



Phillips Lytle LLP

VIA CM/ECF

August 17, 2011

Hon. David R. Homer
United States Magistrate Judge
United States District Court
Northern District of New York
United States Courthouse
445 Broadway
Albany, NY 12207

Re: Securities and Exchange Commission vs. McGinn, Smith & Co., Inc., et al.
Case No. 1:10-cv-00457-GLS-RFT
McGinn Smith Firstline Funding, LLC Motion

Dear Judge Homer:

I have just filed on ECF the Motion of William J. Brown, as Receiver, for an Order Approving Settlement with Security Systems, Inc. with respect to McGinn Smith Firstline Funding, LLC.

This Motion is in the nature of a settlement with a party who loaned McGinn Smith Firstline Funding, LLC \$1.1 million on March 30, 2010. I have negotiated a beneficial settlement for the benefit of the estates with respect to the repayment of that loan. While I believe this authority is within my purview as Receiver, the settlement involves the transfer of alarm contracts to Security Systems, Inc. (the lender) which was their right under the original Loan Agreement, although it is being accomplished at a much lesser amount if the Settlement Motion is approved. Accordingly, I am filing this Motion for approval on notice to the required parties as set forth in the Motion.

Motions for the sale of assets under the Preliminary Injunction Order require only four business days notice. I respectfully request that the Court schedule this Motion for

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hearing on or about August 30, 2011 by So Ordering this letter. I am available to answer any questions.

Very truly yours,

Phillips Lytle LLP

By */s/ William J. Brown*

William J. Brown

EEEht
Doc # 01-2504775.1

The hearing on the referenced Motion shall be heard at _____ a.m. on August __, 2011 at the United States Courthouse, 445 Broadway, Albany, New York 12207.

So Ordered:

Hon. David R. Homer
United States Magistrate Judge

cc (w/enc. Motion;
via E-mail): David Stoelting, Esq.
Kevin McGrath, Esq.
E. Stewart Jones, Esq.
William Dreyer, Esq.
James Featherstonhaugh, Esq.
Nancy McGinn