



Financial Industry Regulatory Authority

Via Facsimile (518-449-4894) and First Class U.S. Mail

December 18, 2009

David L. Smith, President & CCO
McGinn, Smith & Co.
99 Pine Street - Capital Center
Albany, NY 12207

Dear Mr. Smith:

FINRA has fully considered the information that McGinn, Smith & Co. (the "Firm") has provided to us as of December 16, 2009. McGinn, Smith & Co. has not demonstrated to FINRA that the firm is in compliance with the Net Capital Rule, SEA Rule 15c3-1. **A firm out of compliance with the Net Capital Rule is required by the terms of the rule to cease conducting a securities business.** In this regard, should McGinn, Smith & Co. conduct a securities business, other than to engage in liquidating transactions, while out of compliance with the Net Capital Rule, the Firm and the responsible individual(s) will be subject to formal disciplinary or other action. Liquidating transactions are limited to the following: (1) liquidation of proprietary long positions, (2) purchases to cover proprietary short positions, (3) liquidation of customer long positions, and (4) purchases to cover customer short positions. All transactions enumerated in items (1) through (4) must be executed only with *other* broker/dealers.

Based on the above, we believe that McGinn, Smith & Co. has an obligation to send notice to the SEC and to FINRA, pursuant to SEC Rule 17a-11(b) and (g), and the Firm should promptly refer to that Rule to understand its obligation regarding the notification(s) and time frames. The notice must further specify that FINRA has advised McGinn, Smith & Co. that it is in apparent violation of SEC Rule 15c3-1.

If McGinn, Smith & Co. fails to comply with SEC Rule 17a-11 notice requirements, FINRA will notify the SEC of the Firm's failure, as required by SEC Rule 17a-11(f); and the Firm and the responsible individual(s) will be subject to additional disciplinary action.

Any questions regarding this matter may be directed to Michael Paulsen at (732) 596-2073 or Stacey P. Hoffmann at (732) 596-3560.

Sincerely,

Eugene Bleier
Deputy District Director

cc: Robert Solazzo, Deputy Regional Director, Northeast Regional Office, U.S.
Securities and Exchange Commission (212) 336-1325
Susan DeMando Scott, Financial Operations, FINRA (202) 728-8881
Richard O'Brien, Chief Compliance Officer, National Financial Services, LLC. (617)
385-0973

M&S Partners has over the last eight years securitized in excess of \$400 million of monitoring contracts, and has become a leading provider of capital to the industry. Through this involvement M&S Partners has built a vertically integrated corporate structure that is capable of handling all aspects of the transaction including due diligence, billing, collection, monitoring, accounting, and sales.

M&S Partners is a financial intermediary, advancing capital to alarm industry participants who consist mainly of dealers and monitoring companies. The security alarm dealer generates revenue from the sale, installation, and servicing of security hardware devices, and the electronic 24-hour surveillance (monitoring) of the installed equipment. The monitoring agreement or contract that evolves between the consumer and monitoring company is acquired by M&S Partners. While M&S Partners is advancing capital by purchasing or lending against the contracts, it is simultaneously structuring a note or bond investment reflective of the cash flow characteristics of the underlying contracts, subsequently, M&S Partners prepares to sell the notes to effectively match the capital requirement with the note offering. The spread or difference between the cost of capital, (interest paid to note buyer), and the purchase or financing cost of the contracts results in the gross profit to M&S Partners. When translating the purchase price of a contract into an effective rate of interest or cost of capital to the dealer, rates in the 21.5% range are commonplace. Our cost of capital or the rate of interest that must be paid to the noteholder approaches 10.5%, providing a gross spread of 8.5% and a transaction fee to M&S Partners & Co., Inc. of 2.5%.

The fragmented nature of the industry combined with high growth rates and subsequent capital requirements provide an environment requiring a financial intermediary's' involvement. With a vertically integrated and dedicated service team M&S Partners is responsive to the financial needs, making capital available in a matter of days or weeks.

SECURITIZATION OF CONTRACTS

The securitization process has three steps and begins at the time a dealer is introduced to M&S Partners for the potential financing services provided by the company.

STEP I

M&S Partners will initiate "due diligence" on the dealer, reviewing among other things, (i) personal (if privately owned) and corporate tax returns,

(ii) that the corporation is in good standing in the jurisdiction where domiciled, (iii) using up-to-date and UL (United Laboratories) approved security devices, (iv) free of liens and other encumbrances.

STEP II

The process continues as “due diligence” focuses on the individual contracts where beacon scores are obtained for each contract, a review of contract language is conducted, and a call is made to each contract whereby it is determined that the consumer:

1. Understands they have entered into a binding agreement,
2. That the system they purchased is functional and that they know how to use it.
3. That a live signal can be verified to the system.

STEP III

At this point a decision is made whether to purchase the contract, and if so, a UCC-1 is promptly filed to perfect the ownership rights, and payment is subsequently made to the dealer. The singular contract is aggregated with others and sold to a trust portfolio where the investor notes are structured, and sold.

M&S Partners has built a vertically integrated platform, able to handle each phase of the process including:

1. Dealer due diligence
2. Credit profiling of the customer
3. Service verification
4. Account billing
5. Account collections

In addition, M&S Partners is a significant shareholder in King Central, and has secured the monitoring services for any account acquired by the company, regardless of whether that account has originated from the King Central network.

As a result of the extensive “due diligence” exercised by the company, and additional safety features built into the transaction, M&S Partners has never defaulted on a payment of scheduled principal or interest to its investors. In addition to the aforementioned “due diligence”, the company requires that:

1. A dealer that is financed must replace non-performing contracts.
2. some portion of the purchase price is withheld from the dealer.

3. A reserve account is established for each portfolio.
4. Billing may be done by the dealer or the company, however all receipts are directed to a segregated lock box for the benefit of the specific trust.
5. Excess collections are paid to dealers only after all investors receive principal and interest.
6. Reversion rights of the contracts back to the dealers after investors have been fully paid are contingent and in essence make a back-end load to the dealer. There is considerable value to the remaining cash flow stream, after investor notes have been retired and is typically returned to the dealer after full satisfaction of the notes.

ABOUT THE MARKETS

The markets have been separated into four distinct groups as defined by a needs analysis, however, they maintain commonality in required monitoring and servicing. The segments are as follows:

RESIDENTIAL

In the eighties the industry changed from a hardware business to a multi-year monitoring payment stream based on surveillance creating monthly monitoring fees. Contracts have been standardized and take the form of a service contract outlining basic tenets of responsibilities.

The resulting monitoring contract has been viewed as an attractive and financable asset because:

- Geographic diversification is easily achieved.
- Monthly fees are small in relation to the overall household budget, averaging about \$30 per month.
- Insurance reimbursement can reduce net costs by up to 40%.
- Typical cost/benefit analysis provides favorable results implying a low cost versus the value of protected assets.
- Customer is driven by service and convenience not prices.
- Typical beacon scores are in the low to mid 600's.
- Average life of contract 8-10 years
- Low credit concentration risk per contract do to overall small dollar size of contracts averaging less than \$1,500.

The typical contract takes the form of an executory contract, with monitoring fees averaging \$30 per month, and the typical term of 24-36 months. Contracts contain an automatic renewal clause, which functionally causes contracts to average 8-10 years.

COMMERCIAL

The services provided a commercial user has historically been very different from that provided to residential users. Advances in technology, bundling of services, and lower costs have resulted in systems where functionality and performance are more closely aligned. Systems monitor security, fire sprinkler systems, HVAC requirements, as well as employee performance. The technological advancements which have been identified are expected to have a significant impact adding hundreds of billions of dollars as:

1. GPS is applied to the transportation and fleet industries and asset tracking.
2. Biometrics is utilized by retail organizations, banks and other financial intermediaries.
3. Wireless and web based applications are expanding dramatically allowing retrieval of greater amounts of data and higher levels of interactivity to exist.

MULTI-FAMILY

Apartment, retirement and health related communities present huge opportunities as less than 5% of the overall market is penetrated. Legal exposure and desire by occupants for a higher level of amenities has driven this industry to the market. Demographics highlighted by an older population, living alone with essential health needs have also driven this sector to the point that it is usual for new construction in this segment to include systems. To the extent that well capitalized REIT's dominate this segment and view this as an important tenant amenity and they are willing to spend money on new construction systems and to retrofit existing properties. Unique to this industry is ease of billing and payment, as payments are collected by the property manager, guaranteed by the property manager, and forwarded in bulk to the monitoring company or other agent.

HEALTHCARE

Home healthcare has been a major focus of the security industry and one of the fastest growing segments. A tremendous demand has been created by the early release of patients from healthcare facilities, the aging population and complicated pharmacological programs many people must adhere to. Communication systems combined with diagnostic system advances allow for monitoring of multiple tests off-premise. Blood pressure, glucose, even whether prescriptions are being adhered to can be monitored. Sales in this market can take place directly, or through the hospital or health care provider who in turn offer it to their patients.

Significant web based and wireless applications are being introduced that will expand diagnostic capability as well as the amount and locations of data that can be collected. Certain applications are insurance or Medicare reimbursable.

RECURRING MONTHLY REVENUE VALUATIONS

The assumed weighted average life of the typical RMR by capital market participants is 7-10 years, similar to the historical expected average life. Lehman Brothers in a security industry report witness acquisitions exceeding 60 times RMR on transactions between 1997-1999. Multiples have declined from the peak however are solidly averaging in the mid 40's. Large aggregators are willing to pay increasing multiples as the size of the acquisition increases, with larger portfolios approaching the low to mid 50's.

An important event unfolded in 1999 as installation prices stopped declining and RMR continued to increase. Attrition rates also increased as "zero down" installers forced industry average rates lower. Customers with little investment increased industry attrition rates having little regard for a contractual obligation that required no initial investment. As the long-term viability, and financial where-with-all of "zero down" installers has come into question, a majority of the industry has moved away from this policy. McGinn Smith has avoided financing zero down installers, believing from the onset that reliability and predictability of payment streams would be compromised without an initial financial commitment. Subsequently, system options, warranties, and other value-added services have caused monthly fees to increase with many now moving into the low to mid thirties. Historical attrition rates have returned, as customers are required to invest "upfront" in systems. This has made the overall economics the best in a decade and provided a solid floor under current valuations.

The company has consistently aggregated portfolios at acquisition costs in the mid 20's, or a significant discount to multiples in the secondary market. Our historical business and future expectations rely on the securitization of the RMR cash flow streams and amortizing the acquisition costs over a period of time, with a guaranteed rate paid to investors. We have established or aggregated these portfolios in a "single purpose" trust format. A trust is formed to acquire the contracts, and a single or multi-tranche note is issued by the trust promising to return principal at some future time and paying a high relative rate of interest to the noteholder.

We have built several safeguards or guarantees into the offering to enhance investor protection, which include:

1. Default replacement guarantees by the dealers from who contracts are purchased.
2. Cash reserve funds established.
3. Secured and recorded interest in the contracts and revenue stream until the amortized balance has been repaid in full plus interest.

June 24, 2004

Dear Molly,

Enclosed please find four mortgage payments for August through November of 2002 for J.V. Associates totaling \$94,892.88. The escrow account should now be in a position to pay the school tax bill in September.

I have also enclosed a copy of the agreement with Surgical Synergies that shows the assumption of the equipment loan. We will deal with that problem in due time.

Regards,

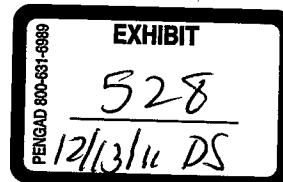
David L. Smith
Chairman of the Board
Century Same Day Surgery

Enclosures

DLS/gbg

Improperly Diverted Funds

	PPM Date	Transaction Generating Payment Traceable to Trust	PPM LLC/Corp (Summary of Offering)	Disbursing Bank Account	Tim McGinn	David Smith	Matthew Rogers
2006	11/13/2006	TDM Cable Trust 06 Raise 1	TDM Cable Funding LLC	TDM Cable Funding LLC - Mercantile 9507	\$407,341.00	\$407,000.00	\$385,000.00
2007	2/23/2007	TDM Verifier Trust 07	TDM Cable Funding LLC	TDM Cable Funding LLC - Mercantile 9507	\$188,000.00	\$182,000.00	\$178,000.00
	5/19/2007	Firstline Trust 07/Firstline Sr. Trust 07	McGinn Smith Funding LLC (not in PPM)	MS Funding LLC - Mercantile 1635	\$310,000.00	\$310,000.00	
	10/19/2007	Firstline Trust 07 Series B/Firstline Sr. Trust 07 Series B	McGinn Smith Funding LLC (not in PPM)	MS Funding LLC - Mercantile 1635	\$137,301.00	\$178,000.00	
	12/17/2007	TDM Verifier Trust 08	McGinn Smith Funding LLC	MS Funding LLC - Mercantile 1635			\$100,000.00
	McGinn, Smith Funding Repayments				(\$57,000.00)	(\$57,000.00)	
			McGinn Smith Funding LLC (not in PPM)	MS Funding LLC - Mercantile 1635	\$390,301.00	\$431,000.00	\$100,000.00
2008	12/17/2007	TDM Verifier Trust 08	McGinn Smith Funding LLC	MS Funding LLC - Mercantile 1635	\$60,000.00	\$60,000.00	
	12/15/2008	TDM Verifier Trust 09	McGinn Smith Funding LLC	MS Funding LLC - Mercantile 1635	\$18,000.00		
					\$78,000.00	\$60,000.00	
	9/24/2008	Fortress Trust 08	NEI Capital LLC	NEI Capital LLC	\$210,000.00	\$360,000.00	\$285,000.00
2009	12/15/2008	TDM Verifier Trust 09	McGinn Smith Funding LLC	MS Funding LLC - Mercantile 1635		\$18,000.00	
	1/19/2009	TDMM Cable Jr. Trust 09		TDMM Cable Funding LLC - Mercantile 9077	\$24,000.00	\$24,000.00	\$25,000.00
	8/20/2009	TDMM Benchmark Trust 09	TDMM Cable Funding LLC	TDMM Cable Funding LLC - Mercantile 9077	\$8,500.00	\$50,000.00	
					\$32,500.00	\$74,000.00	\$25,000.00
		Sub Total	\$3,811,142.00		\$1,306,142.00	\$1,532,000.00	\$973,000.00
				Integrated Excellence Sr Trust	\$50,000.00	\$35,000.00	
				TDMM Cable Jr Trust 09	\$30,000.00		
		Total Diversions from Trusts	\$3,926,142.00		\$1,386,142.00	\$1,567,000.00	\$973,000.00
				MSTF	\$230,000.00		
		Total Diversions	\$4,156,142.00				



CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

\$2,000,000

SECURITY PARTICIPATION TRUST IV

MAXIMUM OFFERING \$2,000,000 PARTICIPATION CERTIFICATES

MINIMUM OFFERING \$100,000 PARTICIPATION CERTIFICATES

THIRTY SIX MONTHS: 11.0%

SECURITY PARTICIPATION TRUST IV (the "Trust Fund") is hereby offering \$2,000,000 of Participation Certificates, entitled to interest at the rate of 11.0% per annum (the "Certificates"). Interest only on the Certificates will be payable monthly commencing on January 1, 2002, to and including December 1, 2004. Thereafter, Certificateholders will receive a return of their investment and participate in the proceeds from the sale of the assets of the Trust Fund. See "Description of the Certificates and the Trust Agreement".

The Certificates will be issued and registered in the names of the purchasing Certificateholders. Interests in the Certificates will be shown on, and transfers thereof will be effected through, records maintained by the Trustee under the Trust Agreement. See "Description of the Certificates and the Trust Agreement."

Price of Certificates 100%

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

THESE CERTIFICATES 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 Trust Fund
	100%	6.0%	94.0%
Minimum Offering	\$100,000	\$6,000	\$94,000
Maximum Offering	\$2,000,000	\$120,000	\$1,880,000

The date of this Memorandum is November 21, 2001

MCGINN, SMITH & CO., INC.
Capital Center • 99 Pine Street
Albany, New York 12207

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The Offering of Certificates will terminate on February 20, 2002, unless the Minimum Amount of Certificates are sold prior to that date. All subscriptions will be held in an escrow account (the "Escrow Account") at Charter One Bank, FSB (the "Escrow Agent") or such other financial institution as may be selected by the Trust Fund in the event that 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 Certificates. During the period that an investor's funds are held in the Escrow Account, he will not be a Certificateholder of the Trust Fund. An investor's funds will not be held in the Escrow Account more than two months before being invested in the Certificates, with Escrow Agent fees being deducted from escrow interest payable to investors. See "Terms of the Offering".

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

WHO MAY INVEST

The Certificates will generally be offered only to accredited investors as that term is defined under Regulation D promulgated under the Act ("Accredited Investors"). The Sales Agent may, however, offer and sell Certificates 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 Certificates 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 Certificates, 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 the Subscription Agreement that he is acquiring the Certificates 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 Certificates have not been registered under the Securities Act of 1933, as amended, 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 Contracts will generate sufficient income necessary to pay the Certificates, investment in the Certificates is suited for persons who have substantial income from other sources. See "Risk Factors".

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

INVESTOR NOTICES

THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THIS SUBSCRIPTION AGREEMENT BEEN REVIEWED, APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION SET FORTH HEREIN. NO STATE SECURITIES LAW ADMINISTRATOR OR OTHER JURISDICTIONAL AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS HEREOF OR THE ACCURACY OR THE ADEQUACY OF THE INFORMATION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE SECURITIES DESCRIBED HEREIN WERE OFFERED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS FOR NON-PUBLIC OFFERINGS. SUCH EXEMPTIONS LIMIT THE NUMBER AND TYPES OF SUBSCRIBERS TO WHICH THE OFFERING HAS BEEN MADE AND RESTRICT SUBSEQUENT TRANSFER OF THE SECURITIES DESCRIBED HEREIN.

THE SECURITIES DESCRIBED HEREIN SHOULD BE CONSIDERED ONLY BY A PERSON WHO OR ENTITY THAT CAN AFFORD TO SUSTAIN THE LOSS OF ITS ENTIRE INVESTMENT. A SUBSCRIBER WHO SUBSCRIBES TO MAKE AN INVESTMENT IN SUCH SECURITIES IS REQUIRED TO REPRESENT THAT IT IS ABLE TO SUSTAIN SUCH A LOSS AND IS FAMILIAR WITH AND UNDERSTANDS THE TERMS OF THE OFFERING OF THE SECURITIES DESCRIBED HEREIN.

THE SECURITIES DESCRIBED HEREIN ARE RESTRICTED WITH RESPECT TO TRANSFERABILITY AND RESALE. THE SECURITIES MAY NOT BE RESOLD OR OTHERWISE DISPOSED OF BY THE SUBSCRIBER UNLESS, IN THE OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY, REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED OR COMPLIANCE IS MADE WITH SUCH REGISTRATION REQUIREMENTS.

THE SUBSCRIBER, BY HAVING ACCEPTED DELIVERY OF THE INFORMATIONAL MATERIALS PROVIDED BY THE COMPANY AND ALL ACCOMPANYING OR RELATED DOCUMENTS, AGREES TO RETURN SUCH MATERIALS TO THE COMPANY UPON REQUEST IF THE SUBSCRIBER DETERMINES NOT TO MAKE AN INVESTMENT IN ANY OF THE SECURITIES DESCRIBED HEREIN.

THIS SUBSCRIPTION AGREEMENT DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED.

FOR ARIZONA RESIDENTS

THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR THE SECURITIES LAWS OF CERTAIN STATES AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH STATE LAWS. SUCH SECURITIES 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 THE OFFERING DESCRIBED HEREIN OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

FOR CALIFORNIA RESIDENTS

THE SECURITIES REFERRED TO HEREIN WILL BE SOLD TO, AND ACQUIRED BY, THE HOLDER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 25102(f) OF THE

CALIFORNIA CORPORATE SECURITIES LAW OF 1968. THUS, SUCH SECURITIES HAVE NOT BEEN QUALIFIED UNDER THAT ACT IN THE STATE OF CALIFORNIA.

FOR FLORIDA RESIDENTS

THE SECURITIES REFERRED TO HEREIN WILL BE SOLD, AND ACQUIRED, IN A TRANSACTION EXEMPT UNDER SECTION 517.061(11) OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT. THE SAID SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. PURSUANT TO SECTION 517.061(11) OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT, WHEN SALES ARE MADE TO FIVE (5) OR MORE PERSONS (EXCLUDING ACCREDITED INVESTORS) IN THE STATE OF FLORIDA, ANY SALE IN THE ESTATE OF FLORIDA MADE PURSUANT TO SECTION 517.061(11) OF SUCH ACT IS VOIDABLE BY THE PURCHASER IN SUCH SALE (WITHOUT INCURRING ANY LIABILITY TO THE COMPANY OR TO ANY OTHER PERSON OR ENTITY) EITHER WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT OR WITHIN THREE (3) DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER. TO VOID HIS PURCHASE, THE PURCHASER NEED ONLY SEND A LETTER OR TELEGRAM TO THE COMPANY.

AT THE ADDRESS INDICATED HEREIN, ANY SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED THREE (3) DAY PERIOD. IT IS PRUDENT TO SEND ANY SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ASSURE THAT IT IS RECEIVED AND ALSO TO HAVE EVIDENCE OF THE TIME THAT IT WAS MAILED. SHOULD A PURCHASER MAKE THIS REQUEST ORALLY, THAT PURCHASER MUST ASK FOR WRITTEN CONFIRMATION THAT THE REQUEST HAS BEEN RECEIVED. IF NOTICE IS NOT RECEIVED WITHIN THE TIME LIMIT SPECIFIED HEREIN, THE FOREGOING RIGHT TO VOID THE PURCHASE SHALL BE NULL AND VOID.

FOR NEW YORK RESIDENTS

THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE ATTORNEY GENERAL OF NEW YORK OR ANY OFFICIAL OF SIMILAR CAPACITY OF ANY STATE PASSED UPON THE ACCURACY, ADEQUACY OR COMPLETENESS OF THIS DOCUMENT OR THE MERITS OF THE OFFERING OF SUCH SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR PENNSYLVANIA RESIDENTS

THE SECURITIES DESCRIBED HEREIN WILL HAVE BEEN ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM THE REGISTRATION OR QUALIFICATION PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS AND MAY NOT BE SOLD OR TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION PROVISIONS OF APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR APPLICABLE EXCEPTIONS THEREFROM. NEITHER THE PENNSYLVANIA SECURITIES COMMISSION NOR ANY OTHER AGENCY HAS PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING AND ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. PENNSYLVANIA SUBSCRIBERS/INVESTORS MAY NOT SELL THEIR SECURITIES FOR ONE YEAR FROM THE DATE OF PURCHASE IF SUCH A SALE WOULD VIOLATE SECTION 203(d) OF THE PENNSYLVANIA SECURITIES ACT.

PURSUANT TO SECTION 207(m) OF THE PENNSYLVANIA SECURITIES ACT OF 1972, AS AMENDED, EACH PENNSYLVANIA RESIDENT WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPTED FROM REGISTRATION UNDER SECTION 302(d) OF THE 1972 ACT,

DIRECTLY FROM AN ISSUER OR AN AFFILIATE OF AN ISSUER, SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO THE SELLER, UNDERWRITER (IF ANY) OR ANY OTHER PERSON, WITHIN TWO BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO WRITTEN BINDING CONTRACT OF PURCHASE, WITHIN TWO BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED. TO ACCOMPLISH THIS WITHDRAWAL, A PENNSYLVANIA SUBSCRIBER/INVESTOR NEED ONLY SEND A LETTER OR TELEGRAM TO THE COMPANY AT THE ADDRESS SET FORTH IN THE TEXT OF THIS MEMORANDUM INDICATING HIS OR HER INTENTION TO WITHDRAW. SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IT IS PRUDENT TO SEND SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME WHEN IT WAS MAILED. IF THE REQUEST IS MADE ORALLY (IN PERSON OR BY TELEPHONE, TO THE COMPANY AT THE NUMBER LISTED IN THE TEXT OF THIS MEMORANDUM), A WRITTEN CONFIRMATION THAT THE REQUEST HAS BEEN RECEIVED SHOULD BE REQUESTED. EACH PENNSYLVANIA RESIDENT WHO SUBSCRIBES FOR THE SECURITIES DESCRIBED HEREIN MUST AGREE NOT TO SELL SUCH SECURITIES FOR A PERIOD OF TWELVE (12) MONTHS AFTER THE DATE OF PURCHASE

SUMMARY OF THE OFFERING

The following summary is qualified in its entirety by the detailed information appearing elsewhere in this Memorandum and the exhibits attached to the Memorandum.

The Trust Fund

Security Participation Trust IV (the "Trust Fund") is a common law trust formed under the laws of the State of New York on November ____, 2001. The Trustee of the Trust Fund is McGinn, Smith & Co., Inc., a New York corporation. The Trustee will have no liability in connection with the Certificates or the affairs of the Trust Fund in the absence of willful misconduct or gross negligence. Although Certificateholders will have recourse to all assets of the Trust Fund, the Portfolios of Contracts acquired with the proceeds of this Offering will be the only assets of the Trust Fund. See "Risk Factors", "The Trust Fund" and "Disclaimer of Liability of Trustee."

The sole business activity of the Trust Fund will be to acquire both new and existing portfolios of contracts (the "Contracts"), consisting of payment rights in exchange for the provision of electronic security monitoring services for security alarm systems in residential homes ("Residential Monitoring Contracts"). Security monitoring is the process of notifying designated parties (either individuals or public authorities) if an unauthorized entry, fire, medical or other emergency signal from a customer alarm system is received at a central monitoring station.

The Trust Fund will acquire portfolios of Contracts (the "Portfolios") consisting of Contracts acquired by Palisades Group, LLC, a New York limited liability company ("Palisades"), and originated by various security alarm dealers, herein collectively referred to as the "Security Alarm Dealers".

The Trust Fund will enter into a Monitoring Receivable Participation Agreement (the "Participation Agreement") for acquisition of the Portfolios. The Portfolios of Contracts consist of the monthly cash flow received from the Contracts in each Portfolio.

The Trust Fund intends to apply the entire net proceeds of the Offering to the purchase of the Portfolios of Contracts. The Contracts in the Portfolios to be purchased will require the subscriber to make monthly or quarterly payments for a term up to sixty months (the "Mandatory Period"). See "Use of Proceeds", "The Trust Fund" and "Portfolio Acquisition and Monitoring."

As the owner of the Portfolios, the Trust Fund will receive the monthly payments from subscribers for monitoring services provided to them by the Security Alarm Dealers. See "Portfolio Acquisition and Monitoring". For more detailed information concerning the proposed business activity of the Trust Fund, see "The Trust Fund - Business of the Trust Fund."

Risk Factors

In evaluating this Offering, prospective investors should consider carefully, among others, the following risk factors:

- No assurance that the Certificates will be paid;
- No market for resale of Certificates;
- Illiquid collateral;
- Potential for Contract defaults.
- Potential conflicts of interest in connection with the acquisition of the Portfolios of Contracts by the Trust Fund

See "Risk Factors" and "Conflicts of Interest."

Description of the Certificates and the Trust Agreement

The Certificates will be issued under a Declaration of Trust by McGinn, Smith & Co., Inc., the Trustee. The Certificates will be available for purchase in denominations of \$10,000.00 and increments of \$1,000.00. The Certificates will be registered in the name of the individual Certificateholders. See "Description of the Trust Agreement and the Certificates."

The Certificates will bear interest at a per annum rate of 11.0%. Interest will accrue commencing on the Closing Date for the purchase of such Certificate and will be payable to Certificateholders monthly on the first day of each month commencing January 1, 2002 to and including December 1, 2004. Thereafter Certificateholders will receive a return of their investment and may participate in the proceeds from the sale of the assets of the Trust Fund. See "Description of Trust Agreement and the Certificates".

Compensation and Fees

McGinn Smith Acceptance Corp., an affiliate of McGinn Smith & Co., the Sales Agent, will be paid a brokerage fee in connection with the acquisition of the Portfolio by the Trust Fund. See "Compensation and Fees" and "Conflicts of Interest."

Uses of Proceeds

The net proceeds from the Offering of the Certificates will be used to purchase the Portfolios of Contracts. See "Use of Proceeds" and "Portfolio Acquisition and Monitoring".

Income Tax Considerations

The Certificates will be treated as indebtedness of the Trust Fund for federal income tax purposes. Each Certificateholder will generally be required to report interest income on a Certificate in accordance with such Certificateholder's method of accounting. Each prospective investor should consult with his or her own tax advisor with respect to the tax consequences of the acquisition, ownership and disposition of the Certificates.

RISK FACTORS

In evaluating this Offering, prospective investors should consider carefully all of the information contained in this Memorandum and, in particular, the factors discussed below. The following summary is not intended to state in full or replace portions of this Memorandum that discuss these factors and others in greater depth. Although the risk factors are intended to be presented in order of their materiality to investors, such order may not be indicative of their relative importance to any particular investor.

Limitation of Transfer of Certificates

The Certificates may not be offered for resale to any person without the consent of the Trust Fund. Prior to this offering, there has been no market for the Certificates of the Trust Fund. Each investor will be required to represent that his purchase of the Certificates will be for investment only and not with a view towards the resale or distribution thereof. A Certificateholder will not have any right to sell, transfer, exchange or otherwise dispose of his Certificates, or to cause a security interest to be created therein, unless the Trust Fund has received evidence satisfactory to it that such disposition or creation of a security interest is not in violation of federal or state securities laws. The Certificates have not been registered or qualified under the Securities Act of 1933 or applicable state securities laws and may not be sold or transferred without such registration or qualification or an exemption therefrom.

Limited Liquidity of the Portfolios

At such time as the Trust Fund elects to sell the Portfolios of Contracts, the ability of the Trust Fund to sell the Contracts may be restricted since it is anticipated that there will be a limited market for the Portfolios of Contracts. In that event, the Trust Fund may have to continue to hold the Contracts and begin to distribute the cash flow from the Contracts to the Certificateholders until such time as a resale market for the Portfolios becomes available.

Potential for Contract Defaults

Defaults by subscribers under Contracts may result in reduced cash flow to the Trust Fund. Defaults may occur for a variety of reasons, including relocation of subscribers, dissatisfaction with service, defaults by monitoring companies, and changes in economic conditions. The Security Alarm Dealers have an obligation (the "Monitoring Recourse Obligation") to repurchase or substitute a performing Contract of equal value for a non-performing Contract for up to twelve (12) months from the date of purchase of the Contract by the Trust Fund. Each Security Alarm Dealer will represent that each

Contract will legally obligate the subscriber to pay for monitoring services for the Mandatory Period. Nevertheless, should the level of Contract defaults exceed that anticipated, the ability of the Trust Fund to pay the Certificates will be adversely affected. See "Portfolio Acquisition and Monitoring."

No Assurance as to Financial Worthiness or Capabilities of Security Alarm Dealers

The Trust Fund will use the entire proceeds of this Offering to purchase the Portfolios of Contracts which require subscribers to pay fees for a Mandatory Period in exchange for monitoring services. In the event that the Security Alarm Dealers do not meet their obligations under the Contracts, it is likely that the affected subscribers will cancel the Contracts and refuse to pay, either in whole or in part, the fees due and owing thereunder. Furthermore, because the Monitoring Recourse Obligation to repurchase or replace non-performing Contracts depends on the financial capability of the Security Alarm Dealers, the ability of the Trust Fund to pay the interest and a return of principal on the Certificates can be adversely affected by the failure or weakened financial position of the Security Alarm Dealers.

No Independent Counsel to Investors

No independent counsel has been retained to represent the interests of the Certificateholders. Each investor is therefore urged to consult with his own counsel regarding the terms and provisions of the Certificates and all other documents relating to this offering.

Lack of Financial Statements

This Memorandum does not include financial statements for the Trust Fund. The Trust Fund is newly formed for the limited purpose of acquiring the Portfolios of Contracts.

Mandatory Term of the Residential Monitoring Contracts May Be Less Than Term of Monthly Cash Flow

The Residential Monitoring Contracts in the Portfolios to be acquired from the Security Alarm Dealers with the proceeds of the Certificates may not be terminated by the subscriber for a Mandatory Period of up to sixty months. The Trust Fund is acquiring the Portfolio of Contracts which is the monthly cash flow received from the Portfolios of Contracts. Although the Contracts automatically renew unless canceled by the subscriber in writing, some of the subscribers may elect to cancel their Contracts, thereby affecting the monthly amount of Cash Flow received from the Portfolio of Contracts. Nevertheless, the Security Alarm Dealers have an obligation to repurchase or substitute a performing Contract of equal value for a non-performing or canceled Contract for a period of up to twelve (12) months from the date of acquisition of the Contract, (the "Monitoring Recourse Obligation").

Availability of the Residential Monitoring Contracts for New Portfolio

The Portfolio of Contracts are comprised of Residential Monitoring Contracts to be acquired from various Security Alarm Dealers doing business in different geographic locations by Palisades Group, LLC "Palisades". The time at which these Residential Monitoring Contracts are acquired from each Security Alarm Dealer may vary. At the time the entire Offering is subscribed for, the Offering Proceeds necessary to acquire the available Residential Monitoring Contracts will be released from escrow. The remainder of the Offering Proceeds will continue to be held in escrow until such time as the additional Residential Monitoring Contracts comprising the balance of the Portfolio are available for financing. In the event there is a substantial delay in acquiring the total amount of Residential Monitoring Contracts comprising the Portfolios, there may be a shortfall in the monthly amount of Cash Flow received from the Portfolios and the Trust Fund's ability to pay the Certificates will be adversely affected. See "Use of Proceeds".

No Tax Opinion

The Trust Fund has not obtained an independent tax opinion with regard to this offering of Certificates. Each potential investor is encouraged to seek his own tax advisor with respect to his personal tax situation and the tax consequences of the acquisition, ownership and disposition of the Certificates.

Conflicts of Interest

The Trust Fund will purchase the Portfolios of Contracts through McGinn Smith Acceptance Corp., an affiliate of the Trustee. McGinn Smith Acceptance Corp. will receive a broker's fee in connection with such transaction. The close relationship between McGinn Smith Acceptance Corp. and McGinn, Smith &

Co., Inc. may affect the price paid for the Portfolios of Contracts. Although there is no specified formula for determining the purchase price, and Certificateholders will not have a voice in the amount paid by the Trust Fund, the Trustee will purchase the Portfolios of Contracts only when McGinn Smith Acceptance Corp. represents to the Trustee, that the price of such Portfolios will allow the Trust Fund to pay its operating expenses and discharge its obligations with respect to the Certificates. In addition, the Trustee's liability is limited. See Section entitled "Disclaimer of Liability of Trustee". McGinn, Smith & Co., Inc. will receive an Underwriting Discount equal to six percent (6.0%) of the gross proceeds of the Offering.

USE OF PROCEEDS

The net proceeds to the Trust Fund from the sale of the Certificates offered hereby, after deducting the Underwriting Discount, will be approximately \$1,880,000 (94.0% of gross proceeds) if the Maximum Offering for the Certificates is achieved. The Trust Fund intends to use all of the net proceeds of the Offering to purchase the Portfolios of Contracts.

The net proceeds to the Trust Fund from the sale of the Certificates offered hereby, after deducting the Underwriting Discount, will be approximately \$94,000 (94.0% of gross proceeds) if the Minimum Offering for the Certificates is achieved. The Trust Fund intends to use all of the net proceeds of the Offering to purchase five percent (5%) of the Portfolios of Contracts.

The Residential Monitoring Contracts comprising the Portfolios are to be acquired by Palisades from various Security Alarm Dealers doing business in various geographic locations. The time at which all of the Residential Monitoring Contracts are acquired by Palisades from the Security Alarm Dealers may vary.

At the time the entire Offering is subscribed for, the funds necessary to finance the available Residential Monitoring Contracts for the Portfolios will be released from escrow. The remainder of the Offering Proceeds will be held in escrow until such time as the additional Residential Monitoring Contracts comprising the balance of the Portfolios are available for financing. McGinn Smith Acceptance Corp., the Portfolio Financial Manager, anticipates that all of the Residential Monitoring Contracts comprising the Portfolios will be available for financing within two (2) months of the time in which the entire Offering is subscribed for.

THE TRUST FUND

The Trust Fund is a common law trust formed under the laws of the State of New York on November 15, 2001. The principal executive office of the Trust Fund is located at c/o McGinn, Smith & Co., Inc., Trustee, Capital Center, 99 Pine Street, Albany, NY 12207, and its telephone number is (518) 449-5131. McGinn, Smith & Co., Inc. is the Trustee of the Trust Fund. The owners of all issued and outstanding common stock of the Trustee are Timothy M. McGinn (50%) and David L. Smith (50%). McGinn, Smith & Co., Inc. is also the Sales Agent for the Offering. McGinn Smith Acceptance Corp. will receive a broker's fee in connection with the purchase of the Portfolios of Contracts by the Trust Fund. McGinn Smith Acceptance Corp. is an affiliate of the Sales Agent.

Business of the Trust Fund

The Trust Fund has been formed solely for the acquisition of the Portfolios of Contracts to be acquired from the Security Alarm Dealers. Subsequent to the Closing Date the Trust Fund will utilize the net proceeds from the Offering to acquire the Portfolios of Contract. In addition, the Trust Fund will continue to acquire New Contracts on a monthly basis from the excess cash flow generated from the Contracts, after the monthly expenses of monitoring, billing and interest on the Certificates have been paid.

Each Contract in the Portfolio to be acquired will include the obligation to provide central station monitoring services for the subscriber in consideration for the subscriber's payment of a monthly or quarterly monitoring fee. The Trust Fund does not intend to acquire equity interests in monitoring

companies or other security alarm monitoring or installation firms; rather, the cash flow from the Contracts entered into or originated by the Security Alarm Dealers will be acquired by the Trust Fund through McGinn Smith Acceptance Corp.. Palisades will be responsible for performing the monitoring and other services required under the Contracts.

The Security Alarm Industry

The security alarm industry involves (i) manufacturers of alarm system components, (ii) wholesalers who distribute such components, (iii) parties that sell or lease, install and maintain security alarm systems, and (iv) parties that monitor security alarm signals. Sales, leasing, installation, maintenance and monitoring overlap significantly. Within each geographic market, many companies sell or lease, install, maintain, and monitor systems. Larger local and regional full service firms and national companies with branch offices, as well as numerous regional and local security companies, also may be present in each geographic market.

Monitoring Companies in the security alarm industry typically sell or lease, maintain, monitor and service alarm equipment (directly through their own facilities or indirectly through a contractual relationship with a third party) installed with their subscribers. Generally, the monitoring company and the subscriber enter into a monitoring agreement with respect to the security alarm system when the equipment is installed. The typical monitoring agreement provides that the monitoring company will monitor the system 24 hours per day for a specified fee, payable monthly or quarterly in advance. The monitoring agreement, either a contract or a lease, will typically require the subscriber to pay for monitoring and other services over a specified mandatory period of months, usually 36 to 60 months, at a specified cost per month, usually between \$20.00-\$40.00 per month. Such agreements may also provide that title to the monitoring system equipment during the Mandatory Period remains with the monitoring company.

The Contracts in the Portfolios to be acquired from the Security Alarm Dealers with the proceeds of the Certificates will not be terminable by the subscriber for a specified Mandatory Period of up to sixty months from the day of system installation. The Contracts will automatically renew for one year periods unless canceled by the subscriber upon thirty days prior written notice to the Security Alarm Dealers. Accordingly, the Contracts may continue in effect after the end of the Mandatory Period, subject to the subscriber's right to terminate, and the Trust Fund will purchase the right to receive the payments under the Contracts.

The Contracts may provide that the Monitoring Company is not responsible for interruption of monitoring services due to conditions or circumstances beyond its control, and may include a limitation of liability provision which specifies that the Monitoring Company is not to be considered an insurer of the system and that the system or service supplied will not avert or prevent occurrences or the consequences therefrom which the system or service is designed to detect. These clauses typically specify that the Monitoring Company's liability is limited to an amount equal to a percentage of the annual service charge or a fixed dollar amount, whichever is greater, in the event of a failure of the system or service. However, there can be no assurance that such clauses will be given full force and effect by a court of law.

Security Alarm Competition

The security alarm business is highly competitive and includes large national and regional companies, as well as small local dealers/installers. Competition is based on the cost of providing a given service and the quality of the service. During recent years, consolidation has occurred in the industry, partially as a result of companies realizing that monitoring cost are relatively fixed and profits can be increased directly by increasing the number of Contracts monitored. It is anticipated that this industry consolidation will continue. These competitors include national companies which are currently or may become vertically integrated to the point of generating their own Contracts by selling the installation of security alarm systems.

PORTFOLIO ACQUISITION AND MONITORING

Acquisition of Portfolio

The Trust Fund intends to apply the net proceeds of the Offering, \$1,880,000, to the purchase of the Portfolios of Contracts. The Trust Fund will acquire the Monitoring Revenue Payments generated from

the Residential Monitoring Contracts to be acquired from the Security Alarm Dealers. The Residential Monitoring Contracts from the Security Alarm Dealers comprise the "Portfolios". McGinn Smith Acceptance Corp., an affiliate of the Sales Agent, will receive a broker's fee in connection with the Trust Fund's purchase of the Portfolios. The Portfolios will be acquired upon the terms and conditions set forth in the Monitoring Receivable Financing Agreement, subject to payment of the McGinn Smith Acceptance Corp. broker's fee.

The Portfolios will include Contracts that meet the acquisition criteria specified in the Monitoring Receivable Financing Agreement discussed below. See the form of "Monitoring Receivable Financing Agreement". These criteria include certain credit standards for subscribers, and standards governing the terms and conditions of Contracts to be purchased. The Security Alarm Dealers are required to make appropriate representations that the Contracts conform to the requirements set forth in the Monitoring Receivable Financing Agreement. See "Monitoring Receivable Financing Agreement," below.

The Trust Fund will continue to acquire New Contracts on a monthly basis from the excess cash flow received from the Contracts, after monthly expenses of monitoring and billing for each Contract have been paid, and after interest on the Certificates has been paid. See "The Collection Process" below.

Monitoring Receivable Acquisition Agreement

McGinn Smith Acceptance Corp. will enter into agreements (the "Monitoring Receivable Acquisition Agreement") with Palisades Group LLC ("Palisades") which specify the terms and conditions under which the Contracts will be acquired from the Security Alarm Dealers. Palisades will in turn enter into an Account Finance Purchase Agreement ("Purchase Agreement") with each Security Alarm Dealer.

In the Purchase Agreement, the Security Alarm Dealers covenant, represent, and/or warrant to Palisades, its successors and assigns, among other things, that: (a) all Contracts will be valid mandatory deferred payment obligations covering the monitoring services to be provided to the subscriber, which the Security Alarm Dealers have a legal right to sell, assign and transfer; (b) the Contracts are not subject to any disputes, offsets or counterclaims; (c) the subscriber is neither delinquent in payment nor in default under the Contract at the time of the financing; (d) the Security Alarm Dealers have performed, except for future obligations, all of its obligations to the subscriber; (e) the information contained in the Contract is true in all respects; (f) Palisades, its successors and assigns will have absolute right to the Monitoring Revenue Payment generated from the Contracts, and the Contracts are not subject to any prior assignments or security interests; (g) the Contracts and the underlying transaction giving rise to the Contracts do not violate any law, rule or regulation; and (h) the Security Alarm Dealers and the subscriber will not modify the Contract.

Palisades Group will assign all of its right, title and interest in and to the Purchase Agreement to McGinn Smith Acceptance Corp.. McGinn Smith Acceptance Corp. will assign all of its right, title and interest in and to the Purchase Agreement and the Monitoring Receivable Finance Agreement to the Trust Fund.

The Security Alarm Dealers are also obligated to maintain comprehensive general liability insurance, including errors and omissions on monitoring operations, in the minimum amount of \$1,000,000 covering bodily injury and property damage resulting from the performance of monitoring operations under the Contracts. In the event of a sale or transfer of a controlling interest in the Security Alarm Dealers, the Security Alarm Dealers must guarantee that the Security Alarm Dealer's obligations under the Purchase Agreement shall not be impaired or disrupted by such sale or transfer and that the Purchase Agreement shall continue in effect and be accepted by the purchaser or transferee of such controlling interest.

Palisades will indemnify and hold McGinn Smith Acceptance Corp., its successors and assigns, harmless from and against any claim, suit, loss, liability or expense incurred by McGinn Smith Acceptance Corp., its successors and assigns, in connection with the Contracts.

Palisades will direct the subscribers under the Contracts to remit all payments to a pre-designated remittance call box servicer. Preferred Data, Inc., a New York Corporation, ("Preferred") will act as such a servicer. Palisades will also agree not to accept any payment made by a subscriber and to refer all such

payments to Preferred. Palisades will be required to prudently and effectively pursue the collection of all delinquent payments due to the Trust Fund immediately upon receipt of appropriate payment advice reports from Preferred. Palisades will provide the Trust Fund with monthly status reports on all purchased Contracts, reflecting current payment status, delinquency and unpaid balances due and owing. See the "Lock Box Agreement" below.

Under the Purchase Agreement, Palisades, its successors or assigns, may require the Security Alarm Dealers to repurchase a Contract, or substitute a performing Contract in place of a non-performing Contract for up to twelve (12) months from the date of purchase of the Contract, upon the occurrence of (a) a subscriber's failure to make two (2) consecutive monthly monitoring service payments; (b) the failure of the Security Alarm Dealers to perform any of their obligations under the Purchase Agreement or a Contract; or (c) the breach of any warranty or representation by the Security Alarm Dealers under the Purchase Agreement or a Contract (such repurchase or substitution obligation being referred to herein as the "Monitoring Recourse Obligation").

Palisades may elect to utilize the services of an independent, third party Central Station to perform the monitoring services due to Subscribers under the Contracts. The Trust Fund shall be a third party beneficiary to any monitoring service contract executed between Palisades and any independent Central Station. Palisades and/or the Central Station will agree to perform all monitoring services under the Contracts in accordance with generally accepted industry practices, and Palisades or the Central Station shall, in all respects, service, bill, perform collection efforts and enforce the Trust Fund's contractual right to receive the Monitoring Revenue Payment associated with each Contract.

In the event Palisades or the Central Station are unable to perform their monitoring duties and responsibilities to the Subscribers (collectively) or to the Trust Fund, as the alarm monitoring servicer of the Subscribers (collectively) security systems under the Contracts, they will immediately notify the Trust Fund of such fact and will promptly arrange for the orderly transfer of monitoring services to a third party alarm monitoring service company selected in the sole discretion of the Trust Fund. The Trust Fund shall have the right to unilaterally demand and effect the immediate transfer of monitoring services on Contracts from the Central Station to a third party monitoring service company, with the complete cooperation of Palisades and/or the Central Station, upon the happening of any of the following events:

- A) The filing of a petition of bankruptcy protection with respect to any business of the Palisades or the Central Station, either voluntary or involuntary;
- B) Palisades or the Central Station, or any of their principal officers being found guilty of any felony or upon the finding of liability in any criminal or civil action involving impropriety in business dealings or operations which, in either case materially affects the operation of Palisades or the Central Station, or the performance of the Contracts;
- C) The abandonment of monitoring service operations by Palisades or the Central Station.
- D) The occurrence of a material default under the Monitoring Receivable Financing Agreement, which results in the inability of Palisades or the Central Station to substantially perform under the Monitoring Receivable Financing Agreement, or any Central Station agreement, or the failure of Palisades to, or inability to perform under the recourse (repurchase or replacement) provisions of the Monitoring Receivable Financing Agreement.

Monitoring Receivable Participation Agreement

The Trust Fund and McGinn Smith Acceptance Corp. will enter into a Monitoring Receivable Participation Agreement (the "Participation Agreement") which will outline the rights of the Trust Fund in connection with the acquisition of the Portfolios of Contracts.

McGinn Smith Acceptance Corp., as the Portfolio Financial Manager, will covenant that it has inspected all Contracts in the Portfolios and reviewed them for creditworthiness pursuant to the credit standards and procedures set forth in the Monitoring Receivable Financing Agreement discussed above. In

addition, McGinn Smith Acceptance Corp., as the Portfolio Financial Manager, will perform a due diligence review of Palisades and the Security Alarm Dealers so as to insure their capabilities of performing in accordance with the terms of the Monitoring Receivable Financing Agreement and the Purchase Agreement.

All Contracts in the Portfolios shall be held by McGinn Smith Acceptance Corp. for the benefit of the Trust Fund, accompanied by the original Contract Obligation Instrument and all other original documents executed by the Subscriber.

The Trust Fund will fund \$1,880,000 for the Portfolio of Contracts if the Maximum Offering is achieved. If the Minimum Offering is achieved, the Trust Fund will fund \$94,000 for 5% of the Portfolios of Contracts.

The Trust Fund will be entitled to the cash flow received from the Portfolios of Contracts. Out of the cash flow, the Trust Fund will pay for the cost of billing and monitoring each Contract. In addition, the Trust Fund will pay the Certificateholders interest each month at the rate of eleven percent (11%) per annum commencing on January 1, 2002; to and including December 1, 2004. The remaining cash flow will be used by the Trust Fund to acquire new Contracts from Palisades to add to the Portfolios of Contracts.

The Collection Process

McGinn Smith Acceptance Corp. and Preferred intend to enter into a remittance processing agreement (the "Lock Box Agreement") pursuant to which payments made under the Contracts by subscribers are forwarded to Preferred. Prior to the purchase of Contracts by the Trust Fund, Preferred will open a lock box at a U.S. Postal Service General Mail Facility, which will serve as a receptacle for the receipt of payments from Contract subscribers. During each business day the contents of the lock box will be picked up by Preferred. All payments will be sorted and subsequently deposited, on a daily basis, into an account established by and in the name of the Trust Fund (the "Portfolio Depository Account") at M&T Bank. Palisades and the Security Alarm Dealers will have no right, title or interest in, or any right to withdraw any amounts held in the Portfolio Depository Account. McGinn Smith Acceptance Corp. will be responsible for any fees charged or imposed by Preferred.

Out of the funds held in the Portfolio Depository Account, the Trust Fund will pay for the cost of billing and monitoring each Contract and will also pay the Certificateholders the monthly interest payment to which they are entitled equal to eleven percent (11%) per annum.

At the end of the thirty six months, it is the intention of the Trust Fund to have the Portfolio Financial Manager sell the Portfolios of Contracts owned by the Trust Fund, including all Contracts which have been subsequently acquired by the Trust Fund and added to the Portfolios.

Upon a sale of the Portfolios, the Certificateholders shall be entitled to a return of their principal investment in the Certificates. If the proceeds received by the Trust Fund for the sale of the Portfolios are in excess of the Trust Fund's original investment in the Portfolios, the Certificateholders shall also be entitled to seventy five percent (75%) of the excess proceeds received by the Trust Fund.

In the event the market conditions existing at that time are not favorable and do not warrant a sale of the Portfolios, the Trust Fund may collect the cash flow from the Contracts in the Portfolios, and distribute it to the Certificateholders. The cash flow will continue to be distributed based upon eleven percent (11%) annual interest and cash flow in excess of the interest will be paid in reduction of principal until such time as the Certificateholders' original investment is fully amortized. In the alternative, the Trust Fund may direct the Portfolio Financial Manager to continue to use the additional cash flow to purchase New Contracts to be added to the Portfolios, until such time as market conditions warrant a sale of the Portfolios, whereupon the proceeds from the sale of the Portfolios would be distributed to the Certificateholders as set forth above.

DESCRIPTION OF TRUST AGREEMENT AND THE CERTIFICATES

On November 15, 2001, David L. Smith as President of McGinn, Smith & Co., Inc., ("McGinn, Smith") executed the Declaration of Trust ("Declaration") of Security Participation Trust IV ("Trust"), declaring that McGinn, Smith was the Trustee of the Trust, establishing the Trust for the benefit of Certificateholders, and defining its purpose.

The Trust is intended to be a common law trust under the laws of the State of New York, with its principal office at Capital Center, 99 Pine Street, Albany, New York 12207, which is the office of McGinn, Smith. The initial capital of the Trust was established at \$100.00, and the purpose of the Trust is to acquire, pursuant to the terms of the Participation Agreement, and subject to the terms of the Monitoring Receivable Financing Agreement, the right to receive the Scheduled Amounts of cash flow generated from the Portfolios of Contracts. Under the Declaration, the Trustee acquires virtually complete discretion in the operation of the Trust, so long as that discretion is exercised within the purpose of the Trust. The Declaration limits the liability of the Trustee in two ways. The Trustee will not be liable in the absence of willful misconduct or gross negligence. Further, the Trustee will not be liable, in any event, to pay sums of money beyond the corpus of the Trust. The Trustee is entitled to indemnification from the funds of the Trust (except in the case of willful misconduct or gross negligence) and to reimbursement for the reasonable and Necessary fees and expenses incurred in the administration of the Trust. The Trustee is entitled to indemnification and reimbursement from the corpus of the Trust before payments are made to Certificateholders.

The Declaration specifically provides that the Certificateholder shall not have any legal or equitable title to the Trust Estate, that no Certificateholder shall have a voice in the management or control of the property or affairs of the Trust, that the Trustee has no authority to require additional capital contributions from any Certificateholder, and that the Trustee is precluded from taking any action to make Certificateholders liable for the debts or obligations of the Trust.

Certificates

The Certificates will be issued under the Declaration, a copy of which is included as an exhibit to this Memorandum. The rights of the Certificateholders and the obligations of the Trustee as they relate to the Certificates will be governed by the Declaration. Reference should be made to the Declaration for its complete terms. The statements contained in this Memorandum concerning the Declaration are merely a summary thereof, do not purport to be complete, and do not modify or amend the Declaration.

Subject to the conditions set forth in this Memorandum, Certificates in the maximum amount of \$2,000,000 will be offered by the Trust Fund. The Certificates will be entitled to interest payments for thirty six months (36) from the date of issuance. The Certificates will bear interest on the outstanding principal at a per annum rate of 11.0%. Interest on the Certificates will be paid in monthly installments on the first day of each month commencing January 1, 2002 to and including December 1, 2004.

At the end of the thirty six months, if the Trust Fund sells its Portfolios of Contracts, the Certificateholders shall receive a return of their principal investment in the Certificates. In addition, if the proceeds received by the Trust Fund for the sale of the Portfolios are in excess of the Trust Fund's original investment in the Portfolios, the Certificateholders will also receive seventy five percent (75%) of the excess proceeds received by the Trust Fund for the sale of the Portfolios.

In the event the Portfolio Financial Manager is not successful in selling the Trust Fund's Portfolios of Contracts at the end of thirty six months the Trust Fund may at its option either:

1. Collect the cash flow from the Contracts in the Portfolios and distribute it to the Certificateholders on the basis of interest at the rate of eleven percent (11%) per annum, with excess cash flow applied to the reduction of principal until such time as the Certificateholders' original investment is fully amortized; or
2. Continue to use the excess cash flow to purchase New Contracts to be added to the Portfolios until such time as market conditions warrant a sale of Portfolios, at which time

the proceeds from the sale of the Portfolios would be distributed to the Certificateholders as set forth above.

The Certificates will be issued and registered in the name of the purchasing Certificateholder(s). Interest on the Certificates will be shown on, and transfers thereof will be effected through, records maintained by the Trustee.

Payments

Payments on the Certificates will be made out of the Scheduled Amount of the Monitoring Revenue Payments from the Portfolios of Contracts received by the Trust Fund each month.

Prepayments

The Certificates are not subject to a mandatory prepayment or redemption provision.

Registration

Each Certificate will be registered in the name of the purchaser thereof.

Limited Transferability of the Certificates

The Certificates are not freely transferable, and there is no secondary market for the Certificates and none is expected to develop. The Certificates should not be treated by Certificateholders as securities.

The Certificates have not been registered under the Securities Act of 1933. They may not be offered for resale in the absence of an opinion of counsel, satisfactory to the Trust Fund, that registration is not required.

Reports

Not later than January 31 of each year, the Trust Fund will furnish to the Certificateholders statements of interest income on IRS Form 1099-INT and such tax information as shall be necessary in the preparation of such person's Federal income tax return.

CONFLICTS OF INTEREST

Timothy M. McGinn and David L. Smith collectively own 100% of the issued and outstanding common shares of the Trustee. McGinn, Smith & Co., Inc. is acting as the Sales Agent for this Offering and will receive an Underwriting Discount equal to six percent (6.0%) of the gross proceeds of this Offering. The Underwriting Discount was not negotiated at arms length. In addition, McGinn Smith Acceptance Corp., an affiliate of McGinn, Smith & Co., Inc. will receive a broker's fee in connection with the purchase of the Portfolios by the Trust Fund.

McGinn, Smith & Co., Inc. may experience a conflict of interest in performing its obligation to exercise due diligence with respect to the statements made in this Memorandum and, therefore, its due diligence review cannot be considered independent. A qualified independent underwriter has not been retained by the Trust Fund in connection with this offering. However, McGinn, Smith & Co., Inc. believes that such due diligence has, in fact, been exercised.

As discussed above, McGinn Smith Acceptance Corp. will receive a broker's fee in connection with the purchase of the Portfolios by the Trust Fund. In addition, McGinn Smith Acceptance Corp. will pay the Trustee's expenses as set forth in the section entitled "Compensation and Fees". Due to the close relationship between these parties, the purchase price paid by the Trust Fund could be affected by the interests of McGinn Smith Acceptance Corp. in its contract brokerage fee.

There has been no independent counsel retained to represent the interests of the Certificateholders. Certain legal matters in connection with the validity of the Certificates will be passed upon by Mary Ann McGinn, Esq. Mary Ann McGinn, is Vice President and General Counsel of McGinn, Smith & Co., Inc. and is the wife of Timothy M. McGinn.

THE TRUSTEE

The names and positions of the directors and executive officers of the Trustee are as follows:

<u>Name</u>	<u>Position</u>
Timothy M. McGinn	Chairman of the Board and Director
David L. Smith	President and Director

The officers and directors of the Trustee will devote such time and effort to the business of the Trust Fund as they may deem Necessary and will actively be engaged in other business ventures.

The principal business occupations of the officers and directors during the past five (5) years are as follows:

Timothy M. McGinn, age 53, is the Chairman of the Board and Secretary of McGinn, Smith & Co., Inc. He has served as Chairman of the Board since the inception of this firm in 1980. Prior to founding McGinn, Smith & Co., Inc. he was with Paine, Webber, Jackson & Curtis. He has served on a number of corporate and charitable boards of directors and holds a bachelor's degree in Mechanical Engineering from Rochester Institute of Technology.

David L. Smith, age 56, is the President of McGinn, Smith & Co., Inc. and a member of the Board of Directors. he has served in this capacity since 1980. Prior to founding McGinn, Smith & Co., Inc. he was with Paine Webber, Jackson & Curtis. Mr. Smith has served on a number of charitable and corporate boards of directors and holds a bachelor's degree from Hamilton College.

COMPENSATION AND FEES

The Trustee of the Trust Fund will serve without fee but will be reimbursed for expenses incurred by the Trustee in connection with the Trust Fund by McGinn Smith Acceptance Corp.. Furthermore, McGinn Smith Acceptance Corp., an affiliate of the Sales Agent, McGinn, Smith & Co., Inc., will receive a broker's fee in connection with the acquisition of the Portfolios by the Participants.

SUITABILITY

Certificates will be sold only to investors who make a minimum purchase of \$10,000.00.

As described elsewhere in this Memorandum, the Certificates 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, Certificates 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 \$2,000,000.

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 Certificates for his own account for investment and not with a view to the sale or distribution thereof; (ii) he is aware that the Certificates have not been registered for sale under the Securities Act of 1933 as amended, and that he will not transfer his Certificates in the absence of an opinion of counsel satisfactory to the Trust Fund that the Certificates have been registered or that registration is not required under the Securities Act of 1933, as then in effect, and under applicable

state securities laws, if any; (iii) he understands that this investment involves a high degree of risk; (iv) he has adequate means of providing for his current needs and foreseeable personal contingencies, has no need for liquidity in this investment; (v) all books, records and documents pertaining to this investment have been made available to him; and (vi) his overall commitment to investments which are not readily marketable is not disproportionate to his net worth and his purchase of Certificates will not cause such overall commitment to become excessive.

The Sales Agent and Trust Fund reserve the right to reject any subscription in its entirety for any reason or to allocate to any investor Certificates in an aggregate principal amount less than that for which he has subscribed. In the event a subscription is rejected, the investor's subscription check for his Certificates (or the amount thereof) will be returned, and in the event of a partial rejection, a pro rata amount of his subscription check for his Certificates 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 Trust Fund may make or cause to be made such further inquiry as the Trust Fund deems appropriate.

Any prospective investor will be afforded the opportunity to obtain from the Trust Fund 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 Trust Fund possesses or can acquire without unreasonable effort or expense and to confer with, ask questions of, and receive answers from the Trust Fund 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.

This investment involves a number of significant risks, including no assurance that the Certificates will be paid and illiquidity. See "Risk Factors." Accordingly, the suitability of a purchase of Certificates 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 Certificates.

The Sales Agent Agreement between the Trust Fund 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 Certificates is suitable for such person and to transmit promptly to the Trust Fund all fully completed Subscription Agreements. By tendering payment for a Certificate 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, Certificates in the maximum amount of \$2,000,000 (the "Maximum Offering") and the minimum amount of \$100,000 (the "Minimum Offering") will be offered by the Trust Fund.

The Certificates will be offered through McGinn, Smith & Co., Inc., the Sales Agent, on a best efforts basis over a period of three months. The Sales Agent is a member of the National Association of Securities Dealers, Inc.

All funds received by the Sales Agent from subscriptions for the Certificates will be placed in an escrow account (the "Escrow Account") maintained at Charter One Bank, FSB, (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 Certificates. During the period that an investor's funds are held in the Escrow Account he will not be considered a Certificateholder.

With respect to the Certificates, no funding from the Escrow Account will occur until the Minimum Offering is subscribed for. If subscriptions for the Minimum Offering are not received within two

months from the date of this Memorandum, subscriptions received with respect to the Certificates 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 Certificates will be available for purchase in the minimum denomination of \$10,000.00 and increments of \$1,000.00. An investor who meets the qualifications set forth under "Who May Invest" and "Suitability" may subscribe for Certificates 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 Certificate(s) purchased payable to "*Charter One Bank, FSB, Escrow Agent for Security Participation Trust IV*". 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 Trust Fund.

PLAN OF DISTRIBUTION

The Trust Fund is offering a maximum of \$2,000,000 of Certificates, and a minimum of \$100,000. The minimum investment by an investor is \$10,000.00 with increments of \$1,000.00. The Offering period will end not later than three (3) months from the date of this Memorandum. No Certificates will be sold unless subscriptions for the Minimum Offering are received and accepted within three months of the date of this Memorandum. Subscriptions are subject to acceptance by the Trust Fund. 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 in the Escrow Account. For a description of the distribution of funds from the Escrow Account, see "Terms of the Offering".

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

DISCLAIMER OF LIABILITY OF TRUSTEE

Reference is hereby made to the Declaration of Trust dated November 15, 2001, a copy of which is attached hereto as Exhibit "A". Other than potential liability under the Securities Act, the Trustee, nor any shareholder, manager, officer, employee, affiliate or agent of the Trustee may be held to any liability in connection with the Offering or the Certificates, or in connection with the affairs of the Trust Fund, in the absence of willful misconduct or gross negligence. Further, the Trustee will not be liable, in any event, to pay sums of money beyond the corpus of the Trust.

INCOME TAX CONSIDERATIONS

The following discussion summarizes certain material anticipated federal income tax consequences relevant to the acquisition, ownership and disposition of Certificates, 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 Trust Fund 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 consequences of purchasing, holding and disposing of the Certificates.

Interest Income to Certificateholders

It is anticipated that the Certificates will be issued at par value and, therefore, no original issue discount will arise with respect to the Certificates. Accordingly, a Certificateholder will be required to report interest on a Certificate as income for federal income tax purposes in accordance with such holder's method of accounting.

Gain or Loss on Disposition of Certificates

In general, the holder of a Certificate will recognize gain or loss on the sale, exchange, redemption or other disposition of a Certificate 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 Certificate. Any gain or loss recognized will generally be a Trust gain or loss if the Certificate is held as a Trust asset and will be long-term gain or loss if the Certificate is held for more than one year.

Information Reporting

The Trust Fund will report interest income to Certificateholders on IRS Form 1099-INT and as otherwise consistent with such treatment.

Backup Withholding

A Certificateholder 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 Certificates, 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 Certificateholder'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 CERTIFICATES.

LEGAL MATTERS

Legal matters in connection with the validity of the Certificates offered hereby will be passed upon for the Trust Fund by Mary Ann McGinn, 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"	Declaration of Trust
Exhibit "B"	Subscription Agreement
Exhibit "C"	Purchaser Questionnaire
Exhibit "D"	Monitoring Receivable Acquisition Agreement
Exhibit "E"	Monitoring Receivable Participation Agreement
Exhibit "F"	Lock Box Agreement

ADDITIONAL INFORMATION

Additional information is available upon request to the Trust Fund. Only additional information provided by the Trust Fund 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.

PURCHASE AGREEMENT

AGREEMENT made as of the 1st day of November, 2003, by and between **SECURITY PARTICIPATION TRUST**, with its principal office at Capital Center, 99 Pine Street, Albany, New York 12207 (the "Seller"), and **FIRST INDEPENDENT INCOME NOTES, LLC**, with its principal office at Capital Center, 99 Pine Street, Albany, New York 12207 (the "Buyer") (collectively, the "Parties").

WHEREAS, the Seller is a New York common law trust which holds, as its primary asset, portfolios of residential security monitoring contracts (the "Contract Portfolios"); and

WHEREAS, the Buyer desires to purchase the Contract Portfolios on the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of One Dollar (\$1.00) and other good and valuable consideration paid by each of the Parties to the other, the receipt of which is hereby acknowledged, it is agreed as follows

ARTICLE 1 DEFINITIONS

The capitalized terms referred to below have the meanings indicated (and other capitalized terms are defined elsewhere in this Agreement):

"Acquired Assets" means the assets, properties and rights to be sold by Seller and purchased by Buyer as described in Article 2.

"Agreement" means this Asset Purchase Agreement and the schedules and exhibits hereto and the other agreements attached hereto or made a part of this Agreement.

"Ancillary Agreements" means the Bill of Sale, Assignment and Assumption Agreement and any other agreement delivered pursuant to this Agreement.

"Applicable Law" means all laws, statutes, treaties, rules, codes, ordinances, regulations, permits, certificates, orders and licenses of any Governmental authority, interpretations of any of the foregoing by a Governmental Authority having jurisdiction or any arbitrator or other judicial or quasi-judicial tribunal (including without limitation those pertaining to health, safety and the environment)

"Assumed Liabilities" means those Liabilities of Seller described in section 2.3.

"Bill of Sale, Assignment and Assumption Agreement" means the Bill of Sale, Assignment and Assumption Agreement between Buyer and Seller in the form attached hereto as Exhibit A.

"Closing" means the actual delivery of the instruments for conveyance for the Acquired Assets, and the exchange and delivery by the parties of the other documents and instruments contemplated by this Agreement. The effective time of the Closing shall be 12:01 A.M., Eastern Daylight Savings Time, on the Closing Date.

"Closing Date" means November 1, 2003, unless the parties agree upon another date as the Closing Date.

"Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"Contracts" has the meaning referred to in Section 2.1(a).

"Excluded Assets" means those assets of Seller described in Section 2.2.

"Excluded Liabilities" means those Liabilities of Seller described in Section 2.4.

"GAAP" means generally accepted accounting principles as in effect in the United States from time to time.

"Governmental Authority" means any supranational, national, federal, state, departmental, county, municipal, regional or other governmental authority, agency, board, body, instrumentality or court in whatever country having jurisdiction in whole or in part over Seller or the Business.

"Liability" means any liability, whether known or unknown, asserted or unasserted, absolute or contingent, whether accrued or unaccrued, liquidated or unliquidated, and whether due or to become due, including any liability for Taxes.

"Operating Permits" means all of the permits, licenses, certifications, approvals, authorities or other franchises granted by any Governmental Authority or other third party required or appropriate for the continued operation of the Business in the manner heretofore operated.

"Purchase Price" means the purchase price specified in Section 3.1.

"Taxes" means all state, local or foreign taxes, social security contributions, fees, imposts, levies or other assessments, including, without limitation, all net income, gross receipts, sales, use, ad valorem, value added, transfer, recording, franchise, profits, inventory, capital stock, license, withholding, payroll, stamp, occupation and property taxes, customs duties or other similar fees, assessments and charges, however denominated, together with all interest,

penalties, surcharges, additions to tax or additional amounts imposed by any Governmental Authority, and any transfer liability in respect of any of the foregoing taxes.

"Trustee" means the Trustee of the Seller.

ARTICLE 2 PURCHASE AND SALE OF ASSETS

2.1 **The Acquired Assets.** On the terms and subject to the provisions of this Agreement, Seller agrees to sell, transfer and deliver to Buyer on the Closing Date, and Buyer agrees to purchase from Seller for the Purchase Price, the following assets, properties, rights and interests of the Seller wherever located (collectively, the "Acquired Assets"):

(a) All rights of Seller under original monitoring contract instruments and all other original documents executed by the end user of monitoring services (the "Subscriber"), agreements, commitments and other arrangements specifically identified on Schedule 2.1(a) (collectively, the "Contracts"); provided, however, that if the assignment of any such Contract requires the consent of the other parties thereto, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof, but Seller and Buyer shall use their best efforts to obtain the written consent of the other parties to such assignment; and failing such consent, Buyer and Seller shall mutually agree on a method by which Seller will continue to execute any such Contract upon the direction and for the risk and benefit of Buyer;

(b) All books, records, documents, files, lists and other printed or written materials, whether stored electronically or otherwise, concerning the Contracts (except those relating to (i) solely Excluded Assets, or (ii) the organization, maintenance and legal existence of Seller); Buyer shall maintain all business records of Seller transferred hereunder for a period of three (3) years following the Closing Date and shall make such records available to Seller at its reasonable and timely request for any reasonable purpose; provided, however, that Seller shall be responsible for all costs of copying such records;

(c) All prepaid expenses, all claims, refunds, causes of action, rights of recovery and warranty rights; and

(d) All rights, title and interest of Seller in and to all warranties and guaranties given to, assigned to or benefiting Seller regarding the acquisition, management or maintenance of any of the Acquired Assets.

2.2 **Excluded Assets.** Notwithstanding the provisions of Section 2.1, the Acquired Assets shall not include the following: the records referred to in Section 2.1(b)(i) and (ii) above (the "Excluded Assets"), cash and cash equivalents, and accounts receivable.

2.3 **Assumed Liabilities.** On the terms and subject to the conditions of this Agreement, Buyer agrees to on the Closing Date assume, pay and discharge when due the following agreements, obligations and liabilities of Seller (the "Assumed Liabilities") and no

others: Seller's liabilities and obligations under the executory portion of any Contract, i.e. the portion which is to be performed after the Closing Date, but not including any liability or obligation relating to portions performed or to be performed on or before the Closing Date. If the assumption by Buyer of any of the Assumed Liabilities requires the consent of any third party, Seller and Buyer shall use their best efforts to obtain the written consent of such third parties to the assumption.

2.4 **Excluded Liabilities.** Buyer shall have no responsibility for any agreements, liabilities or obligations of Seller of any nature whatsoever which are not specifically included in the Assumed Liabilities, whether similar or dissimilar to the Assumed Liabilities, whether now existing or hereafter arising, and whether known or unknown to Buyer, Seller or any Trustee (the "Excluded Liabilities"), including, without limitation, all of the following:

- (a) any Liability arising out of any event that occurred, or services performed by Seller on or prior to the Closing Date, or Seller's ownership of its assets or the operation of its business on or prior to the Closing Date;
- (b) any Liability resulting from, arising out of, relating to, in the nature of, or caused by any breach of an agreement or promise (including, without limitation, any Contract), breach of warranty, tort or infringement by Seller or any of its affiliates;
- (c) any Liability of the Seller or any of its affiliates for Taxes relating to the operation of its business or the ownership of the Acquired Assets on or prior to the Closing;
- (d) any obligation to defend or indemnify any person by reason of the fact that such person was a director, officer, employee, trustee or agent of Seller, or any of its affiliates, or was serving at the request of Seller, or any of its affiliates, as a partner, shareholder, member, trustee, director, governor, officer, employee, or agent of another entity, and whether such obligation is pursuant to any statute, charter document, by-law, agreement, or otherwise;
- (e) any obligation to pay deferred compensation to any current or former director, trustee, officer or employee of Seller, or any of its affiliates, for services prior to the Closing Date;
- (f) Liabilities related to or arising out of Seller's liabilities to employees or former employees of Seller or any of their respective affiliates;
- (g) Liabilities arising out of any litigation or administrative or arbitration proceeding to which Seller, the Trustee or any of their respective affiliates is a party or any claims by or against Seller, the Trustee or any of their respective affiliates arising from facts or circumstances existing on or prior to the Closing Date;
- (h) Liabilities resulting from any violation by Seller, or any employee, director, trustee, or agent of Seller, or any of their respective affiliates, or any predecessor for which Seller or any of their respective affiliates may be liable, of any Applicable Law, including, without limitation, those applicable to discrimination in employment, employment practices,

wage and hour, retirement, labor relations, occupational safety, health, trade practices, environmental matters, competition, pricing, product warranties, product liability and product advertising;

(i) Liabilities incurred by Seller or the Trustee or any of their respective affiliates under or in connection with this Agreement or the transactions provided for herein, including without limitation all fees and expenses of legal counsel, accountants, experts, or any investment banker, business broker, finder, or other advisor retained by Seller, any Trustee or any of their respective affiliates; and

(j) Liabilities arising under any promissory note or agreements governing or securing indebtedness for borrowed money or the deferred purchase price of any property, or under any lease which in accordance with GAAP would be classified as a capital lease.

To the extent Buyer becomes liable to pay or perform any such Excluded Liability, Seller agrees to indemnify Buyer with respect thereto pursuant to the provisions of Article 9 of this Agreement.

ARTICLE 3 PURCHASE PRICE

3.1 **Purchase Price.** The total purchase price for the Acquired Assets (the "Purchase Price") shall consist of:

- (a) the assumption by Buyer at the Closing of the Assumed Liabilities; and
- (b) the payment by Buyer at the Closing of ²\$3,090,000, to be paid to Seller in cash by wire transfer to a bank account designated by Seller in a written notice delivered to Buyer prior to the Closing. *PLS/AMM 11/10/03*

3.2 **Allocation of Purchase Price.** The parties agree to allocate the Purchase Price among the Acquired Assets for all purposes (including financial accounting and tax purposes) in accordance with Schedule 3.2 attached. Seller and Buyer shall cooperate with each other in filing any returns or reports required to be filed by each of them under Applicable Law with respect to such allocation.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF SELLER AND TRUSTEE

To induce Buyer to enter into this Agreement, Seller and the Trustee jointly and severally represent and warrant to Buyer that except as otherwise specifically stated in the Disclosure Schedule attached hereto as Schedule 4 (the "Disclosure Schedule"), the following are true and correct on the date hereof and will be true and correct as of the Closing Date:

4.1 **Authority of Seller; Ownership.** The execution, delivery and performance of this Agreement and the Ancillary Agreements by the Trustee or Seller and the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements has been duly authorized by all necessary Trustee action on the part of Seller and does not and will not conflict with, result in a default of, constitute a default under, or create in any part the right to accelerate, terminate, modify, or cancel, or require any notice under, (i) any provision of the Trust Agreement or other governing documents of Seller, (ii) any laws, rules or regulations to which the Trustee or Seller or any of their or its respective assets may be subject, (iii) any agreement, contract, lease, license, instrument, or other arrangement to which the Trustee or Seller is a party or by which they or it is bound or to which any of their or its assets is subject.

4.2 **Organization and Qualification of Seller.** Seller is a common law trust lawfully existing and in good standing under the laws of the State of New York with full power and authority to own its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is conducted by it.

4.3 **Binding Nature of Agreement.** This Agreement has been duly and validly executed and delivered by Seller and the Trustee and is, and each Ancillary Agreement contemplated hereby when executed and delivered will be, the legal, valid and binding obligation of Seller or the Trustee or both, as the case may be, enforceable in accordance with its respective terms, except as such may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally, and by general equitable principles.

4.4 **Good Title.** Seller has, and at Closing, Buyer will receive, good and marketable title to the Acquired Assets to be sold by Seller hereunder, free and clear of all claims, liens, encumbrances or interests of third parties.

4.5 **Tax Matters.** Seller has filed with the appropriate Governmental Authorities all tax returns and tax reports (including, but not limited to, those pertaining to income taxes, excise taxes, sales and use taxes, payroll taxes, real property taxes, tangible and intangible personal property taxes, and franchise taxes) required to be filed by it. All such tax returns and reports were correct and complete in all material respects. All Taxes, interest, penalties, and additions shown or claimed to be due thereon have been paid. No material claim has been made by a Governmental Authority in a jurisdiction where Seller does not currently file a tax return or report that it is or may be subject to taxation by that jurisdiction. There are no liens or other encumbrances of any kind on any of the assets of Seller that arose in connection with any failure (or alleged failure) to pay any Tax. Seller has not been a member of an affiliated group (within the meaning of Section 1504 of the Code) filing a consolidated federal tax return. Seller is not currently the subject of any tax audit, nor has Seller or the Trustee received notice of any audit. There are no agreements for the extension of the periods for the assessment or collection of any Taxes, and no statute of limitations in respect of Taxes relating to Seller has been waived.

4.6 **Litigation.** There are no legal actions, suits, arbitrations or other legal, administrative or other governmental proceedings or investigations pending or, to the best knowledge of any of the Trustee or Seller, threatened against Seller. Seller is not subject to any judgment, order or decree, and is not a party to any lawsuit or proceeding, which might have a

material adverse effect on the business of the Seller or render it unable in any material respect to acquire any property or conduct business (in the manner presently conducted) in any jurisdiction.

4.7 **Compliance with Laws.** Seller is in compliance in all material respects with all Applicable Laws.

4.8 **Permits, Certifications and Licenses.** Each Operating Permit required to be obtained for the operation of the business of the Seller and the ownership of its assets is in full force and effect, except to the extent that failure to obtain an Operating Permit would not have a material adverse effect on Seller. There is no threatened or pending action which could result in any revocation of any Operating Permit which would materially and adversely affect the business of the Seller as presently conducted.

4.9 **Books and Records.** The records of Seller to be purchased by Buyer pursuant to Section 2.1(b) are, and will be as of the Closing Date, true and complete in all material respects.

4.10 **Contract Portfolios.** All Contracts comprising the Contract Portfolios to be purchased by Buyer pursuant to Section 2.1(a) and delivered by Seller are valid contracts and are in full force and effect pursuant to the terms and conditions of each such Contract. There are no defaults or any condition which could form the basis of a claim of default at present or through the passage of time in any of the said Contracts. Said Contracts have not been modified in any respect, except to the extent that such modifications are disclosed on the face of the Contracts delivered to Buyer. Seller has performed all its obligations required to be performed by it and it is not in default or breach under any Contract.

4.11 **Consents and Approvals.** Except for those listed in Section 4.11 of the Disclosure Schedule, no consent, authorization, order, or approval of or filing with any Governmental Authority or other entity or person, including without limitation, consents from parties to the Contracts, is required for the execution and delivery of this Agreement and the consummation by the Trustee of the transactions contemplated by this Agreement.

4.12 **Brokers or Agents.** Seller and the Trustee have not employed or dealt with any brokers, consultants or investment bankers in connection with the transactions contemplated hereby, other than those whose fees, commissions and expenses which shall be payable by Seller.

4.13 **Material Omissions.** No representation or warranty by the Trustee or Seller in this Agreement nor any written statement, certificate or schedule furnished to or to be furnished by any Member or Seller to Buyer pursuant to this Agreement or in connection with the transactions contemplated herein, contains or will contain any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained therein not misleading in light of the circumstances.

All representations and warranties herein and all obligations in this Article 4 shall survive the termination of this Agreement.

**ARTICLE 5
REPRESENTATIONS AND WARRANTIES
OF BUYER**

To induce Seller and the Trustee to enter into this Agreement, Buyer represents and warrants to Seller and the Trustee as follows:

5.1 **Authority of Buyer; Ownership.** The execution, delivery and performance of this Agreement and the Ancillary Agreements by Buyer and the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements has been duly authorized by all necessary company and Member action on the part of Buyer and does not and will not conflict with, result in a default of, constitute a default under, or create in any part the right to accelerate, terminate, modify, or cancel, or require any notice under, (i) any provision of the Articles of Organization, Operating Agreement or other governing documents of Buyer, (ii) any laws, rules or regulations to which Buyer or any of its assets may be subject, (iii) any agreement, contract, lease, license, instrument, or other arrangement to which Buyer is a party or by which it is bound or to which any of its assets is subject.

5.2 **Organization and Qualification of Buyer.** Buyer is a limited liability company lawfully existing and in good standing under the laws of New York with full power and authority to own or lease its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is conducted by it.

5.3 **Binding Nature of Agreement.** This Agreement has been duly and validly executed and delivered by Buyer and is, and each Ancillary Agreement contemplated hereby to which the Buyer is a party when executed and delivered will be, the legal, valid and binding obligation of Buyer, enforceable in accordance with its respective terms, except as such may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally, and by general equitable principles.

**ARTICLE 6
COVENANTS**

Between the date of this Agreement and the Closing Date, the Seller and the Trustee shall (i) use all reasonable efforts to preserve for Buyer the goodwill and existing relationships which Seller has for purposes of the conduct of its business; (ii) conduct its business only in the usual and ordinary course; (iii) use all reasonable efforts to satisfy the conditions precedent to the Closing provided in Articles 7; and (iv) prior to the earlier of the Closing or the termination of this Agreement, neither the Seller nor the Trustee shall directly or indirectly solicit, initiate or knowingly encourage (including by way of furnishing information) inquiries or submission of proposals or offers from any person relating to the sale of all or any portion of the business of the Seller, including the Acquired Assets, or any equity interest in, or any business combination with the Seller. Between the date of this Agreement and the Closing Date, the Buyer will use all reasonable efforts to satisfy the conditions precedent to the Closing provided in Article 7.

ARTICLE 7

CONDITIONS PRECEDENT TO CLOSING

7.1 **Conditions Precedent to Buyer's Obligations.** The obligations of Buyer under this Agreement are subject to fulfillment prior to or at Closing of each of the following conditions, unless waived in writing by Buyer:

(a) **Representations and Warranties.** Each of the representations and warranties made by the Seller and the Trustee in this Agreement, or in any instrument, schedule, certificate or writing delivered by Seller or the Trustee pursuant to this Agreement, shall be true and correct in all material respects when made and as of the Closing Date.

(b) **Satisfactory Completion of Due Diligence.** The Buyer shall have completed its due diligence investigation of the Seller and the Business, and the results of such investigation shall have been satisfactory to the Buyer in its sole discretion.

(c) **Financing.** The Buyer shall have obtained financing for the transactions under this Agreement on terms that are acceptable to Buyer in its sole discretion.

(d) **Other Matters.** All proceedings and actions taken in connection with the transactions contemplated hereby and all certificates, opinions, agreements, instruments and documents mentioned herein or incident to any such transactions shall have been delivered and shall be reasonably satisfactory in form and substance to Buyer and its counsel.

7.2 **Conditions Precedent to Seller's and Trustee's Obligations.** The obligations of the Seller and the Trustee under this Agreement are subject to fulfillment prior to or at the Closing of each of the following conditions, unless waived in writing by Seller and the Trustee:

(a) **Representations and Warranties.** Each of the representations and warranties made by Buyer in this Agreement or in any instrument, schedule, certificate or writing delivered by Buyer pursuant to this Agreement, shall be true and correct when made and shall be true and correct at and as of the Closing Date as though such representation and warranties were made or given on and as of the Closing Date.

(b) **Other Matters.** All proceedings and actions taken in connection with the transactions contemplated hereby and all certificates, opinions, agreements, instruments and documents mentioned herein or incident to any such transactions shall have been delivered and shall be reasonably satisfactory in form and substance to the Seller, the Trustee, and their counsel.

ARTICLE 8

CLOSING DOCUMENTS

8.1 **Deliveries of Seller and the Trustee.** Seller and the Member shall deliver to Buyer on the Closing Date all of the following, executed as appropriate:

(a) a Certificate executed by the Trustee certifying as to attached copies of the Seller's trust agreement and resolutions of the Trustee approving this Agreement and setting forth the names of each individual authorized to execute, of behalf of the Seller and Trustee, this Agreement and all documents, certificates and agreements ancillary hereto, together with their specimen signatures;

(b) releases, termination statements or satisfactions, as appropriate, as to all security interests, liens, claims or other encumbrances created or suffered to exist by Seller with respect to the Acquired Assets;

(c) all necessary consents, if any, for the assignment to Buyer of the Acquired Assets;

(d) all documents, instruments or writings required to be delivered to Buyer at or prior to Closing pursuant to this Agreement, and such other certificates of authority and documents as Buyer may reasonably request.

8.2 Deliveries of Buyer. Buyer shall deliver to Seller on the Closing Date all of the following, executed as appropriate:

(a) the Purchase Price payable to Seller at Closing in accordance with Section 3.1;

(b) a Certificate executed by the Secretary of Buyer certifying as to attached copies of the Buyer's articles of organization and resolutions of Buyer's members approving this Agreement and setting forth the names of each of the officers of Buyer authorized to execute this Agreement and all documents, certificates and agreements ancillary hereto, together with their specimen signatures;

(c) all other documents, instruments or writings required to be delivered to Seller at or prior to Closing pursuant to this Agreement, and such other certificates of authority and documents as Seller may reasonably request.

ARTICLE 9 INDEMNIFICATION

9.1 Indemnification by Seller and Trustee. Seller and the Trustee jointly and severally agree to defend, indemnify and hold Buyer and its directors, officers, members, successors and assigns harmless from and against any and all damages, claims, suits, liabilities, fines, penalties, costs, losses, diminution in value, deficiencies, and expenses (including without limitation reasonable counsel fees) of any kind or nature whatsoever, whether or not involving a third-party claim (collectively "Buyer Damages") which may be sustained or suffered by Buyer arising from or related to:

(a) a breach of any representation, warranty or covenant made by Seller or the Trustee in this Agreement or any other agreement, certificate or document delivered by or on behalf of Seller or any Member of Seller to Buyer pursuant to this Agreement;

(b) any claim arising in connection with any services provided by, Seller before the Closing Date; and

(c) obligations relating to the Seller's business or Acquired Assets arising or accruing prior to the Closing which have not been expressly assumed by Buyer.

9.2 **Indemnification by Buyer.** Buyer agrees to defend, indemnify and hold the Trustee, Seller and Seller's directors, officers, Trustee, successors and assigns harmless from and against any and all damages, claims, suits, liabilities, fines, penalties, costs, losses, diminution in value, deficiencies, and expenses (including without limitation reasonable counsel fees) of any kind or nature whatsoever, whether or not involving a third-party claim (collectively "Seller Damages") which may be sustained or suffered by Seller or the Trustee arising from or related to:

(a) a breach of any representation, warranty or covenant made by Buyer in this Agreement or any other agreement, certificate or document delivered by or on behalf of Buyer to Seller or Trustee pursuant to this Agreement;

(b) any claim arising in connection with any services provided by, Buyer on or after the Closing Date; and

(c) obligations relating to the Acquired Assets arising or accruing after the Closing Date which have not been retained by Seller.

Any Seller Damages and Buyer Damages may be referred to generically as "Damages."

9.3 **Procedure for Indemnification Claims.**

(a) The party seeking indemnification under Article 9 of this Agreement (the "Indemnified Party") shall give prompt notice to the other party (the "Indemnifying Party") of any Damages as to which indemnification is sought under this Agreement.

(b) In the case of any third-party claim, the Indemnified Party shall permit the Indemnifying Party, at the Indemnifying Party's sole cost and expense, to assume the defense of any claim or any litigation resulting from such claim. Failure by the Indemnifying Party to notify the Indemnified Party of its election to defend any such action within fifteen (15) days after notice thereof shall be deemed a waiver by the Indemnifying Party of its right to defend such action. If the Indemnifying Party assumes the defense of any such claim or litigation resulting therefrom, the Indemnifying Party shall defend or settle such claim or litigation and hold the Indemnified Party harmless from and against any and all losses, damages and liabilities caused by or arising out of any settlement or any judgment therefrom. The Indemnifying Party

shall not, in the defense of such claim or any litigation resulting therefrom, consent to the entry of any judgment or enter into any settlement (except with the written consent of the Indemnified Party), which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the Indemnified Party of a release from all liability in respect to such claim or litigation. If such defense is unsuccessful or abandoned by the Indemnifying Party, then, upon the Indemnifying Party's failure to pay an amount sufficient to discharge any such claim or judgment, the Indemnified Party may pay and settle the same and the Indemnifying Party's liability shall be conclusively established by such payment.

(c) If the Indemnifying Party shall not assume the defense of any such claim or litigation resulting therefrom, the Indemnified Party may defend against and settle such claim or litigation in such manner as it may, in its sole discretion, deem appropriate, and the Indemnifying Party shall promptly reimburse the Indemnified Party for the amount of all reasonable expenses, legal or otherwise, incurred by the Indemnified Party in connection with the defense against or settlement of such litigation. If no settlement is made, the Indemnifying Party shall promptly reimburse the Indemnified Party for the amount of any judgment rendered with respect to such claim or such litigation and of all reasonable expenses, legal or otherwise, incurred by the Indemnified Party in the defense thereof.

9.4 **Limitations on Indemnification.** Notwithstanding the other provisions of this Article 9, the rights of a party to indemnification under this Agreement shall be limited as follows:

(a) The representations and warranties contained in this Agreement shall survive until the third anniversary of the Closing Date, and no claim for indemnification under this Agreement shall be permitted unless it is asserted in writing on or before the third anniversary of the Closing Date; provided, however, that the foregoing limitations shall not apply to the representations and warranties set forth in Sections 4.4 (Good Title) and 4.5 (Tax Matters), which shall survive the Closing for a period equal to the applicable statutes of limitation.

(b) In calculating Damages there shall be deducted any amount which has been recovered by the Indemnified Party in money or money's worth from insurance or from a third party as a result of the Damages.

(c) No party to this Agreement shall be entitled to indemnification until the total amount of its Damages (after deduction of all insurance proceeds and third-party recoveries by the Indemnified Party) exceeds \$25,000 of Damages, after which the Indemnified Party shall be entitled to seek recovery of all Damages in excess of \$25,000.

(d) For purposes of this Article 9, Seller and Trustee shall be deemed one Indemnifying Party with joint and several liability.

**ARTICLE 10
MISCELLANEOUS**

10.1 **Taxes**. Seller shall pay out of the Purchase Price any income or capital gain tax imposed by any Governmental Authority or any county or municipality therein, relating to the transactions contemplated by this Agreement.

10.2 **Expenses**. Each party to this Agreement shall pay all expenses incurred by him or it relating to the transactions contemplated by this Agreement, including without limitation, the fees and expenses of his or its legal, accounting and financial advisors.

10.3 **Termination**. This Agreement may be terminated at any time prior to the Closing Date, as follows:

- (a) by the mutual consent of the Seller and Buyer;
- (b) by either the Buyer on the one hand, or the Seller and the Trustee on the other, if there has been a material misrepresentation, breach of warranty or breach of covenant on the part of the other in the representations, warranties and covenants set forth in this Agreement;
- (c) by the Buyer on the one hand, or the Seller and the Trustee on the other, if the transactions contemplated by this Agreement have not been consummated by November 30, 2003; provided that neither will be entitled to terminate this Agreement pursuant to this Section 10.3(c) if such party's willful breach of this Agreement has prevented the consummation of the transactions contemplated by this Agreement; or
- (d) by the Buyer if after the date hereof an event shall have occurred which, so far as may reasonably be foreseen, would render unlikely the satisfaction of any condition to the Buyer's obligation to close the transaction contemplated in this Agreement.

In the event of termination of this Agreement by either the Buyer, on the one hand, or the Seller and the Trustee, on the other, as provided in this Section 10.3, all provisions of this Agreement shall terminate and shall be of no further force or effect; provided, however, that the liability of any party for any breach by such party of the representations, warranties, covenants or agreements of such party set forth in this Agreement occurring prior to the termination of this Agreement shall survive the termination of this Agreement for a period of one year from the date of such termination and, in addition, in any action for breach of contract in the event of a termination of this Agreement, the prevailing party shall be reimbursed by the other party to the action for reasonable attorneys' fees and expenses relating to such action.

10.4 **Survival**. The representations, warranties, covenants and other provisions of this Agreement, the Ancillary Agreements and the other documents delivered at the Closing shall survive the Closing (subject to any express time limitation as to indemnification rights) and shall not be affected by any knowledge or investigation or by the acceptance of any certificate or opinion.

10.5 **Non-Waiver.** The failure in any one or more instances of a party to insist upon performance of any of the terms, covenants or conditions of this Agreement, to exercise any right conferred by this Agreement, or the waiver by any party of any of the terms, covenants, conditions or rights conferred by this Agreement, shall not be construed as a subsequent waiver or any such terms, covenants, conditions or rights, but the same shall continue and remain in full force and effect as if no such forbearance or waiver had occurred. No waiver shall be effective unless it is in writing, dated after the date of this Agreement, and signed by an authorized representative of the waiving party.

10.6 **Notices.** All notices required or permitted to be given under this Agreement shall be in writing and will be deemed given when delivered in person, or three business days after being deposited in the United States mail, postage prepaid, registered or certified mail, addressed as set forth below or on the next business day after being deposited with a nationally recognized overnight courier service addressed as set forth below or upon dispatch if sent by facsimile with telephonic confirmation of receipt from the intended recipient to the facsimile number set forth below:

If to Seller or the Trustee addressed to:

McGinn, Smith & Co., Inc., Trustee
Capital Center, 99 Pine Street
Albany, New York 12207
Fax No.:

with a copy to:

James E. Hacker, Esq.
Hacker & Murphy, LLP
Airport Park Boulevard
PO Box 104
Latham, New York 12110-0104
Fax no.:

If to Buyer addressed to:

First Independent Income Notes, LLC
Capital Center, 99 Pine Street
Albany, New York 12207
Fax No.;

with a copy to:

or to such other respective addresses as may be designated by notice given in accordance with the provisions of this Section, except that any notice of change of address will not be deemed given until actually received by the party to whom directed.

10.7 **Entire Agreement; Amendment.** This Agreement, including the schedules and exhibits, constitutes the entire agreement between the parties and supersedes all prior discussions, negotiations and understandings relating to the subject matter hereof, whether written or oral. This Agreement shall not be amended, altered, enlarged, supplemented, abridged, modified, or any provisions waived, except by a writing duly signed by all of the parties hereto.

10.8 **Time of the Essence.** Time is of the essence as to the performance of all obligations created under this Agreement.

10.9 **Benefit; Assignability.** This Agreement shall be enforceable by, and shall inure to the benefit of, the parties to this Agreement and their respective successors and assigns, provided no party may assign its rights or obligations under this Agreement without the consent of the other parties; provided, however, that the Buyer may assign its rights under this Agreement and the Ancillary Agreements to any entity affiliated with Buyer.

10.10 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one agreement.

10.11 **Publicity and Disclosures.** No press releases or public disclosure, either written or oral, of the transactions contemplated by this Agreement, shall be made without the prior knowledge and consent of Buyer, except as required by law.

10.12 **No Third-Party Rights.** Nothing expressed or implied in this Agreement is intended, nor shall be construed, to confer upon or give any person, firm or corporation, other than Buyer, Seller and the Trustee, any rights or remedies under or by reason of this Agreement.

10.13 **Headings.** The descriptive headings of the Articles and Sections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

10.14 **Governing Law.** This Agreement shall be construed under and governed by the laws of the State of New York.

10.15 **Remedies; Arbitration.**

(a) The rights, remedies, powers and privileges provided in this Agreement are cumulative and not exclusive and shall be in addition to any and all rights, remedies, powers and privileges granted by law, rule, regulation or instrument. The parties agree that, in addition to any other relief afforded under the terms of this Agreement or by law, Buyer, Seller and the Trustee shall have the right to enforce this Agreement by injunctive or mandatory relief to be

issued by or against the other parties, it being understood that both damages and specific performance shall be proper modes of relief and are not to be understood as alternative remedies.


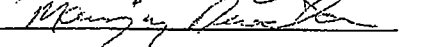
(b) Without prejudice to each party's right to seek injunctive or mandatory relief from a court, the parties agree that all other disputes arising under this Agreement or any of the Ancillary Agreements, or any alleged breach hereof or thereof, shall be submitted to binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. Each arbitration shall be conducted in Albany, New York, and judgment on the arbitrator's award may be entered in any court having jurisdiction. If it is determined by the arbitrator that one party has generally prevailed on the issues, then the other party shall bear the cost of the arbitration proceedings, including without limitation the arbitrator's compensation and expenses and the reasonable attorneys fees of the prevailing party; otherwise, the cost of the arbitrator's compensation and expenses shall be borne one-half by Buyer and one-half by Trustee.

10.16 Further Assurances. At the Closing and from time to time after the Closing, at the request of the Buyer and without further consideration (except for any reasonable out-of-pocket expenses necessarily incurred by Seller or a Member), the Seller and the Trustee shall promptly execute and deliver to the Buyer such certificates and other instruments of sale, conveyance, assignment and transfer, and take such other action, as may reasonably be requested by the Buyer more effectively to confirm any obligation assumed by the Buyer pursuant to this Agreement and to sell, convey, assign and transfer to and vest in Buyer or to put Buyer in possession of the Acquired Assets and all benefits related thereto. To the extent that any consents, waivers or approvals necessary to convey the Acquired Assets to the Buyer are not obtained prior to Closing, the Seller shall (a) provide to the Buyer, at the request of the Buyer, the benefits of any such Asset, and hold the same in trust for the Buyer; (b) cooperate in any reasonable and lawful arrangement, approved by the Buyer, designed to provide such benefits to the Buyer; and (c) enforce and perform, at the request of the Buyer, for the account of the Buyer, any rights or obligations of the Seller arising from any such Acquired Asset against or in respect of any third person, including the right to elect to terminate any contract, arrangement or agreement in accordance with the its terms thereof upon the advice of the Buyer.

* * *

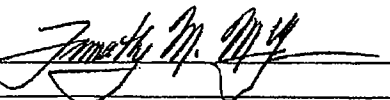

IN WITNESS WHEREOF, this Purchase Agreement is executed as of the date set forth above.

**FIRST INDEPENDENT
INCOME NOTES, LLC**

By 
Its 

MCGINN, SMITH & CO., INC.

SECURITY PARTICIPATION TRUST

By 
Its 
Trustee

TRUSTEE:

By _____

Its _____

EXHIBITS

- A Bill of Sale, Assignment and Assumption Agreement

SCHEDULES

- 2.1(a) Contracts
- 3.4 Purchase Price Allocation
- 4 Disclosure Schedule

BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT

Security Participation Trust, a New York common law trust ("Seller") hereby sells, conveys, transfers and assigns to First Independent Income Notes, LLC, a New York limited liability company ("Buyer"), Seller's entire right, title and interest in and to the Acquired Assets, as defined in that certain Asset Purchase Agreement dated as of November 1, 2003 (the "Asset Purchase Agreement"), to have and to hold forever, to Buyer, its successors and assigns.

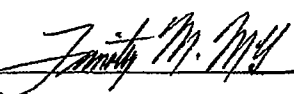
Seller hereby constitutes and appoints Buyer and its successors and assigns as the attorney-in-fact of the Seller with full power of substitution, to institute and prosecute, in the name of the Seller or the Buyer, but on behalf of and for the benefit of Buyer, and at the expense of Buyer, all proceedings which the Buyer may deem desirable to collect, assert or enforce any claim, right or title of any kind in or to the Acquired Assets and to defend and compromise any and all actions, suits or proceedings which the owner of the Acquired Assets is entitled to defend or compromise. Seller agrees that the foregoing powers are coupled with an interest and are and shall be irrevocable by Seller in any manner or for any reason. Seller agrees that, at any time and from time to time after the delivery hereof, it will, upon the reasonable request of Buyer, take all action and execute and deliver all documents, instruments and conveyances of any kind which may be desirable to carry out the provisions of this Bill of Sale, Assignment and Assumption Agreement. Seller warrants to Buyer that, except as otherwise provided in the Asset Purchase Agreement, title to all the Acquired Assets is conveyed to Buyer free and clear of all liens, claims and encumbrances whatsoever, and Seller has good right to sell and assign the Acquired Assets.


Buyer hereby assumes the Assumed Liabilities (as defined in the Asset Purchase Agreement) and does not assume or have any responsibility or liability for any Excluded Liabilities (as defined in the Asset Purchase Agreement).

IN WITNESS WHEREOF, Seller and Buyer have executed this instrument this 15th day of November, 2003.

Security Participation Trust

First Independent Income Notes, LLC

By 
Its _____

By 
Its Managing Member

100430 270 001087598 H 2
DINOSAUR SECURITIES LLC
404 PARK AVE S
NEW YORK, NY 10016

Account Number: D 0916



YOUR FINANCIAL CONSULTANT, DINOSAUR SECURITIES LLC, OFFERS SECURITIES THROUGH DINOSAUR SECURITIES
MEMBER OF FINRA/SIPC. RMR WEALTH MANAGEMENT LLC IS NOT AN AFFILIATE OF DINOSAUR SECURITIES, LLC

LYNN A SMITH
REDACTED
SARATOGA SPRINGS NY 12866

YOUR FINANCIAL CONSULTANT IS
HOUSE
RR#: 199

FOR QUESTIONS OR UP-TO-DATE ACCOUNT INFORMATION:
Local
212 785 4377

Statement Date: 04/01/10 to 04/30/10

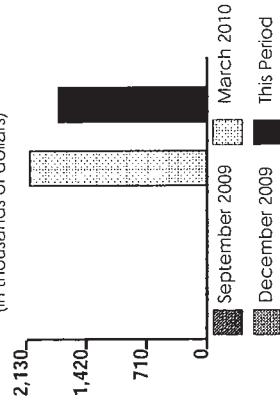
SNAPSHOT

TOTAL PORTFOLIO
\$1,786,430.01

PORTFOLIO VALUE	This Period	Prior Period
Cash and Cash Equivalents	(\$88,922.21)	\$177,926.84
Securities	\$279,128.00	\$344,360.00
Other Securities	\$1,596,224.22	\$1,596,224.22
TOTAL PORTFOLIO VALUE	\$1,786,430.01	\$2,118,511.06

Your portfolio contains unpriced positions. The securities may be unpriced for various reasons including but not limited to unavailability of pricing or the security may not have value. Please contact your broker/dealer for further information.

Portfolio Value
(in thousands of dollars)



A portfolio value less than \$100.00 may not be displayed.

ACCOUNT ACTIVITY	This Period	Year-To-Date
Net Core Fund Activity	\$177,926.84	\$0.00
Net Additions and Withdrawals	(\$300,000.00)	(\$123,473.44)
Net Income and Expenses	\$33,165.95	\$34,641.23
Net Miscellaneous Activity	(\$15.00)	(\$90.00)

LEGEND

() Numbers in parenthesis
are debits or subtractions
NFS = National Financial
Services LLC

Page 1 of 9
REDACTED

7598

Account carried with National Financial Services LLC, Member NYSE, SIPC

CONFIDENTIAL

RMR 6004

Account Number: RMR-040916
 Account Name: SMITH
 Statement Date: 04/01/2010 to 04/30/2010

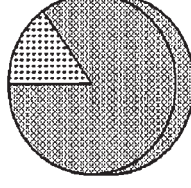


YOUR FINANCIAL CONSULTANT, DOWNSIDE BUSINESS AS RMR WEALTH MANAGEMENT LLC, OFFERS SECURITIES THROUGH DOWNSIDE SECURITIES, MEMBER OF FINRA/SIPC. RMR WEALTH MANAGEMENT LLC IS NOT AN AFFILIATE OF DOWNSIDE SECURITIES, LLC.

SUMMARY

PORTFOLIO VALUE		This Period	Prior Period
Cash and Cash Equivalents			
Cash		(\$88,922.21)	\$0.00
Money Markets		\$0.00	\$177,926.84
Securities			
Equities		\$279,128.00	\$344,360.00
Equity		\$279,128.00	\$344,360.00
Total Securities		\$279,128.00	\$344,360.00
Other Securities		\$1,596,224.22	\$1,596,224.22
TOTAL PORTFOLIO VALUE		\$1,786,430.01	\$2,118,511.06
ACCOUNT ACTIVITY		This Period	Year To-Date
BEGINNING BALANCE		\$0.00	
Core Fund Activity			
Core Funds Purchased		\$0.00	(\$347,995.82)
Core Funds Sold		\$177,926.84	\$347,995.82
NET CORE FUND ACTIVITY		\$177,926.84	\$0.00
Additions and Withdrawals			
Deposits		\$0.00	\$100,000.00
Other Additions and Withdrawals		(\$300,000.00)	(\$223,473.44)
NET ADDITIONS AND WITHDRAWALS		(\$300,000.00)	(\$123,473.44)
Income and Expenses			
Taxable Income			
Taxable Dividends		\$1,480.34	\$2,965.62
NET TAXABLE INCOME		\$1,480.34	\$2,965.62
Non-Taxable Income			
Return of Capital		\$31,889.95	\$31,889.95
NET NON-TAXABLE INCOME		\$31,889.95	\$31,889.95
TOTAL INCOME		\$33,370.29	\$34,855.57
Margin Interest		(\$199.34)	(\$199.34)
Account Fees		(\$5.00)	(\$15.00)
TOTAL EXPENSES		(\$204.34)	(\$214.34)
NET INCOME AND EXPENSES		\$33,165.95	\$34,641.23
NET MISCELLANEOUS ACTIVITY		(\$15.00)	(\$90.00)
ENDING BALANCE		(\$88,922.21)	

PORTFOLIO ALLOCATION



Equities 14.88%
 Other Securities 85.12%

Allocations for equities, fixed income, and other categories may include mutual funds and may be net of short positions. NFS has made assumptions concerning how certain mutual funds are allocated. Closed-end mutual funds listed on an exchange may be included in the equity allocation. The chart may not reflect your actual portfolio allocation. Consult your broker/dealer prior to making investment decisions.

ALERT: Taxable income is determined based on information available to NFS at the time the statement was prepared, and is subject to change. Final information on taxation of interest and dividends is available on Form 1099-Div, which is mailed in February of the subsequent year.

|||

Account Number: REDACTED 0916
Account Name: SMITH
Statement Date: 04/01/2010 to 04/30/2010



YOUR FINANCIAL CONSULTANT CONSIDERS RMR WEALTH MANAGEMENT, LLC OFFERS SECURITIES THROUGH FINSAUR SECURITIES
MEMBER OF FINSAUR SEC. RMR WEALTH MANAGEMENT, LLC IS NOT AN AFFILIATE OF FINSAUR SECURITIES, LLC

DETAIL

PORTFOLIO VALUE

NFS provided estimated cost basis and short sale proceeds information provided to NFS by customers), realized gain and loss, and holding period information may not reflect all adjustments necessary for tax reporting purposes. Taxpayers should verify such information against their own records when calculating reportable gain or loss resulting from a sale, redemption, or exchange. NFS does not report such information to the IRS or other taxing authorities and is not responsible for the accuracy of such information taxpayers may be required to report to federal, state, and other taxing authorities. NFS makes no warranties with respect to, and specifically disclaims any liability arising out of a customer's use of, or any tax position taken in reliance upon, such information. Unless otherwise specified, NFS determines cost basis at the time of sale based on the average cost-single category (ACSC) method for open-end mutual funds and based on the first-in, first-out (FIFO) method for all other securities.

Amortization, accretion and similar adjustments to cost basis have been provided for many fixed income securities (and some bond-like equities), however, they are not provided for certain types, such as short-term instruments, Unit Investment Trusts, foreign fixed income securities, or those that are subject to early prepayment of principal (pay downs). Where current year premium or acquisition premium amortization is provided, the prior years' cumulative amortization is reflected in the adjusted cost basis, but we cannot provide a breakdown or the total of such prior amortization amounts.

LIMITATION ON COST BASIS INFORMATION: NFS's cost basis information system has a cumulative lifetime limit on how much activity it can track for each individual security position in an account. For this purpose, each buy, sell, dividend, wash sale disallowed loss, stock split, stock merger, etc, is an event. For some customers, this limit can be reached with approximately 1500 events. Upon reaching the limit, the system no longer displays or tracks cost basis information for the affected position, and such information will usually show as not available or unknown. Once the limit is reached, all cost basis information for the affected position will need to be tracked and updated by you, the investor.

CASH AND CASH EQUIVALENTS 0.00%

Description	Symbol/Cusip Account Type	Quantity	Price on 04/30/10	Current Market Value	Prior Market Value	Estimated Annual Income
Cash						
NET CASH POSITION				(\$88,922.21)	unavailable	
Total Cash and Cash Equivalents				(\$88,922.21)		

EQUITIES 14.88%

Description	Symbol/Cusip Account Type	Quantity	Price on 04/30/10	Current Market Value	Prior Market Value	Estimated Annual Income	Total Cost Basis	Unrealized Gain (Loss)
Equity								
CMET FIN HLDGS INC COM	REDAC TED 1204	15,000	unavailable	unavailable	unavailable			
ACCREDITED INVS	RESSTK							
FRST VIRTUAL COMMUNICATIONS INC	REDA 4307	10,000	unavailable	unavailable	unavailable		\$14,000.10	C
NO STOCKHOLDERS EQUITY 12/30/05	CITFD CASH							
Dividend Option Cash								
Capital Gain Option Cash								

REDACTED
 Account Number: D 10916
 Account Name: SMITH
 Statement Date: 04/01/2010 to 04/30/2010



YOUR FINANCIAL CONSULTANT, DOING BUSINESS AS RMR WEALTH MANAGEMENT LLC, OFFERS SECURITIES THROUGH DINOSAUR SECURITIES
 MEMBER OF FINBANC. RMR WEALTH MANAGEMENT LLC IS NOT AN AFFILIATE OF DINOSAUR SECURITIES, LLC

EQUITIES 14.88%

Description	Symbol/Cusip	Quantity	Price on 04/30/10	Current Market Value	Prior Market Value	Estimated Annual Income	Total Cost Basis	Unrealized Gain (Loss)
GENERAL ELECTRIC CO Estimated Yield 2.12% Dividend Option Cash Capital Gain Option Cash	GE MARGIN	14,800	\$18.86	\$279,128.00	\$182,000.00	\$5,920.00	\$333,001.25 C	(\$53,873.25)
MCGINN SMITH & CO INC CDT PFD SER 1987 ADJ RATE PRICE	580565208 RESSTK	750	unavailable AI	unavailable	\$75,000.00			
Total Equity				\$279,128.00		\$5,920.00	\$347,001.35	(\$53,873.25)
Total Equities				\$279,128.00		\$5,920.00	\$347,001.35	(\$53,873.25)

Total Securities

OTHER SECURITIES 85.12%

Description	Symbol/Cusip	Quantity	Price on 04/30/10	Current Market Value	Prior Market Value	Estimated Annual Income
PINE STREET CAPITAL PARTNERS LP BASED ON MGMT'S UNCONFIRMED ESTIMATE OF NET ASSETS	722999109 CASH	1,596,224.22	\$1.00 AI	\$1,596,224.22	\$1,596,224.22	
Total Other Securities				\$1,596,224.22		

TOTAL PORTFOLIO VALUE

				\$1,786,430.01		\$5,920.00	\$347,001.35	(\$53,873.25)
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Account Number: REDACTED 9916
Account Name: SMITH
Statement Date: 04/01/2010 to 04/30/2010



YOUR FINANCIAL CONSULTANT, COUNSELOR BUSINESS AS RMR WEALTH MANAGEMENT, LLC OFFERS SECURITIES THROUGH DINOSAUR SECURITIES
MEMBER OF FINRA/SIPC. RMR WEALTH MANAGEMENT, LLC IS NOT AN AFFILIATE OF DINOSAUR SECURITIES, LLC

ACCOUNT ACTIVITY

NFS-provided estimated cost basis (including cost basis and short sale proceeds information provided to NFS by customers), realized gain and loss, and holding period information may not reflect all adjustments necessary for tax reporting purposes. Taxpayers should verify such information against their own records when calculating reportable gain or loss resulting from a sale, redemption, or exchange. NFS does not report such information to the IRS or other taxing authorities and is not responsible for the accuracy of such information. Taxpayers may be required to report to federal, state, and other taxing authorities. NFS makes no warranties with respect to, and specifically disclaims any liability arising out of a customer's use of, or any tax position taken in reliance upon, such information. Unless otherwise specified, NFS determines cost basis at the time of sale based on the average cost-single category (ACSC) method for open-end mutual funds and based on the first-in, first-out (FIFO) method for all other securities.

Amortization, accretion and similar adjustments to cost basis have been provided for many fixed income securities (and some bond-like equities), however, they are not provided for certain types, such as short-term instruments, Unit Investment Trusts, foreign fixed income securities, or those that are subject to early prepayment of principal (pay downs). Where current year premium or acquisition premium amortization is provided, the prior years' cumulative amortization is reflected in the adjusted cost basis, but we cannot provide a breakdown or the total of such prior amortization amounts.

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CORE FUND ACTIVITY

Core Funds Sold

Settlement Date	Account Type	Transaction	Description	Quantity	Amount
04/01/10	CASH	YOU SOLD	PRIME FUND - CAPITAL RESERVES CLASS @ 1	(5)	\$5.00
04/05/10	CASH	YOU SOLD	PRIME FUND - CAPITAL RESERVES CLASS @ 1	(177,921.84)	\$177,921.84
Net Core Funds Sold					\$177,926.84

NET CORE FUND ACTIVITY

\$177,926.84

ADDITIONS AND WITHDRAWALS

Other Additions and Withdrawals

Date	Account Type	Transaction	Description	Quantity	Amount	Total Cost Basis	Realized Gain (Loss)
04/05/10	CASH	WIRE TRANS TO BANK	REDACT 6675		(\$300,000.00)		
Net Other Additions and Withdrawals					(\$300,000.00)		

NET ADDITIONS AND WITHDRAWALS

(\$300,000.00)

Account Number: REDACTED

Account Name: SMITH

Statement Date: 04/01/2010 to 04/30/2010



YOUR FINANCIAL CONSULTANT CONSIDERS BUSINESS AS RMR WEALTH MANAGEMENT LLC OFFERS SECURITIES THROUGH DINOSAUR SECURITIES
MEMBER OF FINADSP-C RMR WEALTH MANAGEMENT LLC IS NOT AN AFFILIATE OF DINOSAUR SECURITIES, LLC

INCOME AND EXPENSES

Taxable Income

Date	Account Type	Transaction	Description	Quantity	Amount
Taxable Dividends					
04/26/10	CASH	DIVIDEND RECEIVED	GENERAL ELECTRIC CO		\$480.00
04/26/10	MARGIN	DIVIDEND RECEIVED	GENERAL ELECTRIC CO		\$1,000.00
04/30/10	CASH	DIVIDEND RECEIVED	PRIME FUND - CAPITAL RESERVES CLASS DIVIDEND RECEIVED		\$0.34

Net Taxable Income

\$1,480.34

Non-Taxable Income

Date	Account Type	Transaction	Description	Quantity	Amount
Return of Capital					
04/16/10	CASH	RETURN OF CAPITAL	PINE STREET CAPITAL PARTNERS LP BASED ON MGMT'S UNCONFIRMED ESTIMATE OF NET ASSETS		\$31,889.95

Net Non-Taxable Income

\$31,889.95

Total Income

\$33,370.29

Margin Interest

Date	Account Type	Transaction	Description	Quantity	Amount
04/20/10	MARGIN	MARGIN INTEREST	@ 4.000%		(\$199.34)
			AVG BAL 112,127DR 03/22-04/20		
			END BAL 90,203DR 16 DAYS		

Net Margin Interest

(\$199.34)

|||

Account Number: ID 0916
Account Name: SMITH
Statement Date: 04/01/2010 to 04/30/2010



YOUR FINANCIAL CONSULTANT DOING BUSINESS AS RMR WEALTH MANAGEMENT, LLC, OFFERS SECURITIES THROUGH FINRA/SIPC MEMBER OF FINRA/SIPC. RMR WEALTH MANAGEMENT, LLC IS NOT AN AFFILIATE OF FINRA/SIPC.

Account Fees

Account		Transaction		Description	Quantity	Amount
Date	Type					
04/01/10	CASH	FEE PAID		SAFEKEEPING FEE CUSIP 189758204		(\$5.00)
Net Account Fees						(\$5.00)
Total Expenses						(\$204.34)

NET INCOME AND EXPENSES

\$33,165.95

MISCELLANEOUS ACCOUNT ACTIVITY

Account		Transaction		Description	Quantity	Amount
Date	Type					
04/05/10	CASH	JOURNALED		WIRE FEE REDA 16675		(\$15.00)
04/05/10	MARGIN	JOURNALED		MARGIN TO CASH A/C		(\$92,250.00)
04/05/10	CASH	JOURNALED		MARGIN TO CASH A/C		\$92,250.00
NET MISCELLANEOUS ACCOUNT ACTIVITY						(\$15.00)

FOOTNOTES AND COST BASIS INFORMATION

NFS-provided estimated cost basis (including cost basis and short sale proceeds information provided to NFS by customers), realized gain and loss, and holding period information may not reflect all adjustments necessary for tax reporting purposes. Taxpayers should verify such information against their own records when calculating reportable gain or loss resulting from a sale, redemption, or exchange. NFS does not report such information to the IRS or other taxing authorities and is not responsible for the accuracy of such information taxpayers may be required to report to federal, state, and other taxing authorities. NFS makes no warranties with respect to, and specifically disclaims any liability arising out of a customer's use of, or any tax position taken in reliance upon, such information. Unless otherwise specified, NFS determines cost basis at the time of sale based on the average cost-single category (ACSC) method for open-end mutual funds and based on the first-in, first-out (FIFO) method for all other securities. Customers should consult their tax advisors for further information.

For investments in partnerships, NFS does not make any adjustments to cost basis information as the calculation of basis in such investments requires supplemental information from the partnership on its income and distributions during the period you held your investment. Partnerships usually provide this additional information on a Form K-1 issued by April 15th of the following year.

C - Cost basis information (or proceeds from short sales) was provided by you. We treat it as original cost basis. For equities, we will adjust the cost basis for any corporate actions which our system supports from the date the security was transferred to the account. For asset-backed fixed income securities, we will adjust the cost basis for principal pay downs from the date the security was transferred to the account. We do not apply any wash sale rules to tax lots with customer-provided cost basis. In certain cases, when positions are transferred between accounts the cost basis information may be automatically transferred and deemed to be customer-provided.

Account Number 0916
Account Name: SWIIFT
Statement Date: 04/01/2010 to 04/30/2010

REDACTED



YOUR FINANCIAL CONSULTANT, DOING BUSINESS AS RMR WEALTH MANAGEMENT LLC, OFFERS SECURITIES THROUGH FINOSCAP SECURITIES
MEMBER OF FINOSCAP. RMR WEALTH MANAGEMENT LLC IS NOT AN AFFILIATE OF FINOSCAP SECURITIES, LLC

MISCELLANEOUS FOOTNOTES

Callable Securities Lottery - When street name or bearer securities held for you are subject to a partial call or partial redemption by the issuer, NFS may or may not receive an allocation of called/redeemed securities by the issuer, transfer agent and/or depository. If NFS is allocated a portion of the called/redeemed securities, NFS utilizes an impartial lottery allocation system, in accordance with applicable rules, that randomly selects the securities within customer accounts that will be called/redeemed. NFS' allocations are not made on a pro rata basis and it is possible for you to receive a full or partial allocation, or no allocation. You have the right to withdraw uncalled fully paid securities at any time prior to the cutoff date and time established by the issuer, transfer agent and/or depository with respect to the partial call, and also to withdraw excess margin securities provided your account is not subject to restriction under Regulation T or such withdrawal will not cause an undermargined condition.

AI - Investments such as direct participation program securities (e.g., partnerships, limited liability companies, and real estate trusts which are not listed on any exchange), commodity pools, private equity, private debt and hedge funds are generally illiquid investments and their current values will be different from the purchase price. Unless otherwise indicated, the values shown on this statement for such investments have been provided by the management, administrator or sponsor of each program, or a third-party vendor without independent verification by National Financial Services LLC (NFS) or your broker/dealer and represent their estimate of the value of the investor's participation in the program, as of a date no greater than 18 months from the date of this statement. Therefore the estimated values shown herein may not necessarily reflect actual market values or be realized upon liquidation. If an estimated value is not provided, accurate valuation information is not available.

GLOSSARY Short Account Balances - If you have sold securities under the short sale rule, we have, in accordance with regulations, segregated the proceeds from such transactions in your Short Account. Any market increases or decreases from the original sale price will be marked to the market and will be transferred to your Margin Account on a weekly basis. **Market Value** - The Total Market Value has been calculated out to 9 decimal places, however, the individual unit price is displayed in 5 decimal places. The Total Market Value represents prices obtained from various sources, may be impacted by the frequency in which such prices are reported and such prices are not guaranteed. Prices received from pricing vendors are generally based on current market quotes, but when such quotes are not available the pricing vendors use a variety of techniques to estimate value. These estimates, particularly for **fixed income securities**, may be based on certain minimum principal amounts (e.g. \$1 million) and may not reflect all of the factors that affect the value of the security, including liquidity risk. The prices provided are not firm bids or offers. Certain securities may reflect "N/A" or "unavailable" where the price for such security is generally not available from a pricing source. The Market Value of a security, including those priced at par value, may differ from its **CUSTOMER SERVICE**: Please review your statement and report any discrepancies immediately. Inquiries or concerns regarding your brokerage account or the activity therein should be directed to your broker/dealer at the telephone number and address reflected on the front of this statement and National Financial Services LLC ("NFS") who carries your brokerage account and acts as your custodian for funds and securities deposited with NFS directly by you, through your broker/dealer, or as a result of transactions NFS processes for your account. NFS may be contacted by calling (800) 801-9942. Any oral communications regarding inaccuracies or discrepancies should be reconfirmed in writing to protect your rights, including those under the Securities Investor Protection Act ("SIPA"). When contacting either NFS or your broker/dealer, remember to include your entire brokerage account number to ensure a prompt reply. Please notify the service center or your broker/dealer promptly in writing of any change of address.

ADDITIONAL INFORMATION Customer free credit balances are not segregated and may be used in NFS business, subject to the limitations of 17CFR Section 240.15c3-2 under the Securities and Exchange Act of 1934. You have the right to receive from NFS in the course of normal business operations, subject to open commitments in any of your brokerage accounts, any free credit balances to which you are entitled or any fully paid securities to which you are entitled and any securities purchased on margin upon full payment of any indebtedness to NFS. Interest on free credit balances awaiting reinvestment may be paid out at rates that may vary with current short-term money market rates and/or your brokerage account balances, set at the discretion of your broker/dealer and/or NFS.

Credit Adjustment Program. Accountholders receiving payments in lieu of qualified dividends may not be eligible to receive credit adjustments intended to help cover additional associated federal tax burdens. NFS reserves the right to deny the adjustment to any accountholder and to amend or terminate the credit adjustment program.

Options Customers. Each transaction confirmation previously delivered to you contains full information about commissions and other charges. If you require further information, please contact your broker/dealer.

Assignments of American and European-style options are allocated among customer short positions pursuant to a random allocation procedure, a description of which is available upon request. Short positions in American-style options are liable for assignment at any time. The writer of a European-style option is subject to exercise assignment only during the exercise period. You should advise your broker/dealer promptly of any material change in your investment objectives or financial situation. **Splits, Dividends, and Interest**. Expected stock split, next dividend payable, and next interest payable information has been provided by third parties and may be subject to change. Information for certain securities may be missing if not received from third parties in time for printing. NFS is not responsible for inaccurate, incomplete, or missing information. Please consult your broker/dealer for more information about expected stock split, next dividend payable, and next interest payable for certain securities.

Equity Dividend Reinvestment Customers. Shares credited to your brokerage account resulted from transactions effected as agent by either: 1) Your broker/dealer for your investment account, or 2) through the Depository Trust Company (DTC) dividend reinvestment program. For broker/dealer effected transactions, the time of the transactions, the exchange upon which these transactions occurred and the name of the person from whom the security was purchased will be furnished upon written request. NFS may have acted as market maker in effecting trades in "over-the-counter" securities.

Retirement Contributions/Distributions. A summary of retirement contributions/distributions is displayed for you in the activity summary section of your statement. **Income Reporting**. NFS reports earnings from investments in Traditional IRAs, Rollover IRAs, SEP-IRAs and, Keoghs as tax-deferred income. Earnings from Roth IRAs are reported as tax-free income, since distributions may be tax-free after meeting the 5 year aging requirement and certain other conditions. A financial statement of NFS is available for your personal inspection at its office or a copy of it will be mailed to you upon your written request.

Statement Mailing. NFS will deliver statements by mail or, if applicable, notify you by e-mail of your statement's availability, if you had transactions that affected your cash balances or security positions held in your account(s) during the last monthly reporting period. At a minimum, all brokerage customers will receive quarterly statements (at least four times per calendar year) as long as their accounts contain a cash or securities balance.

Loads and Fees. In addition to sales loads and 12b-1 fees described in the prospectus, NFS or your

purchase price and may not closely reflect the value at which the security may be sold or purchased based on various market factors. Investment decisions should be made only after consulting your broker/dealer.

Estimated Yield ("EY") and Estimated Annual Income ("EAI") - When available, the coupon rate of some fixed income securities is divided by the current market value of the fixed income security to create the EY figure and/or the current interest rate or most recently declared dividends for certain securities are annualized to create the EAI figure. EAI and EY are estimates, and the income and yield might be lower or higher.

Additionally, estimates may include return of principal or capital gains which would render them overstated. EY reflects only the income generated by an investment; not changes in prices which fluctuate. These figures are based on mathematical calculations of available data, and have been obtained from information providers believed to be reliable, but no assurance can be made as to accuracy. Since the interest and dividend rates are subject to change at any time, and may be affected by current and future economic, political and business conditions, they should not be relied on for making investment, trading decisions, or tax decisions.

broker/dealer receives other compensation in connection with the purchase and/or the on-going maintenance of positions in certain mutual fund shares and other investment products in your brokerage account. This additional compensation may be paid by the mutual fund or other investment product, its investment advisor or one of its affiliates. Additional information about the source(s) and amount(s) of compensation as well as other remuneration received by NFS or your broker/dealer will be furnished to you upon written request. At time of purchase, fund shares may be assigned a transaction fee or no transaction fee status. At time of sale, applicable fees will be based on that status.

Margin. If you have applied for margin privileges and been approved, you may borrow money from NFS in exchange for pledging the assets in your account as collateral for any outstanding margin loan. The amount you may borrow is based on the value of securities in your margin account, which is identified on your statement. If you have a margin account, this is a combined statement of your margin account and special memorandum account other than your non-purpose margin accounts maintained for you under Section 220.5 of Regulation T issued by the Board of Governors of the Federal Reserve Board. The permanent record of the separate account, as required by Regulation T, is available for your inspection upon request.

NYSE and FINRA. All transactions are subject to the constitution, rules, regulations, customs, usages, rulings and interpretations of the exchange market and its clearing house, if any, where the transactions are executed, and of the New York Stock Exchange (NYSE) and of the Financial Industry Regulatory Authority ("FINRA").

The FINRA requires that we notify you in writing of the availability of an investor brochure that includes information describing FINRA Regulation's BrokerCheck Program ("Program"). To obtain a brochure or more information about the Program or FINRA Regulation, contact the FINRA Regulation BrokerCheck Program Hotline at (800) 289-9999 or access the FINRA's web site at www.finra.org.

New York Stock Exchange Rule 382 requires that your broker/dealer and NFS allocate between them certain functions regarding the administration of your brokerage account. The following is a summary of the allocation services performed by your broker/dealer and NFS. A more complete description is available upon request. **Your broker/dealer is responsible for:** (1) obtaining and verifying brokerage account information and documentation, (2) opening, approving and monitoring your brokerage account, (3) transmitting timely and accurate instructions to NFS with respect to your brokerage account, (4) determining the suitability of investment recommendations and advice, (5) operating, and supervising your brokerage account and its own activities in compliance with applicable laws and regulations including compliance with margin rules pertaining to your margin account, if applicable, and (6) maintaining required books and records for the services that it performs.

NFS shall, at the direction of your broker/dealer: (1) execute, clear and settle transactions processed through NFS by your broker/dealer, (2) prepare and send transaction confirmations and periodic statements of your brokerage account (unless your broker/dealer has undertaken to do so). Certain securities pricing and descriptive information may be provided by your broker/dealer or obtained from third parties deemed to be reliable, however, this information has not been verified by NFS, (3) act as custodian for funds and securities received by NFS on your behalf, (4) follow the instructions of your broker/dealer with respect to transactions and the receipt and delivery of funds and securities for your brokerage account, and (5) extend margin credit for purchasing or carrying securities on margin. Your broker/dealer is responsible for ensuring that your brokerage account is in compliance with federal, industry and NFS margin rules, and for advising you of margin requirements. NFS shall maintain the required books and records for the services it performs.

Securities in accounts carried by National Financial Services LLC ("NFS") are protected in accordance with the Securities Investor Protection Corporation ("SIPC") up to \$500,000 (including up to \$100,000 for cash awaiting reinvestment). NFS also has arranged for coverage above these limits. Neither coverage protects against a decline in the market value of securities, nor does either coverage extend to certain securities that are considered ineligible for coverage. For more details on SIPC, or to request a SIPC brochure, visit www.sipc.org or call 1-202-371-8300. Bank Deposit Sweep Program funds are SIPC protected until swept to a Program Bank at which time the funds may be eligible for FDIC insurance. Assets Held Away, commodities, unregistered investment contracts, futures accounts, loaned securities and other investments may not be covered. Mutual funds and/or other securities are not backed or guaranteed by any bank, nor are they insured by the FDIC and involve investment risk including possible loss of principal.

End of Statement

091222

PROMISSORY NOTE

\$95,000 ✓

Albany, New York
June 24, 2004

FOR VALUE RECEIVED, the undersigned, JV ASSOCIATES, a partnership organized and existing under the laws of the State of New York, having an office at 5th Floor, Capital Center, 99 Pine Street, Albany, New York 12207 herein designated as the Borrower, does hereby promise to pay to the order of FIRST EXCELSIOR INCOME NOTES, a limited liability corporation having an office at 99 Pine Street- 5th Floor, Albany, NY 12207 hereinafter designated as the Lender, the principal sum of NINETY FIVE THOUSAND DOLLARS (\$95,000), plus interest at the rate of twelve percent (12%) per year, which sum the Borrower herein covenants to pay to the Lender on the 24th day of June, 2004, in the following manner:

Interest only at the aforesaid rate of twelve percent per annum (12%) shall be due and payable on the, to and including the 24th day of December, 2004, when the entire amount of principal and accrued interest shall be due and payable in full.

Any payments received hereunder shall be applied first to the payment of interest and the balance in reduction of principal.

The whole of the principal sum, or any part thereof, shall become due and payable if default be made in any payment under this Promissory Note for a period of fifteen (15) days.

Presentment for payment, demand, protest, notice of protest and notice of dishonor are hereby waived.

SIGNED AND SEALED as of the 24th day June, 2004.

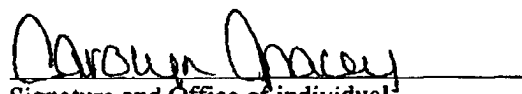
JV Associates.

By:


Timothy M. McGinn, General Partner

State of New York)
County of Albany)ss:

On the 24th day of June in the year 2004 before me, the undersigned, personally appeared Timothy M. McGinn personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacities, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.


Signature and Office of individual
taking acknowledgment

CAROLYN GRACEY
Notary Public, State of New York
No. 01GR6037985
Qualified in Rensselaer County
Commission Expires March 6, 2006

PS

Securities any losses or expenses incurred as a result of your failure to make delivery.

16. MARGIN ACCOUNTS. You hereby agree to maintain such margin in your margin accounts as Bear Stearns Securities may in its sole discretion require; and you agree to pay forthwith on demand any debit balance owing with respect to any of your margin accounts. Upon your failure to pay, or at any time Bear Stearns Securities, in its discretion, deems necessary for its protection, whether with or without prior demand, call or notice, Bear Stearns Securities shall be entitled to exercise all rights and remedies provided in paragraphs 2 and 4 above. No demands, calls, tenders or notices that Bear Stearns Securities may make on give in any one or more instances shall invalidate your waiver with respect thereto. Unless you advise us to the contrary, you represent that you are not an affiliate (as defined in Rule 144(a)(1) under the Securities Act of 1933) of the issuer of any security held in your account.

17. DEBIT BALANCES. You will be charged interest on debit balances in your account which, if not paid at the close of an interest period, will be added to the opening balance for the next interest period. Please consult the Truth in Lending disclosure statement for an outline of Bear Stearns Securities margin policies.

18. CONSENT TO LOAN OR PLEDGE OF SECURITIES. Within the limits of applicable law and regulations, you hereby authorize Bear Stearns Securities to lend either to itself or to others any securities held by Bear Stearns Securities in your account together with all attendant rights of ownership, and to use all such property as collateral for its general loans. Any such property, together with all attendant rights of ownership, may be pledged, repledged, hypothecated or rehypothecated either separately or in common with other such property for any amounts due to Bear Stearns Securities thereon or for a greater sum, and Bear Stearns Securities shall have no obligation to retain a like amount of similar property in its possession and control.

19. LEGALLY BINDING. You hereby agree that this Agreement and all the terms hereof shall be binding upon you and your estate, heirs, executors, administrators, personal representatives, successors and assigns.

20. AMENDMENT; ENTIRE AGREEMENT. You agree that Bear Stearns Securities may modify the terms of this Agreement at any time upon prior written notice. By continuing to accept services from Bear Stearns Securities, you will have indicated your acceptance of any such modifications. If you do not accept such modifications, you must notify Bear Stearns Securities in writing your account may then be terminated by Bear Stearns Securities, after which you will remain liable to Bear Stearns Securities for all remaining liabilities or obligations. Otherwise, this Agreement may not be waived or modified absent a written instrument signed by an authorized representative of Bear Stearns Securities. Except as set forth above, this Agreement represents the entire agreement and understanding between you and Bear Stearns Securities concerning the subject matter hereof.

21. NEW YORK LAW TO GOVERN THIS AGREEMENT. SHALL BE DEEMED TO HAVE BEEN MADE IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED, AND THE RIGHTS AND LIABILITIES OF THE PARTIES DETERMINED, IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK.

22. ARBITRATION. ARBITRATION IS FINAL AND BINDING ON THE PARTIES.

THE PARTIES ARE WAIVING THEIR RIGHT TO SEEK REMEDIES IN COURT, INCLUDING THE RIGHT TO JURY TRIAL.

PRE-ARBITRATION DISCOVERY IS GENERALLY MORE LIMITED THAN AND DIFFERENT FROM

If this is a joint Account, both parties must sign. Persons signing on behalf of others should indicate the titles or capacities in which they are signing.

BY SIGNING THIS AGREEMENT YOU ACKNOWLEDGE THAT:

1. THE SECURITIES IN YOUR MARGIN ACCOUNT AND ANY

WITH ALL ATTENDANT OWNERSHIP RIGHTS, MAY BE LOANED TO BEAR STEARNS OR LOANED OUT TO OTHERS; AND

2. YOU HAVE RECEIVED A COPY OF THIS AGREEMENT.

THIS AGREEMENT CONTAINS A PRE-DISPUTE ARBITRATION CLAUSE ON THIS PAGE AT PARAGRAPH 22.

Lynn A. Smith

(Typed or Printed Name)

X *Lynn A. Smith*

(Signature)

(Typed or Printed Name)

X *Lynn A. Smith*

(Signature)

Accepted: By you and to your attention, please read the following:

(Bear Stearns Securities Corp.)

COURT PROCEEDINGS.

THE ARBITRATORS' AWARD IS NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING AND ANY PARTY'S RIGHT TO APPEAL OR TO SEEK MODIFICATION OF RULINGS BY THE ARBITRATORS IS STRICTLY LIMITED.

THE PANEL OF ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.

YOU AGREE, AND BY MAINTAINING AN ACCOUNT FOR YOU BEAR STEARNS SECURITIES AGREES

THAT CONTROVERSIES ARISING BETWEEN YOU AND BEAR STEARNS SECURITIES CONCERNING YOUR ACCOUNTS OF THIS OR ANY OTHER AGREEMENT BETWEEN YOU AND BEAR STEARNS SECURITIES, WHETHER ENTERED INTO PRIOR TO OR SUBSEQUENT TO THE DATE HEREOF, SHALL BE DETERMINED BY ARBITRATION. ANY ARBITRATION UNDER THIS AGREEMENT SHALL BE HELD AT THE FACILITIES AND BEFORE AN ARBITRATION PANEL APPOINTED BY THE NEW YORK STOCK EXCHANGE, INC. (THE AMERICAN STOCK EXCHANGE, INC. OR THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. (AND ONLY BEFORE SUCH EXCHANGE)) YOU MAY ELECT ONE OF THE FOREGOING FORUMS FOR ARBITRATION, BUT IF YOU FAIL TO MAKE SUCH ELECTION BY REGISTERED MAIL OR TELEGRAM ADDRESSED TO BEAR STEARNS SECURITIES CORP., 245 PARK AVENUE, NEW YORK, NEW YORK 10167, ATTENTION: CHIEF LEGAL OFFICER (OR ANY OTHER ADDRESS OF WHICH YOU ARE ADVISED IN WRITING), BEFORE THE EXPIRATION OF TEN DAYS AFTER RECEIPT OF A WRITTEN REQUEST FROM BEAR STEARNS SECURITIES TO MAKE SUCH ELECTION, THEN BEAR STEARNS SECURITIES MAY MAKE SUCH ELECTION. FOR ANY ARBITRATION SOLELY BETWEEN YOU AND A BROKER FOR WHICH BEAR STEARNS SECURITIES ACTS AS CLEARING AGENT, SUCH ELECTION SHALL BE MADE BY REGISTERED MAIL TO SUCH BROKER AT ITS PRINCIPAL PLACE OF BUSINESS. THE AWARD OF THE ARBITRATORS OR OF THE MAJORITY OF THEM, SHALL BE FINAL, AND JUDGMENT UPON THE AWARD RENDERED MAY BE ENTERED IN ANY COURT, STATE OR FEDERAL, HAVING JURISDICTION.

23. SEVERABILITY. If any provision hereof is or should become inconsistent with any present or future law, rule or regulation of any sovereign government or regulatory body having jurisdiction over the subject matter of this Agreement, such provision shall be deemed to be rescinded or modified in accordance with any such law, rule or regulation. In all other respects, this Agreement shall continue to remain in full force and effect.

24. CAPACITY TO CONTRACT; CUSTOMER AFFILIATION. You represent that you are of legal age and that, unless you have notified Bear Stearns Securities to the contrary, neither you nor any member of your immediate family is an employee of any exchange or member thereof, the National Association of Securities Dealers, Inc. or a member thereof, or of any corporation, firm or individual engaged in the business of dealing as broker or principal in securities, options, or futures, or of any bank, trust company or insurance company.

25. EXTRAORDINARY EVENTS. Bear Stearns Securities shall not be liable for losses caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, strikes or other conditions beyond its control.

26. HEADINGS. The headings of the provisions hereof are for descriptive purposes only and shall not modify or qualify any of the rights or obligations set forth in each such provision.

If this is a joint Account, both parties must sign. Persons signing on behalf of others should indicate the titles or capacities in which they are signing.

BY SIGNING THIS AGREEMENT YOU ACKNOWLEDGE THAT:

1. THE SECURITIES IN YOUR MARGIN ACCOUNT AND ANY

WITH ALL ATTENDANT OWNERSHIP RIGHTS, MAY BE LOANED TO BEAR STEARNS OR LOANED OUT TO OTHERS; AND

2. YOU HAVE RECEIVED A COPY OF THIS AGREEMENT.

THIS AGREEMENT CONTAINS A PRE-DISPUTE ARBITRATION CLAUSE ON THIS PAGE AT PARAGRAPH 22.

8. Beech Ridge Road

(Mailing Address)

455 Cliffdon Park, NY, 12065

(Typed or Printed Name)

X *Lynn A. Smith*

(Signature)

(Typed or Printed Name)

X *Lynn A. Smith*

(Signature)

Accepted: By you and to your attention, please read the following:

(Bear Stearns Securities Corp.)

Customer Agreement

PLEASE READ CAREFULLY, SIGN AND RETURN

This agreement ("Agreement") sets forth the terms and conditions under which Bear, Stearns Securities Corp., its successors and assigns ("Bear Stearns Securities"), will maintain your account for purchases and sales of securities and other property. If your account is a cash account and you have fully paid for all securities therein, the provisions of paragraphs 16 and 18 shall not bind you unless you enter into a margin transaction.

1. APPLICABLE LAW AND REGULATIONS. All transactions in your account shall be subject to all applicable law and the rules and regulations of all federal, state and self-regulatory agencies, including, but not limited to, the Board of Governors of the Federal Reserve System and the constitution, rules and customs of the exchange or market (and clearing house) where executed.

2. SECURITY INTEREST AND LIEN. As security for the payment of all of your obligations and liabilities to Bear Stearns Securities, Bear Stearns Securities shall have a continuing security interest in all property in your accounts or otherwise held by Bear Stearns Securities or its affiliates, including, but not limited to, securities, commodity futures contracts, commercial paper, monies and any after acquired property. In addition, in order to satisfy any of your outstanding liabilities or obligations, Bear Stearns Securities may, at any time and without prior notice to you, use, apply or transfer any or all securities or other property interchangeably in any accounts in which you have an interest. In the event of a breach or default under this Agreement, Bear Stearns Securities shall have all rights and remedies available to a secured creditor under any applicable law in addition to the rights and remedies provided herein.

3. DEPOSITS ON CASH TRANSACTIONS. Whenever Bear Stearns Securities, in its sole discretion, considers it necessary for its protection, it may require you to deposit cash or collateral immediately in your account prior to any applicable settlement date in order to assure due performance of your open contractual commitments.

4. BREACH, BANKRUPTCY AND DEFAULT. Any breach of this Agreement or the filing of a petition or other proceeding in bankruptcy, insolvency, or for the appointment of a receiver by or against you, the levy of an attachment against your accounts with Bear Stearns Securities, or your death, mental incompetence or dissolution, or any other grounds for insecurity, as determined by Bear Stearns Securities in its sole discretion, shall constitute, at Bear Stearns Securities' election, a default by you under all agreements Bear Stearns Securities may then have with you, whether heretofore or hereafter entered into. In the event of default, Bear Stearns Securities reserves the right to sell, without prior notice to you, any and all property in your accounts with it (either individually or jointly with others), to buy any or all property which may be short in such accounts, to cancel all outstanding transactions and/or to purchase or sell other securities or property in such accounts to offset market risk, and to offset any indebtedness in such accounts against any other accounts you may have (either individually or jointly with others), after which you shall be liable to Bear Stearns Securities for any remaining deficiency, loss, costs or expenses sustained by Bear Stearns Securities in connection therewith. Such purchases and/or sales may be effected publicly or privately without notice or advertisement in such manner as Bear Stearns Securities may in its sole discretion determine. At any such sale or purchase, Bear Stearns Securities may purchase or sell the property free of any right of redemption. In addition, Bear Stearns Securities shall have the right to set off and apply against any indebtedness in your accounts, whether matured or unmatured, any amount owing from Bear Stearns Securities to you.

5. FEES AND CHARGES. You understand that Bear Stearns Securities may charge commissions and other fees for execution, custody or any other service relating to transactions to purchase or sell securities or other property, and you agree to pay such commissions and fees at Bear Stearns Securities' then prevailing rates. You understand further that such commissions and fees may be changed from time to time without notice, and you agree to be bound thereby.

6. TRANSACTION REPORTS AND ACCOUNT STATEMENTS. Reports of the execution of orders and statements of your account shall be conclusive if not objected to in writing within five days, in the case of reports of execution, and ten days, in the case of account statements, after such documents have been transmitted to you by mail or otherwise.

7. TRUTH-IN-LENDING. You hereby acknowledge receipt of Bear Stearns Securities' Truth-in-Lending disclosure statement. You

understand that interest will be charged on any debit balances in accordance with the methods described in such statement or in any amendment or revision thereto which may be provided to you.

8. CLEARANCE ACCOUNTS. Bear Stearns Securities carries your account as clearing agent for your broker. Unless Bear Stearns Securities receives from you prior written notice to the contrary, Bear Stearns Securities shall accept from such other broker, without any inquiry or investigation: (a) orders for the purchase or sale of securities and other property in your account on margin or otherwise and (b) any other instructions concerning your account or the property therein. You understand and agree that Bear Stearns Securities shall have no responsibility or liability to you for any acts or omissions of such other broker, its officers, employees or agents. You agree that your broker (including Bear, Stearns & Co. Inc.) is a third-party beneficiary of this Agreement, and that the terms and conditions hereof, including the arbitration provision, shall be applicable to all matters between or among any of you, your broker or Bear Stearns Securities.

9. COSTS OF COLLECTION. You hereby authorize Bear Stearns Securities to charge you for any reasonable direct or indirect costs of collection, including, but not limited to, attorneys' fees, court costs and other expenses.

10. IMPARTIAL LOTTERY ALLOCATION. You agree that, in the event Bear Stearns Securities holds on your behalf bonds or preferred stocks in street or bearer form which are callable in part, you will participate in the impartial lottery allocation system of the called securities in accordance with the rules of the New York Stock Exchange, Inc. or any other appropriate self-regulatory organization. When any such call is favorable, no allocation will be made to any account in which Bear Stearns Securities has actual knowledge that its officers, directors or employees have any financial interest until all other customers are satisfied on an impartial lottery basis.

11. WAIVER, ASSIGNMENT AND NOTICES. Neither Bear Stearns Securities' failure to insist at any time upon strict compliance with this Agreement or with any of the terms hereof nor any continued course of such conduct on its part shall constitute or be considered a waiver by Bear Stearns Securities of any of its rights or privileges hereunder. You may not assign your rights and obligations hereunder without obtaining the prior written consent of an authorized representative of Bear Stearns Securities. Notices or other communications, including margin calls, delivered or mailed to the address given below, shall, until Bear Stearns Securities has received notice in writing of a different address, be deemed to have been personally delivered to you.

12. FREE CREDIT BALANCES. You hereby direct Bear Stearns Securities to use any free credit balance awaiting investment or reinvestment in your account in accordance with all applicable rules and regulations and to pay interest thereon at such rate or rates as are established from time to time by Bear Stearns Securities for such accounts and for the amounts of cash so used.

13. RESTRICTIONS ON ACCOUNT. You understand that Bear Stearns Securities, in its sole discretion, may restrict or prohibit trading of securities or other property in your accounts.

14. CREDIT INFORMATION AND INVESTIGATION. You authorize Bear Stearns Securities, in its discretion, to obtain reports concerning your credit standing and business conduct. You may make a written request within a reasonable period of time for a description of the nature and scope of the reports obtained by Bear Stearns Securities.

15. SHORT AND LONG SALES. In placing any sell order for a short account, you will designate the order as such and hereby authorize Bear Stearns Securities to mark the order as being "short." In placing any sell order for a long account, you will designate the order as such and hereby authorize Bear Stearns Securities to mark the order as being "long." The designation of a sell order as being for a long account shall constitute a representation that you own the security with respect to which the order has been placed, that such security may be sold without restriction in the open market and that, if Bear Stearns Securities does not have the security in its possession at the time you place the order, you shall deliver the security by settlement date in good deliverable form or pay to Bear Stearns