

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

-----X
SECURITIES AND EXCHANGE COMMISSION :

Plaintiff, :

vs. :

Case No. 1:10-CV-457
(GLS/DRH)

McGINN, SMITH & CO., INC., :
McGINN, SMITH ADVISORS, LLC :
McGINN, SMITH CAPITAL HOLDINGS CORP., :
FIRST ADVISORY INCOME NOTES, LLC, :
FIRST EXCELSIOR INCOME NOTES, LLC, :
FIRST INDEPENDENT INCOME NOTES, LLC, :
THIRD ALBANY INCOME NOTES, LLC, :
TIMOTHY M. McGINN, AND :
DAVID L. SMITH, GEOFFREY R. SMITH, :
Individually and as Trustee of the David L. and :
Lynn A. Smith Irrevocable Trust U/A 8/04/04, :
LAUREN T. SMITH, and NANCY McGINN, :

Defendants, :

LYNN A. SMITH and :
NANCY McGINN, :

Relief Defendants, :

- and- :

GEOFFREY R. SMITH, Trustee of the :
David L. and Lynn A. Smith Irrevocable :
Trust U/A 8/04/04, :

Intervenor. :

-----X

**NOTICE OF FILING OF ASSET PURCHASE
AGREEMENT OF PREVAILING BIDDER FOR
ALARM SYSTEM ACCOUNTS MANAGED BY
MCGINN SMITH ALARM TRADING, LLC**

Attached is the Asset Purchase Agreement between Security Systems, Inc. and

William J. Brown, as Receiver for McGinn, Smith Firstline Funding, LLC, et al., which

represents the prevailing qualified bid at an auction held today which will be presented to the Court for approval at a pre-scheduled hearing at 10:00 a.m. on April 3, 2012.

Dated: April 3, 2012

PHILLIPS LYTTLE LLP

By /s/ William J. Brown

William J. Brown (Bar Roll #601330)

Joshua P. Fleury (Bar Roll #515418)

Attorneys for Receiver

Omni Plaza

30 South Pearl Street

Albany, New York 12207

Telephone No. (518) 472-1224

and

3400 HSBC Center

Buffalo, New York 14203

Telephone No.: (716) 847-8400

Doc # 01-2568082.1

ASSET PURCHASE AGREEMENT

between

Security Systems, Inc.

and

William J. Brown, as Receiver for

McGinn, Smith Firstline Funding, LLC

MSFC Security Holdings, LLC

First Excelsior Income Notes, LLC

First Independent Income Notes, LLC

Third Albany Income Notes, LLC

Pacific Trust 02

McGinn, Smith Funding, LLC

McGinn, Smith Alarm Trading, LLC

ASSET PURCHASE AGREEMENT

THIS AGREEMENT ("Agreement") is made as of March __, 2012 by and between Security Systems, Inc., a Connecticut corporation maintaining its principal place of business at 55 Sebethe Drive, Cromwell, Connecticut 06416 ("Buyer") and William J. Brown, as Receiver for McGinn, Smith Firstline Funding, LLC, MSFC Security Holdings, LLC, First Excelsior Income Notes, LLC, First Independent Income Notes, LLC, Third Albany Income Notes, LLC, Pacific Trust 02, McGinn, Smith Funding LLC, McGinn, Smith Alarm Trading LLC (collectively, the "Sellers" and, individually, a "Seller"). Buyer and the Sellers are collectively referred to as the "Parties"

RECITALS

- A. Buyer is in the business of purchasing monitoring accounts and the management of such monitoring accounts, which includes arranging for the monitoring of security alarm systems and the billing and collecting of monitoring service fees.
- B. The Sellers are currently engaged in the business of owning and servicing accounts for residential and light commercial security systems ("Accounts").
- C. Buyer and the Sellers desire to enter into an agreement pursuant to which Buyer shall purchase in bulk the Accounts and other assets of the Sellers described on the Rider attached to the Agreement.

The following terms shall have the meanings set forth herein when used in this Agreement:

"Accounts" means all "accounts" created or acquired by the Sellers which are listed on the attached Rider, all of which are subject to this Agreement. An "Account" is any one or more of the Accounts.

"Accounts with Zero Value" means Accounts that are over 60 days past due as of the Purchase Date, have indicated an intent to cancel at a future date as of the Purchase Date, or have already been cancelled as of the Purchase Date.

"Account Agreement" is an agreement between the Sellers and the Subscriber for the provision of monitoring services.

"Affiliate" means any person or entity affiliated with, controlled by, or under common control with Buyer or Sellers.

"Alarm System" means a residential or light commercial alarm system involving a homeowner or business which has entered into an Account Agreement for monitoring services which is owned by the Sellers.

"Installer Code" means the secret set of numbers that the Sellers program into an alarm panel to prevent unauthorized takeover.

"Managers" means Douglas Keenholts and Brian Shea.

“**Prepays**” is the amount any Subscriber has remitted to a Seller prior to closing for services to be delivered after the closing date by Buyer.

“**Purchase Price**” is the dollar amount paid to purchase the Accounts and other assets.

“**Purchase Date**” is the date on which the purchase and sale of the Accounts and other assets is consummated pursuant to the terms of the Agreement.

“**RMR**” means the recurring monthly revenue which a Subscriber has contracted to pay for the monitoring services to be provided to that Subscriber under his or her Account Agreement owned by the Sellers.

“**Subscriber**” means the end user of monitoring services pursuant to an Account Agreement. This person is the owner of the home or business where monitoring services are rendered. A person who rents a home does not qualify as a Subscriber.

AGREEMENT

NOW, THEREFORE in consideration of the foregoing, the mutual promises and covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **PURCHASE AND SALE OF ACCOUNTS AND OTHER ASSETS.** Buyer shall purchase from the Sellers and the Sellers shall sell to Buyer all of the 5,061 Accounts and other assets listed on the Rider attached hereto which is incorporated into and made a part of this Agreement (the “Rider”).

2. **DELIVERY OF CONTRACTS AND OTHER ASSETS.**

a. Sellers shall deliver to Buyer on the Purchase Date (i) the fully executed originals or copies of each Account Agreement, including the Account Agreements relating to the Accounts with Zero Value, together with all related documents, (ii) an executed Bill of Sale and Assignment by Sellers in the forms attached as Exhibit “A” as amended and supplemented from time to time with Sellers’ consent, (iii) any other transfer documents reasonably requested by Buyer, and (iv) all other assets listed on the Rider subject to the exceptions thereon.

b. With the transfer and assignment of the Accounts, Sellers shall also deliver to Buyer the following: (i) copies of all central station and GSM provider invoices except as listed on Schedule 2, (ii) all customer folders, (iii) assignment of two main customer inbound service lines, (iv) assignment of “Alarm Services” brand, trade name, and bill header and assignment of any other bill headers and trade names used on these accounts, (v) list of all sub-contractors used to service accounts, copies of their agreements and compensation arrangements, (vi) list of any fire accounts, (vii) percent of customers with warranty coverages, charges and stipulations, (viii) assignment of all central station phone numbers in their control, and (ix) all panel lockout codes currently used.

3. PURCHASE PRICE.

(a) The purchase price for the Accounts and other assets shall be Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000). All taxes, fees, assessments or other governmental charges, impositions or withholdings of any nature (and interest and penalties relating thereto) (collectively the "Impositions") imposed on, based on, or with respect to, a Subscriber, an Account Agreement, the Alarm System, this account sale transaction, or any and all Account(s), including sales tax, use tax, excise tax, taxes on gross receipts or otherwise, incurred prior to the Purchase Date, shall be paid solely by Sellers.

(b) The Purchase Price shall be paid as follows:

- (i) Buyer shall deliver a cash deposit of \$250,000 ("Deposit") to the Receiver upon signing the Agreement to be held by the Receiver's counsel in escrow pending the closing of the sale. If, for any reason, the sale does not close through no fault of Buyer, the Deposit will be promptly returned to the Buyer.
- (ii) On the Purchase Date, Buyer shall deliver \$2,000,000 in cash by wire transfer to the Receiver.

4. TELEPHONE LINES AND SERVICES. All telephone lines used by Sellers in connection with their communication with central monitoring stations and customer service functions for Subscribers under this Agreement shall be transferred to and assumed by Buyer effective as of the time of closing.

5. INTENTIONALLY OMITTED.

6. PERFORMANCE OF MONITORING, ACCOUNT MANAGEMENT SERVICES, AND REPAIR AND MAINTENANCE SERVICE. After the Purchase Date, Sellers shall no longer have any responsibility to provide any services related to the Accounts. Among other things, Buyer shall be solely responsible for performing or arranging for the performance of all monitoring services, account management services, and repair and maintenance services. Sellers shall continue to be responsible for performing or arranging for the performance of all monitoring services, account management services, and repair and maintenance services for all Subscribers on and prior to the Purchase Date.

7. BUSINESS OPPORTUNITIES. Nothing in this Agreement shall prohibit Buyer or Sellers from engaging in any arrangement or arrangements with any other entity or any other prospective subscribers or dealer or any subscribers not related to the terms of this Agreement, provided that no such arrangement or agreement violates the provisions hereof.

8. RELATIONSHIP OF THE PARTIES. The relationship of Buyer on the one hand and the Sellers on the other shall be exclusively as independent contracting parties. Neither Buyer nor its personnel, agents, employees, officers, directors, members or affiliates shall be deemed employees or agents of the Sellers. Neither Sellers nor their personnel, employees, officers, directors or affiliates shall be deemed agents or employees of Buyer under any circumstances. Sellers and Buyer shall not have the right or authority to incur any liability, debt or obligation of any kind, on behalf of, or as an agent for the other, or to make any commitment of any kind or in any manner on behalf of, or as an agent for the other.

9. REPRESENTATIONS AND WARRANTIES. Sellers are selling the Accounts and other assets identified on the Rider "as is, where is" without recourse, representation or warranty, except that (a) the Receiver warrants that the Sellers own the Accounts and own or have the right to use other assets sold herein free and clear of liens and encumbrances, (b) the Receiver has the legal authority to sell the Accounts and other assets to the Buyer on behalf of the Sellers as set forth herein subject to the entry of an Order by the United States District Court for the Northern District of New York approving the sale in form satisfactory to Sellers and Buyer ("Sale Order"), and (c) the Receiver warrants and represents that Sellers have not been paid either in advance by any of the Accounts for any period of time for which monitoring services are to be provided in the future other than the current monthly billing cycle or, except as disclosed on Schedule 3, for those Accounts with non-monthly billing cycles. This paragraph shall survive the Closing.

10. COVENANTS BY BUYER. Buyer by signing below hereby covenants as follows:

a. In the event this Agreement is terminated for any reason, Buyer shall cause all Subscriber information received by Buyer relating to the Accounts to be delivered forthwith, as reasonably requested by Sellers, in electronically readable format to Sellers and shall not keep copies of same.

b. Buyer shall maintain all records relating to this transaction and the assets sold hereunder for a minimum of four (4) years and shall provide Sellers with reasonable access to such information following closing. This provision shall survive the closing of the transactions contemplated by this Agreement.

c. Until one year following the payment of the Purchase Price in full, Buyer grants Sellers access to the records and premises of Buyer for inspection and copying relating to the Accounts, during regular business hours at Sellers' expense.

11. INDEMNITY. Buyer shall indemnify and hold harmless the Receiver and the Sellers and their officers, directors, shareholders, employees, attorneys and agents, from and against all claims, demands, causes of action and liabilities of every kind or nature relating to the Accounts, including reasonable attorneys' fees, asserted by a Subscriber with respect to matters occurring after the Purchase Date. Sellers shall each indemnify and hold harmless the Buyer and its officers, directors, shareholders, employees, attorneys and agents, from and against all claims, demands, causes of action and liabilities of every kind or nature relating to the Accounts, including reasonable attorneys' fees, asserted by a Subscriber with respect to matters occurring before the Purchase Date. This paragraph shall survive the closing or termination of this Agreement.

12. CONFIDENTIAL INFORMATION; NON-DISCLOSURE.

a. Buyer recognizes that it will have access to, will acquire, and may assist in developing confidential and proprietary information relating to the business and operations of Sellers. Neither Buyer nor any Affiliate, nor any of their shareholders, officers, directors, and employees shall use for its or their own account, or disclose after the date hereof to any person, corporation, firm, partnership, association or other entity, directly or indirectly, (i) any other

information relating to the Seller's other business; and (ii) any other information the disclosure of which would have an adverse effect on the business of any Seller.

b. Sellers each recognize that it has had and will have access to, has acquired and may acquire in the future, and has assisted in developing confidential and proprietary information relating to the business and operations of Buyer in regard to the Accounts sold herein. Sellers shall not use for their own account, or disclose after the date hereof to any person, corporation, firm, partnership, association or other entity, directly or indirectly, (i) any information relating to the Buyer's business with regard to the Accounts sold herein, and (ii) any other information the disclosure of which would have an adverse effect on the business of Buyer with regard to the Accounts sold herein. This paragraph shall survive the termination of this Agreement.

13. COVENANTS NOT TO COMPETE. Following the Purchase Date, Sellers, with respect to any Accounts purchased by Buyer, shall not engage in the business of monitoring such Accounts or any solicitation of the Subscribers on behalf of themselves or any third party, either directly or indirectly, for at least seven (7) years from the payment of the Purchase Price herein. Sellers agree that a monetary remedy for any breach of this Section would be inadequate and would be impracticable and extremely difficult to prove and further agree that such a breach would cause Buyer irreparable harm. Therefore, without limiting or waiving its right to any other form of relief, Buyer shall be entitled to temporary and permanent injunctive relief without the necessity of proving actual damages. Sellers agree that Buyer shall be entitled to such injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting any bond or other undertaking in connection therewith. Any such requirement of bond or undertaking is hereby waived by all parties. If any provision of this Paragraph is invalid in part, it shall be curtailed, whether as to time, location or otherwise only to the extent required for it to be valid under the laws of the State of New York or elsewhere as sought to be enforced, and as so curtailed, shall be enforceable. This paragraph shall survive the termination of the Agreement.

14. COOPERATION and NON-INTERFERENCE.

a. With respect to Accounts purchased by Buyer, Sellers shall not following the Purchase Date in any manner, directly or indirectly, take any action that is designed, intended, or might reasonably be anticipated to have the effect of adversely affecting Buyer's interest in any of the Accounts or discourage any such Subscribers from maintaining business relationships with Buyer during and after the termination of this Agreement and during and after the term of any agreement between Buyer and a Subscriber, but in all events no less than for seven (7) years from the payment of the Purchase Price herein. Moreover, Sellers shall not, for at least seven (7) years from the payment of the Purchase Price herein, communicate directly or indirectly with any Subscriber solely for purposes of soliciting additional referrals or contracts after the term of any agreement between Buyer and a Subscriber.

b. The Sale Order shall provide that either (i) the Sellers shall deliver to Buyer on the Purchase Date a written agreement from each of the Managers that for seven (7) years following the Purchase Date they shall not solicit, directly or indirectly, any of the Accounts purchased hereunder for alarm monitoring services or provide, directly or indirectly, alarm monitoring services to any such Account(s), unless Buyer has not billed for any services for such Account(s) in the immediately preceding six months, or (ii) a provision precluding the Managers for seven (7) years following the Purchase Date from soliciting, directly or indirectly,

the Accounts purchased hereunder for alarm monitoring services or providing, directly or indirectly, alarm monitoring services to any such Account(s), unless Buyer has not billed for any services for such Account(s) in the immediately preceding six months. Any written agreement under subsection (i) of this Section and any provision of the Sale Order under subsection (ii) of this Section shall also provide that the Buyer shall be entitled to injunctive relief without bond and without the need to prove actual damages in the event of a breach by the Managers during such seven (7) year period.

c. Following the Purchase Date, Sellers and Buyer without the necessity of any further consideration whatsoever, shall each execute and deliver such further instruments of conveyance and transfer and take such additional actions as the other party may reasonably request or require to confirm or further evidence the transfer to Buyer of the Accounts, the RMR, and other property to be conveyed hereunder and the assumption by Buyer of the Account Agreements. Sellers shall do everything reasonably necessary, to insure that the sale and transfer to Buyer of the Accounts, the RMR and the other properties and rights conveyed herein will not subject Buyer or the Accounts, the RMR, and other property and rights conveyed to any liability or claim now pending or hereafter brought or claimed against Sellers or any Seller's assets, whether by operation of law (including any bulk sale or transfer law), by contract or otherwise, including any claim or liability resulting from any tax statute, rule or regulation or resulting from any employee benefit, profit-sharing or pension plan or labor agreement to which a Seller is a party or by which it or any of its assets is bound or affected or resulting from any third party claim based on interference with contractual advantage, prospective business relations or similar causes of action.

d. If any provision of this paragraph is invalid in part, it shall be curtailed, whether as to time, location or otherwise only to the extent required for it to be valid under the laws of the State of enforcement and as so curtailed, shall be enforceable. This paragraph shall survive the termination of the Agreement.

15. **GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York without reference to its conflicts of law. Any dispute arising either under this Agreement or in relation to any services or obligations to be provided pursuant to this Agreement or any Account Agreement or other dispute between the parties shall be resolved exclusively in the United States District Court for the Northern District of New York ("Court"). This paragraph shall survive the closing or termination of this Agreement.

16. **MODIFICATIONS.** No amendment, change or modification of this Agreement shall be valid unless in writing and signed by the Parties.

17. Intentionally Omitted.

18. **ASSIGNMENT.** Buyer shall not have the right to assign or otherwise transfer this Agreement, and any rights, duties or any interest herein, in whole or in part, prior to Closing. After Closing, Buyer may transfer or assign any of its rights and obligations under this Agreement, or with regard to the Accounts or any of them, in whole or in part.

19. **NOTICES.** All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service

if: (a) served personally on the party to whom notice is to be given; (b) telecopied to the party to whom notice is to be given, provided that a confirming receipt is maintained and a confirming mailing is made as described in (c) below; or (c) on the third day after mailing if mailing to the party to whom notice is to be given by first class mail, registered or certified, postage prepaid, and properly addressed.

20. ENTIRE AGREEMENT. This Agreement constitutes the entire understanding and agreement of the Parties with respect to the subject matter of this Agreement, and any and all prior agreements, understandings or representations are hereby terminated and canceled in their entirety and are of no further force and effect, being merged herein.

21. SURVIVAL OF REPRESENTATIONS. All representations, warranties, covenants, and agreements of the parties contained in this Agreement or in any instrument, certificate, opinion, or other writing provided for in it, shall survive the execution and delivery of this Agreement.

22. WAIVERS. No waiver by any party of any condition, term or provision of this Agreement shall be deemed a waiver of any proceeding or succeeding breach of the same or of any other condition, term, or provisions hereof.

23. HEADINGS. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement. All pronouns shall refer to the individual or entity involved, the masculine shall refer to the feminine and vice versa, as the context may require.

24. AGREEMENT TO PERFORM NECESSARY ACTS. Each Party agrees to perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.

25. BINDING NATURE. This Agreement shall be binding upon the parties hereto and their assigns, representatives, executors, administrators and successors.

26. COUNTERPART EXECUTION. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

27. NO THIRD-PARTY BENEFICIARY. This Agreement is made and entered into by the parties for their sole purposes and benefit. There is no third-party beneficiary to this Agreement, and nothing contained herein shall be deemed, directly or indirectly, expressly or implied, to create a third-party beneficiary to this Agreement.

28. SEVERABILITY. In the event that any one or more of the provisions contained in the Agreement shall be invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforcement of any such provision in every other respect and of the remaining provisions of this Agreement shall not in any way be affected or impaired and shall be deemed wholly enforceable.

29. ATTORNEY'S FEES. If any party to this Agreement resorts to any legal action against the other, the prevailing party shall be entitled to recover reasonable attorney's fees in

addition any other relief to which the prevailing party may be entitled. This provision applies to the entire agreement and all related documents.

30. INTENTIONALLY OMITTED.

31. INTENTIONALLY OMITTED.

32. The obligation of the parties to close the transactions which are the subject matter of this Agreement are contingent upon the approval of the Court by entry of the Sale Order.

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

“Sellers”

McGinn, Smith Firstline Funding, LLC
MSFC Security Holdings, LLC
First Excelsior Income Notes, LLC
First Independent Income Notes, LLC
Third Albany Income Notes, LLC
Pacific Trust 02
McGinn, Smith Funding, LLC
McGinn, Smith Alarm Trading, LLC

By: _____
William J. Brown, Esq. As Receiver For Each Of The Above

Security Systems, Inc.

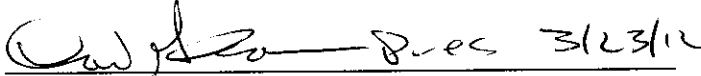
By:  3/23/12
Its authorized agent

Exhibit "A"

Closing Documents:
Assignment By Sellers
Bill of Sale
Bring Down Certificate

Assignment by Sellers

FOR VALUE RECEIVED, the undersigned Sellers as "Assignors" hereby sell, assign and transfer to Security Systems, Inc. ("Buyer"), as "Assignee", its successors and assigns, all of Seller's right, title and interest in and to the Account Agreements and other assets identified on the Rider attached to this Agreement, on an "as is, whereis" basis and without warranty, except that Receiver warrants that the Assignors own the Accounts and other assets free and clear of all liens and encumbrances and that the Receiver has the full legal authority to sell the Accounts and other assets to the Assignee on behalf of the Sellers as set forth herein.

Assignee information:

Assignor's information:

Name:
Security Systems, Inc.

Sellers' Name:
McGinn, Smith Firstline Funding, LLC
MSFC Security Holdings, LLC
First Excelsior Income Notes, LLC
First Independent Income Notes, LLC
Third Albany Income Notes, LLC
Pacific Trust 02
McGinn, Smith Funding, LLC
McGinn, Smith Alarm Trading, LLC

Address: 55 Sebethe Drive

Address: 3400 HSBC Center

City: Cromwell

City: Buffalo

State: Connecticut

State: New York

Zip: 06416

Zip: 14203-2887

Dated: _____

William J. Brown, Receiver, for Sellers

BILL OF SALE

KNOW ALL MEN BY THESE PRESENT that the undersigned Sellers (collectively the "Seller"), each a company having offices and authorized to operate at its address set forth below, for and in consideration of the purchase price set forth in the Asset Purchase Agreement dated as of March __, 2012 between the Seller and the Purchaser hereunder ("Agreement") and other good and valuable consideration paid to it by Buyer ("Purchaser"), having offices at 99 Pine Street – 3rd Floor, Albany, NY 12207, the receipt of which is hereby acknowledged by Seller, hereby grants, bargains, sells, conveys, transfers and sets over unto Purchaser, its successors and assigns, all of Seller's rights, title and interests in and to the monitoring accounts and other assets described on the Rider attached hereto and made a part hereof (the "Assets"), pursuant to the terms and conditions of the Agreement. This sale is "AS IS, WHERE IS", without recourse, representation or warranty, except that Receiver warrants that the Seller owns the Accounts and other assets free and clear of all liens and encumbrances and that the Receiver has the legal authority to sell the Accounts and other assets to the Assignee on behalf of the Seller as set forth herein.

All the terms, covenants and conditions herein contained shall be for and shall inure to the benefit of and shall bind the respective parties hereto, and their legal representatives, successors and assigns, respectively.

In all references herein to any parties, persons, entities or corporation, the use of any particular gender or the plural or singular number is intended to include the appropriate gender or number as the text of the within instrument may require.

IN WITNESS WHEREOF, Seller has caused the Bill of Sale to be duly executed in its name by its duly authorized officers the day and year set forth below.

Dated: March __, 2012

"Sellers"

McGinn, Smith Firstline Funding, LLC
MSFC Security Holdings, LLC
First Excelsior Income Notes, LLC
First Independent Income Notes, LLC
Third Albany Income Notes, LLC
Pacific Trust 02
McGinn, Smith Funding, LLC
McGinn, Smith Alarm Trading, LLC

By: _____
William J. Brown, Esq. As Receiver For Each Of The Above

SCHEDULE "A"

Date of Agreement: February 10, 2012

Name of Sellers:

McGinn, Smith Firstline Funding, LLC
MSFC Security Holdings, LLC
First Excelsior Income Notes, LLC
First Independent Income Notes, LLC
Third Albany Income Notes, LLC
Pacific Trust 02
McGinn, Smith Funding, LLC
McGinn, Smith Alarm Trading, LLC

Jurisdiction of Organization: New York

Individual Contact and Officer of Sellers: William J. Brown, Esq. As Receiver For Each Entity Above

Address of Sellers: 3400 HSBC Center, Buffalo NY 14203-2887

County: Erie

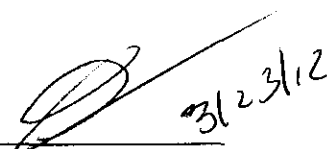
Phone and fax numbers of Sellers: ph 716-847-7089 fx 716-852-6100

Email Address of Sellers: WBrown@phillipslytle.com

Geographic Area Served: _____ N/A _____

Minimum Contract Term in years: _____ N/A _____

Listing of 5,061 Accounts being Purchased : See attached Rider.

Initials:  3/23/12
Buyer _____ Sellers _____

RIDER

1. All 5,061 Accounts identified on the attached file including the Zero Value accounts.
2. All accounts receivable relating to the Accounts included within paragraph 1 of this Rider.
3. All accounts placed with the collection agency Solomon and Soloman by McGinn, Smith Alarm Trading, LLC. Should monthly collections from these accounts exceed \$2,500 in any month following the Purchase Date, Buyer shall pay 50% of the proceeds above \$2,500 to Seller within ten days of each month end.
4. Copies of all central station and GSM provider invoices; All original or copies of customer agreements recognizing that approximately two percent of the written Account Agreements may not be available; All customer folders; Assignment of two main customer inbound service lines; Assignment of "Alarm Services" brand, trade name, and bill header and assignment of any other bill headers and trade names used on these accounts; List of all sub-contractors used to service accounts, copies of their agreements and compensation arrangements; List of any fire accounts; Percent of customers with warranty coverages, charges and stipulations; Assignment of all central station phone numbers in Sellers' control; and All panel lockout codes currently used.

Exhibit "B"

[Intentionally Omitted.]

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

-----X
SECURITIES AND EXCHANGE COMMISSION :

Plaintiff, :

vs. :

Case No. 1:10-CV-457
(GLS/DRH)

McGINN, SMITH & CO., INC., :
McGINN, SMITH ADVISORS, LLC :
McGINN, SMITH CAPITAL HOLDINGS CORP., :
FIRST ADVISORY INCOME NOTES, LLC, :
FIRST EXCELSIOR INCOME NOTES, LLC, :
FIRST INDEPENDENT INCOME NOTES, LLC, :
THIRD ALBANY INCOME NOTES, LLC, :
TIMOTHY M. MCGINN, AND :
DAVID L. SMITH, GEOFFREY R. SMITH, :
Individually and as Trustee of the David L. and :
Lynn A. Smith Irrevocable Trust U/A 8/04/04, :
LAUREN T. SMITH, and NANCY MCGINN, :

Defendants, :

LYNN A. SMITH and :
NANCY MCGINN, :

Relief Defendants. and :

GEOFFREY R. SMITH, Trustee of the :
David L. and Lynn A. Smith Irrevocable :
Trust U/A 8/04/04, :

Intervenor. :

-----X

CERTIFICATE OF SERVICE

I, Karen M. Ludlow, being at all times over 18 years of age, hereby certify that on April 3, 2012, a true and correct copy of the Notice of Filing of Asset Purchase Agreement of Prevailing Bidder for Alarm System Accounts Managed by McGinn Smith Alarm Trading, LLC was caused to be served by e-mail upon all parties who receive electronic notice in this case pursuant to the Court’s ECF filing system, as follows:

- **Alison B. Cohen** - acohen@gkblaw.com
- **William J. Dreyer** - wdreyer@dreyerboyajian.com, lbaldwin@dreyerboyajian.com, sbreslin@dreyerboyajian.com, bhill@dreyerboyajian.com
- **Scott J. Ely** - sje@fwc-law.com
- **James D. Featherstonhaugh** - jdf@fwc-law.com, cr@fwc-law.com, shm@fwc-law.com, sje@fwc-law.com, sbh@fwc-law.com
- **Erin K. Higgins** - EHiggins@ckrpf.com
- **Benjamin W. Hill** - bhill@dreyerboyajian.com, glentini@dreyerboyajian.com
- **Iseman, Cunningham, Riester & Hyde, LLP** - riseman@icrh.com
- **E. Stewart Jones, Jr** - bessetca@esjlaw.com, sangerki@esjlaw.com
- **Jack Kaufman** - kaufmanja@sec.gov

- **Fred N. Knopf** - fred.knopf@wilsonelser.com
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