon finding of a violation of probation or supervised release, I understand that the court may (1) revoke supervision, (2) extend the term of supervision, and/or (3) modify the conditions of supervision. These conditions have been read to me. I fully understand the conditions and have been provided a copy of them."

Dated: _____

Defendant

U.S. Probation Officer

DEFENDANT: PATRICK WHITE
CASE NUMBER: 1:12CR87-01

Judgment Page: 3 of 5

SPECIAL CONDITIONS OF SUPERVISION

The defendant shall participate in the Location Monitoring Program for a period of four (4) months, to commence no later than 30 calendar days from sentencing. The defendant shall be required to remain in his residence unless given permission in advance by the probation officer to be elsewhere. The defendant may leave his residence to work and receive medical treatment and to attend religious services. The defendant shall consent to be monitored by the form of location monitoring indicated below and shall abide by all of the requirements established by the pretrial services and probation office related to the use of this location monitoring technology; and submit to random drug/alcohol tests as specified by the pretrial services and probation officer. The defendant may participate in the Discretionary Leave under terms set by the pretrial services and probation officer. The participant shall pay the costs of participation in the location monitoring program, based on their ability to pay as directed by the pretrial services and probation officer.

- Location monitoring technology at the discretion of the officer

The defendant shall provide the probation officer with access to any requested financial information.

AO 245B (Rev. 09/11) Judgment in a Criminal Case
 Case: 1:12-cr-00087-CAB Doc #: 9 Filed: 06/18/12 5 of 5. PageID #: 49

Sheet 6 — Schedule of Payments

Judgment Page: 5 of 5

DEFENDANT: PATRICK WHITE
 CASE NUMBER: 1:12CR87-01

SCHEDULE OF PAYMENTS

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties is due as follows:

- A Lump sum payment of \$ _____ due immediately, balance due
- not later than _____, or
 in accordance C, D, E, or F below; or
- B Payment to begin immediately (may be combined with C, D, or F below); or
- C Payment in equal _____ (e.g., weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (e.g., 30 or 60 days) after the date of this judgment; or
- D Payment in equal _____ (e.g., weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (e.g., 30 or 60 days) after release from imprisonment to a term of supervision; or
- E Payment during the term of supervised release will commence within _____ (e.g., 30 or 60 days) after release from imprisonment. The court will set the payment plan based on an assessment of the defendant's ability to pay at that time; or
- F Special instructions regarding the payment of criminal monetary penalties:
 A special assessment of \$ 100.00 _____ is due in full immediately as to count(s) 1 of the Information.
 PAYMENT IS TO BE MADE PAYABLE AND SENT TO THE CLERK, U.S. DISTRICT COURT.
 After the defendant is released from imprisonment, and within 30 days of the commencement of the term of supervised release, the probation officer shall recommend a revised payment schedule to the Court to satisfy any unpaid balance of the restitution. The Court will enter an order establishing a schedule of payments.

Unless the court has expressly ordered otherwise, if this judgment imposes imprisonment, payment of criminal monetary penalties is due during imprisonment. All criminal monetary penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the clerk of the court.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

- Joint and Several

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and corresponding payee, if appropriate.

- The defendant shall pay the cost of prosecution.
- The defendant shall pay the following court cost(s):
- The defendant shall forfeit the defendant's interest in the following property to the United States:

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.

Case: 1:07-cr-00059-DDD Doc #: 18 Filed: 05/03/07 1 of 6. PageID #: 72

AO 245B (Rev. 6/05) Sheet 1 - Judgment in a Criminal Case

United States District Court
Northern District of Ohio

UNITED STATES OF AMERICA

v.

Clarke T. Blizzard**JUDGMENT IN A CRIMINAL CASE**Case Number: **1:07CR00059-001**

USM Number: Unassigned

Helen Holcomb and John H. Cunha, Jr.

Defendant's Attorney

THE DEFENDANT:[✓] pleaded guilty to count(s): 1 of the Information.

The defendant is adjudicated guilty of these offense(s):

<u>Title & Section</u>	<u>Nature of Offense</u>	<u>Offense Ended</u>	<u>Count</u>
18:371	Conspiracy to Commit Offense or Defraud United States, a Class D felony	October 2004	1

The defendant is sentenced as provided in pages 2 through 6 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

IT IS ORDERED that the defendant shall notify the United States Attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant must notify the court and the United States Attorney of material changes in the defendant's economic circumstances.

May 3, 2007

Date of Imposition of Judgment

s/David D. Dowd, Jr.

Signature of Judicial Officer

DAVID D. DOWD, JR., United States Senior District Judge

Name & Title of Judicial Officer

May 3, 2007

Date

Case: 1:07-cr-00059-DDD Doc #: 18 Filed: 05/03/07 2 of 6. PageID #: 73

AO 245B (Rev. 6/05) Sheet 2 - Imprisonment

CASE NUMBER: 1:07CR00059-001
DEFENDANT: Clarke T. Blizzard

Judgment - Page 2 of 6

IMPRISONMENT

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of 37 months.

The court makes the following recommendations to the Bureau of Prisons:
The Court recommends that the defendant be place in a Federal Prison in Florida or as close to as possible and the Court recommends the Intensive Drug Treatment Program. The Court alerts the Bureau of Prisons to the extensive nature of the defendant's health problems, i.e. including Gout (Hyperuricemia) first MTP initially, onset overnight, Alcoholism, Hyponatremia, Cervical Degenerative Disc Disease and Diabetes with Peripheral Neuropathy. Additionally the defendant has been diagnosed as bipolar. The defendant has previously been diagnosed with Alcohol Dependence with Physiological Dependence. The Court suggests that the defendant's place of incarceration should have an ample medical facility because of the foregoing.

The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons:
 before 12:00 p.m. on 6/11/2007.
 as notified by the United States Marshal.
 as notified by the Probation or Pretrial Services Office.

RETURN

I have executed this judgment as follows:

Defendant delivered on _____ to _____
at _____, with a certified copy of this judgment.

UNITED STATES MARSHAL

By _____
Deputy U.S. Marshal

Case: 1:07-cr-00059-DDD Doc #: 18 Filed: 05/03/07 3 of 6. PageID #: 74

AO 245B (Rev. 6/05) Sheet 3 - Supervised Release

CASE NUMBER: 1:07CR00059-001
DEFENDANT: Clarke T. Blizzard

Judgment - Page 3 of 6

SUPERVISED RELEASE

Upon release from imprisonment, the defendant shall be on supervised release for a term of two (2) years.

The defendant must report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

The defendant shall not commit another federal, state, or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the Court.

- The above drug testing condition is suspended, based on the court's determination that the defendant poses a low risk of future substance abuse. (Check, if applicable.)
- The defendant shall not possess a firearm, ammunition, destructive device, or any other dangerous weapon. (Check, if applicable.)
- The defendant shall cooperate in the collection of DNA as directed by the probation officer. (Check, if applicable.)
- The defendant shall register with the state sex offender registration agency in the state where the defendant resides, works, or is a student, as directed by the probation officer. (Check, if applicable.)
- The defendant shall participate in an approved program for domestic violence. (Check, if applicable.)

If this judgment imposes a fine or restitution, it is a condition of supervised release that the defendant pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant must comply with the standard conditions that have been adopted by this court as well as with any additional conditions on the attached page.

STANDARD CONDITIONS OF SUPERVISION

- 1) the defendant shall not leave the judicial district without permission of the court or probation officer;
- 2) the defendant shall report to the probation officer and shall submit a truthful and complete written report within the first five days of each month;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependants and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation, unless excused by the probation officer for schooling, training or other acceptable reasons;
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance or any paraphernalia related to any controlled substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view of the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court;
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

CASE NUMBER: 1:07CR00059-001
DEFENDANT: Clarke T. Blizzard

SPECIAL CONDITIONS OF SUPERVISED RELEASE

The defendant shall participate in a substance abuse treatment program, either inpatient or outpatient, at the direction of the probation officer, which may include testing to determine if the defendant has reverted to substance abuse.

The defendant shall participate in a mental health treatment program at the direction of the probation officer.

The defendant shall provide the probation officer access to all requested financial information.

Case: 1:07-cr-00059-DDD Doc #: 18 Filed: 05/03/07 5 of 6. PageID #: 76

AO 245B (Rev. 6/05) Sheet 5 - Criminal Monetary Penalties

CASE NUMBER: 1:07CR00059-001
 DEFENDANT: Clarke T. Blizzard

Judgment - Page 5 of 6

CRIMINAL MONETARY PENALTIES

The defendant must pay the total criminal monetary penalties under the Schedule of Payments on Sheet 6.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
Totals:	\$ 100.00	\$ 0	\$ 0

- The determination of restitution is deferred until __. An amended Judgment in a Criminal Case (AO 245C) will be entered after such determination.
- The defendant must make restitution (including community restitution) to the following payees in the amounts listed below.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment unless specified otherwise in the priority order of percentage payment column below. However, pursuant to 18 U.S.C. § 3664(i), all nonfederal victims must be paid before the United States is paid.

<u>Name of Payee</u>	<u>*Total Loss</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>
<u>TOTALS:</u>	\$ ____	\$ ____	

- Restitution amount ordered pursuant to plea agreement \$ ____
- The defendant must pay interest on restitution and a fine of more than \$2500, unless the restitution or fine is paid in full before the fifteenth day after the date of judgment, pursuant to 18 U.S.C. §3612(f). All of the payment options on Sheet 6 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. §3612(g).
- The court determined that the defendant does not have the ability to pay interest and it is ordered that:
 - The interest requirement is waived for the fine restitution.
 - The interest requirement for the fine restitution is modified as follows:

* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994 but before April 23, 1996.

CASE NUMBER: 1:07CR00059-001
DEFENDANT: Clarke T. Blizzard

SCHEDULE OF PAYMENTS

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties are due as follows:

- A Lump sum payment of \$ due immediately, balance due
 - not later than or
 - in accordance with C, D, E, or F below; or
- B Payment to begin immediately (may be combined with C D, or F below); or
- C Payment in equal installments of \$ over a period of , to commence days after the date of this judgment; or
- D Payment in equal installments of \$ over a period of , to commence days after release from imprisonment to a term of supervision; or
- E Payment during the term of supervised release will commence within (e.g., 30 or 60 days) after release from imprisonment. The Court will set the payment plan based on an assessment of the defendant's ability to pay at that time; or
- F Special instructions regarding the payment of criminal monetary penalties:
 - A special assessment of \$100.00 is due in full immediately as to count(s) I .
PAYMENT IS TO BE MADE PAYABLE AND SENT TO THE CLERK, U.S. DISTRICT COURT
 - After the defendant is release from imprisonment, and within 30 days of the commencement of the term of supervised release, the probation officer shall recommend a revised payment schedule to the Court to satisfy any unpaid balance of the restitution. The Court will enter an order establishing a schedule of payments.

Unless the court has expressly ordered otherwise, if this judgment imposes imprisonment, payment of criminal monetary penalties is due during imprisonment. All criminal penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the Clerk of the Court.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

- Joint and Several (Defendant name, Case Number, Total Amount, Joint and Several Amount and corresponding payee):
- The defendant shall pay the cost of prosecution.
- The defendant shall pay the following court cost(s):
- The defendant shall forfeit the defendant's interest in the following property to the United States:

Payments shall be applied in the following order: (1) assessment; (2) restitution principal; (3) restitution interest; (4) fine principal; (5) fine interest; (6) community restitution; (7) penalties; and (8) costs, including cost of prosecution and court costs.

IN THE COURT OF COMMON PLEAS, FRANKLIN COUNTY, OHIO
CRIMINAL DIVISION

54805617

STATE OF OHIO,

TERMINATION NO. 12 BY JK

Plaintiff,

vs

Case No 07CR-04-2609

CLARKE T. BLIZZARD,

JUDGE HORTON

Defendant

FILED
COMMON PLEAS COURT
FRANKLIN CO OHIO
2007 MAY -8 PM 3:22
CLERK OF COURTS

JUDGMENT ENTRY
(Prison Imposed)

On May 3, 2007, the State of Ohio was represented by Assistant Prosecuting Attorney Dave Buchman and the Defendant was represented by attorneys John Cunha and Helen Holcomb. The Defendant, after being advised of his rights pursuant to Crim R. 11, entered a plea of guilty to Count One of the Indictment, to wit **MONEY LAUNDERING**, in violation of Section 1315.55, a Felony of the Third Degree.

The Court found the Defendant guilty of the charge to which the plea was entered and proceeded immediately to sentencing. The assistant prosecuting attorney and the Defendant's attorneys did jointly recommend a sentence of three (3) years to be served concurrently with federal prison time in a federal facility, pursuant to the plea agreement. The State further states it will not oppose, and will actively support, judicial release, if necessary or helpful to facilitate participation in federal prison rehabilitative programs, including a halfway house.

On May 3, 2007, a sentencing hearing was held pursuant to R.C. 2929.19. The State of Ohio was represented by Assistant Prosecuting Attorney Dave Buchman and the Defendant was represented by attorneys John Cunha and Helen Holcomb.

The Court afforded counsel an opportunity to speak on behalf of the Defendant and addressed the Defendant personally affording him an opportunity to make a statement on his own behalf in the form of mitigation and to present information regarding the existence or non-existence of any factors the Court has considered and weighed.

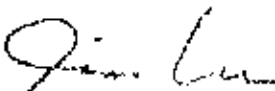
The Court has considered the purposes and principles of sentencing set forth in R.C. 2929.11 and the factors set forth in R.C. 2929.12. In addition, the Court has weighed the factors as set forth in the applicable provisions of R.C. 2929.13 and R.C. 2929.14. The Court finds that a prison term is not mandatory pursuant to R.C. 2929.13(F).

The Court hereby imposes the following sentence **THREE (3) YEARS TO BE SERVED** at the OHIO DEPARTMENT OF REHABILITATION AND CORRECTIONS. **SENTENCE TO RUN CONCURRENT TO FEDERAL CASE NO 07CR-059**. THE DEFENDANT SHALL REPORT TO FEDERAL PRISON ON JUNE 11, 2007. 15005618

After imposing sentence, the Court stated its reasons as required by RC 2929.19 and consistent with State v. Foster, 2006-Ohio-886. The Court also notified the defendant of the applicable period of **3 years optional post-release control** pursuant to RC 2929.19(B)(3)(c), (d) and (e).

The Court has considered the Defendant's present and future ability to pay a fine and financial sanction and does, pursuant to R.C. 2929.18, hereby render judgment for the following fine and/or financial sanctions: **NO FINE IMPOSED; DEFENDANT SHALL PAY COURT COSTS IN AN AMOUNT TO BE DETERMINED.**

The Court finds that the Defendant has **(-0-) days of jail credit** and hereby certifies the time to the Ohio Department of Corrections. The Defendant is to receive jail time credit for all additional jail time served while awaiting transportation to the institution from the date of the imposition of this sentence.


TIMOTHY S. HORTON JUDGE

Plea to indictment - Money Laundering (F3)
FRANKLIN COUNTY COMMON PLEAS COURT
DISPOSITION SHEET

State of Ohio

-vs-

Clarke T Blizzard

Defendant

OTCR-04-260

Case No

54805616

Prison Sentence

(Circle one on each count)

- ___ AGG MURDER (spec) 25, 30, life, death
- ___ AGG MURDER (no spec) 20 - life
- ___ MURDER 15 - life
- ___ F-1 3, 4, 5, 6, 7, 8, 9, 10 years Count _____
Other Count(s) _____
- ___ F-2 2, 3, 4, 5, 6, 7, 8 years Count _____
Other Count(s) _____
- F-3 1, 2, 3, 4, 5 years *5 yr R26* Count _____
Other Count(s) _____
- ___ F-4 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18 months Count _____
Other Count(s) _____
- ___ F-5 6, 7, 8, 9, 10, 11, 12 months Count _____
Other Count(s) _____
- ___ RVD Additional 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 years
Consecutive to Count(s) _____
- ___ MDO Additional 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 years
Consecutive to Count(s) _____

Mandatory incarceration (YES/NO) Count(s) _____

Additional consecutive years of actual incarceration for the term _____ years (1, 3, 5, 6) Count(s) _____

Count _____ Misdemeanor _____ Degree _____ Months _____

Count _____ Misdemeanor _____ Degree _____ Months _____

Institution FCCS ODRC
Sentence concurrent with *Fed case 1: OTCR-057*

Sentence consecutive with _____

BJV License (Suspension/Revocation) for a period of _____ to begin _____ (WITH / WITHOUT) work privileges

Confiscate and Destroy Weapon(s) _____

Jail Time Credit

Defendant notified of Post Release Control in writing and orally

Appellate Sentence if so, reasons stated on the record (YES/NO)

Community Control Sentence
Headed by Benjamin

- ___ CCEF Term _____
- ___ FCCS Term _____
- ___ Halfway House Term _____
- ___ Alternative Release Facility (Work Release, Marymount, Other) Term _____
- Non-Residential Sentences**
- ___ Day Reporting Term _____
- ___ Electronic Monitoring Term _____
- ___ House Arrest Term _____
- ___ Community Service Term _____
- ___ Drug Treatment (IN / OUT) Patient (with/without urine screens) Term _____
- ___ Obtain/Maintain Employment Term _____
- ___ Obtain GED Term _____
- Other Sanction _____

CLERK OF COURTS
FRANKLIN COUNTY OHIO
MAY - 8 PM 3:28

Method of Control/Supervision

- ___ Basic *P: Dave Buchanan*
- ___ Intensive *D: John H. Cunkel*

Total term of Community Control

___ Years
Defendant notified of possible prison term and more severe sanction in writing and orally

Special Instructions to Clerk/Staff/Other

*Concurrent to Federal Case
Report date at Fed. prison 6/14/07*

Recommendation to the CHCIC

The Court (approves, disapproves) makes no recommendation of the offender's placement in a (strike incarceration program, or an intensive prison program)

Financial Sanctions

Defendant declared indigent (YES/NO)

Fine \$ *no* Mandatory (YES/NO) \$ _____ Supervision cost imposed _____

Costs \$ *yes* Residential \$ _____

Restitution \$ _____ To Whom _____ Explain _____

TOTAL \$ _____ Non-Residential \$ _____

Judgment \$ _____ (includes supervision costs) Explain _____

5/13/07
04.0 Judge *Jim Lee*

IN THE COURT OF COMMON PLEAS, FRANKLIN COUNTY, OHIO
CRIMINAL DIVISION - GENERAL DIVISION

07CR 2609

State of Ohio

Plaintiff,

vs

CLARKE T. BLIZZARD

Defendant

54805015

Case No

Indictment for ONE COUNT MONEY LAUNDERING
IN VIOLATION OF OHIO REVISED
CODE SECTION 1315.25, A FELONY
OF THE THIRD DEGREE
TOTAL = ONE COUNT

ENTRY OF GUILTY PLEA

I, CLARKE T. BLIZZARD

Defendant in the above-styled case, am being represented

by _____ as legal counsel. My Constitutional and Statutory rights have been explained to me by the Court and by my counsel. I have reviewed the facts and law of my case with my counsel. I further understand that by pleading "Guilty", I waive a number of important and substantial constitutional, statutory and procedural rights, which include, but are not limited to, the right to have a trial by jury, the right to confront witnesses against me, to have compulsory subpoena process for obtaining witnesses in my favor, to require the State to prove my guilt beyond a reasonable doubt on each crime herein charged at a trial at which I cannot be compelled to testify against myself, and to appeal the verdict and findings of the trial Court made before or during trial, should those rulings or the verdict be against my interests.

I now plead "Guilty" to ONE COUNT MONEY LAUNDERING IN VIOLATION OF
OHIO REVISED CODE SECTION 1315.25, A FELONY OF
THE THIRD DEGREE.

I understand that my guilty plea to the crime(s) specified constitute(s) both an admission of guilt and a waiver of any and all constitutional, statutory, or factual defenses with respect to such crime(s) and this case. I further understand that by pleading "Guilty", I waive a number of important and substantial constitutional, statutory and procedural rights, which include, but are not limited to, the right to have a trial by jury, the right to confront witnesses against me, to have compulsory subpoena process for obtaining witnesses in my favor, to require the State to prove my guilt beyond a reasonable doubt on each crime herein charged at a trial at which I cannot be compelled to testify against myself, and to appeal the verdict and findings of the trial Court made before or during trial, should those rulings or the verdict be against my interests.

I understand the maximum prison term(s) for my offense(s) to be as follows 1, 2, 3, 4 or 5 years

I understand that the prosecution and defense jointly recommended to the Court sentence(s) of R.C. 2953.08(D) 3 years to be
served concurrently with federal prison in federal facilities, pursuant to the plea
agreement.

It is requested that the Court accept the plea agreement and sentence the defendant to the maximum term of 3 years to be served concurrently with federal prison in federal facilities, pursuant to the plea agreement. The State will not oppose and will actively support judicial release.

Place an X in the appropriate box(es).

If the Court finds me guilty of a Repeat Violent Offender Specification (R.C. 2941.149) and the Court imposes the maximum prison term(s) for the underlying offense(s), or guilty of a violation of R.C. 2925.03, 2925.04, or 2925.11 that requires a ten-year prison term, or guilty of a Major Drug Offender Specification (R.C. 2941.1410) that requires a ten-year prison term(s) for the underlying offense(s), or guilty of R.C. 2923.32 when the most serious offense in the pattern is a first degree felony that requires a ten-year prison term, or guilty of an attempted forcible violation of R.C. 2907.02 with the victim being under 13 years of age that requires a ten-year prison term, I understand that the Court may impose an additional prison term of 1-10 years to each term.

I understand that R.C. 2929.13(F) requires mandatory prison term(s) for the following offense(s) and that I will not be eligible for community control sanctions, judicial release, or earned days of credit in relation to these term(s)

I understand that R.C. 2929.13(D) establishes a presumption in favor of a prison term for the following offense(s)

I understand that the Court may impose community control sanctions upon me. If I violate the conditions of such community control sanctions or the conditions under R.C. 2951.02(C)(1)(b), I understand that the Court may extend up to five years, the time for which I am subject to community control sanctions, impose more restrictive sanctions, or imprison me up to the maximum term(s) allowed for the crime(s) underlying offense(s) as set forth above.

DEFENDANT: Clarke T. Blizzard ATTORNEY FOR DEFENDANT: [Signature]

FILED COURT
FRANKLIN CO., OHIO
OCT 24 4 48 PM '09
CLERK OF COURT

STATE v CLARKE F BLIZZARD

Case No 07CR 2609

If the Court imposes a prison term, I understand that the following period(s) of post-release control is/are applicable

Place an X in the appropriate box(es)		Place an X in the appropriate box(es)	
P 1	Five Years - Mandatory <input type="checkbox"/>	F 3 without Case or Physical Exam	Up to One Year - Optional <input checked="" type="checkbox"/>
Felony Sex Offense	Five Years - Mandatory <input type="checkbox"/>	P 4	Up to Three Years - Optional <input type="checkbox"/>
F 2	Three Years - Mandatory <input type="checkbox"/>	F 5	Up to Three Years - Optional <input type="checkbox"/>
P 3 with Case or Threat of Physical Harm	Three Years - Mandatory <input type="checkbox"/>		

54805616

I understand that a violation of post-release control conditions or the condition under R.C. 2967.131 could result in more restrictive non-prison sanctions, a longer period of supervision or control up to a specified maximum, and/or recommitment for up to nine months. The prison term(s) for all post-release control violations may not exceed one-half of the prison term originally imposed. I understand that I may be prosecuted, convicted, and sentenced to an additional prison term for a violation that is a felony. I also understand that such felony violation may result in a consecutive prison term of twelve months or the maximum period of unserved post-release control, whichever is greater. Prison terms imposed for violations of any felonies do not reduce the remaining post-release control period(s) for the original offense(s).

I understand that each felony count to which I am pleading guilty corresponds with the following fine(s) (R.C. 2929.16)

Place an X in the appropriate box(es)		Place an X in the appropriate box(es)	
Aggravated Murder	Up to \$25,000 <input type="checkbox"/>	F 3	Up to \$10,000 <input checked="" type="checkbox"/>
Murder	Up to \$15,000 <input type="checkbox"/>	P 4	<input type="checkbox"/>
F 1	Up to \$20,000 <input type="checkbox"/>	F 5	<input type="checkbox"/>
F 2	Up to \$15,000 <input type="checkbox"/>		

CLEMSON UNIVERSITY LIBRARY 10/10/07 10:10 AM FRANKLIN CO OHIO

For F 1, F 2, or F 3 Drug Offenses (violations of R.C. 2925.31(D) or 4722) - Mandatory Fine of Not Less Than Half of the Maximum for Underlying Offense

For Offense Subject to R.C. 2929.25 - Optional Fine of Not More Than \$1 Million Dollars

For Offense Subject to Organizational Penalties under R.C. 2929.31 - Mandatory Fines as Follows _____

I understand that the Court may also require me to pay costs, restitution, day fines, and/or costs of all expenses imposed upon me. I understand that failure to pay any of these amounts would constitute a civil judgment against me. (R.C. 2929.15)

I understand that I am (am not) subject to mandatory driver's license suspension for not less than six months nor more than five years.

I understand that the Court upon acceptance of my plea of "Guilty" may proceed with judgment and sentence. I hereby assert that no person has threatened me, promised me leniency, or in any other way coerced or induced me to plead "Guilty" as indicated above. My decision to plead "Guilty" thereby placing myself completely and without reservation of any kind upon the mercy of the Court with respect to punishment, expenses, the fine, and voluntary waiver of my own will and best judgment. I am completely satisfied with the legal representation and advice I have received from my counsel. I understand that I can appeal to a higher court of law from my plea and sentence within thirty days of the filing of my judgment of conviction.

I am not a member of the United States of America. I understand that if I am not a citizen of the United States, my conviction of the offense(s) to which I am pleading guilty may have the consequences of deportation, exclusion from admission to the United States, or denial of naturalization pursuant to the laws of the United States.

X DEFENDANT Clarke F Blizzard

I hereby certify that I have counseled my client to the best of my professional ability with respect to the facts and law of this case. I have also diligently investigated the case and presented the possible defenses. I represent my client is competent to proceed to change his/her plea as indicated hereabove and is proceeding to do so knowingly, voluntarily, and intelligently in this matter.

X ATTORNEY FOR DEFENDANT [Signature]

The Court, being fully advised as to the facts, hereby accepts the defendant's plea of "Guilty" entered here above, as voluntarily and intelligently made with full knowledge of the charges, facts thereof, including waivers of all applicable rights and defenses and understanding of maximum penalties. [Signature]

APPROVED: [Signature] 05/03/2007
Assistant Prosecuting Attorney

JUDGE: [Signature]

X [Signature]
Attorney for the Defendant

Date: 5/3/07

Case: 1:06-cr-00291-DDD Doc #: 142 Filed: 11/21/06 1 of 6. PageID #: 915

FILED

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION
NOV 21 4:14 PM '06
DISTRICT COURT
NORTHERN DISTRICT OF OHIO
AMARCO

United States of America,)	
)	CASE NO. 1:06 CR 0291
Plaintiff,)	
)	
v.)	JUDGE DOWD
)	
Michael W. Lewis,)	
)	
Defendant.)	
)	

VERDICT FORM: COUNT 1 - MICHAEL W. LEWIS

We, the jury, having been duly impaneled and sworn, do hereby find the defendant Michael W. Lewis * NOT GUILTY of the offense of conspiracy to commit extortion under color of official right in violation of 18 U.S.C. § 1951(a) as charged in Count 1 of the superseding indictment.

Case: 1:06-cr-00291-DDD Doc #: 142 Filed: 11/21/06 2 of 6. PageID #: 916

FILED

UNITED STATES DISTRICT COURT 2006 NOV 21 PM 4: 14
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

CLERK U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO
AYRCH

United States of America,)	
)	CASE NO. 1:06 CR 0291
Plaintiff,)	
)	
v.)	
)	JUDGE DOWD
Michael W. Lewis,)	
)	
Defendant.)	
)	

VERDICT FORM: COUNT 2 - MICHAEL W. LEWIS

We, the jury, having been duly impaneled and sworn, do hereby find the defendant Michael W. Lewis * NOT GUILTY of the offense of conspiracy to commit honest services mail and wire fraud as charged in Count 2 of the Superseding indictment.

Case: 1:06-cr-00291-DDD Doc #: 142 Filed: 11/21/06 3 of 6. PageID #: 917

FILED

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

2006 NOV 21 PM 4: 14

CLERK U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO
AKRON

United States of America,)	
)	CASE NO. 1:06 CR 0291
Plaintiff,)	
)	
v.)	
)	JUDGE DOWD
Michael W. Lewis,)	
)	
Defendant.)	
)	

VERDICT FORM: COUNT 3 - MICHAEL W. LEWIS

We, the jury, having been duly impaneled and sworn, do hereby find the defendant Michael W. Lewis * NOT GUILTY of the offense of making a false statement of material fact in a matter within the jurisdiction of the Federal Bureau of Investigation as charged in Count 3 of the superseding indictment.

Case: 1:06-cr-00291-DDD Doc #: 142 Filed: 11/21/06 5 of 6. PageID #: 919

FILED

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

2006 NOV 21 PM 4: 14

CLERK U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO
AKRON

United States of America,

Plaintiff,

v.

Daniel P. O'Neil,

Defendant.

)
)
)
)
)
)
)
)
)
)
)

CASE NO. 1:06 CR 0291

JUDGE DOWD

VERDICT FORM: COUNT 2 - DANIEL P. O'NEIL

We, the jury, having been duly impaneled and sworn, do hereby find the defendant Daniel P. O'Neil * NOT GUILTY of the offense of conspiracy to commit honest services mail and wire fraud as charged in Count 2 of the superseding indictment.

CRIMINAL CASE SUMMARY

STATE OF OHIO

Plaintiff

Case No. 2007 CR B 009126

Vs

Status: CLOSED

ZIGLER, FREDERICK D

Defendant

Filed: 04/17/2007

DEFENDANT INFORMATION

Full Name	ZIGLER, FREDERICK D	D.O.B.	██████████
Address	██████████		
City	██████████	State/Zip	██████████
Gender	M	Race	WHITE
Height	5'10"	Weight	180
Hair	BROWN	Eyes	BROWN

CASE DETAILS

Ticket Number	1113240	Offense Date	06/01/2001
Vehicle State Code		Plate Number	
Primary Str.	30 W SPRING ST L.27	Secondary Str.	
Officer Code	NICK, PAUL	License Taken	NO
Accident	NO	Insurance Proof Shown	YES

PARTIES

1	Name	ZIGLER, FREDERICK D	Type	DEFENDANT
	Address	██████████		
	City	██████████	State/Zip	██████████
2	Name	NICK, PAUL M	Type	OFFICER COMPLAINANT
	Officer Agency	OHIO ETHICS COMMISSION		
	Address	OEC @#?		

CHARGES & SENTENCE

1	Action Code	102.03	Degree of Offense	M1
	Description	ETHICS VIOLATION		
	Action Code Points	0		
	Disposition Code	GUILTY	Disposition Date	04/19/2007
	Plea Code	GUILTY	Plea Date	04/19/2007
	Decision Code	GUILTY	Decision Date	04/19/2007
	Fine	800	Costs Amount	
	Costs Included	YES		

Exhibit 39

	Sent. Traffic Points	0	Insur. Proof Shown	YES
	Req. Driver Ed.	NO	Driving School	
	DUI School			
	Days in Jail	180	Days in Jail Credit	
	Jail Time Susp.	180	House Arrest Days	
	Probation Type		Days of Probation	366
	Prob. Start Date	04/19/2007	Prob. End Date	04/19/2008
2	Action Code	102.03	Degree of Offense	M1
	Description	ETHICS VIOLATION		
	Action Code Points	0		
	Disposition Code	GUILTY	Disposition Date	04/19/2007
	Plea Code	GUILTY	Plea Date	04/19/2007
	Decision Code	GUILTY	Decision Date	04/19/2007
	Fine	100	Costs Amount	
	Costs Included	YES		
	Sent. Traffic Points	0	Insur. Proof Shown	YES
	Req. Driver Ed.	NO	Driving School	
	DUI School			
3	Action Code	102.03	Degree of Offense	M1
	Description	ETHICS VIOLATION		
	Action Code Points	0		
	Disposition Code	GUILTY	Disposition Date	04/19/2007
	Plea Code	GUILTY	Plea Date	04/19/2007
	Decision Code	GUILTY	Decision Date	04/19/2007
	Fine	100	Costs Amount	
	Costs Included	YES		
	Sent. Traffic Points	0	Insur. Proof Shown	YES
	Req. Driver Ed.	NO	Driving School	
	DUI School			
4	Action Code	102.02(D)	Degree of Offense	M1
	Description	ETHICS VIOLATION / FALSE STATEMENT		
	Action Code Points	0		
	Disposition Code	GUILTY	Disposition Date	04/19/2007
	Plea Code	GUILTY	Plea Date	04/19/2007
	Decision Code	GUILTY	Decision Date	04/19/2007
	Fine	800	Costs Amount	
	Costs Included	YES		
	Sent. Traffic Points	0	Insur. Proof Shown	YES
	Req. Driver Ed.	NO	Driving School	
	DUI School			

5	Action Code	102.02(D)	Degree of Offense	M1
	Description	ETHICS VIOLATION / FALSE STATEMENT		
	Action Code Points	0		
	Disposition Code	GUILTY	Disposition Date	04/19/2007
	Plea Code	GUILTY	Plea Date	04/19/2007
	Decision Code	GUILTY	Decision Date	04/19/2007
	Fine	100	Costs Amount	
	Costs Included	YES		
	Sent. Traffic Points	0	Insur. Proof Shown	YES
	Req. Driver Ed.	NO	Driving School	
	DUI School			
6	Action Code	102.02(D)	Degree of Offense	M1
	Description	ETHICS VIOLATION / FALSE STATEMENT		
	Action Code Points	0		
	Disposition Code	GUILTY	Disposition Date	04/19/2007
	Plea Code	GUILTY	Plea Date	04/19/2007
	Decision Code	GUILTY	Decision Date	04/19/2007
	Fine	100	Costs Amount	
	Costs Included	YES		
	Sent. Traffic Points	0	Insur. Proof Shown	YES
	Req. Driver Ed.	NO	Driving School	
	DUI School			

CASE DISPOSITION

<u>Status</u>	<u>Status Date</u>	<u>Disposition Code</u>	<u>Disposition Date</u>
CLOSED	04/17/2007	CASE HEARD BY JUDGE (4C)	04/19/2007

EVENTS

<u>Event</u>	<u>Date</u>	<u>Start</u>	<u>End</u>	<u>Judge</u>	<u>Ct.Rm.</u>	<u>Result</u>
ARRAIGNMENT SCHEDULED - ARCRIM	04/19/2007	09:00 AM	09:25 AM	AR4C, COURTROOM 4C	4C	

FINANCIAL SUMMARY

<u>Docket Application</u>	<u>Amount Owed</u>	<u>Amount Paid</u>	<u>Amount Dismissed</u>	<u>Balance</u>
FINE	\$1,919.00	\$1,919.00	\$0.00	\$0.00
COST	\$81.00	\$81.00	\$0.00	\$0.00
PROBATION FEE	\$40.00	\$40.00	\$0.00	\$0.00
TOTAL:	\$2,040.00	\$2,040.00	\$0.00	\$0.00

RECEIPTS

Exhibit 39

Page 4 of 6

Number	Cash Book	Received From	Status	Date	Total Amount
7351068	TRAFFIC/CRIMINAL	ZIGLER, FREDERICK D	FINAL	04/19/2007	\$2,040.00

DOCKET

Docket Date	Docket Text (Expand All - Collapse All)	Amount	Balance
11/10/2008	IMAGED FILING/ENTRY		
04/19/2007	PAID IN FULL		
04/19/2007	SUPERVISION FEE	\$40.00	\$0.00
	Receipt: 7351068 Date: 04/19/2007		
04/19/2007	ENFORCEMENT DATE FOR FINE/ BF AND/OR COSTS	\$5.00	\$0.00
	Receipt: 7351068 Date: 04/19/2007		
04/19/2007	FINE	\$100.00	\$0.00
	Charge #6: ETHICS VIOLATION / FALSE STATEMENT Receipt: 7351068 Date: 04/19/2007		
04/19/2007	FINE	\$100.00	\$0.00
	Charge #5: ETHICS VIOLATION / FALSE STATEMENT Receipt: 7351068 Date: 04/19/2007		
04/19/2007	FINE	\$800.00	\$0.00
	Charge #4: ETHICS VIOLATION / FALSE STATEMENT Receipt: 7351068 Date: 04/19/2007		
04/19/2007	FINE	\$100.00	\$0.00
	Charge #3: ETHICS VIOLATION Receipt: 7351068 Date: 04/19/2007		
04/19/2007	FINE	\$100.00	\$0.00
	Charge #2: ETHICS VIOLATION Receipt: 7351068 Date: 04/19/2007		
04/19/2007	FINE	\$719.00	\$0.00
	Charge #1: ETHICS VIOLATION Receipt: 7351068 Date: 04/19/2007		
04/19/2007	SENTENCING		
	Sentence: Fine: 100.00, Susp: Costs: , Susp: , Incl: Y Jail Start: , days: , Jail End: susp days: , susp time: Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date: Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest: Prob type: , start: , days: , End: Charge #6: ETHICS VIOLATION / FALSE STATEMENT		

04/19/2007	SENTENCING		
	<p>Sentence: Fine: 100.00, Susp: Costs: , Susp: , Incl: Y Jail Start: , days: , Jail End: susp days: , susp time: Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date: Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest: Prob type: , start: , days: , End: Charge #5: ETHICS VIOLATION / FALSE STATEMENT</p>		
04/19/2007	SENTENCING		
	<p>Sentence: Fine: 800.00, Susp: Costs: , Susp: , Incl: Y Jail Start: , days: , Jail End: susp days: , susp time: Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date: Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest: Prob type: , start: , days: , End: Charge #4: ETHICS VIOLATION / FALSE STATEMENT</p>		
04/19/2007	SENTENCING		
	<p>Sentence: Fine: 100.00, Susp: Costs: , Susp: , Incl: Y Jail Start: , days: , Jail End: susp days: , susp time: Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date: Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest: Prob type: , start: , days: , End: Charge #3: ETHICS VIOLATION</p>		
04/19/2007	SENTENCING		
	<p>Sentence: Fine: 100.00, Susp: Costs: , Susp: , Incl: Y Jail Start: , days: , Jail End: susp days: , susp time: Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date:</p>		

Exhibit 39

Page 6 of 6

	Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest: Prob type: , start: , days: , End: Charge #2: ETHICS VIOLATION		
04/19/2007	SENTENCING		
	Sentence: Fine: 800.00, Susp: Costs: , Susp: , Incl: Y Jail Start: , days: 180, Jail End: susp days: , susp time: 180 Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date: Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest: Prob type: COMMUNITY CONTROL SANCTION, start: 04/19/2007, days: 366, End: 04/19/2008 Charge #1: ETHICS VIOLATION		
04/19/2007	CASE HEARD BY JUDGE IN COURTROOM 4C		
	CASE HEARD BY JUDGE : VANDERKARR IN COURTROOM 4C Case disposed with disposition of CASE HEARD BY JUDGE (4C) on 04/19/2007.		
04/18/2007	IMAGE OF TICKET/COMPLAINT		
	IMAGE OF COMPLAINT		
04/17/2007	IMAGE OF TICKET/COMPLAINT		
	IMAGE OF COMPLAINT		
04/17/2007	ARRAIGNMENT SCHEDULED	\$76.00	\$0.00
	Event: ARRAIGNMENT SCHEDULED Date: 04/19/2007 Time: 9:00 am Judge: AR4C, COURTROOM 4C Location: 4C LOCATED ON THE 4TH FLOOR Receipt: 7351068 Date: 04/19/2007		

CRIMINAL CASE SUMMARY

STATE OF OHIO <i>Plaintiff</i>	Case No. 2007 CR B 009127
Vs	Status: CLOSED
HOFFMANNBECK, PETER H <i>Defendant</i>	Filed: 04/17/2007

DEFENDANT INFORMATION

Full Name	HOFFMANNBECK, PETER H	D.O.B.	████████
Address	████████████████████		
City	████████	State/Zip	████████
Gender	M	Race	WHITE
Height	5'11"	Weight	150
Hair	BROWN	Eyes	BROWN

CASE DETAILS

Ticket Number	1081224	Offense Date	01/01/2001
Vehicle State Code		Plate Number	
Primary Str.	30 W SPRING ST L.27	Secondary Str.	
Officer Code		License Taken	NO
Accident	NO	Insurance Proof Shown	YES

PARTIES

1	Name	HOFFMANNBECK, PETER H	Type	DEFENDANT
	Address	████████████████████		
	City	████████	State/Zip	████████
2	Name	UNKNOWN,	Type	OFFICER COMPLAINANT
	Officer Agency	OHIO ETHICS COMMISSION		
	Address	OEC @#?		

CHARGES & SENTENCE

1	Action Code	102.03	Degree of Offense	M1
	Description	ETHICS VIOLATION		
	Action Code Points	0		
	Disposition Code	GUILTY	Disposition Date	04/19/2007
	Plea Code	NO CONTEST	Plea Date	04/19/2007
	Decision Code	GUILTY	Decision Date	04/19/2007
	Fine	800	Costs Amount	
	Costs Included	YES		

Exhibit 40

	Sent. Traffic Points	0	Insur. Proof Shown	YES
	Req. Driver Ed.	NO	Driving School	
	DUI School			
	Days in Jail	180	Days in Jail Credit	
	Jail Time Susp.	180	House Arrest Days	
	Probation Type		Days of Probation	366
	Prob. Start Date	04/19/2007	Prob. End Date	04/19/2008
2	Action Code	102.03	Degree of Offense	M1
	Description	ETHICS VIOLATION		
	Action Code Points	0		
	Disposition Code	GUILTY	Disposition Date	04/19/2007
	Plea Code	NO CONTEST	Plea Date	04/19/2007
	Decision Code	GUILTY	Decision Date	04/19/2007
	Fine	100	Costs Amount	
	Costs Included	YES		
	Sent. Traffic Points	0	Insur. Proof Shown	YES
	Req. Driver Ed.	NO	Driving School	
	DUI School			
3	Action Code	102.03	Degree of Offense	M1
	Description	ETHICS VIOLATION		
	Action Code Points	0		
	Disposition Code	GUILTY	Disposition Date	04/19/2007
	Plea Code	NO CONTEST	Plea Date	04/19/2007
	Decision Code	GUILTY	Decision Date	04/19/2007
	Fine	100	Costs Amount	
	Costs Included	YES		
	Sent. Traffic Points	0	Insur. Proof Shown	YES
	Req. Driver Ed.	NO	Driving School	
	DUI School			
4	Action Code	102.02(D)	Degree of Offense	M1
	Description	ETHICS VIOLATION / FALSE STATEMENT		
	Action Code Points	0		
	Disposition Code	GUILTY	Disposition Date	04/19/2007
	Plea Code	NO CONTEST	Plea Date	04/19/2007
	Decision Code	GUILTY	Decision Date	04/19/2007
	Fine	1000	Costs Amount	
	Costs Included	YES		
	Sent. Traffic Points	0	Insur. Proof Shown	YES
	Req. Driver Ed.	NO	Driving School	
	DUI School			

CASE DISPOSITION

<u>Status</u>	<u>Status Date</u>	<u>Disposition Code</u>	<u>Disposition Date</u>
CLOSED	04/17/2007	CASE HEARD BY JUDGE (4C)	04/19/2007

EVENTS

<u>Event</u>	<u>Date</u>	<u>Start</u>	<u>End</u>	<u>Judge</u>	<u>Ct.Rm.</u>	<u>Result</u>
ARRAIGNMENT SCHEDULED - ARCRIM	04/19/2007	09:00 AM	09:25 AM	AR4C, COURTROOM 4C	4C	

FINANCIAL SUMMARY

<u>Docket Application</u>	<u>Amount Owed</u>	<u>Amount Paid</u>	<u>Amount Dismissed</u>	<u>Balance</u>
FINE	\$1,919.00	\$1,919.00	\$0.00	\$0.00
COST	\$81.00	\$81.00	\$0.00	\$0.00
PROBATION FEE	\$40.00	\$40.00	\$0.00	\$0.00
TOTAL:	\$2,040.00	\$2,040.00	\$0.00	\$0.00

RECEIPTS

<u>Number</u>	<u>Cash Book</u>	<u>Received From</u>	<u>Status</u>	<u>Date</u>	<u>Total Amount</u>
7352965	TRAFFIC/CRIMINAL	HOFFMANNBECK, PETER H	FINAL	04/24/2007	\$40.00
7358585	TRAFFIC/CRIMINAL	HOFFMANNBECK, PETER H	FINAL	05/04/2007	\$2,000.00

DOCKET

<u>Docket Date</u>	<u>Docket Text (Expand All - Collapse All)</u>	<u>Amount</u>	<u>Balance</u>
11/10/2008	IMAGED FILING/ENTRY		
05/04/2007	PAID IN FULL		
04/20/2007	Charge(s) marked payable		
	, amt owed: \$2040		
04/19/2007	SUPERVISION FEE	\$40.00	\$0.00
	Receipt: 7352965 Date: 04/24/2007		
04/19/2007	ENFORCEMENT DATE FOR FINE/ BF AND/OR COSTS	\$5.00	\$0.00
	Receipt: 7358585 Date: 05/04/2007		
04/19/2007	FINE	\$1,000.00	\$0.00
	Charge #4: ETHICS VIOLATION / FALSE STATEMENT Receipt: 7358585 Date: 05/04/2007		
04/19/2007	FINE	\$100.00	\$0.00
	Charge #3: ETHICS VIOLATION Receipt: 7358585 Date: 05/04/2007		

Exhibit 40

04/19/2007	FINE	\$100.00	\$0.00
	Charge #2: ETHICS VIOLATION Receipt: 7358585 Date: 05/04/2007		
04/19/2007	FINE	\$719.00	\$0.00
	Charge #1: ETHICS VIOLATION Receipt: 7358585 Date: 05/04/2007		
04/19/2007	SENTENCING		
	<p>Sentence: Fine: 1,000.00, Susp: Costs: , Susp: , Incl: Y Jail Start: , days: , Jail End: susp days: , susp time: Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date: Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest: Prob type: , start: , days: , End: Charge #4: ETHICS VIOLATION / FALSE STATEMENT</p>		
04/19/2007	SENTENCING		
	<p>Sentence: Fine: 100.00, Susp: Costs: , Susp: , Incl: Y Jail Start: , days: , Jail End: susp days: , susp time: Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date: Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest: Prob type: , start: , days: , End: Charge #3: ETHICS VIOLATION</p>		
04/19/2007	SENTENCING		
	<p>Sentence: Fine: 100.00, Susp: Costs: , Susp: , Incl: Y Jail Start: , days: , Jail End: susp days: , susp time: Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date: Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest: Prob type: , start: , days: , End: Charge #2: ETHICS VIOLATION</p>		
04/19/2007	SENTENCING		

	Sentence: Fine: 800.00, Susp: Costs: , Susp: , Incl: Y Jail Start: , days: 180, Jail End: susp days: , susp time: 180 Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date: Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest: Prob type: COMMUNITY CONTROL SANCTION, start: 04/19/2007, days: 366, End: 04/19/2008 Charge #1: ETHICS VIOLATION		
04/19/2007	CASE HEARD BY JUDGE IN COURTROOM 4C		
	CASE HEARD BY JUDGE : VANDERKARR IN COURTROOM 4C Case disposed with disposition of CASE HEARD BY JUDGE (4C) on 04/19/2007.		
04/18/2007	IMAGE OF TICKET/COMPLAINT		
	IMAGE OF COMPLAINT		
04/17/2007	IMAGE OF TICKET/COMPLAINT		
	IMAGE OF COMPLAINT		
04/17/2007	ARRAIGNMENT SCHEDULED	\$76.00	\$0.00
	Event: ARRAIGNMENT SCHEDULED Date: 04/19/2007 Time: 9:00 am Judge: AR4C, COURTROOM 4C Location: 4C LOCATED ON THE 4TH FLOOR Receipt: 7358585 Date: 05/04/2007		

CRIMINAL CASE SUMMARY

STATE OF OHIO <i>Plaintiff</i>	Case No. 2007 CR B 016899
Vs	Status: CLOSED
FORBES, GEORGE <i>Defendant</i>	Filed: 07/03/2007

DEFENDANT INFORMATION

Full Name	FORBES, GEORGE	D.O.B.	████████
Address	████████████████████		
City	████████	State/Zip	████████
Gender	M	Race	BLACK
Height	6'2"	Weight	215
Hair	BROWN	Eyes	BROWN

CASE DETAILS

Ticket Number	1081229	Offense Date	10/01/1997
Vehicle State Code		Plate Number	
Officer Code		License Taken	NO
Accident	NO	Insurance Proof Shown	YES

PARTIES

1	Name	FORBES, GEORGE	Type	DEFENDANT
	Address	████████████████████		
	City	████████	State/Zip	████████
2	Name	FREEL, DAVID	Type	PARTY COMPLAINANT
	Address	8 E LONG ST OHIO ETHICS COMMSN		
	City	COLUMBUS	State/Zip	OH/43215

CHARGES & SENTENCE

1	Action Code	102.03	Degree of Offense	M1
	Description	ETHICS VIOLATION		
	Action Code Points	0		
	Disposition Code	GUILTY	Disposition Date	07/05/2007
	Plea Code	GUILTY	Plea Date	07/05/2007
	Decision Code	GUILTY	Decision Date	07/05/2007
	Fine	1000	Costs Amount	
	Costs Included	NO		
	Sent. Traffic Points	0	Insur. Proof Shown	YES

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	Req. Driver Ed.	NO	Driving School	
	DUI School			
	Lic. Susp. Days		Days in Jail Suspended	30
	Days in Jail	30	Days in Jail Credit	
	Probation Type		Days of Probation	365
	Prob. Start Date	07/05/2007	Prob. End Date	07/03/2008
2	Action Code	102.03	Degree of Offense	M1
	Description	ETHICS VIOLATION		
	Action Code Points	0		
	Disposition Code	GUILTY	Disposition Date	07/05/2007
	Plea Code	GUILTY	Plea Date	07/05/2007
	Decision Code	GUILTY	Decision Date	07/05/2007
	Fine	1000	Costs Amount	
	Costs Included	NO		
	Sent. Traffic Points	0	Insur. Proof Shown	YES
	Req. Driver Ed.	NO	Driving School	
	DUI School			
3	Action Code	102.02(D)	Degree of Offense	M1
	Description	ETHICS VIOLATION / FALSE STATEMENT		
	Action Code Points	0		
	Disposition Code	GUILTY	Disposition Date	07/05/2007
	Plea Code	GUILTY	Plea Date	07/05/2007
	Decision Code	GUILTY	Decision Date	07/05/2007
	Fine	1000	Costs Amount	
	Costs Included	NO		
	Sent. Traffic Points	0	Insur. Proof Shown	YES
	Req. Driver Ed.	NO	Driving School	
	DUI School			
4	Action Code	102.02(D)	Degree of Offense	M1
	Description	ETHICS VIOLATION / FALSE STATEMENT		
	Action Code Points	0		
	Disposition Code	GUILTY	Disposition Date	07/05/2007
	Plea Code	GUILTY	Plea Date	07/05/2007
	Decision Code	GUILTY	Decision Date	07/05/2007
	Fine	1000	Costs Amount	
	Costs Included	NO		
	Sent. Traffic Points	0	Insur. Proof Shown	YES
	Req. Driver Ed.	NO	Driving School	
	DUI School			
5	Action Code	102.02(D)	Degree of Offense	M1

Description	ETHICS VIOLATION / FALSE STATEMENT		
Action Code Points	0		
Disposition Code	GUILTY	Disposition Date	07/05/2007
Plea Code	GUILTY	Plea Date	07/05/2007
Decision Code	GUILTY	Decision Date	07/05/2007
Fine	1000	Costs Amount	
Costs Included	NO		
Sent. Traffic Points	0	Insur. Proof Shown	YES
Req. Driver Ed.	NO	Driving School	
DUI School			

6	Action Code	102.02(D)	Degree of Offense	M1
	Description	ETHICS VIOLATION / FALSE STATEMENT		
	Action Code Points	0		
	Disposition Code	GUILTY	Disposition Date	07/05/2007
	Plea Code	GUILTY	Plea Date	07/05/2007
	Decision Code	GUILTY	Decision Date	07/05/2007
	Fine	1000	Costs Amount	
	Costs Included	NO		
	Sent. Traffic Points	0	Insur. Proof Shown	YES
	Req. Driver Ed.	NO	Driving School	
	DUI School			

CASE DISPOSITION

<u>Status</u>	<u>Status Date</u>	<u>Disposition Code</u>	<u>Disposition Date</u>
CLOSED	07/03/2007	CASE HEARD BY JUDGE (4C)	07/05/2007

EVENTS

<u>Event</u>	<u>Date</u>	<u>Start</u>	<u>End</u>	<u>Judge</u>	<u>Ct.Rm.</u>	<u>Result</u>
ARRAIGNMENT SCHEDULED - ARCRIM	07/05/2007	09:00 AM	09:25 AM	AR4C, COURTROOM 4C	4C	
REVOCATION HEARING - HERB	11/09/2007	11:00 AM	11:25 AM	HERBERT, PAUL	12C	

FINANCIAL SUMMARY

<u>Docket Application</u>	<u>Amount Owed</u>	<u>Amount Paid</u>	<u>Amount Dismissed</u>	<u>Balance</u>
FINE	\$6,000.00	\$6,000.00	\$0.00	\$0.00
COST	\$76.00	\$76.00	\$0.00	\$0.00
PROBATION FEE	\$30.00	\$30.00	\$0.00	\$0.00
TOTAL:	\$6,106.00	\$6,106.00	\$0.00	\$0.00

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RECEIPTS

<u>Number</u>	<u>Cash Book</u>	<u>Received From</u>	<u>Status</u>	<u>Date</u>	<u>Total Amount</u>
7389417	TRAFFIC/CRIMINAL	R WILLIAMS MEEKS CO LPA	FINAL	07/05/2007	\$6,106.00

DOCKET

<u>Docket Date</u>	<u>Docket Text</u> (Expand All - Collapse All)	<u>Amount</u>	<u>Balance</u>
11/09/2007	PROBATION TERMINATED		
10/16/2007	NOTICES PROCESSED - NS		
	NOTICES SENT		
10/16/2007	HEARING SCHEDULED		
	Event: REVOCATION HEARING - HERB Date: 11/09/2007 Time: 11:00 am Judge: HERBERT, PAUL M Location: 13B LOCATED ON THE 13TH FLOOR		
10/12/2007	STATEMENT OF VIOLATIONS FILED		
07/05/2007	MISC DOCKET ENTRY		
	COMMUNITY SERVICE OF 60 HOURS BY 10-05-07		
07/05/2007	PNC FEE NOTICE	\$30.00	\$0.00
	Receipt: 7389417 Date: 07/05/2007		
07/05/2007	FINE	\$1,000.00	\$0.00
	Charge #6: ETHICS VIOLATION / FALSE STATEMENT Receipt: 7389417 Date: 07/05/2007		
07/05/2007	FINE	\$1,000.00	\$0.00
	Charge #5: ETHICS VIOLATION / FALSE STATEMENT Receipt: 7389417 Date: 07/05/2007		
07/05/2007	FINE	\$1,000.00	\$0.00
	Charge #4: ETHICS VIOLATION / FALSE STATEMENT Receipt: 7389417 Date: 07/05/2007		
07/05/2007	FINE	\$1,000.00	\$0.00
	Charge #3: ETHICS VIOLATION / FALSE STATEMENT Receipt: 7389417 Date: 07/05/2007		
07/05/2007	FINE	\$1,000.00	\$0.00
	Charge #2: ETHICS VIOLATION Receipt: 7389417 Date: 07/05/2007		
07/05/2007	FINE	\$1,000.00	\$0.00
	Charge #1: ETHICS VIOLATION Receipt: 7389417 Date: 07/05/2007		
07/05/2007	SENTENCING		

	<p>Sentence: Fine: 1,000.00, Susp: Costs: , Susp: , Incl: N Jail Start: , days: , Jail End: susp days: , susp time: Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date: Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest: Prob type: , start: , days: , End: Charge #6: ETHICS VIOLATION / FALSE STATEMENT</p>		
07/05/2007	SENTENCING		
	<p>Sentence: Fine: 1,000.00, Susp: Costs: , Susp: , Incl: N Jail Start: , days: , Jail End: susp days: , susp time: Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date: Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest: Prob type: , start: , days: , End: Charge #5: ETHICS VIOLATION / FALSE STATEMENT</p>		
07/05/2007	SENTENCING		
	<p>Sentence: Fine: 1,000.00, Susp: Costs: , Susp: , Incl: N Jail Start: , days: , Jail End: susp days: , susp time: Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date: Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest: Prob type: , start: , days: , End: Charge #4: ETHICS VIOLATION / FALSE STATEMENT</p>		
07/05/2007	SENTENCING		
	<p>Sentence: Fine: 1,000.00, Susp: Costs: , Susp: , Incl: N Jail Start: , days: , Jail End: susp days: , susp time: Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date: Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest:</p>		

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	Prob type: , start: , days: , End: Charge #3: ETHICS VIOLATION / FALSE STATEMENT		
07/05/2007	SENTENCING		
	Sentence: Fine: 1,000.00, Susp: Costs: , Susp: , Incl: N Jail Start: , days: , Jail End: susp days: , susp time: Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date: Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest: Prob type: , start: , days: , End: Charge #2: ETHICS VIOLATION		
07/05/2007	SENTENCING		
	Sentence: Fine: 1,000.00, Susp: Costs: , Susp: , Incl: N Jail Start: , days: 30, Jail End: susp days: 30, susp time: Points: 0, Lic susp: , Dr Ed: N Susp start: , days: , Susp end: Clearance Date: Mod: , narr: , Lic flag: Dr sch: N, DUI sch: N, Rest: Prob type: PROV NO CONV, start: 07/05/2007, days: 365, End: 07/03/2008 Charge #1: ETHICS VIOLATION		
07/05/2007	CASE HEARD BY JUDGE IN COURTROOM 4C		
	CASE HEARD BY JUDGE : HERBERT IN COURTROOM 4C		
	Case disposed with disposition of CASE HEARD BY JUDGE (4C) on 07/05/2007.		
07/03/2007	ARRAIGNMENT SCHEDULED	\$76.00	\$0.00
	Event: ARRAIGNMENT SCHEDULED Date: 07/05/2007 Time: 9:00 am Judge: AR4C, COURTROOM 4C Location: 4C LOCATED ON THE 4TH FLOOR Receipt: 7389417 Date: 07/05/2007		

INVESTMENT MANAGEMENT AGREEMENT
between
OHIO BUREAU OF WORKERS' COMPENSATION
and
MDL Capital Management, Inc.

This is an Agreement by and between MDL Capital Management, Inc. (hereinafter referred to as the "Investment Manager"), doing business at 225 Ross Street, Third Floor, Pittsburgh, Pennsylvania 15219, Bureau of Workers' Compensation (hereinafter referred to as the "Bureau"), having offices at 30 W. Spring Street, Columbus, Ohio 43215-2258, entered into the day, month and year set out below.

Whereas, the Bureau has issued a Request for Proposals (B97007) for fixed income investment fund managers; and

Whereas, the Investment Manager has submitted one of the lowest responsive and responsible proposals to the Bureau's RFP and was chosen based upon investment performance standards established by the Bureau as well as organizational strength, investment background and the ability to conform to the Bureau's Investment Policy and Guidelines; and

Whereas, the Bureau desires to enter into an Agreement with the Investment Manager to provide the needed services as set out in the RFP;

Now, therefore, the parties hereto mutually agree to the following provisions:

- 1. Appointment as an Investment Manager.** The Bureau appoints and retains the Investment Manager as a discretionary investment manager to the Bureau on the terms and conditions set forth in this Agreement and the Schedules attached hereto for those assets that the Bureau assigns, which assets shall be referred to collectively as the "Investment Account". The Investment Account assets shall remain a part of and subject to the provisions governing the individual trust funds and at all times shall be held exclusively for the purposes for which the funds are collected. Subject to the investment objectives, policies, and restrictions set forth in this Agreement and the Schedules attached hereto, the Investment Manager shall have full discretionary authority to manage the Investment Account, including, when the Investment Manager deems appropriate and without prior consultation with the Bureau, the investment and reinvestment of assets in the Investment Account. The Bureau may make additions to and withdrawals from the Investment Account in such amounts as the Bureau shall deem appropriate, provided that all withdrawals shall be made after giving the Investment Manager notice as set forth in Schedule A.
- 2. Acceptance of Appointment; Standard of Performance.** The Investment Manager accepts its appointment as a discretionary investment manager and agrees to use its best professional judgment to manage and invest the Investment Account in accordance with the provisions of this Agreement. The Investment Manager acknowledges that the Investment Account assets are those of a public trust fund governed by the provisions of Chapter 4123, Ohio Revised Code, and governed by the Statement of Investment Policy and Guidelines. The Investment Manager acknowledges receipt of a copy of Ohio Revised Code Chapter 4123 and a copy of the Statement of Investment Policy and Guidelines and agrees to adhere to the standard of care and conduct required of a fiduciary under Chapter 4123 and any applicable federal and state law.
- 3. Investment Objectives, Policies, Modifications and Restrictions.** The investment objectives, policies and restrictions of the Investment Account are set forth in Schedule A of this Agreement and may be modified by the Bureau with sixty (60) days prior written notice to the Investment Manager. The Investment Manager shall promptly advise the Bureau of its disagreement in writing with any modifications to Schedule A proposed by the Bureau. Any termination shall be in accordance with the provisions of Paragraph 17.
- 4. Transaction Procedures.** All Investment Account transactions shall be consummated by payment or delivery to or by the custodian, currently the Treasurer of the State of Ohio ("Custodian"), through the Custodian's Agent ("Custodian's Agent") or such depositories or agents as may be designated by the Custodian, of all cash and/or securities due to or from the Investment Account. Except as provided above, the Bureau shall be responsible for all custodial arrangements and the payment of all custodial charges

and fees and the Bureau shall be responsible for giving proper instructions to the Custodian. The Investment Manager shall have no responsibility or liability with respect to custodial arrangements or the acts, omissions or the conduct of the Custodian except where (1) the Investment Manager participates in or undertakes to conceal an act or omission of the Custodian where such act or omission is a breach of Custodian's or Investment Manager's fiduciary responsibilities, (2) by failure to discharge its responsibilities under this Agreement, the Investment Manager has enabled the Custodian or Bureau to commit a breach of Custodian's or Bureau's fiduciary responsibilities, or (3) the Investment Manager has knowledge of a breach by the Custodian or Bureau and does not make reasonable efforts under the circumstances to remedy the breach of Custodian's or Bureau's fiduciary responsibilities and is under a duty to do so. With regard to the foregoing powers and duties, the Bureau acknowledges that the Investment Manager shall have no responsibility for the failure by the Custodian to make timely settlement of transactions in securities that have been loaned from the Investment Account by the Custodian pursuant to a securities lending program authorized by the Bureau. The Bureau further acknowledges that the Investment Manager shall have no obligation or responsibility to vote proxies for securities loaned from the Account by the Custodian.

Notwithstanding the provisions of this paragraph, all transactions shall be carried out pursuant to Schedule C.

5. Procedures for Securities Transfer. Procedures for the transfer of securities and cash to and from the designated Investment Account under the terms of this Agreement shall be set forth in a directive letter from the Bureau prior to any transfer. The Investment Manager agrees to follow these procedures.

6. Allocation of Brokerage. The Investment Manager shall have the authority and discretion to select brokers and dealers to execute Investment Account transactions initiated by Investment Manager, and for the selection of markets on or in which the transactions will be executed. The Investment Manager may allocate the execution of transactions to such brokers and dealers for execution on such markets, at such prices and at such commission rates as in the good faith judgment of the Investment Manager will be in the best interest of the Investment Account, taking into consideration in the selection of such brokers and dealers not only the available prices and rates of brokerage commissions, but also other relevant factors (such as, without limitation, execution capabilities, research services provided by such brokers and dealers which are expected to enhance the Investment Account and overall management capabilities of the Investment Manager). The Investment Manager shall not execute Investment Account transactions through or with affiliates of the Investment Manager. The Bureau will provide the Investment Manager with a list of approved broker and dealers to be sent in letter form which will require acknowledgment of receipt. The use of Approved Brokers is required by the Bureau's Investment Policy which also mandates the amount of transactions to be done by minority and Ohio qualified brokers.

7. Proxies. The Investment Manager shall use its best good faith judgment to vote such proxies in a manner which best serves the general fiduciary provisions of the Ohio Revised Code and the interests of the Bureau.

8. Reports. The Investment Manager shall provide to the Bureau monthly and quarterly reports concerning the status of the Investment Account and all other reports set forth in Schedule A and all reports as may be customary or reasonably requested by the Bureau.

9. Service to Other Clients. It is understood that the Investment Manager performs investment management services for various clients. Subject to the provisions of paragraph 2 hereof the Bureau recognizes that the Investment Manager may give advice, exercise investment responsibility and take action with respect to any of its other clients which may differ from advice given or the timing or nature of action taken with respect to the Investment Account so long as the Investment Manager's policy, to the extent practical, is to allocate investment opportunities to the Investment Account over a period of time on a fair and equitable basis relative to other clients.

It is understood that the Investment Manager shall not have any obligation to purchase for or sell for the Investment Account any security which the Investment Manager, its principals, affiliates, or employees may purchase or sell for its own or for their own accounts or for the account of any other client, if in the opinion of the Investment Manager such transaction or investment appears unsuitable or undesirable for the Investment Account.

No personnel of the Investment Manager, who exercises any functions or responsibilities in connection with the review or approval of the undertaking or carrying out of any work under this Agreement, shall prior to the completion of said work, voluntarily acquire any personal interest, direct or indirect, which is incompatible, or in conflict with the discharge and fulfillment of such person's functions and responsibilities with respect to the work under this Agreement.

Any such person who acquires an incompatible or conflicting personal interest, prior to, on or after the effective date of this Agreement, or who involuntarily acquires any such incompatible or conflicting personal interest, shall immediately disclose his or her interest to the Bureau in writing. Thereafter, such person shall not participate in any action affecting the work under this Agreement, unless the Bureau shall determine that in the light of the personal interest disclosed, such person's participation in any such action would not be contrary to the public interest.

10. Assignment and Subcontracting. No "assignment" (as defined in the Investment Advisers Act of 1940) of this Agreement shall be made by the Investment Manager without the written consent of the Bureau. If the Investment Manager merges or consolidates or transfers substantially all of its assets to another entity, the resulting entity shall so notify the Bureau and shall be the Investment Manager hereunder only if the Bureau expressly consents in writing; and the resulting entity shall provide the Bureau with Part I and Part II of the Form ADV. The Investment Manager shall not hire or use subcontractors without prior written approval from the Bureau and any work subcontracted shall be at the expense of the Investment Manager.

11. Fees for Investment Management Services. The compensation of the Investment Manager for its services hereunder shall be calculated and paid quarterly in arrears by the Bureau in accordance with the attached Schedule B.

12. Representations. The Investment Manager represents that it is a bank, an insurance company, an investment management company or an investment advisor as defined by the Investment Advisers Act of 1940 will retain such status for the duration of this Agreement. The Investment Manager will promptly notify the Bureau in writing of any change or expected change in the status of the Investment Management company. The Investment Manager represents that it complies with all applicable federal, state, and local laws in the conduct of the work hereunder and represents that it will continue to do so for the duration of this Agreement. The Investment Manager accepts full responsibility for payment of all taxes and insurance including workers' compensation insurance premiums, unemployment compensation insurance premiums, all income tax deductions, social security deductions, and any and all other taxes or payroll deductions required for all employees engaged by it in the performance of the work authorized by this Agreement.

The Bureau warrants that it is a state agency statutorily created and deriving its authority from Ohio Revised Code Chapters 4121 and 4123. The Bureau represents that the appointment of the Investment Manager by the Bureau with respect to the investment of the assets allocated to the Investment Account, has been duly authorized by the Administrator pursuant to Ohio Revised Code 4121.121(B)(7), 4123.44 and the The Ohio Bureau of Workers' Compensation Statement of Investment Policy and Guidelines. The Bureau further represents that the terms of this Agreement do not violate any obligations by which the Bureau is bound, whether arising by operation of rule or law.

13. Indemnification. The Investment Manager shall be liable for and shall indemnify the Bureau against any and all losses, damages, costs, expenses (including reasonable attorney fees), liabilities, claims and demands for any action, omission, information or recommendation in connection with this Agreement constituting a breach or violation of its fiduciary duties under applicable law, or a material breach of any agreement, representation, warranty or covenant made herein by the Investment Manager or its agents, except that the Investment Manager shall have no liability hereunder in the absence of negligence or reckless or willful misconduct on the part of itself or its agents. Subject to applicable law, the Investment Manager shall not be liable for any loss incurred in connection with the Investment Account due to bona fide (good faith) errors in judgment after having previously considered with due care the merits of any particular investment or investment strategy. If the Investment Manager makes any investment in violation

of this Agreement and the guidelines set forth herein, such investment shall be sold and upon sale the following shall occur: (1) if such sale resulted in a gain, the proceeds and any gain shall be credited to the Investment Account; or (2) if such sale resulted in a loss, the Investment Manager shall credit the Investment Account for the full amount of the loss.

14. Confidential Information. All information regarding operations and investments of the Bureau shall be regarded as confidential by the Investment Manager and shall not be disclosed except as authorized in writing by the Bureau or otherwise required by law. Specifically, the Investment Manager and any person in its employ who has knowledge of the amount and kind of transactions entered into on behalf of the Bureau, shall not disclose the purpose or substance of the transaction while in progress. Upon completion of such transactions and the reporting of the completed transactions to the Bureau in the normal monthly reporting, the information may be disclosed as authorized in writing by the Bureau or as required by law.

15. Merger and Order of Priorities. It is mutually understood and expressly agreed that the provisions of the Bureau's Request for Proposals and the Investment Manager's response thereto are incorporated by reference, and together with this Agreement, contain the entire agreement between the parties. The parties have entered into no agreements, express or implied, other than this Agreement. To the extent that any terms and provisions of this writing conflict with and cannot be reconciled with the Request for Proposals or with the proposal submitted, the terms and provisions of this Agreement shall control.

16. Amendments, Modifications, Supplements and Headings. The parties may, by mutual agreement, amend, modify, supplement or rescind the terms of this Agreement. The term "this Agreement" shall be deemed to include any such future amendments, modifications, and supplements. Any such amendment, modification, supplement or rescission shall not be effective unless expressed in writing and signed by the parties hereto. The headings in this Agreement are for convenience only and are not intended to be part of, or to affect the interpretation of, the terms of this Agreement.

17. Termination. This Agreement may be terminated without any penalty at any time by either party upon thirty (30) days written notice. The Bureau may terminate this Agreement immediately upon breach or default by the Investment Manager of any terms of this Agreement, any terms of the Request for Proposal, and any terms of the Investment Manager's response thereto, unless in the event of a breach that is subject to cure, the Investment Manager has cured such breach to the Bureau's satisfaction within fifteen (15) days from date notice of the breach was given by the Bureau.

In the event the Bureau exercises its right to terminate this Agreement, the Investment Manager shall not be relieved of any liability for damages sustained by the Bureau by virtue of any breach by the Investment Manager to the extent of remuneration paid and payable pursuant to this Agreement. The Bureau shall not be liable for any further claims, and the claims submitted by the Investment Manager shall not exceed the total amount of consideration stated in this Agreement. The Bureau may withhold payment due to the Investment Manager pursuant to this Agreement or otherwise, for the purpose of set-off until such time as damages due to the Bureau are determined. The Investment Manager, upon receipt of notice of termination is permitted to complete transactions in progress but shall cease commencing any new transactions and take all necessary or appropriate steps to minimize costs, and furnish a report, as of the date of receipt of notice of termination describing the status of all transactions pursuant to this Agreement, as the Bureau may require. In the event of termination of the Agreement, any documentation in the form of reports and analysis provided by the Investment Manager which fulfills any obligation of this Agreement shall be considered the property of the Bureau with the exception of any copyrighted notes, software developed by the Investment Manager to be used in the course of the investment managers daily operations to monitor and assist in the management of client accounts and other generic documents prepared for distribution to Investment Manager's clients for general informational purposes.

The rights of termination referred to in this Agreement are not intended to be exclusive and are in addition to any other rights and remedies available to either party at law or in equity.

18. Default By The Investment Manager The Bureau declares and the Investment Manager acknowledges that a default shall occur in the event the Investment Manager does not perform in accordance with the performance measures identified in the Statement of Investment Policy and Guidelines, or under-performs when compared to comparable managers in the particular sector as identified in the Performance Standards Section of Schedule A and the Bureau may terminate the

Agreement. The Bureau declares and the Investment Manager acknowledges that a default shall occur in the event there is a change in the firm structure, including a change in the investment focus or a material change in personnel the Bureau may terminate the Agreement. The Bureau declares and the Investment Manager acknowledges that a default shall occur in the event the Investment Manager becomes subject to regulatory or legal proceedings which the Bureau judges to be injurious to the Bureau or to its fiduciary duties, and the Bureau may terminate the Agreement.

19. No Additional Waiver Implied If the investment Manager fails to perform an obligation or obligations under the Agreement or otherwise is in default and thereafter such failure or default is waived by the Bureau, such waiver shall be limited to the particular failure or default so waived and shall not be deemed to waive other failure or default hereunder. Waiver by the Bureau shall not be effective unless it is in writing.

20. Governing Law - Severability The validity, construction and performance of the Agreement and the legal relations among the parties to the Agreement, shall be governed by and construed in accordance with the laws of the State of Ohio. If any provision of the Agreement or the application of any such provision shall be held by a court of competent jurisdiction to be contrary to law, the remaining provisions of the Agreement shall remain in full force and effect. The parties agree to submit irrevocably to the jurisdiction of Ohio courts.

21. Publicity Any use or reference to this Agreement by the investment Manager to promote, solicit, or disseminate information regarding the scope of the Agreement is prohibited, unless otherwise agreed to in writing by the Bureau. The Bureau agrees to be used as a reference by the investment Manager in other State of Ohio competitive bidding situations.

22. Conditions Precedent It is expressly understood by the parties any resulting Agreement is not binding on the Bureau until such time as all necessary funds are made available and forthcoming from the appropriate state agencies, and when required, such expenditure of funds is approved by the Bureau.

23. Nondiscrimination. The hiring of employees for the performance of work under this Agreement shall be done in accordance with Ohio Revised Code Sections 153.59 and 153.691, and the Governor's Executive Order of January 27, 1972 and the Governor's amended Executive Order 84-9 of November 30, 1984. The investment Manager shall not discriminate against or intimidate any person hired for the performance of the work by reason of race, color, religion, national origin, ancestry, sex, handicap, or disability, as such term is defined in the Americans with Disabilities Act. For any violation, the investment Manager shall suffer such penalties as provided for in Ohio Revised Code Section 153.60 and the Governor's Executive Order of January 27, 1972, or otherwise provided by law.

24. Drug-Free Workplace. The investment Manager agrees to comply with all applicable state and federal laws regarding drug-free workplace. Investment Manager shall make a good faith effort to ensure that all its employees, if working on state property, will not purchase, use or possess illegal drugs or alcohol or abuse prescription drugs in any way.

25. Time of Performance The Agreement shall be binding upon both parties upon receipt by the investment Manager of a copy of a fully executed agreement and compliance with any and all conditions precedent, except that services may commence on such later date as the Bureau may establish by written notification to the investment Manager. The Bureau acknowledges receipt of the investment Manager's ADV form, Part II, as currently filed, at least forty-eight (48) hours prior to entering into this Agreement.

26. Notification. All notices, instructions or reports required or permitted under this Agreement shall be deemed to have been properly given if sent by regular U. S. Mail, first class postage prepaid, addressed as follows:

As to the Bureau:

Robert G. Cowman
Chief Investment Officer
30 West Spring Street, L 27
Columbus, Ohio 43215-2258

As to the Investment Manager:

Mark D. Lay
MDL Capital Management, Inc.
225 Ross Street, Third Floor
Pittsburgh, Pennsylvania 15219


27. Food and Beverage. Investment Manager shall provide necessary food and beverages at or associated with training or information sessions provided or conducted by the Investment Manager with the Oversight Commission or staff held outside of Columbus, Ohio.

28. Year 2000 Compliance. Investment Manager guarantees that all services provided under this Agreement will be "year 2000 compliant" by December 1998, meaning that all services are designed to operate without regard to the turning of the century and that any process involved in these services which involves dates will operate in a manner that takes into account dates occurring before and after the turning of the century and that any process involved in these services creates, processes and stores dates in a format that accurately reflects whether the date is before or after the year 2000.


Proof of compliance shall be sent to the Bureau in writing and shall indicate the date of implementation and describe in detail the upgraded software used in managing the funds and any necessary upgrades to the firewalls and operating systems. Failure to make adequate assurances by the above listed date shall be deemed a breach and shall terminate this Agreement. The provisions of this paragraph shall survive any termination or expiration of this Agreement.

IN WITNESS WHEREOF, the parties hereunto affix their signatures this 14th day of May, 1998.

MDL CAPITAL MANAGEMENT, INC.


Mark D. Lay
Name: Mark D. Lay
Title: Chairman & CEO

STATE OF OHIO, BUREAU OF WORKERS' COMPENSATION


James Conrad
James Conrad
Administrator

SCHEDULE A TO INVESTMENT MANAGEMENT AGREEMENT

Client: State of Ohio, Bureau of Workers' Compensation
Investment Manager: MDL Capital Management

INVESTMENT GUIDELINES Active Duration Fixed Income Management

Statement of Purpose

The purpose of these guidelines is to:

- establish the investment objective and performance standards of the Investment Account,
- ensure that Investment Manager has the capability to evaluate the risks of all financial instruments in which the Investment Account is invested, and
- prevent Investment Manager from exposing the Investment Account to excessive overall levels of risk, exposure to inappropriate risk sources, or disproportionate exposure to any one risk source.

Investment Objective

The basic objective is to attain the highest total return consistent with a reasonable degree of risk by investing in fixed income securities. Success in achieving that objective will be measured by comparing the risk adjusted return and the after-fee return of the Investment Account to the Lehman Brothers Aggregate Bond Index.

Investment Guidelines

Investment Manager will manage a high quality, diversified fixed income Investment Account consistent with the Investment Account objectives outlined above and in compliance with the Guidelines stated below. Investment Manager will have full discretion to manage this Investment Account subject to Chapter 4123 of the Ohio Revised Code, the Bureau's Investment Policy, and the maturity, credit, diversification and marketability guidelines contained herein.

Eligible Securities

- Securities issued by U. S. corporations where both principal and interest are denominated and payable in U.S. dollars are permitted.
- With the exception of U.S. Treasury, Agency and Instrumentality securities, the maximum allocation of Investment Account market value to all classes of securities of any one issuer is 5% at the time of purchase (3% for entities with securities rated below A-).
- Custodial Agent's STIF account and commercial paper rated at least A-1 or P-1 are permitted up to 10% of the market value of the Investment Account at the time of purchase. Repurchase agreements are permitted, provided that the collateral is delivered into the Investment Account, and that the collateral would otherwise be eligible for direct purchase under these guidelines.
- Mortgage dollar rolls are permitted as long as there is sufficient cash equivalents and short duration (under one year) securities in the Investment Account to offset the purchase cost of the rolls. No leverage is permitted.
- Agency and non-agency mortgage securities are limited to pass-through securities, sequentials, CMOs, PACs, IOs, POs, ARMs, CMBSs and multifamily securities.

- 144A securities are eligible as long as they have registration rights.
- Use of convertible bonds, convertible preferred stocks and preferred stocks are not permitted except for securities such as bank trust preferreds which have a stated final maturity date.

Prohibited Securities

- Dollar denominated foreign debt securities such as Yankees and Brady Bonds are prohibited.
- Securities denominated in currencies other than the U.S. dollar (non-dollar bonds) are prohibited.
- Private placements are prohibited except for 144A securities with registration.
- High yield securities are prohibited.
- Use of inverse floaters, other exotic derivatives and reverse repurchase agreements is prohibited.
- 144A securities without registration rights are prohibited.
- Use of Eurodollar futures and options is prohibited.
- Use of listed U.S. fixed income futures and options contracts is prohibited.

Credit Quality

- The overall average Investment Account quality will be maintained at A or higher, as defined by Standard & Poor's. The minimum quality per security is BBB- at the time of purchase by Standard & Poor's, Moody's, Duff & Phelps, or Fitch. In the case of split rated securities, the lowest rating will be used to determine eligibility.

Duration Range

- In no case, will the Investment Account's effective duration be outside of a 50% corridor around the benchmark's effective duration (i.e. within 50% - 150% of the benchmark's effective duration).

Designated Benchmark

Performance results will be monitored and evaluated on a quarterly basis against the Lehman Brothers Aggregate Bond Index.

Performance Standards

The value-added performance objective above the stated benchmark is outlined below:

<i>Benchmark</i>	<i>Value-Added Per Annum Net-of-Fees (basis points)</i>	<i>Time Horizon</i>
Lehman Brothers Aggregate Bond Index	75	3 and 5 year rolling periods

The secondary performance objective of this Investment Account will be to place above the median manager of Callan's Active Duration Style Group or other institutionally managed active duration fixed income accounts universe over rolling 3 and 5 year periods as designated by the Bureau. The Investment Manager will be provided with all necessary analytics to understand and monitor this benchmark.

Personnel/Style

Continuity in personnel is vitally important to a successful investment management program. It is understood that any changes in key personnel, investment management philosophy, style, or approach, and significant changes in ownership affiliations, organizational structure, financial condition or clientele will be discussed in detail with the Bureau's Chief Investment Officer.

Additions and Withdrawals from the Investment Account

The Bureau may at any time make additions to and withdrawals from the Investment Account in such amounts as the Bureau shall deem appropriate, provided that all withdrawals and additions shall be made after giving the Investment Manager timely notices. Notice of withdrawals shall be considered timely if communicated to the Investment Manager no less than 10 business days prior to the withdrawal date. Notices of additions shall be considered timely if communicated to the Investment Manager no less than two business days prior to the date of deposit. The Investment Manager will notify the Bureau immediately if they are unable to comply with the withdrawal request or notice of addition to the Investment Account.

Data Requirements and Reports

The Investment Manager will provide monthly reports on the Investment Account to the Chief Investment Officer of the Bureau. These reports shall include a summary of Investment Account holdings, transactions, performance, compliance with Bureau Guidelines, and analytics on diversification and risk measures. The performance and holding information is to be delivered no later than two weeks after the end of the month.

In addition to the monthly reporting required above, the Investment Manager will send the Bureau a quarterly report which lists the dollar amount of transactions done with each broker used for the Bureau's transactions. This report should separate the brokers and give subtotals for the Ohio qualified brokers, minority brokers, and national brokers. The quarterly report should also detail any soft dollar services received for Bureau transactions; and any commission recapture arrangements should be disclosed. The quarterly reports are to be delivered no later than three weeks after the end of the month.

The Investment Manager will also provide any other reports reasonably requested by the Bureau. These reports are to be provided to the Bureau and other recipients as directed by the Bureau.

Meetings

Performance review and investment strategy meetings will be held on a semi-annual basis.

Fiduciary Responsibility

The Investment Manager accepts full fiduciary responsibility for the Bureau's assets under its management under the Ohio Revised Code and any applicable federal and state law.

Investment Policy Amendments

If any item, guideline or constraint within these Investment Guidelines proves to be too restrictive in practice, it will be the Investment Manager's responsibility to prepare a modification and/or amendment to that specific item in writing for consideration by the Bureau's Chief Investment Officer.

Access to Records

The Bureau and the Bureau's auditors will have reasonable access to Investment Manager's records during normal business hours upon reasonable prior notice.

Conflict of Interest

Investment activities should be conducted in a manner consistent with the Code of Ethics and the Standards of Professional Conduct adopted by the Association of Investment Management and Research.

SCHEDULE B TO INVESTMENT MANAGEMENT AGREEMENT

Client: State of Ohio, Bureau of Workers' Compensation
Investment Manager: MDL Capital Management, inc.

INVESTMENT MANAGEMENT FEE

For investment management services provided, the Bureau will pay Investment Manager an annual fee in accordance with the following based on the Investment Account Average Assets. Such fee shall be paid quarterly in arrears upon invoice and prorated on a daily basis for any quarterly period during which the Agreement is in effect for only a portion of the quarter. Average Assets shall be determined by computing the market value of Investment Account assets on the last business day of the calendar quarter. The market value of the Investment Account assets shall be based on the reports supplied by the Bureau.

Annual Fee

.30% on the first \$25 million
.25% on the next \$50 million
.20% on the next \$100 million

This purely asset-based fee schedule shall not exceed any purely asset-based fee schedule of the Investment Manager's other discretionary accounts: (a) managed in accordance with substantially identical investment guidelines and objectives; (b) of comparable size; and (c) of clients which became clients of the Investment Manager after May 1, 1998.

SCHEDULE C TO INVESTMENT MANAGEMENT AGREEMENT

Client: State of Ohio, Bureau of Workers' Compensation
Investment Manager: MDL Capital Management, Inc.

TRANSACTION PROCEDURE

The Investment Manager will have full discretion, subject to the Guidelines of the Investment Management Agreement and Schedules and the Bureau's Investment Policy, when making security transactions. When the Investment Manager executes a sale transaction, it will notify the Bureau's designated Security Lending Agent. Upon execution of any transaction (purchase or sell) the Investment Manager will complete a trade ticket which will include information regarding the Approved Broker, the dollar amount, the security description, the trade/settlement dates, and special delivery instructions. Each trade ticket will be faxed to the Bureau's Investment Department no later than Trade Date plus one day. In addition, the Investment Manager will inform the Bureau's Investment Department by phone of each fax sent regarding a transaction. The Investment Manager will inform the Approved Broker to enter all transactions to the DTC ID system or other electronic system, whether the security is eligible for DTC settlement or not. The Investment Manager will receive detailed settlement instructions from the Bureau. If a confirmation is not available on the DTC system, the Investment Manager will require the broker to send a confirm to the Bureau. The Bureau will affirm all transactions with DTC once trade information has been verified by the Investment Manager. The settlement of all transactions will be the responsibility of the Bureau's Custodian who will rely on the DTC for settlement information. In case of a failed transaction the Bureau's Custodian will contact the Bureau's Investment Department who will then notify the Investment Manager. It will be the Investment Manager's responsibility to correct all fails caused by the broker selected by the Manager. Fails caused by the Bureau's Custodian will be corrected by the Bureau.

Proceeds received from sales, expenditures made for purchase, and income earned on the assets in the Investment Account will be charged to or deposited in the Investment Manager's account with the Bureau's Custodian. The Bureau will manage the cash in the Investment Manager's Custodial Account. Currently the only investment vehicle available for the investment of cash is the Custodian's STIF account. It is the Investment Manager's responsibility to ensure there are enough cash equivalents or sale proceeds to cover purchases made by the Investment Manager. It will be the responsibility of the Investment Manager to ensure that no overdraft occurs in the Investment Manager's Custodial Account. However, should the Investment Manager overdraw the Custodial Account, the Investment Manager will, at its own expense, remedy the overdraft as soon as possible.

**SUBSCRIPTION BOOKLET
(Including Prospective Investor Questionnaire)**

FOR

SHARES

IN

MDL ACTIVE DURATION FUND, LTD.

Carefully review and follow the instructions to Subscribers immediately following this cover page.

INSTRUCTIONS TO SUBSCRIBERS

To subscribe, please follow these steps:

I. SUBSCRIPTION AGREEMENT (including Prospective Investor Questionnaire)

You should complete and return the Subscription Agreement, signed in duplicate, to:

Board of Directors
MDL Active Duration Fund, Ltd.
Williams House
20 Reid Street
Hamilton, HM 11 Bermuda

Please complete the Prospective Investor Questionnaire attached as Schedule B to the Subscription Agreement.

II. PAYMENT OF CAPITAL CONTRIBUTION

The amount of your Subscription should be remitted by wire transfer in immediately available funds in accordance with the instructions set forth on Schedule A to the Subscription Agreement. Please contact the Investment Adviser for further instructions for wire transfers.

MDL ACTIVE DURATION FUND, LTD.

SUBSCRIPTION AGREEMENT

TO: Board of Directors
MDL Active Duration Fund, Ltd.
Williams House
20 Reid Street
Hamilton, HM 11 Bermuda

1. Subscription. The undersigned (the "Subscriber") hereby offers to purchase and subscribe for redeemable, non-voting participating shares (the "Shares") of MDL Active Duration Fund, Ltd. (the "Fund"), and consents to make cash contributions to the capital of the Fund in the amount set forth on the signature page above the Subscriber's signature (minimum initial subscription of U.S. \$1,000,000, subject to the discretion of the Fund to reduce such minimum).

Subject to the terms and conditions contained herein and in the Confidential Private Placement Memorandum of the Fund dated January 15, 2003, and all supplements and exhibits attached thereto (the "Memorandum"), the Subscriber hereby subscribes to purchase the Shares as described above at the Initial Offering Price of U.S. \$1,000.00 per share, or if the Fund has commenced operations, at a per Share subscription price equal to the Net Asset Value for the relevant Shares in accordance with the Fund's By-laws and as described in the Memorandum.

Upon acceptance of this Subscription Agreement, the Subscriber agrees to pay to the Fund the full purchase price of the Shares subscribed by wire transfer in accordance with the instructions set forth in Schedule A attached hereto.

If the Fund does not accept the subscription for any reason whatsoever, the amount of the subscription payment will be returned to the Subscriber with interest thereon, and thereupon this Agreement shall be null and void and of no further force and effect.

2. Representations and Warranties of Subscriber. The Subscriber hereby represents and warrants as follows:

A) The Subscriber has received and thoroughly reviewed the Memorandum and is relying on the information contained therein, together with other information made available to it on request, in making this subscription. All documents pertaining to this investment have been made available for inspection by the Subscriber, its attorney and accountant. No oral representations have been made to the Subscriber or its advisor(s) in connection with the offering of the Shares, nor has the Subscriber relied on any such representations. The Subscriber has entered into this Subscription Agreement with a thorough knowledge and understanding of the investment and its risks.

B) All information provided by the Subscriber to the Fund is true and correct in all respects as of the date hereof.

MDL Active Duration Fund, Ltd.
Subscription Agreement

C) The Subscriber has had an opportunity to ask questions of and receive answers from the Investment Adviser, or a person or persons acting on its behalf, concerning the terms and conditions of this investment, and all such questions have been answered to the full satisfaction of the Subscriber.

D) The Subscriber does not intend or anticipate that this investment will be a source of current income.

E) The address set forth below represents the true and correct place of business of the Subscriber and that the Subscriber has no present intention of having a place of business in any other state or jurisdiction.

F) The Subscriber has been informed by the Fund in writing and understands that the Shares have not been registered under any federal or state securities laws in reliance on exemptions therefrom for non-public offerings or other exemptions, based in part upon the Subscriber's representations herein, and further understands that the Shares have not been approved or disapproved by the Securities and Exchange Commission or any other federal or state agency.

G) The Subscriber has sufficient liquid assets to pay for the Shares and agrees that the Fund shall have all the rights set forth in this Subscription Agreement and the Memorandum of Association and Bye-laws of the Fund.

H) The Subscriber is acquiring the Shares for the Subscriber's own account, for investment purposes only, and not with a view to the sale or other distribution thereof, in whole or in part, and is aware of the following:

1) The Fund has recently been formed, and its operations have only recently commenced. It has no financial or operating history;

2) There are substantial restrictions on the transferability of the Shares as set forth in the Fund's Bye-laws and described in the Memorandum;

3) No resale or other transfer of the Shares by the Subscriber will be allowed which are not registered under the Securities Act of 1933 (the "Securities Act") and/or under applicable state securities laws (and shareholders have no right to require that the Shares be registered) or exempt from all such registration. There will be no public market for the Shares; accordingly, it may not be possible for a Subscriber to liquidate its investment in the Fund. The Shares have not been registered under any state or foreign securities laws, including those of the jurisdiction in which the Subscriber resides, and may not be sold or transferred without registration under said laws, or an exemption therefrom, and without first receiving the consent of the Board of Directors of the Fund, which consent the Board may unreasonably withhold in its sole discretion;

4) Any income tax benefits which may be available to the Subscriber may be lost through adoption of new laws, amendments to existing laws or regulations, changes in the interpretation of existing laws and regulations.

I) The investment represented by this Subscription Agreement is financially suitable to the Subscriber in that, among other things, (a) the Subscriber is an "Accredited Investor" as defined under the Securities Act and is a "Qualified Purchaser" as defined under Rule 2(a)(51)(A) of the Investment Advisers Act of 1940, and (b) the Subscriber's financial condition is more than adequate, and will continue for the foreseeable future to be more than adequate, to bear the substantial economic risks of this investment. The Subscriber, either alone or with the Subscriber's representative, has sufficient knowledge and experience in investment, tax and business matters to independently evaluate the merits of this investment.

J) Subscriber is not a U.S. Person who is not a Permitted U.S. Person as defined in the Memorandum.

K) Subscriber is not a citizen or resident of Bermuda.

L) Subscriber acknowledges that the Fund may at any time and from time to time following the completion of the Offering issue additional Shares, and that upon such issuance, the percentage of the outstanding equity of the Fund represented by the Shares may be diluted, which dilution could be substantial.

M) Subscriber represents that it has completed and delivered to the Fund the Prospective Investor Questionnaire, Schedule B, hereto, that the information provided by Subscriber on Schedule B hereto is complete and accurate, and that the Fund and the Investment Adviser may rely on such information.

N) Each Subscriber that is an "employee benefit plan," as defined in and subject to the ERISA (a "Plan"), and each fiduciary thereof who is executing this Subscription Agreement on behalf of such Plan (a "Plan Fiduciary") represents and warrants that (a) the Plan Fiduciary has considered an investment in the Fund for such Plan in light of the risks relating thereto; (b) the Plan Fiduciary has been informed and understands the Fund's investment objectives, policies and strategies; (c) the Plan Fiduciary understands that the assets of the Fund may be considered "plan assets" of the Plan under ERISA; (d) the Plan Fiduciary has determined that, in view of such considerations, the investment in the Fund for such Plan is consistent with its responsibilities under ERISA; (e) the investment in the Fund by the Plan does not violate and is not otherwise inconsistent with the terms of any legal document constituting the Plan or any trust agreement entered into thereunder; (f) the Plan's investment in the Fund has been duly authorized and approved by all necessary parties; and (g) the Plan Fiduciary (i) is authorized to make, and is responsible for, the decision for the Plan to invest in the Fund, including the determination that such investment is consistent with the requirement imposed by Section 404 of ERISA that Plan investments be diversified so as to minimize the risks of large losses; (ii) is independent of the Investment Adviser and its affiliates, any other investment advisor to the Fund, any selling agent and any of their respective affiliates, (iii) is qualified to make such investment decisions, and (iv) in making such decision, has not relied primarily on any advice or recommendation of the Investment Adviser, any other investment advisor to the Fund, a selling agent, or any of their respective affiliates or employees.

O) If the Subscriber (other than a Subscriber who is a natural person) is acquiring Shares which, when aggregated with the value of all Shares, if any, previously acquired by it and all securities owned by the Subscriber of all "Designated Issuers" (as defined

below), equal 10% or more of the value of the total assets of the Subscriber, the Subscriber represents and warrants that (a) it is not an "investment company" as such term is defined in Section 3(a)(1) of the Investment Company Act of 1940 (the "Investment Company Act"), and, if the exception provided for in Section 3(c)(1) or (7) of the Investment Company Act were not available, would not be an "investment company," (b) all of its outstanding securities are beneficially owned by one person, (c) it is a defined benefit plan qualified under Section 401 of the Code, and such plan is involuntary (meaning that all contributions to the plan are made by the employer-sponsor rather than the employee participants) or (d) such Subscriber shall have delivered, upon the admission of such Subscriber to the Company, another representation satisfactory to the Board with respect to the Investment Company Act. For purposes hereof, the term "Designated Issuers" shall mean issuers that are or would be, but for the exception set forth in Section 3(c)(1)(A) of the Investment Company Act, excluded from the definition of an investment company solely by reason of Section 3(c)(1) of the Investment Company Act (including the Company).

3. Indemnification. The Subscriber acknowledges that the Subscriber understands the meaning and legal consequences of the representations and warranties contained in this Subscription Agreement, and hereby agrees to indemnify and hold the Fund, the Investment Adviser and the Administrator harmless from and against any and all loss, damage or liability due to or arising out of a breach of any representation or warranty of the Subscriber contained herein.

Notwithstanding any of the representations, warranties, acknowledgements or agreements made herein by the Subscriber, the Subscriber does not hereby or in any other manner waive any rights granted to the Subscriber under federal or state securities laws.

4. Conditions. It is understood that this subscription is expressly conditioned upon:

A) The Subscriber's prior completion, execution and delivery to the Fund of a Prospective Investor Questionnaire. See Schedule B.

B) The acceptance by the Board of Directors on behalf of the Fund of the Subscriber as a qualified offeree eligible to receive an offer to purchase and subscribe for the Shares.

C) The Subscriber's completion, execution and delivery to the Fund of this Subscription Agreement, in duplicate.

D) The acceptance by the Board of Directors on behalf of the Fund of this Subscription Agreement, which determination shall be within the complete discretion of the Board of Directors.

E) Tender to the Fund of the full purchase price of the Shares for which the Subscriber is subscribing upon demand by the Fund.

5. Governing Law; Jurisdiction. This Agreement shall be governed by and construed under the laws of Bermuda without regard to the conflict of laws provisions thereof. Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Bermuda for the

adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper.

6. Entire Agreement, Waiver. This Agreement constitutes the entire agreement between the parties with regard to the subject matter hereof, superseding all prior agreements or understandings, whether written or oral, between or among the parties. Except as expressly provided herein, neither this Agreement nor any term hereof may be amended except pursuant to a written instrument executed by or on behalf of the Fund and Subscriber.

7. Anti-Money Laundering. As part of the Fund's responsibility for the prevention of money laundering, the Administrator, its affiliates, subsidiaries or associates may require a detailed verification of the Subscriber's identity and the source of the payment. Depending on the circumstances of each subscription, a detailed verification might not be required where:

- 1) The Subscriber makes the payment from an account held in the Subscriber's name at a recognized financial institution; or
- 2) The subscription is made through a recognized intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognized as having sufficient anti-money laundering regulations.

The Administrator reserves the right to request such information as is necessary to verify the identity of a Subscriber. For example, an individual may be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, together with evidence of his or her address, such as a utility bill or bank statement, and date of birth. In the case of corporate investors, the Administrator can require, among other things, production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), and the names, occupations, dates of birth and residential and business addresses of all directors and beneficial owners. The Administrator can request such information as is necessary to verify the identity of an investor. In the event of delay or failure by the Subscriber to produce any information required for verification purposes, the Administrator may refuse to accept the application and the subscription monies relating thereto, or may refuse to honor a redemption request until proper information has been provided. If any person who is resident in Bermuda (including the Administrator) has a suspicion that a payment to the Fund (by way of subscription or otherwise) contains the proceeds of criminal conduct that person is required to report such suspicion pursuant to The Proceeds of Crime Act, 1997, Bermuda.

This subscription is not transferable or assignable by the Subscriber.

MDL ACTIVE DURATION FUND, LTD.
SUBSCRIPTION AGREEMENT

SIGNATURE PAGE FOR ENTITIES
(OTHER THAN EMPLOYEE BENEFIT PLANS)

The undersigned entity hereby subscribes for \$100,000,000.00 of Shares.

Form of Organization: ___ Partnership, ___ Limited Liability Company, ___ Corporation,
X Trust, ___ Other (Describe: _____)

Full Name of Subscriber: STATE OF OHIO BUREAU OF WORKERS'
COMPENSATION

Tax ID. No. [REDACTED]

Address: 30 WEST SPRING ST.
COLUMBUS OHIO 43215

Telephone: 614-752-8055

The undersigned warrants that he/she has full power and authority to execute this Subscription Agreement on behalf of the above entity, and investment in the Fund is not prohibited by the governing documents of the entity.

Name: OHIO BUREAU OF WORKERS' COMPENSATION
(Entity Name)

By: 

(Signature)

TERRENCE W. GASPER
(Signer's Printed Name)

CHIEF FINANCIAL OFFICER
(Signer's Title)

Date: August 29, 2003

MDL ACTIVE DURATION FUND, LTD.
SUBSCRIPTION AGREEMENT

SIGNATURE PAGE FOR EMPLOYEE BENEFIT PLANS
(OR EMPLOYEE BENEFIT PLAN COMPANIES)

The undersigned hereby subscribes for \$_____ of Shares.

Full Name of (circle one) Employee Benefit Plan/Trust/IRA:

Tax ID. No. of (circle one) Plan, Trust or IRA: _____

State and Approximate Date of Formation: _____

Full Name, Address and Phone Number of Authorizing Fiduciary:

Name: _____

Address: _____

Telephone: _____

The undersigned warrants that he/she has full power and authority to execute this Subscription Agreement on behalf of the above entity, and investment in the Fund is not prohibited by the governing documents of the entity.

Name: _____

(Entity Name)

By: _____

(Signature)

(Signer's Printed Name)

(Signer's Title)

The Fund will determine, in its sole discretion, whether the investment is suitable for the Subscriber and whether to accept this subscription.

Accepted _____ Rejected _____ Date: _____

MDL ACTIVE DURATION FUND, LTD.

By: _____
Signature

Name

Title

SCHEDULE A

Subscription Instructions

USD – STANDARD SETTLEMENT INSTRUCTIONS INTO BANK ACCOUNT:

PLEASE USE A MT 100 FORM/PAYMENT ORDER

RECEIVING BANK: RBC Centura
Rocky Mount, NC

SWIFT CODE: [REDACTED]
ABA NO.: [REDACTED]

ACCOUNT NO.: [REDACTED]
REFERENCE: Winchester Reserves SPC

FFC: [REDACTED]

ACCOUNT NAME: The MDL Active Duration Fund, Ltd.

SCHEDULE A

MDL Active Duration Fund, Ltd.
Subscription Agreement

SCHEDULE B

PROSPECTIVE INVESTOR QUESTIONNAIRE

TO: Board of Directors
MDL Active Duration Fund, Ltd.
Williams House
20 Ridd Street
Hamilton, HM 11 Bermuda

Gentlemen:

The undersigned is furnishing the information contained herein to you in order to enable you to determine whether the Subscription Agreement of the undersigned to purchase redeemable, non-voting participating shares (the "Shares") of MDL Active Duration Fund, Ltd. (the "Fund") may be accepted by you in accordance with the provisions of the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws. The undersigned understands that (a) you will rely on the information contained herein in order to make such determination, (b) the Shares will not be registered under the Securities Act or under any state securities laws in reliance upon the exemptions from registration available thereunder, and (c) this Questionnaire is not an offer of any Shares or any other securities to the undersigned. The undersigned also agrees that the Fund may rely upon the information provided herein in determining whether to consent to the purchase of Shares under the Subscription Agreement.

Accordingly, the undersigned hereby makes the following representations and provides the following information:

(1) The undersigned meets the requirements as an "Accredited Investor" as defined in Rule 501(a) under the Securities Act because (initial in the space provided at least one of the items below):

- ____(i) The undersigned, individually or jointly with his or her spouse, has a net worth in excess of \$1,000,000; or
- ____(ii) The undersigned has had individual income in excess of \$200,000 in each of the two most recent years or joint income with his or her spouse in excess of \$300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year; or
- ____(iii) The undersigned is a corporation, Massachusetts or similar business trust, partnership, or §501(c)(3) organization, not formed for the specific purpose of acquiring the Shares, with total assets in excess of \$5,000,000; or

SCHEDULE B

MDL Active Duration Fund, Ltd.
Subscription Agreement

(iv)

The undersigned is a trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Shares, whose purchase is directed by a person whose knowledge and experience in business and financial matters are such that he or she is capable of evaluating the merits and risks of an investment in the Shares; or

(v)

The undersigned is an employee benefit plan (other than a participant directed plan) within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and either (a) the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of ERISA which is a bank, savings and loan association, insurance company, or registered investment adviser or (b) the employee benefit plan has assets in excess of \$5,000,000; or

(vi)

The undersigned is an entity in which all of the equity owners are persons described above (including a participant-directed IRA or employee benefit plan in which all participants are accredited investors by being a natural person who (a) had an income in excess of \$200,000 in each of the two most recent years (or joint income with his or her spouse in excess of \$300,000 in each of those years) and has a reasonable expectation of reaching the same income level in the current year or (b) has a net worth (or joint net worth with his or her spouse) in excess of \$1,000,000). If this item is checked, please contact the Investment Adviser. Additional requirements may apply; or

(vii)

The undersigned is otherwise an "accredited investor" as defined in Rule 501(a) promulgated under the Securities Act on the grounds specified below (please attach additional sheets if necessary to provide complete information). _____

(2) The undersigned and each of the participants within a participant-directed IRA or employee benefit plan under (1)(iv) above meets the requirements as a "Qualified Purchaser" within the meaning of Section 2(A)(51) of the Investment Company Act of 1940 because the undersigned or each such participant (initial in the space provided at least one of the items below):

- ____(i) An individual who owns not less than \$5,000,000 in investments;
- ____(ii) A corporation, partnership or trust not formed for the specific purpose of investing in the Shares and owns not less than \$5,000,000 in investments and is owned directly or indirectly (i) by or for two or more natural persons who are (A) related as siblings or spouse (including former spouses), (B) direct lineal descendants by birth or adoption, (C) spouses of such persons, (D) the estates of such persons, or (ii) by foundations, charitable organizations or trusts established by or for the benefit of such persons;
- ____(iii) A trust not formed for the specific purpose of acquiring the Shares and the trustee or other authorized person making decisions with respect to the trust, and each settlor or other person who has contributed assets to the trust, is a qualified purchaser by owning not less than \$5,000,000 in investments;
- ____(iv) An employee benefit plan that owns not less than \$25,000,000 in investments and does not allow participants to decide whether and how much to invest in particular investment decisions;
- ____(v) An entity that was not formed for the specific purpose of investing in the Shares, will not have more than 40% of its net worth in the Fund, would be an investment company under the Investment Company Act of 1940 but for the exclusions in Sections 3(c)(1) or 3(c)(7) thereof, owns not less than \$25,000,000 in investments and each pre-April 30, 1996 beneficial owner has consented to the treatment of the entity as a Qualified Purchaser.
- X (vi) An entity other than a private investment fund described in (v) above or employee benefit plan described in (iv) above not formed for the specific purpose of investing in the Fund, will not have more than 40% of its net assets invested in the Fund and owns and invests on a discretionary basis not less than \$25,000,000 in investments;
- ____(vii) A "qualified institutional buyer" as defined in Rule 144A under the Securities Act (except qualified institutional buyers which are dealers which own and invest less than \$25 million in investments and except defined contribution

plans whose participants are able to direct their plan investments, unless such participants themselves are qualified purchasers);

_____ (viii) Is otherwise a "Qualified Purchaser" within the meaning of Section 2(a)(51)(A) of the Investment Company Act of 1940 by being or having _____

(3) The undersigned is an entity or plan exempt from federal income tax under Section 501(a) or Section 408 of the Internal Revenue Code of 1986, as amended. (Please check: Yes No).

(4) The undersigned is a "benefit plan investor" as defined in regulations of the U.S. Department of Labor promulgated under ERISA. (Please check: Yes No)

(5) The undersigned is not a United States Person, other than a Permitted U.S. Person, as defined in the Memorandum. (Please check: Yes No)

(6) The undersigned is willing and able to bear the economic risk of an investment in the Shares in an amount equal to the total amount for which the undersigned desires to subscribe. In making the foregoing statement, the undersigned has given consideration to whether it can afford to hold the Shares indefinitely and whether, at the present time, the undersigned can afford a complete loss of such investment in the Shares.

(7) Any purchase of the Shares will be solely for the account of the undersigned and not for the account of any other person or with a view to any resale, division or other distribution thereof.

(8) The undersigned hereby represents and warrants to you that (a) the information contained herein is true, accurate and complete and may be relied upon by you, and (b) the undersigned will notify you immediately of any material change in any of the information contained herein occurring prior to your acceptance of any subscription from the undersigned with respect to the purchase of any Shares by the undersigned.

(9) Business address and telephone number:

Ohio Bureau of Workers' Compensation
30 West Spring Street
L-27 Investment Department
Attn: Chief Investment Officer
Columbus, OH 43215

IN WITNESS WHEREOF, the undersigned has executed this Prospective Investor Questionnaire this _____ day of _____, 2003.

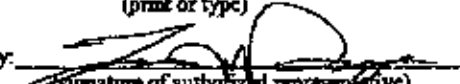
FOR COMPLETION BY PROSPECTIVE INVESTORS WHO ARE NATURAL PERSONS:

Name: _____
(print or type)

Signature: _____

FOR COMPLETION BY PROSPECTIVE INVESTORS WHO ARE NOT NATURAL PERSONS

Name: Ohio Bureau of Workers' Compensation
(print or type)

By: 
(signature of authorized representative)

Is: Terrence W. Gasper
Chief Financial Officer
(name and title of authorized representative)

(Check One)

- Limited Liability Company
- Partnership
- Corporation
- Trust
- Pension or Profit Sharing Plan
- Other Governmental Agency of the
(Specify State of Ohio)



Copy No: 2

Issued to: Great Lakes Capital Partners

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

MDL ACTIVE DURATION FUND, LTD.

*(An exempted mutual fund company
incorporated with limited liability under the laws of Bermuda)*

Offering of Non-Voting, Redeemable, Participating Shares

Minimum Subscription Per Investor: U.S. \$1,000,000

MDL CAPITAL MANAGEMENT, INC.

Investment Adviser

OLYMPIA CAPITAL INTERNATIONAL, INC.

Administrator

**THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY
AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED
UNDER APPLICABLE LAW AND UNDER THE PROVISIONS OF THE FUND'S GOVERNING
DOCUMENTS.**

THE DATE OF THIS MEMORANDUM IS JANUARY 15, 2003

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CONFIDENTIAL TREATMENT

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LEGENDS

PROSPECTIVE SUBSCRIBERS IN THE FUND SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS AND TAX CONSEQUENCES WITHIN THE COUNTRIES OF THEIR RESIDENCE AND DOMICILE FOR THE ACQUISITION, HOLDING OR DISPOSAL OF SHARES AND ANY FOREIGN EXCHANGE RESTRICTIONS WHICH MAY BE RELEVANT TO THEM. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS MEMORANDUM, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER.

NEITHER MDL ACTIVE DURATION FUND, LTD. (THE "FUND") NOR THE PARTICIPATING SHARES OF THE FUND (THE "SHARES") DESCRIBED IN THIS MEMORANDUM (THIS "MEMORANDUM") HAVE BEEN OR WILL BE REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF THE UNITED STATES ("U.S.") OR ANY OTHER JURISDICTION. THIS MEMORANDUM SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF SHARES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE DIRECT OR INDIRECT OWNERSHIP OF SHARES BY "RESTRICTED PERSONS" AS DEFINED IN THIS MEMORANDUM IS PROHIBITED. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS CONCERNING THE FUND OR THE SHARES WHICH ARE INCONSISTENT WITH THOSE CONTAINED IN THIS MEMORANDUM, AND ANY SUCH REPRESENTATIONS SHOULD ACCORDINGLY BE TREATED AS UNAUTHORIZED AND MAY NOT BE RELIED UPON BY THE RECIPIENT.

UPON THE INVESTMENT ADVISER'S REGISTRATION WITH THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION, THIS FUND WILL TRADE IN FUTURES. PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION IN CONNECTION WITH POOLS WHOSE PARTICIPANTS ARE LIMITED TO QUALIFIED ELIGIBLE PARTICIPANTS, A CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM FOR THIS POOL IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMISSION. THE COMMODITY FUTURES TRADING COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A POOL OR UPON THE ADEQUACY OR ACCURACY OF A CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM. CONSEQUENTLY, THE COMMODITY FUTURES TRADING COMMISSION HAS NOT REVIEWED OR APPROVED AND IS NOT EXPECTED TO REVIEW OR APPROVE THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM.

CERTAIN TRANSACTIONS IN FINANCIAL FUTURES AND RELATED OPTIONS AND THE INVESTMENT AND/OR HEDGING STRATEGIES ASSOCIATED THEREWITH WILL NOT BE AVAILABLE TO THE FUND UNLESS AND UNTIL CERTAIN REGISTRATIONS ARE OBTAINED. THE INVESTMENT ADVISER IS SUBMITTING APPLICATIONS FOR SUCH REGISTRATIONS BUT IS NOT OBLIGATED TO PURSUE OR OBTAIN ANY SUCH REGISTRATIONS.

CONFIDENTIAL TREATMENT

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THE PURCHASE OF SHARES IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. THERE IS NO ASSURANCE THAT THE FUND WILL BE PROFITABLE. SEE THE SECTION ENTITLED "RISK FACTORS" WITHIN THIS MEMORANDUM FOR A DESCRIPTION OF CERTAIN RISKS INVOLVED IN THE PURCHASE OF SHARES.

THIS MEMORANDUM IS INTENDED SOLELY FOR THE USE OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY THE FUND FOR THE PURPOSE OF EVALUATING A POSSIBLE INVESTMENT BY THE RECIPIENT IN THE SHARES DESCRIBED HEREIN, AND IT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSONS (OTHER THAN PROFESSIONAL ADVISERS OF THE PROSPECTIVE INVESTOR RECEIVING THIS DOCUMENT FROM THE FUND).

THIS DOES NOT CONSTITUTE AN OFFERING TO ANY MEMBER OF THE GENERAL PUBLIC OF BERMUDA.

All monetary amounts for Shares set forth herein are expressed in U.S. dollars.

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CONFIDENTIAL TREATMENT

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INTRODUCTION

MDL Active Duration Fund, Ltd. (the "Company" or the "Fund"), is an exempted open ended mutual fund company incorporated under Bermuda law with limited liability and with unlimited duration. The Fund has been formed specifically for the purpose of providing an investment vehicle through which United States tax-exempt institutional investors and non-U.S. persons ("Investors") can invest in a portfolio consisting primarily of U.S. Treasury notes and bonds, U.S. agency notes and bonds and corporate and mortgage-backed fixed income securities. The Fund's duration, maturity structure and overall quality rating will be adjusted periodically based on an assessment of certain macro-economic factors. The Fund will seek to capture significant gains during periods when interest rates are generally declining and will seek to protect principal during periods when rates are generally rising.

The Fund's investment adviser is MDL Capital Management, Inc., a Pennsylvania corporation ("MDL" or the "Investment Adviser"). The Investment Adviser will provide investment advisory services to the Fund and will be responsible for the overall management of the Fund's portfolio. The Investment Adviser is a registered as an investment adviser with the U.S. Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940 (the "Advisers Act").

The Fund's investment objective is to profit by investing in U.S. Treasury, U.S. government agency, corporate and mortgage-backed fixed income securities, currencies, short-term equity positions, futures and option contracts. The Fund's investment strategy will include the use of leverage. The Investment Adviser, in its sole and absolute discretion and authority as investment advisor to the Fund will ultimately identify and select investments for the Fund. The Fund is designed primarily for U.S. tax-exempt institutional investors and non-U.S. investors. There can be no assurance that the Fund will achieve its objectives.

The Fund is offering (the "Offering") its non-voting, redeemable, participating shares (the "Shares"), subject to prior subscription and other conditions. The Fund has a target equity capitalization of \$500 million (which may be increased or decreased in the discretion of the board of directors of the Company (the "Board of Directors")). The minimum initial subscription per Investor is U.S. \$1,000,000, subject to reduction in the discretion of the Board of Directors of the Company. Initially, Shares will be offered at U.S. \$1,000.00 per Share. After commencement of investing activities, Shares will be offered for sale at the Net Asset Value per share as of the close of business on the last business day of each quarter (and any other date approved by the Board of Directors).

The Shares are offered only to non-United States persons and certain U.S. tax-exempt investors which meet the definitions of "qualified purchaser" as defined in the Investment Company Act of 1940, as amended (the "Investment Company Act") and Qualified Eligible Purchaser as defined in Regulation 4.7 of the Commodity Futures Trading Commission. The Fund reserves the right to reject any subscription in whole or in part.

The initial offering period shall commence on the date of the filing of this Memorandum with the Registrar of Companies in Bermuda on January 15, 2003 and will end on the earlier to occur of the acceptance of subscriptions in the aggregate amount of \$3,000,000 or May 15, 2003 (the "Initial Closing Date").

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CONFIDENTIAL TREATMENT

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SUMMARY

SUMMARY OF THE TERMS OF THE OFFERING AND THE FUND

The following is a summary of certain information about the Fund and the offering of Shares made by means of this Confidential Private Placement Memorandum (the "Memorandum"). The summary is qualified in its entirety by the more complete information appearing elsewhere in the Memorandum, and is subject to the detailed provisions of the Fund's Governing Documents and the Subscription Agreement attached hereto as Exhibit A. The Offering is subject to prior sale, modification and withdrawal.

FUND OVERVIEW

The Fund

The Fund is a Bermuda exempted, open ended mutual fund company incorporated on May 20, 2002 with limited liability in Bermuda. The operation and management of the Fund are governed by its Memorandum of Association and Bye-Laws, copies of which are available from the Administrator (the "Governing Documents"). The Registered Office and principal place of business of the Fund is Williams House, 20 Reid Street, Hamilton, HM11, Bermuda. The Fund has been classified as a Bermuda Institutional Scheme under the Bermuda Monetary Authority Collective Investment Scheme Regulations of 1998, as amended (the "Regulations"), and will be subject to the provisions of such law.

The Investment Adviser of the Fund is MDL Capital Management, Inc., a Pennsylvania corporation. The Investment Adviser's principal shareholders are Mark D. Lay, Steven L. Sanders, Edward Adatepe and Safeguard Scientific, Inc. The Investment Adviser is registered with the U.S. Securities and Exchange Commission as an investment adviser. The Investment Adviser is registering to become licensed as a commodity pool operator ("CPO") with the Commodity Futures Trading Commission ("CFTC"). Upon receipt of such licenses, the Investment Adviser will be the pool operator of the Fund.

Board of Directors

The Fund is governed by its board of directors (the "Directors" or "Board of Directors"). The members of the Board of Directors are Mark D. Lay, Steven L. Sanders and Edward Adatepe, who are the principals of the Investment Adviser, and Oskar P. Lewnowski and Raymond Morrison of Olympia Capital International, Inc., the Fund's administrator.

The Master Fund

The Fund may at some point in the future choose to invest all or some portion of its assets in a centralized investment company, commonly known as a "master fund" (the "Master Fund") (the Fund being a "feeder fund"). Such an investment would also be managed by the Investment Adviser at that level, but at all times in accordance with the investment style and strategies of the Fund as described in this Memorandum. The Master Fund would be a Bermuda limited liability entity or State of

Delaware limited partnership or similar entity eligible to be treated as a "partnership" for U.S. income tax purposes. It is anticipated that the Master Fund, if established, would admit one or more additional Investor Members consisting of other investment funds organized by the Investment Adviser to participate in the portfolio of the Master Fund.

Investment Objectives

The investment objectives of the Fund shall be to concentrate on investments in U.S. Treasury notes and bonds, U.S. government agency notes and bonds and corporate and mortgage-backed fixed income securities to generate consistent positive returns and to achieve an investment return in excess of that from the investment grade, broad market debt securities reflected in the Lehman Brothers Government Credit Bond Index (the "Lehman Government Credit Index"). In particular, the Fund will seek to significantly outperform the Index during periods when interest rates are generally declining and will seek to protect principal during periods when rates are generally rising.

The Fund will seek to meet these objectives through an "active duration" approach, e.g., the Fund's portfolio will be constructed to take advantage of anticipated movements in yield curves as well as inter-sector spread relationships. The variation in the Fund's average duration will be based upon the Investment Adviser's projections as to overall trends in these variables based on analysis of U.S. and global macro-economic growth factors. The Fund's portfolio will include publicly-traded, United States-issued government agency, corporate and mortgage-backed fixed income securities and U.S. money market instruments and short-term investment funds, guaranteed investment contracts, forward contracts and, following the Investment Adviser's registration as a CPO with the CFTC, interest rate futures, financial futures and options thereon. The investments of the Fund will also involve the purchase of long and short positions of equity and investments and positions in foreign currencies. It is anticipated that the assets of the Fund will sometimes be pledged or otherwise collateralized to obtain a certain degree of leverage. The investments will be selected by the Investment Adviser in a manner consistent with the investment return objectives established by the Investment Adviser from time to time consistent with prudent standards of diversification, liquidity, quality, volatility and portfolio turnover. There is no assurance that the Fund will achieve its objectives.

Administrator

Olympia Capital International, Inc. (the "Administrator"), a British Virgin Islands corporation with a managing office in Bermuda, serves as administrator to the Fund. The Administrator will provide various administrative services to the Fund, including the calculation of the Fund's Net Asset Value and Net Asset Value per Share, processing Share subscriptions and redemptions and maintaining the Fund's principal books and records.

The Fund has appointed Winchester Fiduciary Services Limited, located in Hamilton, Bermuda, as registrar and transfer agent (the "Registrar and Transfer Agent"). The Registrar and Transfer Agent is wholly-owned by

Winchester Global Trust Company Limited, an affiliate of the Administrator

Custodian

The Fund has engaged Credit Suisse First Boston Corporation, a Massachusetts corporation, to serve as custodian of the Fund's assets (the "Custodian"). The Custodian will also act as the prime broker of the Fund.

Potential Advantages of the Fund

The Fund is designed to enable investors to access investment and trading strategies that are not generally available to most investors; to participate in investment programs that differ from those of traditional portfolio management; to diversify their investment portfolios; and to benefit from the investment techniques and strategies of the Investment Adviser.

The Fund is expected to leverage the Fund's investment portfolio as a means to increase yield and enhance total return. Up to 150% of the Fund's assets, at the time of investment, may be leveraged (i.e., the combined value of borrowings and short positions). Leveraging will include, but is not limited to, short selling of securities, reverse repurchase agreements, certain option and futures transactions plus any borrowings to leverage the Fund's assets. Although the use of leverage may enhance returns on the Fund's portfolio and increase the number of investments that may be made by the Fund, it may also substantially increase the risk of loss. The percentage included above is intended as a guideline and may be changed from time to time at the sole discretion of the Board of Directors.

The Shares

The Fund is offering up to 10,000,000 non-voting, redeemable participating shares, U.S. \$0.001 par value (the "Shares"). The Fund's share capital consists of the Shares and 100 voting, non-participating, non-redeemable shares, U.S. \$0.01 par value each (the "Management Shares"), which are held by the MDL Active Duration Purpose Trust, a trust formed under the laws of Bermuda (the "Purpose Trust"). Harrington Trust Limited, a Bermuda company, is the sole trustee of the Purpose Trust. See "MANAGEMENT AND ADMINISTRATION—The Purpose Trust."

The Fund intends to sell Shares which will be denominated in U.S. Dollars. Each Share will be issued at a price of U.S. \$1,000.00 during the initial offering period (the "Initial Offering Period"), which shall commence on the date of the filing of this Memorandum with the Bermuda Registrar of Companies on January 15, 2003 and which shall end on the earlier of the acceptance of \$5,000,000 of subscriptions or May 15, 2003. There is no assurance that the Fund will receive and accept the minimum aggregate subscription amount necessary to commence investing. If subscriptions totaling at least \$3,000,000 are not

period of time following a request of verification of identity, the Fund has not received satisfactory evidence as aforesaid, the Fund may refuse to admit the investor as a shareholder in which event any subscription proceeds received by the Fund will be returned without interest to the account of the relevant investors. Investors should note that if any of the Directors, the Investment Adviser, or the Administrator has a suspicion that a payment to the Fund (by way of subscription or otherwise) contains the proceeds of criminal conduct, it may be required under applicable anti-money laundering laws and regulations to report its suspicions to one or more enforcement or regulatory agencies, including various U.S. governmental agencies. For example, an individual may be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, together with evidence of his address, such as a utility bill or bank statement, and date of birth. In the case of corporate investors, the Administrator can require, among other things, production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), and the names, occupations, dates of birth and residential and business addresses of all directors and beneficial owners. The Administrator can request such information as is necessary to verify the identity of an investor. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to accept the application and the subscription monies relating thereto, or may refuse to honor a redemption request until proper information has been provided.

If any person who is resident in Bermuda (including the Administrator) has a suspicion that a payment to the Fund (by way of subscription or otherwise) contains the proceeds of criminal conduct that person is required to report such suspicion pursuant to The Proceeds of Crime Act, 1997, Bermuda.

6. Shareholder Meetings.

In general, other than the Annual General Meeting, there will be no regularly scheduled meetings of Shareholders.

7. Directors' Interests.

None of the Directors has any ownership interest either direct or indirect in the Participating Shares or any options in respect of such Shares.

There are no existing or proposed service contracts between any of the Directors in their individual capacity and the Fund.

Except for the contract listed in paragraph (b) below, no Director is materially interested in any transactions subsisting at the date hereof which is unusual in its nature and conditions or significant in relation to the business of the Fund.

8. Reports and Accounts.

Interim and annual reports for the Fund, once listed, will be sent to Shareholders within four and six months, respectively, of the end of the period to which they relate.

9. Litigation.

The Fund is not engaged in any litigation or arbitration proceedings and the Directors are not aware of any litigation or claim pending or threatened by or against the Fund.

The following does not purport to be a comprehensive summary of all the risks associated with an investment in the Fund. Rather, the following are only certain particular risks to which the Fund is subject that the Investment Adviser wishes to encourage prospective investors to discuss in detail with their professional advisors:

The Fund Has No Performance History. The Fund has only recently been formed and has no performance history.

Reliance on the Investment Adviser. All decisions with respect to the Fund's assets and the general management of the Fund will be made by the Investment Adviser which relies on the services of several key employees, including without limitation, Mark D. Lay, Steven L. Sanders and Edward Adatepe. Shareholders will have no right or power to take part in the management of the Fund. As a result, the success of the Fund for the foreseeable future will depend largely upon the ability of the Investment Adviser and in particular Mark D. Lay, Steven L. Sanders and Edward Adatepe. Should any of these employees leave or become incapacitated for any period of time, profitability of the Fund's investments may suffer.

Achievement of the Fund's Investment Objective. No guarantee or representation is made that the Fund's Investment Objective will be successful. The Fund's investment program may include such investment techniques as short sales, leverage and limited diversification, which practices can, in certain circumstances, maximize the adverse impact to which the Fund's investments may be subject.

Eligibility to Engage in Futures Transactions. Certain transactions in commodity futures and options on futures and the investment and trading strategies associated with such transactions will not be available to the Fund unless and until the Investment Adviser has registered as a CPO with the CFTC. While the Investment Adviser has filed an application with the CFTC for licensing as a CPO, no assurance can be given that such license will be obtained and the Investment Adviser is not obligated to pursue or obtain any such license or registration.

No Current Income. The Fund's investment policies should be considered speculative, as there can be no assurance that the Investment Adviser's assessments of the short-term or long-term prospects of investments will generate a profit. In view of the fact that it is unlikely that the Fund will pay dividends, an investment in the Fund is not suitable for investors seeking current income for financial or tax planning purposes.

Currency Risk. Investments in securities of non-U.S. issuers will be denominated in currencies other than the U.S. Dollar, and hence the value of such investments will depend on the relative strength of the U.S. Dollar. The Fund may be affected favorably or unfavorably by exchange control regulation or changes in the exchange rate between foreign currencies and the U.S. Dollar. Changes in foreign currency exchange rates may also affect the value of dividends and interest earned, and the level of gains and losses realized on the sale of securities. The rate of exchange between the U.S. Dollar and other currencies is determined by forces of supply and demand in the foreign exchange markets. These prices are affected by the international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. Additionally, because the Fund's Net Asset Value will be calculated, purchased and redeemed in U.S. Dollars, each shareholder, and not the Fund, will bear the risk of any currency exposure resulting from differences, if any, in the value of the U.S. Dollar relative to the shareholder's reference currency.

Investment in a Master Fund. An investment by the Fund in the Master Fund may be affected by an investment by other funds in the Master Fund. In view of the fact that all expenses of the Master Fund would be shared pro rata among its investors, if other investors in the Master Fund redeem their interests,

accepted by the Fund during the Initial Offering Period, the subscriptions will be returned with interest actually earned thereon.

Continuous Offering Period

If at least \$3,000,000 in subscriptions are accepted, the Fund will commence investing operations. Subsequent to the Initial Offering Period, Shares will be offered at the Net Asset Value per Share as of the last Business Day of each calendar quarter (each, a "Valuation Date"). Shares purchased after the Initial Offer Period will be issued as of the next Business Day after the relevant Valuation Date (the "Subscription Date"). A Business Day shall mean a day on which banks are open for business in Bermuda and New York, other than a Saturday or Sunday. Such proceeds will be invested in the Fund for the benefit of the investor at the next Investment Date. Fractional Shares will be issued and carried out to three decimal places.

The minimum initial subscription per Investor is \$1,000,000. The minimum subscription for additional investments by an Investor shall be \$500,000. Shares are offered directly by the Fund. The minimum subscription amount and the minimum additional subscription amount may be reduced by the Board in its sole discretion. To subscribe for Shares, an investor must submit a Subscription Agreement (in the form attached hereto) to the Administrator. Subscription Agreements and consideration for the Shares subscribed to must be received by the Administrator at least five Business Days before the intended Subscription Date for the subscription. Upon acceptance of the subscription, capital contribution for the Shares subscribed must be transmitted immediately to the Fund's subscription account. Cleared funds must be in the Fund's account by 5 p.m. (Bermuda time) at least three Business Days before the Subscription Date. Consideration for Shares must be paid for in cash, although the Directors may in their absolute discretion accept other forms of payment.

Eligible Subscribers

Generally, except with respect to Qualified U.S. Persons (as defined in (b) below), the Shares will not be offered for sale in the U.S. or its territories or possessions or to nationals thereof, persons resident therein or entities established under the laws thereof. Shares will be offered from time to time on a private basis only to a select number of institutional and individual investors which meet applicable regulatory requirements. The Shares may be purchased only by (a) individuals that are not citizens or residents of the United States or entities that are not organized under the laws of the United States ("Non-U.S. Persons"), and (b) U.S. Persons within the meaning of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), that are subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or are otherwise exempt from payment of United States Federal income tax, or an entity substantially all of the ownership interests in which are held by entities exempt from payment of U.S. Federal income tax ("Qualified U.S. Persons"). Prospective shareholders who are Qualified U.S. Persons must also qualify as "qualified purchasers" under §2(a)(51) of the Investment Company Act and "qualified eligible participants" under

CFTC Regulation 4.7. Non-U.S. Persons and Qualified U.S. Persons that are Qualified Purchasers and Qualified Eligible Participants are hereinafter referred to as "Qualified Holders." Shares may not be purchased or held by or for the account of Bermuda residents. The Board of Directors may reject any subscription for any reason, or for no reason, in their sole and absolute discretion.

Series of Shares

In order to ensure a more equitable allocation of the Incentive Fee (see "Fees and Expenses" below) among Investors investing in the Fund at different times during the calendar year, Shares issued as of separate Subscription Dates will be designated as Shares of separate series (each with its own Net Asset Value per Share) as follows: Shares issued on the first Subscription Date of a calendar year will be designated as Series 1 Shares. Shares issued on Subscription Dates that do not fall on the first Subscription Date of a calendar year will be designated as Shares of a consecutive series of Shares. To the extent that there is no Loss Carryforward with respect to a Series, such additional series of Shares will be converted into Series 1 Shares at the beginning of each calendar year as described in more detail under "FEES AND EXPENSES".

FEES AND EXPENSES

Organization and Offering Expenses

The aggregate initial organization and offering expenses will be advanced by the Investment Adviser and will be reimbursed by the Fund at such times and in such amounts as requested by the Investment Adviser. Provided that the Fund commences investing activities, the Fund may treat its organizational costs and expenses in accordance with U.S. Generally Accepted Accounting Principles, although it may elect to modify its treatment of such costs and expenses to accommodate its practical needs, including without limitation, by amortizing such organizational costs and expenses over a period of up to 60 months. Subsequent offering expenses will be direct expenses of the Fund.

The Fund will bear its routine operational expenses, including legal, custodial, accounting, printing and audit expenses, expenses related to the investments of the Fund's assets, including, without limitation, brokerage commissions, investment related travel expenses, interest expense and professional and consulting fees relating to particular investments, insurance premiums (if any), administrative, directors fees and expenses, expenses incurred with respect to furnishing the Shareholders with annual reports and other financial information, the Administrator's and the Registrar and Transfer Agent's fees and annual Bermuda government fees. The Investment Adviser will bear all of its general overhead expenses in connection with its services to the Fund (and the Master Fund), including employee salaries and office and equipment costs. The Fund will also, at such time as it becomes a member of the Master Fund, indirectly bear its allocable share of expenses incurred by the Master Fund, which will consist primarily of

brokerage commissions and other operating and investment expenses paid by the Master Fund.

**Investment Adviser
Compensation**

The Investment Adviser will receive a quarterly management fee determined at a rate equal to 1% per annum of the Fund's Net Asset Value, accrued monthly and payable in arrears as of the end of each calendar quarter. It also will receive a quarterly incentive fee (the "Incentive Fee") equal, in the aggregate, to 20% of the increase in Net Asset Value of each series of Shares over the sum of (i) the Series' Net Asset Value as of the commencement of each calendar quarter plus (ii) the yield on the Fund's portfolio at a rate equal to the yield of the Lehman Government Credit Index for such period (the "Hurdle"). A Series of Shares will only be charged with an Incentive Fee if its Net Asset Value at the end of a quarter (prior to accrued Incentive Fees), if any, for the quarter is greater than (i) its Net Asset Value at the time of its initial subscription (or the Initial Closing Date, whichever is later) or (ii) its Net Asset Value at the time the last Incentive Fee was charged against such Series, whichever is higher, plus the Hurdle (the "High Water Mark"). In the event that the Fund invests in the Master Fund, the Investment Adviser will not be entitled to a separate management or investment advisory fee as manager of the Master Fund but will be entitled to reimbursement for expenses incurred on behalf of the Master Fund.

In order to ensure that the Incentive Fee is charged only to Shares that have appreciated in value since their acquisition and to make sure that all Shares have the same Net Asset Value, the Fund will issue different series of Shares to investors who invest at different times to ensure that the Incentive Fee is charged only to Shares that have appreciated in value. See "CHARGES TO THE FUND-Calculation of Investment Adviser Compensation."

Deferral of Fees. The Investment Adviser may elect, prior to the commencement of the Fund's trading activities with respect to its first calendar year of trading and prior to the commencement of each calendar year thereafter, to defer for a period of up to ten years payment of all or any portion of its Management Fees and/or Incentive Fees earned with respect to that subsequent period.

Administration

For its services as the Fund's Administrator, the Fund will pay the Administrator fees in accordance with the Administration Agreement.

**Registrar and
Transfer Agent**

For its services, the Registrar and Transfer Agent will receive a fee of U.S. \$2,500 per annum and is entitled to reimbursement of actual out-of-pocket expenses incurred on behalf of the Fund.

Directors' Fees

Each Director who is not an officer or employee of the Investment Adviser receives a flat annual fee of U.S. \$2,000 for serving in such capacity. The Directors shall be entitled to reimbursement from the

Fund for reasonable out-of-pocket expenses incurred by them on behalf of the Fund.

Trustee Services The Trustee of the Purpose Trust holding the Management Shares will be entitled to an acceptance fee of \$1,500 and an annual trustee fee of \$1,500 payable by the Fund.

Custody and Prime Brokerage Services For its services as custodian of the Fund's assets and prime broker of the Fund, the Fund will pay the Custodian in accordance with the Custody Agreement.

SHAREHOLDER INFORMATION

Limited Liability Shareholders will purchase Shares in the Fund with limited liability and cannot lose more than the amount of their investment and profits thereon.

Redemption of Shares Shares may be redeemed at a Shareholder's option at the Net Asset Value per Share of the relevant Series as of any Valuation Date upon at least 15 Business Days prior written notice to the Fund. The Fund may compulsorily redeem the Shares of any Shareholder on at least ten days' prior written notice to such Shareholder at the sole and absolute discretion of the Directors of the Company or where the holding of such Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage to the Fund or its Shareholders. There is no redemption charge or penalty. The Fund will generally pay 95% of the redemption price within 30 Business Days of the effective date of the redemption without interest, and the balance promptly at such time as the Fund shall determine, at the discretion of the Board of Directors.

The Fund expects to pay the entire redemption price in cash, although it has the right to distribute marketable securities. A redemption notice, once given, may not be cancelled or rescinded without the consent of the Directors in their sole discretion.

The Fund reserves the right to decrease, limit, delay or deny a redemption request, or any payment on a redemption request, if reasonably necessary in order to comply with the Fund's credit and other agreements, as well as for other reasons.

Transfer of Shares There is no active secondary trading market for the Shares, nor is one expected to develop. Shares may not be sold, transferred or otherwise disposed of by a Shareholder in the United States or to any person, corporation or entity which is not a Qualified Holder without prior written consent of the Fund and compliance with all applicable laws.

Favorable Tax Treatment Under existing legislation in Bermuda, there are no income, capital gains or withholding taxes payable by the Fund or its Shareholders, nor are there any Bermuda estate, succession, or inheritance taxes payable by the Shareholders with respect to their Shares.

There is, at present, no direct taxation in Bermuda and interest, dividends and gains payable to the Fund will be received free of all Bermuda taxes. The Fund is an exempted company under Bermuda law and the Fund has made application to the Minister of Finance of Bermuda for, and expects to receive, an assurance that no law hereafter enacted in Bermuda imposing any taxes or duty to be levied on income or capital assets, gains or appreciation will apply to any income or property of the Fund.

The Fund and its Shareholders should not be subject to United States taxation as a consequence of the Fund's trading activities.

Dividends and Distributions

The Fund is a capital appreciation fund and does not intend to distribute dividends. Any dividends declared will be in the sole discretion of the Directors and will be paid out of the Fund's accumulated net income plus the net of accumulated realized and unrealized capital gains and accumulated realized and unrealized capital losses. Any dividends declared will be paid in accordance with Bermuda law.

Net Asset Value

The Net Asset Value of the Fund and each Series will be calculated at each Valuation Date in U.S. Dollars (unless the calculation at such Valuation Date has, for any reason, been postponed or suspended). Shareholders may, at any time, obtain information from the Fund regarding the most recently available indication of Net Asset Value.

ERISA Considerations

Fiduciaries and other persons investing in Shares in the Fund on behalf of employee benefit plans, employee retirement plans, individual retirement arrangements, Keogh Plans and other plans (together, "Plans") subject to ERISA or the Code should be aware that the assets of the Fund may constitute "plan assets" for purposes of the reporting, disclosure, prohibited transaction and fiduciary responsibility provisions of ERISA and the Code. The Investment Adviser qualifies as a "qualified professional asset manager" under applicable regulations under ERISA and will take all appropriate steps to ensure that the Fund does not engage in any prohibited transactions under ERISA. The Investment Adviser will be a fiduciary of Plans investing in the Fund for purposes of ERISA. An investment in the Fund by Plan Investors requires special considerations, and fiduciaries of such Plans are encouraged to carefully review this Memorandum and the Section entitled "ERISA Considerations."

Auditors

Deloitte & Touche, Hamilton, Bermuda

Legal Counsel

Foley & Lardner, Milwaukee, Wisconsin, have counseled the Investment Adviser on various matters of United States law relating to the Fund. Appleby, Sparling & Kemp, Hamilton, Bermuda, have advised the Investment Adviser and the Fund on various matters of Bermudan law relating to the Fund.

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Custody Arrangements

The Fund is exempt under the Regulations from the requirement to appoint a Bermuda custodian of Fund Assets since the Fund is classified as a Bermuda Institutional Scheme. The Custodian will serve as custodian of the assets of the Fund.

Prime Broker

The Custodian will also initially be engaged as prime broker for the Fund, will function as clearing agent and will provide margin leverage and certain valuation and reporting services to the Fund and the Administrator.

Reports

The Fund will provide Investors with monthly unaudited performance reports and annual audited financial statements prepared by the Fund's auditors.

Fiscal Year

The Fund's fiscal year will be the calendar year ending December 31st.

Conflicts of Interest

The Fund will be subject to certain actual and potential conflicts of interest. For example, the Investment Adviser will not be required to devote all of its time to the management of the Fund and the Investment Adviser has provided and expects to continue to provide investment management and advice to clients other than the Fund. In addition, the terms of the Investment Adviser's compensation from the Fund was not established by arm's length negotiations. See "CONFLICTS OF INTEREST."

Risks

Investment in the Fund involves greater risks than certain other types of investments. Investors in the Fund should be able financially to bear a loss of their investment. There is no assurance that the Fund will be profitable or will avoid substantial losses. "See Risk Factors."

DIRECTORY OF NAMES AND ADDRESSES

Registered Office

MDL Active Duration Fund, Ltd.
Williams House, 20 Reid Street
Hamilton, HM11, Bermuda

Directors

Mr. Mark D. Lay
c/o MDL Capital Management, Inc.
225 Ross Street, 3rd Floor
Pittsburgh, PA 15219

Mr. Edward Adamec
c/o MDL Capital Management, Inc.
225 Ross Street, 3rd Floor
Pittsburgh, PA 15219

Mr. Raymond Morrison
c/o Olympia Capital International, Inc.
Williams House, 20 Reid Street
Hamilton, HM 11, Bermuda

Administrator

Olympia Capital International, Inc.
Williams House, 20 Reid Street
Hamilton HM 11, Bermuda

U.S. Counsel to the Fund

Foley & Lardner
777 East Wisconsin Avenue
Milwaukee, WI 53202-5367

Secretary, Registrar and Transfer Agent

Winchester Fiduciary Services, Limited
Williams House, 20 Reid Street
Hamilton HM11, Bermuda

Investment Adviser

MDL Capital Management, Inc.
225 Ross Street, 3rd Floor
Pittsburgh, PA 15219

Mr. Steven L. Sanders
c/o MDL Capital Management, Inc.
225 Ross Street, 3rd Floor
Pittsburgh, PA 15219

Mr. Oskar P. Lewnowski
c/o Olympia Capital International, Inc.
Williams House, 20 Reid Street
Hamilton, HM 11, Bermuda

Trustee of Purpose Trust

Harrington Trust Limited
Cedar House, 41 Cedar Avenue
Hamilton HM12, Bermuda

Auditors

Deloitte & Touche
Corner House
Church and Parliament Streets
Hamilton, Bermuda

Bermuda Counsel to the Fund

Appleby Spurling & Kerpe
Cedar House
41 Cedar Avenue
Hamilton HM12, Bermuda

Custodian and Prime Broker

Credit Suisse First Boston Corporation
Eleven Madison Avenue
New York, NY 10010-3629

INVESTMENT OBJECTIVE AND STRATEGY OF THE FUND

Investment Objective and Strategy.

The Fund aims to achieve consistent positive returns and to outperform the Lehman Government Credit Index over a full market cycle (i.e., 3-5 years). In particular, the Fund seeks to significantly outperform the Index during periods when bond and/or stock markets experience relatively strong returns. Conversely, the Fund seeks to match or slightly exceed the Index return during periods when returns from financial assets are generally declining. The Fund will have a broad market style focusing on investments in U.S. Treasury and U.S. agency notes and bonds and corporate and mortgage-backed fixed income securities.

It is anticipated that the objectives of the Fund will largely be achieved through an active duration approach. This means that the Fund will be constructed so as to take advantage of anticipated movements in the U.S. Treasury yield curve as well as of changes in intersector spread relationships. The Investment Adviser's projections of these variables will be based on an analysis of domestic and foreign macro-economic factors including, but not limited to, economic growth, inflation trends, Federal Reserve policies, Federal budgetary considerations, exchange rate and trade policies and the performance of foreign economies.

The Investment Adviser will select individual securities so that the Fund will, on the whole, have the desired portfolio characteristics (e.g., duration, maturity structure, sector allocation and quality). During this process, the Investment Adviser will take into consideration other related factors such as liquidity, coupon, on-the-run versus off-the-run, yield, call features and convexity.

Assets of the Fund will regularly be pledged or otherwise collateralized to obtain some degree of leverage.

Investments of the Fund

Investments of the Fund will consist primarily of long positions in U.S. Treasury notes and bonds, notes and bonds of U.S. government agencies, fixed income securities of U.S. corporations with a Standard & Poor's credit rating of B or better and mortgage-backed fixed income securities. The Fund's investments in mortgage-backed securities will be limited to simple pass-through securities such as Ginnie Mae's and Fannie Mae's. The Fund will also take positions from time to time in various currencies and in long and short positions and options in publicly-traded equity securities, both as a hedge against underlying credit and interest rate trends or as unhedged positions. The Fund will also enter into forward contracts, engage in interest rate swaps and hold commercial paper, certificates of deposit, repurchase agreements and short-term money market funds. The Fund will not take positions in convertible bonds.

In addition, subject to applicable regulatory requirements of the CFTC, including commodity pool operator registration requirements, the Fund may participate in commodities transactions in interest rate and financial futures including currency futures and options on the foregoing investment instruments. The Investment Adviser is applying to become licensed as a CPO with the CFTC and upon such licensing will apply for an exemption for the Fund from certain disclosure and reporting requirements of the CFTC that are applicable to certain commodity pools. As a condition to such an exemption, if granted, the Fund may have to commit to the CFTC, among other things, that it will restrict the percentage of its assets that may be committed to initial margin and option deposits in connection with commodity futures contracts and options thereof. In any event, the Fund does not plan to commit

more than 10% of its assets as initial margin and option deposits in connection with such commodities futures contracts and options thereon.

The trading of the Fund will consist primarily of long positions in fixed income securities. In addition, in order to augment or adjust the duration of the portfolio or to hedge certain positions, the Fund will from time to time take long and short positions in certain equities, engage in relative value trading (long and short positions in similar securities), fixed income arbitrage of mispricings in related fixed income securities and mortgage arbitrage (offsetting long positions in mortgage-backed securities with short positions in other fixed income securities of different durations) and acquire option positions, futures and options on futures.

Diversification and Concentration

The Fund will not be limited with respect to the amount of capital that may be committed to any particular sector, type of investment or securities of a particular issuer. It is anticipated that the Fund's portfolio will typically consist of debt securities of 10 to 30 issuers plus positions in other asset classes.

Portfolio Turnover

Purchases and sales will be made for the Fund whenever necessary, in the Investment Adviser's determination, to meet the Fund's objectives. The Fund's investment activities may involve numerous investments based on various short-term market considerations. The turnover rate of the Fund is expected to be significant.

SPECIAL INFORMATION ON THE MASTER FUND/FEEDER FUND INVESTMENT STRUCTURE

It is within the power of the Directors to direct that part or all of the assets of the Fund be invested in a Master Fund at some point in the future. In the event the Fund does make an investment in a Master Fund, the assets invested in the Master Fund would also be managed by the Investment Adviser at the Master Fund level, but at all times in accordance with the investment strategies of the Fund as set forth in this Memorandum. The Master Fund would be a Delaware limited partnership or a Bermuda limited liability entity or other entity exempt from U.S. income taxation. The use of the Master Fund may give the Fund added flexibility in its investing by increasing the equity base available for such investing.

In such arrangement, the Fund would be what is often referred to as a "Feeder Fund." In addition to selling an interest in the Fund, the Master Fund may sell interests to other affiliated and non-affiliated investment companies or institutional investors (i.e., other feeder funds). Such investors will invest in the Master Fund on the same terms and conditions and will pay a proportionate share of the Master Fund's expenses. However, the other investors investing in the Master Fund may not be required to redeem their shares at the same offering price as the Fund due to variations in sales commissions and other operating expenses. Therefore, investors in the Fund should be aware that these differences may result in differences in returns experienced by investors in the different funds that invest in the Master Fund. See "RISK FACTORS."

MANAGEMENT AND ADMINISTRATION

The Directors

The directors of the Fund are Mark D. Lay, Steven L. Sanders, Edward Adatepe, Oskar P. Lewnowski and Raymond Morrison. Directors are elected, and can be removed by a majority vote of the holders of the Management Shares. Additional directors may also be appointed by a majority vote of the holders of the Management Shares. The directors are ultimately responsible for all aspects of the operation of the Fund, although they have delegated investment authority to the Investment Adviser and certain administrative responsibilities to the Administrator.

For the biographies of Messrs. Lay, Sanders and Adatepe, please see the discussion under Investment Adviser. Biographies of Messrs. Lewnowski and Morrison are as follows:

Oskar P. Lewnowski has, since its inception, been Chairman and a director of Olympia Capital International, Inc. (the Fund's Administrator), a company he was instrumental in forming in 1990, and an officer and director of its affiliates, and the Chairman of the Board of Winchester Global Trust Company Limited, a licensed Bermuda trust company formed in 1995. For more than two decades, he has been a director of various international investment companies.

Raymond Morrison is a Chartered accountant and a Chartered Financial Analyst and has, since July 1993, been an officer of Olympia Capital (Bermuda) Limited and of various international investment companies. For three years prior thereto, he was a senior accountant at Ernst & Young, Hamilton, Bermuda.

Olympia Capital International, Inc. is the Administrator and is located at Williams House, 20 Reid Street, Hamilton, Bermuda.

Subject to the By-Laws of the Fund, the Fund shall indemnify its officers and directors for losses (including reasonable legal fees) which they may incur in connection with the performance or non-performance of their duties as directors of the Fund, provided the person seeking the indemnity acted in good faith and in a manner reasonably believed to be in, or not opposed to, the Fund's best interest, and that his actions did not involve fraud, willful or reckless misconduct, bad faith or gross negligence. Any such indemnification payments would reduce the Fund's assets.

The Investment Adviser

MDL Capital Management, Inc. (the "Investment Adviser") is a business corporation which was incorporated in Pennsylvania. The equity of the Investment Adviser is owned by Mark D. Lay, Steven L. Sanders, Edward Adatepe and Safeguard Scientific, Inc. Its offices are located at 225 Ross Street, 3rd Floor, Pittsburgh, Pennsylvania 15219. The Investment Adviser's books and records are maintained at this address. The Investment Adviser is responsible for the management of the Fund's portfolio and will provide investment advice to the Fund and arrange for execution of the Fund's portfolio transactions.

The Investment Adviser is a registered investment adviser under the Advisers Act and is a "Qualified Professional Asset Manager" as defined in U.S. Department of Labor prohibited transaction class exemption 84-14. The Investment Adviser is applying to become licensed as a commodity pool operator with the CFTC.

MDL Advisers, Inc., a wholly-owned subsidiary of the Investment Adviser ("MDL"), is the investment adviser to the MDL Broad Market Fixed Income Fund, a mutual fund registered under the

Investment Company Act and established in 2001 (the "Affiliate Fund"). In 2001, the Affiliate Fund acquired all of the assets of the Advisors' Inner Circle MDL Broad Market fund, a registered mutual fund established by another affiliate of the Investment Adviser in 1987. MDL Advisers, Inc. was also the investment adviser to MDL Large Cap Growth Equity Fund (the "Equity Fund"), a registered mutual fund that was closed and liquidated in March 2002 in order to permit the Investment Adviser and its affiliates to concentrate exclusively on fixed-income products. The investment objectives of the Affiliate Fund are similar or identical to those of the Fund. See "CONFLICTS OF INTEREST."

Mr. Mark D. Lay, Mr. Steven L. Sanders and Mr. Edward Adatepe, principals of the Investment Adviser, will have direct and primary responsibility for all investment decisions of the Fund.

Mark D. Lay, age 39, Chairman of the Board and Chief Executive Officer of the Investment Adviser, received his Bachelor of Arts in Economics from Columbia University in 1985. From 1984 to 1989, Mr. Lay was with Citicorp Investment Bank and among other positions served as a vice president in foreign exchange trading responsible for hedging portfolios using government bonds, futures and commodities. From September 1989 to July 1992, he was with Dean Witter Reynolds, Inc. as an investment account executive. In 1993, Mr. Lay founded the predecessor to MDL Capital Management, Inc. and has been its principal shareholder and Chairman of the Board since that time.

Steven L. Sanders, age 43, President of the Investment Adviser, has been a principal since inception of the firm. He has co-managed MDL's Equity Fund since its inception. Prior to joining the Investment Adviser, he served as president and CEO of his investment advisory firm, Sanders Financial. Mr. Sanders received his Bachelor of Arts in Business Administration degree from Howard University in 1982.

Edward Adatepe, age 42, has served as Chief Investment Officer of the Investment Adviser and its predecessors since 1994. He has co-managed MDL's mutual funds (and their predecessor funds) since their inception. Prior to joining the Investment Adviser, Mr. Adatepe served as a managing director of RRZ Investment Management and previously served as a fixed income portfolio manager with C.S. McKee Investment Advisors. Mr. Adatepe has a Bachelor of Science degree from Allegheny College and a Masters in Business Administration from Carnegie-Mellon University.

The Administrator

The Fund has appointed Olympia Capital International, Inc. as Administrator of the Fund under an Agency, Administration and Indemnification Agreement (the "Administration Agreement"). The Administrator will perform various administrative services for the Fund, including the supervision of share issuance and redemption services, and will calculate the Fund's Net Asset Value and the Net Asset Value per Share on a monthly basis. Cash from subscriptions and for redemptions will be held in one or more accounts at an affiliate of the Administrator.

The Administration Agreement provides that the Administrator and its employees and affiliates shall not be liable to the Fund or its Shareholders for any error of judgment or mistake of law or for any loss suffered by the Fund or its Shareholders in connection with its services in the absence of bad faith, gross negligence, willful or reckless misconduct, bad faith or gross negligence in the performance of their duties under the Agreement. The Administration Agreement contains provisions for the indemnification of the Administrator, its employees and affiliates by the Fund against liabilities to third parties arising in connection with the performance of its services, except in the case of willful or reckless misconduct, bad faith or gross negligence in the performance of their duties under the Agreement. The Administration Agreement also contains provisions for the indemnification of the Administrator and its employees and

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affiliates by the Investment Adviser in certain circumstances. The Administration Agreement may be terminated by either party upon 60 days' prior written notice to the other party.

See "FEES AND EXPENSES" herein for a description of the fees payable to the Administrator pursuant to the Administrative Services Agreement.

The Registrar and Transfer Agent

The Fund has appointed Winchester Fiduciary Services Limited, located in Hamilton, Bermuda as Registrar and Transfer Agent under a Registrar and Transfer Agent Agreement. The Registrar and Transfer Agent is wholly owned by Winchester Global Trust Company Limited, an affiliate of the Administrator.

The Registrar and Transfer Agent is responsible for, among other things: (i) maintaining the register of Shareholders of the Fund and generally performing all actions related to the issuance and transfer of Shares; (ii) performing all acts related to the redemption and/or purchase of the Shares; (iii) maintaining a record of dividends declared, if any, and dividends paid; (iv) on behalf of the Fund, dealing with and replying to all correspondence and other communications addressed to the Fund in relation to the transfer of Shares; and (v) performing all other incidental services necessary to its duties under the Registrar and Transfer Agent Agreement.

The Registration and Transfer Agent Agreement contains exculpation and indemnification provisions identical to those set forth in the Administration Agreement.

See "FEES AND EXPENSES" herein for a description of the fees payable to the Registrar and Transfer Agent.

Custodian and Prime Broker

The Fund has engaged Credit Suisse First Boston Corporation, a Massachusetts corporation, located in New York, New York, to serve as Custodian of the Fund's assets and as the Fund's prime broker under a customer agreement (the "Custody Agreement"). The Custodian will assist the Administrator, Registrar and Transfer Agent and the Fund by providing banking and wire transfer services. Fund investments not held in brokerage accounts and cash from subscriptions and for redemptions will be held in one or more accounts at the Custodian. The Fund will also use the Custodian's clearing and settling facilities for trades of the Fund's securities.

The Purpose Trust

On January 6, 2003, Messrs. Lay, Sanders and Adatepe conveyed all of the issued and outstanding Management Shares to the MDL Active Duration Purpose Trust (the "Purpose Trust"). The Purpose Trust, an entity unrelated either to the Investment Adviser or the Administrator, was formed on December 13, 2002, to hold the Management Shares, which constitute all of the voting stock of the Fund. Harrington Trust Limited, a Bermuda company, is the sole trustee of the Purpose Trust. The general purposes of the Trust are to hold the Management Shares and exercise its rights as shareholder of the Fund and to support the business activities of the Fund. All income and capital of the Trust are to be applied in furtherance of the Trust purposes for the benefit of the Fund. Upon termination of the Trust, any remaining assets of the Trust not applied for Fund purposes will be distributed for charitable purposes by the Trustee. Winston Lowe, Esq. has been appointed "Enforcer" of the Trust. Mr. Lowe is a shareholder of the law firm of Buchanan Ingersoll, 1835 Market Street, 14th Floor, Philadelphia, PA

19103. The Enforcer has the power to appoint and remove trustees, to change the law applicable to or the situs of the Trust and to apply for amendments to the Trust.

DESCRIPTION OF THE ADVISORY AGREEMENT

The Fund has entered into an Advisory Agreement with the Investment Adviser. The Advisory Agreement provides that the Investment Adviser shall have broad discretion to direct and manage the Fund's investments. Subject to the approval of the Directors, the Investment Adviser may allocate all or a portion of the Fund's assets to the Master Fund, although it is not required to do so. The compensation terms are set forth in "Charges to the Fund." The Investment Adviser may elect in its sole discretion, to defer payment of all or a portion of its Management Fee and Incentive Fees for a period of up to 10 years from the date payment is due. The Advisory Agreement also provides that the Fund will indemnify the Investment Adviser and its officers, employees and controlling persons from any liabilities, damages, costs or expenses relating to the business or activities undertaken on behalf of the Fund, provided that such conduct does not constitute fraud, gross negligence, bad faith, willful misconduct, a willful material breach of the Advisory Agreement or willful violation of any material law, and provided that such indemnification obligation shall not apply to any liabilities, costs or expenses imposed on the Investment Adviser or its affiliates under the Securities Act (to the extent such indemnification would be contrary to public policy) or under ERISA. The Advisory Agreement further provides that the indemnified parties shall not be liable to the Fund in connection with its services in the absence of fraud, willful default, bad faith, gross negligence or reckless disregard of its obligations or duties under the agreement.

In the Advisory Agreement, the Investment Adviser represents and acknowledges, among other things, that (a) the Investment Adviser is a registered investment adviser, (b) that it is a fiduciary under ERISA with respect to ERISA plans investing in the Fund, (c) that it is a "Qualified Professional Asset Manager," (d) that it has complied and will continue to comply with applicable governmental regulations and (e) that it will not cause the Company to enter into any "prohibited transaction" under ERISA. Either party may terminate the Advisory Agreement on 90 days' prior written notice to the other party.

CONFLICTS OF INTEREST

The Fund's Directors and the Investment Adviser and its principals are currently and may in the future be subject to certain actual and potential conflicts of interest, including the following:

The Investment Adviser and its affiliates render advice to investment clients and funds other than the Fund and may have financial and other incentives to favor certain of such clients and funds over the Fund.

An affiliate of the Investment Adviser is an active investment adviser that manages the Affiliate Fund, a mutual fund with investment objectives similar or identical to those of the Fund. In addition, the Investment Adviser and its affiliates may in the future organize one or more other entities with investment objectives similar or identical to those of the Fund. Under the Investment Advisory Agreement, the Investment Adviser will be required to devote only such time and attention to the activities of the Fund as may be required for the efficient conduct thereof.

The compensation payable to the Investment Adviser by the Fund has not been negotiated at arm's length.

The Investment Adviser and its affiliates may engage in a broad range of investment, investment advisory and other activities. The Investment Adviser and its affiliates will provide advisory services for the Affiliate Fund and other managed accounts. As a result, the Fund, the Affiliate Fund and such other managed accounts and clients may frequently purchase or sell the same securities, and there may be conflicts of interest among the Fund, the Affiliate Fund and such other managed accounts with respect to, for example, the allocation of investment opportunities and purchases and sales of securities in connection with particular investment situations. With respect to all client accounts over which they maintain control, the Investment Adviser and its affiliates will resolve all conflicts of interest in good faith and on a fair and equitable basis. Investment opportunities and the purchases or sales of securities generally will be allocated to the Fund, the Affiliate Fund and the other managed accounts in proportion to the capital which the Fund, the Affiliate Fund and the other managed accounts respectively make available for each investment situation, taking into consideration the differing investment objectives, cash availability, and other portfolio restrictions of the Fund, the Affiliate Fund and the other managed accounts.

The Investment Adviser, its affiliates and their respective principals may invest and trade for their own account in securities and derivatives similar to those acquired by the Fund and the Master Fund for their own accounts. The records of such trading will not be made available to Shareholders.

The Investment Adviser will not have any obligation to engage in any transaction or investment for the Fund or to recommend any transaction to the Fund that the Investment Adviser may engage in for its own account or the account of any clients except as required by applicable law.

Nothing precludes transactions between the Fund and any affiliate of the Investment Adviser acting in and for its own account, provided that the Investment Adviser determines, at the time of requesting such services, that such services are in the best interests of the Fund, and further provided that the rate of compensation to be paid for any such service shall be reasonable as compared to the amount paid for such similar services in arm's length transactions between unrelated parties. In any event, the Investment Adviser will not cause the Fund to retain affiliates of the Investment Adviser to provide services to the Fund under circumstances that would violate ERISA.

The Purpose Trust, the holder of the Management Shares (which carry the voting rights of the Fund), is the principal shareholder of, and acquired the Management Shares from Messrs. Lay, Sanders and Adatepe on January 6, 2003. The Directors were initially selected by Messrs. Lay, Sanders and Adatepe when they were the owners of the Management Shares and, accordingly, may have an incentive to take actions which benefit the Investment Adviser. The independent trustee of the Purpose Trust is required to act in certain matters relating to the voting of the Management Shares in accordance with directions from the Enforcer pursuant to the Trust Agreement. The Enforcer of the Trust is Winston Lowe, Esq. of the law firm of Buchanan Ingersoll, which represents the Investment Adviser and its affiliates on various legal matters.

The Directors, the Investment Adviser and the Administrator may from time to time act as directors, trading advisors or administrators in relation to or otherwise be involved with other companies established by parties other than the Fund which have similar objectives. In such event should a conflict of interest arise, the Directors will endeavor to ensure that it is resolved fairly.

RISK FACTORS

There is high risk associated with an investment in the Fund and an investment in the Fund should only be made after consultation with independent qualified sources of investment and tax advice.

~~the possibility exists that the Fund would bear the burden of an increased share of the Master Fund's expenses. Moreover, investors with larger investments than others may outvote the smaller investors to their detriment. (See "SPECIAL INFORMATION ON THE MASTER FUND/FEEDER FUND INVESTMENT STRUCTURE.")~~

Counterparty Risk. The Fund is subject to the risk of the failure or default of any counterparty to the Fund's transactions. If there is a failure or default by the counterparty to such a transaction, the Fund will have contractual remedies pursuant to the agreements related to the transaction. The Fund seeks to minimize the Fund's counterparty risk through the selection of financial institutions and types of transactions employed. However, the Fund's currency hedging transactions and other operational mechanisms designed to match the Fund's maturity requirements to cash flow may involve counterparty and other risk elements that may create unforeseen exposures.

Nature of Certain Investments. There is no limitation on the size or operating experience of the companies in which the Fund may invest, provided that such securities have a Standard & Poor's rating of B or better. Some small companies in which the Fund may invest may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small factors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

Risks of Special Techniques Used by the Investment Adviser. The Fund may invest using special investment techniques that may subject the Fund's investments to certain risks. Certain, but not all, of these techniques and the risks that they entail are summarized below. The Fund, in any event, is not designed to correlate to the broad bond market, and should not be viewed as a substitute for conventional fixed income investments.

Investments in Fixed-Income Securities Generally. The prices of the Fund's fixed-income securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers, including governments. Generally, the Fund's fixed-income securities will decrease in value if interest rates rise and vice versa, and the volatility of lower-rated securities is even greater than that of higher-rated securities. Also, longer-term securities are generally more volatile, so the average maturity or duration of these securities affects risk.

Although the Fund's U.S. government securities are considered to be among the safest investments, they are not guaranteed against price movements due to changing interest rates. Obligations issued by some U.S. government agencies are backed by the U.S. Treasury, while others are backed solely by the ability of the agency to borrow from the U.S. Treasury or by the agency's own resources.

The Fund is also subject to the risk that its investment approach, which focuses on a broad range of fixed income instruments, may perform differently than other funds which target specific segments of the fixed-income market or invest in other asset classes.

Risks of Leverage. Borrowing money to purchase securities may provide the Investment Adviser with the opportunity for greater capital appreciation and to extend or shorten the average duration of the Fund's portfolio but, at the same time, will increase the Fund's exposure to

capital risk and higher current expenses. The use of leverage also increases the volatility of the Fund's portfolio by magnifying both increases and declines in the value of the Fund's assets.

Up to 150% of the Fund's assets, at the time of investment, may be leveraged (i.e., the combined value of borrowings and short positions). If the Fund's assets decline in value or there are significant redemptions from the Fund, the Fund may be required to post additional collateral with the lender or liquidate assets to pay off its borrowings. Moreover, if the assets under management are not sufficient to pay the principal of and interest on the debt when due, the Fund could sustain a total loss of its investment.

Investments in Mortgage-Backed Securities. Mortgages underlying mortgage-backed securities may be paid off early, particularly in periods when interest rates are low, which makes it difficult to determine the actual maturity of such securities and therefore to calculate how they will respond to changes in interest rates. The Fund may have to reinvest prepaid amounts of lower interest rates. The risk of prepayment is an additional risk of mortgage-backed securities.

Short Selling. The Fund may sell securities of an issuer short. If the price of the issuer's securities declines, the Investment Adviser may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale.

The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the various national and regional securities exchanges, which restrictions could limit the investment activities of the Investment Adviser.

Risks of Options Trading. In seeking to enhance performance or hedge assets, the Investment Adviser may purchase and sell call and put options on both securities and securities indexes. A securities index measures the movement of a certain group of securities by assigning relative values to the securities included in the index.

Both the purchasing and the selling of call and put options contain risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, the exposure to loss is potentially unlimited in the case of an uncovered call writer (i.e., a call writer who does not have and maintain during the term of the call an equivalent long position in the stock or other security underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of an uncovered put option (i.e., a put option written by a writer that does not have and maintain an offsetting short position in the underlying stock or other security) is that the price of the underlying security may fall below the exercise price.

The effectiveness of purchasing or selling securities index options as a hedging technique will depend upon the extent to which price movements in assets that are hedged correlate with price movements of the index selected. Because the value of an index option depends upon movement in the level of the index rather than the price of a particular security, whether a gain or loss will be realized from the purchase or writing of options on an index depends upon movements in the level of prices in the securities market generally, rather than movements in the price of a particular security. Successful use of options on indexes will depend upon the ability of the Investment Adviser to predict correctly movements in the direction of the

market generally. This ability requires skills and techniques different from those used in predicting changes in the price of individual securities.

Risks of Futures Trading. Upon licensing of the Investment Adviser by the CFTC as a CPO and satisfaction of certain other conditions, the Fund may acquire commodities futures contracts and options on futures contracts.

Futures contracts and options thereon are highly volatile. Price movements of financial and interest rate futures and options thereon are influenced by a wide variety of factors, including, among other things, government, trade, fiscal, monetary and exchange programs and policies, national and international political and economic events and changes in interest rates.

When futures contracts are traded on United States exchanges, both buyer and seller are required to post margins with the broker handling their trades as security for the performance of their purchase and sale undertakings and to offset losses in their trades due to daily fluctuations in the markets. The low margin deposits typically required in futures trading (typically between 2% and 15% of the value of the futures contracts) permit an extremely high degree of leverage. Accordingly, a relatively small change in interest rates or the price of a commodity can produce a disproportionately large profit or loss, which can exceed substantially more than the initial margin on a trade. The Investment Adviser intends to limit the Fund's initial margin and option deposits in connection with such futures contracts to not more than 10% of the Fund's assets.

Successful use of futures by the Investment Adviser is also subject to the Investment Adviser's ability to predict correctly movements in the direction of interest rates and other relevant financial markets, and to the extent a transaction is entered into for hedging purposes, to ascertain the appropriate correlation between the transaction being hedged and the price movements of the futures contract.

Swap Agreements. The Fund may enter into interest rate, index or currency rate swap agreements in an attempt to hedge against changes in interest or currency rates or index values exceeding minimum or maximum values. Most swap agreements entered into by the Fund would calculate the obligation of the parties on a "net" basis. Consequently, the Fund's obligations or rights on a swap agreement, and the risk of loss, would be limited only to the net amount to be paid or received based on the relative values of the positions held by each party.

Portfolio Turnover. Because the Investment Adviser will make changes whenever necessary, in its opinion, to take advantage of anticipated movements in the U.S. Treasury yield curve and/or inter-sector spread relationships, it is anticipated that the Fund's portfolio will have a high turnover rate. Turnover of the Fund's portfolio may involve the payment by the Fund of dealer spreads or underwriting commissions, and other transaction costs, on the sale of securities, as well as on the reinvestment of the proceeds in other securities. The greater the portfolio turnover, the greater the transaction costs to the Fund which will reduce the Fund's total return.

Lack of Diversification. The Fund's portfolio may not be diversified among sectors, industries, geographic areas, duration or types of securities. In addition, the Fund's portfolio may not be diversified among a wide range of issuers. Accordingly, the Fund's portfolio may be subject to a more rapid change in value than would otherwise be the case if the Fund were required to maintain a wide diversification of its investments.

Acquisition of Illiquid Securities. Fund investments may include significant amounts of debt securities and other financial instruments for which no market or only a limited market

exists (and which may even be restricted as to transferability under federal or state securities laws), and the disposition of such investments in the event of an unsuccessful outcome ~~may be possible only at substantial discounts from their purchase price or intrinsic business value.~~ The Fund's holding of illiquid securities may adversely affect the ability of Shareholders to receive redemption proceeds.

Incentive Fee Arrangements. The Investment Adviser could receive substantial compensation if it generates increases in Net Asset Value above the Hurdle for the Shareholders. Such compensation may provide an incentive for the Investment Adviser to effect larger and more risky transactions than would be the case in the absence of such arrangements. The Investment Adviser does not expect to modify or adjust its investment methodology in any way as a result of such incentive. The Investment Adviser may receive compensation with respect to unrealized appreciation of Fund assets as well as with respect to realized gains.

Advisers Act Prohibition. Section 205(a)(1) of the Advisers Act prohibits investment advisers, unless exempted from registering as an investment adviser under the Advisers Act, from providing investment advice for compensation "on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of [a] client." The Investment Adviser will provide investment advice to the Fund and will be compensated, in part, upon a share of the capital gains of the Fund.

In order to prevent a possible violation of Section 205(a)(1) of the Advisers Act, the Fund will seek to comply with Rule 205-3 (the "Rule") under the Advisers Act, which permits an investment adviser to collect fees on a capital gains basis if such advice is provided solely to "qualified clients" as defined under the Rule. Since all Investors must be "Qualified Purchasers" in order to invest in the Fund and a Qualified Purchaser also satisfies the criteria for a Qualified Client, the Fund will be in compliance with the Rule.

The intended purpose behind the Advisers Act prohibition of such fee arrangements with clients (unless the client is a "qualified client") is the belief that this type of performance fee arrangement may create an incentive for the Investment Adviser to make investments that are riskier or more speculative than would be the case in the absence of a performance fee.

Non-Public Information. From time to time, the Investment Adviser may come into possession of material non-public information regarding a potential investment that limits the Investment Adviser's flexibility in buying and selling Fund investments. The Fund's investment flexibility may be constrained as a consequence of the Investment Adviser's inability to use such information for investment purposes.

Broker-Dealers. All orders for the purchase or sale of Fund investments will be placed on behalf of the Fund by the Investment Adviser. The Investment Adviser may negotiate the purchase of investments directly with the sellers or may utilize broker-dealers to execute transactions. In selecting broker-dealers, subject to applicable limitations of the federal securities laws, the Investment Adviser will consider such factors as size and type of the transaction, the nature and character of the markets for the security, the quality of the execution and settlement services, the financial condition of the broker-dealer firm and the reasonableness of any commissions.

The Fund may execute portfolio transactions with broker-dealers who provide research and/or execution services to the Fund and/or other accounts over which the Investment Adviser or its affiliates exercise investment discretion. The selection of such broker-dealers generally is made by the Investment Adviser based upon the quality of such research and/or execution services. In any case where the Fund is to pay higher commissions in recognition of such research and/or execution services, the Investment Adviser must determine in good faith that such commissions are reasonable in relation to the value of the

brokerage and/or research service viewed in terms of a particular transaction for the Investment Adviser's overall responsibilities to the Fund or its other clients.

Custodial Risks of Broker/Dealers. Various broker/dealers will trade with the relevant exchange as a principal on behalf of the Fund, in a "debtor-creditor" relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to certain assets of the Fund (for example, the transactions which the broker has entered into on behalf of the Fund as principal as well as the margin payments which the Fund provides). In the event of such broker's insolvency, the transactions which the broker has entered into as principal could therefore default and such assets of the Fund could become part of the insolvent broker's estate, to the detriment of the Fund.

Early Termination. In the event of the early termination of the Fund, the Fund would have to distribute to the Shareholders their pro rata interest in the assets of the Fund. Such an early termination would have the effect of accelerating the unamortized portion of any organizational fees, thereby decreasing amounts otherwise available for distribution. Certain assets held by the Fund may be illiquid and might have little or no marketable value. It is possible that at the time of such sale or distribution, certain securities held by the Fund would be worth less than the initial cost of such securities, resulting in a loss to Shareholders.

Effect of Substantial Withdrawals. Substantial withdrawals by Shareholders within a short period of time could require the Investment Adviser to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the Fund's assets. The resulting reduction in the Fund's assets could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base.

Regulation. The Fund is not registered as an investment company under the Investment Company Act (or any similar state laws). Registered investment companies are subject to extensive regulation. Investors, therefore, will not be accorded the protective measures provided by such legislation. The Fund is governed by Bermuda law. Under Bermuda law, the Directors' principal duty is to act in the best interests of the Company. Shareholders may therefore not have the same statutory protection or remedies available under the laws of other jurisdictions.

Changes in Regulatory Requirements. The Fund's investments will be subject to various Federal, state and local regulatory requirements. Failure to comply with these requirements could result in the imposition of fines by governmental authorities or awards of damages to private litigants. Further, the Securities and Exchange Commission ("SEC") recently announced that it has commenced a review of "hedge funds" (i.e., unregistered and unregulated investment entities like the Fund) to determine if it is necessary to enhance regulation of such entities for investor protection purposes. In the event that new regulations are adopted that require registration and/or impose other regulatory requirements under the securities laws for hedge funds, there can be no assurance that the Fund's operations would not be materially affected, in the form of increased costs and other regulatory requirements that could affect the potential return to investors in the Fund. There can be no assurance that these requirements will not require significant unanticipated expenditures by the Fund.

Conflicts of Interest. The Fund is subject to conflicts of interest. See "Conflicts of Interest."

Reserve for Contingent Liabilities. Under certain circumstances, the Board of Directors may find it necessary to establish a reserve for contingent liabilities or withhold a portion of the Shareholder's redemption proceeds at the time of redemption, in which case, the reserved portion would remain at the risk of the Fund's activities.

Risk of Litigation. The Fund may accumulate substantial positions in the securities of a specific company. Sometimes the Investment Adviser may engage in a proxy fight, become involved in litigation or attempt to gain control of a company. Under such circumstances, the Fund may be named as a defendant in a lawsuit or regulatory action and be subject to the costs involved.

Lack of Independent Experts Representing Investors. The Fund and the Investment Adviser have each consulted with counsel, accountants and other experts regarding the formation and terms of the Fund and the Advisory Agreement. The investors, however, have not been represented by such independent experts. Each prospective investor should consult his own legal, tax and financial advisers regarding the desirability of purchasing Shares and the suitability of an investment in the Fund. Foley & Lardner and Appleby, Spurling & Kerpe are U.S. and Bermuda counsel to the Fund, respectively, and do not represent the prospective investors or Shareholders of the Fund.

Lack of Voting Rights. The Shares being offered participate in the profits and losses of the Fund but do not carry voting rights except under very limited circumstances. See "Statutory and General Information."

Limited Ability to Liquidate Investment in Shares. There is no public market for the transfer of Shares. A Shareholder may require the Fund to redeem all or any whole number of its Shares as of the close of business on any Valuation Date at their Net Asset Value. However, the right to obtain payment on redemption is contingent upon the receipt by the Fund of 15 Business Days' written notice, and the Redemption Price may differ significantly from the value of such Shares when redemption was requested. Requests for redemptions may not be withdrawn. The Fund may suspend any or all of the calculation of Net Asset Value, the calculation of Net Asset Value per Share and redemptions in the circumstances set out under "Redemptions and Transfers - Temporary Suspensions." The Fund may also temporarily suspend redemptions in order to effect an orderly liquidation of the Fund's assets necessary to effect redemptions.

The foregoing list of risk factors does not purport to be a complete explanation of the risks involved in an investment in the Fund. Potential investors should read this entire Memorandum before determining whether to invest in the Fund and consult with their own financial and tax advisers. Potential investors should also be aware that, if they decide to purchase Shares, they will have no role in the management of the Fund, will not have any voting rights (except under very limited circumstances), and will be required to rely on the expertise of the Fund's Directors and the Investment Adviser in dealing with the foregoing (and other) risks on a day-to-day basis.

THE SHARES ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK. THEY ARE SUITABLE ONLY FOR PERSONS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT. SHAREHOLDERS SHOULD READ THE MEMORANDUM AND ARTICLES OF ASSOCIATION AS WELL AS THE FUND'S CONTRACTS WITH SERVICE PROVIDERS WHICH ARE REFERENCED IN "STATUTORY AND GENERAL INFORMATION."

DETERMINATION OF NET ASSET VALUE

The Net Asset Value of the Fund shall be its assets less its liabilities, determined in accordance with United States generally accepted accounting principles ("US GAAP"), except that the Fund may elect to modify the treatment of organizational costs and expenses to accommodate its practical needs,

including without limitation, by amortizing such costs and expenses over a period of up to 60 months. The Directors may, in their absolute discretion and where considered to be in the best interests of the Fund, decide not to follow US GAAP. The Net Asset Value is calculated by the Administrator, on a quarterly basis, subject to the overall supervision of the Directors acting in good faith. The Net Asset Value of the Fund shall be the value of its gross assets less its gross liabilities (excluding accrued Incentive Fees) on any Valuation Date. The Net Asset Value Per Share as of any Valuation Day shall be the net asset value of those assets and liabilities of the Fund which are properly attributable to the Series of Shares of which that Share forms a part, divided by the number of Shares of the Series outstanding on that day.

- [REDACTED]
- (i) Securities (other than options), listed or admitted to trading on a national securities exchange shall be valued at the last closing price on the Valuation Date or the mean between the bid and ask prices on the principal securities market on which such a security is traded on the nearest date preceding the Valuation Date on which a sale occurred if no such sale occurred on the date of determination. In the case of securities traded on more than one national securities exchange, such price shall be as reported on the exchange where such securities are listed or traded, as the Administrator may determine.
 - (ii) Securities (other than options), traded in the over-the-counter market shall be valued at the "closing price" as reported by the quotation system of such market as of the Valuation Date or, if no such "closing price" is reported for the date of determination, at the mean between the current "bid" and "asked" prices at the close of business on the Valuation Date as reported by such quotation system or, if neither such "closing price" nor such "bid" and "asked" prices are reported by such quotation system for the Valuation Date, subject to the Bye-laws, at such price as an independent valuation service to be engaged by the Directors (the "Valuation Service") determines to be the fair market value.
 - (iii) The fair market value of securities held short by the Fund shall be calculated in the manner provided in paragraph (i) for securities listed or admitted to trading on a national securities exchange and in the manner provided in paragraph (ii) for securities traded in the over-the-counter market. The fair market value of securities held short by the Fund shall be treated as a liability of the Fund.
 - (iv) Options listed on a national securities exchange shall be valued at the mean between the current "bid" and "asked" prices at the close of business on the Subscription Date as reported on the exchange where such options are principally traded, or, if not available, as reported on any other exchange on which such options are listed, as selected by the Valuation Service.
 - (v) Short term debt securities with remaining maturities of 60 days or less at the time of purchase are valued at amortized cost; other short-term securities are valued on a mark-to-market basis until such time as they reach a remaining maturity of 60 days, whereupon they are valued using the amortized cost method, taking as cost their market value on the 51st day.
 - (vi) Futures contracts or options traded on a United States exchange shall be based upon the settlement price on the exchange on which the particular futures contract or

option is customarily traded by the Fund. If a futures contract or option cannot be liquidated on a Valuation Date, such futures contract or option shall be assigned a value by the Valuation Service as it shall deem to represent fair value. Generally, daily price limits or the operation of other rules of the futures exchange on which the contract is normally traded, shall be the settlement price on the first subsequent day on which the contract can be liquidated. The liquidating value of a futures, spot, forward or option contract not traded on a United States futures exchange shall be determined by reference to policies established by the Fund's Directors from time to time.

- (vii) The value or amount of any other assets or liabilities of the Fund shall be as determined by the Valuation Service.

Notwithstanding the foregoing, if the Administrator should determine, after consulting with the Investment Adviser, that special circumstances exist whereby the value of any asset or liability of the Fund should be determined in a manner other than as set forth above, the value of such asset or liability shall be determined by the Valuation Service. In all events, the value of such asset or liability determined by the Valuation Service shall be conclusive and binding on all of the Shareholders and all parties claiming through or under them.

In no event and under no circumstances shall the Administrator, the directors or officers of the Fund, the Investment Adviser, the Valuation Service or their respective agents and employees, incur any individual liability or responsibility for any determination made or other action taken or omitted to be taken by them so long as they act in good faith or as otherwise required by applicable law.

Prospective investors should be aware that situations involving uncertainties as to the valuation of portfolio positions could have an adverse effect on the Net Asset Value if judgments regarding appropriate valuations should prove incorrect. Absent bad faith or manifest error, Net Asset Value determinations are conclusive and binding on all Shareholders.

All accrued debts and liabilities will be deducted from the value of the Fund's assets in determining the Fund's Net Asset Value. These debts and liabilities include (a) fees of the Investment Adviser that are earned but not yet paid, (b) monthly amortization of organization costs, if any, (c) any allowance for the Fund's estimated annual audit and legal fees and (d) any contingencies for which reserves are determined to be required. Net Asset Valuations are expressed in U.S. Dollars and any items denominated in other currencies are translated at prevailing exchange rates as determined by the Administrator in its sole discretion, with consideration to any premium or discount it considers relevant and to costs of exchange.

CHARGES TO THE FUND

The charges to the Fund are set forth below. In addition, any extraordinary expense incurred by the Fund will be paid by the Fund. The Fund, through its portfolio investments and any investment in the Master Fund, will earn interest on substantially all of its assets, most of which will be in the form of fixed income securities. Such interest income will offset some or all of the Fund's expenses.

<u>Entity</u>	<u>Form of Compensation</u>	<u>Amount of Compensation</u>
Investment Adviser	Advisory fee.	See "Calculation of Investment Adviser Compensation" below.
Investment Adviser	Incentive fee.	See "Calculation of Investment Adviser Compensation" below.
Custodian and Prime Broker	Brokerage and clearance fees and margin interest	Portfolio fees per transaction based upon type of transaction. Minimum fee of \$5,000 per month. Margin financing rates based on 55 basis points over federal fund rates for U.S. Dollar balances.
Administrator	Administrative fees.	A percentage of month-end Net Asset Value at an annual rate as follows (U.S. \$3,000 per month minimum): NAV < \$75 million .20% NAV > \$75 million .175% NAV > \$150 million .15%
Registrar and Transfer Agent	Fees.	\$2,500 per annum.
Directors	Director fees to Directors not affiliated with the Investment Adviser.	\$2,000 per Director per annum.
Trustee of Purpose Trust	Trustee fees.	\$1,500 initial acceptance fee. \$1,500 annual fee.
Others	Legal, audit, organization and offering expenses and stock exchange listing expenses.	As incurred, provided organization and offering expenses may be amortized by the Fund.

Calculation of Investment Adviser Compensation

The Fund will pay a management fee to the Investment Adviser equal to 1% per annum of the Fund's Net Asset Value at the end of each calendar quarter. The management fee is accrued monthly in arrears and paid as of the end of each calendar quarter.

The Fund also will pay a quarterly Incentive Fee to the Investment Adviser equal to 20% of "Net Profit" with respect to each series of Shares. See "SERIES OF SHARES" below. "Net Profit" is defined as the excess of the Net Asset Value of a Series as of the end of the quarter (after deduction of the Management Fee accrued for the quarter but excluding any deduction for Incentive Fees accrued on each Series) less the sum of (i) the Net Asset Value of the Series as of the first day of the quarter plus (ii) the amount of interest which would have been earned during the quarter if the Fund's net assets had been

invested at a rate equal to the yield on the Lehman Government Credit Index for the quarter (the "Hurdle"), adjusted to reflect subscriptions and redemptions with respect to such period.

Incentive Fees are based only on the portion of the appreciation in the Net Asset Value of a Series of Shares during a quarter that constitutes an increase in its Net Asset Value in excess of the sum of the cumulative Hurdle and its highest Net Asset Value as of the end of any prior quarter or, for the quarter the Series was issued, as of its issue date, net of any Incentive Fee calculated and payable at such time. If Shares are redeemed at any time other than the end of a quarter, the date of redemption will be treated as the end of a quarter for the purposes of determining the amount of Incentive Fee payable with respect to such Shares. The amount of any Incentive Fee accrued with respect to the redeemed Shares will be payable to the Investment Adviser, notwithstanding that following the redemption, the Net Asset Value of the relevant Series of Shares decreases.

The Investment Adviser may, in its sole discretion, waive all or part of its Incentive Fee otherwise due with respect to any Shareholder's investment by rebate of the waived fees to such Shareholder. The Investment Adviser may also, in its sole discretion, elect prior to the commencement of the Fund's trading activities and prior to the commencement of each calendar year thereafter, to defer for a period of up to ten years all or any portion of the Management Fee or Incentive Fee to be earned with respect to such period. In the event of such deferral, the deferred amount will appreciate or depreciate, at the election of the Investment Adviser, based on either (1) the Fund's performance (before Management or Incentive Fees) or (2) the performance of any other investment chosen by the Investment Adviser prior to the commencement of the deferral period. The deferred fees will be reflected on the books of the Company as a liability and will reduce the Fund's Net Asset Value.

SHARES OF SEPARATE SERIES

In order to ensure a more equitable allocation of Incentive Fees among investors investing in the Fund at different times during the calendar year, Shares issued as of separate Subscription Dates will be designated as Shares of separate series (each with its own Net Asset Value per Share) as follows: Shares issued on the first Subscription Date of a calendar year will be designated as Series 1 Shares. Shares issued on Subscription Dates that do not fall on the first Subscription Date of a calendar year will be designated as Shares of a consecutive series of Shares. These additional series of Shares will generally be converted into Series 1 Shares at the beginning of each calendar year.

At the beginning of each calendar year, each series of Shares, other than any series of Shares the Net Asset Value of which has not, for the last quarter of such year, exceeded the sum of the Hurdle and the previous highest quarter end Net Asset Value of that Series in relation to which an Incentive Fee was payable (and which therefore has a loss carryforward for the next quarter), will be converted into Series 1 Shares at the current Net Asset Value per Share of Series 1 Shares (unless Series 1 Shares are subject to a similar loss carryforward, in which case these conversions will be suspended until Series 1 Shares have recouped that loss). There will be no change in the aggregate net asset value of a Shareholder's investments due to the conversion of any series of Shares held by it into Series 1 Shares, although a different number of Shares may be held by it after the conversion. If a series of Shares has a net loss allocable to it at the end of any quarter and at the end of a subsequent quarter there is Net Profit allocable to that series of Shares, there will be no Incentive Fee payable with respect to those Shares until the amount of the net loss previously allocated to those Shares has been fully recouped (excluding the Incentive Fee from the calculation of net loss). This ensures that the Investment Adviser will receive an Incentive Fee only when the net asset value of a series of Shares increases above the "high water mark" net asset value for that series of Shares.

High Water Mark. The Incentive Fee with respect to a Series of Shares is calculated on a cumulative basis and is payable only where the Net Asset Value per Share of that Series has risen above (i) the higher of the sum of the cumulative Hurdle amount and issue price of the Shares in the relevant Series or, thereafter, (ii) the sum of the Hurdle and the Net Asset Value per Share of the relevant Series immediately following the last calculation of an Incentive Fee with respect to such Series, net of the Incentive Fees calculated and payable at such time. In effect, the Incentive Fee payable with respect to a Series is not payable until all prior net losses with respect to such Series (including the cumulative Hurdle amount and excluding the Incentive Fee from the calculation of net losses) are recouped. Appropriate adjustments may be made to account for subscriptions and redemptions.

Hurdle. The Hurdle with respect to a Series for a calendar quarter means an amount equal to the opening Net Asset Value of the relevant Series multiplied by a percentage based on the yield of the Lehman Government Credit Index for the calendar quarter. The Hurdle will be prorated from any calculation period of less than a calendar quarter. The Hurdle is cumulative with respect to each Series.

REDEMPTIONS AND DIVIDENDS

Redemption of Shares

Shares may be redeemed at a Shareholder's option at the Net Asset Value per Share as of any Valuation Date, upon at least 15 Business Days prior written notice to the Administrator, subject to such longer or shorter notice period as the Directors may determine from time to time. In the discretion of the Directors, the Fund may, for any reason or no reason or where, in the absolute discretion of the Directors, the holding of such Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage to the Fund or its Shareholders, compulsorily redeem the Shares of any Shareholder at the applicable Net Asset Value per Share on at least ten days' prior written notice to such Shareholder. There is no redemption charge or penalty.

An amount equal to 95% of the net redemption proceeds normally will be settled within 30 business days of the effective date of the redemption, without interest. The balance of the net redemption proceeds will be paid promptly at such time as the Fund shall determine that the retention of the remaining redemption proceeds is unnecessary, with interest thereon. Reasonable reserves may also be imposed depending upon the particular circumstances. Notwithstanding any contrary restriction expressed herein, the Fund may leverage its assets to fund redemptions.

The Fund reserves the right to decrease, limit, delay or deny any redemption request, or any payment on a redemption request, if reasonably necessary in order to comply with the Fund's credit and other agreements, as well as for other reasons.

Redemptions of Shares generally will be made in U.S. Dollars. Cash settlements will be remitted by wire transfer to an account designated by the Shareholder at the Shareholder's bank as specified by the Shareholder in its written redemption notice. The cost of remitting the redemption proceeds will be charged to the account of the Shareholder.

The Directors may in their sole discretion waive all or any of the restrictions or provisions relating to the redemption of Shares set forth in the Bye-Laws either generally or in any particular case and on such conditions as they may determine in their sole discretion.

Temporary Suspensions

The Directors may temporarily suspend any or all of the determination of the Net Asset Value of the Fund, the determination of Net Asset Value per Share, and/or the issue and the redemption of Shares for the whole or part of any period:

- (i) during which, in the opinion of the Directors, disposal by the Fund of its direct or indirect securities which constitute a substantial portion of the assets of the Fund is not practically feasible or as a result of which any such disposal would be materially prejudicial to Shareholders;
- (ii) when, in the opinion of the Directors, for any reason it is not possible to transfer monies involved in the acquisition or disposition or realization of securities which constitute a substantial portion of the assets of the Fund at normal rates of exchange;
- (iii) (other than customary holiday or weekend closings) when any recognized exchange or market on which the Fund's direct or indirect securities are normally dealt in or traded is closed, or during which trading thereon is restricted or suspended; or
- (iv) when proceeds of any sale or redemption of the Shares cannot be transmitted to or from the Fund's account or transmissions cannot be effected at normal rates of exchange;
- (v) when, as a result of political, economic, military or monetary events or any other circumstances outside the control, responsibility and power of the Directors, any disposal or valuation of investments of the Fund is not, in the opinion of the Directors, reasonably practicable without this being seriously detrimental to the interests of owners of Shares or if, in the opinion of the Directors, the Net Asset Value of the Fund or the Net Asset Value per Share cannot fairly be calculated or such disposal would be materially prejudicial to the owners of Shares;
- (vi) when, in the opinion of the Directors, any breakdown occurs in the means of communication normally employed in determining the value of any of the investments of the Fund or when for any other reason the value of any securities which constitute a substantial portion of the assets of the Fund cannot reasonably or fairly be ascertained; or
- (vii) when, in the judgment of the Directors upon advice of the Investment Adviser, the suspension is necessary or advisable in order to allow for the disposition of Fund or Master Fund investments in a manner which is in the best interest of the Fund, in light of market conditions at the time.

In the event of any suspension as set out above, the Directors will, where possible, take all reasonable steps to bring any period of suspension to an end as soon as possible. With respect to any redemption request which is impacted by a suspension of redemption of the Shares, such redemption will be effected as of the next Redemption Date following the date on which the period of suspension terminates.

Dividends

It is not expected that the Fund will declare any regular dividends. All Fund earnings normally will be returned for re-investment (subject to the redemption privilege). The Fund reserves the right to change such policy.

REGISTRATION AND TRANSFERS

Shares will be issued only in registered form; the Fund may not issue bearer shares under Bermuda law. The Registrar and Transfer Agent maintains a current register of the names and addresses of the Fund's Shareholders, and the Administrator's entry in the share register will be conclusive evidence of ownership of such Shares. Certificates representing Shares will not be issued.

In accordance with Bermuda law and the Bye-Laws of the Fund, Shares are only issued or registered in the names of companies, partnerships or individuals (including fiduciaries of trusts investing in the Fund). Shares purchased for those under 21 years of age must be registered in the name of a parent or guardian, but may be designated with the minor's initials for the purposes of identification. The Fund will take no cognizance of any trust applicable to the Shares so registered.

Transfers of Shares by instruments in writing in the usual common form are permitted only with the prior consent of the Directors, which consent may be withheld in the absolute discretion of the Directors.

The Shares may not be sold, transferred or otherwise disposed of by a Shareholder in the United States or to any person, corporation or entity which is not a "Qualified Holder" without prior written consent of the Directors and compliance with all applicable laws. Transfers of Shares are restricted where the holding of such Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Fund or its Shareholders as a whole or to maintain a minimum holding per Shareholder, should the Fund be subject to such a minimum. Transfers of Shares are permitted only with the prior consent of the Fund, which may be withheld for any reason in the sole discretion of the Directors. Any transferee is required to furnish the same information, including as necessary or required, verification of identity and source of funds in connection with anti-money laundering regulations, which would be required in connection with a direct subscription in order for a transfer application to be considered by the Directors.

TAX CONSIDERATIONS

General

The Bermuda tax consequences to the Fund, which are described below, are derived from existing legislation in Bermuda. The United States income tax consequences applicable to the Fund and the Shareholders, also described below, are based upon factual representations made by the Fund and the Investment Adviser concerning the proposed conduct of the activities to be carried out by the Fund and the Investment Adviser and the proposed composition of the Shareholders. The Fund has not asked for, and has not received, an opinion of counsel with respect to any of the tax consequences discussed below. The conclusions summarized herein with respect to United States tax consequences could be affected adversely if any of the material factual representations on which they are based should prove to be inaccurate. Moreover, while this summary is considered to be a correct interpretation of existing laws in force on the date of this Memorandum, no assurance can be given that no changes in such tax laws will occur or that courts or fiscal authorities responsible for the administration of such tax laws will agree with the interpretations or that changes in such laws will not occur.

As a result of changing laws or practice, or unfulfilled expectations as to how the Fund or its investors will be regarded by revenue authorities in different jurisdictions for taxation purposes, taxation consequences may be otherwise than as stated below. Investors are therefore advised to consult their own professional advisors on the tax consequences of subscribing for, purchasing, holding, selling or

redeeming Shares in the Fund under the laws of their countries of citizenship, residence, ordinary residence or domicile.

Bermuda

Under existing legislation in Bermuda, there are no income, capital gains or withholding taxes payable by the Fund, nor are there any Bermuda estate, succession, or inheritance taxes payable by the Shareholders with respect to their Shares, other than persons ordinarily resident in Bermuda.

There is, at present, no direct taxation in Bermuda and interest, dividends and gains payable to the Fund will be received free of all Bermuda taxes. The Fund is an exempted company under Bermuda law and the Fund has made application to the Minister of Finance of Bermuda for, and expects to receive, an undertaking as to tax concessions pursuant to the Exempted Undertakings Tax Protection Act of 1966 which will provide that until March 23, 2016, no law hereafter enacted in Bermuda imposing any taxes or duty to be levied on income or capital assets, gains or appreciation will apply to any income or property of the Fund, or to the Shares or other obligations of the Fund except to the extent that any such tax or duty applies to persons ordinarily resident in Bermuda and holding Shares or other obligations of the Fund or any land in Bermuda leased to the Fund.

United States

The Fund will be treated as a corporation for U.S. federal income tax purposes. The Fund intends to conduct its affairs so that none of its income will be effectively connected with the conduct of a U.S. trade or business or otherwise subject to regular U.S. federal income taxation on a net basis. Under current U.S. federal income tax law and regulations, payment of principal and interest (including original issue discount) on debt obligations issued by a U.S. person or the U.S. Government after July 16, 1984 are not subject to U.S. federal withholding tax, provided that, with respect to interest (including original issue discount), certain certification and other requirements are met. Payments of principal, premiums and interest on debt obligations issued by a non-U.S. issuer generally will not be subject to U.S. withholding tax.

As indicated above, the Fund does not expect to conduct a trade or business in the U.S. or invest in securities the income of which is treated for U.S. tax purposes as arising from a U.S. trade or business. Thus, none of the income of the Fund (other than income subject to U.S. federal withholding tax, as described above) is expected to be subject to U.S. federal income taxation. If, contrary to its intended method of operation, the Fund is considered to be engaged in a U.S. trade or business, any income that is effectively connected with such U.S. trade or business will be subject to regular U.S. federal income taxation, plus a 30% U.S. "branch profits" tax.

Payments of dividends to the Fund on stock of a U.S. corporation generally will be subject to a 30% U.S. withholding tax. Gains (other than original issue discount) realized upon the sale, exchange or redemption of debt obligations will, in general, not be subject to U.S. federal withholding taxes (including "back-up" withholding taxes), provided that, in the case of securities held by a custodian or nominee in the United States, the Fund certifies to its non-U.S. status or otherwise establishes an exemption from "back-up" withholding.

In general, the Fund believes that a non-U.S. person (foreign trust, non-resident alien individual, foreign partnership or foreign corporation) will not be subject to U.S. income taxes on the interest income or capital gain of the Fund.

Capital gain realized by a non-U.S. person upon the sale or exchange or redemption of Shares held as a capital asset generally should not be subject to the U.S. federal income tax, provided that the gain is not effectively connected with the conduct by such non-U.S. person of a trade or business in the United States. However, in the case of a non-resident alien individual, such gain will be subject to a U.S. income tax rate of 30% (or a lower tax treaty rate) if such individual is present in the U.S. for 183 days or more during the taxable year.

Generally, the source of any capital gain upon the sale, exchange or redemption of Shares is determined by the place of residence of the Shareholder. For purposes of determining the source of any capital gain, residency is defined in a manner that may result in an individual who otherwise is a non-resident alien individual of the U.S. being treated as a U.S. resident only for purposes of determining the source of income. Each prospective individual Shareholder who anticipates being present in the United States for 183 days or more (in any taxable year) or otherwise has a substantial connection to the United States should consult his or her tax adviser with respect to the possible imposition of U.S. federal income taxes on the sale, exchange or redemption of Shares and to the possible impact of such presence on such individual's status in general as a nonresident for U.S. income tax purposes.

Capital gains realized by a Shareholder engaged in the conduct of a U.S. trade or business will be subject to U.S. federal income tax upon the sale, exchange or redemption of Shares if such gain is effectively connected with its U.S. trade or business.

Any U.S. Person transferring cash or other property to a foreign corporation such as the Fund or owning 10% or more of the value or voting power of the shares of a foreign corporation such as the Fund will, with certain limited exceptions, likely be required to file an information return with the U.S. Internal Revenue Service containing certain disclosure concerning the filing shareholder, other shareholders and the corporation. The Fund has not committed itself to provide the information about the Fund or its Shareholders needed to complete the return.

The Fund has been classified as non-resident of Bermuda for exchange control purposes by the Bermuda Monetary Authority, whose permission for the issue of Shares has been obtained. The issue, redemption and transfer of Shares to, by and between persons regarded as non-resident in Bermuda for exchange control purposes may be effected without specific consent under the Exchange Control Act 1972 of Bermuda and regulations thereunder. Issues and transfers involving any person regarded as resident in Bermuda for exchange control purposes require specific prior authorization under that Act. The Fund is thus permitted by Bermuda law to acquire, hold and sell any foreign currency and securities without restriction.

EMPLOYEE BENEFIT PLAN CONSIDERATIONS

The Fund expects to admit Shareholders that are "benefit plan investors" as defined in ERISA (the U.S. Employee Retirement Income Security Act of 1974, as amended), which are "employee benefit plans" as defined in ERISA and "plans" as defined in Section 4975 of the U.S. Internal Revenue Code (collectively, "Plans"). Plans include corporate pension and profit-sharing plans, SEP ("simplified employee pension") plans, Keogh plans for self-employed individuals, governmental plans, and IRAs (individual retirement accounts described in Code Section 408). If Plans hold 25% or more of the Shares (excluding Shares that are held other than through Plan investments by the Advisor or any affiliate thereof), the Fund's underlying assets would be "plan assets" under ERISA with respect to those investors that are Plans subject to ERISA or the Code. (The 25% level is measured each time Shares are bought or sold.)

Since it is expected that Plan investments in the Fund will exceed the 25% level, a person considering investing in the Fund on behalf of a Plan subject to ERISA or the Code should evaluate the plan asset consequences of the investment, including the risk that unintended prohibited transaction or fiduciary duty delegation consequences may arise under ERISA or the Code. The Investment Adviser qualifies as a "qualified professional asset manager" under applicable regulations under ERISA and will take all appropriate steps to ensure that the Company does not engage in any prohibited transactions under ERISA. In particular, the Investment Adviser will not make loans to the Fund or permit the Fund to retain affiliates of the Investment Adviser under circumstances that would violate ERISA. The Investment Adviser has acknowledged in the Investment Advisory Agreement that it will be a fiduciary of Plans investing in the Company for purposes of ERISA and will be subject to all of the prohibited transactions and fiduciary responsibility and liability provisions of ERISA.

Certain prospective ERISA Plan investors may currently maintain relationships with the Investment Adviser or other entities which are affiliated with the Investment Adviser (collectively the "Affiliated Entities"). Each of the Affiliated Entities may be deemed a party in interest with respect to and/or fiduciary of such plans if any of the Affiliated entities provides investment management, investment advisory or other services to them. Consequently, in the case of an ERISA Plan with respect to which an Affiliated Entity is a party in interest or disqualified person, the prohibited transaction provisions of ERISA may preclude such plan from engaging in certain transactions with the Fund, including the acquisition of Shares. In this circumstance, Benefit Plan Investors should consult with counsel to determine if participation in the Fund is a transaction which is prohibited by ERISA and/or the Code.

Trustees and other fiduciaries of Plans should also consider that their actions may be governed by the fiduciary responsibility provisions of ERISA. Generally, fiduciaries of a Plan subject to ERISA are required to discharge their duties, among other things, (i) for the exclusive purpose of providing benefits to participants and their beneficiaries, (ii) with the same standard of care that would be exercised by a prudent man acting under similar circumstances, and (iii) by diversifying the investment of the Plan, unless it is clearly prudent not to do so. In analyzing the prudence of an investment in the Fund, special attention should be given to the Department of Labor's regulations on investment duties which require, among other things, (i) a determination that each investment is reasonably designed, as part of a Plan's portfolio, to further the purposes of such Plan, (ii) an examination of risk and return factors, and (iii) consideration of the portfolio's composition with regard to diversification, the liquidity and current return on the total portfolio relative to anticipated cash flow needs of the Plan and the projected return of the total portfolio relative to the Plan's funding objectives.

The fiduciaries of each ERISA Plan, IRA or Keogh Plan investing in the Fund will be required to represent, and by making an investment in the Fund thereby will represent, that, among other matters, they have been informed of and understand the Fund's investment objectives, policies and strategies, that the decision to invest plan assets in the Fund is consistent with the provisions of ERISA and/or the Code that require diversification of plan assets and impose other fiduciary responsibilities and that in making the decision to invest, they have not relied on any advice or recommendation of the Investment Adviser or any selling agent or any of their respective affiliates or employees.

Whether or not the Fund's underlying assets are plan assets under ERISA, such persons should consult with their counsel as to the ERISA or Code consequences of an investment in the Fund by a Plan.

Unrelated Business Taxable Income

The term "Permitted U.S. Person" means a U.S. Person that is subject to ERISA or is otherwise exempt from payment of U.S. Federal income tax. Generally, a Permitted U.S. Person is exempt from Federal income tax on certain categories of income, such as dividends, interest, capital gains and similar income realized from securities investment or trading activity. This type of income is exempt even if it is realized from securities trading activity which constitutes a trade or business. This general exemption from tax does not apply to the "unrelated business taxable income" ("UBTI") of a Permitted U.S. Person. Generally, except as noted above with respect to certain categories of exempt trading activity, UBTI includes income or gain derived from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the Permitted U.S. Person's exempt purpose or function. UBTI also includes (i) income derived by a Permitted U.S. Person from debt-financed property and (ii) gains derived by a Permitted U.S. Person from the disposition of debt-financed property.

A Permitted U.S. Person investing in a foreign corporation such as the Fund should not realize UBTI with respect to an unleveraged investment in Shares. Permitted U.S. Persons are urged to consult their own tax advisors concerning the U.S. tax consequences of an investment in the Fund.

PLAN OF DISTRIBUTION

The Fund is authorized to issue 100 voting Management Shares, par value U.S. \$0.01 per Share ("Management Shares"), all of which are currently held by the Purpose Trust and 10,000,000 non-voting redeemable Participating Shares, par value U.S. \$0.001 per Participating Share (the "Shares"). The voting Management Shares do not participate in the Fund's profits and losses and are not redeemable. The non-voting Shares have no voting power, but are participating and redeemable. The Shares are entitled to receive, to the exclusion of the Management Shares, any dividends which may be declared by the Directors. Upon the winding up of the Fund, the assets available for distribution to Shareholders (other than an amount equal to the par value of the Management Shares, which would be distributed to the holder of the Management Shares) would be distributed among the holders of the Shares. Shares in the Fund participate ratably in the Net Asset Value of the Fund on liquidation and in other distributions, if any, based on the relative Net Asset Value of the Shares of the respective Series outstanding at the time of such liquidation or distribution.

Each Share will be issued at a price of U.S. \$1,000.00 during the Initial Offering Period, which will commence upon the filing of this Memorandum with the Bermuda Registrar of Companies on January 15, 2003 and will end on the earlier to occur of the acceptance of \$3,000,000 of subscriptions or the close of business on May 15, 2003. The Fund will commence investing promptly following its receipt and acceptance of subscriptions for at least the minimum amount of \$3,000,000. This shall be the minimum amount required to be raised from the Initial Offering in order to provide for the matters set out in Section 28 of the Bermuda Companies Act. If the Fund does not receive at least the minimum amount by the end of the Initial Offering Period (or any extension thereof), the offering of Shares in the Fund will be terminated and each subscriber's subscription payment will be refunded, along with any interest earned thereon. Following commencement of trading by the Fund, Shares of the Fund will be available for subscription as of the last day of each Fiscal Period at the Net Asset Value per Share.

The minimum initial subscription per investor is U.S. \$1,000,000. All subscriptions must be paid in U.S. Dollars to the Custodian. Subsequent subscription payments shall be made in the minimum amount of U.S. \$500,000 and shall be made to the Fund by wire transfer to the Custodian. The subscription documents provide details regarding payment procedures.

Any subscription payments shall be held for the benefit of the subscriber pending either the acceptance of the subscription and the investment in the Shares, or the refund or rejection of the subscription and return of the subscription payment. Share applications may be rejected by the Fund in whole or in part. If any application is not accepted, the subscription amount paid with the application will be returned, with interest earned on the subscription proceeds, if any. If any application is accepted only in part, the balance of the amount paid with the application will be returned.

ELIGIBLE SUBSCRIBERS

The Shares are offered only to Qualified Holders. Qualified Holders are "non-United States Persons" and U.S. tax-exempt investors who are "qualified eligible participants" under CFTC Regulation 4.7 and "qualified purchasers" under Section 3(c)(7) of the Investment Company Act.

For this purpose, "qualified eligible participant" means (1) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5 million; (2) an employee benefit plan within the meaning of ERISA, provided that the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is a bank, savings and loan association, insurance company, or registered investment adviser, or that the employee benefit plan has total assets in excess of \$5 million or, if the plan is self-directed, that investment decisions for, or the decisions as to the types of investment alternatives under, the plan are made solely by persons that are qualified eligible participants; (3) an organization described in Section 501(c)(3) of the Code which has total assets in excess of \$5 million; (4) a trust, insurance company separate account or bank collective trust which has total assets in excess of \$5 million, is not formed to invest in the Fund and whose purchase is directed by a qualified eligible participant; (5) a governmental entity (including the United States, a state or a foreign government) or political subdivision thereof, or a multinational or supranational entity or an instrumentality, agency or department of any of the foregoing; and (6) a tax-exempt entity in which all of the unit owners or participants are qualified eligible participants; provided in each of (1)-(5) above that the entity must also (i) own securities (including participations in the Fund and other pools) of issuers not affiliated with such entity and other investments (i.e., real estate held for investment purposes) with an aggregate market value of at least \$2,000,000, (ii) have on deposit with a commodity broker at least \$200,000 in exchange-specified initial margin and option premiums for commodity interest transactions, or (iii) own a portfolio comprised of a combination of (i) and (ii) (i.e., \$1,000,000 in securities and \$100,000 in margin and premiums). For this purpose, "qualified purchaser" means (i) natural persons who own at least \$5 million in investments, (ii) an entity that owns at least \$5 million in investments and the entity is owned by or for two or more related natural persons, (iii) a trust where the trustee and each person contributing assets to the trust is a qualified purchaser, (iv) any person acting on behalf of its own account or the account of another qualified purchaser that owns and invests in an aggregate basis in excess of \$25 million in investments, and (v) qualified institutional buyers, as defined in Rule 144A under the Securities Act of 1933 (except qualified institutional buyers which are dealers which own or invest less than \$25 million in investments and defined contribution plans whose participants are able to direct their plan investments, unless such participants themselves are qualified purchasers).

The following persons are excluded from being subscribers: (i) a United States Person (other than a Permitted U.S. Person); (ii) any person, corporation or entity which cannot acquire or hold the Shares without violating laws or regulations applicable to it; or (iii) a custodian, nominee, or trustee for any person, corporation or entity described in (i) or (ii) above.

STATUTORY AND GENERAL INFORMATION

1. Bermuda Law.

The Fund is an exempted, open-ended mutual fund company incorporated with limited liability under Bermuda law.

Permission under the Exchange Control Act of 1972 of Bermuda (and the regulations thereunder) has been obtained from the Bermuda Monetary Authority (the "Authority") for the issue of the 100 Management Shares (as defined herein) and up to 10,000,000 Shares in the Fund. In addition, a copy of this Memorandum will be delivered to the Registrar of Companies (the "Registrar") in Bermuda for filing pursuant to the Companies Act 1981 of Bermuda, as amended (the "Bermuda Act"). It must be distinctly understood that in granting such permission and in accepting this Memorandum for filing, the Authority and the Registrar accept no responsibility for the financial soundness of any proposal or for the correctness of any of the statements made or opinions expressed with regard to them.

The Fund has been classified as a Bermuda Institutional Scheme under the Bermuda Monetary Authority (Collective Investment Scheme Classification) Regulations 1998 (the "Regulations"). As such, the Fund is exempted from the requirement to appoint a Bermuda custodian and may not be supervised to the same degree as other schemes which are regulated and supervised by the Authority. Therefore, the Fund should be viewed as an investment suitable only for investors who can fully evaluate and bear the risks involved. Approvals from the Bermuda Monetary Authority who do not constitute a guarantee by the Authority as to the performance of the Scheme or its creditworthiness. Furthermore, in giving such approvals the Authority shall not be liable for the performance or default of the scheme or for the corrections of any opinions or statements expressed.

2. Incorporation, Registered Office and Share Capital.

(a) The Fund was incorporated in Bermuda on May 20, 2002, as an exempted, open-ended mutual fund company with limited liability under the name MDL Active Duration Fund Ltd. The Directors of the Fund confirm that since the date of the Fund's incorporation, the Fund has not commenced business, no accounts have been made up and no dividends have been declared.

(b) The registered office of the Fund is presently at Williams House, 20 Reid Street, Hamilton HM 11, Bermuda.

(c) The authorized share capital of the Fund is U.S. \$100,000 divided into 100 Management Shares of U.S. \$0.01 par value each and 10,000,000 Participating Shares of U.S. \$0.001 par value each. The Purpose Trust has acquired all of the Management Shares. No further Management Shares will be issued.

(d) None of the Participating Shares has been issued and no capital of the Fund is under option or agreed conditionally or unconditionally to be put under option.

(e) Neither the Management Shares nor the Shares carry pre-emptive rights.

(f) All shares will be issued in registered form only.

3. Management and Participating Shares.

The Management Shares shall:

- (a) only be issued at par value fully paid;
- (b) confer upon the holder thereof rights in a winding-up or repayment of capital in accordance with the Memorandum of Association and to all dividends, if any, declared by the Directors; and
- (c) carry the right to receive notice of, attend and vote at General Meetings of the Fund.

The Participating Shares shall:

- (a) not be issued at less than par value fully paid;
- (b) confer upon the holder thereof rights in a winding-up or repayment of capital in accordance with the Memorandum of Association and to all dividends, if any, declared by the Directors; and
- (c) carry the right to receive notice of General Meetings of the Fund but do not carry the right to attend or vote at General Meetings of the Fund.

4. Memorandum of Association.

The Memorandum of Association of the Fund provides that the Fund's objects, as set forth in "Investment Objective and Strategy of the Fund," are unrestricted and include the collective investment of its funds and giving members of the Fund the benefit of the results of the management of its funds. The object and powers of the Fund are set out in the Memorandum of Association. The Memorandum of Association also sets forth provisions relating to share capital, issuance and redemption of shares, dividends and distributions upon dissolution or winding up of the Fund. The Memorandum of Association is available for inspection at the office of the Administrator upon request to the Fund.

5. Anti-Money Laundering Regulations.

To ensure compliance with statutory and other generally accepted principles relating to anti-money laundering regulations and policies, including the Fund's obligations under the U.S. Patriot Act, the Fund will require verification of identity and source of funds from any prospective investor in the Fund. Depending on the circumstances of each application, a detailed verification might not be required where:

- (a) the applicant makes the payment from an account held in the applicant's name at a recognized financial institution; or
- (b) the applicant is made through a recognized intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognized by both Bermuda and the U.S. as having sufficient anti-money laundering regulations.

Pending the provision of evidence satisfactory to the Fund as appropriate, admission of an investor as a shareholder may be delayed in the sole discretion of the Directors. If within a reasonable

10. Inspection of Documents.

Copies of the following documents for the Fund will be available for inspection at any time during normal business hours on any Business Day free of charge from the Administrator of the Fund and for 14 days from the date of this Memorandum.

- (a) the Memorandum and Bye-Laws of the Fund;
- (b) the Administration Agreement;
- (c) the Broker and Custody Agreement;
- (d) the Registrar and Transfer Agent Agreement;
- (e) the Advisory Agreement; and
- (f) the Companies Act 1981 (as amended) of Bermuda.

DEFINITIONS

"Administrator", Olympia Capital International, Inc.

"Administration Agreement", the Agency, Administration and Indemnification Agreement dated January 9, 2003 between the Administrator and the Fund

"Advisory Agreement", the Investment Advisory Agreement dated as of January 9, 2003 between the Investment Adviser and the Fund.

"Affiliate Fund", the MDL Broad Market Fixed Income Fund, a mutual fund registered under the Investment Company Act and managed by MDL Advisers, Inc., an affiliate of the Investment Adviser.

"Auditors", Deloitte & Touche.

"Business Day", a day on which banks are open in Bermuda and the United States (other than Saturday and Sunday).

"Bye-Laws", the Bye-Laws of the Company as amended from time to time.

"Canadian", Credit Suisse First Boston Corporation.

"Directors", the Directors of the Fund or any duly authorized committee thereof.

"Fund", the MDL Active Duration Fund, Ltd., an exempted open-ended mutual fund company incorporated under the Bermuda Companies Act 1981 (as amended) with limited liability.

"Hurdle", the increase in value that would be obtained on the Net Asset Value of the Fund for a quarter if the portfolio achieved a return equal to the yield of the Lehman Brothers Government Credit Bond Index for such quarter.

"Incentive Fee", a quarterly profit fee paid to the Investment Adviser equal to 20% of the increase in the Net Asset Value over the Hurdle.

"Initial Offer", the offer of Shares to be made during the Initial Offer Period.

"Initial Offering Period", the period commencing on the date this Memorandum is filed with the Bermuda Registrar of Companies and ending on the earlier to occur of the acceptance of \$3,000,000 of subscriptions or May 15, 2005.

"Investment Adviser", MDL Capital Management, Inc.

"Management Fee", a quarterly management fee to the Investment Adviser equal to 1% per annum of Net Asset Value.

"Management Shares", 100 voting shares of par value U.S. \$0.01 per Share, all of which have been issued to the MDL Active Duration Purpose Trust.

"Net Asset Value", the net asset value of the Fund determined in accordance with the Bye-Laws. "Net Asset Value per Share" means the net value of those assets and liabilities of the Fund which are properly attributable to the Series of Shares of which a Share forms a part, divided by the number of Shares of the Series which are issued and outstanding.

"Permitted U.S. Person", a U.S. Person that is subject to ERISA or is otherwise exempt from payment of U.S. Federal Income Tax.

"Qualified Holder", any person, corporation or entity which satisfies the investor qualifications set forth in "Eligible Subscribers" and who is not (i) a United States Person other than a Permitted U.S. Person; (ii) any person, corporation or entity which cannot acquire or hold Shares without violating laws or regulations applicable to it; or (iii) a custodian, nominee, or trustee for any person, corporation or entity described in (i) or (ii) above.

"Redemption Date", shall be the Valuation Date following a request to redeem.

"Redemption Price", the price at which Shares can be redeemed as calculated in the manner set out herein.

"Share", a share of U.S. \$0.001 par value in the Fund designated as a Participating Share by the Bye-Laws.

"Shareholder", the holder of a Share.

"Subscription Date", the Business Day immediately following a Valuation Date.

"Subscription Price", the price at which Shares can be subscribed.

"United States" or "U.S.", the United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico.

Eligible Subscribers

- (a) any natural person who is resident in or a citizen of the United States;
- (b) any corporation, partnership or other entity organized in or under the laws of the United States (or any state or other political subdivision thereof), and any trust, estate or other

entity organized under the laws of any jurisdiction in the United States or that is subject to U.S. federal income taxation on its worldwide net income regardless of its source;

- (c) any estate of which any executor or administrator is a U.S. Person;
- (d) any trust of which any trustee is a U.S. Person;
- (e) any agency or branch of any non-U.S. entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a securities dealer or other fiduciary for the benefit or account of a U.S. Person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a securities dealer or other fiduciary organized, incorporated or (if an individual) resident in the United States;
- (h) any partnership or corporation organized or incorporated under the laws of any non-U.S. jurisdiction and formed directly or indirectly by one or more U.S. Persons; and
- (i) an entity organized principally for passive investment whose units of participation held by U.S. Persons represent in the aggregate 10% or more of the beneficial interest in the entity or the entity was formed principally for the purpose of facilitating investment by U.S. Persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being non-U.S. Persons.

"U.S. Dollar" or "U.S. \$", the lawful currency of the United States.

"Valuation Date", the last day of a calendar quarter and any other date established as a Valuation Date by the Directors.

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J B B O L P S T A T E S

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MDL ACTIVE DURATION FUND, LTD.

August 12, 2004

Man of Civil Service of Workers' Compensation
 18 West Spring St. L-37
 Columbus OH 43217
 United States

Dear Stakeholder,

RECENT CHANGES TO MDL ACTIVE DURATION FUND, LTD. (THE "FUND")

We write to report of certain changes that have recently taken place and which affect your investments in the Fund. It is our intention to inform you of all of the changes to the Fund so that you are aware of them and have the opportunity to seek advice or ask questions you may have about the changes.

The changes set out are set forth in the following:

Change of Advisors

James Otter F. Longwell and E. Raymond Harrison have resigned and Dundas Advisory Services Limited and Waterloo Advisory Services Limited respectively have been appointed in their place as advisors of the Fund effective as of year 16, 2004.

Appointment of External Administrator

Nymex Capital (Toronto) Limited has been appointed as External Administrator of the Fund.

Disclosure of Leverage Activity

The Fund's use of leverage has been clarified. Previously, the Fund had leveraged up to 100% of its assets (with the exception of US Treasury Securities) to enhance total return. With respect to US Treasury Securities leverage, had been set with a limit to be significantly higher than 120%. In general, the risk factors associated with the Fund's use of the various methods of leveraging have been more clearly outlined.

WILLIAMS HOUSE, 30 BIRD STREET, HAMILTON, ON L1L 3B8 CANADA
 TEL: (416) 325-1111 FAX: (416) 325-1121

**CONFIDENTIAL****MDL FUND 009528****MDL FUND 009528**

Amendment to the Confidential Priority Placement Memorandum

In light of the above, it was necessary to amend the Confidential Priority Placement Memorandum (the "Revised Memorandum") to reflect the foregoing factual changes as well as to update the document to reflect that the Fund has launched the initial offering period for sales and the Fund is offering its shares on a continuing and ongoing basis.

Enclosed is a revised version of the Revised Memorandum for your review and approval. Once you have read the attached Revised Memorandum please return in the return provided for your signature below and return it to us by facsimile to 441 391 3338 and send the original via mail or courier to: MDL Asset Distribution Fund, Ltd., c/o Olympia Capital International Inc., 20 Reid Street, Hamilton, ON L1L 3B6, Bermuda. Attention: Legal Department, 4th Floor (phone 441 391 3338).

We trust that the above information is of assistance to you. If you have any questions or concerns with respect to this information, please do not hesitate to contact the Co-ordinator Manager of your jurisdiction.

Respectfully,

THE BOARD OF DIRECTORS
MDL Asset Distribution Fund, Ltd.

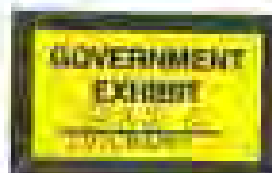
Some of the responsibilities and the documents with the enclosed Revised Memorandum is hereby acknowledged by the State of Ohio Bureau of Investor's Compensation.

Signed:
Title:

CONFIDENTIAL

MDL FUND 000528

ALL INFORMATION IS UNCLASSIFIED



MDL FUND 000529

Page 2 of 26

CONFIDENTIAL - 10-10-1998

SECRET

SECRET

-4-

August 11, 1998
Page 1

Amendments to the Confidential Source Placement Memorandum

In light of the above, it was necessary to amend the Fund's Confidential Source Placement Memorandum (the "Revised Memorandum") to reflect the foregoing outlined changes as well as to update the document to reflect that the initial two (2) year testing period has ended and the Fund is willing to discuss on a continuing and ongoing basis.

Enclosed is a revised version of the Revised Memorandum for your review and approval. Once you have read the attached Revised Memorandum please contact us at the phone number provided for your signature below and return it to us by facsimile at (41) 391 3118 and mail the original via mail or courier to: MDC, Active Division Fund, East of Group's Capital International, Inc. 25 East Street, Hamilton, MA 01, Bermuda (Attention: Legal Department, 3rd floor (area #4) 391 3118).

We trust that the above information is of assistance to you. If you have any questions or concerns with respect to the information, please do not hesitate to contact the Investment Manager at your convenience.

SECRET

FIVE STARS OF FACTORS

MDC, Active Division Fund, Ltd.

Receipt of this correspondence and the transmission with the revised Revised Memorandum is hereby acknowledged by the State of Ohio Bureau of Workers' Compensation.

Name:
Title:



CONFIDENTIAL

MDC FUND 000583

MDC FUND 000583

4776/2004 18 DE FAS - FUND

WILLIAMS LLP (18 DE FAS)

MDL FUND

MDL ACTIVE DURATION FUND, LTD.

August 11, 2004

Ben of Chris Bureau of "Market" Compensation
30 West Spring St. L-21
Columbus OH 43211
United States

Dear Investment:

RE: RECENT CHANGES TO MDL ACTIVE DURATION FUND, LTD. (THE "FUND")

We write in regard of certain changes that have recently taken place and which affect your investment in the Fund. It is our intention to advise you of all of the changes to the Fund so that you are aware of their nature and have the opportunity to seek advice at any location you may have about the changes.

The changes that we are referring to are as follows:

Change of Directors

James O'Leary P. Lamerick and G. Raymond Murray have resigned and Larsson Fabinsky Services Limited and Wynneuk Fabinsky Services Limited respectively have been appointed in their place as directors of the Fund effective as of May 14, 2004.

Appointment of Reseller Arrangements

Olympic Capital (Bermuda) Limited has been appointed as Reseller Representative of the Fund.

Classification of Accounting Entries

The Fund's use of leverage has been clarified. Previously, the Fund had averaged up to 100% of its assets with the exception of US Treasury Securities' net assets and reserves. With respect to US Treasury Securities, leverage has been and will continue to be significantly higher than 100%. In general, the use factors associated with the Fund's use of the Funds' portfolio of leveraging have been more clearly defined.

WILLIAMS HOUSE, 20 BIRD STREET, HAMILTON HM 11, BERMUDA
TEL: (441) 295-1010 FAX: (441) 295-2245



CONFIDENTIAL

MDL FUND 009638

MDL FUND 009638

REVISED 11-18-04 (10)

CONFIDENTIAL

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(1)

April 1, 2004
Page 2

Amendment to the Confidential Divestiture Agreement

In light of the above, it was necessary to amend the Fund's Confidential Divestiture Placement Memorandum (the "Revised Memorandum") to reflect the changing market changes as well as to update the document to reflect that the Fund has launched, the initial offering period has ended and the Fund is planning to enter on a secondary and ongoing basis.

Enclosed is a printed version of the Revised Memorandum for your review and approval. Once you have read the attached Revised Memorandum please return to the space provided for your signature below and return it to us by fax/facsimile at 441.392.1118 and send the original via mail or courier to: MFL Active Divestiture Fund, Ltd. via Olympia Capital International Inc, 20 First Street, Hamilton HM 11, Bermuda, Attention: Legal Department, P.O. Box 441 352 0010.

We trust that the above information is of assistance to you. If you have any questions or requests with respect to this information, please do not hesitate to contact the Investment Manager at your convenience.

Sincerely,

THE BOARD OF DIRECTORS

MFL Active Divestiture Fund, Ltd.

Receipt of this correspondence and our acceptance with the enclosed Revised Memorandum is hereby acknowledged by the State of Ohio Bureau of Workers' Compensation.

Name:
Title:



CONFIDENTIAL

MFL FUND 000638

MFL FUND 000638

01/01/2007 to 01/01/2008

01/01/2007 to 01/01/2008

01/01/2007

MDL ACTIVE DURATION FUND, LTD.

August 11, 2007

Chair of Ohio Bureau of Highway Construction
 90 West Spring St. L-111
 Columbus OH 43211
 Internet Sales

Dear Sir/Madam:

RE: SECURE CHANGES TO MDL ACTIVE DURATION FUND, LTD. (THE "FUND")

We write in respect of certain changes that have recently taken place and which affect your investment in the Fund. It is our intention to inform you of all of the changes to the Fund so that you are aware of them and have the opportunity to seek advice in any matters you may have about the changes.

The changes that we are referring to are as follows:

Change of Directors

Miss Gillian F. Lawrence and C. Raymond Martin have resigned and London Treasury Services Limited and Warwick Treasury Services Limited respectively have been appointed in their place as directors of the Fund effective of May 18, 2007.

Appointment of Resident Representative

Florida Capital (Bermuda) Limited has been appointed as Resident Representative of the Fund.

Clarification of Leverage Position

The Fund's use of leverage has been clarified. Previously, the Fund had averaged up to 150% of its assets (with the exception of US Treasury Securities) to replace bond issues. This respect to US Treasury Securities averaging has been and will continue to be significantly higher than 150%. In general, the risk factors associated with the Fund's use of the various methods of leveraging have become more clearly defined.

WILLIAMS HOUSE, 39 KING STREET, HAMILTON HM 11, BERMUDES
 TEL: (441) 293-1945 FAX: (441) 296-3398



CONFIDENTIAL

MDL FUND 008593

MDL FUND 008593

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MDL ACTIVE DURATION FUND, LTD.

August 11, 2004

Branch of Old Bank of Montreal - Vancouver
37 West Spring St. 2-07
Calverton ON K0J1L7
United States

Dear Shareholder:

RE: RECENT CHANGES TO MDL ACTIVE DURATION FUND, LTD. (THE "FUND")

We write in respect of certain changes that have recently taken place and which affect your investment in the Fund. It is our intention to inform you of all of the changes to the Fund so that you are aware of them and have the opportunity to ask questions or any questions you may have about the changes.

The changes that we are referring to are as follows:

Changes of Directors

James Owen B. Lovemore and G. Raymond Manning have resigned and Charles R. Hurlbert, Ronald L. Johnson and William R. Johnson have been appointed in their place as directors of the Fund effective as of May 18, 2004.

Appointment of Adviser/Investment Manager

Principia Capital (Vermont) Limited has been appointed as Adviser/Investment Manager of the Fund.

Elimination of Leverage Provisions

The Fund's use of leverage has been clarified. Previously, the Fund had borrowed up to 120% of its assets (with the exception of US Treasury Securities) to achieve total assets with respect to US Treasury Securities leverage has been and will continue to be significantly higher than 120%. In general, the net future allocations with the Fund's use of the various methods of borrowing have been more clearly outlined.

WILLIAMS HOUSE, 25 RED STREET, HAMILTON, ON L1L 3B8, CANADA
TEL: (416) 877-1518 FAX: (416) 293-2306



CONFIDENTIAL

MDL FUND 009748

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4/27/2007 10:11 AM 1000

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April 17, 2007
Page 2

Amendment to Confidential Private Placement Memorandum

In light of the above, it was necessary to amend the Fund's Confidential Private Placement Memorandum (the "Original Memorandum") to reflect the foregoing defined changes in 4(d) as to various disclosures to reflect that the Fund has entered the initial offering period has ended and the Fund is offering its shares on a continuous and ongoing basis.

Enclosed is a revised version of the Revised Memorandum for your review and approval. Once you have read the attached Revised Memorandum please provide to the agent provided for your signature below and return it to us by fax to (441) 293 1533 and send the original via mail to courier to: MDC Active Division Fund, Ltd. c/o Deutsche Capital Management Inc. 10 Bond Street, Hamilton, B1Z 1J1, Bermuda Americas Legal Department, 17th Floor (phone 441 762 1518).

We trust that the above information is of assistance to you. If you have any questions or concerns with respect to this information, please do not hesitate to contact the Government Manager at your convenience.

Sincerely,

THE BOARD OF DIRECTORS

MDC Active Division Fund, Ltd.

Receipt of this correspondence and the correspondence with the enclosed Revised Memorandum is hereby acknowledged by the Board of Directors of MDC Active Division Fund, Ltd.

Name:
Title:



CONFIDENTIAL

MDL FUND 009747

MDL FUND 009747

11/20/2010 08:37:54 AM

11/18/2010 08:37:54 AM

2010/04/02

MDL ACTIVE DURATION FUND, LTD.

August 21, 2010

State of Ohio Bureau of Market Competition
30 West Spring St. L-71
Columbus, OH 43215
United States

Dear Shareholder:

RE: RECENT CHANGES TO MDL ACTIVE DURATION FUND, LTD. (THE "FUND")

We write to report of certain changes that have recently taken place and which affect your investment in the Fund. It is our intention to inform you of all of the changes to the Fund so that you are aware of them and have the opportunity to seek answers to any questions you may have about the changes.

The changes that we are referring to are as follows:

Change of Officers

Steven Allan E. Lindemann and E. Raymond Marston have resigned and Hamilton Strategy Services Limited and William Education Services Limited respectively have been appointed in their place as directors of the Fund effective as of May 18, 2010.

Appointment of Resident Representative

Physique Capital (Bermuda) Limited has been appointed as Resident Representative of the Fund.

Classification of Leverage Provisions

The Fund's use of leverage has been clarified. Previously, the Fund has leveraged up to 150% of its assets (with the exception of US Treasury Securities) to enhance total return. With regard to US Treasury Securities, leverage has been and will continue to be significantly higher than 150%. In general, the risk factor associated with the Fund's use of the various methods of leveraging has not been more clearly outlined.

WILLIAMS HOUSE, 30 REID STREET, HAMILTON, HM 11, BERMUDA
TEL: (441) 293-1018 FAX: (441) 293-1088



CONFIDENTIAL

MDL FUND 008788

MDL FUND 008788

PL 001 2000 (08-09)

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NY/MSJ/0001 10/17/2007

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07/11/07

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August 11, 2007
Page 7

Continuation of the Confidentiality of the Proposed Memorandum

In light of the above, it was necessary to amend the Fund's Confidential Privacy Placement Memorandum (the "Revised Memorandum") to reflect the foregoing editorial changes as well as to advise the investors to reflect that the Fund has concluded its initial offering period has ended and the Fund is offering its shares on a continuing and ongoing basis.

Enclosed is a yellow version of the Revised Memorandum for your review and approval. Once you have read the attached Revised Memorandum please attach to the cover provided for your signature before and return it to us by facsimile at 441 292 2529 and send the original via mail to: MDL Active Division Fund, Ltd, c/o Olympia Capital Investments Inc, 20 Reid Street, Hingham, MA 019, Hingham, MA 01945. Legal Department, 1st Floor (phone 441 292 1547).

We trust that the above information is of assistance to you. If you have any questions or concerns with respect to this information, please do not hesitate to contact the Investment Manager at your convenience.

Sincerely,

THE BOARD OF DIRECTORS
MDL Active Division Fund, Ltd.

Except of the arrangements and any documents with the enclosed Revised Memorandum is hereby acknowledged by the State of Ohio Bureau of Workers' Compensation.

Name:
Title:



CONFIDENTIAL

MDL FUND 008798

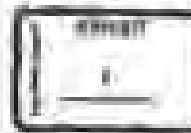
MDL FUND 008798

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MDL ACTIVE DURATION FUND, LTD.



August 11, 2004

State of Ohio Bureau of Public Comptroller
19 West Spring St. L23
Columbus OH 43260
United States

Dear Sir/Madam:

RE: SECURITY CHANGES TO MDL ACTIVE DURATION FUND, LTD. (THE FUND)

We would like to advise of certain changes that have recently taken place and which affect your investment in the Fund. It is our intention to inform you of all of our changes to the Fund so that you are aware of them and have the opportunity to make decisions on any questions you may have about the changes.

The changes that we are referring to are as follows:

Change of Directors

James Edgar P. Lennowski and C. Richard Williams have resigned and Massimo Palumbo Services Limited and Worsfold Advisory Services Limited respectively have been appointed as our plans as directors of the Fund effective as of July 18, 2004.

Appointment of External Administrator

Cypress Capital Services Limited has been appointed as External Administrator of the Fund.

Declaration of Investment Objective

The Fund's use of leverage has been modified. Specifically, the Fund has leveraged up to 150% of its assets (with the exception of US Treasury Securities) in various total return. With respect to US Treasury Securities leveraging has been and will continue to be significantly higher than 150%. In general, the risk factors associated with the Fund's use of the various methods of leveraging have been more closely reviewed.

WILLIAMS HOUSE, 39 REID STREET, HAMILTON ONT L1, CANADA
TEL.: (905) 332-1918 FAX: (905) 332-3292



CONFIDENTIAL

MDL FUND 012270

MDL FUND 012270

Attachment B-14: Confidential Private Placement Memorandum

In light of the above, it was necessary to amend the Trust's Confidential Private Placement Memorandum (the "Revised Memorandum") to reflect the changing railroad receipts as well as to update the footnote to reflect that the Trust has amended the 1987 offering prospectus and that the Trust is offering its shares on a continuing and ongoing basis.

Enclosed is a revised version of the Revised Memorandum for your review and approval. Once you have read the attached Revised Memorandum please return it to the space provided by your signature below and return it to us by facsimile at 441 292 1133 and send the original via mail or courier to: MDL Arise Domestic Fund, Ltd., c/o Olympia Capital International Ltd., 70 State Street, Hamilton HM 11, Bermuda Attention: Legal Department, 7th Floor (phone 441 333 1018).

We trust that the above information is of assistance to you. If you have any questions or concerns with respect to this information, please do not hesitate to contact the Investment Manager at your convenience.

Sincerely,

THE BOARD OF DIRECTORS
MDL Arise Domestic Fund, Ltd.

Receipt of this correspondence will be acknowledged and the enclosed Revised Memorandum is hereby acknowledged by the Board of Directors of "MDL Arise Domestic Fund, Ltd."

Name:
Title:



CONFIDENTIAL

MDL FUND 012271

MDL FUND 012271

STATE/FORM 99-11, FAP-0200

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MDLACTIVE DURATION FUND, LTD.

August 11, 2004

State of Ohio Bureau of Western Commerce
 18 West Spring St. L-27
 Columbus OH 43213
 United States

Dear Shareholder:

RE: RECENT CHANGES TO MDL ACTIVE DURATION FUND, LTD. (THE "FUND")

We write to report of certain changes that have recently taken place and which affect your investment in the Fund. It is our objective to inform you of all of the changes to the Fund so that you are aware of them and have the opportunity to seek answers to any questions you may have about the changes.

The changes that we are referring to are as follows:

Changes of Director

Steven Oden J. Grossnickel and C. Raymond Minton have resigned and Hamilton Fiduciary Services Limited and Warwick Fiduciary Services Limited respectively have been appointed in their place as directors of the Fund effective as of May 18, 2004.

Appointment of Resident Representative

Florida Capital (Bermuda) Limited has been appointed as Resident Representative of the Fund.

Discontinuation of Leveraged Position

The Fund's use of leverage has been curtailed. Previously, the Fund had leveraged up to 130% of its assets (with the exception of US Treasury Securities) to enhance total return. With respect to US Treasury Securities leveraging has been and will continue to be significantly higher than 130%. In general, the risk factors associated with the Fund's use of the various portions of leveraging have become more clearly outlined.

WILLIAMS BOURNE, 26 KING STREET, HAMILTON, BM 1L, BERMUDA
 TEL: (441) 292-1015 FAX: (441) 292-2184



CONFIDENTIAL

MDL FUND 012407

MDL FUND 012407

1-2

April 11, 2008
Page 2

Continuation of the Confidential Source Material Memorandum

In light of the above, it was necessary to amend the Fund's Confidential Source Placement Memorandum (the "Revised Memorandum") to reflect the foregoing revised changes as well as to update the document to reflect that the Fund has resumed the initial offering period for which the Fund is offering its shares on a continuing and ongoing basis.

Enclosed is a revised version of the Revised Memorandum for your review and approval. Once you have read the enclosed Revised Memorandum please return to the space provided for your signature below and return it to an FD Associate at 645 202 3337 and send the original via mail or courier to: MDL Asset Services Fund, Ltd. c/o Citicorp Credit Commercial Inc. 20 Wall Street, New York, NY 10, Bureau Address: Legal Department, 67 West Street, NY 102 10-10.

We thank you for the above information in of assistance to you. If you have any questions or concerns with respect to this information, please do not hesitate to contact the Investment Manager at your convenience.

Sincerely,

THE BOARD OF DIRECTORS
MDL Asset Services Fund, Ltd.

Receipt of this correspondence and our acknowledgment with the enclosed Revised Memorandum is hereby acknowledged by the State of Ohio Bureau of Workers' Compensation.

Name:
Title:



CONFIDENTIAL

MDL FUND 012408

MDL FUND 012408

MDL ACTIVE DURATION FUND, LTD.

August 11, 2008

State of Ohio Bureau of Workers' Compensation
 30 West Spring St., L-17
 Columbus OH 43215
 United States

Dear Shareholder,

RE: RECENT CHANGES TO MDL ACTIVE DURATION FUND, LTD. (THE "FUND")

We write to report of certain changes that have recently taken place and which affect your investment in the Fund. It is our intention to inform you of all of the changes so that you are aware of them and have the opportunity to seek answers to any questions you may have about the changes.

The changes that we are referring to are as follows:

Change of Directors

Michael Carter B. Lawrence and C. Edward Morrison have resigned and Hamilton Fiduciary Services Limited and Warwick Fiduciary Services Limited respectively have been appointed to fill the place as Directors of the Fund effective as of May 15, 2008.

Appointment of Financial Institutions

Windsor Capital (America) Limited has been appointed as Banker, Administrator of the Fund.

Investment Objectives and Policies

The Fund's use of leverage has been clarified. Previously, the Fund has leveraged up to 150% of its assets (with the exception of US Treasury Securities) to achieve total return. With respect to US Treasury Securities leveraging has been and will continue to be significantly higher than 150%. In general, the risk factors associated with the Fund's use of the various methods of leveraging have been more clearly outlined.

WILLIAMS HOUSE 30 FAID STREET, KANLTON, ON L1L 2B1 CANADA
 TEL: (416) 375-2118 FAX: (416) 375-2107



CONFIDENTIAL

MDL FUND 013628

MDL FUND 013628

Amendment to the LDC's Confidential Source Placement Memorandum

In light of the above, it was necessary to amend the Fund's Confidential Source Placement Memorandum (the "Revised Memorandum") to reflect the foregoing material changes as well as to update the document to reflect that the Fund has concluded the initial offering period has ended and the Fund is offering its shares on a continuing and ongoing basis.

Enclosed is a revised version of the Revised Memorandum for your review and approval. Once you have read the attached Revised Memorandum please return to the extent provided for your signature below and return it to us by facsimile at 441 392 3228 and send the original via mail or courier to: MDC Active Duration Fund, Ltd. c/o Olympia Capital International Inc. 20 Bond Street, Hamilton HM 11, Bermuda Attention: Legal Department, 7th floor (phone 441 742 1818).

We trust that the above information is of assistance to you. If you have any questions or concerns with regard to this information, please do not hesitate to contact the Government Groups at your convenience.

Respectfully,

THE BOARD OF DIRECTORS
MDC Active Duration Fund, Ltd.

Receipt of this correspondence and our acknowledgment with the enclosed Revised Memorandum is hereby acknowledged by the Board of Directors of "MDC" Corporation.

Name:
Title:



CONFIDENTIAL

MDC FUND 013529

MDC FUND 013529

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MDLACTIVE DURATION FUND, LTD.

August 11, 2004

Head of Civil Service of Reserve Commission
30 West Spring St. LRT
Columbus OH 43211
Local News

Dear Shareholder:

RE: RECENT CHANGES TO MDL ACTIVE DURATION FUND, LTD. (THE "FUND")

We write to advise of certain changes that have recently taken effect and which affect your investment in the Fund. It is our intention to inform you of all of the changes to the Fund so that you are aware of them and have the opportunity to make decisions in any manner you may desire about the changes.

The changes that we are referring to are as follows:

Change of Director

Edward John J. Lawrence and Dr. Raymond Lawrence have resigned and Jonathan Fitzroy Lawrence Limited and William Fitzroy Lawrence Limited respectively have been appointed as directors to the Board of Directors of the Fund effective as of May 18, 2004.

Appointment of Resident Representative

Gregory Coyne (Barbados) Limited has been appointed as Resident Representative of the Fund.

Limitation of Leverage Provisions

The Fund's use of leverage has been restricted. Essentially, the Fund has leveraged up to 100% of its assets (with the exception of US Treasury Securities) to purchase total return SWF subject to US Treasury Securities financing for bond and will continue to be significantly higher than 100%. In general, the risk factors associated with the Fund's use of the various methods of leveraging have been more clearly defined.

WILLIAMS HOUSE, 30 KING STREET, HAMILTON HM 11, BERMUDA
TEL: (441) 292-1818 FAX: (441) 292-2822

CONFIDENTIAL

MDL FUND 013882

MDL FUND 013882



STATE OF MARYLAND

DEPARTMENT OF GENERAL SERVICES

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August 11, 2009
Page 2

Amendment to the Confidential Source Personnel Memorandum

In light of the above, it was necessary to amend the Fund's Confidential Source Personnel Memorandum (the "Source Memorandum") to reflect the foregoing without change in effect as to either the document to reflect that the Fund has amended the initial offering period has ended and the Fund is offering to share on a continuing and ongoing basis.

Enclosed is a revised version of the Source Memorandum for your review and approval. Once you have read the attached Source Memorandum please return to the same provided for your signature block and press it to us by facsimile at 441 292 3338 and send the original via mail or courier to: MDL Active Decision Fund, LLC c/o Olympic Capital International Inc. 20 Rock Square, Bethesda, MD 20814, Bethesda attention: Legal Department, NY Fax (please 441 292 1000)

We trust that the above information is of assistance to you. If you have any questions or concerns with respect to this information, please do not hesitate to contact the Government Manager in your jurisdiction.

Sincerely,

THE BOARD OF DIRECTORS

MDL Active Decision Fund, Ltd

Receipt of this communication and any responses with the enclosed Source Memorandum is hereby acknowledged by the State of Ohio Bureau of "Foreign" Organizations

From:
To:



CONFIDENTIAL

MDL FUND 013883

MDL FUND 013883

11/02/2001 09:14 FAX 7186

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3/437/034

MDL ACTIVE DURATION FUND, LTD.

August 21, 2004

State of Ohio Bureau of Workers' Compensation
30 West Spring St. 1-17
Columbus OH 43211
United States

Dear Investor(s):

RE: RECENT CHANGES TO MDL ACTIVE DURATION FUND, LTD. (THE "FUND")

We write to inform you of certain changes that have recently taken place and which affect your investment in the Fund. It is our intention to inform you of all of the changes in the Fund so that you are aware of them and have the opportunity to seek answers to any questions you may have about the changes.

The changes that we are referring to are as follows:

Change of Manager

James O'Neil P. Levenson, and C. Raymond Murray have resigned and Levenson Financial Services Limited and Murray Financial Services Limited respectively have been appointed as their place as Managers of the Fund effective as of May 18, 2004.

Appointment of Distributor Representative

Temple Capital (Bermuda) Limited has been appointed as Distributor Representative of the Fund.

The Fund's Use of Leverage

The Fund's use of leverage has been clarified. Specifically, the Fund has leveraged up to 130% of its assets (with the exception of US Treasury Securities) to enhance total return. This respect to US Treasury Securities leveraging has been and will continue to be significantly higher than 130%. In general, the risk factor associated with the Fund's use of the various methods of leveraging have been more clearly outlined.

WILLIAMS HOUSE, 89 BRID STREET, HAMILTON HM 11, BERMUDA
TEL: (441) 292-1818 FAX: (441) 294-2391

CONFIDENTIAL

MDL FUND 013855

MDL FUND 013836

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PAGE 21



- 17 -

March 11, 2004
Page 2

Continued in My Confidential Proxy Statement Supplement

In light of the above, it was necessary to amend the Fund's Confidential Proxy Statement Supplement (the "Original Memorandum") to reflect the foregoing actions and changes as well as to update the document to reflect that the Fund has launched the initial offering period for shares and the Fund is offering its shares on a continuing and ongoing basis.

Enclosed is a revised version of the Revised Memorandum for your review and approval. One was kept for the original Revised Memorandum please provide in the space provided for your signature below and return it to us by Facsimile at 415 292 5558 and send the original via mail or courier to: MDL Active Duration Fund, Ltd. The Citigroup Capital International, Inc. 20 Bond Street, Hamilton Hill 11, Bermuda Attention: Legal Department, P.O. Box (phone +41 292 5214).

We trust that the above information is of assistance to you. If you have any questions or concerns with respect to this information, please do not hesitate to contact the Investment Manager of your jurisdiction.

Sincerely,

THE BOARD OF DIRECTORS

MDL Active Duration Fund, Ltd.

Receipt of this correspondence and the enclosure with the enclosed Revised Memorandum is hereby acknowledged by the State of Ohio Division of Workers' Compensation.

Date:
Time:



CONFIDENTIAL

MDL FUND 01393a

MDL FUND 01393b

MUTUALSHARE INC. (IN FRENCH) 11889

S. E. C. L.L.C. (IN FRENCH)

2004/08/11

MDL ACTIVE DURATION FUND, LTD.

August 11, 2004

Chair of the Board of Directors' Compensation
 28 West Spring St. L-27
 Columbus OH 43217
 United States

Dear Shareholder:

RE: RECENT CHANGES TO MDL ACTIVE DURATION FUND, LTD. (THE "FUND")

We write to report of certain changes that have recently taken place and which affect your investment in the Fund. It is our intention to inform you of all of the changes to the Fund so that you are aware of them and have the opportunity to ask questions or lay questions you may have about the changes.

The changes that we are referring to are as follows:

Change of Advisors

James O'Neil of Lawrenson and C. Raymond Mathews have resigned and Geoffrey Finkler, Nicholas Leonard and Warwick Fitzgibbon Limited respectively have been appointed in their place as advisors of the Fund effective as of May 17, 2004.

Appointment of British Representative

Clyde Capital (Barbados) Limited has been appointed as British Representative of the Fund.

Elimination of Leveraged Positions

The Fund's use of leverage has been limited. Previously, the Fund had leveraged up to 120% of its assets (with the exception of US Treasury Securities) to increase total return. With respect to US Treasury Securities borrowing that have and will continue to be significantly higher than 110% in gross, the risk factors associated with the Fund's use of the various methods of leveraging have been more closely examined.

WILLIAM DOWRE, 25 BRID STREET, WIMBORNE, HM 11, BERMUDA
 TEL: (441) 294-1228 FAX: (441) 294-1229

CONFIDENTIAL**MDL FUND 013988****MDL FUND 013988**

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CONFIDENTIAL TO THE FUND

F A S T L I N E

2007/008

MDL ACTIVE DURATION FUND, LTD.

August 11, 2006

Chair of the Board of Workers' Compensation
 33 Fleet Street 5th Fl.
 Calcutta CB 4011
 United States

Dear shareholder:

RE: RECENT CHANGES TO MDL ACTIVE DURATION FUND, LTD. (THE "FUND")

We wish to report of certain changes that have recently taken place and which affect your investment in the Fund. It is our intention to advise you of all of the changes to the Fund so that you are aware of them and have the opportunity to wish someone to any questions you may have about the changes.

The changes that we are referring to are as follows:

Change of Director

James John E. Leveson and G. Raymond Martin have resigned and Hamilton Financial Services Limited and Waterloo Financial Services Limited respectively have been appointed in their place as directors of the Fund effective as of May 19, 2006.

Appointment of Agent/Attorney-in-Fact

Gregory Cabral (Attorney) Limited has been appointed as, Full Power Representative of the Fund.

Classification of Investment Assets

The Fund's use of leverage has been clarified. Historically, the Fund has leveraged up to 130% of its assets (with the exception of US Treasury Securities) to enhance total return. With respect to US Treasury Securities, leveraged has been and will continue to be significantly higher than 130%. In general, the use of leverage maintained with the Fund's use of the various methods of leveraging that have been clearly outlined.

WILLIAMS HOUSE, 25 BEED STREET, HAMILTON, HM 11, BERMUDA
 TEL: (441) 270-1010 FAX: (441) 271-3299



CONFIDENTIAL

MDL FUND 017036

MDL FUND 017036

Amendment to the Confidential Source Placement Memorandum

In light of the above, it was necessary to amend the Source's Confidential Source Placement Memorandum (the "Original Memorandum") to reflect the foregoing factual changes as well as to advise the Director to reflect that the Fund has concluded the initial offering period has ended and the Fund is offering to invest in a continuing and ongoing bank.

Enclosed is a revised version of the Revised Memorandum for your review and approval. Once you have read the attached Revised Memorandum please return to the source provided for your signature below and return it to us by facsimile at 441 293 1571 and send the original via mail as courier to: MCL Active Deposits Fund, Ltd. c/o Olympia Capital Investments Inc. 20 West Street, Hamilton HM 11, Bermuda Attention: Legal Department, P.O. Box 441 293 1018.

We trust that the above information is of assistance to you. If you have any questions or concerns with respect to this information, please do not hesitate to contact the Investment Manager at your convenience.

Sincerely,

THE BOARD OF DIRECTORS

1000 Active Deposits Fund, Ltd.

Receipt of this correspondence and acknowledgment with the enclosed Revised Memorandum is hereby acknowledged by the Sign of this Source of "Active" Cooperation.

Name:
Title:



CONFIDENTIAL

MDL FUND 017037

MDL FUND 017037

Cunningham Jim

From: Donella Branganer [Dbranganer@olympicapital.com]
Sent: Thursday, December 02, 2004 2:20 PM
To: Gasser Terrence
Cc: MDL (E-mail); Patricia Mary Brown
Subject: FW: MDL Active Duration Fund
Attachments: Letter to Shareholders Aug 04.pdf; PPM (redline) July 04.DOC

Upon the recommendation of Mimi Forbes of MDL Capital Management Inc., I forward the attachments and emails.

I greatly appreciate your assistance in this matter.

Regards,

Donella A. Branganer
Sr. Corporate Administrator
Olympic Capital International
Williams House, 3rd Floor
30 Field Street, Hamilton
Bermuda
Telephone: 441-290-6000
Fax: 441-290-3305

-----Original Message-----

From: Donella Branganer [mailto:Dbranganer@olympicapital.com]
Sent: Wednesday, September 01, 2004 1:01 AM
To: MDL (E-mail)
Subject: FW: MDL Active Duration Fund

Please be advised that the below email came back to me "undeliverable". This is the only email address we have for Geoff. I left several voicemails on Geoff's phone but without success. Therefore I seek your assistance with respect to this matter and thanking you in advance for your help with this.

Thanks and regards,

Donella A. Branganer
Sr. Corporate Administrator
Olympic Capital International
Williams House, 3rd Floor
30 Field Street, Hamilton
Bermuda
Telephone: 441-290-6000

5/26/2005



From: Dorelle Horgan
 Sent: 8/1/2004 1:52:08 PM Eastern Time
 To: 'DorelleHorgan@ccc.com'
 Attachments: Letter to Shareholders Aug 04.pdf; FW: Resolved July 04.doc
 Subject: FW: MDL Active Duration Fund

and has returned today. Thanks very much for assisting in the resolution of the Shareholder letter and its return via fax to the undersigned with the original via airmail (if possible).

Regards,
 Dorelle A. Horgan
 Sr. Corporate Administrator
 Olympic Capital International
 William House, 3rd Floor
 10 King Street, Hamilton
 Canada
 Telephone: 416-298-5021
 Fax: 416-291-3325

-----Original Message-----
 From: Dorelle Horgan
 Sent: Tuesday, August 31, 2004 1:25 PM
 To: 'DorelleHorgan@ccc.com'
 Cc: Dorelle Horgan
 Subject: FW: MDL Active Duration Fund

Mr. Gary Dufferin

Fwd attached the Shareholder letter and the Resolved FW that was originally received from our office on 18th August, 2004 and received/signed off by I. Daughn of your office on 17th August, 2004.

This is in respect of some recent changes to the Fund, which changes require to be acknowledged by the State of Ohio Society of Workers' Compensation, the sole Shareholder of the Fund.

We are advised that this matter has become of utmost urgency. We would appreciate if the Shareholder letter was indeed assisted by the sole Shareholder and duly returned via fax (416-291-3325) as soon as possible with the original via mail, for the attention of the undersigned.

Please email me immediately with any queries otherwise, we look forward to receiving the executed Shareholder letter soonest.

Regards

Dorelle A. Horgan
 Sr. Corporate Administrator
 Olympic Capital International
 William House, 3rd Floor
 10 King Street, Hamilton
 Canada
 Telephone: 416-298-5021



Page 481-292-3229



CONFIDENTIAL TREATMENT REQUESTED

MDL FUND 009637

Geoff Stafford

From: Donella Brangman (Dbrangman@olympiacapital.com)
 Sent: Tuesday, September 07, 2004 1:07 PM
 To: 'geoff@investrac.com'
 Cc: Fredda Murray Brown
 Subject: FW: MDL Active Duration Fund

Mr. Geoff Stafford

Find attached the Shareholder letter and the blockaded PPM that was originally couriered from our offices on 16th August, 2004 and received/signed off by K. Baughn of your office on 17th August, 2004.

This is in respect of some recent changes to the Fund, which changes requires to be acknowledged by the State of Ohio Bureau of Workers' Compensation, the sole Shareholder of the Fund.

As be advised that this matter has become of utmost urgency, therefore we would appreciate if the Shareholder letter was indeed executed by the sole Shareholder and duly returned via fax [441-292-3358] as soon as possible with the original via mail, for the attention of the undersigned.

Please email me immediately with any queries, otherwise, we look forward to receiving the executed Shareholder letter soonest.

Regards

Donella A. Brangman
 Sr. Corporate Administrator
 Olympia Capital International
 Williams House, 3rd Floor
 20 Field Street, Hamilton
 Bermuda
 Telephone: 441-298-0023
 Fax: 441-292-3358

9/7/04 T.J. McLean intention of signing document ASAC has my document



From: Donelle Kruppen
Sent: 7/23/2004 3:25:23 PM (Eastern Time)
To: Traciella Murray Brown
Subject: MDL 79: Funding Request

-----Original Message-----
From: Donelle Kruppen
Sent: Thursday, September 16, 2004 12:31 PM
To: Traciella Murray Brown
Subject: MDL 79: Funding Request

-----Original Message-----
From: Geoff Stafford (mailto:geoff@investor.com)
Sent: Thursday, September 16, 2004 12:42 PM
To: Donelle Kruppen
Subject: RE: Funding Request

Donelle,

I have directed your email inquiry to James Nelson, Chief Investment Officer and emphasized the need for a reply with a personal visit to his office. He expects the a reply is forthcoming. On behalf of the Ohio Bureau of Workers' Compensation,
I apologize for any delays.

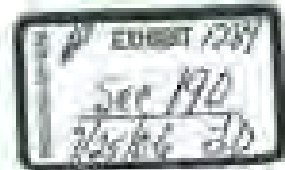
Geoff

-----Original Message-----
From: Donelle Kruppen (mailto:DonelleKruppen@capital.com)
Sent: Thursday, September 16, 2004 12:33 PM
To: Geoff Stafford
Cc: Traciella Murray Brown
Subject: RE: Funding Request

Just checking on the status of the Board/OLCA letter. Any updates for me?

Regards,

Donelle A. Kruppen
Vice Corporate Administrator
Olympic Capital International
William House, 1st Floor
19 West Street, Hamilton
Ontario
Telephone: 441-298-2023
Fax: 441-298-1338



-----Original Message-----

From: Donnellie Ruppman
Sent: Tuesday, September 07, 2004 1:14 PM
To: Geoff Stafford
Subject: RE: Pending Request

Sorry you didn't see. I sent a copy of mail previously sent to you.

-----Original Message-----

From: Geoff Stafford [mailto:geoff@innocent.com]
Sent: Tuesday, September 07, 2004 1:12 PM
To: Donnellie Ruppman
Subject: Pending Request

Donnellie,

I apologize if I have repeated your name but please use this email to respond.

Geoff

Portions of this message may be confidential under an exemption to Ohio's public records law or under a legal privilege. If you have received this message in error or have an unauthorized transmission or interception, please delete all copies from your system without disclosing, copying, or transmitting this message.



From: Geoff Stafford
 Sent: 8/23/2004 1:09:15 PM (Eastern Time)
 To: Priscilla Murray Brown
 Subject: RE: MFL

Priscilla,

I apologize on behalf of the firm but I am basically powerless in this matter. I have referred all correspondence to our Chief Investment Officer, James S. McLean, for an official response to your requests and have even followed up personally with him several times. We are all very busy and I suspect that you call him directly at (614) 444-0008 so that your concerns as my efforts have obviously been ineffective.

Respectfully,

Geoff Stafford

-----Original Message-----

From: Priscilla Murray Brown [mailto:prbrown@alyspiacapital.com]
 Sent: Thursday, September 23, 2004 1:32 PM
 To: 'geoff@investec.com'
 Cc: Wilary Phillips; Priscilla Murray
 Subject: MFL

Geoff:

I left a voice mail message for you regarding your signature on MFL Active Duration Fund I consent to changes to the offering document. I saw later your last email that you had forwarded the matter on to another individual in your organization, however we still have not yet received the signed documentation back. This matter has become extremely urgent as we are required to make certain filings with the regulatory body here in Vermont within a certain time frame. Please please see to it that what the laws require us to do with having the documentation returned. I can be reached at 441-299-8007.

Best thanks,

Priscilla Murray Brown

Senior Vice-President and General Counsel



CONFIDENTIAL

MFL FUND 017516

Cunningham Jim

From: McLain Jim
 Sent: Wednesday, September 29, 2024 2:11 PM
 To: Amanda John; Sami PB
 Cc: Kim Stasi
 Subject: FW: MDL Conf Call - Thursday, 9/30
 Importance: High

This is a call that was scheduled because I refused to sign the updated agreement. Priscilla Murray Brown is the General Counsel for Olympia Capital. I spoke with Ms. Brown about a week ago and advised I refused to sign the document because I believed it represented a material change in the agreement and was not a clarification. Please advise me how I should proceed. Thanks.

From: Mary Schuler Hesterman [mailto:Maryschuler@olympicglobal.com]
 Sent: Wednesday, September 29, 2024 1:58 PM
 To: Kimi Forbes; AEBrown@olympicglobal.com; Pmbrown@olympiccapital.com; McLain Jim; Juvon@foleylaw.com
 Cc: shawm@olympiccapital.com
 Subject: MDL Conf Call - Thursday, 9/30
 Importance: High

Participants in the call include:

- Mary Lay, MDL
- Kimi Forbes, MDL
- Jim McLain, CHD Director of Workers' Comp
- Jeff Jones, Foley Lardner
- Alan Erskine, Specialty Spurling Hunter
- Priscilla Murray Brown, Olympia Capital

The call will take place tomorrow, Thursday, Sept. 30th from 1:00PM - 2:30 PM (EST).

The dial-in information follows:

1-815-450-0807
 Participant access code: 5281118

Please call if you have questions.

Mary Schuler Hesterman
 413-281-3493 phone
 412-434-1615 fax
 maryschuler@olympicglobal.com and e-mail address

MDL Capital Management, Inc.
 701 Southfield Street
 5th Floor
 Philadelphia, PA 19122



and employees to cover expenses related to workplace injuries by providing medical and compensation benefits for work-related injuries, diseases and deaths. Although its main office is located in Columbus, Ohio, the OBWC has 16 customer service offices located across the state of Ohio, including in the Northern District of Ohio. At all times relevant to the offenses charged in the Indictment, the OBWC had assets which averaged approximately 19 billion dollars and was one of the largest exclusive state-fund workers' compensation bureaus in the United States. The assets of the OBWC were under the management and control of the Chief Financial Officer and the employees of the Investment Department. The overall operation of the OBWC involved and affected interstate commerce as did the management and execution of matters regarding its financial investments.

The Defendant MARK D. LAY

3. MARK D. LAY (hereinafter "LAY"), during all relevant times, was Chairman, Co-CEO, principal shareholder and Chief Investment Strategist of MDL Capital Management, Inc. (hereinafter "MDL").

4. LAY founded MDL in 1992 and incorporated it under the laws of the State of Pennsylvania.

5. MDL was, at all relevant times, registered with the Securities and Exchange Commission (hereinafter "SEC") as an investment adviser under the Investment Advisers Act of 1940 ("the Act"). As an investment adviser, MDL provided investment adviser services, including but not limited to the purchase and selling of securities, to corporate, institutional and individual investors for compensation. The Act is codified in Title 15 of the United States Code.

6. Title 15, United States Code Section 80b-2(11) defines "investment adviser" as

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“any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities.”

LAY'S Fiduciary Duty as an Investment Adviser to the OBWC

7. SEC-registered investment advisers and their officers and directors have fiduciary obligations of good faith, loyalty, and fair dealing to the clients who entrust their money to the investment advisers.

8. As a registered investment adviser and fiduciary, MDL and its respective officers and employees, including LAY, were required at all times: (a) to act in good faith and in the best interests of its client, the OBWC; (b) to make full and fair disclosure of all material facts bearing on the investment adviser relationship between MDL and its client, the OBWC; and (c) to employ reasonable care to avoid misleading its client, the OBWC.

Initial Relationship Between MDL Capital and the OBWC and The Long Fund

9. On or about May 14, 1998, the OBWC and MDL entered into an Investment Management Agreement (“Management Agreement”), signed by LAY on behalf of MDL and by the then Administrator of the OBWC, whereby OBWC hired MDL as a fixed income investment manager.

10. The Management Agreement established MDL as an “investment adviser” as defined by the Investment Advisers Act of 1940.

11. The Management Agreement required MDL to “use its best professional judgment to manage and invest” the OBWC’s money and required MDL to “agree[] to adhere to the

standard of care and conduct required of a fiduciary under [Ohio Revised Code] Chapter 4123 and any applicable federal and state law." At all relevant times, Ohio Revised Code Section 4123.44 stated that "fiduciaries shall discharge their duties with respect to the funds with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and by diversifying the investments of the assets of the funds so as to minimize the risk of large losses, unless under the circumstances it is clearly not prudent to do so."

12. Schedule A to the Management Agreement specifies that "[t]he Investment Manager accepts full fiduciary responsibility for the Bureau's assets under its management under the Ohio Revised Code and any applicable federal and state law."

13. Pursuant to the relationship established by the Management Agreement, from on or about May 1998 until in or about July 2003, the OBWC allocated a total of \$355 million to the management of MDL to be managed in a fund, hereinafter called the Long Fund.

14. The 1998 Management Agreement required that OBWC pay MDL a quarterly management fee. From on or about 1998 through on or about April 28, 2005, the OBWC paid MDL approximately \$1,973,797 in management fees for the Long Fund.

The MDL Active Duration Fund, Ltd. ("ADF")

15. On May 2, 2002, the MDL Active Duration Fund, Ltd. (hereinafter "ADF") was incorporated by LAY in Bermuda as an investment vehicle through which United States tax exempt investors and non-United States resident investors could invest in a portfolio consisting primarily of government, corporate and mortgage-backed fixed income securities. MDL

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exercised general management and investment authority over the ADF.

16. On July 2, 2002, Bye-Laws governing the ADF were established. The Bye-Laws gave the ADF Board general management and investment authority over the ADF and provided that the ADF would be governed by a Board of Directors.

17. LAY, along with MDL's President and others known to the Grand Jury, were appointed members of the ADF Board of Directors.

18. A Bermuda-based company was named as the Administrator of the ADF.

19. On November 18, 2002, MDL entered into an Investment Advisory Agreement (hereinafter Advisory Agreement), whereby MDL was selected to be ADF's Investment Adviser.

20. Pursuant to the Advisory Agreement, the ADF delegated general authority to MDL to manage the investment of the assets allocated to the ADF and to administer the ADF's business and administrative operations, subject to the direction of the ADF's Board of Directors.

21. The Advisory Agreement referred to the ADF's Confidential Private Placement Memorandum (hereinafter "PPM"), as more fully describing the investment vehicle. Among other things, the PPM required that investor clients pay MDL both a Management Fee and an Incentive Fee. During the short life of the ADF, the sole investor client, OBWC, paid MDL approximately \$1,793,231 in such fees. The \$1,793,231 is in addition to the management fee paid for the MDL's management of the Long Fund referenced in paragraph 14 above, for a total of approximately \$3,767,028.

22. LAY and the then principal (known to the Grand Jury) of a brokerage firm located in Westlake, Ohio (hereinafter Marketer 1), each solicited the OBWC to invest in the ADF. LAY and Marketer 1 provided the OBWC with a PPM one of which bore the notation: "Copy No. 2

Issued to Great Lakes Capital Partners”, which outlined the terms and conditions of the ADF. The PPM provided that “up to 150% of the Fund’s assets, at the time of investment, may be leveraged (i.e., the combined value of borrowings and short positions).” This limitation on the utilization of leverage applied to all ADF assets, including but not limited to United States Treasury Securities. The PPM cautioned that while leverage may “enhance returns”, it may also “substantially increase the risk of loss.”

23. On August 20, 2003, OBWC agreed to invest \$100 million in the ADF. On September 12, 2003, the OBWC transferred \$100 million via electronic funds transfer to the ADF as the initial investment.

24. Despite efforts by LAY and others to market the ADF to other potential investors, the OBWC was, during all relevant times, the sole investor in the ADF.

LAY Directed Transactions for the ADF

25. During all relevant times, LAY directed the trade activity regarding the United States Treasury Securities in the ADF portfolio.

26. During all relevant times, LAY utilized leverage well in excess of 150% of the ADF’s assets in contravention of the terms of the January 15, 2003 PPM and in contravention of his fiduciary role as an investment adviser to act in the best interest of his client, the OBWC.

27. In directing and conducting transactions on behalf of the ADF, LAY relied upon the services of several brokerage businesses located in the Northern District of Ohio and elsewhere.

28. In the Northern District of Ohio, LAY used the brokerage services of the Westlake firm controlled by Marketer 1, which benefitted financially from ADF transactions.

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29. Outside of Ohio, in the state of New York, LAY relied on several different entities to act as the prime broker and to execute trade activity.

30. LAY, others at MDL acting at the direction of LAY, and those at the various brokerage firms relied upon by LAY to trade securities for the ADF communicated via telephone, email and mail services, including the U.S. Mail and commercial carrier service.

31. LAY, others at MDL and other sources provided the OBWC with monthly and other intermittent reports on the ADF. None of these reports showed the amount of leverage exercised in the ADF.

32. After becoming concerned about a \$7 million decline in the value of the ADF, the chief investment officer ("CIO") of the OBWC met LAY in or about mid-April 2004 to discuss the loss. During that meeting, LAY did not state or admit that he had exercised leverage of approximately 900%, well in excess of the 150% limitation.

33. In mid-May 2004, the CIO of OBWC received the April 2004 month-end report on the ADF and learned for the first time that the ADF had lost \$32 million, something that LAY concealed during the mid-April meeting with the CIO.

34. At no time did LAY reveal to OBWC that the losses were magnified or caused by overleveraging, even though LAY then well knew that he routinely had exceeded the 150% limit in the PPM.

35. In or about late Spring 2004, the ADF began suffering significant losses because LAY exercised leverage above the 150% limit set in the PPM. During this time, LAY continued to conceal and misrepresent to OBWC the true nature of the leverage.

36. Despite the great loss of ADF's value and due to LAY's failure to disclose his

use of leverage in excess of 150%, on May 21, 2004, the OBWC invested an additional \$100 million in the ADF.

37. On or about May 18, 2004, after confronting LAY about the excessive leveraging being utilized in the ADF, the ADF Board of Directors decided to (a) revise the language of the PPM to allow leverage in excess of 150% regarding United States Treasury securities only; (b) to notify the OBWC that LAY had exercised leverage in excess of 150% in the ADF; and (c) to seek the OBWC's approval of LAY's continued exercise of leverage in excess of 150%.

38. On August 11, 2004, the ADF Board issued a letter to the OBWC entitled "Recent Changes to MDL Active Duration Fund, Ltd." (hereinafter Proposed Revisions Letter), purporting to notify the OBWC of LAY's past and intended use of leverage in excess of 150%. The Board of Directors requested that a representative of the OBWC sign the letter in acknowledgment of its receipt and in agreement with the change in the use of leverage.

39. The OBWC refused to permit LAY to exercise leverage in excess of 150% and, therefore, refused to execute the letter or agree to the changes to the PPM.

40. On or about September 16, 2004, the Chief Financial Officer ("CFO") and the CIO of the OBWC confronted LAY about the poor performance of the ADF, which by this time had a value of approximately \$57 million dollars, despite the \$200 million invested. During that meeting, LAY admitted having overleveraged the ADF, but even then falsely told OBWC that MDL had only leveraged approximately 900% of the ADF assets, when he then knew and should have known that leveraging exceeded 4500%.

41. By the time the OBWC discovered that the losses and decline in value of the ADF were largely due to LAY's exercise of leverage in violation of the PPM, the OBWC's investment

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of \$200 million had been substantially lost.

42. On or about September 23, 2004, in order to avoid the imminent loss of all of its remaining investment in the ADF, at LAY's request, the OBWC invested an additional \$25 million into the ADF, making the total invested in the ADF \$225 million.

43. On September 29, 2004, the OBWC formally requested a redemption of its investment in the ADF by submitting a redemption notice to the ADF's administrator and requesting that the remaining balance of the OBWC's investment be liquidated and distributed to the OBWC by the end of 2004.

44. In October 2004, LAY contacted the OBWC by telephone and in person in Columbus, Ohio in an attempt to obtain further investments to enable the ADF to cover its margin calls due to LAY's excessive leveraging. The OBWC declined to invest further assets into the ADF.

45. As a result of LAY engaging in fraud and deceit upon the OBWC by using leverage well in excess of 150% and not informing the OBWC or gaining its consent to the overleveraging, the ADF and, ultimately, the OBWC suffered a large financial loss.

46. As of November 3, 2004, the OBWC was able to recover only approximately \$9 million of its \$225 million investment.

The Grand Jury further charges:

COUNT 1

(Investment Adviser Fraud: 15 U.S.C. §§ 80b-6 & 80b-17)

1. The allegations in paragraphs 1 through 46 of the General Allegations are recited and incorporated by reference as though fully set forth herein.

2. As investment advisers registered with the SEC under the Investment Advisers Act of 1940, MDL its officers and employees, including LAY, owed fiduciary obligations of good faith, loyalty, and fair dealing to its client, the OBWC, which entrusted the OBWC's money to MDL's management. As a fiduciary, MDL and its respective officers and employees were required at all times to: (a) act in good faith and in the best interests of its client, the OBWC; (b) make full and fair disclosure of all material facts bearing on the investment advisory relationship between MDL and its respective client, the OBWC; and (c) employ reasonable care to avoid misleading its client, the OBWC.

3. In or about September 2003 through January 2005, in the Northern and Southern Districts of Ohio and elsewhere, the defendant MARK D. LAY, together with others known and unknown to the Grand Jury, including brokers and brokerages located in the Northern District of Ohio and elsewhere, unlawfully, willfully and knowingly did use and cause to be used the mails, wires and other means and instrumentalities of interstate and foreign commerce, directly and indirectly, to: (a) employ devices, schemes, and artifices to defraud, the client, the OBWC and thereby the ADF; (b) engage in transactions, practices and courses of business which operated as a fraud and deceit upon, the client, the OBWC and thereby the ADF; and (c) engage in any act, practice and course of business which was fraudulent, deceptive and manipulative, to wit: exercising leverage in excess of 150% in the ADF, in violation of the PPM.

All in violation of Title 15, United States Code, Sections 80b-6 and 80b-17.

The Grand Jury further charges:

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COUNT 2

(Conspiracy to Commit or Attempt Mail and Wire Fraud, 18 U.S.C. §§ 1341 & 1343;
18 U.S.C. § 1349)

1. The allegations contained in paragraphs 1-46 of the General Allegations and paragraphs 1 - 2 of Count 1 of this Indictment are realleged and incorporated by reference in this Count.

2. From in or about September 2003 and continuing through in or about January 2005, the exact dates being unknown to the Grand Jury, in the Northern District of Ohio and elsewhere, the defendant MARK D. LAY did knowingly and willfully combine, conspire, confederate and agree with others known and unknown to the Grand Jury to commit offenses against the United States, namely:

- a. to commit mail fraud, in violation of Title 18, United States Code, Section, 1341; and
- b. to commit wire fraud, in violation of Title 18, United States Code, Section 1343.

The Conspiracy Scheme

3. From in or about September 2003 and continuing through in or about January 2005, the exact dates being unknown to the Grand Jury, in the Northern District of Ohio and elsewhere, MARK D. LAY defendant herein, and others known and unknown to the Grand Jury, including other employees of MDL, other directors of the ADF and brokers assisting in or benefiting from trade activity regarding United States Treasury Securities in the ADF, having combined, conspired, confederated and agreed with each other and with others known and

unknown to the Grand Jury to devise and intend to devise a scheme and artifice to defraud the OBWC as to a material matter and to obtain money and property by means of false and fraudulent pretenses, representations, and promises, (1) caused matters and things to be placed in any post office and authorized depository to be sent and delivered by the Postal Service, (2) caused matters to be delivered by commercial interstate carrier according to the direction thereon, and (3) caused writings, signals and sounds to be transmitted by wire in interstate and foreign commerce, for the purpose of executing and attempting to execute the scheme and artifice, as set forth in paragraphs 4-7 below.

Object of the Conspiracy Scheme

4. It was a purpose and object of the scheme that MARK D. LAY and other employees of MDL, other directors of the ADF and brokers assisting in or benefitting from trade activity regarding United States Treasury Securities in the ADF would fraudulently and deceitfully use LAY's role as an investment adviser to defraud, deceive and mislead the OBWC regarding the exercise of leverage in the ADF.

Manner and Means

5. In furtherance of the scheme to defraud, LAY and others known and unknown to the grand jury caused documents and information to be delivered and transmitted interstate, including causing documents and information to be delivered into the Northern District of Ohio from outside the State of Ohio and to be sent from the Northern District of Ohio to locations outside the State of Ohio. These documents resulted in the execution of investment transactions that caused the ADF leverage to exceed 150%.

6. In furtherance of the scheme to defraud, LAY and others known and unknown to

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the Grand Jury concealed the true nature and effect of the use of leverage in excess of 150% by, among other means, failing to disclose the use of excess leverage and its effect on the OBWC investment funds to the OBWC and to others.

7. In furtherance of the scheme to defraud, LAY and others known and unknown to the Grand Jury made false statements to others regarding the alleged OBWC's knowledge of the excess leveraging and alleged OBWC's consent to excess leveraging.

Mailings and Wire Communications

8. In furtherance of the conspiracy, and to achieve its object, one or more of the co-conspirators committed and caused to be committed the following overt acts, among others.

9. On or about the dates set forth below, MARK D. LAY and others known and unknown to the Grand Jury executed and attempted to execute the scheme and artifice set forth above by causing and attempting to cause, in the Northern District of Ohio, Eastern Division, and elsewhere, the following matters and things to be mailed and delivered by commercial interstate carrier as set forth in each overt act below:

Overt Act No.	Approximate Date of Mailing	Description of Mailing
1	February 27, 2004	Trade Confirmation Statements concerning the sell of United States Treasury Bonds with maturity date of February 15, 2031 sold on February 27, 2004 by the MDL Active Duration Fund mailed from Bonds Direct Securities LLC in New York, New York to MDL Capital Management in Pittsburgh, Pennsylvania.

Exhibit 47

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2	March 3, 2004	Trade Confirmation Statements concerning the sell of United States Treasury Bonds with maturity date of February 15, 2031 sold on March 3, 2004 by the MDL Active Duration Fund mailed from Bonds Direct Securities LLC in New York, New York to MDL Capital Management in Pittsburgh, Pennsylvania.
3	April 15, 2004	Trade Confirmation concerning the sell of United States Treasury Bonds with maturity date of February 15, 2031 sold on April 15, 2004 by the MDL Active Duration Fund mailed from a Pershing LLC office in Secaucus, New Jersey to the office of Great Lakes Capital Partners Ltd. in Westlake, Ohio.
4	May 11, 2004	Trade Confirmation concerning the sell of United States Treasury Bonds with a maturity date of February 15, 2031 sold on May 11, 2004 by the MDL Active Duration Fund mailed from a Pershing LLC office in Secaucus, New Jersey to the office of Great Lakes Capital Partners Ltd. in Westlake, Ohio.
5	May 27, 2004	Trade Confirmation Statements concerning the sell of United States Treasury Bonds with maturity date of February 15, 2031 sold on May 27, 2004 by the MDL Active Duration Fund mailed from Bonds Direct Securities LLC in New York, New York to MDL Capital Management in Pittsburgh, Pennsylvania.
6	July 30, 2004	Trade Confirmation Statements concerning the sell of United States Treasury Bonds with maturity date of February 15, 2031 sold on July 30, 2004 by the MDL Active Duration Fund mailed from Bonds Direct Securities LLC in New York, New York to MDL Capital Management in Pittsburgh, Pennsylvania.
7	August 17, 2004	Trade Confirmation Statements concerning the sell of United States Treasury Bonds with maturity date of February 15, 2031 sold on August 17, 2004 by the MDL Active Duration Fund mailed from Bonds Direct Securities LLC in New York, New York to MDL Capital Management in Pittsburgh, Pennsylvania.

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8	August 26, 2004	Trade Confirmation concerning the sell of United States Treasury Bonds with a maturity date of February 15, 2031 sold on August 26, 2004 by the MDL Active Duration Fund mailed from a Pershing LLC office in Secaucus, New Jersey to the office of Great Lakes Capital Partners Ltd. in Westlake, Ohio.
9	September 16, 2004	Trade Confirmation Statements concerning the sell of United States Treasury Bonds with maturity date of February 15, 2031 sold on September 16, 2004 by the MDL Active Duration Fund mailed from Bonds Direct Securities LLC in New York, New York to MDL Capital Management in Pittsburgh, Pennsylvania.
10	September 17, 2004	Trade Confirmation Statements concerning the sell of United States Treasury Bonds with maturity date of February 15, 2031 sold on September 17, 2004 by the MDL Active Duration Fund mailed from Bonds Direct Securities LLC in New York, New York to MDL Capital Management in Pittsburgh, Pennsylvania.

9. On or about the dates set forth below, MARK D. LAY and others known and unknown to the Grand Jury executed and attempted to execute the scheme and artifice set forth above by causing writings, signals and sounds to be transmitted by wire in interstate and foreign commerce as set forth below:

Overt Act No.	Description of Wiring	Approximate Date of Wiring
11	Email communication from MARK LAY to broker in New York, NY during which LAY directed the New York, NY broker to pay commission to himself and LAY's Westlake, Ohio broker: "1/4 for you and greatlakes".	August 26, 2004
12	Facsimile transmission from MARK LAY to prime brokerage firm in New York, NY transmitting a two-page letter dated August 10, 2004 regarding "Recent Changes to MDL Active Duration Fund, Ltd. (The Fund)."	August 27, 2004

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All in violation of Title 18, United States Code, Section 1349.

The Grand Jury further charges:

COUNTS 3-4

(Mail and Wire Fraud: 18 U.S.C. §§ 1341 and 2)

1. Paragraphs 1 through 46 of the General Allegations of this Indictment and paragraphs 1-2 of Count 1 are incorporated by reference herein.
2. From in or about September 2003 until in or about January 2005, the exact dates being unknown to the grand jury, in the Northern District of Ohio and elsewhere, defendant MARK D. LAY, having devised and intended to devise a scheme and artifice to defraud the OBWC as to a material matter, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, (1) caused matters and things to be placed in any post office and authorized depository to be sent and delivered by the Postal Service and (2) caused matters to be delivered by commercial interstate carrier according to the direction thereon, for the purpose of executing and attempting to execute the scheme and artifice as set forth in Counts 3 and 4 below.

Mailings

3. On or about the dates set forth below, MARK D. LAY and others known and unknown to the Grand Jury executed and attempted to execute the scheme and artifice set forth above by causing and attempted to cause, in the Northern District of Ohio, Eastern Division, and elsewhere, the following matters and things to be mailed and delivered by commercial interstate carrier as set forth in each Count below:

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COUNT	APPROXIMATE DATE OF MAILING	DESCRIPTION OF MAILING
3	April 15, 2004	Trade Confirmation concerning the sell of United States Treasury Bonds with maturity date of February 15, 2031 sold on April 15, 2004 by the MDL Active Duration Fund mailed from a Pershing LLC office in Jersey City, New Jersey to the office of Great Lakes Capital Partners Ltd. in Westlake, Ohio.
4	May 11, 2004	Trade Confirmation concerning the sell of United States Treasury Bonds with maturity date of February 15, 2031 sold on May 11, 2004 by the MDL Active Duration Fund mailed from a Pershing LLC office in Jersey City, New Jersey to the office of Great Lakes Capital Partners Ltd in Westlake, Ohio.

All in violation of Title 18, United States Code, Sections 1341 and 2.

The Grand Jury further charges:

FORFEITURE

The allegations of Counts 3 and 4 are hereby realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to 18 U.S.C. §§ 981(a)(1)(C), 982 and 28 U.S.C. § 2461(c). As a result of the foregoing offenses, defendant, MARK D. LAY, shall forfeit to the United States any and all property, real and personal, that constitutes, or is derived from, proceeds obtained, directly or indirectly, or traceable to said violations; including, but not limited to, the following: A money judgment in the amount of \$1,793,231.00.

SUBSTITUTE PROPERTY

In the event that any property subject to forfeiture under 18 U.S.C. §§ 981(a)(1)(C), 982 and 28 U.S.C. § 2461(c), as a result of any act or omission of the defendant:

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1. cannot be located upon exercise of due diligence;
2. has been transferred or sold to, or deposited with a third party;
3. has been placed beyond the jurisdiction of this Court;
4. has been substantially diminished in value; or,
5. has been commingled with other property which cannot be divided without difficulty,

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p) [as incorporated by 18 U.S.C. § 982(b)], to seek forfeiture of any other property of the defendant, up to an amount equivalent to the value of the property forfeitable under 18 U.S.C. §§ 981(a)(1)(C), 982 and 28 U.S.C. § 2461(c).

A TRUE BILL

Original document – Signatures on file with the Clerk of Courts, pursuant to the E-Government Act of 2002.

**U.S. District Court
Northern District of Ohio (Cleveland)
CRIMINAL DOCKET FOR CASE #: 1:07-cr-00339-DDD-1**

Case title: United States of America v. Lay
Related Case: [1:12-cv-01216-DDD](#)

Date Filed: 06/14/2007
Date Terminated: 07/09/2008

Assigned to: Judge David D. Dowd, Jr
Appeals court case numbers: '08-3892' '6th
Circuit', 13-4021 6th Circuit

Defendant (1)

Mark D. Lay
TERMINATED: 07/09/2008

represented by **Richard M. Kerger**
Kerger & Hartman
Ste. 100
33 South Michigan Street
Toledo, OH 43604
419-255-5990
Fax: 419-255-5997
Email: rkerger@kergerlaw.com
LEAD ATTORNEY
ATTORNEY TO BE NOTICED
Designation: Retained

Andrew Friedman
2550 M Street, NW
Washington, DC 20037-1350
Designation: Retained

Percy Squire
Ste. 101
341 South Third Street
Columbus, OH 43215
614-224-6528
Fax: 614-224-6529
Email: psquire@sp-lawfirm.com (*Inactive*)
ATTORNEY TO BE NOTICED
Designation: Retained

Pending Counts

18:80b-6 & 80b-17 Investment Advisory Fraud
(1s)

Disposition

60 Months as to Count 1; All Counts to run
concurrently with each other; 3 Years
Supervised Release; Restitution due in the
amount of \$212,967,084.76; Forfeiture ordered
in the amount of \$590,526.23; Special
Assessment due immediately in the amount of

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18:1349 Conspiracy to Commit or Attempt
Mail Fraud and Wire Fraud
(2s)

\$100.00 as to each of Counts 1-4 for a total of \$400.00.

144 Months as to each of Counts 2, 3 and 4; All Counts to run concurrently with each other; 3 Years Supervised Release; Restitution due in the amount of \$212,967,084.76; Forfeiture ordered in the amount of \$590,526.23; Special Assessment due immediately in the amount of \$100.00 as to each of Counts 1-4 for a total of \$400.00.

18:1341 and 2 Mail Fraud, Aiding and abetting
(3s-4s)

144 Months as to each of Counts 2, 3 and 4; All Counts to run concurrently with each other; 3 Years Supervised Release; Restitution due in the amount of \$212,967,084.76; Forfeiture ordered in the amount of \$590,526.23; Special Assessment due immediately in the amount of \$100.00 as to each of Counts 1-4 for a total of \$400.00.

Highest Offense Level (Opening)

Felony

Terminated Counts

15:80b-6 AND 80B-17 Investment Advisory
Fraud
(1)

Disposition

Superseding Indictment filed 9/7/07

18:1349 Conspiracy to Commit or Attempt
Mail and Wire Fraud
(2)

Superseding Indictment filed 9/7/07.

18:1341 and 2 Mail and Wire Fraud, Aiding and
abetting
(3-4)

Superseding Indictment filed 9/7/07.

Highest Offense Level (Terminated)

Felony

Complaints

None

Disposition

Plaintiff

United States of America

represented by **Matthew J. Cronin**
Office of the U.S. Attorney - Cleveland
Northern District of Ohio
Ste. 400
801 Superior Avenue, W
Cleveland, OH 44113

216-622-3955
 Email: matthew.cronin@usdoj.gov
LEAD ATTORNEY
ATTORNEY TO BE NOTICED
Designation: Retained

Antoinette T. Bacon
 Office of the U.S. Attorney - Cleveland
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 801 Superior Avenue, W
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 216-622-3966
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ATTORNEY TO BE NOTICED
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Benita Y. Pearson_AUSA
 Former Assistant U.S. Attorney
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TERMINATED: 12/16/2013
Designation: Retained

Herbert J. Villa_AUSA
 Former Assistant U.S. Attorney
 Email: phillip.tripi@usdoj.gov
ATTORNEY TO BE NOTICED

Date Filed	#	Docket Text
06/14/2007	1	Indictment as to Mark D. Lay (1) count(s) 1, 2, 3-4. (Attachments: # 1 Designation Form/Foreperson Signature Page) (S,R) (Entered: 06/15/2007)
06/15/2007		Random Assignment of Magistrate Judge pursuant to Local Criminal Rule 57.9. In the event of a referral, case will be assigned to Magistrate Judge Gallas. (S,R) (Entered: 06/15/2007)
06/18/2007	2	Notice of Hearing as to Mark D. Lay. Arraignment set for 6/22/2007 at 10:30 a.m. in Courtroom 442 before Hon. David D. Dowd Jr. (M,De) (Entered: 06/18/2007)
06/20/2007	3	Notice of Appearance of Attorney Percy Squire appearing for Mark D. Lay (Squire, Percy) (Entered: 06/20/2007)
06/21/2007	4	Notice of Appearance of Attorney Richard M. Kerger appearing for Mark D. Lay (Kerger, Richard) (Entered: 06/21/2007)
06/21/2007	5	Motion to Continue <i>Arraignment</i> by Mark D. Lay. (Kerger, Richard) (Entered: 06/21/2007)
06/21/2007	6	Response by United States of America to Motion to Continue <i>Arraignment</i> 5 as to Mark D. Lay (Bacon, Antoinette) (Entered: 06/21/2007)
06/21/2007		Order [non-document]granting 5 Motion to Continue arraignment as to Mark D. Lay. Arraignment RESET for 7/2/2007 at 12:30 p.m. in Courtroom 442 before Hon. David D. Dowd Jr. Counsel are

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		directed to notify defendant of this appearance. Approved by Judge David D. Dowd Jr. on 6/21/2007. (M,De) (Entered: 06/21/2007)
06/29/2007	7	Motion for inquiry concerning potential conflict of interest by United States of America as to Mark D. Lay. (Pearson, Benita) Modified text on 7/3/07 (L, T). (Entered: 06/29/2007)
07/02/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Benita Pearson for Government and Percy Squire, Andrew Friedman and Richard Kerger for Defendant. Arraignment as to Mark D. Lay as to Counts 1, 2, 3 and 4 held on 7/2/2007 with Pleas of Not Guilty Entered. Jury Trial set for 9/4/2007 at 8:30 a.m.; Motions due by 7/27/2007; and Status Conference set for 8/20/2007 at 12:00 noon in Courtroom 442 before Hon. David D. Dowd Jr. Bond set in the amount of \$50,000.00 Unsecured with conditions. Time: 25 Minutes. (Court Reporter Caroline Mahnke) (M,De) (Entered: 07/02/2007)
07/02/2007	8	Unsecured Bond Entered as to Mark D. Lay in amount of \$50,000.00. (M,De) (Entered: 07/02/2007)
07/02/2007	9	Order Setting Conditions of Release as to Mark D. Lay. Bond set in the amount of \$ 50,000.00 Unsecured with conditions. Signed by Judge David D. Dowd Jr. on 7/2/2007. (M,De) (Entered: 07/02/2007)
07/02/2007		Receipt for Passport of Mark D. Lay received on 7/2/07, Receipt Number 816354 (L,T) (Akron Vault) (Entered: 07/02/2007)
07/03/2007	10	Trial Order as to Mark D. Lay. Trial set for 9/4/2007 at 8:30 a.m.; motions to be filed by 7/28/2007; and status conference set for 8/20/2007 at 12:00 noon. Signed by Judge David D. Dowd Jr. on 7/2/2007. (M,De) (Entered: 07/03/2007)
07/03/2007	11	Motion to Modify Conditions of Release (<i>Pretrial</i>) by Mark D. Lay. (Kerger, Richard) (Entered: 07/03/2007)
07/06/2007	12	Response by United States of America to Motion to Modify Conditions of Release (<i>Pretrial</i>) 11 as to Mark D. Lay (Pearson, Benita) (Entered: 07/06/2007)
07/06/2007	13	Reply to response to Motion to Modify Conditions of Release (<i>Pretrial</i>) 11 as to Mark D. Lay (Kerger, Richard) (Entered: 07/06/2007)
07/06/2007	14	Order denying 11 Motion to Modify Conditions of Release as to Mark D. Lay (1) Signed by Judge David D. Dowd Jr. on 7/6/2007. (D,S) (Entered: 07/06/2007)
07/09/2007	15	Response to Motion for inquiry concerning potential conflict of interest 7 as to Mark D. Lay (Kerger, Richard) Modified text on 7/10/2007 (S, T). (Entered: 07/09/2007)
07/09/2007	16	Reply by United States of America to response to Motion for inquiry concerning potential conflict of interest 7 as to Mark D. Lay (Pearson, Benita) Modified text on 7/10/2007 (S, T). (Entered: 07/09/2007)
07/16/2007	17	Second Motion to Modify Conditions of Release by Mark D. Lay. (Kerger, Richard) (Entered: 07/16/2007)
07/16/2007	18	Order as to Mark D. Lay that if the defendant does object to an in camera hearing, counsel for the defendant are directed to file a brief in opposition by Monday, July 23, 2007. (Related documents 7 ; 15 and 16). Signed by Judge David D. Dowd Jr. on 7/16/2007. (M,De) (Entered: 07/16/2007)
07/16/2007	19	Response by United States of America in opposition to Second Motion to Modify Conditions of Release 17 as to Mark D. Lay (Bacon, Antoinette) (Entered: 07/16/2007)
07/18/2007	20	Order granting 17 Motion to Modify Conditions of Release as to Mark D. Lay (1). Defendant shall be permitted to travel for job duties throughout the state of Pennsylvania. Signed by Judge

		David D. Dowd Jr. on 7/18/2007. (M,De) (Entered: 07/18/2007)
07/19/2007	21	Motion for Bill of Particulars by Mark D. Lay. (Kerger, Richard) (Entered: 07/19/2007)
07/19/2007	22	Motion to Seal <i>Response to Court's Order of July 16, 2007</i> by Mark D. Lay. (Kerger, Richard) (Entered: 07/19/2007)
07/20/2007		Order [non-document] granting 22 Motion to Seal as to Mark D. Lay (1). Approved by Judge David D. Dowd Jr. on 7/20/2007. (D,S) (Entered: 07/20/2007)
07/23/2007	23	Notice of <i>Sixth Circuit Case Law Regarding Ex Parte Communications with Government Counsel</i> as to Mark D. Lay (Pearson, Benita) (Entered: 07/23/2007)
07/23/2007	24	Supplemental brief on government's 7 Motion for inquiry concerning potential conflict of interest filed by Mark D. Lay (G,D) Modified text on 7/24/2007 (S, T). FILED UNDER SEAL #4257 Modified on 7/25/2007 (S, T). (Entered: 07/24/2007)
07/25/2007	25	Motion Government's Request for Permission to File Partial Response to Defendant's Motion for a Bill of Particulars Under Seal by United States of America as to Mark D. Lay. (Pearson, Benita) (Entered: 07/25/2007)
07/26/2007	26	Response to defendant's supplemental brief on government's motion for inquiry concerning potential conflict of interest as to Mark D. Lay re 24 (Pearson, Benita) Modified text on 7/30/2007 (S, T). (Entered: 07/26/2007)
07/26/2007	27	Reply to response to Motion for inquiry concerning potential conflict of interest 7 as to Mark D. Lay (Kerger, Richard) (Entered: 07/26/2007)
07/27/2007	28	Response by United States of America to Motion for Bill of Particulars 21 as to Mark D. Lay (Pearson, Benita) (Entered: 07/27/2007)
07/27/2007	29	Omnibus Motion in Limine regarding defendant's anticipated irrelevant and inadmissible defenses by United States of America as to Mark D. Lay. (Attachments: # 1 Exhibit Private Placement Memorandum)(Pearson, Benita) Modified text on 7/30/2007 (S, T). (Entered: 07/27/2007)
07/30/2007		Order [non-document] granting 25 Motion as to Mark D. Lay (1) for permission to file a portion of its response to defendant's motion 21 for bill of particulars under seal. Approved by Judge David D. Dowd Jr. on 7/30/2007. (M,De) (Entered: 07/30/2007)
07/30/2007	30	Motion in Limine - <i>Government's Proposed Rule 404(b) Evidence</i> by Mark D. Lay. (Kerger, Richard) (Entered: 07/30/2007)
07/30/2007	31	Motion to Dismiss <i>Indictment</i> by Mark D. Lay. (Attachments: # 1 Exhibit A, MDL Active Furartion Fund Private Placement Memorandum# 2 Exhibit B, United States v. Anderson# 3 Exhibit C, United States v. McAuliffe# 4 Exhibit D, Sept. 23, 1994 Article; July 18, 2007 Article; June 25, 2007 Article)(Squire, Percy) Modified text on 7/31/2007 (S, T). (Entered: 07/30/2007)
07/31/2007	32	Amended Motion to Dismiss <i>Indictment</i> by Mark D. Lay. (Attachments: # 1 Exhibit A, MDL Active Duration Fund PPM# 2 Exhibit B, USA v. Anderson# 3 Exhibit C, USA v. McAuliffe# 4 Exhibit D, September 23, 1994 Article; July 18, 2007 Article; June 25, 2007 Article)(Squire, Percy) (Entered: 07/31/2007)
07/31/2007	33	Order as to Mark D. Lay scheduling status conference for 8/2/2007 at 3:00 p.m. in Courtroom 442 before Hon. David D. Dowd Jr. Defendant as well as Percy Squires to be present. Signed by Judge David D. Dowd Jr. on 7/31/2007. (M,De) (Entered: 07/31/2007)
07/31/2007	34	Order re 7 government's Motion for inquiry concerning potential conflict of interest, directing the parties to cooperate in the preparation of proposed waivers; see order for particulars. Signed by Judge David D. Dowd Jr. on 7/31/2007. (D,S) (Entered: 07/31/2007)

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08/02/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Counsel for Government and Defendant present. Status Conference as to Mark D. Lay held on 8/2/2007. Status conference previously set for 8/20/2007, is canceled. Jury Trial RESET for 10/12/2007 at 8:30 a.m. in Courtroom 442 before Hon. David D. Dowd Jr. Time: 90 Minutes. (Court Reporter Rich DelMonico) (M,De) (Entered: 08/03/2007)
08/03/2007	35	Order (FILED UNDER SEAL #4265) regarding 7 Motion as to Mark D. Lay (1) as to conflict of interest in representation with attached waivers. Signed by Judge David D. Dowd Jr. on 8/3/2007. (M,De) Modified on 8/3/2007 (S, S). (Entered: 08/03/2007)
08/03/2007	36	Order to Continue - Ends of Justice as to Mark D. Lay rescheduling trial to 10/12/2007 at 8:30 a.m. Any objection to this delay should be filed with the Court by 8/13/2007. Signed by Judge David D. Dowd Jr. on 8/3/2007. (M,De) (Entered: 08/03/2007)
08/03/2007	37	Response by United States of America to Motion of Defendant for Bill of Particulars (Related document(s) 21 , 25 , 28). (FILED UNDER SEAL #4264) (S,S) (Entered: 08/13/2007)
08/13/2007	38	Response to Omnibus Motion in Limine 29 as to Mark D. Lay (Kerger, Richard) (Entered: 08/13/2007)
08/13/2007	39	Supplemental Motion to Travel by Mark D. Lay. (Kerger, Richard) (Entered: 08/13/2007)
08/13/2007	40	Response by United States of America in opposition to Amended Motion to Dismiss <i>Indictment</i> 32 as to Mark D. Lay (Attachments: # 1 Exhibit No. 1, Report of President's Working Group# 2 Exhibit No. 2, Regulation and Prosecution of Hedge Funds# 3 Exhibit No. 3, 1960 Amendments to Investment Advisers Act of 1940# 4 Exhibit 4, PPM dated January 15, 2003# 5 Exhibit D, Subscription Agreement# 6 Exhibit No. 5, Article - Hedge Fund Protection... Rule 206)(Pearson, Benita) Modified text on 8/14/2007 (Swonger, Stacey). (Entered: 08/13/2007)
08/13/2007	41	Response by United States of America in opposition to Motion in Limine - <i>Government's Proposed Rule 404(b) Evidence</i> 30 as to Mark D. Lay (Attachments: # 1 Exhibit No. 1, PPM dated January 15, 2003)(Pearson, Benita) Modified text on 8/14/2007 (Swonger, Stacey). (Entered: 08/13/2007)
08/14/2007	42	Response by United States of America to Supplemental Motion to Travel 39 as to Mark D. Lay (Bacon, Antoinette) (Entered: 08/14/2007)
08/14/2007	43	Response in support of Supplemental Motion to Travel 39 as to Mark D. Lay <i>to modify conditions of pretrial release</i> (Kerger, Richard) (Entered: 08/14/2007)
08/15/2007	44	Response by United States of America to Supplemental Motion to Travel 39 as to Mark D. Lay (Attachments: # 1 Exhibit Virgin Islands newspaper)(Pearson, Benita) (Entered: 08/15/2007)
08/17/2007	45	Order as to Mark D. Lay cancelling status conference previously set for 8/20/07 and rescheduling trial for 10/12/07 at 8:30 a.m. Signed by Judge David D. Dowd Jr. on 8/17/2007. (M,De) (Entered: 08/17/2007)
08/17/2007	46	Order as to Mark D. Lay (1) granting 39 Motion to Travel to the Virgin Islands from 8/29/07 through 8/31/07 and verify with Pretrial Services the fact of his return by no later than 4:00 p.m. on 9/1/2007; and denying 21 Motion for Bill of Particulars. Signed by Judge David D. Dowd Jr. on 8/17/2007. (M,De) (Entered: 08/17/2007)
08/20/2007	47	Reply by United States of America to response to Omnibus Motion in Limine 29 as to Mark D. Lay (Attachments: # 1 Exhibit 1)(Bacon, Antoinette) Modified attachment description on 8/21/2007 (Swonger, Stacey). (Entered: 08/20/2007)
08/20/2007	48	Response in support of Motion in Limine - <i>Government's Proposed Rule 404(b) Evidence</i> 30 as to Mark D. Lay (Attachments: # 1 Exhibit Attachment - ADV)(Kerger, Richard) (Entered: 08/20/2007)

08/20/2007	49	Reply to response to Amended Motion to Dismiss <i>Indictment</i> 32 as to Mark D. Lay (Attachments: # 1 Exhibit A, Hedge Fund Articles)(Squire, Percy) (Entered: 08/20/2007)
08/24/2007	50	Order scheduling Oral Argument for 9/6/2007 at 10:00 a.m. in Courtroom 442 before Hon. David D. Dowd Jr. on pending motions 30 , 31 and 32 . Signed by Judge David D. Dowd Jr. on 8/24/2007. (M,De) (Entered: 08/24/2007)
09/06/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Benita Pearson and Antoinette Bacon for Government and Percy Squire and Richard Kerger for Defendant present. Oral Argument as to Mark D. Lay held on 9/6/2007 re pending motions. Time: 2.0 Hours. (Court Reporter Rich DelMonico) (M,De) (Entered: 09/06/2007)
09/07/2007	51	Superseding Indictment as to Mark D. Lay (1) count(s) 1s, 2s, 3s-4s. (Attachments: # 1 Designation Form/Foreperson Signature Page) (S,R) (Entered: 09/07/2007)
09/07/2007	52	Notice of Hearing as to Mark D. Lay re 51 Superseding Indictment. Arraignment set for 9/11/2007 at 10:00 a.m. in Courtroom 442 before Hon. David D. Dowd Jr. (M,De) (Entered: 09/07/2007)
09/10/2007	53	Order as to Mark D. Lay that transcript of hearing on 9/6/2007 be filed and counsel has leave until 4:00 p.m. on 9/14/2007 to file supplemental briefs. Hearing on other issues set for 9/27/207 at 3:00 p.m. Signed by Judge David D. Dowd Jr. on 9/7/2007. (M,De) (Entered: 09/10/2007)
09/10/2007	54	Order as to Mark D. Lay re 32 Amended Motion to Dismiss <i>Indictment</i> filed by Mark D. Lay. The Court shall consider the amended motion to apply to the Superseding Indictment 51 . Signed by Judge David D. Dowd Jr. on 9/10/2007. (M,De) (Entered: 09/10/2007)
09/10/2007	56	Transcript of Motion to Dismiss Hearing Proceedings as to Mark D. Lay held on 9/6/07 before Judge David D. Dowd filed manually. To obtain a bound copy of this transcript please contact Court Reporter Richard G. DelMonico at 330-252-6021. Complete document on file, 71 pages. Related Document 55 (B,IE) (Entered: 09/12/2007)
09/11/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Bob Bulford for Benita Pearson and counsel for defendant present. Arraignment as to Mark D. Lay (1) as to Counts in Superseding Indictment 51 held on 9/11/2007. Plea of Not Guilty entered and case remains scheduled for trial on 10/12/2007. Time: 10 Minutes. (Court Reporter Lori Callahan) (M,De) (Entered: 09/11/2007)
09/11/2007	55	Non-Appeal Transcript Request by United States of America as to Mark D. Lay for proceedings held on 9/6/07 before Judge Dowd. Court Reporter: Richard DelMonico. Requested completion date: asap (Bacon, Antoinette) Modified text on 9/12/2007 (S, S). (Entered: 09/11/2007)
09/13/2007	57	Motion for Extension of Time until 9/17/2007 to File <i>Post Hearing Memorandum</i> by Mark D. Lay. (Squire, Percy) Modified text on 9/17/2007 (S, S). (Entered: 09/13/2007)
09/13/2007	58	Response by United States of America to Motion for Extension of Time to File <i>Post Hearing Memorandum</i> 57 as to Mark D. Lay (Bacon, Antoinette) (Entered: 09/13/2007)
09/14/2007		Order [non-document]granting 57 Motion for Extension of Time to 9/17/2007 to File its post hearing memorandum in support of its motion to dismiss the indictment as to Mark D. Lay (1). Government in addition has leave to file its brief on 9/17/07 as well. Approved by Judge David D. Dowd Jr. on 9/14/2007. (M,De) (Entered: 09/14/2007)
09/17/2007	59	Response by United States of America to Amended Motion to Dismiss <i>Indictment</i> 32 as to Mark D. Lay (Attachments: # 1 Exhibit 1 Subscription Agreement# 2 Exhibit 2 PPM# 3 Exhibit 3 Regulations and Prosecution# 4 Exhibit 4 Amendments to Investment Advisers Act# 5 Exhibit 5 17CFR275.206(4) -4# 6 Exhibit 6 PPM Article# 7 Exhibit 7 Deposition of Lay# 8 Exhibit 8 Dechert on Point Article# 9 Exhibit 9-1 Beckford Information# 10 Exhibit 9-2 Beckford Plea Agreement# 11 Exhibit 9-3 Beckford Judgment Order# 12 Exhibit 10 Investment Management

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		Agreement)(Pearson, Benita) (Entered: 09/17/2007)
09/17/2007	60	Post Hearing Memorandum in Support of Amended Motion to Dismiss Superseding Indictment by Mark D. Lay. (Related Documents 31 32) (Attachments: # 1 Exhibit 1 Form ADV# 2 Exhibit 2 PPM 1-15-03# 3 Exhibit 3 PPM 9-22-03# 4 Exhibit 4 Investment Advisory Agreement# 5 Exhibit 5 Request for Proposal# 6 Exhibit 6 Subscription Booklet)(Squire, Percy) Modified text and terminated document as motion on 9/19/2007 (S, S). Linked to motion on 9/20/2007 (P, S). (Entered: 09/17/2007)
09/18/2007	61	Exhibit 2 to 60 Post Hearing Memorandum in Support of Amended Motion to Dismiss Superseding Indictment 31 32 (Squire, Percy) Modified text and links on 9/20/2007 (P, S). (Entered: 09/18/2007)
09/21/2007	62	Reply to Supplemental Response to Motion to Dismiss <i>Indictment</i>] as to Mark D. Lay (Related document(s) 31 , 32 , 59)(Attachments: # 1 Exhibit A- Subscripton Agreement)(Squire, Percy) Modified text and added links on 9/25/2007 (S, S). (Entered: 09/21/2007)
09/25/2007	63	Motion to Continue <i>September 27, 2007 Hearing</i> by Mark D. Lay. (Attachments: # 1 Exhibit A-Order)(Squire, Percy) (Entered: 09/25/2007)
09/25/2007	64	Response by United States of America to Motion to Continue <i>September 27, 2007 Hearing</i> 63 as to Mark D. Lay (Bacon, Antoinette - s/by Benita Pearson) Modified text on 9/26/2007 (P, S). (Entered: 09/25/2007)
09/26/2007	65	Reply to response to Motion to Continue <i>September 27, 2007 Hearing</i> 63 as to Mark D. Lay (Squire, Percy) (Entered: 09/26/2007)
09/26/2007	66	Withdrawal of Motion by Mark D. Lay <i>to Reschedule September 27, 2007 Hearing</i> (Squire, Percy) (Entered: 09/26/2007)
09/26/2007	67	Order as to Mark D. Lay that the Court will proceed with the hearing, but reschedules the time for the hearing until 3:30 p.m. on September 27, 2007. The Court also alerts counsel to its intention to publish prior to the 3:30 p.m. hearing an opinion denying the defendant' s motion to dismiss. Signed by Judge David D. Dowd Jr. on 9/26/07. (M,De) (Entered: 09/26/2007)
09/27/2007	68	Memorandum Opinion as to Mark D. Lay Denying 32 Amended Motion to Dismiss <i>Indictment</i> . (Related document # 31). Signed by Judge David D. Dowd Jr. on 9/27/2007. (Attachments: # 1 Appendix A-Superseding Indictment) (M,De) (Entered: 09/27/2007)
09/27/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Benita Pearson and Annette Bacon for Government and Richard Kerger and Percy Squire for Defendant present. Oral Argument as to Mark D. Lay held on 9/27/2007 regarding other issues. Time: 75 Minutes. (Court Reporter Rich DelMonico) (M,De) (Entered: 09/28/2007)
10/02/2007	69	Memorandum Opinion as to Mark D. Lay in re 29 Omnibus Motion in Limine filed by United States of America and re 30 Motion in Limine - <i>Government's Proposed Rule 404(b) Evidence</i> filed by Mark D. Lay. Subpart 1 of the government's motion in limine is granted. Subpart 2 of the government's motion is granted. Subpart 3 of the government's motion in limine is granted. The ruling on Subpart 4 shall be delayed until counsel have the opportunity to file supplemental briefs by Monday, October 8, 2007, consistent with the Court' s instructions. The ruling on Section VI of this order directing counsel for the government to omit in its opening statement any reference to the defendant's past employment history with Mellon and Pittsburgh National Bank remains in effect, but subject to a subsequent modification based on the supplemental briefs to be filed by Monday, October 8, 2007. Signed by Judge David D. Dowd Jr. on 10/2/2007. (Attachments: # 1 Appendix 1# 2 Appendix 2# 3 Appendix 3) (M,De) Added corrected document on 10/4/2007 to correct page 19 in the Conclusion. (Richmond, Julia). (Entered: 10/02/2007)

10/05/2007	70	Motion to Present Testimony of a Witness Via Tape Videoconference by United States of America as to Mark D. Lay. (Pearson, Benita) (Entered: 10/05/2007)
10/05/2007	71	Response to Motion to Present Testimony of a Witness Via Tape Videoconference 70 as to Mark D. Lay (Kerger, Richard) (Entered: 10/05/2007)
10/05/2007	72	Motion in Limine, with Attachments A - G, by Mark D. Lay. (Kerger, Richard) Modified text on 10/10/2007 (S, S). (Entered: 10/05/2007)
10/05/2007	73	Supplemental Brief regarding Government's Omnibus Motion in Limine 29 and Defendant's Motion in Limine 30 (Related document(s) 69) (Kerger, Richard) Modified text and links on 10/10/2007 (S, S). (Entered: 10/05/2007)
10/08/2007	74	Supplement to 73 Supplemental Brief regarding Government's Omnibus Motion in Limine and Defendant's Motion in Limine as to Mark D. Lay (Kerger, Richard) Modified text on 10/10/2007 (S, S). (Entered: 10/08/2007)
10/08/2007	75	Government's Brief in Response to Court's October 2, 2007 Opinion and Order 69 re 29 Omnibus Motion in Limine and 30 Motion in Limine. (Bacon, Antoinette) Modified text and links on 10/10/2007 (S, S). (Entered: 10/08/2007)
10/08/2007	76	Proposed Voir Dire by Mark D. Lay (Kerger, Richard) (Entered: 10/08/2007)
10/08/2007	77	Proposed Voir Dire by United States of America as to Mark D. Lay (Bacon, Antoinette) (Entered: 10/08/2007)
10/08/2007	78	Response by United States of America in opposition to Motion in Limine 72 as to Mark D. Lay (Attachments: # 1 Exhibit 11-16-05 Protective Order)(Pearson, Benita) (Entered: 10/08/2007)
10/09/2007	79	Response as to Mark D. Lay re 71 Response to Motion to Present Testimony of a Witness Via Tape Videoconference (Pearson, Benita) Modified text on 10/10/2007 (S, S). (Entered: 10/09/2007)
10/09/2007	80	Order as to Mark D. Lay granting oral motion of counsel to delay filing of supplemental brief until 10/10/07. Signed by Judge David D. Dowd Jr. on 10/9/2007. (M,De) (Entered: 10/09/2007)
10/09/2007	81	Response in support of Motion in Limine 72 as to Mark D. Lay (Kerger, Richard) (Entered: 10/09/2007)
10/09/2007	82	Reply to response to Motion to Present Testimony of a Witness Via Tape Videoconference 70 as to Mark D. Lay (Kerger, Richard) (Entered: 10/09/2007)
10/10/2007	83	Order as to Mark Lay granting 70 Motion of Government to present testimony of prosecution witness Steven Peris via taped videoconferencing and to advise the Court and opposing counsel on the arrangements; and as to 72 Defendant's Motion in Limine, the Court finds without merit issues 1-3 and grants as to issue 4, but with the opportunity for government to argue that it has demonstrated compliance. The Court is of the view that defendant may present character evidence and the Court will delay a final ruling on the issue regarding defendant's prior employment history. Signed by Judge David D. Dowd Jr. on 10/10/2007. (M,De) (Entered: 10/10/2007)
10/10/2007	84	Order as to Mark D. Lay requesting the names of witnesses for trial forthwith and if counsel have any questions or suggested modification to question number four, please provide the response by noon, on Thursday, October 11. Signed by Judge David D. Dowd Jr. on 10/10/2007. (M,De) (Entered: 10/10/2007)
10/10/2007	85	Proposed Jury Instructions by United States of America as to Mark D. Lay (Attachments: # 1 Exhibit U.S. v. Chapman (jury instructions)# 2 Exhibit U.S. v. Branston (jury instructions)) (Pearson, Benita) (Entered: 10/10/2007)
10/10/2007	86	Witness List by Mark D. Lay (Kerger, Richard) (Entered: 10/10/2007)

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10/10/2007	87	Motion for Disclosure of <i>Witness List</i> by Mark D. Lay. (Kerger, Richard) (Entered: 10/10/2007)
10/10/2007	88	Motion Government's motion requesting use of courtroom by United States of America as to Mark D. Lay. (Pearson, Benita) (Entered: 10/10/2007)
10/10/2007	89	Response by United States of America to Motion for Disclosure of <i>Witness List</i> 87 as to Mark D. Lay (Pearson, Benita) (Entered: 10/10/2007)
10/10/2007	90	Trial Brief by Mark D. Lay (Attachments: # 1 Exhibit A-Witness List# 2 Exhibit B-Exhibit List)(Squire, Percy) (Entered: 10/10/2007)
10/11/2007	91	Response as to Mark D. Lay re 84 Order, (Bacon, Antoinette) (Entered: 10/11/2007)
10/11/2007	92	Response as to Mark D. Lay (Kerger, Richard) (Related document(s) 84 , 91) Modified to create links on 10/12/2007 (S, S). (Entered: 10/11/2007)
10/11/2007	94	Proposed Jury Instructions by Mark D. Lay (Kerger, Richard) (Entered: 10/11/2007)
10/12/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Benita Pearson and Antoinette Bacon for Government and Percy Squire and Richard Kerger for Defendant present. Voir Dire begun and concluded on 10/12/2007 as to Mark D. Lay. Jury sworn. Jury Trial will commence on 10/15/2007 at 10:00 a.m. with opening statements and proceed with Government's case in Courtroom 442 before Judge David D. Dowd Jr. Time: 5.5 Hours. (Court Reporter Lori Callahan) (M,De) (Entered: 10/12/2007)
10/15/2007	95	Motion to Amend/Correct 51 Indictment by United States of America as to Mark D. Lay. (Pearson, Benita) (Entered: 10/15/2007)
10/15/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. presiding over deposition (Related document # 70 and 83) as to Mark D. Lay held on 10/15/2007. (M,De) (Entered: 10/15/2007)
10/15/2007	96	Order as to Mark D. Lay setting forth Media Guidelines. Signed by Judge David D. Dowd Jr. on 10/15/2007. (M,De) (Entered: 10/15/2007)
10/15/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Time: 5 hours 20 Minutes. Jury Trial as to Mark D. Lay held on 10/15/2007 and continued to 10/16/2007 at 9:00 a.m. in Courtroom 442 before Judge David D. Dowd Jr. (Court Reporter Lori Callahan) (M,De) (Entered: 10/17/2007)
10/16/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Time: 7 Hours and 20 minutes. Jury Trial as to Mark D. Lay held on 10/16/2007 and continued to 10/17/2007 at 9:00 a.m. in Courtroom 442 before Judge David D. Dowd Jr. (Court Reporter Lori Callahan) (M,De) (Entered: 10/17/2007)
10/17/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Jury Trial as to Mark D. Lay held on 10/17/2007. Jury Trial continued to 10/18/2007 at 8:30 a.m. in Courtroom 442 before Judge David D. Dowd Jr. Time: 6 Hours. (Court Reporter Lori Callahan) (M,De) (Entered: 10/18/2007)
10/18/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Jury Trial as to Mark D. Lay held on 10/18/2007. Jury Trial Continued to 10/19/2007 at 8:30 a.m. in Courtroom 442 before Judge David D. Dowd Jr. Time: 7 hours, 45 minutes. (Court Reporter Lori Callahan) (M,De) (Entered: 10/19/2007)
10/19/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Jury Trial as to Mark D. Lay held on 10/19/2007. Jury Trial continued to 10/23/2007 at 8:30 a.m. in Courtroom 442 before Judge David D. Dowd Jr. Time: 5.0 Hours. (Court Reporter Lori Callahan) (M,De) (Entered: 10/22/2007)

10/22/2007	97	Memorandum Concerning Fiduciary Duty as to Mark D. Lay (Squire, Percy) Modified text on 10/23/2007 (S, S). (Entered: 10/22/2007)
10/23/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Jury Trial as to Mark D. Lay held on 10/23/2007. Jury Trial continued to 10/24/2007 at 9:00 a.m. in Courtroom 442 before Judge David D. Dowd Jr. Time: 4.5 hours. (Court Reporter Rich DelMonico) (M,De) (Entered: 10/23/2007)
10/23/2007	98	Supplement to 85 Proposed Jury Instructions as to Mark D. Lay (Attachments: # 1 Exhibit Proposed Jury Insrtuctions)(Pearson, Benita) (Entered: 10/23/2007)
10/24/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Jury Trial as to Mark D. Lay held on 10/24/2007. Jury Trial continued to 10/26/2007 at 9:00 a.m. in Courtroom 442 before Judge David D. Dowd Jr. Time: 4 hours 40 minutes. (Court Reporter Rich DelMonico) (M,De) (Entered: 10/24/2007)
10/25/2007	99	Subpoena Returned Executed as to Mark D. Lay; served upon <i>Frederick Ziegler</i> by <i>Wesley Walker</i> , <i>Process Server</i> on 10/19/2007. (Kerger, Richard) Modified text on 10/26/2007 (S, S). (Entered: 10/25/2007)
10/25/2007	100	Transcript of Testimony of James McLean Proceedings as to Mark D. Lay held on 10/18/07 before Judge David D. Dowd filed manually. To obtain a bound copy of this transcript please contact Court Reporter Lori Ann Callahan at (330)819-8676. Complete document on file, 145 pages. (B,IE) (Entered: 10/26/2007)
10/25/2007	101	Transcript of Continued Testimony of James McLean Proceedings as to Mark D. Lay held on 10/19/07 before Judge David D. Dowd filed manually. To obtain a bound copy of this transcript please contact Court Reporter Lori Ann Callahan at (330) 819-8676. Complete document on file, 71 pages. (B,IE) (Entered: 10/26/2007)
10/25/2007	102	Transcript of Testimony of Terrence Gasper Proceedings as to Mark D. Lay held on 10/16/07 before Judge David D. Dowd filed manually. To obtain a bound copy of this transcript please contact Court Reporter Lori Ann Callahan at (330) 819-8676. Complete document on file, 181 pages. (B,IE) (Entered: 10/26/2007)
10/26/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Jury Trial as to Mark D. Lay held on 10/26/2007 and continued to 10/29/2007 9:00 a.m. in Courtroom 442 before Judge David D. Dowd Jr. Time: 3.0 Hours. (Court Reporter Rich DelMonico) (M,De) (Entered: 10/26/2007)
10/29/2007	103	Amended Exhibit List by Mark D. Lay (Kerger, Richard) Modified text on 10/30/2007 (S, S). (Entered: 10/29/2007)
10/29/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Jury Trial as to Mark D. Lay held on 10/29/2007. Jury Trial continued to 10/30/2007 at 9:00 a.m. with jury deliberations in Courtroom 442 before Judge David D. Dowd Jr. Time 4 hours 15 minutes. (Court Reporter Rich DelMonico) (M,De) (Entered: 10/29/2007)
10/30/2007		Minutes of proceedings [non-document] before Judge David D. Dowd Jr. Jury Trial as to Mark D. Lay held on 10/30/2007. Verdicts of Guilty on Counts 1-4 of the superseding indictment and Special Verdict as to Counts 3 and 4 of the Superseding Indictment returned. Defendant referred to the Probation Department for the preparation of a Presentence Investigation Report. Sentencing date to be scheduled at a later date. Defendant is continued on bond. Time: 2.5 hours. (Court Reporter Lori Callahan and Rich DelMonico) (M,De) (Entered: 10/31/2007)
10/30/2007	104	Jury Verdict as to Mark D. Lay of Guilty on Count 1-4 of the superseding indictment. (Attachments: # 1 Verdicts-unredacted) (Entered: 10/31/2007)

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10/30/2007	106	Jury Verdict on Forfeiture as to Mark D. Lay finding that proceeds obtained in the amount of \$590,526.23. (Attachments: # 1 Special Verdict-unredacted)(M,De) (Entered: 10/31/2007)
10/31/2007	105	Emergency Motion to Modify Conditions of Release by Mark D. Lay. (Squire, Percy) (Entered: 10/31/2007)
10/31/2007	107	Exhibit List by Mark D. Lay of exhibits admitted. (M,De) (Entered: 10/31/2007)
10/31/2007	108	Exhibit List by United States of America as to Mark D. Lay of exhibits admitted. (M,De) (Exhibits returned to counsel for the government on 10/30/2007). (Entered: 10/31/2007)
10/31/2007		Order [non-document] granting 105 Motion to Modify Conditions of Release as to Mark D. Lay to travel to Washington, D.C. and Trenton, New Jersey. Defendant to advise Pre-Trial Services as to the dates and time of travel. Approved by Judge David D. Dowd Jr. on 10/31/2007. (M,De) (Entered: 10/31/2007)
11/05/2007	109	Motion to Revoke <i>Bond</i> by United States of America as to Mark D. Lay. (Pearson, Benita) (Entered: 11/05/2007)
11/06/2007	110	Non-Appeal Transcript Request by United States of America as to Mark D. Lay for proceedings held on October 15, 2007 before Judge Dowd. Court Reporter: Lori Callahan. Requested completion date: November 27, 2007 (Pearson, Benita) (Entered: 11/06/2007)
11/09/2007	111	Notice of Hearing as to Mark D. Lay. Sentencing set for 2/26/2008 at 1:00 p.m. in Courtroom 442 before Judge David D. Dowd Jr. (M,De) (Entered: 11/09/2007)
11/12/2007	112	Response in opposition to Motion to Revoke <i>Bond</i> 109 as to Mark D. Lay (Kerger, Richard) (Entered: 11/12/2007)
11/13/2007	113	Motion for Acquittal, Motion for New Trial by Mark D. Lay. (Squire, Percy) (Entered: 11/13/2007)
11/16/2007	114	Order denying 109 Motion to Revoke bond as to Mark D. Lay. Signed by Judge David D. Dowd, Jr on 11/16/2007. (M,De) (Entered: 11/16/2007)
11/29/2007	115	Non-Appeal Transcript Request by United States of America as to Mark D. Lay for proceedings held on Oct. 15, 2007-Oct. 19, 2007 before Judge Dowd. Court Reporter: Lori Callahan. Requested completion date: December 21, 2007 (Pearson, Benita) (Entered: 11/29/2007)
11/29/2007	116	Non-Appeal Transcript Request by United States of America as to Mark D. Lay for proceedings held on Oct. 22- Oct. 30 before Judge Dowd. Court Reporter: Richard Delmonico. Requested completion date: December 7, 2007 (Pearson, Benita) (Entered: 11/29/2007)
11/29/2007	117	Motion for Extension of Time to File Response/Reply as to 113 Motion for Acquittal Motion for New Trial by United States of America as to Mark D. Lay. (Pearson, Benita) (Entered: 11/29/2007)
12/04/2007	118	Marginal Order granting 117 Government's Motion for Extension of Time to 1/7/2008 to respond to Defendant's motion for judgment of acquittal or new trial. Signed by Judge David D. Dowd, Jr on 12/3/2007. (M,De) (Entered: 12/04/2007)
12/10/2007	119	Transcript of Trial Proceedings as to Mark D. Lay held on 10/23/07 before Judge David D. Dowd, Jr. filed manually. To obtain a bound copy of this transcript please contact Court Reporter Richard DelMonico at 330-252-6021. Complete document on file, 135 pages. Related Document 116 . (B,IE) (Entered: 12/10/2007)
12/10/2007	120	Transcript of Trial Proceedings as to Mark D. Lay held on 10/24/07 before Judge David D. Dowd, Jr. filed manually. To obtain a bound copy of this transcript please contact Court Reporter Richard DelMonico at 330-252-6021. Complete document on file, 142 pages. Related Document 116 . (B,IE) (Entered: 12/10/2007)

12/28/2007	121	Emergency Motion to Travel <i>to New York</i> by Mark D. Lay. (Squire, Percy) (Entered: 12/28/2007)
12/28/2007	122	Marginal Order granting 121 Motion to Travel on 12/28/2007 as to Mark D. Lay. Signed by Judge David D. Dowd, Jr on 12/28/2007. (M,De) (Entered: 12/28/2007)
01/04/2008	123	Motion to Travel <i>to Washington D.C.</i> by Mark D. Lay. (Squire, Percy) (Entered: 01/04/2008)
01/04/2008	124	Notice of Withdrawal as to Mark D. Lay <i>Motion to Travel to Washington D.C.</i> (Squire, Percy) (Entered: 01/04/2008)
01/07/2008	125	Second Motion for Extension of Time to 1/30/08 to File Response/Reply to Defendant's Motion for Judgment of Acquittal or New Trial by United States of America as to Mark D. Lay (Related document(s) 113 , 117 , 118). (Pearson, Benita) Modified text and created document links on 1/8/2008 (Swonger, Stacey). Modified text on 1/9/2008 (M,De). (Entered: 01/07/2008)
01/09/2008		Order [non-document] granting 125 Government's Motion for Extension of Time to 1/30/08 to File Response as to Defendant Mark D. Lay's Motion for Judgment of Acquittal or New Trial. Approved by Judge David D. Dowd, Jr on 1/9/2008. (M,De) (Entered: 01/09/2008)
01/17/2008	126	Transcript of Jury Trial Proceedings as to Mark D. Lay held on 10/15/07 before Judge David D. Dowd, Jr.. To obtain a bound copy of this transcript please contact Court Reporter Lori A. Callahan at 330-252-6022. Complete document on file, 1-108 pages. (Volume 1), Related Document 115 (C,L) (Entered: 01/17/2008)
01/17/2008	127	Transcript of Jury Trial Proceedings as to Mark D. Lay held on 10/16/07 before Judge David D. Dowd, Jr.. To obtain a bound copy of this transcript please contact Court Reporter Lori A. Callahan at 330-252-6022. Complete document on file, 109-259 pages.(Volume 2) Related Document 115 (C,L) (Entered: 01/17/2008)
01/17/2008	128	Transcript of Jury Trial Proceedings as to Mark D. Lay held on 10/17/07 before Judge David D. Dowd, Jr.. To obtain a bound copy of this transcript please contact Court Reporter Lori A. Callahan at 330-252-6022. Complete document on file, 260-340 pages. (Volume 3) Related Document 115 (C,L) (Entered: 01/17/2008)
01/17/2008	129	Motion for Forfeiture of Property by United States of America as to Mark D. Lay. (Attachments: # 1 Proposed Order of Forfeiture)(Villa, Herbert) (Entered: 01/17/2008)
01/24/2008	130	Motion to Travel <i>to New York City</i> by Mark D. Lay. (Squire, Percy) (Entered: 01/24/2008)
01/24/2008		Order [non-document] granting 130 Motion to Travel as to Mark D. Lay (1). Approved by Judge David D. Dowd, Jr on 1/24/08. (M,De) (Entered: 01/24/2008)
01/25/2008	131	Motion for Extension of Time until 2/4/2008 to File Response/Reply as to 129 Motion for Forfeiture of Property by Mark D. Lay. (Kerger, Richard) Modified text on 1/28/2008 (S,S). (Entered: 01/25/2008)
01/29/2008	132	Transcript of Jury Trial Proceedings as to Mark D. Lay held on October 19, 2007 before Judge David D. Dowd, Jr.,. To obtain a bound copy of this transcript please contact Court Reporter Lori A. Callahan at 330-252-6022. Complete document on file, 440-539 pages, volume 5. (C,L) (Entered: 01/29/2008)
01/30/2008		Order [non-document] granting 131 Defendant's Motion for Extension of Time to 2/4/08 to File Response to Government's Motion 129 for Forfeiture of Property. Approved by Judge David D. Dowd, Jr on 1/30/08. (M,De) (Entered: 01/30/2008)
01/30/2008	133	Motion for Extension of Time to File Response/Reply by United States of America as to Mark D. Lay. (Pearson, Benita) (Entered: 01/30/2008)

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01/30/2008		Order [non-document] granting 133 Government's Motion for Extension of Time to 1/31/08 to File Reply as to Defendant Mark D. Lay's Motion for Judgment of Acquittal or New Trial. Approved by Judge David D. Dowd, Jr on 1/30/08. (M,De) (Entered: 01/30/2008)
01/31/2008	134	Response in opposition to Motion for Forfeiture of Property 129 as to Mark D. Lay (Kerger, Richard) (Entered: 01/31/2008)
01/31/2008	135	Response by United States of America in opposition to Motion for Acquittal Motion for New Trial 113 as to Mark D. Lay (Pearson, Benita) (Entered: 01/31/2008)
02/01/2008		Order (non-document) Granting Defendant Mark Lay leave until 2/8/08 to file a Reply to 135 Response in Opposition filed by United States of America to Defendant's Motion 113 for Acquittal and Motion for New Trial. Approved by Judge David D. Dowd, Jr on 2/1/2008. (M,De) (Entered: 02/01/2008)
02/01/2008	136	Motion for Extension of Time until 2/22/2008 to File Response/Reply <i>Brief</i> , Motion to Continue <i>February 26, 2008 Sentencing Hearing</i> by Mark D. Lay. (Squire, Percy) Modified text on 2/4/2008 (S,S). (Entered: 02/01/2008)
02/04/2008	137	Response by United States of America in opposition to Motion for Extension of Time to File Response/Reply <i>Brief</i> Motion to Continue <i>February 26, 2008 Sentencing Hearing</i> 136 as to Mark D. Lay (Pearson, Benita) (Entered: 02/04/2008)
02/05/2008	138	Order that defendant's motion for an extension of time until February 22, 2008, to file his reply is granted. The Court defers a decision regarding defendant's request for oral argument on the pending motion. Defendant's sentencing hearing presently scheduled for February 26, 2008, is cancelled and rescheduled for May 6, 2008, at 1:00 p.m. Signed by Judge David D. Dowd, Jr on 2/5/08. (M,De) (Entered: 02/05/2008)
02/21/2008		FILING ERROR, no document uploaded, to be refiled. Transcript of Trial Proceedings as to Mark D. Lay held on 10-26-07 before Judge David D. Dowd, Jr.. To obtain a bound copy of this transcript please contact Court Reporter Richard G. DelMonico at 330-884-7424. Complete document on file, 104 pages. Related Document 116 (D,Ri) Modified on 2/21/2008 (R,Li). Modified text on 2/22/2008 (B,IE). (Entered: 02/21/2008)
02/21/2008	139	Transcript of trial Proceedings as to Mark D. Lay held on 10-29-07 before Judge David D. Dowd, Jr.. To obtain a bound copy of this transcript please contact Court Reporter Richard G. DelMonico at 330-884-7424. Complete document on file, 150 pages. Related Document 116 (D,Ri) (Entered: 02/21/2008)
02/21/2008	140	Transcript of trial Proceedings as to Mark D. Lay held on 10-26-07 before Judge David D. Dowd. To obtain a bound copy of this transcript please contact Court Reporter Richard G. DelMonico at 330-884-7424. Complete document on file, 103 pages. Related Document 116 (D,Ri) (Entered: 02/21/2008)
02/21/2008	141	Transcript of trial proceedings Proceedings as to Mark D. Lay held on 10-25-07 before Judge David D. Dowd, Jr.. To obtain a bound copy of this transcript please contact Court Reporter Richard G. DelMonico at 330-88-7424. Complete document on file, 19 pages. Related Document 116 (D,Ri) (Entered: 02/21/2008)
02/21/2008	142	Second Motion for Extension of Time to 3/3/08 to File Reply in Opposition of Government to defendant's Motion for Judgment of Acquittal and for a New Trial by Mark D. Lay. Related document 135 . (Squire, Percy) Modified text and created link on 2/22/2008 (B,IE). (Entered: 02/21/2008)
02/21/2008		Order [non-document] granting 142 Defendant's Motion for Extension of Time to 3/3/08 to File Reply in Opposition of Government to defendant's Motion for Judgment of Acquittal and for a New Trial. Approved by Judge David D. Dowd, Jr on 2/21/2008. (M,De) (Entered: 02/21/2008)

02/22/2008	143	Transcript of Jury Trial Proceedings as to Mark D. Lay held on October 18, 2007 before Judge David D. Dowd, Jr., To obtain a bound copy of this transcript please contact Court Reporter Lori A. Callahan at 330-252-6022. Complete document on file, 341-439 pages, volume 4. (C,L) (Entered: 02/22/2008)
03/03/2008	144	Unopposed Motion for Extension of Time to File Response/Reply to <i>Opposition to Motion for Judgment of Acquittal and for a New Trial</i> by Mark D. Lay. (Squire, Percy) (Entered: 03/03/2008)
03/04/2008		Order [non-document] granting 144 Unopposed Motion for Extension of Time to 3/5/08 to File Response/Reply to Opposition to Motion for Judgment of Acquittal and for a New Trial as to Mark D. Lay. Approved by Judge David D. Dowd, Jr on 3/4/08. (M,De) (Entered: 03/04/2008)
03/04/2008	145	Transcript of Trial Proceedings Proceedings as to Mark D. Lay held on 10-30-07 before Judge David D. Dowd, Jr.. To obtain a bound copy of this transcript please contact Court Reporter Richard G. DelMonico at 330-884-7424. Complete document on file, 31 pages. (D,Ri) (Entered: 03/04/2008)
03/05/2008	146	Motion to Travel to New York City by Mark D. Lay. (Squire, Percy) (Entered: 03/05/2008)
03/05/2008	147	Reply to Memorandum in Opposition to Motion for Judgment of Acquittal and Motion for New Trial 113 ; Motion for Oral Argument as to Mark D. Lay (Attachments: # 1 Exhibit A)(Squire, Percy) Modified text and event on 3/6/2008 (P, S). (Entered: 03/05/2008)
03/05/2008	148	FILING ERROR - Duplicate of #147, which was a multi-part filing. Motion terminated. Motion for Oral Argument by Mark D. Lay. (Squire, Percy) Modified text on 3/6/2008 (P, S). (Entered: 03/05/2008)
03/06/2008		Order [non-document] granting 146 Motion to Travel to New York on 3/6/08, 3/7/08, 3/13/08 and 3/14/08 as to Mark D. Lay (1). Approved by Judge David D. Dowd, Jr on 3/6/08. (M,De) (Entered: 03/06/2008)
03/06/2008	149	Motion for leave to file a surreply and Motion for oral argument filed by United States of America as to Mark D. Lay. (Pearson, Benita) (Related Motion 147) Modified text and created links on 3/12/08 (L,T). (Entered: 03/06/2008)
03/10/2008	150	Order granting 147 and 149 government's and defendant's Motion for oral argument and government's motion to file a sur-reply to defendant's reply in support of his motions. Sur-reply to be filed by 3/14/08. Oral Argument set for 5/5/2008 at 2:00 p.m. in Courtroom 442. In the event defendant's motions are denied the Court will proceed to Sentencing on 5/27/2008 at 1:00 p.m. Signed by Judge David D. Dowd, Jr on 3/10/08. (M,De) (Entered: 03/10/2008)
03/11/2008	151	Transcript of Jury Trial Proceedings as to Mark D. Lay held on 10/30/2007 before Judge David D. Dowd. To obtain a bound copy of this transcript please contact Court Reporter Lori A. Callahan at 330-252-6022. Complete document on file, 35 pages. (C,L) (Entered: 03/11/2008)
03/14/2008	152	Sur-Reply by United States of America to reply to Motion for Oral Argument 147 as to Mark D. Lay (Pearson, Benita) Modified docket text on 3/17/2008 (B,IE). (Entered: 03/14/2008)
03/25/2008	153	Motion to Travel to New York City by Mark D. Lay. (Squire, Percy) (Entered: 03/25/2008)
03/26/2008		Order [non-document] granting 153 Motion to Travel to New York City on 3/27/08, 3/28/08, 4/4/08 and 4/5/08 as to Mark D. Lay (1). Approved by Judge David D. Dowd, Jr on 3/26/08. (M,De) (Entered: 03/26/2008)
04/28/2008	154	Transcript of Testimony of Steven Peras Proceedings as to Mark D. Lay held on 10/15/2007 before Judge David D. Dowd. To obtain a bound copy of this transcript please contact Court Reporter Lori A. Callahan at 330-252-6022. [44 pages] (C,L) (Entered: 04/28/2008)
04/29/2008	155	Motion to Travel to Washington D.C. by Mark D. Lay. (Squire, Percy) (Entered: 04/29/2008)

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04/30/2008		Order [non-document] granting 155 Motion to Travel as to Mark D. Lay (1). Approved by Judge David D. Dowd, Jr on 4/29/2008. (M,De) (Entered: 04/30/2008)
05/05/2008	156	Prehearing Memorandum as to Mark D. Lay (Squire, Percy) Modified text on 5/6/2008 (S,HR). (Entered: 05/05/2008)
05/05/2008	157	Order as to Mark D. Lay regarding objections and rulings as to the presentence report. The Court puts the government on notice that it may choose to vary downward from the 262 month minimum and will consider sentencing briefs and the argument presented at the sentencing hearing on the issue of variance. In the meantime, the defendant's objections to the advisory guideline calculation are preserved for appellate review. Signed by Judge David D. Dowd, Jr on 5/5/2008. (Attachments: # 1 Appendix I) (M,De) (Entered: 05/05/2008)
05/05/2008		Minutes of proceedings [non-document] before Judge David D. Dowd, Jr. Benita Pearson and Antoinette Bacon for the Government and Percy Squire and Richard Kerger for the Defendant present. Motion Hearing as to Mark D. Lay held on 5/5/2008 re 113 Motion for Acquittal and Motion for New Trial filed by Mark D. Lay. Time: 90 Minutes. (Court Reporter Caroline Mahnke) (M,De) (Entered: 05/05/2008)
05/13/2008	158	Order Denying 113 Motion for Acquittal and Denying 113 Motion for New Trial as to Mark D. Lay (1). Signed by Judge David D. Dowd, Jr on 5/13/2008. (Attachments: # 1 Appendix I-Superseding Indictment, # 2 Appendix 2-Percentage of Trading Days by Leverage Range, # 3 Appendix 3-Instruction 13, # 4 Appendix 4-Proposed Jury Instructions, # 5 Appendix 5-Lay Trial Witness Log) (M,De) (Entered: 05/13/2008)
05/14/2008	159	Motion to Travel to Ft. Lauderdale, Florida by Mark D. Lay. (Squire, Percy) (Entered: 05/14/2008)
05/15/2008		Order [non-document] granting 159 Motion to Travel as to Mark D. Lay (1). Approved by Judge David D. Dowd, Jr on 5/15/08. (M,De) (Entered: 05/15/2008)
05/23/2008	160	Sentencing Memorandum by Mark D. Lay (Attachments: # 1 Exhibit, # 2 Exhibit, # 3 Exhibit) (Kerger, Richard) (Entered: 05/23/2008)
05/23/2008	161	Sentencing Memorandum by United States of America as to Mark D. Lay (Attachments: # 1 Exhibit 1, # 2 Exhibit 2, # 3 Exhibit 3, # 4 Exhibit 4, # 5 Exhibit 5, # 6 Exhibit 6, # 7 Exhibit 7, # 8 Exhibit 8, # 9 Exhibit 9, # 10 Exhibit 10, # 11 Exhibit 11, # 13 Exhibit 13) (Additional document replaced on 5/28/2008: # 14 Exhibit 12) (M,De). (Redacted-due to personal identifiers) (M,De). Modified on 5/28/2008 (M,De). (Entered: 05/23/2008)
05/27/2008		Minutes of proceedings [non-document] before Judge David D. Dowd, Jr. Benita Pearson and Antoinette Bacon for the Government and Richard Kerger and Percy Squire for the defendant present. Hearing as to Mark D. Lay held on 5/27/2008. Witnesses for the defendant testified. The sentencing hearing is continued to 7/3/2008. Supplemental briefs due 6/17/2008. Time: 90 Minutes. (Court Reporter Lori Callahan) (M,De) (Entered: 05/27/2008)
05/27/2008	162	Notice of Hearing as to Mark D. Lay. Sentencing set for 7/3/2008 at 9:00 a.m. in Courtroom 442 before Judge David D. Dowd Jr. Supplemental briefs to be filed by 6/17/2008. (M,De) (Entered: 05/27/2008)
05/28/2008	163	Letter (attached) from Franco Harris was presented to the Court by defendant at sentencing hearing conducted on 5/27/2008, and is hereby filed for the record as to Mark D. Lay. (M,De) (Entered: 05/28/2008)
05/30/2008	164	Non-Appeal Transcript Request by United States of America as to Mark D. Lay for proceedings held on May 27, 2008 before Judge Dowd. Court Reporter: Lori Callahan. Requested completion date: May 30, 2008 (Pearson, Benita) (Entered: 05/30/2008)

06/09/2008	165	Motion to Travel to <i>New York City</i> by Mark D. Lay. (Squire, Percy) (Entered: 06/09/2008)
06/09/2008		Order [non-document] granting 165 Motion to Travel to New York City on 6/10/08 and return on 6/11/08 as to Mark D. Lay (1). Approved by Judge David D. Dowd, Jr on 6/9/08. (M,De) (Entered: 06/09/2008)
06/09/2008	166	Transcript of Sentencing Hearing Proceedings as to Mark D. Lay held on 5/27/2008 before Judge David D. Dowd. To obtain a bound copy of this transcript please contact court reporter Lori A. Callahan at 330-252-6022. [61 pages] Related Document 164 Transcript may be viewed at the court public terminal or purchased through the Court Reporter/Transcriber before the deadline for Release of Transcript Restriction. After that date it may be obtained through PACER. Parties requesting that privacy information be redacted must file a notice of intent to redact with the court by 6/18/2008. Redaction Request due 6/30/2008. Redacted Transcript Deadline set for 7/10/2008. Release of Transcript Restriction set for 9/8/2008. (C,L) (Entered: 06/09/2008)
06/16/2008	167	Motion for Extension of Time to File <i>Supplemental Sentencing Memorandum</i> by Mark D. Lay. (Squire, Percy) (Entered: 06/16/2008)
06/16/2008	168	Response by United States of America to Motion for Extension of Time to File <i>Supplemental Sentencing Memorandum</i> 167 as to Mark D. Lay (Pearson, Benita) (Entered: 06/16/2008)
06/16/2008	169	Order granting 167 Motion for Extension of Time to File his supplemental sentencing memorandum as to Mark D. Lay (1), and the same extension is granted to the government. Both parties should simultaneously file their supplemental memoranda at 4:00 p.m. on 6/20/2008. In view of the strong possibility that the testimony of witnesses at the sentencing hearing maybe extensive, the Court is expanding the time available for the sentencing hearing. The sentencing hearing will begin at 8:00 a.m. on 7/3/2008, instead of the previously scheduled time of 9:00 a.m. Signed by Judge David D. Dowd, Jr on 6/16/2008. (P,G) (Entered: 06/16/2008)
06/19/2008	170	Motion for Extension of Time to File <i>Supplemental Sentencing Memorandum on June 23, 2008</i> by Mark D. Lay. (Squire, Percy) (Entered: 06/19/2008)
06/20/2008	171	Marginal Entry Order granting defendant's 170 Motion for Extension of Time to File the supplemental sentencing memorandum on 6/23/2008 as to Mark D. Lay (1). Signed by Judge David D. Dowd, Jr on 6/20/2008. (P,G) (Entered: 06/20/2008)
06/23/2008	172	Supplement to 161 Sentencing Memorandum, as to Mark D. Lay (Pearson, Benita) (Entered: 06/23/2008)
06/23/2008	173	Supplement <i>Sentencing Memorandum</i> as to Mark D. Lay (Attachments: # 1 Exhibit A-Consulting agreement RRS, LLC, # 2 Exhibit B-OBWC Auditor's Report, # 3 Exhibit C-IG OBWC Report, # 4 Exhibit D-Marquez Information, # 5 Exhibit E-Sixth Cir. Opinion US v. White, # 6 Exhibit F-ADF Losses Chart, # 7 Exhibit G-Gasper Testimony, # 8 Exhibit H-McLean Memo, # 9 Exhibit I-MDL Articles, # 10 Exhibit J-Black Enterprise Articles, # 11 Exhibit K-RRS Materials, # 12 Exhibit L-Settles Resume, # 13 Exhibit M-Lay Financials, # 14 Exhibit N-MDL Financial, # 15 Exhibit O-US v. Cioffi Indictment, # 16 Exhibit P-OBWC Reports)(Squire, Percy) Modified text on 6/24/2008 (P,G). (Entered: 06/23/2008)
06/24/2008	174	Amended Supplemental Sentencing Memorandum as to Mark D. Lay (Attachments: # 1 Exhibit A-Consulting Agreement, # 2 Exhibit B-OBWC Auditor's Report, # 3 Exhibit C-IG OBWC Investigative Report, # 4 Exhibit D-Marquez Information, # 5 Exhibit E- 6th Cir. Opinion US v. White, # 6 Exhibit F-ADF Loss Chart, # 7 Exhibit G-Gasper Testimony, # 8 Exhibit H-McLean Memo, # 9 Exhibit I-MDL Articles, # 10 Exhibit J-Black Enterprise Articles, # 11 Exhibit K-RRS Materials, # 12 Exhibit L-Settles Resume, # 13 Exhibit M-Lay Financials, # 14 Exhibit N-MDL Financials, # 15 Exhibit O-US v. Cioffi Indictment, # 16 Exhibit P-OBWC Reports)(Squire, Percy) Modified text on 6/25/2008 (P,G). (Entered: 06/24/2008)

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06/25/2008	175	Motion for Leave to File <i>Law Responsive to Lay's Apprendi Argument</i> by United States of America as to Mark D. Lay. (Pearson, Benita) (Entered: 06/25/2008)
06/25/2008		Order [non-document] granting 175 Motion for Leave to File <i>Law Responsive to Lay's Apprendi Argument</i> . Judge David D. Dowd, Jr on 6/25/2008. (M,De) (Entered: 06/25/2008)
06/25/2008	176	Law Responsive of Government to Mark Lay's Apprendi Argument 174 . (M,De) (Entered: 06/25/2008)
06/25/2008	177	Motion for Leave to File <i>Law Responsive to the Apprendi Argument Made by the Government</i> by Mark D. Lay. (Squire, Percy) (Entered: 06/25/2008)
06/26/2008		Order [non-document] granting 177 Motion for Leave to 6/27/08 to File <i>Law Responsive to the Apprendi Argument</i> as to Mark D. Lay (1). Approved by Judge David D. Dowd, Jr on 6/26/08. (M,De) (Entered: 06/26/2008)
06/27/2008	178	Reply to response to Motion for Leave to File <i>Law Responsive to Lay's Apprendi Argument</i> 175 , Motion for Leave to File <i>Law Responsive to the Apprendi Argument Made by the Government</i> 177 as to Mark D. Lay <i>Response to File Law of Government to Mark Lay's Response</i> (Attachments: # 1 Exhibit A, # 2 Exhibit B, # 3 Exhibit C)(Squire, Percy) (Entered: 06/27/2008)
07/01/2008	179	Supplement <i>in Aid of Sentencing</i> as to Mark D. Lay (Attachments: # 1 Pleading)(Pearson, Benita) (Entered: 07/01/2008)
07/01/2008	180	Response as to Mark D. Lay re 179 Supplement (Squire, Percy) (Entered: 07/01/2008)
07/03/2008		Minutes of proceedings [non-document] before Judge David D. Dowd, Jr. Benita Pearson and Antoinette Bacon for the Government and Richard Kerger and Percy Squire for the Defendant present. Sentencing/Evidentiary Hearing as to Mark D. Lay held on 7/3/2008. Sentencing continued to 7/8/2008 at 10:00 a.m. in Courtroom 442 before Judge David D. Dowd Jr. Time: 7 hours and 10 minutes. (Court Reporter Lori Callahan) (M,De) Modified text on 7/7/2008 (P,G). (Entered: 07/03/2008)
07/08/2008		Minutes of proceedings [non-document] before Judge David D. Dowd, Jr. Benita Pearson and Antoinette Bacon for the Government and Richard Kerger and Percy Squire for the defendant present. Sentencing held on 7/8/2008 for Mark D. Lay. Defendant sentenced to the Custody of the Bureau of Prisons for a period of 60 Months as to Count 1 and 144 Months as to each of Counts 2, 3 and 4; the sentence of imprisonment as to all Counts to run concurrently with each other; 3 Years Supervised Release as to Counts 1-4 with Standard and Special Conditions; Restitution due in the amount of \$212,967,084.76; Forfeiture ordered in the amount of \$590,526.23; Special Assessment due immediately in the amount of \$100.00 as to each of Counts 1-4 for a total of \$400.00; Defendant remanded to the custody of the United States Marshal. Time: 2.0 hours. (Court Reporter Lori Callahan) (M,De) (Entered: 07/08/2008)
07/08/2008	181	Memorandum Opinion and Order as to Mark D. Lay. Signed by Judge David D. Dowd, Jr on 7/8/08. (Attachments: # 1 Appendix I, # 2 Appendix II, # 3 Appendix III, # 4 Appendix IV, # 5 Appendix V, # 6 Appendix VI, # 7 Appendix VII, # 8 Appendix VIII, # 9 Appendix IX, # 10 Appendix X, # 11 Appendix XI, # 12 Appendix XII, # 13 Appendix XIII, # 14 Appendix XIV). (M,De) (Entered: 07/08/2008)
07/08/2008	182	FILING ERROR see document # 186 . Notice of Appeal as to Mark D. Lay (Squire, Percy) Modified on 7/9/2008 to see # 186 for proper appeal event (P,G). (Entered: 07/08/2008)
07/08/2008	183	Motion to Set Aside Judgment by Mark D. Lay. (Squire, Percy) (Entered: 07/08/2008)
07/08/2008	184	Motion to Stay Sentence <i>Pending Appeal</i> by Mark D. Lay. (Squire, Percy) Modified text on 7/9/2008 (P,G). (Entered: 07/08/2008)

07/08/2008	185	Supplement <i>Motion for Bail Pending Appeal</i> as to Mark D. Lay (Squire, Percy) (Entered: 07/08/2008)
07/08/2008	186	NOTICE OF APPEAL to the 6th Circuit Court of Appeals from the "verdict, sentence and judgment entered in this action on 7/8/08, filed on behalf of Mark D. Lay. (Filing fee of \$455 paid, receipt number 0647000000003096353) (Squire, Percy). Modified text on 7/8/2008 (H, SP). (Entered: 07/08/2008)
07/08/2008		Transmission of Notice of Appeal as to Mark D. Lay emailed to US Court of Appeals re 186 (H, SP) (Entered: 07/08/2008)
07/09/2008	187	Judgment as to Mark D. Lay. Defendant sentenced to the custody of the Bureau of Prisons for a period of 60 Months as to Count 1 and 144 Months as to each of Counts 2, 3 and 4 with all Counts to run concurrently with each other, 3 Years Supervised Release with standard and special conditions; Restitution due in the amount of \$212,967,084.76; Forfeiture ordered in the amount of \$590,526.23; Special Assessment due immediately in the amount of \$100.00 as to each of Counts 1-4 for a total of \$400.00. Signed by Judge David D. Dowd, Jr on July 9, 2008. (M,De) (Entered: 07/09/2008)
07/09/2008	188	Order of Forfeiture as to Mark D. Lay. (Related document # 129 . Signed by Judge David D. Dowd, Jr on 7/9/08. (M,De) (Entered: 07/09/2008)
07/09/2008	189	Non-Appeal Transcript Request by United States of America as to Mark D. Lay for proceedings held on July 3 and July 8, 2008 before Judge Dowd. Court Reporter: Lori Callihan. Requested completion date: ASAP (Pearson, Benita) (Entered: 07/09/2008)
07/09/2008	190	Order denying 184 Motion to stay sentence pending appeal and denying 185 Motion for bail pending appeal. To the extent the Court has jurisdiction to consider the defendant's motion 183 to arrest judgment given the fact that the defendant has already filed a notice of appeal, the motion to arrest judgment is denied. Signed by Judge David D. Dowd, Jr on 7/9/08. (M,De) (Entered: 07/09/2008)
07/11/2008	191	Amended Judgment as to Mark D. Lay. (Amended to correct restitution amount in entry). Defendant sentenced to the custody of the Bureau of Prisons for a period of 60 Months as to Count 1 and 144 Months as to each of Counts 2, 3 and 4 with all Counts to run concurrently with each other, 3 Years Supervised Release with standard and special conditions; Restitution due in the amount of \$212,967,084.76; Forfeiture ordered in the amount of \$590,526.23; Special Assessment due immediately in the amount of \$100.00 as to each of Counts 1-4 for a total of \$400.00. Signed by Judge David D. Dowd, Jr on 7/11/2008. (M,De) (Entered: 07/11/2008)
07/11/2008	192	Motion to Amend/Correct <i>Commitment Order</i> by Mark D. Lay. (Squire, Percy) (Entered: 07/11/2008)
07/14/2008	193	Order denying defendant's 192 Motion to recommend the Loretto Federal Correctional Institution as to Mark D. Lay (1) because Terrance Gasper, a Government witness in this case, is located there. The Court does recommend the Fort Dix Correctional Institution. The Clerk is directed to submit a copy of this order to the Office of the United States Marshal with a request that it submit the same to the Bureau of Prisons. Signed by Judge David D. Dowd, Jr on 7/14/2008. (P,G) (Entered: 07/14/2008)
07/28/2008	194	Non-Appeal Transcript Request by United States of America as to Mark D. Lay for proceedings held on 8/2/007 and 9/27/2007 before Judge Dowd. Court Reporter: DelMonico. Requested completion date: asap (Ford, Laura) (Entered: 07/28/2008)
07/30/2008	195	Acknowledgment from USCA for the 6th Circuit of receipt of 186 Notice of Appeal as to Mark D. Lay (USCA# 08-3892). Date filed in USCA 7/22/08. (H, SP) (Entered: 07/30/2008)

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08/01/2008	196	UNREDACTED Transcript of Sentencing Hearing Proceedings as to Mark D. Lay held on 7/3/2008 before Judge David D. Dowd. To obtain a bound copy of this transcript please contact court reporter Lori A. Callahan at 330-252-6022. [246 pages] Related Document 189 Transcript may be viewed at the court public terminal or purchased through the Court Reporter/Transcriber before the deadline for Release of Transcript Restriction. After that date it may be obtained through PACER. Parties requesting that privacy information be redacted must file a notice of intent to redact with the court by 8/12/2008. Redaction Request due 8/22/2008. Redacted Transcript Deadline set for 9/1/2008. Release of Transcript Restriction set for 10/30/2008. (C,L) Modified text on 8/4/2008 (P,G). THIS TRANSCRIPT WILL NOT BE RELEASED. SEE REDACTED TRANSCRIPT # 202 . Modified text on 10/31/2008 (P, S). (Entered: 08/01/2008)
08/05/2008	197	Notice of Intent to Request Redaction of Transcript 196 by Antoinette T. Bacon as to Mark D. Lay(Bacon, Antoinette) (Entered: 08/05/2008)
08/05/2008	198	Transcript Redaction Request in case as to Mark D. Lay re 196 Transcript - Official Court Transcript filed by Court Reporter Lori Callahan, filed by attorney Antoinette T. Bacon (Bacon, Antoinette) Modified text on 8/6/2008 (M,TL). (Entered: 08/05/2008)
08/06/2008	199	Transcript of Status Conference Proceedings as to Mark D. Lay held on 08-02-07 before Judge David D. Dowd, Jr.. To obtain a bound copy of this transcript please contact court reporter Richard G. DelMonico at (330)884-7424. [10 pages] Related Document 55 Transcript may be viewed at the court public terminal or purchased through the Court Reporter/Transcriber before the deadline for Release of Transcript Restriction. After that date it may be obtained through PACER. Parties requesting that privacy information be redacted must file a notice of intent to redact with the court by 8/15/2008. Redaction Request due 8/27/2008. Redacted Transcript Deadline set for 9/8/2008. Release of Transcript Restriction set for 11/4/2008. (D,Ri) (Entered: 08/06/2008)
08/06/2008	200	Transcript of Motions Proceedings as to Mark D. Lay held on 09-27-07 before Judge David D. Dowd, Jr. To obtain a bound copy of this transcript please contact court reporter Richard G. DelMonico at (330)884-7424. [50 pages] Related Document 194 Transcript may be viewed at the court public terminal or purchased through the Court Reporter/Transcriber before the deadline for Release of Transcript Restriction. After that date it may be obtained through PACER. Parties requesting that privacy information be redacted must file a notice of intent to redact with the court by 8/15/2008. Redaction Request due 8/27/2008. Redacted Transcript Deadline set for 9/8/2008. Release of Transcript Restriction set for 11/4/2008. (D,Ri) (Entered: 08/06/2008)
08/07/2008	201	Passport of Mark Douglas Lay returned to U.S. Department of State, Office of Passport Policy and Advisory Services on 08/07/2008. (Attachments: # 1 Unredacted PS40 Notice) (S,HR) (Entered: 08/07/2008)
08/08/2008	202	Redaction re 196 Transcript - Official Court Transcript filed by Court Reporter,, in case as to Mark D. Lay (C,L) (Entered: 08/08/2008)
08/08/2008	203	Transcript Request by Mark D. Lay for proceedings held on October 15, 16, 17, 18, 19, 23, 24, 25, 26, 29, 30, 2007, May 27, 2008, July 3, 8, 2008 before Judge David D. Dowd, Jr., re 186 Notice of Appeal. Court Reporter: Lori A. Callahan, Richard G. DelMonico. Transcript required for appeal. (Attachments: # 1 Transcript Order Forms) (Squire, Percy). Modified text on 8/14/2008 (H, SP). (Entered: 08/08/2008)
08/08/2008	204	Transcript of Volume 3 Sentencing Hearing Proceedings as to Mark D. Lay held on 7/8/2008 before Judge David D. Dowd. To obtain a bound copy of this transcript please contact court reporter Lori A. Callahan at 330-252-6022. [58 pages] Related Document 189 Transcript may be viewed at the court public terminal or purchased through the Court Reporter/Transcriber before the deadline for Release of Transcript Restriction. After that date it may be obtained through PACER. Parties requesting that privacy information be redacted must file a notice of intent to redact with the court by 8/19/2008. Redaction Request due 8/29/2008. Redacted Transcript Deadline set for

		9/8/2008. Release of Transcript Restriction set for 11/6/2008. (C,L) (Entered: 08/08/2008)
08/15/2008	205	Subpoena Returned Executed as to Mark D. Lay; served upon Debbie Smoody by David Becerra, FBI on 7/25/07. (K,K) (Entered: 08/15/2008)
08/15/2008	206	Subpoena Returned Executed as to Mark D. Lay; served upon Debbie Smoody by David Becerra on 7/26/08. (K,K) (Entered: 08/15/2008)
08/15/2008	207	Subpoena Returned Executed as to Mark D. Lay; served upon Debbie Moody by David Becerra on 8/9/07. (K,K) (Entered: 08/15/2008)
08/15/2008	208	Subpoena Returned Executed as to Mark D. Lay; served upon Scott Sigmond by David Becerra on 8/10/07. (K,K) Modified date on 8/18/2008 (P,G). (Entered: 08/15/2008)
08/15/2008	209	Subpoena Returned Executed as to Mark D. Lay; served upon Bruce Cobb by Fedex on 8/11/07. (K,K) (Entered: 08/15/2008)
08/15/2008	210	Subpoena Returned Executed as to Mark D. Lay; served upon Marc Sydnor by personal service on 8/14/07. (K,K) (Entered: 08/15/2008)
08/15/2008	211	Subpoena Returned Executed as to Mark D. Lay; subpoena serviced upon John Hemann by Fedex on 8/24/07. (K,K) Modified text 8/15/2008 (K,K). (Entered: 08/15/2008)
08/15/2008	212	Subpoena Returned Executed as to Mark D. Lay; served upon Tom Greyer by Fedex on 9/11/07. (K,K) (Entered: 08/15/2008)
08/15/2008	213	Subpoena Returned Executed as to Mark D. Lay; served upon Charles Gregor and Lawrnece Gray by Fedex on 9/25/07. (K,K) Modified date on 8/18/2008 (P,G). (Entered: 08/15/2008)
08/15/2008	214	Subpoena Returned Executed as to Mark D. Lay; served upon T. Staten by Fedex on 9/26/07. (K,K) (Entered: 08/15/2008)
08/15/2008	215	Subpoena Returned Executed as to Mark D. Lay; served upon Guy Pertillo by fax and Norman Pao by Fedex on 9/27/07. (K,K) Modified text on 8/18/2008 (P,G). (Entered: 08/15/2008)
08/15/2008	216	Subpoena Returned Executed as to Mark D. Lay; served upon D. Karan by Fedex on 10/1/07. (K,K) (Entered: 08/15/2008)
08/15/2008	217	FILING ERROR-DUPLICATE OF 216 .Subpoena Returned Executed as to Mark D. Lay; served upon Robert Cowman by personal service on 10/9/07. (K,K) Modified on 8/18/2008 (P,G). Modified on 8/18/2008 to note filing error (P,G). (Entered: 08/15/2008)
08/19/2008		Transcript Order received on 8/5/2008 by court reporter Lori A. Callahan. Financial arrangements made on 8/19/2008. Estimated number of pages: 1,400. Estimated completion date: 9/19/2008. Related Document 203 (C,L) (Entered: 08/19/2008)
07/14/2010	218	Information copy of opinion from the USCA for the Sixth Circuit: Affirming the judgment of the District Court as to Mark D. Lay re 186 Notice of Appeal (USCA# 8-3892). This is not a mandate order. Circuit Judges: Gibbons, Rogers and Kethledge. Date issued by USCA 7/14/10 (Attachments: # 1 Judgment) (C,KA). Modified text on 7/28/2010 (H,SP). (Entered: 07/14/2010)
09/07/2010	219	True Copy of mandate from USCA for the Sixth Circuit: Affirming the judgment of the District Court as to Mark D. Lay re 186 Notice of Appeal (USCA# 08-3892). Date issued as mandate 9/7/10, Costs: None (Related document 218) (H,SP) (Entered: 09/07/2010)
03/02/2011	220	Appeal Remark from US Supreme Court: The petition for a writ of certiorari as to Mark D. Lay was filed on 11/23/10 and placed on the docket 11/29/10 as No. 10-695 (H,SP) (Entered: 03/02/2011)

Exhibit 48

Page 22 of 24

03/02/2011	221	Appeal Order from US Supreme Court: The petition for a writ of certiorari as to Mark D. Lay is denied re 220 (No. 10-695) (H,SP) (Entered: 03/02/2011)
05/17/2011	222	Appeal Order from the US Supreme Court: The petition for rehearing is denied as to Mark D. Lay re 221 (No. 10-695) (H,SP) (Entered: 05/17/2011)
05/15/2012	223	FILING ERROR. Wrong event selected - attorney to refile. Motion to Vacate <i>Sentence and Fine</i> by Mark D. Lay. (Attachments: # 1 Exhibit A, # 2 Exhibit B, # 3 Exhibit C, # 4 Exhibit D, # 5 Exhibit E, # 6 Exhibit F)(Kerger, Richard) Modified on 5/16/2012 (S,He). (Entered: 05/15/2012)
05/16/2012	224	Motion to Vacate under 28 U.S.C. 2255 by Mark D. Lay. (Attachments: # 1 Exhibit A - MDL-OBWC Investment Advisors Agreement, # 2 Exhibit B - ADF Offering Memorandum, # 3 Exhibit C - ADF Investors Advisors Agreement, # 4 Exhibit D - Subscription Agreement, # 5 Exhibit E - News Articles, # 6 Exhibit F - Personal Data)(Kerger, Richard) Civil case 1:12-cv-01216-DDD opened. (Entered: 05/16/2012)
05/17/2012	225	Order as to Mark D. Lay that Respondent United States of America is granted leave until July 18, 2012 to file its response to petitioner's § 2255 motion. Signed by Judge David D. Dowd, Jr. on 5/17/2012. (M,De) (Entered: 05/17/2012)
07/17/2012	226	Response by United States of America to Motion to Vacate under 28 U.S.C. 2255 224 as to Mark D. Lay (Bacon, Antoinette) (Entered: 07/17/2012)
08/01/2012	227	Reply to response to Motion to Vacate under 28 U.S.C. 2255 224 as to Mark D. Lay (Attachments: # 1 Exhibit Order)(Kerger, Richard) (Entered: 08/01/2012)
08/17/2012	228	Order as to Mark D. Lay that the government is granted leave until 9/14/2012 to file a substantive response to the petition, and the petitioner is granted leave to file reply brief until 10/5/2012 (see Order for details). Judge David D. Dowd, Jr. on 8/16/2012. (Related documents 224 , 226 , 227) (S,He) (Entered: 08/17/2012)
09/13/2012	229	Response by United States of America to Motion to Vacate under 28 U.S.C. 2255 224 as to Mark D. Lay (Bacon, Antoinette) (Entered: 09/13/2012)
10/05/2012	230	Motion for Extension of Time to File Response/Reply as to 229 Response to Motion to Vacate <i>Sentence and Fine</i> by Mark D. Lay. (Kerger, Richard) (Entered: 10/05/2012)
10/05/2012	231	Marginal Entry Order granting 230 defendant's Motion for extension of time to file his reply in support of his motion to vacate sentence and fine as to Mark D. Lay (1). Judge David D. Dowd, Jr. on 10/5/2012. (S,He) (Entered: 10/05/2012)
10/09/2012	232	Reply to response to Motion to Vacate under 28 U.S.C. 2255 224 as to Mark D. Lay (Kerger, Richard) (Entered: 10/09/2012)
10/19/2012	233	Motion for Release from Custody <i>on Bail Pending Disposition of Motion to Vacate</i> by Mark D. Lay. (Attachments: # 1 Exhibit Second Circuit Order, # 2 Exhibit Inmate Records)(Kerger, Richard) (Entered: 10/19/2012)
10/22/2012	234	Order denying 233 Motion for Release from Custody as to Mark D. Lay. Signed by Judge David D. Dowd, Jr. on 10/22/2012. (M,De) (Entered: 10/22/2012)
12/27/2012	235	Supplement Memorandum of Defendant in Support of 224 Motion to Vacate Sentence and Fine as to Mark D. Lay (Kerger, Richard) Modified to add link on 12/28/2012 (H,KR). (Entered: 12/27/2012)
01/02/2013	236	Order as to Mark D. Lay regarding ECF# 235 Supplemental Memorandum In Support of Motion to Vacate Sentence and Fine filed by Mark D. Lay. Counsel for the government is granted leave until January 25, 2013, to file a response to the Supplemental Memorandum. Signed by Judge David D. Dowd, Jr. on 1/2/2013. (M,De) (Entered: 01/02/2013)

01/22/2013	237	Response to Defendant's 235 Supplemental Memorandum. (Bacon, Antoinette) Modified text to match document on 1/22/2013 (H,KR). (Entered: 01/22/2013)
02/11/2013	238	Reply to 237 Government's response to 235 Supplement Memorandum of Defendant in support of 224 Motion to Vacate sentence and fine as to Mark Lay. (Attachments: # 1 Exhibit Court of Appeals Docket Sheet, # 2 Exhibit Reply Brief, # 3 Exhibit Legal Analysis)(Kerger, Richard) Modified on 2/12/2013 (H,KR). (Entered: 02/11/2013)
08/21/2013	239	Memorandum Opinion denying without prejudice Motion to Vacate (2255) as to Mark D. Lay. Signed by Judge David D. Dowd, Jr. on 8/21/2013. (M,De) Civil Case 1:12-cv-01216-DDD closed. Modified text on 8/30/2013 (M,De). (Entered: 08/21/2013)
08/21/2013	240	Judgment Entry as to Mark D. Lay that for the reasons set forth in the 239 memorandum opinion filed contemporaneously with this judgment entry, the motion for habeas relief under the provisions of 28 U.S.C. § 2255 is denied without prejudice. Signed by Judge David D. Dowd, Jr. on 8/21/2013. (M,De) (Entered: 08/21/2013)
08/26/2013	241	NOTICE OF APPEAL to the Sixth Circuit Court of Appeals from the 239 Memorandum of Opinion and 240 Judgment Entry fo 8/21/13, filed by Mark D. Lay [1:12cv1216]. (Filing fee of \$455 paid, receipt number 0647-6154561) (Kerger, Richard). Modified text on 8/27/2013 (H,SP). (Entered: 08/26/2013)
08/27/2013		Transmission of Notice of Appeal as to Mark D. Lay emailed to US Court of Appeals re 241 (H,SP) (Entered: 08/27/2013)
08/30/2013	242	Acknowledgment from USCA for the Sixth Circuit of receipt of 241 Notice of Appeal as to petitioner Mark D. Lay (USCA# 13-4021). Date filed in USCA 8/29/13. (H,SP) (Entered: 08/30/2013)
08/30/2013	243	Appeal Order from the USCA for the Sixth Circuit: The appeal as to Mark D. Lay is being held in abeyance and further remanded to the District Court for the sole purpose of determining whether to grant or deny a certificate of appealability re 241 Notice of Appeal (USCA# 13-4021). Date issued by USCA 8/29/13 (H,SP) (Entered: 08/30/2013)
08/30/2013	244	Order as to Mark D. Lay regarding 239 Order denying Motion to vacate filed pursuant to 28 U.S.C. Section 2255. This Court grants a certificate of appealability with respect to the issue raised by the petitioner-defendant to the effect that the district court lacked jurisdiction with respect to the offenses for which the defendant-petitioner was convicted and sentenced. The clerk is directed to forward forthwith a copy of this order to the clerk of the Sixth Circuit. (Copy to be sent by NEF). Signed by Judge David D. Dowd, Jr. on 8/30/2013. (M,De) (Entered: 08/30/2013)
12/16/2013	245	Notice of Substitution of Attorney. Antoinette T. Bacon and Benita Y. Pearson_AUSA removed from case, Matthew J. Cronin appearing for USA.(Cronin, Matthew) (Entered: 12/16/2013)
02/24/2014	246	Expedited Motion for an Amended Certificate of Appealability by Mark D. Lay. (Kerger, Richard) Modified text on 2/24/2014 (H,KR). (Entered: 02/24/2014)
02/25/2014	247	Response by United States of America in opposition to Expedited Motion for an Amended Certificate of Appealability 246 as to Mark D. Lay (Cronin, Matthew) (Entered: 02/25/2014)
02/25/2014	248	Reply to 247 Government's response in Opposition to 246 Expedited Motion for an Amended Certificate of Appealability as to Mark D. Lay. (Kerger, Richard) Modified text and added links on 2/26/2014 (H,KR). (Entered: 02/25/2014)
02/26/2014	249	Notice of Appearance of Attorney Antoinette T. Bacon appearing for USA. (Bacon, Antoinette) (Entered: 02/26/2014)

Exhibit 48

Page 24 of 24

02/28/2014	250	Marginal Entry Order Denying 246 Expedited Motion for an Amended Certificate of Appealability as to Mark D. Lay. Signed by Judge David D. Dowd, Jr. on 2/28/2014. (M,De) (Entered: 02/28/2014)
03/13/2014	251	NOTICE OF APPEAL to the Sixth Circuit Court of Appeals from the 250 Marginal Entry Order of 2/28/14, filed by petitioner Mark D. Lay. (Filing fee of \$505 paid, receipt number 0647-6448154) (Kerger, Richard). Modified text on 3/14/2014 (H,SP). (Entered: 03/13/2014)
03/14/2014		Transmission of Notice of Appeal as to petitioner Mark D. Lay emailed to US Court of Appeals re 251 (H,SP) (Entered: 03/14/2014)

Capital Coin Funds, et al
 Manager's Final Accounting of Liquidation Results

(June 2005 - July 2011)

	<u>Notes</u>	<u>Amount</u> (in 000's)
CASH BALANCE - BEGINNING		\$ -
<u>PROCEEDS FROM LIQUIDATED ASSETS:</u>		
Cash transferred from National City		\$ 3,152
Accounts Receivable		\$ 5,079
Coin Inventory		\$ 20,170
Collectibles Inventory		\$ 2,550
Note Receivable - DVRC		\$ 1,982
Note Receivable - Maalouf		\$ 584
Investment in NGC		\$ 7,879
Investments / JV/ Notes Receivable		\$ 13,290
Other Assets		\$ 1,188
Subtotal		\$ 55,874
<u>DISBURSEMENTS FOR CLAIMS AND OPERATIONS:</u>		
Operating expenses		\$ (6,191)
Claim payments for Noe-related Liabilities		\$ (1,567)
Subtotal		\$ (7,758)
<u>BWC DISTRIBUTIONS</u>	<u>(1)</u>	<u>\$ (48,116)</u>
<u>CASH BALANCE - ENDING</u>		<u>\$ -</u>

Note

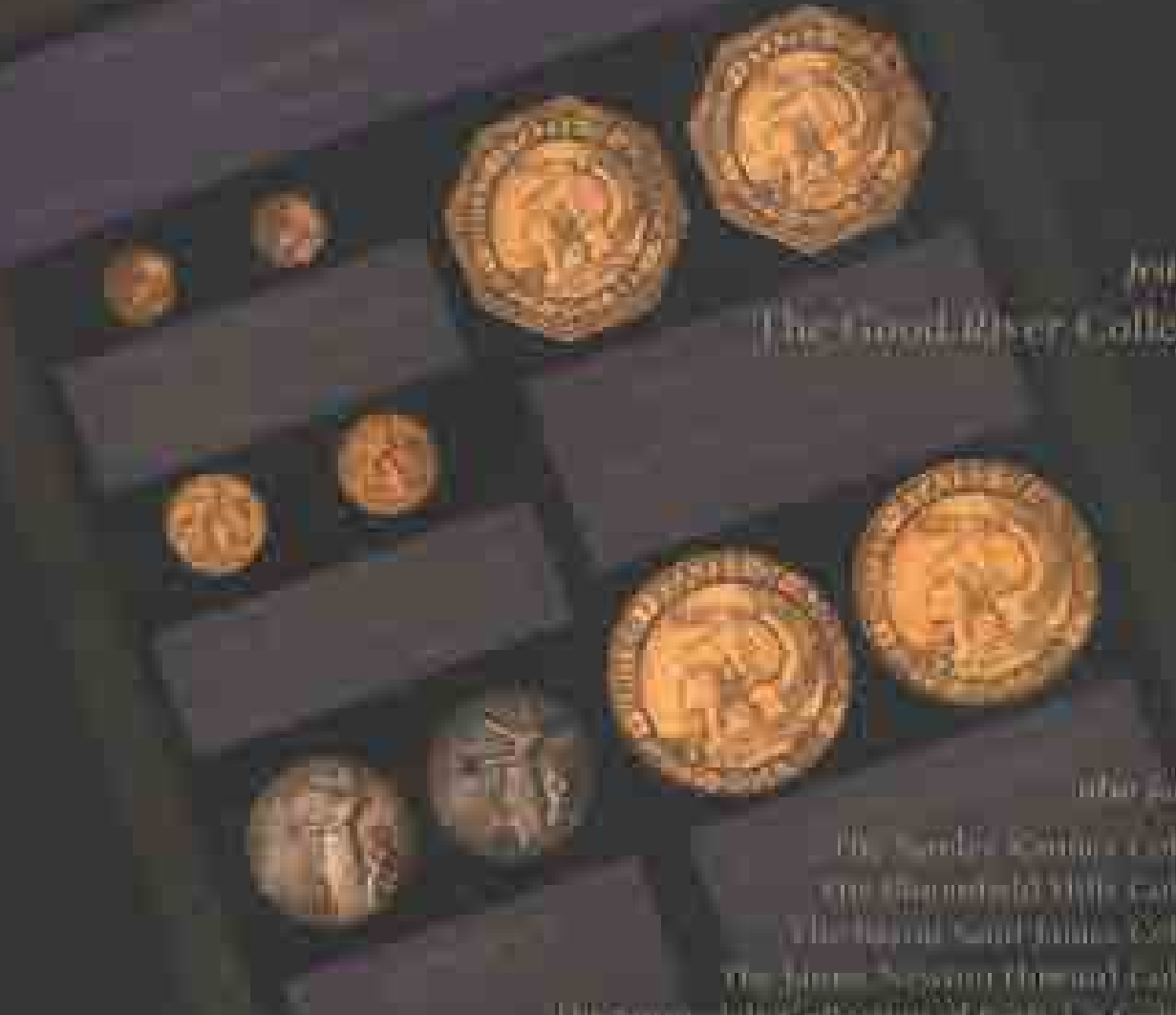
(1) Total Distributions from Capital Coin Fund to BWC:

Distributions to BWC by Noe (before June 2005)	\$ 7,903
Distributions to BWC by DSI (June 2005 - July 2011)	\$ 48,116
<u>Total Distributions from Capital Coin Fund to BWC</u>	<u>\$ 56,019</u>

Pre-Long Beach

MAY 28 - 30, 2006

ELITE COIN AUCTION



including
The Good Hope Collection

including

The Good Hope Collection
The Good Hope Collection
The Good Hope Collection

The Good Hope Collection

The Good Hope Collection

The Good Hope Collection

The Good Hope Collection

The Good Hope Collection

The Good Hope Collection

SUPERIOR GALLERIES
BEVERLY HILLS

Exhibit 50

Page 2 of 3



#10 - 1857. NGC graded MS-65. A high degree of luster graces the satiny tan colored surfaces of this attractive cent. Dates were added separately to working dies of Flying Eagle cents, all from the same 1856, 1857 and 1858 logotypes. Thus, for a given year, date varieties occurred with regard to positioning on the die, but not in respect to the alignment of the numerals with each other. While only the most dedicated specialist is interested in collecting minute date position differences, such are interesting to observe (**#2016**) *Ex: The Good River Collection*

#110 - 1867. NGC graded proof 66 Red. A superlative gem in all respects. The luster is never ending, the orange and gold highlights vie with each other for dominance atop the nicely mirrored field, while strike is essentially as sharp as a Proof will ever be for the date.

Regarding this date, the clearest details are found throughout the shield lines as well as on the leaves in both sets of wreaths, obverse and reverse, and also encompassing the key date digits which are crystal clear. Only 625 Proofs minted in 1867 (**#3635**) *Ex: The Good*



#126 - 1877. PCGS graded Proof 66 Cameo. The surfaces are highly lustrous and each side has a light coating of natural nickel-gray patina that swirls and alternates between lighter and darker hues. The fields are mostly reflective, but with standard mirror-satiny effect seen on many Proofs of the 1870s and 1880s. What gladdens us most is to see a crisp rather than a dullish, smooth impression was left by the pressure of the hardened Proof dies that struck this sharp specimen (**#3773**) *Ex: The Good River Collection.*

#356 - 1892. NGC graded MS-67. An exciting example of a relatively plentiful first-year of issue date, this marvelous coin displaying gorgeous cartwheel luster. A rounded impression is the rule for many Barber coins of the 1890s imprinted by the stamp of the Philadelphia mint dies that struck this date; we are happy to say that the present example is a grand exception to that rule in being very sharp throughout including centers. Superb! (**#4796**) *Ex: The Good River Collection*





#657 - 1919-D. PCGS graded MS-64. This is one of the key issues in the walking Liberty half dollar series, and a coin of great rarity in Mint condition. Warm natural tones surfaces exhibit intense cartwheel luster and a satiny, matte-like appearance with the usual caveats about minor weakness on Liberty's head and hand, the eagle's body and lower leg, as well as the center part above the skirt lines where the metal failed to fill the die recesses completely (Years of study have borne out that the 1919-D is one of the dates that is so often found poorly struck. When David Lawrence wrote his study on this series, he noted that this date and mint is notoriously weak on all the problem areas seen from the Walking Liberty half dollar.) And yet, the lovely surfaces and solid MS64 rating from PCGS assures the bidder the coin is accurately graded on all the finer points of the strict standard use today (#6578)
Ex: The Good River Collection



#1480 - 1915-S Panama-Pacific \$50 Round. NGC graded MS-66. California sun-fresh gold as befits a humongous gold coin from the Golden States, indeed the fact is that this heavenly MS66 specimen is glowing with gold satin luster, and fully radiant at that, with a near-perfect strike. Taking stock of the key aspect of the grade, this piece has knife-edged devices throughout, including centers, rather than a soft, mushy strike as most often seen.

All of America's fairs and expos have a theme. What would a "world's exposition" be without a theme? For 1915, the fair organizers paid tribute to Vasco Núñez de Balboa's discovery of the Pacific Ocean (1513) as well as to completion of the Panama Canal (1914) – There were the dual anchor points for the fair's theme. A series of 5 coins was struck for the occasion, including complete sets mounted in metal frames or leather cases sold for \$200. Many sales were made to banks and other non-collecting individuals or organizations; for this reason, high grade examples, especially of the key \$50 gold denominations, are a challenge to find. The larger the denomination, the harder to locate. Some were also carried as souvenir pieces, sad to say. When all was said and done, on 483 Round \$50 gold pieces were sold. And it can be assumed (through no separate records in this regard) that numerous specimens in the hands of the public were melted after the federal government seized America's gold coins in 1933. We estimate there are 200 or so of the round \$50 pieces remaining, with a coin at this prized Mint State 66 level nothing short of extraordinary! (#7451) Ex: The Good River Collection

Franklin County Municipal Court

Michael A. Pirik, Clerk of Court 375 S. HIGH ST., COLUMBUS, OHIO 43215

State of Ohio
County of Franklin
City of Columbus

V: Bob Taft

DEFENDANT



17 P11 4:22

ERR

TIME STAMP

OTHER JURISDICTION

COMPLAINT

Complainant, being duly sworn, states that the above named defendant, at Franklin County / Columbus, Ohio, on or about the 8th day of April, 2002 did: being a public official within the jurisdiction of the Ohio Ethics Commission, to wit: Governor of the State of Ohio, and having filed an annual financial disclosure statement pursuant to ORC Section 102.02(A), did knowingly file a false statement, to wit: did fail to disclose 6 of 38 sources of gifts valued in excess of \$75.00 received during the 2001 calendar year, to wit: dinners and golf outing from Ned Maxwell as well as golf outings from Curt Stainer, Ron Oshner, Michael Wilcox, Bob Massie and Danny Kayne...

in violation of section 102.02(D) City Code Misdemeanor of the 1st degree.

Complainant: *James P. Charles*
Signature: *James P. Charles* PRINT FULL NAME: James P. Charles
Address: *1910 N. Summit St.* CITY: Columbus STATE: OH ZIP CODE: 43223
Badge Number: 43915

Sworn to and subscribed before me, this 17th day of August, 2005
Michael A. Pirik

Clerk of the Franklin County Municipal Court
By: *Lara N. Baker*
CLERK / DEPUTY CLERK / NOTARY PUBLIC / PEACE OFFICER



LARA N. BAKER
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration Date
Section 147.03 ORC

Notary Seal & Expiration Date

ARREST WARRANT

To any law enforcement officer of the State of Ohio:
You are hereby commanded to arrest the above named defendant and bring him/her before the Franklin County Municipal Court without unnecessary delay, to answer to the complaint herein. WHEN APPLICABLE, IN ACCORDANCE TO CRIMINAL RULE #4, THE WARRANT HAS BEEN ISSUED BEFORE THE DEFENDANT HAS APPEARED AND THE BAIL PROVISION CRIMINAL RULE 46 SHALL APPLY. ARRAIGNMENT COURT IS HELD IN COURTROOM 4C AT 9:00 AM, MONDAY THROUGH FRIDAY.

Michael A. Pirik
Clerk of the Franklin County Municipal Court

Slate # _____ Control # _____
By _____ DEPUTY DATE _____

Complaint Number: 1145302 Issuing Officer: _____ Badge Number: _____

Case No. 20347-1

Charge: Ethics - False Statement

Section Number: 102.02(D) City Code: ORC Offense Date: 4-8-02 Offense Type: N/A AM/PM

Offense Location: 8 E. Long St., 10th Fl., Columbus, OH Suspect Cruiser Dist.:

Name: Taft Bob A.
LAST FIRST MIDDLE

Street: 358 N. Parkview Ave.

City: Columbus State: OH Zip: 43209

SEX: M RACE: W HGT: 6'3" 220 HAIR: BR EYES: BR

DOB: _____ SSN: _____ DL ID #: _____

SUMMONS: Read Notice #1 on reverse side.
You MUST appear in courtroom 4C or 15C on the date and time indicated. I personally served the Defendant a copy of this Summons on _____ Signature _____

Type of SUMMONS Service Requested:
 Personal Certified Mail

CITATION: Read Notice #2 on reverse side.
Court appearance is OPTIONAL. You may contest this citation by appearing in COURTROOM 4C COURTROOM 15C on the date and time indicated.

COURT DATE & TIME					
08	18	2005	11	00	AM
MONTH	DAY	YEAR	TIME		PM

X
This is not an admission of guilt. An ARREST WARRANT will be issued if you do not properly respond to this charge.

Franklin County Municipal Court

Michael A. Pirik, Clerk of Court 375 S. HIGH ST., COLUMBUS, OHIO 43215

State of Ohio
County of Franklin
City of Columbus

V: Bob Taft

DEFENDANT

Best Copy Available

17 JUN 17 PM 4:22
TIME STAMP

OTHER JURISDICTION

COMPLAINT

Complainant, being duly sworn, states that the above named defendant, at Franklin County / Columbus, Ohio, on or about the 15th day of April, 2004 did: being a public official within the jurisdiction of the Ohio Ethics Commission, to wit: Governor of the State of Ohio, and having filed an annual financial disclosure statement pursuant to ORC Section 102.02(A), did knowingly file a false statement, to wit: did fail to disclose 11 of 27 sources of gifts valued in excess of \$75.00 received during the 2003 calendar year, to wit: dinner and Blue Jacket tickets from Jerry Jurgeson, as well as golf outings from David Johnson, Jeff Arthur, Ned Maxwell, Mark Schwab, Bob Massie, Ron Oshner, the Longaberger Company, Mike Wilcox and Dinon McPerson, and a Senior Open gift set from Thomas Noe...

in violation of section 102.02(D) of the Ohio Ethics Commission of the 1st degree.
Complainant: Thomas P. Charles, IS PH: THOMAS P. CHARLES BADGE NUMBER
30 E. Broad St Col OH 43215
ADDRESS OR AGENCY & ASSIGNMENT CITY STATE ZIP CODE

Sworn to and subscribed before me, this 17th day of August, 2005
Michael A. Pirik
Clerk of the Franklin County Municipal Court
By: Lara N. Baker
CLERK / DEPUTY CLERK / NOTARY PUBLIC / PEACE OFFICER

NOTARIAL SEAL
LARA N. BAKER
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration Date
Section 147.03 CRC
Notary Seal & Expiration Date

ARREST WARRANT
To any law enforcement officer of the State of Ohio:
You are hereby commanded to arrest the above named defendant and bring him/her before the Franklin County Municipal Court without unnecessary delay, to answer to the complaint herein. WHEN APPLICABLE, IN ACCORDANCE TO CRIMINAL RULE #4, THE WARRANT HAS BEEN ISSUED BEFORE THE DEFENDANT HAS APPEARED AND THE BAIL PROVISION CRIMINAL RULE 46 SHALL APPLY. ARRAIGNMENT COURT IS HELD IN COURTROOM 4C AT 9:00 AM, MONDAY THROUGH FRIDAY.
Michael A. Pirik
Clerk of the Franklin County Municipal Court
Slate # _____ Control # _____
By _____ DEPUTY DATE

Complaint Number 1145308 Issuing Officer _____ Badge Number _____
Case No. 20347-2 WARRANT SUMMONS
 MISDEMEANOR CITATION
Charge: Ethics - False Statement
Section Number 102.02(D) City Code and Offense 4-15-04 Offense Time N/A AM PM
Offense Location 8 E. Long St., 10th Fl., Columbus, OH Suspect Bob Taft Critter Dist. A.
Name Taft Bob A.
LAST FIRST MIDDLE
Street 358 N. Parkview Ave.
City Columbus State OH Zip 43209
SEX M W 6'3" 220 HAIR BR EYES BR
DOB. _____ S.S.#. _____ DL/ID# _____

SUMMONS: Read Notice #1 on reverse side.
You MUST appear in courtroom 4C or 15C on the date and time indicated. I personally served the Defendant a copy of this Summons on _____ Signature _____
Type of SUMMONS Service Requested:
 Personal Certified Mail
 CITATION: Read Notice #2 on reverse side.
Court appearance is OPTIONAL. You may contest this citation by appearing in COURTROOM 4C COURTROOM 15C on the date and time indicated.

COURT DATE & TIME
08 | 18 | 2005 | 11 :00 AM
MONTH | DAY | YEAR | TIME

X
This is not an admission of guilt. An ARREST WARRANT will be issued if you do not properly respond to this charge.

Franklin County Municipal Court

Michael A. Pirik, Clerk of Court 375 S. HIGH ST., COLUMBUS, OHIO 43215

State of Ohio
County of Franklin
City of Columbus

V:

Bob Taft

DEFENDANT



3 AUG 17 PM 4:22
CLERK
TIME STAMP

OTHER JURISDICTION

COMPLAINT

Complainant, being duly sworn, states that the above named defendant, at Franklin County / Columbus, Ohio, on or about the 15th day of April, 2005 did: being a public official within the jurisdiction of the Ohio Ethics Commission, to wit: Governor of the State of Ohio, and having filed an annual financial disclosure statement pursuant to ORC Section 102.02(A), did knowingly file a false statement, to wit: did fail to disclose 5 of 18 sources of gifts valued in excess of \$75.00 received during the 2004 calendar year, to wit: dinner and a golf outing from Ned Maxwell as well as golf outings from Jim Hamilton, Ross Bridgman, Bob Massie and Ron Oshner...

in violation of section 102.02(D) City Code Misdemeanor O.H.C. , a Felony of the 1st degree.

Complainant: Charles Thomas Charles 30 E. Broad St. Columbus OH 43215
ADDRESS OR AGENCY / ASSIGNMENT CITY STATE ZIP CODE

Sworn to and subscribed before me, this 17th day of August, 2005

Michael A. Pirik
Clerk of the Franklin County Municipal Court
By: [Signature]
CLERK / DEPUTY CLERK / NOTARY PUBLIC / PEACE OFFICER



LARA N. BAKER
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration Date
Section 147.03 ORC
Notary Seal & Expiration Date

ARREST WARRANT

To any law enforcement officer of the State of Ohio: You are hereby commanded to arrest the above named defendant and bring him/her before the Franklin County Municipal Court without unnecessary delay, to answer to the complaint herein. WHEN APPLICABLE, IN ACCORDANCE TO CRIMINAL RULE #4, THE WARRANT HAS BEEN ISSUED BEFORE THE DEFENDANT HAS APPEARED AND THE BAIL PROVISION CRIMINAL RULE 46 SHALL APPLY. ARRANGEMENT COURT IS HELD IN COURTROOM 4C AT 9:00 AM, MONDAY THROUGH FRIDAY.

Michael A. Pirik
Clerk of the Franklin County Municipal Court
Slate # _____ Control # _____
By _____ DEPUTY DATE _____

Complaint Number: 1145307

Issuing Officer: _____

Case No: 20347-3

Charge: Ethics - False Statement

Section Number: 102.02(D) City Code O.H.C. Offense Date: 4-15-05 Offense Time: N/A AM/PM

Offense Location: 8 E. Long St., 10th Fl., Columbus, OH

Name: Taft, Bob A.

Street: 358 N. Parkview Ave.

City: Columbus State: OH Zip: 43209

SEX: M HGT: 6'3" HAIR: BR EYES: BR

SUMMONS: Read Notice #1 on reverse side. You MUST appear in courtroom 4C or 15C on the date and time indicated. I personally served the Defendant a copy of this Summons on _____ Signature _____

Type of SUMMONS Service Requested:
 Personal Certified Mail

CITATION: Read Notice #2 on reverse side. Court appearance is OPTIONAL. You may contest this citation by appearing in COURTROOM 4C COURTROOM 15C on the date and time indicated.

COURT DATE & TIME			
08	18	2005	11.00 AM
MONTH	DAY	YEAR	TIME

X. This is not an admission of guilt. An ARREST WARRANT will be issued if you do not properly respond to this charge.

0401

Franklin County Municipal Court

Michael A. Pirik, Clerk of Court 375 S. HIGH ST., COLUMBUS, OHIO 43215

State of Ohio
County of Franklin
City of Columbus

V: Bob Taft

DEFENDANT

Best Copy Available

35 AUG 17 PM 4:22

1800 ERK
TIME STAMP

OTHER JURISDICTION

COMPLAINT

Complainant, being duly sworn, states that the above named defendant, at Franklin County / Columbus, Ohio, on or about the 15th day of April, 2003 did: being a public official within the jurisdiction of the Ohio Ethics Commission, to wit: Governor of the State of Ohio, and having filed an annual financial disclosure statement pursuant to ORC Section 102.02(A), did knowingly file a false statement, to wit: did fail to disclose 2 of 33 sources of gifts valued in excess of \$75.00 received during the 2002 calendar year, to wit: golf outings from Ned Maxwell and Thomas Noe...

in violation of section 102.02(D) City Code Misdemeanor Felony of the 1st degree.

Complainant Thomas P. Charles SIGNATURE THOMAS P. CHARLES BADGE NUMBER
30 E. Broad St. Columbus, Ohio ADDRESS OR AGENCY ASSIGNMENT CITY STATE ZIP CODE

Sworn to and subscribed before me, this 17th day of August, 2003

Michael A. Pirik
Clerk of the Franklin County Municipal Court
By Lara N. Baker
CLERK / DEPUTY CLERK / NOTARY PUBLIC / PEACE OFFICER



LARA N. BAKER
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration Date
Section 147.03 ORC

Notary Seal & Expiration Date

ARREST WARRANT

To any law enforcement officer of the State of Ohio:
You are hereby commanded to arrest the above named defendant and bring him/her before the Franklin County Municipal Court without unnecessary delay, to answer to the complaint hereon. WHEN APPLICABLE, IN ACCORDANCE TO CRIMINAL RULE #4, THE WARRANT HAS BEEN ISSUED BEFORE THE DEFENDANT HAS APPEARED AND THE RAIL PROVISION CRIMINAL RULE 40 SHALL APPLY. ARRANGEMENT COURT IS HELD IN COURTROOM 4C AT 9:00 AM, MONDAY THROUGH FRIDAY.

Michael A. Pirik
Clerk of the Franklin County Municipal Court

By Michael A. Pirik DEPUTY DATE

Complaint Number 1145309

Issuing Officer Michael A. Pirik Badge Number

Case No. 20347-4

Charge: Ethics - False Statement

Section Number 102.02(D) City Code O.R.C. Offense Date 4-15-03 Offense Time N/A AM PM

Offense Location 8 E. Long St., 10th Fl, Columbus, OH Suspect Cr./ser Dist.

Name Taft Bob A.

Street 358 N. Parkview Ave.

City Columbus State OH Zip 43209

SEX M RACE W HGT. 6'3" WGT. 220 HAIR BR EYES BR

DOB [REDACTED] SSN [REDACTED] DL/I.D.#

SUMMONS: Read Notice #1 on reverse side. You MUST appear in courtroom 4C or 15C on the date and time indicated. I personally served the Defendant a copy of this Summons on Signature

Type of SUMMONS Service Requested:
 Personal Certified Mail

CITATION: Read Notice #2 on reverse side. Court appearance is OPTIONAL. You may contest this citation by appearing in COURTROOM 4C COURTROOM 15C on the date and time indicated.

COURT DATE & TIME				
03	18	2005	11	00 AM
MONTH	DAY	YEAR	TIME	

X
This is not an admission of guilt. An ARREST WARRANT will be issued if you do not properly respond to this charge.



IN THE FRANKLIN COUNTY MUNICIPAL COURT, COLUMBUS, OHIO

STATE OF OHIO,
CITY OF COLUMBUS/

AUG 10 11:25

Plaintiff,

-vs-

CASE NO. 2005 CRB-20347

BOB TAFT

DISMISS

Defendant

N/C
N/C
N/C
N/C

DIRECT
SENTENCE ENTRY

Ethics False statement M-1
Ethics False statement M-1
Ethics False statement M-1
Ethics False statement M-1

Defendant entered a plea of N/C to the charge of Ethics False statement in violation of Section O.R.C. 102.020

Based upon Stipulation there were sufficient facts to find the defendant guilty.
 Court accepts defendant's guilty plea.

Defendant is a _____ offender within _____ years.

as to each charge

THE FOLLOWING SENTENCE IS IMPOSED:

FINE:

Total

\$ _____ Fine and court costs suspended for time served (FTS). _____ days jail credit.

\$ 4,000.00 Fine and court costs. Suspend \$ _____ of the fine/costs for _____.

\$ _____ Fine including costs. Suspend \$ _____ of the fine/costs for _____.

IN ACCORDANCE WITH R.C. 2947.14, THE COURT MAKES THE FOLLOWING FINDINGS:

- Per defendant's own statement, he/she is able to pay the fine (and costs) imposed by Today.
If costs not paid, refer to City Attorney pursuant to R.C. 2947.23.
- Per defendant's own statement, he/she is able to pay the fine/costs. Time payments authorized.
- Pursuant to R.C. 2947.14, the court finds defendant unable to pay.

also see back

INCARCERATION:

_____ Total days in FCCC. Suspend _____ days. Credit _____ days for time served. Length of confinement _____ days in _____ Enforcement date _____.

Balance of sentence suspended upon the following conditions:

_____ Year(s) PNC probation and PNC serious traffic offenses/criminal offenses/same or similar offenses.

Supervised by probation officer as PNC status. Further, _____.

_____ Year(s) Reporting Probation. CONDITIONS OF PROBATION ON REVERSE-

DRIVING PRIVILEGES SUSPENSION:

_____ days. Beginning date _____.

- Occupational/Limited driving privileges authorized per separate entry. Effective date _____
- Proof of Financial Responsibility provided to officer/to the Court.
- Proof of Financial Responsibility not provided. Clerk to notify Bureau of Motor Vehicles.
- FRA Suspension
- Innocent owner per separate entry. Vehicle ordered immobilized _____ days per separate entry.

Further,

jury waiver + Plea Agreement signed and accepted by the court
Court reporter present

PSI ordered. Court date _____ at _____ a.m./p.m. in 12C.

PSI/record check ordered. Court date _____ at _____ a.m./p.m. in 12C.

IT IS SO ORDERED

AUG 18 2005

DATE

Mark S. Froehlich

JUDGE MARK S. FROEHLICH

IN THE FRANKLIN COUNTY MUNICIPAL COURT
COLUMBUS, OHIO

CONDITIONS OF PROBATION

_____ Fine and court costs to be paid. \$_____ of fine suspended upon compliance with conditions of probation.

_____ Not to operate motor vehicle without valid license, required insurance, or outside scope of any occupation/limited privileges.

_____ ISRP/Work Release for _____ days. Enforcement date _____. Work Release per entry YES/NO.

_____ No same/similar offense and/or alcohol/drug involvement.

_____ Attend Maryhaven: exploring sober alternatives or equivalent within 60 days.

_____ Attend Maryhaven: MAC Program within 60 days.

_____ Probation Department to assess for alcohol/drug problems, and follow up as recommended and attend aftercare, alcohol and/or drug counseling as directed by Probation Officer.

_____ Submit to alcohol/drug screen(s).

_____ No acts of violence.

_____ DV counseling assessment, alcohol/drug assessment, and/or anger management assessment, and follow-up if necessary.

_____ TAPP

_____ VIP (Victim Impact Panel) attendance.

_____ Stay away from _____.

_____ Attend and complete Defensive Driving Course within 90 days.

_____ Pay restitution: Victim _____ \$_____ or _____ deductible only.

_____ Community Service - _____ hours within _____ days.

_____ Upon completion of conditions of probation, balance of probation reverts to PNC.

Other To E-mail all state employees apology and
to e-mail all media within state of Ohio
within seven (7) days.

Franklin County Municipal Court

LORI TYACK
Clerk of Court 375 S. HIGH ST., COLUMBUS, OHIO 43215

State of Ohio
County of Franklin
City of Columbus

V: Douglas J. Moorman

DEFENDANT

FILED
2006 FEB 10 PM 2:53
FRANKLIN COUNTY
MUNICIPAL COURT
LORI M. TYACK
TIME STAMP

OTHER JURISDICTION

COMPLAINT

Complainant, being duly sworn, states that the above named defendant, at Franklin County / Columbus, Ohio, on or about the 15th day of March, 2005, being a public official within the jurisdiction of the Ohio Ethics Commission, to wit: Commission Member of the Transportation Review Advisory Council and having filed an annual financial disclosure statement pursuant to O.R.C. Section 102.02(A), did knowingly file a false statement, to wit: did fail to disclose Thomas Noe as the source of a \$5,000.00 loan received during the 2004 calendar year, to wit: did aver to have no known creditors despite having been provided a \$5,000.00 check by Noe on August 29, 2004

in violation of section 102.02(D) City Code Misdemeanor of the 1st degree.

Complainant: *James S. Charles*
City: *Columbus*
Address: *ONE STATE HIGHWAY 100, OHIO ETHICS COMMISSION*
City: *Columbus* State: *OH* ZIP CODE: *43275*

Sworn to and subscribed before me, this 10th day of February, 2006

LORI TYACK
Clerk of the Franklin County Municipal Court
By: *Lara N. Baker*
CLERK / DEPUTY CLERK / NOTARY PUBLIC / PEACE OFFICER



LARA N. BAKER
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration Date
Section 147.03 ORC

Notary Seal & Expiration Date

ARREST WARRANT

To any law enforcement officer of the State of Ohio:
You are hereby commanded to arrest the above named defendant and bring him/her before the Franklin County Municipal Court without unnecessary delay, to answer to the complaint hereon. WHEN APPLICABLE, IN ACCORDANCE TO CRIMINAL RULE #4, THE WARRANT HAS BEEN ISSUED BEFORE THE DEFENDANT HAS APPEARED AND THE BAIL PROVISION CRIMINAL RULE 46 SHALL APPLY. ARRAIGNMENT COURT IS HELD IN COURTROOM 4C AT 9:00 AM., MONDAY THROUGH FRIDAY.

LORI TYACK
Clerk of the Franklin County Municipal Court

State # _____ Control # _____
By _____ DEPUTY DATE _____

Complaint Number: 1145315 Issuing Officer: [Redacted] Budget Number: [Redacted]

Case No.: *02/3630* SUMMONS WARRANT MISDEMEANOR CITATION

Charge: Ethics - Disclosure

Section Number: 102.02(D) City Code: [Redacted] Offense Date: 3/15/05 Offense Time: N/A AM PM

Offense Location: 8 East Long St., 10th Floor Suspect Cruiser Dist.: [Redacted]

Name: Moorman Douglas J. LAST FIRST MIDDLE

Street: [Redacted]

City: [Redacted] State: [Redacted] Zip: [Redacted]

SEX: M RACE: [Redacted] HGT: 6'5" 240 HAIR: BR EYES: GR

DOB: [Redacted] S.S. #: [Redacted] DL/ID #: [Redacted]

SUMMONS: Read Notice #1 on reverse side.
You MUST appear in courtroom 4C or 15C on the date and time indicated. I personally served the Defendant a copy of this Summons on 2/10/06 Signature: *Lara N. Baker*

Type of SUMMONS Service Requested:
 Personal Certified Mail

CITATION: Read Notice #2 on reverse side.
Court appearance is OPTIONAL. You may contest this citation by appearing in COURTROOM 4C or COURTROOM 15C on the date and time indicated.

COURT DATE & TIME
02/24/2006 9:00 AM PM
MONTH DAY YEAR TIME
 This is not an admission of guilt. An ARREST WARRANT will be issued if you do not properly respond to this charge.

Plaintiff,

-vs-

J. DOUGLAS MOORMANN

Defendant.

CASE NO. 10-1-06

DISMISS

- Court Reporter Present
- Jury waiver executed
- Defense counsel present

SENTENCE ENTRY (INDIRECT) -1

Defendant entered a plea of N.C. to the charge of in violation of Section

Based upon STIP there were sufficient facts to find the defendant guilty.

Court accepts defendant's guilty plea.

Defendant is a offender within years.

Having considered the principles of sentencing outlined in R.C. 2929.21 and the factors set forth in R.C. 2929.22, the following sentence is imposed:

FINE:

\$ 1000 Fine and court costs. Suspend \$ of the fine/costs for

\$ Fine including costs. Suspend \$ of the fine/costs for

IN ACCORDANCE WITH R.C. 2947.14, THE COURT MAKES THE FOLLOWING FINDINGS:

Per defendant's own statement, he/she is able to pay the fine/costs imposed by 8-1-06 Time payments authorized

If costs not paid, refer to City Attorney pursuant to R.C. 2947.23.

Pursuant to R.C. 2947.14, the court finds defendant unable to pay. Pursuant to R.C. 2929.28 defendant shall perform hours community service

In accordance with R.C. 2929.28(D), judgment is hereby rendered against defendant and in favor of the appropriate political subdivision or legal entity for the financial sanctions imposed herein.

RESTITUTION:

Pursuant to R.C. 2929.28(D), an order is rendered against defendant and in favor of for restitution in the amount of \$

- Restitution payments shall be made directly to the victim.
- Restitution payments shall be made to the above named party through the restitution office of the department of probation services.
- Restitution ordered by agreement of the parties. Installment payments authorized. See separate Restitution Entry.

JAIL TERM:

Total days in FCCC. Suspend days. Credit days for time served.

Length of confinement days in Enforcement date

COMMUNITY CONTROL: The Court hereby imposes a period of community control for years. The defendant shall be under the general control and supervision of the Department of Probation Services of the Franklin County Municipal Court for purposes of reporting any violations of the sanctions imposed herein.

Defendant shall comply with "Conditions of Supervision" adopted by the Franklin County Municipal Court. Defendant is not to violate any law and not be engaged in an offensive course of conduct. Defendant may not leave Franklin County, Ohio without permission from his/her probation officer. Defendant must abide by all additional orders or instructions by this court or the probation officer, report promptly (within one week), and correctly report any change of address and telephone number to the probation officer.

ISRP (work release) Enforcement Date(s)

Home Incarceration days. Enforcement Date Electronic Monitoring Required

Special Enforcement Instructions:

- No further acts of violence
- Community service hours
- Attend Defensive Driving Course
- Non-Reporting Probation, supervised as Provided No Convictions (P.N.C.)
- No odor/consumption of alcohol and/or drugs of abuse/no refusals
- Stay away from
- Pay restitution to: in the amount of \$
- Successfully complete Domestic Violence, Anger Management and/or mental health counseling as determined by the Probation Department.
- Successfully complete alcohol/chemical dependency counseling and NA/AA as deemed appropriate by the Probation Department
- No same or similar offense
- Attend victim impact panel
- Pay fines and costs.
- Attend 3 day DIP and follow up.
- Attend Chemical Dependency Assessment
- Strict compliance
- Any and all counseling required by the Probation officer.
- Submit to alcohol/drug screen(s)
- Compliance with all vehicle sanctions ordered
- Take all Doctor prescribed medication

Further 5,000 ORDER LOAN TO BE PLACED IN ESCROW WITH F.C.C.P. COURT FORTHWITH 06000-100042

DRIVING PRIVILEGES/ SUSPENSION:

Beginning date Class Length

- Occupational/Limited driving privileges authorized per separate entry. Effective date
- Proof of Financial Responsibility provided to officer/to the court. Proof of Financial Responsibility not provided. Clerk to notify BMV.

VEHICLE SANCTIONS: Vehicle ordered immobilized days per separate entry.

IT IS SO ORDERED

DATE

2.24.06

EXP. SEE RECORD PLAT AGREEMENT

JUDGE SCOTT D. VANDERKARR