Attention: Jay Kaplowitz et al
Gersten Savage

From: David L. Smith, Timothy McGinn

Date: October 10, 2009

The following represents a summary of the transactions effected through McGinn Smith Transaction Funding, LLC (MSTF) on behalf of McGinn, Smith & Co (MS), a McGinn Smith Capital Holdings (MSCH), McGinn Smith Advisors (MSA) and four investment LLCs, First Independent Income Notes, LLC (FIIN), First Excelsior Income Notes, LLC (FEIN), Third Albany Income Notes, LLC (TAIN) and First Advisory Income Notes, LLC (FAIN). [The FUNDS]

History: Starting in 2003 through 2005 the FUNDS were formed primarily [illegible] as to the type of financing that could be provided and specifically permitted to invest in MS affiliated companies. Starting in late 2007, the FUNDS began to realize a shortfall of income sufficient to meet the debt obligations of the FUNDS due to the underperformance of its loans and investments. Starting in January of 2008 and culminating in October of 2008 the FUNDS restructured its payments without noteholder approval. This approach was discussed with Jay and agreed upon due to the assumption that because of the capital structure of the FUNDS, noteholder approval was not likely and that Senior noteholders would likely object. Our approach was generally successful as we have had limited arbitration filings due to the non-performance of the FUNDS. To date we have

However, these arbitrations, in addition to questions that arose ~~during~~ during a FINRA Routine audit in the Fall of 2008, have sent FINRA on a never ending request for information. We have had limited legal representation from Stradley, Ronon, Stevens & Young, LLP of Philadelphia who was handling one of the arbitration cases for our Philadelphia broker representative. Tim and I have sat with an On the Record (OTR) interview with FINRA in April 2009. In June of 2009 FINRA sent 6 auditors to our offices to review the FUNDS. We have supplied them with approximately 30,000 pages of documentation and over 20,000 e-mails. On September 30, 2009, FINRA asked for additional information for a large number of related entities, some going back as far as 1982. In preparing the documentation, we became

See Exhibit #1

through MSTF that were specific to the interests of ~~the~~ MS affiliates and its principals, and because of outside investment in MSTF, ~~[illegible]~~ the use of MSTF as ~~a~~ the transaction vehicle was most likely improper. In addition, the documentation supporting these transactions was either unavailable or not up to date. Realizing ~~that~~ the ~~a~~ possibility that the appearance of these transactions could be interpreted as the improper use of investor funds ~~or~~ the co-mingling of funds, we have sought your counsel on how to rectify this mistake. Unfortunately, we are under pressure to deliver these documents to FINRA by October 13, 2009.

The transactions ~~of~~ in question fall into 3 categories:

1) advances from MSTF to McGinn Smith & Co.

and

3) advances from MSTF to customers of McGinn Smith of whom we had decided to support because of their ~~exper~~ high level of importance to the firm and to whom we were attempting to bridge the gap of their shortfall in income due to the non-performance of their investment in the FUNDS.

Items #1) and #2) are of less concern to us than item #3. The loans from the FUNDS are supported by personal guarantees and assignment of fee income due to MSA and/MSCH from the FUNDS. Advances to MS are also supported by the aforementioned guarantees and assignment, but are problematic because if they are characterized as loans, which they are not, the loans are not on the bound.

originally booked as advisory fees, but in reviewing the books for dissemination, it is apparent to us that there is no place in the PPM of MSTF that permits fees payable to MS. Why we booked fees that are clearly owed ~~them~~ by the FUNDS ~~through~~ to MSCH and MSA remains ~~a mystery~~, and ~~then~~ then ran them through the books of MSTF is absolutely inexplicable and incredibly stupid. Our solution is simply to book them as advances which are due from MSCH and MSA, supported by the fees owed us.

#3 is where the major risk is. There is no supportable or plausible reason why monies from MSTF were used to pay clients of the firm. While they were doing it ~~for~~ at the request of MSCH and MSA and those entities clearly have the where-with-all to repay the monies from the place in MSTF. The immediate and pressing problem is how to characterize and justify those payments from MSTF and how to get the money back to MSTF ASAP. Jay has expressed a concern that repaying the monies at the same time as we are being asked to provide financial files looks like a cover-up. Having discovered this mistake and realizing the appearance of impropriety or worse, I seek a solution that calls for immediate restitution with some reasonable explanation for our behavior. That will probably call for creativity beyond anyone's ability.

I have enclosed several exhibits:

#1 - the Sept 30th letter from FINRA
#2 - the MSTF PPM (Gerstein has the PPMs of the FUNDS)
#3 - Client [illegible]

Exhibit #4 – this shows a number of Quicken entries that have been identified through:

A – $1,400,000 purchase of MS preferred stock. This is entirely appropriate and was called for in the PPM

B – offsetting payments of $50,000 to ~~the~~ MS, which evidently ~~were~~ were simply an error

C – $225,000 in advances to MS as Advisory fees, but MS cannot really justify based on the objectives of the PPM. These were not documented and noone can even remember what they were for. The firm has been under pressure for lack of net capital for some time. ...

MSTH and pay MS is a complete mystery. We need to repay this money also, as it is not an appropriate expense for MSTF.

D - underwriting commissions paid to MS, entirely appropriate

Exhibit #5

This is the Quicken file that shows three loans to MSTF from:

FEIN	$150,000
FIJW	175,000
TAIN	225,000
	$550,000

While these loans were made for working capital purposes, since they were made to an entity that is owned by the principals of MS, we should probably have loan guarantees and collateral in place. Assignment of the fee income once again is the most fungible and

If we aggregate all these areas of activity with relationships to MS entities, MSTF ~~is~~ has assets of:

$275,000
597,281
$872,281

and

liabilities of: $550,000 $550,000

or a net "due from" of $322,281

Thus, if we were to net everything, and pay MSTF from MSA and MSCH the sum of $322,281, we would square the books of MSTF, notwithstanding the inappropriate transactions that got us ~~there~~ there.

We must show a profit motive for MSTF, so they are due interest on the $872,281. They must also pay interest on their loans from the.

and carries an interest
12% The "net" monies owed
to MSTF of $322,281 plus
~~extra~~ and minus interest
is well secured by the personal
guarantees of Tim and Dave
and the fees owed by the
FUNDS to MSCH and MSA
of approximately $1,610,000.
~~This~~ These fees have been
accrued through 12/31/07 and
do not include any accruals
for 2008 or 2009. The reason
for that is in my investor
letters of January, April, and
October of 2008, I represented
to the noteholders of the
FUNDS that MSCH and MSA
would waive their fees in an
effort to participate in the
sacrifices that noteholders
~~we~~ were being asked to endure.
We are under no legal obligation
to do so as the fees are not
subordinate to anything. In fact,

never collected from the p[illegible].

Hopefully, the reader of this epistle has gained an understanding of our ~~[illegible]~~ perilous position brought on by our own stupidity. These actions were a ~~[illegible]~~ result of not thinking things through, not of any attempt at personal enrichment. We need to rectify the situation, hopefully with as little damage to us personally as can be avoided. In the current climate, any activity that is not by the ~~[illegible]~~ book and properly documented can ~~be~~ bring severe punishment.

Thank you for your assistance.

Dave Smith

$10,000,000

8.00% PARTICIPATING NOTES DUE JULY 1, 2012

MCGINN, SMITH TRANSACTION FUNDING CORP.

MAXIMUM OFFERING $10,000,000
MINIMUM OFFERING $500,000

MINIMUM PURCHASE $250,000

McGinn, Smith Transaction Funding Corp. (the "Company") is hereby offering $10,000,000 of Participating Notes (the "Notes") due July 1, 2012.

The interest paid on the Notes will be 8.00% per annum plus, as contingent interest, a participation in investment banking fees generated by McGinn, Smith & Co., Inc. ("McGinn, Smith") on proprietary transactions originated, negotiated, documented, and funded by and through the efforts of McGinn, Smith.

Prior to this offering, there has been no market for the Notes offered hereby. The offering price of the Notes was arbitrarily determined by the Company and thus there can be no assurance that the Notes can be resold at the offering price or that any market liquidity will develop.

Price of Notes 100%

See "Risk Factors" for a discussion of certain risks that should be considered by prospective purchasers of the Notes offered hereby.

THESE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to the Public	Underwriting Discount	Proceeds to the Company
	100%	2.0%	98.0%
Minimum Offering	$500,000	$10,000	$490,000
Maximum Offering	$10,000,000	$200,000	$9,800,000

The date of this Memorandum is April 22, 2008 selected by McGinn, Smith Transaction Funding Corp. (the "Company") if the Escrow Agent is unable or unwilling to serve. Interest will be earned on funds held in the Escrow Account commencing three days after the funds are deposited until the earlier of the termination of this Offering or the investment of such funds in Notes. During the period that an investor's funds are held in the Escrow Account, he will not be a Noteholder. An investor's funds will not be held in the Escrow Account more than two months before being invested in the Notes, with Escrow Agent fees being deducted from escrow interest payable to investors. See "Terms of the Offering".

The Company will furnish to investors certain reports, financial statements and tax information. See "Description of the Notes and the Trust Agreement - Reports".

WHO MAY INVEST

The Notes will generally be offered only to accredited investors ("Accredited Investors") as that term is defined under Regulation D promulgated under the Securities Act of 1933, as amended (the "Act"). McGinn, Smith & Co., Inc. (the "Sales Agent") may, however, offer and sell Notes to 35 or fewer non-accredited investors. With certain exceptions (primarily with respect to institutional investors) an Accredited Investor is an individual who (i) has a net worth (along and together with the Investor's spouse) in excess of $1,000,000 or (ii) has had gross income in excess of $200,000 in each of the past two years or joint income with that person's spouse in excess of $300,000 in each of those years and reasonably expects gross income at the same level in the current year. Corporations, partnerships and other entities will be considered Accredited Investors if each of its beneficial owners individually qualify as Accredited Investors, or if such entity has total assets in excess of $5 million. Prospective investors to be admitted as Accredited Investors will be required to represent that they satisfy the requirements of an Accredited Investor. See "Suitability".

The Notes offered hereby are suitable only for those investors whose business and investment experience makes them capable of evaluating the merits and risks of their prospective investment in the Notes, who can afford to bear the economic risk of their investment for an indefinite period of time and have no need for liquidity in this investment. Each investor will be required to represent in a Subscription Agreement that he is acquiring the Notes for his own account as principal for investment, and not with a view to resale or distribution, and that he is aware that (a) his transfer rights are restricted; and (b) that the Notes have not been registered under the Act, and therefore, cannot be resold unless they are so registered or unless exemption from registration is available with respect to such transaction. (See "Suitability".) Since there can be no assurance that the Company, as hereinafter defined, will generate sufficient income necessary to pay the Notes, investment in the Notes is suited for persons who have substantial income from other sources. See "Risk Factors".

The Company or Sales Agent may require prospective investors to complete a questionnaire relating to the suitability of the investment for them, and may make or cause to be made such further inquiry as it deems appropriate. The Company and Sales Agent will collectively have the sole discretion regarding sale of the Notes to any prospective investor. The Company and Sales Agent reserve the right to reject any subscription for any reason and to allocate to any investor a smaller amount of Notes, or fractions thereof, than that for which he has subscribed. See "Suitability".

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This offering document contains or incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities and Exchange Act of 1933, as amended (the "Securities Act"), and Section 2IE of the Securities and Exchange Act of 1934 (the "Exchange Act"). Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could" or "may".

Forward-looking statements provide management's current expectation or predictions of future conditions, events or results. They may include projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure or other financial items, descriptions of management's plans or objectives for future operations, products or services, or descriptions of assumptions underlying or relating to the foregoing. They are not guarantees of future performance. By their nature, forward-looking statements are subject to risks and uncertainties. These statements speak only as of the date they are made. Management of the Company does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made except as required by federal securities law.

There are a number of significant factors which could cause actual conditions, events or results to differ materially from those described in the forward-looking statements, many of which are beyond management's control or its ability to accurately forecast or predict. Factors that might cause future performance to vary from that described in forward-looking statements include market, credit, operational, regulatory, strategic, liquidity, capital and economic factors as described under "Risk Factors" in this memorandum. In addition, other factors could adversely affect our results and this list is not a complete set of all potential risks or uncertainties. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included or incorporated by reference in this memorandum supplement.

NO ONE HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE REPRESENTATIONS WITH RESPECT TO THE COMPANY OR THE NOTES WHICH ARE NOT CONTAINED IN THIS MEMORANDUM OR FURNISHED BY THE OFFICERS OR DIRECTORS OF THE COMPANY UPON A REQUEST AS SET FORTH UNDER "ADDITIONAL INFORMATION". ANY OTHER INFORMATION OR REPRESENTATION GIVEN OR MADE MUST NOT BE RELIED ON AS HAVING BEEN AUTHORIZED BY THE COMPANY.

1933, AS AMENDED OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFORM. THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THIS MEMORANDUM DOES NOT CONTAIN AN UNTRUE STATEMENT OF A MATERIAL FACT OR FAIL TO STATE A MATERIAL FACT NECESSARY TO MAKE THE STATEMENTS MADE, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING. IT CONTAINS A FAIR SUMMARY OF THE MATERIAL TERMS OF DOCUMENTS PURPORTED TO BE SUMMARIZED HEREIN.

INTRODUCTORY STATEMENT

The information set forth below is intended to supply, in summary form, certain information and highlights from material contained in this Memorandum and should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Memorandum.

McGinn, Smith Transaction Funding Corp.
McGinn, Smith Transaction Funding Corp. (the "Company") is a New York corporation with its principal place of business at 99 Pine Street, Albany, NY 12207. The Company is engaged in providing capital necessary to close financial transactions originated by McGinn, Smith & Co., Inc. ("McGinn, Smith") prior to various capital raises undertaken by McGinn, Smith. The Company anticipates that such activities will experience durations of 90-150 days per transaction. The Company will also invest in other public and private securities deemed by management to be credit worthy. The Company has agreed to purchase $1,500,000 of McGinn, Smith & Co., Inc. 2008 Series Cumulative Preferred Stock. It is anticipated that the Company will be paid a commitment fee as well as an accretive coupon for transactions which it funds.

The Company is a newly formed New York corporation with no operating history, balance sheet, or income statement prior to the closing of this offering and related transaction.

McGinn, Smith & Co., Inc.
McGinn, Smith is a New York corporation with its principal place of business at 99 Pine Street, Albany, NY 12207. McGinn, Smith is engaged in the investment banking, securities sales, and financial advisory businesses. McGinn, Smith was formed on September 4, 1980 and became registered with the National Association of Securities Dealers (predecessor of the Financial Industry Regulatory Authority) on January 15, 1981. McGinn, Smith is currently licensed as a Broker/Dealer in 44 states plus the District of Columbia.

THE OFFERING

Securities Offered: Offering up to $10,000,000 of Participating Notes priced at par.

Maturity: July 1, 2012

Stated Interest Rate: 8.00%

Contingent Interest: The Notes will be entitled to incremental interest as a function of investment banking fees earned by McGinn, Smith on proprietary transactions originated, negotiated, documented, and funded by and through the efforts and resources of McGinn, Smith.

The amount of contingent interest allocated, based upon a maximum offering of $10,000,000 is as follows:

30% of the first $2,500,000 of net investment banking fees.
20% of the next $2,500,000 of net investment banking fees.
10% of the net investment banking fees in excess of $5,000,000.

To the extent that the maximum offering of $10,000,000 is not achieved, contingent interest percentages as described above will be reduced on a pro rata basis. For example, if $5,000,000 is sold, each of the percentages of contingent interest cited above will be reduced by half.

Accounting Period: For the purpose of determining the contingent interest, as described above; the 12 month period shall be January 1 to December 31 of each year.

Payment Intervals: Interest shall be paid quarterly on February 1, May 1, August 1, and November 1 of each year. A two percent (2.00%) interest payment shall be made on each of February, May, August and November of each year. Contingent interest shall be paid on March 1 of each year.

Call Probation/Call Pricing: The Notes will be non-callable for two years post closing. Subsequently, call prices will begin at 106.

Offering Period: The Offering will continue until July 31, 2008 unless extended by the Company.

Use of Proceeds: The net proceeds of this Offering will be employed to (1)

An investment in the Company's securities offered hereby is illiquid and the securities are restricted. There has been no market for the securities, and one is not expected to develop. An investment should be made after careful consideration of the various risk factors which will affect the McGinn, Smith Transaction Funding Corp. and McGinn, Smith & Co., Inc. and should only be made by persons who can afford to hold their investment indefinitely and who can bear the loss of their investment.

1. Dependence upon McGinn, Smith. The Company will provide bridge financing capital to close transactions originated, negotiated, documented, and ultimately funded by the capital market activities of McGinn, Smith. As such, the Company is highly dependent upon McGinn, Smith to source, structure, and sell transactions. There can be no assurance that McGinn, Smith will be successful in these efforts. Consequently, the Company may not realize the number of "turns" on its capital as contemplated.

2. Nature of the McGinn, Smith Business. McGinn, Smith's securities businesses, by their nature, are subject to various risks, particularly in volatile markets, including the incurrence of losses from trading and underwriting of securities, customer inability to meet commitments, customer default, and employee misconduct and errors.

   McGinn, Smith like other securities firms, is directly affected by national and international economic and political conditions, broad trends in business and finance, including interest rates and substantial fluctuations in the volume and price levels of securities transactions. Reduced trading volume and prices generally result in lower commissions and may result in losses from declines in the market prices of securities held in the trading and underwriting positions. During periods of low business activity, McGinn, Smith's profitability is adversely affected because a substantial portion of its expenses remains relatively fixed.

3. Competitive Industry Environment. All aspects of the businesses of McGinn, Smith are highly competitive. McGinn, Smith competes directly with numerous other securities brokers and dealers, investment banking firms and investment advisors and, indirectly, for investment funds, with commercial banks, insurance companies and other financial services firms. Some commercial banks and thrift institutions also offer securities; brokerage services and many commercial banks offer a variety of investment banking services. Competition among financial services firms also exists for investment representatives and other personnel. Many of McGinn, Smith competitors have substantially greater capital and other resources than McGinn, Smith.

   The securities industry generally has become considerably more concentrated and competitive since the late 1960's, as numerous securities firms have either ceased operations or have been acquired for merger into other firms. In addition, companies not engaged primarily in the securities business, but having substantial financial resources, have acquired leading securities firms. These developments have increased competition from firms with greater capital resources that those of McGinn, Smith.

   McGinn, Smith operates a full service securities brokerage business and relies upon a clearing firm to carry customer accounts and execute trades. Currently, McGinn, Smith's clearing agent is National Financial Services, One Whitehall Street, New York, New York.

such a department. Securities research, employed by McGinn, Smith, is generally available to the investing public.

McGinn, Smith does not have a broad based advertising plan. Generally, customers of McGinn, Smith are solicited directly by registered representatives employed by McGinn, Smith or are obtained as a result of referrals made by existing customers.

4. Capital Requirements. Pursuant to the net capital provisions of Rule 15c3-1(c) of the Securities Exchange Act of 1934, McGinn, Smith is required to maintain minimum net capital as defined under such provisions. According to Rule 15c3-1(c), McGinn, Smith's net capital ratio (aggregate indebtedness to net capital) shall not exceed 15 to 1 in any year of operation. At December 31, 2007 McGinn, Smith had net capital of $829,313 compared with net capital requirements of $100,000. McGinn, Smith has received an opinion from its accountants that the issuance of Cumulative Preferred Stock to the Company will be accretive.

5. Dependence on Management. McGinn, Smith is heavily dependent upon the services and experience of its officers. It is particularly dependent upon the services of Messrs. Timothy M. McGinn, David L. Smith and Thomas E. Livingston. Although McGinn, Smith does not rely on any single officer entirely to conduct its business, the loss of the services of either Mr. McGinn, Mr. Smith or Mr. Livingston would materially adversely affect the conduct of McGinn, Smith's business.

6. Control of McGinn, Smith & Co., Inc. The following table describes the Officers, Directors, and voting Shareholders of McGinn, Smith:

	Age	% Ownership
Timothy M. McGinn Chairman of the Board and Secretary Director	59	30%
David L. Smith President & CEO and Director	63	50%
Thomas E. Livingston Senior Vice President and Director	49	20%
Matthew Rogers Senior Managing Director	42	0%
Joseph B. Carr Vice President & General Counsel	63	0%
Andrew G. Guzzetti Managing Director, Private Client Group	60	0%
Brian T. Mayer	35	0%

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Philip S. Rabinovich Vice President	34	0%
Ryan C. Rogers Vice President	35	0%

7. Risks of Brokerage Transactions. McGinn, Smith's securities trading, market-making and underwriting activities involve the purchase, sale or short sale of securities as a principal and, accordingly, involve the risks of a change in the market price of such securities and a decrease in the liquidity of markets, which can limit McGinn, Smith's ability to sell securities purchased or purchase securities sold in such transactions. Underwriting the issuance of securities represents an important part of McGinn, Smith's business, and subjects its' capital to significant risk.

   McGinn, Smith is subject to credit risks. To the extent that McGinn, Smith advances funds in a securities transaction, the repayment of such advances may not occur. If the securities decline in value, McGinn, Smith may not recover the amounts advanced.

8. Arbitrary Offering Price. The price which the Notes are being offered to Noteholders has been arbitrarily determined and bears no relationship to the Company's assets, earnings, book value, net tangible value or other generally accepted criteria of value for investment.

9. Restrictions on Transferability of Securities. Noteholders should be fully aware of the long-term nature of their investment. The Notes will not be registered under the Act and will be sold in reliance on an exemption from registration.

   In view of the foregoing, each Investor should be satisfied that he has adequate means of providing for his current needs and possible future contingencies and that he has no need for liquidity in his investment.

10. Control of Existing Shareholders. The Notes to be issued hereunder will all not be convertible into any other class of security, therefore, virtually all decisions relating to the business of the Company will be made by the existing shareholders. Noteholders will have no control over the Company or its policies except in very limited circumstances. Noteholders will be unable to prevent dissipation of the assets of the Company, and no sinking fund is provided to retire the Notes.

11. Litigation. Many aspects of McGinn, Smith's business involve substantial risks of liability. In recent years, there has been an increasing instance of litigation involving the securities industry, including class action suits that generally seek substantial damages. Underwriters are subject to substantial potential liability for material misstatements and omissions from memorandums and other communications with respect to underwritten offerings of securities. McGinn, Smith may become a defendant in civil actions arising out of its brokerage and other activities.

12. Regulation. McGinn, Smith's business is subject to extensive regulation at both the Federal and State levels by various regulatory bodies responsible for enforcing statutes and protecting the ... organizations such as the Financial Industry

material, adverse effect on McGinn, Smith, and consequently the Company

USE OF PROCEEDS

The Company estimates that if the maximum amount of Notes are sold, the net proceeds from the sale of Notes will be approximately $9,785,000 after deducting $200,000 for selling commissions and $15,000 for legal, printing, filing and miscellaneous expenses.

The Company intends to employ the net proceeds of this offering immediately in its business.

The Company has agreed to purchase $1,500,000 of McGinn, Smith 2008 Series Cumulative Preferred Stock.

Additionally, the Company has two additional transactions which it may fund, approximately $2,250,000 to Charter Cruise Ventures LLC, which is currently being marketed by McGinn, Smith and a security alarm structured finance transaction of approximately $2,000,000, which is in the formation stage. The Company will earn a two percent (2.00%) commitment fee plus earn interest at a rate of 15.00% per annum on each funding.

MINIMUM OFFERING

Sources		Uses		
Net Proceeds	$475,000	Investment in McGinn Smith & Co., Inc.		$475,000
Total Sources	**$475,000**		**Total Uses**	**$475,000**

MAXIMUM OFFERING

Net Proceeds	$9,785,000	Investment in McGinn Smith & Co., Inc.		1,500,000
		Available for Bridge Financing		8,285,000
Total Proceeds	**$9,785,000**		**Total Uses**	**$9,785,000**

The first $1,500,000 of net proceeds from this offering will be allocated to the purchase of 5.25% 2008 Series Cumulative Preferred Stock to be issued by McGinn, Smith.

THE BUSINESS

The Company, is a newly formed New York corporation with its principal office at 99 Pine Street, Albany, NY 12207. The Company's officers are Timothy M. McGinn, Chairman & CEO; David L. Smith, President; and Thomas E. Livingston, Secretary.

The Company, upon completion of this Offering, will be engaged in the business of providing bridge financing for transactions originated, negotiated, documented, and funded by and through the efforts of McGinn, Smith. Most of the issuers who have engaged McGinn, Smith to raise capital have a need to access the capital in advance of the completion of the capital raise. In such cases, the Company will advance funds as necessary, taking as collateral the unsold securities being sold by McGinn, Smith.

1. Commitment fees paid by the issuer on amounts funded. Typically these fees range from two to five percent.

2. Interest paid to the Company. The rate of interest to be paid will generally range from 14.00 to 19.00 percent per annum, often with a minimum duration calculation, irrespective of actual time the capital is lent.

3. A share in net investment banking fees earned on proprietary investment banking executed by McGinn, Smith. This share predicated on a $10,000,000 raise, shall be as follows:

   a) 30% of the first $2,500,000 of net investment banking fees earned in the prescribed period.
   b) 20% of the next $2,500,000 of net investment banking fees earned in the prescribed period.
   c) 10% of these investment banking fees in excess of $5,000,000 earned in the prescribed period.

To the extent that the maximum offering of $10,000,000 is not achieved, contingent interest percentages as described above will be reduced on a pro rata basis. For example, if $5,000,000 is sold, each of the percentages of contingent interest cited above will be reduced by half.

For the calendar year 2007, the fees generated by (3) above aggregated $2,470,542 on employed bridge capital of approximately $3,000,000. Should these results be duplicated for a normalized year, the yield on the Notes offered hereby would be approximately 15.4%.

Calculation as follows: $\dfrac{(\$10{,}000{,}000 \times .08) + (.30 \times \$2{,}470{,}542)}{\$10{,}000{,}000} = 15.4\%$

Future refinance will depend upon numerous variables. There can be no assurance that past performance will be replicated.

The Company believes that with greater bridging resources available, more transactions can be executed and consequently greater returns can be produced.

SELECTED FINANCIAL DATA

The following table sets, on a pro-forma basis, the balance sheet of the Company assuming both a minimum and maximum closing.

Minimum Closing

Assets:

Cash	$	10,000
McGinn, Smith & Co., Inc. Preferred Stock		475,000
Unamortized Offering Expenses		25,000

	$ [illegible]
Paid in Capital	10,000
Total Liabilities	$ 510,000
Maximum Closing	
Assets:	
Cash	$8,295,000
McGinn, Smith & Co., Inc. Preferred Stock	1,500,000
Unamortized Offering Expenses	215,000
Total Assets	$ 10,010,000
Liabilities:	
Notes due July 1, 2012	$ 10,000,000
Paid in Capital	10,000
Total Liabilities	$ 10,010,000

INCOME STATEMENT AND BALANCE SHEET

McGinn, Smith has been in business on an operating basis for 27 years. Over that time span, McGinn, Smith has had one (1) year in which it failed to make a profit.

Our auditors, Piaker & Lyons have provided audited financial statement for the past 15 years. During this time, with our consent, they have classified McGinn, Smith's revenue into the broad categories as defined in the attached audited financial statements. While this methodology has served us well in prior years it does not provide a thorough market segmentation analysis needed to evaluate an investment in McGinn, Smith Transaction Funding Corp's 8% Participation Notes as the contingent interest is predicated upon McGinn, Smith ability to source and fund deals which will provide the revenue stream to support the contingent interest payments. The most significant difference between the audited financial statements and the revenue analysis pertains to underwriting revenue. The firm's audited financial statements classify underwriting as a separate line item. In an attempt to provide more clarity to potential investors, McGinn, Smith has provided an analysis of its Investment Banking and Advisory Fee revenue streams to highlight the increase in transaction based advisory fees the firm has experience over the past several years.

($ in thousands)		2007		2006		2005
Investment Banking-per audited financial stmts.	$	2,815	$	3,407	$	2,802
Advisory Services-per audited financial stmts.		2,545		775		1,539
	$	5,360	$	4,182	$	4,341
Less:						
Underwriting		2,271		2,758		2,414
Account Mgmt. fees in Advisory Svcs. above		496		775		1,539
Other in Investment Banking above		121		76		96
Total adjustments ot revenue above	$	2,888	$	3,609	$	4,049
Core investment bank/advisory services revenue	$	2,470	$	573	$	292

Set forth below is the Income Statement Items for the years 2005 through 2007.

Balance Sheet ($ in thousands)	2007	2006	2005
Cash			
Total Assets	4,637	3,878	3,581
Total Liabilities	1,699	1,030	926
Stockholder Equity	**2,938**	**2,847**	**2,655**

McGinn, Smith made a decision to increase its emphasis on investment banking related activities in the fourth quarter of 2006. McGinn, Smith's decision was predicated on an interest in moving away from low margin brokerage and agency business towards higher margin, proprietary business.

The significant increase in core investment bank/advisory services revenue in 2007 over 2006 is attributable to the addition of two seasoned professionals to McGinn, Smith. Timothy McGinn rejoined McGinn, Smith in October, 2006 after serving as Chairman & CEO of Integrated Alarm Services Group from January, 2004 to June, 2006. Mr. McGinn brought 25 years of investment banking experience to McGinn, Smith. Additionally, Matthew Rogers joined McGinn, Smith in January, 2007. Mr. Rogers had been previously employed by Tyco International LTD as Vice President of Strategy and Business Development for the Fire & Security segment, a twelve billion dollar revenue business. In that capacity, Mr. Rogers was responsible for the global direction for mergers and acquisition for the segment. Mr. Rogers works out of the Boca Raton, Florida office of McGinn, Smith.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Notes by employee benefit plans to which Title I of the U.S. Employee Retirement Income Security Act of 1974, as [illegible] ERISA applies; plans, individual retirement accounts and other

... should consider the fiduciary standards of ERISA or any applicable Similar Laws in the context of the Plan's particular circumstances before authorizing an investment in the Notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA or any applicable Similar Laws and would be consistent with the documents and instruments governing the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit Plans subject to such provisions, which we call ERISA Plans, from engaging in certain transactions involving "plan assets" with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to the ERISA Plans. A violation of these "prohibited transaction" rules may result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory or administrative exemption. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code, but may be subject to Similar Laws.

Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code could arise if the Notes were acquired by an ERISA Plan with respect to which we or any of our affiliates are a party in interest or a disqualified person. For example, if we are a party in interest or disqualified person with respect to an investing ERISA Plan (either directly or by reason of our ownership of our subsidiaries), an extension of credit prohibited by Section 406(a)(1)(B) of ERISA and Section 4975(c)(1)(B) of the Code between the investing ERISA Plan and us may be deemed to occur, unless exemptive relief were available under an applicable exemption (see below).

The United States Department of Labor has issued prohibited transaction class exemptions, or PTCEs, that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase, holding or disposition of the Notes. Those class exemptions include:

- PTCE 96-23 — for certain transactions determined by in-house asset managers;
- PTCE 95-60 — for certain transactions involving insurance company general accounts;
- PTCE 91-38 — for certain transactions involving bank collective investment funds;
- PTCE 90-1 — for certain transactions involving insurance company separate accounts; and
- PTCE 84-14 — for certain transactions determined by independent qualified professional asset managers.

In addition, ERISA Section 408(b)(17) provides a limited exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction and provided further that the Plan pays no more than adequate consideration in connection with the transaction (the so-called "service provider exemption").

No assurance can be made that all of the conditions of any such exemptions will be satisfied.

Because of the possibility that direct or indirect prohibited transactions or violations of Similar Laws could occur as a result of the purchase, holding ...

the Notes will be deemed to have represented by its purchase and holding of the Notes that either:

- it is not a Plan and is not purchasing the Notes or interest in the Notes on behalf of or with the assets of any Plan; or
- its purchase, holding and disposition of the Notes or interest in the Notes will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code or a violation of any Similar Laws.

Due to the complexity of these rules and the penalties imposed upon persons involved in non-exempt prohibited transactions, it is important that any person considering the purchase of Notes on behalf of or with the assets of any Plan consult with its counsel regarding the consequences under ERISA, the Code and any applicable Similar Laws of the acquisition, ownership and disposition of Notes, whether any exemption would be applicable, and whether all conditions of such exemption have been satisfied such that the acquisition and holding of the Notes by the Plan are entitled to full exemptive relief thereunder.

Nothing herein shall be construed as, and the sale of Notes to a Plan is in no respect, a representation by us or the underwriters that any investment in the Notes would meet any or all of the relevant legal requirements with respect to investment by, or is appropriate for, Plans generally or any particular Plan.

SUITABILITY

Notes will be sold only to investors who make a minimum purchase of $250,000. The Company may accept subscriptions less than $250,000 at its sole discretion.

As described elsewhere in this Memorandum, the Notes will generally be sold only to Accredited Investors as defined in Rule 501 of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended; provided, however, that at the discretion of the Sales Agent and the Company, Notes may be sold to up to 35 non-accredited investors. Included in the definition of "Accredited Investor", as defined in Rule 501, are the following:

(a) any natural person whose individual net worth (including personal residences, furnishings and automobiles), or joint net worth with that person's spouse, at the time of purchase exceeds $1,000,000;

(b) any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and who reasonably expects gross income at the same level in the current year; and

(c) any entity in which all of the equity owners are Accredited Investors or which has total assets in excess of $5,000,000.

Each investor accepted as an Accredited Investor will be required to represent that he satisfies the requirements of an Accredited Investor under Rule 501.

Among other things, each investor will be required to acknowledge and represent in the Subscription Agreement that: (i) he is purchasing the Notes for his own account for investment and not with a view to the sale or distribution thereof; (ii) he is aware that the Notes have not been registered for sale under the Securities Act of 1933 as amended, and that he will not transfer his Notes in the absence of an opinion of counsel satisfactory to the Company that the Notes have been registered or that registration is not

The Sales Agent and Company reserve the right to reject any subscription in its entirety for any reason or to allocate to any investor Notes in an aggregate principal amount less than that for which a prospective investor has subscribed. In the event a subscription is rejected, the investor's subscription check for his Notes (or the amount thereof) will be returned, and in the event of a partial rejection, a pro rata amount of the investor's subscription check for his Notes will be refunded.

Prospective investors may be required to complete an Investor Representation Letter relating to the suitability of the investment for them, and the Company may make or cause to be made such further inquiry as the Company deems appropriate.

Any prospective investor will be afforded the opportunity to obtain from the Company prior to the consummation of the transaction contemplated herein any additional information he may request necessary to verify the accuracy of the contents of this Memorandum and which the Company possesses or can acquire without unreasonable effort or expense and to confer with, ask questions of, and receive answers from the Company or persons authorized to act on its behalf, concerning the terms and conditions of the transaction, this memorandum and any additional information which has been requested and supplied to a prospective investor or his purchaser representative.

The purchase of Notes may be suitable for individuals seeking an investment intended to provide income. An investment in Notes may also be appropriate for corporations and trusts seeking investments which are structured to provide income. Nevertheless, this investment involves a number of significant risks, including no assurance that the Notes will be paid and illiquidity. See "Risk Factors. " Accordingly, the suitability of a purchase of Notes for any particular investor will depend upon, among other things, such investor's investment objectives and such investor's ability and willingness to accept the risks of an investment in the Notes.

The Sales Agent Agreement between the Company and the Sales Agent requires the Sales Agent to make diligent inquiries as required by law of all prospective purchasers in order to ascertain whether a purchase of Notes is suitable for such person and to transmit promptly to the Company all fully completed Subscription Agreements. By tendering payment for a Note and by acceptance of the confirmation of purchase, an investor represents that he or it satisfies any applicable suitability standards. See "Plan of Distribution."

TERMS OF THE OFFERING

Subject to the conditions set forth in this Memorandum, Notes in the maximum amount of $10,000,000 (the "Maximum Offering") and the minimum amount of $500,000 (the "Minimum Offering") will be offered by the Company.

The Notes will be offered through McGinn, Smith & Co., Inc., the Sales Agent, on a best efforts basis over a period of two months. The Sales Agent is a member of the Financial Industry Regulatory Authority.

All funds received by the Sales Agent from subscriptions for the Notes will be placed in an escrow account (the "Escrow Account") maintained by Mercantile Bank, Boca Raton, Florida (the "Escrow Agent"). Interest will be earned on funds held in the Escrow Account commencing three (3) business days after the funds are deposited until the earlier of the termination of this Offering or the investment of the funds in the Notes. During the period that an investor's funds are held in the [illegible] subscribed for. If subscriptions for the Minimum Offering are not received within the ... date of this Memorandum, subscriptions received with respect to the Notes will be promptly returned in full to the investor by the Escrow Agent, together with all interest earned while funds were held in the Escrow Account after deducting fees payable to the Escrow Agent. Fees payable to the Escrow Agent will be deducted from interest earned on the Escrow Account.

How to Subscribe. The Notes will be available for purchase in the minimum denomination of $250,000.00 and increments of $25,000.00. The Company may elect to accept subscriptions for less than $250,000. An investor who meets the qualifications set forth under "Who May Invest" and "Suitability" may subscribe for Notes by completing, signing and delivering to the Sales Agent an executed copy of the Subscription Agreement contained in this Memorandum. All subscriptions must be accompanied by a check in the amount of the Note(s) purchased payable to "Mercantile Bank, Escrow Agent for McGinn, Smith Transaction Funding Corp." Upon execution of a Subscription Agreement, the investor agrees to all of the terms and conditions contained in the Agreement. Subscriptions are, however, subject to acceptance by the Company.

PLAN OF DISTRIBUTION

The Company is offering a maximum of $10,000,000 of Notes, and a minimum of $500,000. The minimum investment by an investor is $250,000 with increments of $25,000. The Company, at its sole discretion may accept subscriptions of less than $250,000. The Offering period will end not later than July 31, 2008. No Notes will be sold unless subscriptions for the Minimum Offering are received and accepted by July 31, 2008. Subscriptions are subject to acceptance by the Company. See "Suitability"; "Who May Invest".

During the course of the Offering, the subscription payments will be promptly forwarded by the Sales Agent to the Escrow Agent for deposit into the Escrow Account. For a description of the distribution of funds from the Escrow Account, see "Terms of the Offering".

The Notes will be offered on a "best efforts" basis by the Sales Agent.

INCOME TAX CONSIDERATIONS

The following discussion summarizes certain material anticipated federal income tax consequences relevant to the acquisition, ownership and disposition of Notes, but does not purport to address all potential consequences. The summary is for general information only and does not discuss all of the tax consequences that may be relevant to particular investors in light of their personal investment circumstances or holders who receive special treatment under the Internal Revenue Code of 1986, as amended (the "Code"), such as insurance companies, financial institutions, and broker-dealers. In addition, this discussion does not describe any tax consequences arising out of foreign, state or local jurisdictions.

The discussion is based upon current provisions of the Code, applicable regulations promulgated thereunder, judicial authority and administrative rulings and practice. All of the foregoing are subject to change which may be retroactive and could affect the continuing validity of this discussion. There can be no assurance that the Internal Revenue Service (the "IRS") will not take a contrary view, and no ruling from the IRS has been or will be sought.

The Company has not obtained an independent tax opinion with regard to this Offering. Prospective investors should consult their own tax advisors regarding the federal, foreign, state, local and other tax to report interest on a Note as income for federal income tax purposes in accordance with such holder's method of accounting.

Gain or Loss on Disposition of Notes. In general, the holder of a Note will recognize gain or loss on the sale, exchange, redemption or other disposition of a Note equal to the difference between the amount realized (except to the extent attributable to the payment of accrued interest) and the adjusted basis in his Note. Any gain or loss recognized will generally be a Trust gain or loss if the Note is held as a Trust asset and will be long-term gain or loss if the Note is held for more than one year.

Information Reporting. The Company will report interest income to Noteholders on IRS Form 1099-INT and as otherwise consistent with such treatment.

Backup Withholding. A Noteholder may be subject to "backup withholding" at the rate of 31% (see IRC-3406(a)) with respect to interest paid on, or the proceeds of a sale, exchange or redemption of, such Notes, unless such holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (ii) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable exemption from backup withholding rules. Any amount withheld under these rules will be creditable against the Noteholder's federal tax liability.

THE FOREGOING DISCUSSION OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH HIS OR HER OWN TAX ADVISER WITH RESPECT TO THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES.

LEGAL MATTERS

Legal matters in connection with the validity of the Notes offered hereby will be passed upon for the Company by Joseph B. Carr, Esq., Capital Center, 99 Pine Street, Albany, New York 12207.

TABLE OF CONTENTS OF EXHIBITS

The discussion in this Memorandum of each Exhibit set forth below is qualified in its entirety by reference to such Exhibit.

Exhibit "A"	Subscription Agreement
Exhibit "B"	Purchaser Questionnaire
Exhibit "C"	McGinn, Smith & Co., Inc. Audited Financial Statements for December 31, 2007 and December 31, 2006

ADDITIONAL INFORMATION

Additional information is available upon request to the Company. Only additional information provided by the Company may be relied upon. Prospective investors may request such information from the Sales Agent, McGinn, Smith & Co., Inc., Fifth Floor, 99 Pine Street, Albany, New York 12207.

Attention: Jay Kaplowitz et al
Gersten Savage

From: David L. Smith, Timothy McGinn

Date: October 10, 2009

The following represents a summary of the transactions effected through McGinn Smith Transaction Funding, LLC (MSTF) on behalf of McGinn, Smith & Co. (MS), McGinn Smith Capital Holdings (MSCH), McGinn Smith Advisors (MSA) and four investment LLCs, First Indepent Income Notes, LLC (FIIN), First Excelsior Income Notes, LLC (FEIN), Third Albany Income Notes, LLC (TAIN) and First Advisory Income Notes, LLC (FAIN).[The FUNDS]

History: Starting in 2003 through 2005 the FUNDS were formed primarily

GOVERNMENT
EXHIBIT
GB33 (typed)

the type of financing that could be provided and specifically permitted to invest in MS affiliated companies. Starting in late 2007, the FUNDS began to realize a shortfall of income sufficient to meet the debt obligations of the FUNDS due to the under performance of its loans and investments. Starting in January of 2008 and culminating in October of 2008 the FUNDS restructured its payments without note holder approval. This approach was discussed with Jay and agreed upon due to the assumption that because of the capital structure of the FUNDS, note holder approval was not likely and that senior note holders would likely object. Our approach was generally successful as we have had limited arbitration filings due to the non-performance of the FUNDS. To date we have

However, these arbitrations, in addition to questions that arose during a FINRA routine audit in the Fall of 2008, have sent FINRA on a never ending request for information. We have had limited legal representation from Stradley, Ronon, Stevens & Young, LLP of Philadelphia who was handling one of the arbitration cases for our Philadelphia broker representative. Tim and I have sat with an on the record (OTR) interview with FINRA in April 2009. In June of 2009 FINRA sent 6 auditors to our offices to review the FUNDS. We have supplied them with approximately 30,000 pages of documentation and over 20,000 e-mails. On September 30, 2009, FINRA asked for additional information for a large number of related entities, some going back as far as 1982. In preparing the documentation, we became

See Exhibit #1

specific
to the interests of MS affiliates and its principals, and because of outside investment in MSTF, the use of MSTF as the transaction vehicle was most likely improper. In addition, the documentation supporting these transactions was either unavailable or not up to date. Realizing the possibility that the appearance of these transactions could be interpreted as the improper use of investor funds or the co-mingling of funds, we have sought your counsel on how to rectify this mistake. Unfortunately, we are under pressure to deliver these documents to FINRA by October 13, 2009.

The transactions in question fall into 3 categories:

1) Advances from MSTF to McGinn Smith & Co.

and

3) Advances from MSTF to customers of McGinn Smith of whom we had decided to support because of their high level of importance to the firm and to whom we were attempting to bridge the gap of their shortfall in income due to the non-performance of their investment in the FUNDS.

Items #1) and #2) are of less concern to us than item #3. The loans from the FUNDS are supported by personal guarantees and assignment of fee income due to MSA and MSCH from the FUNDS. Advances to MS are also supported by the aforementioned guarantees and assignment, but are problematic because if they are characterized as loans, which they are not, the loans are not on the books originally booked as Advisory fees, but in reviewing the books for dissemination, it is apparent to us that there is no place in the PPM of MSTF that permits fees payable to MS. Why we booked fees that are clearly owed by the FUNDS to MSCH and MSA and then ran them through the books of MSTF is absolutely inexplicable and incredibly stupid. Our solution is simply to book them as advances which are due from MSCH and MSA, supported by the fees owed us.

#3 is where the major risk is. There is no supportable or plausible reason why monies from MSTF were used to pay clients of the firm. While they were doing it at the request of MSCH and MSA and those entities clearly have the where-with-all to repay the monies from the place in MSTF. The immediate and pressing problem is how to characterize and justify those payments from MSTF and how to get the money back to MSTF ASAP. Jay has expressed a concern that repaying the monies at the same time as we are being asked to provide financial files looks like a cover-up. Having discovered this mistake and realizing the appearance of impropriety or worse, I seek a solution that calls for immediate restitution with some reasonable explanation for our behavior. That will probably call for creativity beyond anyone's ability.

I have enclosed several Exhibits:

#1 – The Sept 30th letter from FINRA
#2 – The MSTF PPM (Gersten has the PPMs of the FUNDS)
#3 – Client

Exhibit #4 – This shows a number of Quicken entries that have been identified through:

A - $1,400,000 purchase of MS preferred stock. This is entirely appropriate and was called for in the PPM

B - Offsetting payments of $50,000 to MS, which evidently were simply an error

C - $275,000 in advances to MS as Advisory fees, but MS cannot really justify based on the objectives of the PPM. These were not documented and no one can even remember what they were for. The firm has been under pressure for lack of net capital for some time

MSA and pay MS is a complete mystery. We need to repay this money also, as it is not an appropriate expense for MSTF.

D - Underwriting commissions paid to MS, entirely appropriate

Exhibit #5

This is the Quicken file that shows three loans to MSTF from:

FEIN	$150,000
FIIN	175,000
TAIN	225,000
	$550,000

While these loans were made for working capital purposes, since they were made to an entity that is owned by the principals of MS, we should probably have loan guarantees and collateral in place. Assignment of the fee income once again is the most fungible and

If we aggregate all three areas of activity with relationships to MS entities, MSTF has assets of:

	$275,000	
	597,281	
		$872,281
and liabilities of:		
	$550,000	$550,000

or a net "due from" of $322,281

Thus, if we were to net everything, and pay MSTF from MSA and MSCH the sum of $322,281, we would square the books of MSTF, not withstanding the inappropriate transactions that got us there.

We must show a profit motive for MSTF, so they are due interest on the $872,281. They must also pay interest on their loans from the

and carried an
12%. The "net" monies owed
to MSTF of $322,281 plus
and minus interest
is well secured by the personal
guarantees of Tim and Dave
and the fees owed by the
FUNDS to MSCH and MSA
of approximately $1,610,000.
Those fees have been
accrued through 12/31/07 and
do not include any accruals
for 2008 or 2009. The reason
for that is in my investor
letters of January, April, and
October of 2008, I represented
to the note holders of the
FUNDS that MSCH and MSA
would waive their fees in an
effort to participate in the
sacrifice that note holders
were being asked to endure.
We are under no legal obligation
to do so as the fees are not
subordinate to anything. In fact,

never collected from the
Hopefully, the reader of
this epistle has gained an
understanding of our
perilous position brought on
by our own stupidity. These
actions were a result
of not thinking things through,
not of any attempt at personal
enrichment. We need to
rectify the situation, hopefully
with as little damage to
us personally as can be avoided.
In the current climate, any
activity that is not by the
book and properly
documented can bring severe
punishment.
Thanking you for your
assistance.

Dave Smith

GOVERNMENT EXHIBIT GB34

GERSAV 0055903

Exhibit #3

008		Nfs	1,793.75	R		Misc	memo:	?	A	Fain Interest: 3 Fisher
008		Nfs	22,500.00	R		Misc	memo:	?	A	Fain Interest: Fisher, sack, north
008		Nfs	74,230.00	R		Misc	memo:	?		
008		Nfs	13,965.63	R		Misc	memo:	?		
008	EFT	NFS WIRE	37,053.75	R		Misc	memo:	?	B	Tain & Fiin Interest
008	EFT	NFS WIRE	121,308.75	R		Misc	memo:	?	B	Tain & Fiin Interest
008	EFT	NFS WIRE	121,308.76	R		Misc	memo:	?		Dupe payment
008	DEP	NFS WIRE		R	52,121.25	Misc	memo:	?		Return of dupe pmt
008	DEP	return nfs		R	69,187.50	Misc	memo:	?		Return of dupe pmt
008	EFT	NFS WIRE	1,768.12	R		Misc	memo:	?	C	Feln Interest 4 Investors
008	EFT	NFS WIRE	13,965.63	R		Misc	memo:	?	C	Fein Interest 2 investors
008	EFT	NFS WIRE	28,218.00	R		Misc	memo:	?	?	
008	EFT	NFS WIRE	1,793.75	R		Misc	memo:	?	A	Fain Interest: 3 Fisher
008	EFT	NFS WIRE	44,356.88	R		Misc	memo:	?	D	Tain & Fiin Interest
008	EFT	NFS WIRE	8,501.89	R		Misc	memo:	?	E	Fein Interest 6 people, added Sr
008	EFT	NFS WIRE	22,500.00	R		Misc	memo:	?	A	Fain Interest: Fisher, sack, north
008	EFT	NFS WIRE	1,793.75	R		Misc	memo:	?	A	Fain Interest: 3 Fisher
008	EFT	One City Ctr	17,937.50	R		Misc	memo:	?	C	FEIN Interest One City Center
008		One City Ctr	49,097.50	R		Misc			B	Fiin 10.25 Interest, purchase fro
008		One City Ctr	17,937.50	R		Misc	memo:	?	C	FEIN Interest One City Center
		Total	600,031.16		121,308.75					
			Net		478,722.41					
			Less unknown		28,218.00					
			Net Net		450,504.41					

8/8/08 One City Center return #69,187.50?

12/31/06 Reclass D.F. others $324,777.00

Attorney-Client Privilege
Work Book

10/10/2009 15:31 FAX MCGINN, SMITH&CO., INC 032/039

GERSAV 0055904

Exhibit #3

:008	EFT	Misc Checks	5,718.00	R		Misc	memo:	?	F
:008		Misc Checks	5,718.00	R		Misc	memo:	?	F
:008		Misc Checks	5,718.00	R		Misc	memo:	?	F
:008	EFT	Misc Checks	5,718.00	R		Misc	memo:	?	F
:009	EFT	Misc Checks	5,718.00	R		Misc	memo:	?	F
:009	EFT	Misc Checks	5,511.00	R		Misc	memo:	?	F
:009	EFT	Misc Checks	5,511.00	R		Misc	memo:	?	F
:009	EFT	Misc Checks	5,511.00	R		Misc	memo:	?	F
:009	EFT	Misc Checks	11,436.00	R		Misc	memo:	?	G
:009	EFT	Misc Checks	2,000.00	R		Misc	memo:	?	Unknown
		Total	58,559.00						

Attorney-Client Privilege
workbook

GERSAV 0055905

212-920-51

Exhibit #3

008	EFT	J. Cornacchia	5,000.00	R		Misc	memo:	?
008	EFT	J. Cornacchia	5,000.00	R		Misc	memo:	?
008	EFT	J. Cornacchia	5,000.00	R		Misc	memo:	?
008	EFT	J. Cornacchia	5,000.00	R		Misc	memo:	?
008	EFT	J. Cornacchia	5,000.00	R		Misc	memo:	?
008	EFT	J. Cornacchia	5,000.00	R		Misc	memo:	?
009	EFT	J. Cornacchia	5,000.00	R		Misc	memo:	?
009	EFT	J. Cornacchia	5,000.00	R		Misc	memo:	?
009	EFT	J. Cornacchia	5,000.00	R		Misc	memo:	?
009	EFT	J. Cornacchia	5,000.00	R		Misc	memo:	?
009	EFT	J. Cornacchia	5,000.00	R		Misc	memo:	?
009	EFT	J. Cornacchia	5,000.00	R		Misc	memo:	?
		Total	60,000.00					

Jay Kaplowitz

Attorney - Client Privilege
Workbook

~~2/27/09~~	~~Checking~~	~~DEP~~	~~Tim McGinn~~	~~[DF TMM]~~	~~Loan~~	~~R~~	~~100,000.00~~	
1/27/09	Checking	DEP	McGinn Smith And Co...	[DF MS Advisors]		R	50,000.00	B
11/26/08	Checking	EFT	McGinn, Smith	[MS Pref Stock]		R	-150,000.00	A
11/14/08	Checking	EFT	McGinn, Smith	[DF MS Advisors]		R	-125,000.00	C
~~7/2/09~~	~~ESCROW~~	~~EFT~~	~~Matthew McGinn~~	~~Legal Fees~~		~~R~~	~~5,800.00~~	
4/30/09	ESCROW	~~EFT~~	~~Matthew McGinn~~	~~Legal Fees~~		~~R~~	~~-8,670.00~~	
3/19/09	ESCROW	EFT	~~Matthew McGinn~~	~~Legal Fees~~		~~R~~	~~-7,940.00~~	
1/16/09	ESCROW	EFT	McGinn, Smith	[DF MS Advisors]		R	-50,000.00	B
1/2/09	ESCROW	DEP	~~McGinn, Smith~~	~~Div Income~~		~~R~~	~~15,213.54~~	
11/18/08	ESCROW		~~Matthew McGinn~~	~~Legal Fees~~		~~R~~	~~-2,400.00~~	
11/18/08	ESCROW	EFT	McGinn, Smith	Underwriting		R	-10,400.00	D
10/21/08	ESCROW	EFT	~~Matthew McGinn~~	~~Legal Fees~~		~~R~~	~~-2,405.00~~	
10/8/08	ESCROW	EFT	~~Matthew McGinn~~	~~Legal Fees~~		~~R~~	~~-2,470.00~~	
10/1/08	ESCROW	DEP	~~McGinn, Smith~~	~~Div Income~~		~~R~~	~~14,375.00~~	
9/23/08	ESCROW	EFT	McGinn, Smith	[DF MS Advisors]		R	-150,000.00	C
9/22/08	ESCROW	EFT	~~Matthew McGinn~~	~~Legal Fees~~		~~R~~	~~-2,800.00~~	
9/8/08	ESCROW	EFT	~~Matthew McGinn~~	~~Legal Fees~~		~~R~~	~~-1,960.00~~	
9/5/08	ESCROW	EFT	McGinn, Smith	Underwriting		R	-42,758.00	D
6/12/08	ESCROW	EFT	McGinn, Smith	Underwriting		R	-85,900.00	D
5/2/08	ESCROW		McGinn, Smith	[MS Pref Stock]		R	-1000000.00	A
~~1/27/09~~	~~DF MS Advisors~~		~~McGinn Smith And Co...~~	~~[Checking]~~			~~-50,000.00~~	
1/16/09	DF MS Advisors		McGinn, Smith	[ESCROW]			50,000.00	
11/14/08	DF MS Advisors		McGinn, Smith	[Checking]			125,000.00	
9/23/08	DF MS Advisors		McGinn, Smith	[ESCROW]			150,000.00	
2/27/09	DF- TMM		Tim McGinn	[Checking]	Loan		-100,000.00	
4/14/09	MS Pref Stock		McGinn Smith And Co...	[Checking]	2008 Preferred St...		250,000.00	
11/26/08	MS Pref Stock		McGinn, Smith	[Checking]			150,000.00	
5/2/08	MS Pref Stock		McGinn, Smith	[ESCROW]			1000000.00	

A = MSPS 2008 = $1,400,000

B = McGinn Smith 1/09 = $0

C = McGinn Smith for advisors = $275,000

D = McGinn Smith Underwriting = $297,419.75

GERSAV 0055906

9/23/2008	McGinn, Smith cat: [ESCROW]		150,000.00	150,000.00
11/14/2008	McGinn, Smith cat: [Checking]		125,000.00	275,000.00
1/16/2009	McGinn, Smith cat: [ESCROW]		50,000.00	325,000.00
1/27/2009	McGinn Smith And Company cat: [Checking]	50,000.00		275,000.00
10/10/2009	Opening Balance cat: [DF MS Advisors]			275,000.00

Attorney Client Privileged
" " work product

11/26/2008	FEIN cat: [Checking] memo: Loan	50,000.00 A	-50,000.00
3/1/2009	Opening Balance cat: [DT FEIN]		-50,000.00
4/14/2009	FEIN cat: [Checking] memo: Loan	100,000.00 B	-150,000.00

$ 150,000
175,000
225,000
550,000

Exhibit #5

Attorney Client privilege
work product

11/3/2008	FIIN cat: [Checking]	73,000.00 C			-73,000.00
11/5/2008	FIIN cat: [Checking]			73,000.00 C	0.00
11/14/2008	FIIN cat: [Checking] memo: Loan	50,000.00 D			-50,000.00
11/26/2008	FIIN cat: [Checking] memo: Loan	50,000.00 E			-100,000.00
3/1/2009	Opening Balance cat: [DT FIIN]				-100,000.00
4/14/2009	FIIN cat: [Checking] memo: Loan	50,000.00 F			-150,000.00
5/1/2009	FIIN cat: [Checking] memo: Loan	25,000.00 G			-175,000.00

Exhibit #5
attorney client privilege
work product

11/14/2008	TAIN cat: [Checking]	75,000.00	H	-75,000.00
11/26/2008	TAIN cat: [Checking]	50,000.00	I	-125,000.00
3/1/2009	Opening Balance cat: [DT TAIN]			-125,000.00
4/14/2009	TAIN cat [Checking]	100,000.00	J	-225,000.00

Exhibit #5
Attorney client privilege
work product

√=OFASAA
ASCH
X=MSTF [illegible]

Attorney Client Work Product		Attorney Client Priviledge								
Date	Num	Transaction	Payment	C	Deposit				Exhibit	Description
5/15/2008	X	Nfs	1,793.75	R		Misc	memo:	?	A	Fain Interest: 3 Fisher
5/15/2008	X	Nfs	22,500.00	R		Misc	memo:	?	A	Fain Interest: Fisher, sack, northerstern
6/20/2008	EFT	Fisher Family	25,567.89	R		Misc	memo:	?	I	
10/17/2008	[illegible]	Nfs	~~74,230.00~~	~~R~~	MSTF	Misc	memo:	?	H	MSTF interest
10/30/2008	X	Nfs	13,965.63	R		Misc	memo:	?	E	Fein
7/15/2008	EFT	NFS WIRE	37,053.75	R		Misc	memo:	?	B	Tain & Fiin Interest
7/15/2008	EFT	NFS WIRE	121,308.75	R		Misc	memo:	?	B	Tain & Fiin Interest
7/17/2008	EFT	NFS WIRE	121,308.76	R		Misc	memo:	?		Dupe payment
7/25/2008	DEP	NFS WIRE		R	52,121.25	Misc	memo:	?		Return of dupe pmt
8/8/2008	DEP	return nfs		R	69,187.50	Misc	memo:	?		Return of dupe pmt
7/31/2008	EFT	NFS WIRE	1,768.12	R		Misc	memo:	?	C	Fein Interest 4 investors
7/31/2008	EFT	NFS WIRE	13,965.63	R		Misc	memo:	?	C	Fein Interest 2 investors
8/14/2008	EFT	NFS WIRE	28,218.00	R		Misc	memo:	?	?	
8/14/2008	EFT	NFS WIRE	1,793.75	R		Misc	memo:	?	A	Fain Interest: 3 Fisher
10/17/2008	EFT	NFS WIRE	44,356.88	R		Misc	memo:	?	D	Tain & Fiin Interest
10/30/2008	EFT	NFS WIRE	8,501.89	R		Misc	memo:	?	E	Fein Interest 6 people, added Sr. Subordi
11/18/2008	EFT	NFS WIRE	22,500.00	R		Misc	memo:	?	A	Fain Interest: Fisher, sack, northerstern
11/18/2008	EFT	NFS WIRE	1,793.75	R		Misc	memo:	?	A	Fain Interest: 3 Fisher
7/31/2008	EFT	One City Ctr	17,937.50	R		Misc	memo:	?	C	FEIN Interest One City Center
10/21/2008	X	One City Ctr	49,097.50	R		Misc			B	Fiin 10.25 Interest, purchase from Joan F
10/30/2008	X	One City Ctr	17,937.50	R		Misc	memo:	?	E	FEIN Interest One City Center
		Total	625,599.05		121,308.75					
			Net		504,290.30					
			mstf interest		74,230.00					
			Less unknown		28,218.00					
			Net Net		401,842.30					

GOVERNMENT EXHIBIT

GB 41a

Attorney Client Work Product Attorney Client Priviledge

Date	Num	Transaction	Payment	C	Deposit			
7/15/2008	~~EFT~~	J. Cornacchia	5,000.00	R		Misc	memo:	?
8/14/2008	~~EFT~~	J. Cornacchia	5,000.00	R		Misc	memo:	?
9/17/2008	~~EFT~~	J. Cornacchia	5,000.00	R		Misc	memo:	?
10/21/2008	~~EFT~~	J. Cornacchia	5,000.00	R		Misc	memo:	?
11/24/2008	~~EFT~~	J. Cornacchia	5,000.00	R		Misc	memo:	?
12/19/2008	~~EFT~~	J. Cornacchia	5,000.00	R		Misc	memo:	?
1/16/2009	~~EFT~~	J. Cornacchia	5,000.00	R		Misc	memo:	?
2/17/2009	~~EFT~~	J. Cornacchia	5,000.00	R		Misc	memo:	?
3/20/2009	~~EFT~~	J. Cornacchia	5,000.00	R		Misc	memo:	?
4/24/2009	~~EFT~~	J. Cornacchia	5,000.00	R		Misc	memo:	?
6/25/2009	~~EFT~~	J. Cornacchia	5,000.00	R		Misc	memo:	?
7/8/2009	~~EFT~~	J. Cornacchia	5,000.00	R		Misc	memo:	?
		Total	60,000.00					

√ = DF MSA

Attorney Client Work Product		Attorney Client Priviledge							
Date	Num	Transaction	Payment	C	Deposit				Exhibit
9/17/2008	~~EFT~~	Misc Checks	5,718.00	R		Misc	memo:	?	F
10/21/2008		Misc Checks	5,718.00	R		Misc	memo:	?	F
11/18/2008		Misc Checks	5,718.00	R		Misc	memo:	?	F
12/19/2008	~~EFT~~	Misc Checks	5,718.00	R		Misc	memo:	?	F
1/16/2009	~~EFT~~	Misc Checks	5,718.00	R		Misc	memo:	?	F
2/17/2009	~~EFT~~	Misc Checks	5,511.00	R		Misc	memo:	?	F
3/23/2009	~~EFT~~	Misc Checks	5,511.00	R		Misc	memo:	?	F
4/22/2009	~~EFT~~	Misc Checks	5,511.00	R		Misc	memo:	?	F
7/2/2009	~~EFT~~	Misc Checks	11,436.00	R		Misc	memo:	?	G
8/11/2009	EFT	Misc Checks	2,000.00	R		Misc	memo:	?	Unknown
		Total	58,559.00						

DF MSA

mstf df ms advisors

DF MS Advisors & MSCH
10/12/2009

Date	Num	Transaction	Decrease	C	Increase	Balance
5/15/2008		Nfs cat: [ESCROW]			~~1,793.75~~	1,793.75
5/15/2008		Nfs cat: [ESCROW]			~~22,500.00~~	24,293.75
6/20/2008		Nfs cat: [ESCROW]			~~25,567.89~~	49,861.64
7/15/2008		NFS WIRE cat: [ESCROW]			121,308.75	171,170.39
7/15/2008		NFS WIRE cat: [ESCROW]			37,053.75	208,224.14
7/15/2008		J. Cornacchia cat: [ESCROW]			~~5,000.00~~	213,224.14
7/17/2008		NFS WIRE cat: [ESCROW]			~~121,308.76~~	334,532.90
7/25/2008		NFS WIRE cat: [ESCROW]	52,121.25			282,411.65
7/31/2008		NFS WIRE cat: [ESCROW]			~~1,768.12~~	284,179.77
7/31/2008		NFS WIRE cat: [ESCROW]			~~13,965.63~~	298,145.40
7/31/2008		One City Ctr cat: [ESCROW]			~~17,937.50~~	316,082.90
8/8/2008		Unknown cat: [ESCROW] memo: ? One City Center Return Ck?	69,187.50			246,895.40
8/14/2008		NFS WIRE cat: [ESCROW]			~~1,793.75~~	248,689.15
8/14/2008		NFS WIRE cat: [ESCROW] memo: Investigate			~~28,218.00~~	276,907.15
8/14/2008		J. Cornacchia cat: [ESCROW]			~~5,000.00~~	281,907.15
9/17/2008		J. Cornacchia cat: [ESCROW]			~~5,000.00~~	286,907.15
9/17/2008		NFS WIRE cat: [ESCROW]			~~5,718.00~~	292,625.15
9/23/2008		McGinn, Smith cat: [ESCROW]			150,000.00	442,625.15
10/17/2008		NFS WIRE cat: [ESCROW]			~~44,356.88~~	486,982.03
10/21/2008		One City Ctr cat: [ESCROW]			~~49,097.50~~	536,079.53
10/21/2008		J. Cornacchia cat: [ESCROW]			~~5,000.00~~	541,079.53
10/21/2008		Misc Checks cat: [ESCROW] memo: ?			~~5,718.00~~	546,797.53
10/30/2008		NFS WIRE cat: [ESCROW]			~~8,501.89~~	555,299.42
10/30/2008		One City Ctr cat: [ESCROW]			~~17,937.50~~	573,236.92

GOVERNMENT
EXHIBIT

GB 41b

Date	Num	Transaction	Decrease	C	Increase	Balance
10/30/2008		Nfs cat: [ESCROW]			~~13,965.63~~	587,202.55
11/14/2008		McGinn, Smith cat: [Checking]			125,000.00	712,202.55
11/14/2008		TAIN cat: [Checking]	75,000.00			637,202.55
11/14/2008		FIIN cat: [Checking]	50,000.00			587,202.55
11/18/2008		NFS WIRE cat: [ESCROW]			~~1,793.75~~	588,996.30
11/18/2008		NFS WIRE cat: [ESCROW]			~~22,500.00~~	611,496.30
11/18/2008		Misc Checks cat: [ESCROW]			~~5,718.00~~	617,214.30
11/24/2008		J. Cornacchia cat: [ESCROW]			~~5,000.00~~	622,214.30
11/26/2008		TAIN cat: [Checking]	50,000.00			572,214.30
11/26/2008		FEIN cat: [Checking]	50,000.00			522,214.30
11/26/2008		FIIN cat: [Checking]	50,000.00			472,214.30
12/19/2008		J. Cornacchia cat: [ESCROW]			~~5,000.00~~	477,214.30
12/19/2008		Misc Checks cat: [ESCROW]			~~5,718.00~~	482,932.30
1/16/2009		McGinn, Smith cat: [ESCROW]			50,000.00	532,932.30
1/16/2009		J. Cornacchia cat: [ESCROW]			~~5,000.00~~	537,932.30
1/16/2009		Misc Checks cat: [ESCROW]			~~5,718.00~~	543,650.30
1/27/2009		McGinn Smith And Company cat: [Checking]	50,000.00			493,650.30
2/17/2009		J. Cornacchia cat: [ESCROW]			~~5,000.00~~	498,650.30
2/17/2009		Misc Checks cat: [ESCROW]			~~5,511.00~~	504,161.30
3/20/2009		J. Cornacchia cat: [ESCROW]			5,000.00	509,161.30
3/23/2009		Misc Checks cat: [ESCROW]			5,511.00	514,672.30
4/14/2009		FEIN cat: [Checking]	100,000.00			414,672.30
4/14/2009		TAIN cat: [Checking]	100,000.00			314,672.30
4/14/2009		FIIN cat: [Checking]	50,000.00			264,672.30
4/22/2009		Misc Checks cat: [ESCROW]			~~5,511.00~~	270,183.30

DF MS Advisors & MSCH

10/12/2009

Date	Num	Transaction	Decrease	C	Increase	Balance
4/24/2009		J. Cornacchia cat: [ESCROW]			5,000.00	275,183.30
5/1/2009		FIIN cat: [Checking]	25,000.00			250,183.30
6/25/2009		J. Cornacchia cat: [ESCROW]			5,000.00	255,183.30
7/2/2009		Misc Checks cat: [ESCROW]			11,436.00	266,619.30
7/8/2009		J. Cornacchia cat: [ESCROW]			5,000.00	271,619.30
10/10/2009		Opening Balance cat: [DF MS Advisors & MSCH]				271,619.30

Schedule of
Fees owed to MSA & MSCH
at the end of 2007

TAIN	$431,472
FAIN	245,117
FIIN	373,269
FEIN	560,700

Allocation of fees to MSTF

FIIN	11/14/09	50,000	
	11/24/09	50,000	
	4/14/09	50,000	
	5/1/09	25,000	
		175,000	
TAIN	11/14/08	75,000	
	11/24/09	50,000	
	4/14/09	100,000	
		225,000	
FEIN	11/26/08	50,000	
	4/14/09	100,000	150,000

GOVERNMENT EXHIBIT

GB 41c

Remaining fees:

	TAIN	431,472	
		225,000	
			206,472
/	FIIN	373,269	
		175,000	
			198,269
/	FZIN	560,700	
		150,000	410,700
	FAIN	245,117	245,117
			$ 1,060,558
			~~649~~,

1,060,558	accrued
363,176	MSTF Pr.
697,382	remaining credit can be applied to other obligations

Date	Num	Transaction	Decrease	C	Increase	Balance			
5/15/2008		Nfs			1,793.75	1,793.75	cat:	[ESCROW]	
5/15/2008		Nfs			22,500.00	24,293.75	cat:	[ESCROW]	
6/20/2008		Nfs			25,567.89	49,861.64	cat:	[ESCROW]	
7/15/2008		NFS WIRE			121,308.75	171,170.39	cat:	[ESCROW]	
7/15/2008		NFS WIRE			37,053.75	208,224.14	cat:	[ESCROW]	
7/15/2008		J. Cornacchia			5,000.00	213,224.14	cat:	[ESCROW]	
7/17/2008		NFS WIRE			121,308.76	334,532.90	cat:	[ESCROW]	
7/25/2008		NFS WIRE	52,121.25			282,411.65	cat:	[ESCROW]	
7/31/2008		NFS WIRE			1,768.12	284,179.77	cat:	[ESCROW]	
7/31/2008		NFS WIRE			13,965.63	298,145.40	cat:	[ESCROW]	
7/31/2008		One City Ctr			17,937.50	316,082.90	cat:	[ESCROW]	
8/8/2008		Unknown	69,187.50			246,895.40	cat:	[ESCROW]	memo: ? One City Center Return Ck?
8/14/2008		NFS WIRE			1,793.75	248,689.15	cat:	[ESCROW]	
8/14/2008		NFS WIRE			28,218.00	276,907.15	cat:	[ESCROW]	memo: Investigate
8/14/2008		J. Cornacchia			5,000.00	281,907.15	cat:	[ESCROW]	
9/17/2008		J. Cornacchia			5,000.00	286,907.15	cat:	[ESCROW]	
9/17/2008		NFS WIRE			5,718.00	292,625.15	cat:	[ESCROW]	
9/23/2008		McGinn, Smith			150,000.00	442,625.15	cat:	[ESCROW]	
10/17/2008		NFS WIRE			44,356.88	486,982.03	cat:	[ESCROW]	
10/21/2008		One City Ctr			49,097.50	536,079.53	cat:	[ESCROW]	
10/21/2008		J. Cornacchia			5,000.00	541,079.53	cat:	[ESCROW]	
10/21/2008		Misc Checks			5,718.00	546,797.53	cat:	[ESCROW]	memo: ?
10/30/2008		NFS WIRE			8,501.89	555,299.42	cat:	[ESCROW]	
10/30/2008		One City Ctr			17,937.50	573,236.92	cat:	[ESCROW]	
10/30/2008		Nfs			13,965.63	587,202.55	cat:	[ESCROW]	
11/14/2008		McGinn, Smith			125,000.00	712,202.55	cat:	[Checking]	
11/14/2008		TAIN	75,000.00			637,202.55	cat:	[Checking]	
11/14/2008		FIIN	50,000.00			587,202.55	cat:	[Checking]	
11/18/2008		NFS WIRE			1,793.75	588,996.30	cat:	[ESCROW]	
11/18/2008		NFS WIRE			22,500.00	611,496.30	cat:	[ESCROW]	
11/18/2008		Misc Checks			5,718.00	617,214.30	cat:	[ESCROW]	
11/24/2008		J. Cornacchia			5,000.00	622,214.30	cat:	[ESCROW]	
11/26/2008		TAIN	50,000.00			572,214.30	cat:	[Checking]	
11/26/2008		FEIN	50,000.00			522,214.30	cat:	[Checking]	
11/26/2008		FIIN	50,000.00			472,214.30	cat:	[Checking]	
12/19/2008		J. Cornacchia			5,000.00	477,214.30	cat:	[ESCROW]	
12/19/2008		Misc Checks			5,718.00	482,932.30	cat:	[ESCROW]	
12/31/2008		Accrued Interest Receivable			17,541.13	500,473.43	cat:	Interest Inc	memo: YE accued interest-2008
1/16/2009		McGinn, Smith			50,000.00	550,473.43	cat:	[ESCROW]	
1/16/2009		J. Cornacchia			5,000.00	555,473.43	cat:	[ESCROW]	
1/16/2009		Misc Checks			5,718.00	561,191.43	cat:	[ESCROW]	

1/27/2009	McGinn Smith And Company	50,000.00		511,191.43	cat: [Checking]	
2/17/2009	J. Cornacchia		5,000.00	516,191.43	cat: [ESCROW]	
2/17/2009	Misc Checks		5,511.00	521,702.43	cat: [ESCROW]	
3/20/2009	J. Cornacchia		5,000.00	526,702.43	cat: [ESCROW]	
3/23/2009	Misc Checks		5,511.00	532,213.43	cat: [ESCROW]	
4/14/2009	FEIN	100,000.00		432,213.43	cat: [Checking]	
4/14/2009	TAIN	100,000.00		332,213.43	cat: [Checking]	
4/14/2009	FIIN	50,000.00		282,213.43	cat: [Checking]	
4/22/2009	Misc Checks		5,511.00	287,724.43	cat: [ESCROW]	
4/24/2009	J. Cornacchia		5,000.00	292,724.43	cat: [ESCROW]	
5/1/2009	FIIN	25,000.00		267,724.43	cat: [Checking]	
6/25/2009	J. Cornacchia		5,000.00	272,724.43	cat: [ESCROW]	
7/2/2009	Misc Checks		11,436.00	284,160.43	cat: [ESCROW]	
7/8/2009	J. Cornacchia		5,000.00	289,160.43	cat: [ESCROW]	
7/8/2009	Accrued Interest Receivable		19,684.18	308,844.61	cat: Interest Inc	memo: Accrued interest to last advance
10/10/2009	Opening Balance			308,844.61	cat: [DF MS Advisors & MSCH]	
		721,308.75	1,030,153.36			

DT MSA & MSCH

1

Fund Advances to MSTF

FIIN	11/14/08	50,000	
TAIN	11/14/09	75,000	125,000
FEIN	11/26/08	50,000	175,000
TAIN	11/26/08	50,000	225,000
FIIN	11/26/08	50,000	275,000
FEIN	4/14/09	100,000	375,000
TAIN	4/14/09	100,000	475,000
FIIN	4/14/09	50,000	525,000
FIIN	5/1/09	25000	550,000

FIIN	198,269	DT MSA & MSCH
TAIN	206,522	" "
FEIN	410,700	" "

McGinn Smith Transaction Funding
DF MS Advisors & MSCH

Date	Num	Transaction	Decrease	C	Increase	Balance	Days360	Cumualtive Interest Accrual		Checks
5/15/2008		Nfs			1,793.75	1,793.75				
5/15/2008		Nfs			22,500.00	24,293.75	35	202.90		
6/20/2008		Nfs			25,567.89	49,861.64	25	277.01		
7/15/2008		NFS WIRE			121,308.75	171,170.39				
7/15/2008		NFS WIRE			37,053.75	208,224.14				
7/15/2008		J. Cornacchia			5,000.00	213,224.14	2	94.77		
7/17/2008		NFS WIRE			121,308.76	334,532.90	8	594.73		
7/25/2008		NFS WIRE	X 52,121.25			282,411.65	6	376.55		
7/31/2008		NFS WIRE			1,768.12	284,179.77				
7/31/2008		NFS WIRE			13,965.63	298,145.40				
7/31/2008		One City Ctr			17,937.50	316,082.90	8	561.93		
8/8/2008		Unknown	X 69,187.50			246,895.40	6	329.19		
8/14/2008		NFS WIRE			1,793.75	248,689.15				
8/14/2008		NFS WIRE			28,218.00	276,907.15				
8/14/2008		J. Cornacchia			5,000.00	281,907.15	33	2,067.32		
9/17/2008		J. Cornacchia			5,000.00	286,907.15		-		
9/17/2008		NFS WIRE			5,718.00	292,625.15	6	390.17		
9/23/2008		McGinn, Smith			150,000.00	442,625.15	24	2,360.67		
10/17/2008		NFS WIRE			44,356.88	486,982.03	4	432.87		
10/21/2008		One City Ctr			49,097.50	536,079.53	0	-		
10/21/2008		J. Cornacchia			5,000.00	541,079.53	0	-		
10/21/2008		Misc Checks			5,718.00	546,797.53	9	1,093.60		
10/30/2008		NFS WIRE			8,501.89	555,299.42	0	-		
10/30/2008		One City Ctr			17,937.50	573,236.92	0	-		
10/30/2008		Nfs			13,965.63	587,202.55	18	2,348.81		
11/18/2008		NFS WIRE			1,793.75	588,996.30		-		
11/18/2008		NFS WIRE			22,500.00	611,496.30		-		
11/18/2008		Misc Checks			5,718.00	617,214.30	6	822.95		
11/24/2008		J. Cornacchia			5,000.00	622,214.30	2	276.54		
11/26/2008		TAIN	50,000.00			572,214.30		-		
11/26/2008		FEIN	50,000.00			522,214.30		-		
11/26/2008		FIIN	50,000.00			472,214.30	23	2,413.54		
12/19/2008		J. Cornacchia			5,000.00	477,214.30		-		
12/19/2008		Misc Checks			5,718.00	482,932.30	27	2,897.59	17541.1285	500,473.43
1/16/2009		McGinn, Smith		A	50,000.00	532,932.30		-		
1/16/2009		J. Cornacchia			5,000.00	537,932.30		-		
1/16/2009		Misc Checks			5,718.00	543,650.30	11	1,328.92		
1/27/2009		McGinn Smith And Compa	50,000.00	A		493,650.30	20	2,194.00		
2/17/2009		J. Cornacchia			5,000.00	498,650.30		-		
2/17/2009		Misc Checks			5,511.00	504,161.30	33	3,697.18		
3/20/2009		J. Cornacchia			5,000.00	509,161.30	3	339.44		
3/23/2009		Misc Checks			5,511.00	514,672.30	21	2,401.80		
4/14/2009		FEIN	100,000.00			414,672.30				
4/14/2009		TAIN	100,000.00			314,672.30				
4/14/2009		FIIN	50,000.00			264,672.30	8	470.53		
4/22/2009		Misc Checks			5,511.00	270,183.30	2	120.08		
4/24/2009		J. Cornacchia			5,000.00	275,183.30	7	428.06		
5/1/2009		FIIN	25,000.00			250,183.30	54	3,002.20		
6/25/2009		J. Cornacchia			5,000.00	255,183.30	7	396.95		
7/2/2009		Misc Checks			11,436.00	266,619.30	6	355.49		
7/8/2009		J. Cornacchia			5,000.00	271,619.30	82	4,949.51	19,684.18	
9/30/2009								**37,225.30**	**37,225.30**	
10/10/2009		Opening Balance				271,619.30		308,844.60		
11/14/2008		McGinn, Smith			125,000.00	712,202.55				
11/14/2008		TAIN	75,000.00			637,202.55				
11/14/2008		FIIN	50,000.00			587,202.55				

2008

	Date	Dr.	Cr.	Bal
	5/15	1793.75		1793.75
	5/15	22 500.00		24,293.75
	7/15	37,053.75		61,347.50
	7/15	121 308.75		182,656.25
	7/15	5000.00		187,656.25
	7/31	17937.50		205,593.75
	7/31	1768.12		207,361.87
	7/31	13,965.63		221,327.50
	8/14	28218.00		249,545.50
	8/14	1793.75		251,339.25
	8/15	5000.00		256,339.25
9/23 150,000	9/17	5718.00		262,057.25
	9/17	5000.00		267,057.25 417,057.25
	10/21	5718.00		422,775.25
	10/21	5000.00		427,775.25
	10/17	44356.88		472,132.13
	10/30	8501.89		480,634.02
	10/21	49097.50		529,731.52
	10/30	17,937.50		547,669.02
	10/17	74230.00	~~11/14 125,000~~	621,899.02
	10/30	13965.63		635,864.65
11/14 125,000	11/18	22500	11/14 125,000	635,864.65
	11/18	1793.75	11/26 150,000	637,658.40
	11/24 5	5000.00		643,376.40
	11/18	5718.00		648,376.40 498,376.40
	12/9	5718.00		504,094.40
	12/9	5000.00		509,094.40
275,000		531,594.40 ~~509,094.40~~	275,000	531,594.40

1

FUND Advances to MSTF

FIIN	11/14/08	50,000 ✓	
TAIN	11/14/08	75,000 ✓	125,000
FEIN	11/26/08	50,000 ✓	175,000
TAIN	11/26/08	50,000 ✓	225,000
FIIN	11/26/08	50,000 ✓	275,000
FEIN	4/14/09	100,000 ✓	375,000
TAIN	4/14/09	100,000 ✓	475,000
FIIN	~~4~~/14/09	~~30~~,000 ✓	525,000
FIIN	5/1/09	25000 ✓	550,000

~~Outgoing~~

There should not be loans

The advances of 11/14/08 and 11/26/08 are payments on behalf of MSA & MSCH for fees due them from the FUNDS. Through 11/26/08, 275,000 has been advanced to MSTF and passed through to MS on 9/23/08 (150) and 11/14/08 (125)

The advances of 4/14/09 (250) and 5/1/09 (25) are payments on behalf of MSA and MSCH for fees due them for the FUNDS These should be applied to the running balance of customer advances.

We should simply run a balance due MSTF from advances (debits) and receipt of fees on behalf of MSCH + MSA (credits) and calculate running balance at 8%.

This would leave an existing balance which we would then continue to make payments as an offset to our fees.

Accrued fees for each of the Funds should be debited for these advances to MSTF. Are there any other entities that we deal this for. If so, reconcile the correct accruals for fees.

Thus, we were using our fees to pay for customer advances. We obviously should not have used MSTF as our personal bank, but FMA had access to the cash ~~and we~~ from ~~deduct deposit~~ MSTF. Once a payment history was established there, then it made sense to cover those payments with our deposits ($550,000). We need

3

to complete the circle and deposit sufficient fees to pay off the MSTF balance / including interest.

The fact that we have documents showing a loan to MSTF is simply our accounting for the distribution. ~~#~~ Also, I don't believe MSTF is granted authority to borrow, thus this averts another possible problem.

I have prepared schedules that are not precise, but you can see the concept. Finally, the allocation of disbursements from the respective FUNDS never exceeds ~~over~~ the fees due to us. I have provided a schedule to support that.

The schedules are drawn from the schedules that you provided me

Be aware that there is a major gap in your information schedule. There are 3 wires that you don't have a memo on:

10/17/2008	$74,230.00	MSTF
10/30/2008	13,965.63	Fein
8/14/2008	28,218.00	

We really need to track these down if at all possible.

.00022

2008 Interest

	Bal	Days	Int
	24294	60	319.48
	187,656	16	660.55
	221,328	14	681.69
	256,339	33	1861.02
	267057	6	352.51
9/23	417,057	2~~7~~	~~2569.07~~ 2202.06
~~10/17~~	~~461,413~~	~~4~~	~~406.04~~
~~10/21~~	~~521,229~~		
10/17	535643	~~24~~ 4	~~2828.19~~ 471.36
10/21	595,459	9	1179.00
10/30	635,865	19	2657.81
11/18	665,876	6	878.86
11/24	670,876	26	~~3689.81~~ 295.19
12/26	520,876	~~12~~ 23	2635.63
12/19	531,594	12	1403.40
			15,598.76

547,193 12/31/08

2009

Dr		Cr		Balance
				547,193
1/6	5000			552,193
1/14	5718			557,910
2/17	5000			562,910
2/17	5511			568,421
3/20	5000			573,421
3/23	5511			578,932
4/22	5511	4/14	250,000	328,932 334,443
4/24	5000			339,443
6/25	5000	5/1	25000	314,443 319,443
7/2	11436			330,879
7/8	5000			335,879
8/11	2000			337,879
	65,687		275,000	

2009 Interest

	Bal	Days	Int
12/31/08	547,193	16	1926.12
1/16/09	557,910	32	3927.68
2/17/09	568,421	33	4,126.73
3/20/09	573,421	3	378.45
3/23/09	578,932	22	2802.03
4/14/09	328,932	8	578.92
4/22	334,443	2	147.15
4/24	339,443	6	448.06
5/1	314,443	55	3804.76
6/25	319,443	7	491.94
7/2	330,879	6	436.76
7/8	335,879	34	2512.37
8/11	337,879	30	3716.66
10/1			25,297.63

$\boxed{\$363,176.63}$

Total now owed to

MSTF

Month End Capital Estimate		
	Sept	
Beg Balance	174	
Dividend		
Sale of Stock		
Lawsuit - Stuart		
Gl Expenses	-145	
Expenses		
Wires/Ach Pmts	-69	
PR 15	-348	
PR 30	-74	
Reverse AP		
Reverse Accrued Commissions	259	
Pine Street repayment	42	
Nfs Commissions	9.75	65k * .15
Trailer Fees	4.2	10%
Management Fees		
Lex Fees		
Accrue Commissions		
Net Syndicate	135.5	
Other		
Net Capital	-12	
Required	120	
Over/ (Short)	-132	

20.5
73

245
-12
203
~~65~~
~~128~~

~~[illegible]~~
Aquatic

15,000 FIIN

+35000

63000 TDM Benchmark prepaid cc
7500 CCV new cc
75000 Aquatic fees
56100 Rollover cc
25600 Vanfrer cc
220,500

~~208~~
7500
228,000
-12
216,000
50,000 from Funds for Volume fees
266,000

GOVERNMENT EXHIBIT GB46

Month End Capital Estimate		
	Sept	
Beg Balance	174	
Dividend		
Sale of Stock		
Lawsuit - Stuart		
Gl Expenses	-145	
Expenses		
Wires/Ach Pmts	-69	
PR 15	-348	
PR 30	-74	
Reverse AP		
Reverse Accrued Commissions	259	
Pine Street repayment	42	
Nfs Commissions	9.75	65k * .15
Trailer Fees	4.2	10%
Management Fees		
Lex Fees		
Accrue Commissions		
Net Syndicate	69	
Other		
Net Capital	**-78**	
Required	**120**	
Over/ (Short)	**-198**	

$ 301,000

277554

Aquatic

75000
20000 } TDM

8

63000
20000
83000
7500
90100
~~7500~~ ~~40000~~
~~155000~~
165

2,205,000
2,000,000

1 180,000
2 330,000
3 265,000
4 470,000
5 960,000

1,620,000

180,000
330,000
265,000
265,000
960,000
2,000,000

63,000 TTM Benchmark prepaid CC
20,000 " " new CC
7,500 CCV new CC
90,500

Possibilities:
SL
~~buy~~ $35,000 Vidsoft for ~~25,000~~
Aquatic ~~40,000~~ 75,000
Rollover CC 50,000
~~115,000~~ 125,000

Administrative
~~fee~~

205,000
-78
$ 127,000

48,000 need

50,000

Kyle Woods
Goldstein?

175,000

cell
338
2200

Stanley
Goldstein

1,492,000 1,172,500 RO
25
1,197,500 x 3.5

Stanley ~~W~~ Goldstein
Becker & Poliakoff
11th Floor 45th B

212-599-3322

Kyle Weeks REDACTED
404- B
" 4 M

10,000 10,000 $5000 4500
37000 16650
4500
$21,000

Allan ~~Wolter~~
Wolper $400k

ECU ~~1,573,000~~

~~MSTF~~

ECU LLC $3.250,000

2/14/08 Terminate 5/31/08

Cruise Charter Venture Trust 08

$181,500 NEI to MSTF

550,000 NEI to McSomle

NEI to MSTF

781,500

381 500 NEI to MSTF

165000 earned as fee

216,000 loan to MSTF

TDM Funding LLC

Tim + 137,000

350,000

300

700

100

181,001

308,844

(allocate)
Where to get 308,844.61

from the FUNDS to

MSTF that was expended

on behalf of MSTF

call Ron Simmons for interest receivable purchase from Fisher group, Tom Cornacchia,

700,000

181,241 MS purchase of 250,000
604 for licensing
350
475

1610 | 250 | Offset fees on MS related
1,700

900,000

Clay

Dr. Capital Side — 175,000
MSCH 30,000
Benchmark 300,000
Bart Fisher 40,000
MSTF 140,000
Payroll ~~75,000~~
766,000

$\boxed{100{,}000\ 11/15}$

Cr.

350,000 Benchmark 28,000 CC.
− 28
322

350,000

56,000

175,000
− 28,000
147,000

− 438,000
+ 28
410,000 ✓
− 75
335,000
150,000 Frank = Randy Spohn
185,000
220,000
+ 35000

175
50 Frank
125

1175
56
1.9

350,000
− 294
56 — 28 MCC.

Month End Capital Estimate	
	Oct
Beg Balance	235
Dividend	
Sale of Stock	
Lawsuit - Stuart	
Gl Expenses	-138
Expenses	
PR 2	-76
PR 15	-264
PR 30	-49
Reverse AP	
Reverse Accrued Commissions	198
Pine Street repayment	
Nfs Commissions	
Trailer Fees	
Management Fees	
Lex Fees	
Accrue Commissions	
Net Syndicate	75
Other/u/w	
Net Capital	(19)
Required	120
Over/ (Short)	(139)

20
20

139

25 000 payroll
150 MSTF
125 000 MSTF
50 MSCH/Stuart
175
26 Guest
201 Cash
$140,000

125 for the shares

99 Bernard
20 MSCH
23
22
164
-19
145

MS	balance	143,000
	MVP	-31,000
		112,000
	Benchmark	49 500
		161,500
	Payroll	- 77.500
		84,000
	Stewart	50,000
		34,000
	Stewarts (MSTF)	47000
		-13,000

Month End Capital Estimate	
	Oct
Beg Balance	235
Dividend	
Sale of Stock	
Lawsuit - Stuart	
Gl Expenses	-138
Expenses	
PR 2	-76
PR 15	-264
PR 30	-49
Reverse AP	
Reverse Accrued Commissions	198
Pine Street repayment	
Nfs Commissions	
Trailer Fees	
Management Fees	
Lex Fees	
Accrue Commissions	
Net Syndicate	75
Other/u/w	
Net Capital	(19)
Required	120
Over/ (Short)	(139)

300

2400

75
200
10
375
40
415

1,500,000

280 5373
867-1238

21 CCV
20 MSCH
23 for Com
99
~~142~~
163

724

113

Month End Capital Estimate	
	Oct
Beg Balance	235
Dividend	
Sale of Stock	
Lawsuit - Stuart	
Gl Expenses	-138
Expenses	
PR 2	-76
PR 15	-264
PR 30	-49
Reverse AP	
Reverse Accrued Commissions	198
Pine Street repayment	
Nfs Commissions	
Trailer Fees	
Management Fees	
Lex Fees	
Accrue Commissions	
Net Syndicate	75
Other/u/w	
Net Capital	**(19)**
Required	**120**
Over/ (Short)	**(139)**

AGREEMENT

AGREEMENT made this 15th day of May 2008 by and among McGinn, Smith Transaction Funding Corp., a New York corporation with its principal place of business at 99 Pine Street, 5th Floor, Albany, New York 12207 ("MSTF"), Firstline Trust 07, a New York common law trust formed pursuant to a Declaration of Trust dated as of May 19, 2007 by McGinn, Smith Capital Holdings Corp., Trustee ("Trust No. 1"), Firstline Sr. Trust 07, a New York common law trust formed pursuant to a Declaration Trust dated as on May 19, 2007 by McGinn, Smith Capital Holdings Corp., Trustee ("Trust No. 2"), Firstline Trust 07 Series B, a New York common law trust formed pursuant to a Declaration of Trust dated as of October 15, 2007 by McGinn, Smith Capital Holdings Corp., Trustee ("Trust No. 3") and Firstline Sr. Trust 07 Series B, a New York common law trust formed pursuant to a Declaration of Trust dated as of October 15, 2007 by McGinn, Smith Capital Holdings Corp., Trustee ("Trust No. 4")

WITNESSETH:

WHEREAS, Trust No. 1 and Trust No. 2 each provided financing to Firstline Security, Inc., a Utah corporation ("Firstline") pursuant to the terms of Confidential Private Placement Memoranda each dated May 19, 2007; and

WHEREAS, Trust No. 3 and Trust No. 4 each provided financing to Firstline pursuant to the terms of Confidential Private Placement Memoranda, each dated October 19, 2007; and

WHEREAS, Firstline has defaulted with respect to its obligations to pay principal and interest to Trust No.1, Trust No. 2, Trust No. 3 and Trust No.4 (collectively, the "Trusts") as required pursuant to the terms of the Confidential Private Placement Memoranda dated May 19, 2007 and October 19, 2007 (collectively, the "PPM's"); and

WHEREAS, MSTS has agreed to assume the obligations of Firstline to pay principal and interest to the Trusts pursuant to the terms of the PPM's in consideration of the terms and provisions of this Agreement.

NOW THEREFORE, in consideration of Ten and 00/100 Dollars ($10.00) lawful money of the United States, and other good and valuable consideration, the receipt of which each party acknowledges, the parties agree as follows:

1. Effective June 2, 2008 MSTF will assume all obligations of Firstline arising under the PPM's to pay to the Trusts all principal and interest due and to become due to the Trusts thereunder, up to the maximum amount of $3,000,000 in the aggregate.

2. In consideration of the foregoing, the Trusts sell, assign and transfer to MSTF all rights that exist to collect any unpaid and accruing principal and interest due from Firstline to the Trusts pursuant to the terms of the PPM's including, but not limited to all residual payments and amounts that would have been payable to the Trusts in accordance with the terms of the PPM's after receipt of the final payments of principal and interest from Firstline.

GOVERNMENT
EXHIBIT

GB52

3. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Jurisdiction and venue for litigation of any dispute or claim arising out of or in connection with this Assignment Agreement shall vest only in the Federal or State Courts located in Albany, New York.

4. This Assignment Agreement may not be amended or otherwise modified except by an instrument in writing signed by the parties hereto.

5. If any provision of this Assignment Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, such determination shall not affect the validity or enforceability of any other part or provision of this Assignment Agreement.

6. No waiver by any party of any breach of any provision hereof shall constitute a waiver unless made in writing and signed by the other parties.

This Agreement has been duly executed and delivered by parties as of the date set forth above.

McGinn, Smith Transaction Funding Corp.

By: ______________________, Chairman

Firstline Trust 07
By: McGinn, Smith Capital Holdings Corp., Trustee

By: ______________________
President

Firstline Sr. Trust 07
By: McGinn, Smith Capital Holdings Corp., Trustee

By: ______________________
President

Firstline Trust 07 Series B
By: McGinn, Smith Capital Holdings Corp., Trustee

By: ______________________
President

Firstline Sr. Trust 07 Series B
By: McGinn, Smith Capital Holdings Corp., Trustee

By: ______________________
President

From: Cooper, Brian [cooperb@mcginnsmith.com]
Sent: Tuesday, October 13, 2009 10:05 AM
To: McGinn, Timothy
Cc: Carr, Joseph
Subject: TDM Cable Loans

Tim, here are how the loans currently appear on the balance sheet.

ADT Note	500,000.00
DF 107th Assoc	15,000.00
DF Firstline Sr. 07	187,520.17
DF Jeffrey Few	10,000.00
DF McGinn Smith & Co.	638,000.00
DF MS Advisors	1,600,000.00
DF Shutts and Bowen	289,379.87
DF TDMV 08	137,000.00
Due From Firstline 07 Jr.	17,114.17
Due From MSAT	13,000.00
Loan- DLS	637,000.00
Loan- Matt R	466,000.00
Loan- TMM	775,341.00
Loans-Other	200,295.50
Luxury Cruise	1,451,000.00
PVF- Cutler	710,803.37
PVF- Key	375,525.88
syndication costs	35,397.89
VerifierLLC loan	2,028,036.07

Brian J. Cooper
McGinn Smith & Co. Inc.
99 Pine Street, Suite 5
Albany, NY 12207
Phone 518-449-5131 ext 232
Fax 518-449-4894
Toll Free 1-800-724-3330

GOVERNMENT
EXHIBIT

GD13