

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

ACARTHA GROUP, LLC, by and through its)	
RECEIVER, CLAIRE M. SCHENK,)	
)	
Plaintiff,)	
)	
v.)	Case No. 4:12-cv-1142
)	
MORRISS HOLDINGS, LLC,)	
)	
Defendant.)	

**ACARTHA GROUP, LLC’S MOTION FOR DEFAULT JUDGMENT
AGAINST DEFENDANT MORRISS HOLDINGS, LLC**

COMES NOW Claire M. Schenk, Receiver for Acartha Group, LLC (“Acartha”), and for her Motion for Default Judgment against Defendant Morriss Holdings, LLC (“Morriss Holdings”), states as follows:

1. The Court should enter a default judgment against Morriss Holdings because Morriss Holdings refuses to defend itself in this lawsuit, and because the evidence establishes that Morriss Holdings defaulted on a promissory note payable to Acartha. On or about January 1, 2010, Morriss Holdings (as “Borrower”) executed a Promissory Note (the “Note”) in favor of Acartha Group (as “Lender”). The Note required Morriss Holdings to pay upon demand the amount set forth on Schedule A attached to the Note, plus any accrued interest to date.

2. By letter dated June 8, 2012, the Receiver, on behalf of Acartha, demanded immediate payment from Morriss Holdings of the entire principal balance outstanding under the Note, together with unpaid interest accrued thereon. Morriss Holdings, however, has refused to pay the amounts due under the Note.

3. For these reasons, and for the reasons set forth in Acartha's Memorandum in Support, the Court should enter a default judgment against Morriss Holdings.

WHEREFORE, Claire M. Schenk, Receiver for Acartha Group, LLC, respectfully requests the Court enter a default judgment against Morriss Holdings, LLC in the amount of \$7,022,217.88 with interest continuing to accrue thereon, award the Receiver her costs and expenses incurred in this lawsuit, post-judgment interest, and for any additional and further relief the Court deems just and proper.

Respectfully submitted,

THOMPSON COBURN LLP

By /s/ Brian A. Lamping

Stephen B. Higgins, #25728MO

Brian A. Lamping, #61054MO

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Attorneys for Plaintiff

CERTIFICATE OF SERVICE

I certify that I electronically filed the foregoing document on August 9, 2013, with the Clerk of the Court using the CM/ECF system.

/s/ Brian A. Lamping

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

ACARTHA GROUP, LLC, by and through its)	
RECEIVER, CLAIRE M. SCHENK,)	
)	
Plaintiff,)	
)	
v.)	Case No. 4:12-cv-1142
)	
MORRISS HOLDINGS, LLC,)	
)	
Defendant.)	

**ACARTHA GROUP, LLC’S MEMORANDUM IN SUPPORT OF ITS MOTION FOR
DEFAULT JUDGMENT AGAINST DEFENDANT MORRISS HOLDINGS, LLC**

COMES NOW Claire M. Schenk, Receiver for Acartha Group, LLC (“Acartha”), and for her Memorandum in Support of her Motion for Default Judgment against Defendant Morriss Holdings, LLC (“Morriss Holdings”), states as follows:

INTRODUCTION AND BACKGROUND

1. The Court should enter a default judgment against Morriss Holdings because Morriss Holdings refuses to defend itself in this lawsuit, and because the evidence establishes that Morriss Holdings defaulted on a promissory note payable to Acartha.

2. On or about January 1, 2010, Morriss Holdings (as “Borrower”) executed a Promissory Note (the “Note”) in favor of Acartha Group (as “Lender”). See **Ex. A**, Promissory Note [AG-0001893-95]; **Ex. B**, Declaration of Brian K. Peterson, at ¶¶8-10 & Ex. B; **Ex. C**, Deposition of D. Brown, at 78:10-22; **Ex. D**, Deposition of B. Peterson, at 95:8-13; **Ex. E**, Deposition of B. Douglas Morriss, 219:20-221:16. The Note required Morriss Holdings to pay upon demand the amount set forth on Schedule A attached to the Note, plus any accrued interest to date. See **Ex. A**.

3. By letter dated June 8, 2012, the Receiver, on behalf of Acartha, demanded immediate payment from Morriss Holdings of the entire principal balance outstanding under the Note, together with unpaid interest accrued thereon. *See Ex. F*, Demand letter. Morriss Holdings, however, has refused to pay the amounts due under the Note. *See Ex. G*, Affidavit of C. Schenk, at ¶ 8; *Ex. E*, Deposition of B. Douglas Morriss, 219:20-221:16.

4. On June 25, 2012, the Receiver commenced this action for breach of the Note, seeking to recover the principal balance of the loan and interest. Doc. 1. On July 1, 2013, the Clerk entered an order of default against Morriss Holdings after Morriss Holdings ignored a Court-imposed deadline to obtain counsel. Doc. 17.

ARGUMENT

The Court Should Enter A Default Judgment Against Morriss Holdings Because It Breached Its Obligations Owed To Acartha Under The Note

5. After entry of default by the Clerk, the Court has discretion to enter a default judgment if it is satisfied based on the evidence that “the unchallenged facts constitute a legitimate cause of action”¹ and that the moving party “is lawfully entitled to recover” the damages it seeks.² “After default has been entered, the defendant is deemed to have admitted all well pleaded factual allegations in the complaint.”³

6. Here, as stated above, the Clerk entered an order of default against Morriss Holdings on July 1, 2013. The Court should now enter a default judgment against Morriss

¹ *Acuity Ins. Co. v. Jones*, 4:11CV2041 AGF, 2013 WL 1192764, at *1 (E.D. Mo. Mar. 22, 2013)

² *Sundance Rehab. Corp. v. Parsons*, 4:08-CV-1973 CAS, 2009 WL 911962, at *1 (E.D. Mo. Mar. 31, 2009); *see also Local 682 Health & Welfare, Trust Fund v. Today's Trucking, Inc.*, 4:09-CV-1199 CEJ, 2011 WL 4635135 (E.D. Mo. Oct. 4, 2011).

³ *Acuity Ins. Co.*, 2013 WL 1192764, at *1.

Holdings because the evidence establishes that Morriss Holdings owed a contractual obligation to Acartha under the Note. *See* **Ex. A**, Promissory Note [AG-0001893-95]; **Ex. B**, Declaration of Brian K. Peterson, at ¶¶8-10 & **Ex. B**; **Ex. C**, Deposition of D. Brown, at 78:10-22; **Ex. D**, Deposition of B. Peterson, at 95:8-13; **Ex. E**, Deposition of B. Douglas Morriss, 219:20-221:16. Likewise, the evidence establishes that Morriss Holdings breached⁴ that obligation by failing to pay the amounts due under the Note upon demand. *See* **Ex. G**, Affidavit of C. Schenk, at ¶ 8. As a result, Acartha Group has suffered damages of \$7,022,217.88. *See* **Ex. H**, Affidavit of J. Muzzarelli, at ¶ 6. Thus, there exists sufficient evidence for the Court to find that Acartha has a legitimate claim against Morriss Holdings for breach of the Note, and that it “is lawfully entitled to recover” the damages it seeks.⁵

WHEREFORE, Claire M. Schenk, Receiver for Acartha Group, LLC, respectfully requests the Court enter a default judgment against Morriss Holdings, LLC in the amount of \$7,022,217.88 with interest continuing to accrue thereon pursuant to the Note, award the Receiver her costs and expenses incurred in this lawsuit, post-judgment interest, and for any additional and further relief the Court deems just and proper.

⁴ The Note is governed by Delaware law. *See* **Ex. A**. “Under Delaware law, the elements of a breach of contract claim are: (1) a contractual obligation; (2) a breach of that obligation by the defendant; and (3) a resulting damage to the plaintiff.” *H-M Wexford LLC v. Encorp, Inc.*, 832 A.2d 129, 140 (Del. Ch. 2003).

⁵ *Sundance Rehab. Corp.*, 2009 WL 911962, at *1.

Respectfully submitted,

THOMPSON COBURN LLP

By /s/ Brian A. Lamping
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blamping@thompsoncoburn.com

Attorneys for Plaintiff

CERTIFICATE OF SERVICE

I certify that I electronically filed the foregoing document on August 9, 2013, with the Clerk of the Court using the CM/ECF system.

/s/ Brian A. Lamping

PROMISSORY NOTE

January 1, 2010

For value received, the undersigned Morriss Holdings LLC ("Borrower"), hereby promises to pay upon demand to the order of Acartha Group LLC ("Lender") the amount set forth on Schedule A attached hereto, as such schedule is amended from time to time to reflect any additional amounts borrowed from the Lender and any amounts repaid to the Lender by the Borrower. The Borrower also promises to pay interest on the unpaid principal amount set forth on Schedule A, for the period such balance is outstanding, at the rate of interest and on the date and in the manner provided herein. The Borrower shall repay the principal and interest due on this Promissory Note in the lawful currency of the United States of America by wire transfer to such account, or such other manner, as the Lender may designate. Failure by the Borrower to repay the principal and interest due on this Promissory Note within ten business days of the date on which notice is delivered to the Borrower shall constitute a default hereunder, and the Lender may take all legal actions available to collect such indebtedness, and shall be entitled to collect all reasonable legal fees incurred in connection with such action to collect. A business day is a day on which banks in New Jersey, New York and Missouri are all open for business and able to accept and transmit funds.

In accordance with the terms of the netting agreement between the Lender and the Borrower, this note replaces the Promissory Note of the Borrower dated as of November 18, 2008 (the "2008 Note") payable to Acartha Technology Partners, L.P., and the entry on Schedule A dated as of the date hereof includes balance due to the Borrower under the 2008 Note, including all accrued interest thereunder. By its execution of the acknowledgment below, Acartha Technology Partners, L.P. acknowledges and agrees that upon execution of this Promissory Note by the Borrower, the obligation of the Borrower under the 2008 Note is discharged in full and that the 2008 Note is hereby cancelled.

Interest: Interest shall accrue on the aggregate unpaid principal balance of this Promissory Note recorded on Schedule A attached hereto (the "Note") from the date set opposite such principal balance at a rate on such date equal to the average of the London Interbank Offered Rate for one month deposits of U.S. dollars quoted by the British Bankers Association in the Wall Street Journal ("One Month Libor") plus 1.5%. The interest rate shall be reset on the first business day of each month hereafter. Interest shall be computed based on the actual number of days elapsed in each month divided the actual number of days in the calendar year. If for any reason the One Month Libor rate is unavailable from the Wall Street Journal, the rate shall be determined from data available from another reliable public source for comparable Eurodollar deposits. Interest shall accrue daily and, at the option of the Borrower, may either be paid monthly on the first business day of the month or added to the principal amount of the Note and paid at maturity. Interest is payable on all interest which is not paid to the Lender, and shall compound monthly on all outstanding principle and accrued but unpaid interest.

1/5/12 EXHIBIT JD
#59 FI-3707
Acartha Group, LLC

FOIA Confidential Treatment Requested by Acartha Group, LLC

AG-0001893

EXHIBIT
26
tabbles

Draws and Prepayment: The Borrower may draw amounts from time to time from the Lender and shall be set forth on Schedule A attached hereto, with the date of drawing set forth opposite such amount. The Borrower may prepay this Promissory Note at any time in whole or in part without premium or penalty. All prepayments shall be recorded on Schedule A and shall be applied by Lender first to the payment of any accrued but unpaid interest and then to the outstanding principal balance of this Promissory Note.

No Personal Liability: Lender agrees that no stockholder, member, director or officer of the Borrower shall have any personal liability for the repayment of this Promissory Note.

Notice: Any notice, request or other communication required or permitted hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or mailed by registered or certified mail, postage prepaid, or by recognized overnight courier or personal delivery at the respective addresses of the parties as set forth herein. Either the Borrower or the Lender may provide notice of a change of address for future notice hereunder. Notice shall conclusively be deemed to have been given when received.

Borrower: Morriss Holdings, LLC
7820 Maryland Avenue
Clayton, MO 63105
Attn: B. Douglas Morriss, Trustee of the BBMRT, Managing Member

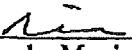
Lender: Acartha Group, LLC
7820 Maryland Avenue
Clayton, MO 63105
Attn: Chairman

This Promissory Note shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflicts of law provisions of the State of Delaware or any other state.

IN WITNESS WHEREOF, the undersigned has executed this Promissory Note as of the date first above written.

MORRISS HOLDINGS, LLC
as Borrower


By: Barbara Burton Morriss Revocable Trust,
Managing Member



B. Douglas Morriss
Trustee

ACARTHA TECHNOLOGY PARTNERS, L.P.
as holder of the 2008 Note

By: Gryphon Investments III, LLC
its General Partner

By: 

B. Douglas Morriss,
Manager

Schedule A to Promissory Note of Morriss Holdings, LLC to Acartha Group, LLC

Start Date	End Date	Days	Reference Interest Rate (%)	Spread	Applicable Interest Rate	Beginning Balance	Interest	Advance/repay Amount	Balance
Notes receivable related party									
6/14/2011	6/15/2011	1	0.25%	1.50%	1.75%	5,963,628.67	285.89	16,738.44	5,979,652.79
6/16/2011	6/16/2011	1	0.25%	1.50%	1.75%	5,979,652.79	286.45	2,000.00	5,981,839.23
6/16/2011	6/17/2011	1	0.25%	1.50%	1.75%	5,981,839.23	288.58	2,000.00	5,984,125.73
6/17/2011	6/21/2011	4	0.25%	1.50%	1.75%	5,984,125.73	1,146.86	5,000.00	5,999,272.45
6/21/2011	6/22/2011	1	0.25%	1.50%	1.75%	5,999,272.45	286.96	6,738.44	5,999,297.85
6/22/2011	6/24/2011	2	0.25%	1.50%	1.75%	5,999,297.85	574.79	10,300.00	6,016,172.64
6/24/2011	6/28/2011	4	0.25%	1.50%	1.75%	6,016,172.64	1,152.80	171,000.00	6,188,325.44
6/28/2011	6/30/2011	2	0.25%	1.50%	1.75%	6,188,325.44	592.90	6,855.09	6,197,773.43
7/1/2011	7/1/2011	0	0.25%	1.50%	1.75%	6,197,773.43	1,152.80	12,500.00	6,212,284.04
7/1/2011	7/7/2011	6	0.18%	1.50%	1.69%	6,198,070.33	6,855.09	8,223,143.05	6,855.09
7/7/2011	7/14/2011	7	0.18%	1.50%	1.69%	6,212,284.04	6,855.09	8,223,143.05	6,855.09
7/14/2011	7/21/2011	7	0.18%	1.50%	1.69%	6,223,143.05	6,855.09	8,223,143.05	6,855.09
7/21/2011	7/28/2011	5	0.18%	1.50%	1.69%	6,234,006.69	6,855.09	8,223,143.05	6,855.09
7/28/2011	7/29/2011	3	0.18%	1.50%	1.69%	6,244,207.03	20,575.00	6,285,735.28	20,575.00
7/29/2011	7/31/2011	2	0.19%	1.50%	1.69%	6,255,785.28	24,088.38	6,290,401.18	24,088.38
8/1/2011	8/4/2011	3	0.21%	1.50%	1.71%	6,290,401.13	0.00	6,291,283.44	0.00
8/4/2011	8/11/2011	7	0.21%	1.50%	1.71%	6,291,283.44	9,088.38	6,302,430.82	9,088.38
8/11/2011	8/12/2011	1	0.21%	1.50%	1.71%	6,302,430.82	2,000.00	6,304,725.49	2,000.00
8/12/2011	8/17/2011	5	0.21%	1.50%	1.71%	6,304,725.49	13,000.00	6,318,189.35	13,000.00
8/17/2011	8/19/2011	2	0.21%	1.50%	1.71%	6,318,189.35	2,000.00	6,321,780.24	2,000.00
8/19/2011	8/22/2011	3	0.21%	1.50%	1.71%	6,321,780.24	5,834.00	6,328,510.95	5,834.00
8/22/2011	8/23/2011	1	0.21%	1.50%	1.71%	6,328,510.95	12,235.17	6,341,043.01	12,235.17
8/23/2011	8/24/2011	1	0.21%	1.50%	1.71%	6,341,043.01	35,000.00	6,376,339.48	35,000.00
8/24/2011	8/31/2011	7	0.21%	1.50%	1.71%	6,376,339.48	21,750.00	6,400,176.32	21,750.00
8/31/2011	9/2/2011	2	0.23%	1.50%	1.73%	6,400,176.32	0.00	6,400,781.67	0.00
9/2/2011	9/3/2011	4	0.23%	1.50%	1.73%	6,400,781.67	3,400.00	6,405,382.51	3,400.00
9/3/2011	9/3/2011	2	0.23%	1.50%	1.73%	6,405,382.51	2,000.00	6,407,988.36	2,000.00
9/3/2011	9/3/2011	1	0.23%	1.50%	1.73%	6,407,988.36	37,913.38	6,448,216.79	37,913.38
9/3/2011	9/12/2011	3	0.23%	1.50%	1.73%	6,448,216.79	3,073.00	6,450,204.38	3,073.00
9/12/2011	9/13/2011	1	0.23%	1.50%	1.73%	6,450,204.38	58,117.78	6,408,627.18	58,117.78
9/13/2011	9/15/2011	2	0.23%	1.50%	1.73%	6,408,627.18	2,000.00	6,511,242.80	2,000.00
9/15/2011	9/15/2011	1	0.23%	1.50%	1.73%	6,511,242.80	38,127.24	6,549,677.97	38,127.24
9/16/2011	9/21/2011	5	0.23%	1.50%	1.73%	6,549,677.97	100,000.00	6,651,228.72	100,000.00
9/21/2011	9/22/2011	1	0.23%	1.50%	1.73%	6,651,228.72	31,000.00	6,682,641.27	31,000.00
9/22/2011	9/23/2011	1	0.23%	1.50%	1.73%	6,682,641.27	15,679.58	6,698,730.69	15,679.58
9/23/2011	9/26/2011	3	0.23%	1.50%	1.73%	6,698,730.69	28,000.00	6,726,881.08	28,000.00
9/26/2011	9/28/2011	3	0.23%	1.50%	1.73%	6,726,881.08	8,117.78	6,734,763.08	8,117.78
9/29/2011	9/30/2011	1	0.23%	1.50%	1.73%	6,734,763.08	71,800.00	6,906,671.58	71,800.00
9/30/2011	9/30/2011	-	0.23%	1.50%	1.73%	6,906,671.58	13,691.25	6,820,282.83	13,691.25

(1) 1 month LIBOR rate per wsjprfmerate.us site

DECLARATION OF BRIAN K. PETERSON

Pursuant to 28 U.S.C. § 1746, the undersigned states as follows:

1. My name is Brian K. Peterson. I am over 21 years of age, and I have personal knowledge of the matters set forth herein.

2. I am employed as a Senior Manager at UHY Advisors MO, Inc. (“UHY Advisors”), a firm that provides accounting, tax and business consulting services.

3. In March 2009, Acartha Group, LLC (“Acartha Group”) hired UHY Advisors to serve as the outside accountant, working under management’s direction, for Acartha Group and other related entities which Acartha Group serves as managing member and/or managing partner, including Acartha Technology Partners, LP (“ATP”), MIC VII, LLC (“MIC VII”), and Gryphon Investments III, LLC (“Gryphon III”), collectively referred to as “the Funds.”

4. As a Senior Manager at UHY Advisors, Acartha Group was one of my clients. As part of my duties, I participated in the preparation of or was provided with various schedules, including the Gryphon III Series A Preferred Proceeds and Disbursements Schedule, attached as Exhibit A; Schedule A to the Promissory Note of Morriss Holdings, LLC to Acartha Group, LLC as of June 30, 2011, attached as Exhibit B; a Summary of Investments by Investor as of December 31, 2010, attached as Exhibit C; and Investments by Source as of December 31, 2010, updated as of August 31, 2011, attached as Exhibit D. All referenced schedules are point in time looks at the data and I believe them to be accurate as of the time they were prepared.

5. During 2009, I was provided with the Gryphon III Series A Preferred Proceeds and Disbursements Schedule, attached as Exhibit A. My understanding is that



the source data for the amounts included in this schedule are Gryphon's books and records, including Gryphon III's general ledger.

6. My understanding is that this schedule summarizes proceeds received from investors in Gryphon III's Series A Preferred Shares totaling \$3,750,000 from March 13, 2008 through June 18, 2009 and the use of these proceeds. The schedule shows that of the \$3,750,000 investor funds raised by Gryphon III, \$1,628,000 was transferred to Acartha Group, which I understood to have entered into a management agreement with Gryphon III, and \$1,717,000 was transferred to Burton Douglas Morriss ("Morriss") or entities controlled by Morriss, including Morriss Holdings, LLC ("Morriss Holdings"), from March 13, 2008 through July 14, 2009. In addition, the schedule reflects that \$305,000 was transferred to pay interest due on Morriss's personal line of credit at Wachovia Bank.

7. The Gryphon III Series A Preferred proceeds transferred to Morriss Holdings described in paragraph 6, combined with what appears to be \$266,250 of other activity for which I do not have a detail, resulted in a receivable that management classified at that time as a due from Morriss Holdings to Gryphon III of \$1,450,750 as of December 31, 2009.

8. In 2010, Acartha Group management reclassified the \$1,450,750 receivable due from Morriss Holdings to Gryphon III to a receivable due to Acartha Group on Acartha Group's financial statements as of December 31, 2009. As I understood it, this consolidated the receivable due from Morriss Holdings with another receivable due from Morriss Holdings to Acartha Group of \$595,295 as of December 31, 2009. I performed services relating to the recording of this reclassification. In addition to

this reclassification, other amounts due to/from Morriss or other entities controlled by Morriss, including Morriss Holdings, to the Funds, were also netted and reclassified, resulting in a net consolidated receivable due from Morriss Holdings to Acartha Group of \$1,977,622 as of December 31, 2009.

9. In early 2011, Acartha Group provided me with a promissory note between Morriss Holdings and Acartha Group dated January 1, 2010 that formalized the receivable due from Morriss Holdings into a note receivable due from Morriss Holdings to Acartha Group. To my recollection there are no other active notes between Morriss Holdings and Acartha Group.

10. During 2011, I participated in the preparation of Schedule A to the Promissory Note of Morriss Holdings, LLC to Acartha Group, LLC as of June 30, 2011, attached as Exhibit B. My understanding is that this schedule details transfers or advances from Acartha Group and the Funds to Morriss or Morriss Holdings, to be paid back to Acartha Group, that are included in the note receivable due from Morriss Holdings to Acartha Group. Advances or transfers from Acartha Group and the Funds to Morriss or Morriss Holdings include funds originating from Acartha Group, Gryphon III, ATP, and MIC VII. This schedule also reflects any repayments or offsets to this note receivable and calculates the interest accrual.

11. The source documents used to prepare this schedule include the books and records of Acartha Group and the Funds, including bank statements, wire transfer records and the general ledgers for Acartha Group and the Funds.

12. My understanding is also that this schedule includes accrued interest to this note receivable. The balance of the note receivable due from Morriss Holdings to Acartha Group including accrued interest was \$6,198,070 as of June 30, 2011.

13. During 2011, I participated in the preparation of a schedule entitled "Summary of Investments by Investor as of December 31, 2010," attached as Exhibit C. My understanding is that this schedule summarizes the total amounts invested by investors in the Funds and other listed entities. This schedule reflects that the total amount invested by investors, directly or via exchange, in Acartha Group, the Funds, and the other entities listed in the schedule was \$87,934,156 as of December 31, 2010, before consideration of distributions to members. I am aware that there were further investments into the Funds during 2011, but I am not aware of the amounts or details of those investments.

14. My understanding is that the source documents used to prepare this schedule include the books and records of Acartha Group and the Funds, including the general ledgers for Acartha Group and the Funds.

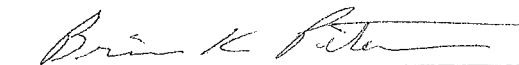
15. During 2011, I participated in the preparation of a schedule entitled "Investments by Source as of December 31, 2010, updated as of August 31, 2011," which was last updated August 31, 2011 and is attached as Exhibit D. My understanding is that this schedule summarizes the total amounts invested into third-party portfolio companies by the Funds and other listed entities. This schedule reflects that the total amount invested by the Funds and the other entities listed in this schedule was \$52,764,575 through December 31, 2010 as of the schedule's August 31, 2011 preparation date. Two investments have been liquidated as of December 31, 2010. Reducing the combined

amount invested in them, \$11,869,702 as indicated in the schedule, from the total investment indicated in the schedule leaves an implied cost basis of investments of \$40,894,874 at December 31, 2010.

16. My understanding is that the source documents used to prepare this schedule include the books and records of the Funds and other listed entities, including the general ledgers for the Funds and those entities.

17. In or about 2009 or early 2010, while reviewing bank statements for MIC VII, I discovered a loan from Wachovia to MIC VII for \$2,500,000, which was an unrecorded liability on MIC VII's balance sheet. I brought it to the attention of certain members of management, who indicated to me that they were unaware that this liability was an outstanding obligation of MIC VII.

18. I declare under penalty of perjury that the foregoing is true and correct.
Executed on this 6th day of January 2012, in St. Louis, Missouri.



Brian K. Peterson

Exhibit A

Exhibit B

Schedule A to Promissory Note of Morriss Holdings, LLC to Acartha Group, LLC

Start Date	End Date	Days	Reference Interest		Applicable Interest		Beginning Balance	Interest	Advance/(repay)		
			Rate (%)	Spread	Rate (%)	Interest			Amount	Balance	
Notes receivable related party											
4/7/2011	4/11/2011	4	0.25%	1.50%	1.75%	5,627,483.14	1,078.32	5,600.00	5,833,561.46		
4/11/2011	4/12/2011	1	0.25%	1.50%	1.75%	5,633,561.46	259.87	1,500.00	5,835,331.33		
4/12/2011	4/13/2011	1	0.25%	1.50%	1.75%	5,635,331.33	258.96	18,500.00	5,854,101.29		
4/13/2011	4/14/2011	1	0.25%	1.50%	1.75%	5,654,101.29	270.60	5,600.00	5,659,972.15		
4/14/2011	4/18/2011	4	0.25%	1.50%	1.75%	5,659,972.15	1,084.55	7,317.47	5,868,374.17		
4/18/2011	4/19/2011	1	0.25%	1.50%	1.75%	5,668,374.17	271.54	19,000.00	5,987,645.71		
4/19/2011	4/21/2011	2	0.25%	1.50%	1.75%	5,687,645.71	544.93	7,317.47	5,995,908.10		
4/21/2011	4/27/2011	6	0.25%	1.50%	1.75%	5,695,908.10	1,637.04	3,000.00	5,700,145.14		
4/27/2011	4/30/2011	3	0.25%	1.50%	1.75%	5,700,145.14	819.19	15,815.73	5,716,780.06		
4/30/2011	5/1/2011	1	0.25%	1.50%	1.75%	5,716,780.06	273.60		5,717,053.62	8,105.34	
5/1/2011	5/6/2011	5	0.25%	1.50%	1.75%	5,717,053.62	1,389.36	26,315.73	5,744,739.00		
5/6/2011	5/12/2011	6	0.25%	1.50%	1.75%	5,744,739.00	1,651.19	18,855.09	5,765,245.28		
5/12/2011	5/17/2011	5	0.25%	1.50%	1.75%	5,765,245.28	1,380.90	5,000.00	5,771,626.19		
5/17/2011	5/19/2011	2	0.25%	1.50%	1.75%	5,771,626.19	552.97	44,855.09	5,817,034.25		
5/19/2011	5/25/2011	6	0.25%	1.50%	1.75%	5,817,034.25	1,871.97	15,000.00	5,833,706.22		
5/25/2011	5/31/2011	6	0.25%	1.50%	1.75%	5,833,706.22	1,676.76	13,588.38	5,848,971.36		
5/31/2011	6/1/2011	1	0.25%	1.50%	1.75%	5,848,971.36	280.19	60,000.00	5,909,251.55	8,563.34	
6/1/2011	6/7/2011	6	0.25%	1.50%	1.75%	5,909,251.55	1,698.47	17,088.38	5,928,036.40		
6/7/2011	6/9/2011	2	0.25%	1.50%	1.75%	5,928,036.40	507.96	9,500.00	5,938,106.36		
6/9/2011	6/14/2011	5	0.25%	1.50%	1.75%	5,938,106.36	1,422.31	24,000.00	5,963,528.67		
6/14/2011	6/15/2011	1	0.25%	1.50%	1.75%	5,963,528.67	285.68	15,738.44	5,979,552.79		
6/15/2011	6/16/2011	1	0.25%	1.50%	1.75%	5,979,552.79	286.45	2,000.00	5,981,839.23		
6/16/2011	6/17/2011	1	0.25%	1.50%	1.75%	5,981,839.23	286.56	2,000.00	5,984,125.79		
6/17/2011	6/21/2011	4	0.25%	1.50%	1.75%	5,984,125.79	1,146.66	5,000.00	5,990,272.45		
6/21/2011	6/22/2011	1	0.25%	1.50%	1.75%	5,990,272.45	286.66	8,738.44	5,999,297.85		
6/22/2011	6/24/2011	2	0.25%	1.50%	1.75%	5,999,297.85	574.79	16,300.00	6,016,172.64		
6/24/2011	6/28/2011	4	0.25%	1.50%	1.75%	6,016,172.64	1,152.80	171,000.00	6,168,325.44		
6/28/2011	6/30/2011	2	0.25%	1.50%	1.75%	6,168,325.44	592.90	8,855.09	6,197,773.43		
6/30/2011	7/1/2011	1	0.25%	1.50%	1.75%	6,197,773.43	296.90		6,198,070.33	8,598.43 Ties to QB	

(1) 1 month LIBOR rate per wsjprimerate.us site

Exhibit C

Summary of investments by investor
Value contributed (by direct or exchange)
As of 12/31/10

Direct Investors	Acartha Group	Acartha Funding	MIC VII	Acartha Tech Partners	Librato Acquisition II	G III, LLC	Clearbrook Acquisition	Integrien Acquisition	Evergrid MIC VII	Evergrid Acquisition	Tervella Acquisition	Tervella Acquisition II	Total Investment
Bruce Rauner	4,500,000	-	-	-	-	-	-	1,000,000	-	-	1,319,341	-	6,819,341
Bailey Quin Daniel Goodman 1991 Trust	4,250,000	-	4,023,982	-	-	-	-	1,000,000	-	-	-	-	9,273,982
Harriet Elizabeth Goodman 1991 Trust	2,125,000	-	3,446,338	-	-	-	-	500,000	-	-	-	-	6,073,338
John Bailey Goodman Jr. 1991 Trust	2,125,000	-	3,258,298	-	-	-	-	500,000	-	-	-	-	5,883,298
Leo Saenger III	150,000	-	-	-	-	-	-	-	-	-	-	-	150,000
Jill Saenger	50,000	-	-	-	-	-	-	-	-	-	-	-	50,000
Charles Saenger	50,000	-	-	-	-	-	-	-	-	-	-	-	50,000
Patricia Saenger	250,000	-	-	-	-	-	-	-	-	-	-	-	250,000
Nick Rohalyn	200,000	-	-	-	-	-	-	-	-	-	-	-	200,000
Ingram Industries	1,500,000	-	-	-	-	-	-	-	-	-	-	-	1,500,000
474 Club, LLC	500,104	-	-	-	-	-	1,500,000	-	-	929,468	-	-	500,104
Edward A. Labry III	1,500,000	-	-	-	-	-	-	-	79,523	-	-	-	6,149,796
Ralph Sligg	499,965	-	2,140,805	-	-	-	1,500,000	-	100,000	-	-	-	800,237
Lemro	299,965	-	9,599	-	-	-	-	-	230,560	-	-	-	378,557
Dieler Sigg	199,970	-	661,082	-	-	-	-	-	124,969	-	-	-	1,270,219
Bruno Mueller (Lemro)	266,285	-	614,963	-	-	-	-	-	180,943	-	-	-	481,596
John T. Olds	200,000	-	1,421,754	-	-	1,000,000	-	-	100,331	-	-	-	1,615,907
Dale Turvey	100,000	-	224,604	-	-	-	-	-	-	-	-	392,352	3,180,722
Daniel Breen	187,500	-	-	-	-	-	-	-	-	-	-	-	200,000
Ballyorney Trust Company Ltd.	75,000	-	-	-	-	-	-	-	-	-	-	-	324,604
Olympus Capital Partners, LP	187,500	-	-	-	-	-	-	-	-	-	-	-	75,000
F. Alexander Scott	75,000	-	-	-	-	-	-	-	-	-	-	-	75,000
First Court Limited Account 445	75,000	-	-	-	-	-	-	-	3,976	-	-	-	250,000
William Benton, Jr.	75,000	-	-	-	-	-	-	-	15,905	-	-	-	109,941
Jim Harpel	75,000	-	-	-	-	-	-	-	-	-	-	-	75,000
Jacob Andrew Harschend	187,500	-	-	-	-	-	-	-	-	-	-	-	75,000
Robert Kresko	250,000	-	105,965	-	-	-	-	-	-	-	-	-	75,000
Bernard Federico	-	-	1,442,135	-	-	-	-	-	-	-	-	-	187,500
Bernard Schwinn	-	-	434,543	-	-	-	-	-	-	-	-	-	250,000
Charles A. Dill, IRA	-	-	21,193	-	-	-	-	-	-	-	-	-	109,941
Daniela Sauer	-	-	1,033,221	-	-	-	-	-	-	-	-	-	1,442,135
David Gillitz	-	-	1,106,595	-	-	-	-	-	-	-	-	-	685,859
David Gillitz IRA	-	-	570,064	-	-	-	-	-	-	-	-	-	21,193
David Gillitz SEP	-	-	22,329	-	-	-	-	-	-	-	-	-	1,351,669
Dominik Sigg	-	-	163,623	-	-	-	-	-	-	-	-	-	1,108,595
Esther Aohermann	-	-	776,492	-	-	-	-	-	-	-	-	-	570,064
Francisca Schwinn	-	-	2,140,805	-	-	-	-	-	-	-	-	-	163,623
Jeff Salzman	-	-	211,929	-	-	-	-	-	-	-	-	-	776,492
John Goodman	-	-	275,027	-	-	200,000	-	-	-	-	-	-	2,538,775
John Hunter Kramer Trust, dated 1988	-	-	272,680	-	-	-	-	-	-	-	-	-	211,929
Lundell	-	-	105,965	-	-	-	-	-	-	-	-	-	746,130
Marc Spieler	-	-	447,300	-	-	-	-	-	92,492	-	-	-	365,172
Maya Merkl	-	-	107,757	-	-	25,000	-	-	-	-	-	-	105,965
Paul Caron	-	-	31,790	-	-	-	-	-	-	-	-	-	447,300
Rene Sauer	-	-	27,921	-	-	-	-	-	-	-	-	-	136,734
Stephanie Schmid	-	-	687,567	-	-	-	-	-	3,976	-	-	-	35,958
Stephen H. McKnight	-	-	687,567	-	-	-	-	-	4,168	-	-	-	50,011
Welde Trust (Billy Guinness)	-	-	687,539	9,835,202	-	250,000	-	-	92,805	-	-	-	1,015,784
Tetral	-	-	-	-	-	-	-	-	400,112	-	-	-	2,122,327
Gill	-	-	-	-	-	-	-	-	-	-	-	-	9,835,202
Balz Merkl	-	-	-	-	-	-	-	-	-	-	-	-	123,724
Remy Trafelet	-	-	-	-	-	250,000	-	-	-	-	-	-	250,000
Steve Fischer	-	-	-	-	-	450,000	-	-	-	-	-	-	1,234,704
Klingenstein Fields	-	-	-	-	-	500,000	-	-	-	-	-	-	500,000
Mack Hicks	-	-	-	-	-	100,000	-	-	-	-	-	-	100,000
Andrew Hobbs	-	-	-	-	-	500,000	-	-	-	-	-	-	500,000
Guillermo Cervino	-	-	-	-	-	150,000	-	-	-	-	-	-	150,000
McDaniel	-	-	-	-	-	325,000	-	-	-	-	-	-	325,000
Ameet Patel	-	-	-	-	-	-	-	-	-	90,419	-	-	90,419
Christian Leedy	-	-	-	-	-	-	-	-	-	65,250	-	-	65,250

Exhibit D

Summary of Investments by Investor
As of 8/31/11

	Teva Bldg	Teva	Integren	Clearbrook	Libeva/ Everglid	Ciglit	Exery	Ventus/ Genit Edge Network	Pollen	eEye	Total External Invested	Investment in Clearbrook Acq	Investment in Teva Acq	Investment in Integren Acq	Total Invested by Entity
MIC VII			2,400,000.00	4,500,000.00	6,570,115.38	4,724,074.45	500,000.00	1,956,604.11	1,954,852.00	2,500,000.00	22,701,053.86	1,500,000.00	900,000.00	2,500,000.00	25,101,084
Acantha Tech Partners		2,463,553.91	3,459,702.00	2,500,000.00	1,017,526.44	500,000.00					11,605,836.35				11,605,836
Clearbrook Acquisition			3,600,000.00								3,600,000.00				3,600,000
Everglid MIC VII					1,735,399.86						1,735,399.86				1,735,400
Everglid Acquisition					375,000.00						375,000.00				375,000
Integren Acquisition			3,000,000.00								3,000,000.00				3,000,000
Integren Acquisition II			300,000.00								300,000.00				300,000
Teva Acquisition	1,073,718.64										3,073,718.64				3,073,719
Teva Acquisition II	1,337,544.75	2,000,000.00									5,982,528.65				5,982,529
Libeva Acquisition II		4,355,394.10			1,581,000.00						1,581,000.00				1,581,000
Libeva Acquisition III															
	<u>2,411,263.39</u>	<u>8,818,038.01</u>	<u>9,369,702.00</u>	<u>10,000,000.00</u>	<u>11,279,041.70</u>	<u>5,224,074.45</u>	<u>500,000.00</u>	<u>1,956,604.11</u>	<u>1,654,652.00</u>	<u>2,500,000.00</u>	<u>52,764,675.65</u>	<u>1,500,000.00</u>	<u>900,000.00</u>	<u>2,500,000.00</u>	
			Liquidated in 2010												

Notes:
Acantha Group Funding not included above as its investment is in MIC VII and it has no direct investment in an unrelated entity.
ATP has a \$2.5M investment in Integren made via Integren Acquisition which does not appear above

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THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)

) File No: FL-03707-A

ACARTHA GROUP, LLC)

WITNESS: Dixon Brown

PAGES: 1 through 141

PLACE: Securities and Exchange Commission
801 Brickell Avenue,
Suite 1800,
Miami, Florida 33131

DATE: Thursday, January 5, 2012

The above-entitled matter came on for hearing,
pursuant to notice, at 10:27 a.m.

Diversified Reporting Services, Inc.

(202) 467-9200

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1 APPEARANCES:
 2
 3
 4 On behalf of the Securities and Exchange Commission:
 5 TRISHA D. SINDLER, ESQ.
 6 BRIAN T. JAMES, ESQ.
 7 ADAM SCHWARTZ, ESQ.
 8 MICHELLE LAMA, CPA
 9 Division of Enforcement
 10 Securities and Exchange Commission
 11 801 Brickell Avenue,
 12 Suite 1800,
 13 Miami, Florida 33131
 14
 15
 16 On behalf of the Witness:
 17 ROBERT W. RAY, ESQ.
 18 BRYAN T. MOHLER, ESQ.
 19 Pryor Cashman, LLP
 20 7 Times Square,
 21 New York, New York 10036-6569
 22
 23
 24
 25

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1 PROCEEDINGS
 2 MS. SINDLER: We are on the record at 10:27
 3 a.m. on January 5, 2012.
 4 We are here at the Miami Regional Offices of
 5 the Securities and Exchange Commission to take
 6 the testimony of Mr. Dixon Brown.
 7 Mr. Brown, can you please raise your right
 8 hand.
 9 Whereupon:
 10 DIXON BROWN
 11 was called as a witness and, having been first duly
 12 sworn, was examined and testified as follows:
 13 EXAMINATION
 14 BY MS. SINDLER:
 15 Q. Please state and spell your full name for
 16 the record.
 17 A. Dixon, D-i-x-o-n, Rombauer, R-o-m-b-a-u-e-r,
 18 Brown, B-r-o-w-n.
 19 Q. Have you ever been known by any other name?
 20 A. No.
 21 Q. My name is Trisha Sindler. I am a Senior
 22 Counsel with the Division of Enforcement of the
 23 United States Securities and Exchange Commission.
 24 With me is Brian James, also a Senior Counsel with
 25 the Division of Enforcement. And Adam Schwartz, a

Page 5

1 Senior Counsel. And we will be joined by Michelle
 2 Lama, an accountant with the Division of
 3 Enforcement.
 4 We are officers of the Commission for the
 5 purpose of this proceeding.
 6 This is an investigation by the Commission
 7 in the matter of Acartha Group, LLC, File No.
 8 FL-3707, to determine whether there have been
 9 violations of certain provisions of the federal
 10 securities laws.
 11 However, the facts developed in this
 12 investigation might constitute violations of other
 13 federal or state, civil or criminal laws.
 14 I'm going to briefly explain the procedure
 15 we are going to be following.
 16 I'm going to ask a series of questions. All
 17 of us may ask questions at any time.
 18 If you would like to take a break at any
 19 time, please let us know and we will be happy to
 20 accommodate you. All we ask is if there is a
 21 question pending, that you answer that before we
 22 take a break.
 23 The court reporter transcribes these
 24 proceedings and will create a transcript of your
 25 testimony at the end. Please make sure that you

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1 answer verbally because the court reporter cannot
 2 pick up any nodding or any other gestures.
 3 Do you understand?
 4 A. Yes.
 5 Q. Also, if we have a conversation about the
 6 case when we are off the record, we will either
 7 summarize that conversation if we discussed anything
 8 substantive or we will ask you to confirm we didn't
 9 have any substantive conversations.
 10 Are you under any type of medication that
 11 would affect your memory or ability to testify fully
 12 and completely today?
 13 A. No.
 14 Q. Prior to the opening of the record we
 15 presented a Formal Order of Investigation in this
 16 matter and Supplemental Formal Order. It will be
 17 available to you for examination during the course
 18 of this proceeding.
 19 Have you had an opportunity to review the
 20 Formal and the Supplemental?
 21 A. Yes.
 22 Q. Prior to the opening of the record you were
 23 provided with a copy of the Commission's
 24 Supplemental Information Form 1662. A copy of that
 25 notice has been previously marked as Exhibit No. 1.

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1 Have you had an opportunity to read Exhibit
 2 No. 1?
 3 A. Yes.
 4 Q. Do you have any questions concerning this
 5 exhibit?
 6 A. No.
 7 Q. Are you represented by counsel today?
 8 A. Yes.
 9 MS. SINDLER: Would counsel please identify
 10 themselves for the record by stating your name,
 11 the name of your firm and telephone number?
 12 MR. MOHLER: Bryan Mohler, Pryor Cashman,
 13 LLP. The phone number is (212) 421-4100.
 14 MS. SINDLER: Mr. Mohler, are you
 15 representing Mr. Brown as his counsel today?
 16 MR. MOHLER: I am.
 17 MR. RAY: Robert W. Ray, Pryor Cashman, LLP.
 18 (212) 326-0832.
 19 MS. SINDLER: Are you representing Mr. Brown
 20 as his counsel today?
 21 MR. RAY: I am.
 22 MS. SINDLER: Just note for the record
 23 Michelle Lama just joined us.
 24 (The document referred to was marked for
 25 identification as Exhibit No. 56.)

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1 BY MS. SINDLER:
 2 Q. Mr. Brown, I'm going to hand to you what has
 3 been marked as Exhibit No. 56. It is a multipage
 4 document with a subpoena dated November 2, 2011 and
 5 with an attached letter and other attachments to it
 6 that was sent to you.
 7 Have you seen this document before?
 8 A. Yes.
 9 Q. Is this a copy of the subpoena that you are
 10 appearing pursuant to here today?
 11 A. Yes.
 12 Q. The subpoena calls for the production of
 13 certain documents. There is three categories.
 14 Looking at number one, have you produced all
 15 documents called for by the subpoena under number
 16 one?
 17 A. Yes.
 18 Q. And number two, have you produced all
 19 documents called for in the subpoena under category
 20 number two?
 21 A. Yes.
 22 Q. And the same question for number three?
 23 A. Yes.
 24 Q. Please describe for us the search that was
 25 conducted for the requested documents and state who

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1 conducted that search?
 2 A. I searched for documents relative to number
 3 one. I searched all of my Acartha Group e-mail and
 4 communications, which would be substantiated by
 5 e-mail to investors by searching by investor name
 6 across our investor database and I searched by
 7 document type as requested in number one and
 8 produced documents that I thought were responsive to
 9 both one and two after those searches.
 10 Q. Did anyone assist you in the search?
 11 A. No.
 12 Q. Did you use any personal computers in your
 13 search?
 14 A. No.
 15 Using all Acartha Group computers.
 16 Q. Have you withheld any documents called for
 17 in the subpoena based on any claim of privilege?
 18 A. I believe we have withheld documents.
 19 MR. MOHLER: I think we can answer that.
 20 I believe that things have been withheld.
 21 There is a privilege log that will be
 22 generated to you.
 23 MS. SINDLER: Okay.
 24 Q. Have any documents not been produced for any
 25 reason other than privilege?

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1 production.

2 MR. SCHWARTZ: Does counsel know if they have

3 been produced yet?

4 A. I know they have been produced. Excuse me.

5 I sent them to Bob.

6 MR. RAY: I would have to confirm it.

7 I don't know.

8 MR. SCHWARTZ: If you could, we would

9 appreciate that.

10 **Q. In 2010 was there also a motivation for the**

11 **audit due to the investment by the Kaufmann Group,**

12 **as well?**

13 A. There was motivation for an MIC VII audit,

14 which wasn't required by the operating agreement,

15 but as an agreement with the Kaufmann Group we

16 agreed to provide an MIC VII audit.

17 **Q. And the outstanding -- in that consolidation**

18 **essentially did that result in all I guess**

19 **transactions or notes between Morriss Holdings and**

20 **Mr. Morriss personally were reflected just as one**

21 **note between the Acartha Group and Morriss Holdings?**

22 A. Yes.

23 And the close schedule which I keep on

24 referring to, a component of that is the actual

25 accounting of the principal and interest

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1 transactions within the note structure.

2 **Q. So with respect to the other entities are**

3 **they now reflected as I guess receivables between**

4 **the Acartha Group and say ATP or MIC VII or Gryphon**

5 **III?**

6 A. Would you repeat the first part of your

7 question?

8 **Q. Sure.**

9 **How the transfers that were previously**

10 **issued between entities such as ATP, MIC VII,**

11 **Gryphon III to Morriss Holdings and Mr. Morriss**

12 **personally, those amounts that were due, are they**

13 **now reflected as receivables from the Acartha Group**

14 **to these entities?**

15 A. I believe so, yes.

16 **Q. And the total now, to the best of your**

17 **knowledge, what is the amount due on these notes?**

18 A. \$6.83 million and that's the Acartha Group

19 master note from Morriss Holdings, due from Morriss

20 Holdings.

21 As you know there is a separate independent

22 note from B. Douglas Morriss to MIC VII.

23 **Q. That's valued at two and a half million**

24 **dollars?**

25 A. Two and a half million dollars.

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1 With interest, 2.51.

2 MR. SCHWARTZ: That would be a good issue to

3 broach next.

4 Anyone?

5 BY MR. JAMES:

6 **Q. Just so I'm clear.**

7 **Going back to the actual transfers I guess**

8 **from inception up until 2008, the transfers from**

9 **Acartha Group related entities to Morriss Holdings**

10 **or Mr. Morriss were not captured as loans?**

11 A. They were captured under an agreement

12 operating as a loan. A netting agreement Mr.

13 Aliprandi put into effect in the spring of 2006.

14 **Q. Is that actually an agreement between**

15 **entities, individuals?**

16 **What actually is a netting agreement?**

17 A. A netting agreement cites transfers to and

18 from -- receivables and payables to and from Morriss

19 Holdings and Acartha entities, including but not

20 limited to, and there is a list of Acartha entities

21 at the time on that netting agreement.

22 **Q. But is it a contract between parties or is**

23 **it just an accounting vehicle that tracks all of**

24 **these transfers and receivables?**

25 A. I think that's a legal question.

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1 BY MS. LAMA:

2 **Q. Was there an actual executed document?**

3 A. Yes.

4 **Q. With the terms of this netting agreement?**

5 A. Yes.

6 It is a very simple agreement. It says that

7 any transfers at the right of Acartha Group to

8 Morriss Holdings, any of its entities at Acartha

9 Group's discretion can be offset when and if they

10 wish to offset them.

11 For example, if Morriss made a payment or a

12 contribution to help operate the company at some

13 date, the balance of the netting would go down

14 because he had offset what was the net receivable on

15 the Acartha books by virtue of this transaction

16 agreement.

17 So did it have presence of a legal

18 document?

19 Again, we will leave it up to the scholars.

20 But it certainly functioned that way.

21 MR. JAMES: Same question to the scholars.

22 Do you know if it was produced in terms of Mr.

23 Brown's subpoena?

24 MR. RAY: I don't know. I saw it for the

25 first time yesterday. We will produce it. It is

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)
) File No. FL-03707-A
ACARTHA GROUP, LLC)

WITNESS: Brian Peterson

PAGES: 1 through 283

PLACE: Securities and Exchange Commission
801 Brickell Avenue
Suite 1800
Miami, Florida 33131

DATE: Friday, November 4, 2011

The above-entitled matter came on for hearing,
pursuant to notice, at 9:37 a.m.

Diversified Reporting Services, Inc.

(202) 467-9200

Page 2

1 APPEARANCES:
 2
 3 On behalf of the Securities and Exchange Commission:
 4 TRISHA FUCHS, ESQ.
 5 BRIAN JAMES, ESQ.
 6 MICHELLE LAMA, STAFF ACCOUNTANT
 7 Division of Enforcement
 8 Securities and Exchange Commission
 9 801 Brickell Avenue
 10 Suite 1800
 11 Miami, Florida 33131
 12
 13 On behalf of the Witness:
 14 JONATHAN KING, ESQ.
 15 JOSEPH ROSELIUS, ESQ.
 16 Suite 1900
 17 Chicago, Illinois 60601-1293
 18
 19
 20
 21
 22
 23
 24
 25

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1 PROCEEDINGS
 2 MS. FUCHS: We are on the record at 9:37
 3 on November 4, 2011.
 4 We're here in Miami, Florida, at the
 5 offices of the U.S. Securities and Exchange
 6 Commission to take the examination of Mr.
 7 Brian Peterson.
 8 Mr. Peterson, please raise your right
 9 hand.
 10 Do you swear to tell the truth, the whole
 11 truth, and nothing but the truth?
 12 MR. PETERSON: I do.
 13 Whereupon,
 14 BRIAN PETERSON,
 15 having been first duly sworn or affirmed, was
 16 examined and testified as follows:
 17 EXAMINATION
 18 BY MS. FUCHS:
 19 Q. Please state and spell your full name for
 20 the record.
 21 A. Brian Keith Peterson, B-R-I-A-N K-E-I-T-H
 22 P-E-T-E-R-S-O-N.
 23 Q. Have you ever been known by any other
 24 names?
 25 A. No.

Page 5

1 Q. My name is Trisha Fuchs, I'm a senior
 2 counsel with the division of enforcement of the
 3 United States Securities and Exchange Commission.
 4 With me is Brian James, a staff attorney with the
 5 division of enforcement, and Michelle Lama, an
 6 accountant with the division of enforcement. We
 7 are officers of the Commission for purposes of
 8 this proceeding.
 9 This is an investigation by the
 10 Commission in the matter of Acartha Group, LLC,
 11 file number FL-3707, to determine whether there
 12 have been violations of certain provisions of the
 13 federal securities laws. However, the facts
 14 developed in this investigation might constitute
 15 violations of other federal or state, civil or
 16 criminal laws.
 17 I will briefly explain the procedure that
 18 we are going to follow today. We will be asking
 19 you a series of questions both me, Brian, and
 20 Michelle. If you want to take a short break feel
 21 free to tell us, all we ask is that if there is a
 22 question pending that you finish that and then we
 23 can take a break.
 24 The court reporter transcribes these
 25 proceedings and will create a transcript of your

Page 6

1 testimony at the end. So please make sure that
 2 you answer verbally rather than nodding or other
 3 gestures. And please make sure that you wait
 4 until each of us has asked the full question
 5 before you respond. Sometimes people anticipate a
 6 question and they'll answer it midway so if you
 7 can please just wait until the question has been
 8 asked completely.

9 Also, if we take a break and we have a
 10 conversation off the record when we come back in
 11 we have to either summarize that conversation or
 12 we have to confirm with you that there were no
 13 substantive conversations.

14 Are you under any medication that would
 15 affect your memory today?

16 A. No.

17 Q. Are you under any type of medication that
 18 would affect your ability to testify completely
 19 and accurately today?

20 A. No.

21 Q. Prior to the opening of the record, you
 22 were provided with a copy of a formal order of
 23 investigation in this matter, it will be available
 24 for your examination during the course of this
 25 proceeding.

Page 7

1 Mr. Peterson, have you had an opportunity
 2 to review the formal order?

3 A. I have not as of yet.

4 MR. KING: I don't mind if we do so on a
 5 break.

6 MS. FUCHS: That's fine.
 7 (SEC Exhibit No. 1 was marked
 8 for identification.)

9 BY MS. FUCHS:

10 Q. Prior to the opening of the record you
 11 were provided with a copy of the Commission's
 12 Supplemental Information Form 1662, a copy of that
 13 notice has been marked as Exhibit Number 1.

14 Have you had an opportunity to read
 15 Exhibit Number 1?

16 A. I have not. Do I need to do so before a
 17 break?

18 MR. KING: This was attached to the
 19 subpoena.

20 THE WITNESS: Then, yeah, I read it in my
 21 first review of the subpoena.

22 BY MS. FUCHS:

23 Q. Okay. Do you have any questions
 24 concerning this exhibit?

25 A. No.

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1 Q. Are you represented by counsel today?

2 A. I am.

3 MS. FUCHS: Would counsel please identify
 4 themselves for the record by stating your
 5 name, the name of your firm, business
 6 address, and telephone number?

7 MR. KING: Jon King, J-O-N, from the law
 8 firm DLA Piper in Chicago. 203 North
 9 LaSalle Street, Suite 1900, Chicago
 10 Illinois, I think it's 60601, 312-368-7034,
 11 and along with my colleague Joe Roselius we
 12 represent Brian.

13 MS. FUCHS: So Mr. King, you're
 14 representing Mr. Peterson individually with
 15 counsel today?

16 MR. KING: Yes.

17 MS. FUCHS: And Mr. Roselius, same
 18 question.

19 MR. ROSELIUS: It's the same.
 20 (SEC Exhibit No. 2 was marked
 21 for identification.)

22 BY MS. FUCHS:

23 Q. The court reporter has marked as Exhibit
 24 Number 2 the subpoena and attached letter and
 25 other attachments that were sent to you on

Page 9

1 September 28, 2011. Have you seen this document
 2 before?

3 A. I have.

4 Q. Is this a copy of the subpoena that you
 5 are appearing pursuant to here today?

6 A. Appears to be, yes.
 7 (SEC Exhibit No. 3 was marked
 8 for identification.)

9 BY MS. FUCHS:

10 Q. We're also handing you now what has been
 11 marked as Exhibit Number 3, it's a copy of a
 12 subpoena sent to UHY Advisors on September 28th
 13 which calls for the production of documents. It
 14 also has attached correspondents and other
 15 attachments. Have you seen this document before?

16 A. I am aware that it was sent as well, I
 17 don't recall if I received this one and compared
 18 it to my own but I was told by the lead partner in
 19 my office and I believe by Joe that they were
 20 substantially the same.

21 Q. Both subpoenas, Number 2 and 3, Exhibit
 22 Numbers 2 and 3 call for the production of certain
 23 documents. Let me start with number two.
 24 Have you produced all documents called
 25 for by the subpoena to you individually?

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1 expressed to you since approximately the date of
 2 the engagement letter?
 3 A. Yes.
 4 **Q. Through when?**
 5 A. I'm sorry?
 6 MR. KING: When is the last time --
 7 THE WITNESS: I don't know when the last
 8 time we had that conversation.
 9 BY MS. FUCHS:
 10 **Q. Would you say also that the initial**
 11 **investments were lower than expected, is that what**
 12 **you said?**
 13 A. My understanding is the Acartha Tech
 14 Partners entity was an entity that started right
 15 as the stock bubble burst of 2008 and initial
 16 major investors were unable to continue and it
 17 closed significantly smaller than expected.
 18 **Q. And Mr. Morriss told you that?**
 19 A. Yes.
 20 **Q. Anyone else?**
 21 A. It was generally known among the
 22 management team.
 23 **Q. When you're talking about the cash flow**
 24 **issues you said part of it would be loans to Doug**
 25 **Morriss, what are you referring to?**

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1 A. Loans receivable from Morriss Holdings on
 2 the Acartha books.
 3 **Q. There were loans receivable did you say**
 4 **from Morriss Holdings?**
 5 A. That's the entity, yes.
 6 **Q. On Acartha books?**
 7 A. Yes.
 8 **Q. Are there also loans receivable from Mr.**
 9 **Morriss individually?**
 10 A. Any advances to Doug or Morriss Holdings
 11 were categorized as advances to Morriss Holdings.
 12 And there is a note in place with Morriss Holdings
 13 that bears interest, accrues interest.
 14 **Q. Why were advances to Doug categorized as**
 15 **advances to Morriss Holdings?**
 16 A. Because Morriss Holdings is his family
 17 office. I wasn't involved in the decision to make
 18 that happen but that's my understanding.
 19 **Q. Who was involved in the decision?**
 20 A. I don't know, I was just informed that's
 21 how it would be.
 22 **Q. By whom?**
 23 A. Don't recall if it was -- I don't recall
 24 who informed me, it was either Doug or Dixon, it
 25 might have been both, I don't recall.

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1 **Q. Did you have any questions when he**
 2 **informed you of that?**
 3 A. If I had any questions it would have been
 4 simply to the accuracy of my understanding so I
 5 could record them correctly.
 6 **Q. So you could record what?**
 7 A. Record any transactions. My role here is
 8 recording historic transactions or looking at
 9 entries that they record at Dixon Brown before its
 10 cash activity in Quick Books in helping to make
 11 sure that from an accounting standpoint it's
 12 correctly recorded.
 13 **Q. Did you take notes when you were told**
 14 **about how -- about the loans receivable or**
 15 **advances to -- how advances to Doug were**
 16 **categorized?**
 17 A. Not that I recall.
 18 **Q. Generally when you met with Doug Morriss**
 19 **or Dixon Brown did you take notes?**
 20 A. I suppose at times I would have made
 21 notes, but to the extent that I had them on an
 22 ongoing basis they would have been included in my
 23 production.
 24 **Q. When Mr. Morriss and/or Mr. Brown talked**
 25 **with you about these issues was it you alone or**

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1 **was it with anyone else present?**
 2 A. It could have been either alone or with,
 3 you know, others like Wynne Morriss or whatever
 4 present.
 5 **Q. Do you recall Wynne Morriss being**
 6 **present?**
 7 A. On specific conversations, no, not
 8 necessarily.
 9 **Q. How about Mr. Stark?**
 10 A. No, Mr. Stark wouldn't have been present
 11 for this.
 12 **Q. Did you discuss with Mr. Stark what you**
 13 **had been told by Mr. Morriss and/or Mr. Brown?**
 14 A. It's possible but I don't recall.
 15 **Q. When you say it's possible, is it more**
 16 **likely than not?**
 17 A. It's possible.
 18 **Q. Is that the kind -- are those the kind of**
 19 **issues that you think you would have discussed**
 20 **with Mr. Stark?**
 21 A. It's possible that in talking with Mr.
 22 Stark about what was occurring at the entity this
 23 would have come up, but it wouldn't have been in
 24 that context.
 25 **Q. Is this the kind of information**

Page 2

1 APPEARANCES:

2

3 On behalf of the Securities and Exchange Commission:

4

5 TRISHA FUCHS, ESQ.,

6 BRIAN JAMES, ESQ., and

7 MICHELLE LAMA, STAFF ACCOUNTANT

8 Division of Enforcement

9 Securities and Exchange Commission

10 801 Brickell Avenue

11 Suite 1800

12 Miami, Florida 33131

13

14

15 On behalf of the Witness:

16

17 PRYOR CASHMAN, LLP

18 ROBERT W. RAY, ESQ., and

19 BRIAN T. MOHLER, ESQ., and

20 MARK JACOBS, ESQ.

21 7 Times Square

22 New York, New York 10036-6569

23

24

25

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13 28 Subpoena 10

14 29 Documents 79

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16 31 Agreement 171

17 32 Agreement 172

18 33 Agreement 205

19 34 Consent 231

20 35 Document 240

21

22

23

24

25

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1 PROCEEDINGS

2 MS. FUCHS: We are on the record at ten

3 minutes past ten on November 30, 2011. We

4 are here in Miami, Florida, at the offices

5 of the Securities and Exchange Commission to

6 take the testimony of Mr. B. Douglas

7 Morriss.

8 Mr. Morriss, can you please raise your

9 right hand?

10 Do you swear to tell the truth, the whole

11 truth, and nothing but the truth?

12 MR. MORRIS: I do.

13 Whereupon,

14 B. DOUGLAS MORRIS

15 having been first duly sworn or affirmed,

16 was examined and testified as follows:

17 EXAMINATION

18 BY MS. FUCHS:

19 Q Please state and spell your full name for

20 the record.

21 A Bruton Douglas Morriss, B-R-U-T-O-N

22 D-O-U-G-L-A-S M-O-R-R-I-S-S.

23 Q Have you ever been known by any other

24 name?

25 A I go by Doug.

Page 5

1 Q My name is Trisha Sindler, I'm senior

2 counsel with the Division of Enforcement of the

3 United States Securities and Exchange Commission.

4 With me is Brian James, also senior counsel, and

5 Michelle Lama, an accountant also with the

6 Division of Enforcement. We are officers of the

7 Commission for the purposes of this proceeding.

8 This is an investigation by the

9 Commission in the matter of Acartha Group, LLC,

10 file number FL-3707, to determine whether there

11 have been violations of certain provisions of the

12 federal securities laws. However, the facts

13 developed in this investigation might constitute

14 violations other federal or state, civil or

15 criminal laws.

16 I'll briefly explain the procedure we'll

17 be following today. We're going to be asking you

18 a series of questions, any of us may join in and

19 ask questions. If at any time you would like to

20 take a break that's fine, all we ask is that you

21 finish answering the question that's already been

22 asked.

23 The court reporter transcribes these

24 proceedings and will create a transcript of your

25 testimony at the end so please make sure to answer

Page 6

1 your questions verbally, sometimes witnesses tend
 2 to nod or shake their head so you'll have to
 3 answer verbally so the court reporter can pick
 4 that up.
 5 MR. RAY: Which in part no uh-huh's, she
 6 can't take that down, okay.
 7 BY MS. FUCHS:
 8 Q Also, if we have a conversation about the
 9 case off the record we will summarize that
 10 conversation when we go back on, and if we have a
 11 conversation off the record that's not substantive
 12 we'll confirm that with you as well.
 13 A Okay.
 14 Q Are you under any type of medications
 15 that would affect your memory today?
 16 A No.
 17 Q Are you on any type of medication that
 18 would affect your ability to testify fully and
 19 accurately today?
 20 A No.
 21 Q Prior to the opening of the record you
 22 were provided with a copy of the formal order of
 23 investigation in this matter. It will be
 24 available for your examination during the course
 25 of these proceedings. In addition, a copy was

Page 7

1 previously provided to your counsel pursuant to
 2 his request.
 3 Mr. Morriss, have you had an opportunity
 4 to review the formal order?
 5 A Yes, ma'am.
 6 Q Okay. Prior to the opening of the record
 7 you were provided with a copy of the Commission's
 8 Supplemental Information Form 1662. A copy of
 9 that notice was previously marked as Exhibit
 10 Number 1.
 11 Have you had an opportunity to read
 12 Exhibit Number 1?
 13 A Yes, ma'am.
 14 Q Do you have any questions concerning that
 15 exhibit?
 16 A No.
 17 Q Are you represented by counsel today?
 18 A Yes, ma'am.
 19 MS. FUCHS: If you could go in order
 20 would each of you identify yourself for the
 21 record by stating your name, the name of
 22 your firm, business address, and if it's the
 23 same just tell us one, and the telephone
 24 number.
 25 MR. RAY: Robert W. Ray, Pryor Cashman,

Page 8

1 LLP, I am counsel to Mr. Morriss, the
 2 address is 7 Times Square, New York, New
 3 York, 10036. And my direct dial telephone
 4 (212) 326-0832.
 5 MR. MOHLER: Brian T. Mohler, also Pryor
 6 Cashman, same address, also counsel to Mr.
 7 Morriss, my direct dial is (212) 326-0466.
 8 MR. JACOBS: Mark Jacobs, of counsel to
 9 Pryor Cashman, same address, same
 10 information, direct dial (212) 326-0470.
 11 MS. FUCHS: You're representing Mr.
 12 Morriss here individually as his counsel
 13 today?
 14 MR. RAY: Well, to make a precise record
 15 Mr. Morriss is represented by the firm,
 16 Pryor Cashman, each of us in that capacity
 17 on behalf of Pryor Cashman represent Mr.
 18 Morriss.
 19 MS. FUCHS: My question to you is, are
 20 you representing Mr. Morriss as his counsel
 21 today?
 22 MR. RAY: Yes.
 23 MS. FUCHS: Mr. Mohler, are you
 24 representing Mr. Morriss as his counsel
 25 today?

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1 MR. MOHLER: With everything Mr. Ray just
 2 said, yes.
 3 MS. FUCHS: Yes, you are representing him
 4 today as his counsel?
 5 MR. MOHLER: Yes.
 6 MS. FUCHS: Mr. Jacobs, are you
 7 representing Mr. Morris as counsel today?
 8 MR. JACOBS: It's the same description
 9 Mr. Ray gave, and yes.
 10 MS. FUCHS: Yes, you are representing him
 11 here as his counsel today?
 12 MR. JACOBS: Yes.
 13 MR. RAY: We are respectively a partner,
 14 myself, an associate, and of counsel to
 15 Pryor Cashman. You're asking a technical
 16 question, the technical question is Mr.
 17 Morriss is represented by the law firm. His
 18 counsel is Pryor Cashman. You asked me
 19 directly whether I am representing him the
 20 answer is yes. There is no such thing of
 21 having an individual capacity, I work for a
 22 law firm, the law firm has the potential
 23 agreement with the witness.
 24 MS. FUCHS: We discussed this issue by
 25 phone and we wanted to confirm there was

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1 loans, I believe, from ATP and all the SPV's into
 2 Acartha Group.
 3 **Q Can you clarify what you mean by that,**
 4 **what do you mean by into Acartha Group?**
 5 A The loans are made to Acartha Group.
 6 **Q Okay. And currently what entities do you**
 7 **have loans from?**
 8 A Acartha Group has in turn lent money to
 9 me and I have loans to Acartha Group. To me and
 10 to Morriss Holdings.
 11 **Q So presently are all of the loans that**
 12 **you have consolidated and held by Acartha Group?**
 13 A Yes, and there is a schedule to that
 14 effect created by UHY with all the appropriate
 15 interest rates tied off to the date of the loan.
 16 And there is a note in place.
 17 **Q Okay. And what's the approximate amount**
 18 **of the principle of that -- of your loan due to**
 19 **Acartha Group?**
 20 A Off the top of my head I don't know.
 21 It's not all of that money but it's a substantial
 22 piece of it.
 23 **Q By all of that money you're referring to**
 24 **what?**
 25 A Of the loans that went to Acartha Group.

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1 Again, we were pretty conservative at the way we
 2 looked at a lot of stuff. If it was, you know, an
 3 expense that could have fallen at Acartha or
 4 Morriss Holdings we always threw it into the
 5 Morriss Holdings bucket. Brian was -- you know,
 6 there is at least \$3 million of that but I think
 7 we could argue about it if we actually came down
 8 to it, but at the end of the day I felt that if it
 9 had to go one way or the other it should always
 10 fall to the more conservative side and disposed of
 11 properly in the recap.
 12 BY MS. FUCHS:
 13 **Q Who made that determination as to whether**
 14 **it would be in the Morriss Holdings bank account?**
 15 A I let UHY do it. And they would come
 16 back and occasionally say hey, you know, what do
 17 you think about this one, and basically if it was
 18 a fence sitter it went against me.
 19 BY MS. LAMA:
 20 **Q So currently you have a note, is the note**
 21 **with Acartha Group with you individually or is it**
 22 **with Morriss Holdings?**
 23 A It's both. Most of it is with Morriss
 24 Holdings.
 25 **Q Is the amount approximately 6.8 million?**

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1 A Yeah, that's what I said earlier, 6.7 to
 2 6.8.
 3 **Q So do any of the sub funds presently have**
 4 **any loans due from you?**
 5 A Any of the SPV's?
 6 **Q SPV's or sub funds?**
 7 A Sure, ATP is a sub fund and I think there
 8 is two or three of the SPV's in there as well.
 9 **Q Okay. And is that part of the 4.6 to**
 10 **4.8?**
 11 A Of principles, yes, ma'am.
 12 **Q You described earlier.**
 13 BY MS. FUCHS:
 14 **Q How was it determined whether a loan**
 15 **would be made to you or Morriss Holdings?**
 16 A I have no idea. I got to be honest with
 17 you, I was -- and if you're going to get Peterson
 18 in here you'll hear, I was shocked when I found
 19 out not only that I had become a net lender not a
 20 net borrower let alone the magnitude of it, and
 21 the minute we learned that, you know, the view
 22 was, you know, we have to do what we did, which
 23 was pay it back right away, you know, make sure
 24 it's all, you know, kind of put it in the most
 25 possible conservative way and disclose.

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1 BY MS. LAMA:
 2 **Q We may have touched upon this, but**
 3 **sitting here today what entities do you have notes**
 4 **with at this time?**
 5 A I'm actually not entirely sure what the
 6 whole list is but the bulk of it my notes are with
 7 Acartha Group.
 8 **Q Okay. So is it one note that you have**
 9 **with Acartha Group or are there other notes is the**
 10 **question?**
 11 A I think it's one big master note.
 12 THE WITNESS: Mark, is that correct?
 13 MR. JACOBS: Yes.
 14 THE WITNESS: But it has all the details
 15 scheduled out by date, what amount went at
 16 what time.
 17 BY MS. LAMA:
 18 **Q Who compiled all that detail?**
 19 A UHY.
 20 **Q When did they compile the detail?**
 21 A I think I saw it for the first time in --
 22 it was 2010 just before we started the series B.
 23 MR. JACOBS: I think that was the most
 24 recent that they've been doing that --
 25 THE WITNESS: No, no, they have, but she

THOMPSON COBURN LLP

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June 8, 2012

Brian A. Lamping
314-552-6055
FAX 314-552-7055
blamping@
thompsoncoburn.com

VIA FACSIMILE & FEDERAL EXPRESS

Morriss Holdings, LLC
C/O David S. Corwin, Esq.
Sher Corwin Winters LLC
190 Carondelet Plaza, Suite 1100
St. Louis, MO 63105
(314) 721-5200
(314) 721-5201

Re: **Notice of Default and Demand for Immediate Payment**

Dear Mr. Corwin:

You are receiving this letter as counsel for Morriss Holdings, LLC. On behalf of the Claire M. Schenk, the Court appointed Receiver over Acartha Group LLC, this letter will serve as a formal demand upon your client, Morriss Holdings, LLC, as borrower, for immediate payment of the entire principal balance outstanding under the promissory note dated January 1, 2010 (the "Note") (attached hereto), together with unpaid interest accrued thereon, any and all other sums due thereunder, including the costs of collecting the note and attorneys' fees and costs.

As of September 30, 2011, the principal balance under the Note was \$6,808,671.58. Unless payment of all amounts due and payable under the Note are received by the Receiver in full within ten (10) days of the date of this letter, together with interest to date, we will initiate legal proceedings to enforce such payment, together with accrued interest and legal expenses.

Please contact me if you would like to discuss this matter

June 8, 2012
Page 2

Very truly yours,

Thompson Coburn LLP

A handwritten signature in black ink, appearing to read "Brian A. Lamping". The signature is fluid and cursive, with a prominent initial "B" and a long, sweeping tail.

By
Brian A. Lamping

Enclosure

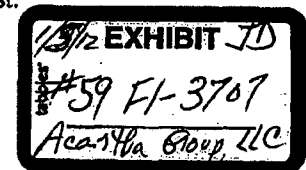
PROMISSORY NOTE

January 1, 2010

For value received, the undersigned **Morriss Holdings LLC** ("Borrower"), hereby promises to pay upon demand to the order of **Acartha Group LLC** ("Lender") the amount set forth on Schedule A attached hereto, as such schedule is amended from time to time to reflect any additional amounts borrowed from the Lender and any amounts repaid to the Lender by the Borrower. The Borrower also promises to pay interest on the unpaid principal amount set forth on Schedule A, for the period such balance is outstanding, at the rate of interest and on the date and in the manner provided herein. The Borrower shall repay the principal and interest due on this Promissory Note in the lawful currency of the United States of America by wire transfer to such account, or such other manner, as the Lender may designate. Failure by the Borrower to repay the principal and interest due on this Promissory Note within ten business days of the date on which notice is delivered to the Borrower shall constitute a default hereunder, and the Lender may take all legal actions available to collect such indebtedness, and shall be entitled to collect all reasonable legal fees incurred in connection with such action to collect. A business day is a day on which banks in New Jersey, New York and Missouri are all open for business and able to accept and transmit funds.

In accordance with the terms of the netting agreement between the Lender and the Borrower, this note replaces the Promissory Note of the Borrower dated as of November 18, 2008 (the "2008 Note") payable to **Acartha Technology Partners, L.P.**, and the entry on Schedule A dated as of the date hereof includes balance due to the Borrower under the 2008 Note, including all accrued interest thereunder. By its execution of the acknowledgment below, **Acartha Technology Partners, L.P.** acknowledges and agrees that upon execution of this Promissory Note by the Borrower, the obligation of the Borrower under the 2008 Note is discharged in full and that the 2008 Note is hereby cancelled.

Interest: Interest shall accrue on the aggregate unpaid principal balance of this Promissory Note recorded on Schedule A attached hereto (the "Note") from the date set opposite such principal balance at a rate on such date equal to the average of the London Interbank Offered Rate for one month deposits of U.S. dollars quoted by the British Bankers Association in the Wall Street Journal ("One Month Libor") plus 1.5%. The interest rate shall be reset on the first business day of each month hereafter. Interest shall be computed based on the actual number of days elapsed in each month divided the actual number of days in the calendar year. If for any reason the One Month Libor rate is unavailable from the Wall Street Journal, the rate shall be determined from data available from another reliable public source for comparable Eurodollar deposits. Interest shall accrue daily and, at the option of the Borrower, may either be paid monthly on the first business day of the month or added to the principal amount of the Note and paid at maturity. Interest is payable on all interest which is not paid to the Lender, and shall compound monthly on all outstanding principle and accrued but unpaid interest.



FOIA Confidential Treatment Requested by Acartha Group, LLC

AG-0001893



Draws and Prepayment: The Borrower may draw amounts from time to time from the Lender and shall be set forth on Schedule A attached hereto, with the date of drawing set forth opposite such amount. The Borrower may prepay this Promissory Note at any time in whole or in part without premium or penalty. All prepayments shall be recorded on Schedule A and shall be applied by Lender first to the payment of any accrued but unpaid interest and then to the outstanding principal balance of this Promissory Note.

No Personal Liability: Lender agrees that no stockholder, member, director or officer of the Borrower shall have any personal liability for the repayment of this Promissory Note.

Notice: Any notice, request or other communication required or permitted hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or mailed by registered or certified mail, postage prepaid, or by recognized overnight courier or personal delivery at the respective addresses of the parties as set forth herein. Either the Borrower or the Lender may provide notice of a change of address for future notice hereunder. Notice shall conclusively be deemed to have been given when received.

Borrower: Morriss Holdings, LLC
7820 Maryland Avenue
Clayton, MO 63105
Attn: B. Douglas Morriss, Trustee of the BBMRT, Managing Member

Lender: Acartha Group, LLC
7820 Maryland Avenue
Clayton, MO 63105
Attn: Chairman

This Promissory Note shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflicts of law provisions of the State of Delaware or any other state.

IN WITNESS WHEREOF, the undersigned has executed this Promissory Note as of the date first above written.

MORRISS HOLDINGS, LLC
as Borrower

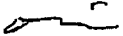
By: Barbara Burton Morriss Revocable Trust,
Managing Member



B. Douglas Morriss
Trustee

ACARTHA TECHNOLOGY PARTNERS, L.P.
as holder of the 2008 Note

By: Gryphon Investments III, LLC
its General Partner

By: 

B. Douglas Morriss,
Manager

Schedule A to Promissory Note of Morriss Holdings, LLC to Acartha Group, LLC

Start Date	End Date	Days	Reference Interest Rate (%)	Spread	Applicable Interest Rate	Beginning Balance	Interest	Advance/(repay) Amount	Balance
Notes receivable related party									
Note receivable Morriss Holding									
01/01/2009	1/1/2009	-	0.96%	1.50%	1.88%			-39,608.69	-39,608.69
01/01/2009	1/1/2009	-	0.96%	1.50%	1.88%	-39,608.69			-107,443.85
1/1/2009	1/31/2009	30	0.98%	1.50%	1.89%	-107,443.85		-77,528.00	-184,971.85
1/31/2009	2/28/2009	28	0.49%	1.50%	1.99%	-184,971.85			-184,971.85
2/28/2009	2/28/2009	2	0.49%	1.50%	1.99%	-184,971.85		-4,821.94	-189,793.79
2/28/2009	3/31/2009	31	0.53%	1.50%	2.03%	-189,793.79			-189,793.79
3/31/2009	4/10/2009	10	0.46%	1.50%	1.95%	-189,793.79			-189,793.79
4/10/2009	4/10/2009	-	0.45%	1.50%	1.95%	-189,793.79		75,000.00	-114,793.79
4/10/2009	4/14/2009	4	0.48%	1.50%	1.98%	-114,793.79		0.00	-114,793.79
4/14/2009	4/30/2009	16	0.45%	1.50%	1.95%	-114,793.79		22,000.00	-92,793.79
4/30/2009	5/11/2009	11	0.34%	1.50%	1.84%	-92,793.79		-23,375.00	-116,168.79
5/11/2009	6/31/2009	20	0.82%	1.50%	1.82%	-116,168.79			-116,168.79
5/31/2009	6/30/2009	30	0.32%	1.50%	1.82%	-116,168.79			-116,168.79
6/30/2009	7/1/2009	1	0.29%	1.50%	1.79%	-116,168.79		-12,500.00	-100,888.79
7/1/2009	7/14/2009	13	0.29%	1.50%	1.79%	-100,888.79			-100,888.79
7/14/2009	7/22/2009	8	0.29%	1.50%	1.79%	-100,888.79		5,000.00	-95,888.79
7/22/2009	7/31/2009	9	0.29%	1.50%	1.79%	-95,888.79		69,938.00	-25,950.79
7/31/2009	8/9/2009	9	0.27%	1.50%	1.77%	-25,950.79			-25,950.79
8/9/2009	8/31/2009	25	0.27%	1.50%	1.77%	-25,950.79		42,500.00	16,549.21
8/31/2009	9/9/2009	9	0.25%	1.50%	1.75%	16,549.21	2.91		16,552.12
9/9/2009	9/14/2009	5	0.25%	1.50%	1.75%	16,552.12	1.62	16,000.00	32,552.12
9/14/2009	9/28/2009	15	0.25%	1.50%	1.75%	32,552.12	15.31	22,000.00	54,547.43
9/28/2009	9/30/2009	1	0.25%	1.50%	1.75%	54,547.43	2.14	9,000.00	63,547.43
9/30/2009	10/1/2009	1	0.24%	1.50%	1.74%	63,547.43	2.69		66,237.43
10/1/2009	10/14/2009	13	0.24%	1.50%	1.74%	66,237.43	38.83	3,000.00	69,276.26
10/14/2009	10/19/2009	2	0.24%	1.50%	1.74%	69,276.26	5.42	21,500.00	90,781.68
10/19/2009	10/30/2009	14	0.24%	1.50%	1.74%	90,781.68	82.27	72,500.00	163,281.68
10/30/2009	10/31/2009	1	0.24%	1.50%	1.74%	163,281.68	7.19	190,000.00	353,281.68
10/31/2009	11/12/2009	12	0.24%	1.50%	1.74%	353,281.68	177.14		530,428.82
11/12/2009	11/17/2009	6	0.24%	1.50%	1.74%	530,428.82	73.65	32,000.00	602,428.82
11/17/2009	11/19/2009	2	0.24%	1.50%	1.74%	602,428.82	32.59	28,000.00	630,428.82
11/19/2009	11/25/2009	6	0.24%	1.50%	1.74%	630,428.82	106.74	98,000.00	728,428.82
11/25/2009	11/30/2009	5	0.24%	1.50%	1.74%	728,428.82	111.41	21,500.00	840,428.82
11/30/2009	12/18/2009	18	0.23%	1.50%	1.73%	840,428.82	419.59		1,259,428.82
12/18/2009	12/30/2009	12	0.23%	1.50%	1.73%	1,259,428.82	279.15	82,500.00	1,531,928.82
12/30/2009	12/31/2009	1	0.23%	1.50%	1.73%	1,531,928.82	27.19	21,077.18	1,553,005.99
12/31/2009	12/31/2009	-	0.23%	1.50%	1.73%	1,553,005.99	0.00	1,382,328.63	2,935,334.62
12/31/2009	1/1/2010	1	0.23%	1.50%	1.73%	2,935,334.62	93.83		3,029,168.45
1/1/2010	1/13/2010	12	0.23%	1.50%	1.73%	3,029,168.45	1,122.89	-218,916.92	2,810,251.53
1/13/2010	1/14/2010	1	0.23%	1.50%	1.73%	2,810,251.53	83.27	21,971.81	2,832,223.34
1/14/2010	1/15/2010	1	0.23%	1.50%	1.73%	2,832,223.34	84.31	16,000.00	2,914,223.34
1/15/2010	1/19/2010	4	0.23%	1.50%	1.73%	2,914,223.34	340.11	82,000.00	3,076,223.34
1/19/2010	1/23/2010	10	0.23%	1.50%	1.73%	3,076,223.34	889.22	12,065.57	3,088,288.91
1/23/2010	1/31/2010	2	0.23%	1.50%	1.73%	3,088,288.91	179.07	11,108.04	3,200,405.92
1/31/2010	2/2/2010	2	0.23%	1.50%	1.73%	3,200,405.92	179.67		3,380,085.59
2/2/2010	2/3/2010	1	0.23%	1.50%	1.73%	3,380,085.59	89.94	82,258.44	3,462,344.03
2/3/2010	2/12/2010	9	0.23%	1.50%	1.73%	3,462,344.03	848.76	1,200.00	3,463,544.03
2/12/2010	2/19/2010	4	0.23%	1.50%	1.73%	3,463,544.03	377.61	131,698.93	3,635,212.56
2/19/2010	2/18/2010	2	0.23%	1.50%	1.73%	3,635,212.56	201.23	76,000.00	3,711,212.56
2/18/2010	2/18/2010	1	0.23%	1.50%	1.73%	3,711,212.56	104.21	11,073.00	3,822,285.56
2/18/2010	2/24/2010	5	0.23%	1.50%	1.73%	3,822,285.56	623.71	76,076.00	3,898,361.56
2/24/2010	2/25/2010	1	0.23%	1.50%	1.73%	3,898,361.56	108.43	11,075.00	3,909,436.56
2/25/2010	2/26/2010	1	0.23%	1.50%	1.73%	3,909,436.56	108.93	28,698.50	3,938,135.06
2/26/2010	2/28/2010	2	0.23%	1.50%	1.73%	3,938,135.06	220.69	84,500.00	4,022,635.06
2/28/2010	3/3/2010	3	0.24%	1.50%	1.74%	4,022,635.06	341.82		4,023,000.00
3/3/2010	3/4/2010	1	0.24%	1.50%	1.74%	4,023,000.00	113.85	20,000.00	4,203,000.00
3/4/2010	3/5/2010	1	0.24%	1.50%	1.74%	4,203,000.00	114.91	23,000.00	4,433,000.00
3/5/2010	3/11/2010	6	0.24%	1.50%	1.74%	4,433,000.00	698.04	20,500.00	4,453,500.00
3/11/2010	3/18/2010	7	0.24%	1.50%	1.74%	4,453,500.00	818.09	2,048.00	4,455,548.00
3/18/2010	3/18/2010	1	0.24%	1.50%	1.74%	4,455,548.00	117.16	1,500.00	4,457,048.00
3/18/2010	3/30/2010	11	0.24%	1.50%	1.74%	4,457,048.00	1,283.49	10,812.45	4,467,860.45

Schedule A to Promissory Note of Morriss Holdings, LLC to Acartha Group, LLC

Start Date			End Date		Days	Reference Rate (%)	Spread	Applicable Interest Rate	Beginning Balance	Interest	Advance/(repay) Amount	Balance
Notes receivable related party												
3/30/2010	4/5/2010	8	0.26%	1.50%	1.76%	2,481,721.70	715.98	10,812.45	2,492,533.68			
4/5/2010	4/12/2010	8	0.26%	1.50%	1.76%	2,492,533.68	858.04	10,823.16	2,503,356.84			
4/12/2010	4/29/2010	16	0.26%	1.50%	1.76%	2,503,356.84	1,927.23	10,842.39	2,514,284.23			
4/29/2010	4/30/2010	1	0.26%	1.50%	1.76%	2,514,284.23	123.03	10,848.00	2,515,427.26			
4/30/2010	5/3/2010	3	0.34%	1.50%	1.84%	2,515,427.26	391.46	10,859.46	2,516,818.72			
5/3/2010	5/10/2010	7	0.34%	1.50%	1.84%	2,516,818.72	-821.11	10,865.35	2,516,000.00			
5/10/2010	5/11/2010	1	0.34%	1.50%	1.84%	2,516,000.00	132.18	10,866.53	2,516,132.18			
5/11/2010	5/20/2010	9	0.34%	1.50%	1.84%	2,516,132.18	1,250.44	10,867.97	2,517,382.62			
5/20/2010	5/21/2010	1	0.34%	1.50%	1.84%	2,517,382.62	140.76	10,868.73	2,517,523.38			
5/21/2010	5/28/2010	5	0.34%	1.50%	1.84%	2,517,523.38	708.18	10,869.91	2,518,231.56			
5/28/2010	5/28/2010	2	0.34%	1.50%	1.84%	2,518,231.56	284.52	10,870.43	2,518,516.08			
5/28/2010	5/30/2010	2	0.34%	1.50%	1.84%	2,518,516.08	288.78	10,871.21	2,518,804.86			
5/30/2010	6/10/2010	11	0.35%	1.50%	1.85%	2,518,804.86	1,578.14	10,872.35	2,519,382.99			
6/10/2010	6/16/2010	5	0.35%	1.50%	1.85%	2,519,382.99	716.10	10,872.87	2,519,454.09			
6/16/2010	6/18/2010	1	0.35%	1.50%	1.85%	2,519,454.09	144.68	10,873.55	2,519,598.77			
6/18/2010	6/18/2010	2	0.35%	1.50%	1.85%	2,519,598.77	302.86	10,873.85	2,519,901.63			
6/18/2010	6/22/2010	4	0.35%	1.50%	1.85%	2,519,901.63	611.84	10,874.69	2,520,513.47			
6/22/2010	6/30/2010	8	0.35%	1.50%	1.85%	2,520,513.47	1,227.88	10,875.57	2,521,741.35			
6/30/2010	7/8/2010	8	0.35%	1.50%	1.85%	2,521,741.35	1,222.39	10,876.16	2,522,963.74			
7/8/2010	7/8/2010	1	0.33%	1.50%	1.83%	2,522,963.74	161.87	10,876.65	2,523,125.61			
7/8/2010	7/14/2010	5	0.33%	1.50%	1.83%	2,523,125.61	761.08	10,877.73	2,523,886.69			
7/14/2010	7/16/2010	1	0.33%	1.50%	1.83%	2,523,886.69	154.89	10,878.12	2,524,041.58			
7/16/2010	7/16/2010	1	0.33%	1.50%	1.83%	2,524,041.58	155.20	10,878.32	2,524,196.78			
7/16/2010	7/22/2010	7	0.33%	1.50%	1.83%	2,524,196.78	1,164.10	10,878.71	2,525,360.88			
7/22/2010	7/29/2010	5	0.33%	1.50%	1.83%	2,525,360.88	848.21	10,879.29	2,526,209.09			
7/29/2010	7/29/2010	1	0.33%	1.50%	1.83%	2,526,209.09	171.89	10,879.48	2,526,380.98			
7/29/2010	7/30/2010	1	0.33%	1.50%	1.83%	2,526,380.98	172.32	10,879.80	2,526,553.30			
7/30/2010	7/31/2010	1	0.33%	1.50%	1.83%	2,526,553.30	173.09	10,880.00	2,526,726.39			
7/31/2010	8/7/2010	6	0.28%	1.50%	1.78%	2,526,726.39	1,018.79	10,880.79	2,527,745.18			
8/7/2010	8/16/2010	10	0.28%	1.50%	1.78%	2,527,745.18	1,698.48	10,881.27	2,529,443.66			
8/16/2010	8/18/2010	2	0.28%	1.50%	1.78%	2,529,443.66	341.34	10,881.61	2,529,785.00			
8/18/2010	8/20/2010	2	0.28%	1.50%	1.78%	2,529,785.00	341.41	10,881.74	2,530,126.41			
8/20/2010	8/27/2010	7	0.28%	1.50%	1.78%	2,530,126.41	1,281.35	10,882.09	2,531,407.76			
8/27/2010	8/30/2010	3	0.28%	1.50%	1.78%	2,531,407.76	628.34	10,882.43	2,532,036.10			
8/30/2010	8/31/2010	1	0.28%	1.50%	1.78%	2,532,036.10	177.44	10,882.60	2,532,213.54			
8/31/2010	9/2/2010	2	0.28%	1.50%	1.78%	2,532,213.54	353.77	10,882.87	2,532,567.31			
9/2/2010	9/10/2010	8	0.28%	1.50%	1.78%	2,532,567.31	1,620.85	10,883.72	2,534,188.16			
9/10/2010	9/13/2010	3	0.28%	1.50%	1.78%	2,534,188.16	677.74	10,884.46	2,534,865.90			
9/13/2010	9/15/2010	2	0.28%	1.50%	1.78%	2,534,865.90	388.20	10,884.85	2,535,254.10			
9/15/2010	9/21/2010	8	0.26%	1.50%	1.76%	2,535,254.10	1,163.02	10,885.87	2,536,417.12			
9/21/2010	9/23/2010	2	0.26%	1.50%	1.76%	2,536,417.12	389.88	10,886.75	2,536,807.00			
9/23/2010	9/28/2010	7	0.26%	1.50%	1.76%	2,536,807.00	1,388.40	10,887.15	2,538,195.40			
9/28/2010	10/6/2010	8	0.26%	1.50%	1.76%	2,538,195.40	1,215.89	10,887.57	2,539,411.29			
10/6/2010	10/8/2010	2	0.26%	1.50%	1.76%	2,539,411.29	400.39	10,887.96	2,539,811.68			
10/8/2010	10/14/2010	6	0.26%	1.50%	1.76%	2,539,811.68	1,220.65	10,888.61	2,541,032.33			
10/14/2010	10/16/2010	1	0.26%	1.50%	1.76%	2,541,032.33	203.98	10,888.81	2,541,236.31			
10/16/2010	10/22/2010	7	0.26%	1.50%	1.76%	2,541,236.31	1,430.00	10,889.81	2,542,666.31			
10/22/2010	10/29/2010	7	0.26%	1.50%	1.76%	2,542,666.31	1,450.88	10,890.69	2,544,117.19			
10/29/2010	10/31/2010	2	0.26%	1.50%	1.76%	2,544,117.19	417.09	10,891.78	2,544,534.28			
10/31/2010	11/5/2010	5	0.26%	1.50%	1.76%	2,544,534.28	1,046.27	10,892.04	2,545,580.55			
11/5/2010	11/16/2010	10	0.26%	1.50%	1.76%	2,545,580.55	2,081.05	10,892.29	2,547,661.60			
11/16/2010	11/24/2010	9	0.26%	1.50%	1.76%	2,547,661.60	1,887.28	10,892.55	2,549,548.88			
11/24/2010	11/30/2010	6	0.26%	1.50%	1.76%	2,549,548.88	1,261.52	10,892.79	2,550,810.40			
11/30/2010	12/1/2010	1	0.26%	1.50%	1.76%	2,550,810.40	210.78	10,892.99	2,551,021.18			
12/1/2010	12/3/2010	2	0.26%	1.50%	1.76%	2,551,021.18	422.63	10,893.21	2,551,443.81			
12/3/2010	12/7/2010	4	0.26%	1.50%	1.76%	2,551,443.81	851.06	10,893.41	2,552,294.87			
12/7/2010	12/10/2010	3	0.26%	1.50%	1.76%	2,552,294.87	633.19	10,893.59	2,552,928.06			
12/10/2010	12/14/2010	4	0.26%	1.50%	1.76%	2,552,928.06	839.06	10,893.75	2,553,767.12			
12/14/2010	12/17/2010	3	0.26%	1.50%	1.76%	2,553,767.12	848.01	10,893.89	2,554,615.13			
12/17/2010	12/27/2010	10	0.26%	1.50%	1.76%	2,554,615.13	2,220.89	10,894.08	2,556,836.02			
12/27/2010	12/30/2010	3	0.26%	1.50%	1.76%	2,556,836.02	672.22	10,894.22	2,557,508.24			
12/30/2010	1/31/2010	1	0.26%	1.50%	1.76%	2,557,508.24	234.78	10,894.45	2,558,743.02			

Schedule A to Promissory Note of Morris Holdings, LLC to Acartha Group, LLC

Start Date	End Date	Days	Reference Interest Rate (%)	Spread	Applicable Interest Rate	Beginning Balance		Advance/repay	
						Interest	Balance	Amount	Balance
Notes receivable related party									
12/31/2010	12/31/2010	-	0.25%	1.50%	1.75%	4,503,077.58	0.00	-661,208.82	4,241,867.89
12/31/2010	1/3/2011	3	0.25%	1.50%	1.75%	4,241,867.89	812.16		4,242,680.01
1/3/2011	1/4/2011	1	0.25%	1.50%	1.75%	4,242,400.01	204.08		4,255,184.09
1/4/2011	1/5/2011	1	0.25%	1.50%	1.75%	4,255,184.09	204.69		4,270,988.78
1/5/2011	1/8/2011	1	0.25%	1.50%	1.75%	4,270,988.78	205.42		4,270,707.55
1/5/2011	1/10/2011	4	0.25%	1.50%	1.75%	4,370,707.55	840.99		4,406,548.54
1/10/2011	1/11/2011	1	0.25%	1.50%	1.75%	4,406,548.54	211.82		4,420,760.58
1/11/2011	1/14/2011	3	0.25%	1.50%	1.75%	4,420,760.58	637.97		4,436,398.53
1/14/2011	1/17/2011	3	0.25%	1.50%	1.75%	4,436,398.53	640.22		4,458,938.80
1/17/2011	1/24/2011	7	0.25%	1.50%	1.75%	4,458,938.80	1,601.44		4,481,436.25
1/24/2011	1/28/2011	4	0.25%	1.50%	1.75%	4,481,436.25	858.46		4,472,284.69
1/28/2011	1/31/2011	3	0.25%	1.50%	1.75%	4,472,284.69	645.40		4,478,440.10
1/31/2011	2/2/2011	2	0.25%	1.50%	1.75%	4,478,440.10	490.88		4,494,328.23
2/2/2011	2/8/2011	6	0.25%	1.50%	1.75%	4,494,328.23	1,441.48		5,016,678.78
2/8/2011	2/10/2011	2	0.25%	1.50%	1.75%	5,016,678.78	482.64		5,027,161.43
2/10/2011	2/11/2011	1	0.25%	1.50%	1.75%	5,027,161.43	241.83		5,037,403.25
2/11/2011	2/14/2011	3	0.25%	1.50%	1.75%	5,037,403.25	726.96		5,048,130.21
2/14/2011	2/17/2011	3	0.25%	1.50%	1.75%	5,048,130.21	728.60		5,056,814.53
2/17/2011	2/22/2011	5	0.25%	1.50%	1.75%	5,056,814.53	1,218.18		5,070,932.72
2/22/2011	2/28/2011	6	0.25%	1.50%	1.75%	5,070,932.72	1,485.68		5,082,497.78
2/28/2011	3/1/2011	1	0.25%	1.50%	1.75%	5,082,497.78	243.95		5,078,348.21
3/1/2011	3/2/2011	1	0.25%	1.50%	1.75%	5,078,348.21	252.84		5,284,085.85
3/2/2011	3/2/2011	1	0.25%	1.50%	1.75%	5,284,085.85	253.15		5,288,848.98
3/3/2011	3/4/2011	1	0.25%	1.50%	1.75%	5,288,848.98	253.28		5,294,278.04
3/4/2011	3/7/2011	3	0.25%	1.50%	1.75%	5,294,278.04	780.88		5,320,038.00
3/7/2011	3/8/2011	1	0.25%	1.50%	1.75%	5,320,038.00	254.65		5,338,080.89
3/8/2011	3/8/2011	1	0.25%	1.50%	1.75%	5,338,080.89	254.72		5,348,316.61
3/9/2011	3/15/2011	6	0.25%	1.50%	1.75%	5,348,316.61	1,537.25		5,368,853.88
3/15/2011	3/17/2011	2	0.25%	1.50%	1.75%	5,368,853.88	814.10		5,385,877.63
3/17/2011	3/18/2011	1	0.25%	1.50%	1.75%	5,385,877.63	258.08		5,389,335.90
3/18/2011	3/21/2011	3	0.25%	1.50%	1.75%	5,389,335.90	774.69		5,408,110.28
3/21/2011	3/23/2011	2	0.25%	1.50%	1.75%	5,408,110.28	518.14		5,408,852.65
3/23/2011	3/24/2011	1	0.25%	1.50%	1.75%	5,408,852.65	259.10		5,413,911.75
3/24/2011	3/25/2011	1	0.25%	1.50%	1.75%	5,413,911.75	259.95		5,420,171.10
3/25/2011	3/28/2011	4	0.25%	1.50%	1.75%	5,420,171.10	1,038.00		5,480,209.70
3/28/2011	3/30/2011	1	0.25%	1.50%	1.75%	5,480,209.70	281.09		5,451,970.70
3/30/2011	3/31/2011	1	0.25%	1.50%	1.75%	5,451,970.70	281.17		5,457,231.86
3/31/2011	4/1/2011	1	0.25%	1.50%	1.75%	5,457,231.86	281.49		5,497,397.81
4/1/2011	4/2/2011	3	0.25%	1.50%	1.75%	5,497,397.81	785.74		5,528,183.84
4/2/2011	4/5/2011	1	0.25%	1.50%	1.75%	5,528,183.84	254.82		5,640,848.47
4/5/2011	4/5/2011	1	0.25%	1.50%	1.75%	5,640,848.47	285.44		5,620,219.80
4/8/2011	4/7/2011	1	0.25%	1.50%	1.75%	5,620,219.80	289.23		5,627,493.14
4/7/2011	4/11/2011	4	0.25%	1.50%	1.75%	5,627,493.14	1,078.32		5,639,581.49
4/11/2011	4/12/2011	1	0.25%	1.50%	1.75%	5,639,581.49	288.87		5,635,331.38
4/12/2011	4/13/2011	1	0.25%	1.50%	1.75%	5,635,331.38	289.80		5,654,101.29
4/13/2011	4/14/2011	1	0.25%	1.50%	1.75%	5,654,101.29	270.88		5,659,972.15
4/14/2011	4/18/2011	4	0.25%	1.50%	1.75%	5,659,972.15	1,084.55		5,664,374.17
4/18/2011	4/19/2011	1	0.25%	1.50%	1.75%	5,664,374.17	271.54		5,687,945.71
4/19/2011	4/21/2011	2	0.25%	1.50%	1.75%	5,687,945.71	544.93		5,695,508.10
4/21/2011	4/27/2011	6	0.25%	1.50%	1.75%	5,695,508.10	1,637.04		5,700,145.14
4/27/2011	4/30/2011	3	0.25%	1.50%	1.75%	5,700,145.14	818.19		5,718,780.09
4/30/2011	5/1/2011	1	0.25%	1.50%	1.75%	5,718,780.09	273.68		5,717,053.82
5/1/2011	5/8/2011	6	0.25%	1.50%	1.75%	5,717,053.82	1,369.38		5,744,739.00
5/8/2011	5/12/2011	5	0.25%	1.50%	1.75%	5,744,739.00	1,651.19		5,765,216.28
5/12/2011	5/17/2011	5	0.25%	1.50%	1.75%	5,765,216.28	1,380.80		5,771,826.19
5/17/2011	5/19/2011	2	0.25%	1.50%	1.75%	5,771,826.19	562.97		5,817,084.25
5/19/2011	5/25/2011	6	0.25%	1.50%	1.75%	5,817,084.25	1,871.87		5,833,706.22
5/25/2011	5/31/2011	6	0.25%	1.50%	1.75%	5,833,706.22	1,876.78		5,848,971.39
5/31/2011	6/1/2011	1	0.25%	1.50%	1.75%	5,848,971.39	280.19		5,609,251.55
6/1/2011	6/7/2011	6	0.25%	1.50%	1.75%	5,609,251.55	1,898.47		5,628,038.40
6/7/2011	6/9/2011	2	0.25%	1.50%	1.75%	5,628,038.40	587.06		5,693,108.36
6/9/2011	6/14/2011	5	0.25%	1.50%	1.75%	5,693,108.36	1,422.31		5,683,528.67

Schedule A to Promissory Note of Morriss Holdings, LLC to Acartha Group, LLC

Start Date	End Date	Days	Reference Interest Rate (%)	Spread	Applicable Interest Rate	Beginning Balance	Interest	Advance/(repay) Amount	Balance
Notes receivable related party									
6/14/2011	8/16/2011	1	0.25%	1.50%	1.75%	5,953,629.67	285.88	16,738.44	5,970,652.79
6/18/2011	8/18/2011	1	0.25%	1.50%	1.75%	5,970,652.79	296.45	2,000.00	5,981,839.23
8/16/2011	8/17/2011	1	0.25%	1.50%	1.75%	5,981,839.23	298.59	2,000.00	5,984,125.79
8/17/2011	8/21/2011	4	0.25%	1.50%	1.75%	5,984,125.79	1,146.86	5,000.00	5,990,272.45
8/21/2011	8/22/2011	1	0.25%	1.50%	1.75%	5,990,272.45	298.96	8,738.44	5,999,297.85
8/22/2011	8/24/2011	2	0.25%	1.50%	1.75%	5,999,297.85	574.79	16,800.00	6,016,172.84
8/24/2011	8/28/2011	4	0.25%	1.50%	1.75%	6,016,172.84	1,152.90	171,000.00	6,188,325.44
8/28/2011	8/30/2011	2	0.25%	1.50%	1.75%	6,188,325.44	592.80	8,855.03	6,197,773.43
7/1/2011	7/7/2011	6	0.19%	1.50%	1.69%	6,198,070.33		12,500.00	6,212,284.04
7/7/2011	7/14/2011	7	0.19%	1.50%	1.69%	6,212,284.04		8,855.03	6,223,148.05
7/14/2011	7/21/2011	7	0.19%	1.50%	1.69%	6,223,148.05		8,855.03	6,234,005.58
7/21/2011	7/28/2011	5	0.19%	1.50%	1.69%	6,234,005.58		8,855.03	6,244,297.03
7/28/2011	7/28/2011	3	0.19%	1.50%	1.69%	6,244,297.03		20,575.00	6,264,735.29
7/28/2011	7/31/2011	2	0.19%	1.50%	1.69%	6,265,785.29		24,088.38	6,290,401.19
8/1/2011	8/4/2011	3	0.21%	1.50%	1.71%	6,290,401.19		0.00	6,291,283.44
8/4/2011	8/11/2011	7	0.21%	1.50%	1.71%	6,291,283.44		9,088.38	6,302,430.82
8/11/2011	8/12/2011	1	0.21%	1.50%	1.71%	6,302,430.82		2,000.00	6,304,725.49
8/12/2011	8/17/2011	5	0.21%	1.50%	1.71%	6,304,725.49		13,000.00	6,318,189.35
8/17/2011	8/19/2011	2	0.21%	1.50%	1.71%	6,318,189.35		2,000.00	6,321,790.24
8/19/2011	8/22/2011	3	0.21%	1.50%	1.71%	6,321,790.24		5,834.00	6,328,510.95
8/22/2011	8/23/2011	1	0.21%	1.50%	1.71%	6,328,510.95		12,235.17	6,341,043.01
8/23/2011	8/24/2011	1	0.21%	1.50%	1.71%	6,341,043.01		35,000.00	6,376,333.48
8/24/2011	8/31/2011	7	0.21%	1.50%	1.71%	6,376,333.48		21,750.00	6,400,178.32
8/31/2011	9/2/2011	2	0.23%	1.50%	1.73%	6,400,178.32		0.00	6,400,178.67
9/2/2011	9/8/2011	4	0.23%	1.50%	1.73%	6,400,178.67		3,400.00	6,405,392.51
9/8/2011	9/9/2011	2	0.23%	1.50%	1.73%	6,405,392.51		2,000.00	6,407,998.36
9/9/2011	9/9/2011	1	0.23%	1.50%	1.73%	6,407,998.36		37,915.38	6,448,216.79
9/9/2011	9/12/2011	3	0.23%	1.50%	1.73%	6,448,216.79		3,073.00	6,451,204.38
9/12/2011	9/19/2011	1	0.23%	1.50%	1.73%	6,460,204.38		58,117.78	6,508,827.18
9/18/2011	9/19/2011	2	0.23%	1.50%	1.73%	6,508,827.18		2,000.00	6,511,242.80
9/19/2011	9/19/2011	1	0.23%	1.50%	1.73%	6,511,242.80		38,127.24	6,549,677.97
9/19/2011	9/21/2011	5	0.23%	1.50%	1.73%	6,549,677.97		100,000.00	6,651,226.72
9/21/2011	9/22/2011	1	0.23%	1.50%	1.73%	6,651,226.72		31,000.00	6,682,544.27
9/22/2011	9/29/2011	1	0.23%	1.50%	1.73%	6,682,544.27		15,878.38	6,698,730.69
9/29/2011	9/29/2011	3	0.23%	1.50%	1.73%	6,698,730.69		28,000.00	6,726,811.08
9/29/2011	9/29/2011	3	0.23%	1.50%	1.73%	6,726,811.08		4,117.78	6,734,733.06
9/29/2011	9/30/2011	1	0.23%	1.50%	1.73%	6,734,733.06		71,800.00	6,806,671.58
9/30/2011	9/30/2011	-	0.23%	1.50%	1.73%	6,806,671.58		13,691.28	6,820,282.83

(1) 1 month LIBOR rate per wsjprlmerate.us site

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

ACARTHA GROUP, LLC, by and through its)
RECEIVER, CLAIRE M. SCHENK,)

Plaintiff,)

v.)

Case No. 4:12-cv-1142

MORRISS HOLDINGS, LLC,)

Defendant.)

State of Missouri)

) ss

City of St. Louis)

AFFIDAVIT OF CLAIRE M. SCHENK

I, Claire M. Schenk, duly sworn and under oath, state that:

1. I am over 21 years of age and competent to make this affidavit.

2. I have personal knowledge of the matters stated herein and could testify to these matters if necessary.

3. On January 17, 2012, the United States District Court for the Eastern District of Missouri (the "Court") appointed me as receiver for Acartha Group, LLC ("Acartha"), MIC VII, LLC, Acartha Technology Partners, LP, and Gryphon Investments III, LLC (collectively, the "Receivership Entities"). The Order Appointing Receiver entered January 17, 2012 (Dkt. No. 16) (the "Receivership Order") delineates the scope of my authority, duties and obligations as Receiver.

4. Included within the scope of my authority, duties and obligations is the responsibility to administer and manage the business affairs and assets of the Receivership Entities, act as the managing member or partner of the Receivership Entities, marshal and

safeguard all of the assets of the Receivership Entities, and take such actions as are necessary to protect investors.

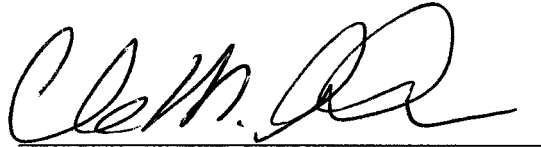
5. Upon my appointment as Receiver, I secured all assets and business records obtainable from the two known business locations of the Receivership Entities, and I immediately began efforts to obtain and examine bank statements and other financial and other records to verify and update the financial information and status of the Receivership Entities.

6. In exercising my duties as Receiver, I learned of a promissory note executed by Morriss Holdings, LLC (as "Borrower") in favor of Acartha (as "Lender") dated January 1, 2010. A copy of the Note is attached to the Complaint as Exhibit 1.

7. By letter dated June 8, 2012, I demanded immediate payment from Morriss Holdings of the entire principal balance outstanding under the Note, together with unpaid interest accrued thereon.

8. Morriss Holdings has failed to pay the amounts due under the Note.

FURTHER AFFIANT SAYETH NOT.

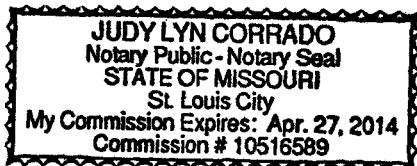


Claire M. Schenk

Subscribed and sworn to on this 9th day Aug, 2013, by Claire M. Schenk, a person known personally by me, a notary public, within and for the City of St. Louis and State of Missouri.


Notary Public

My commission expires:



**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

ACARTHA GROUP, LLC, by and through its)
RECEIVER, CLAIRE M. SCHENK,)

Plaintiff,)

v.)

Case No. 4:12-cv-1142

MORRISS HOLDINGS, LLC,)

Defendant.)

State of Missouri)

) ss

City of St. Louis)

AFFIDAVIT OF JOLENE MUZZARELLI

I, Jolene Muzzarelli, duly sworn and under oath, state that:

1. I am over 21 years of age and competent to make this affidavit.
2. I have personal knowledge of the matters stated herein and could testify to these matters if necessary.
3. I am a paralegal with the law firm Thompson Coburn LLP, which is counsel for the Receiver for Acartha Group, LLC (“Acartha Group”) in this case.
4. To aid in calculating the damages in this matter, I was responsible for reviewing and re-creating Schedule A to the Promissory Note, attached as Exhibit 1 to the Complaint.
5. I used the historical 1 month LIBOR rate as published by the Wall Street Journal to calculate the interest due from October 2011 through June 2013.
6. According to my calculations, the outstanding balance due from Morriss Holdings LLC to Acartha Group under the Promissory Note is \$7,022,217.88, as of June 30, 2013.

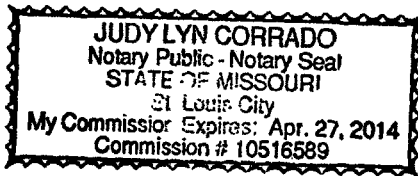
FURTHER AFFIANT SAYETH NOT.

Jolene Muzzarelli
Jolene Muzzarelli

Subscribed and sworn to on this 9th day August, 2013, by Jolene Muzzarelli, a person known personally by me, a notary public, within and for the City of St. Louis and State of Missouri.

Judy Lynn Corrado
Notary Public

My commission expires:



Schedule A to Promissory Note of Morriss Holdings, LLC to Acartha Group, LLC										
January 2009 - June 2013										
	Start	End		Reference		Applicable				
	Date	Date	Days	Rate (1)	Spread	Interest Rate	Beginning Balance	Interest	Advance/repay Amount	Balance
Notes receivable related party										
Note receivable Morriss Holding										
	01/01/2009	1/1/2009	-	0.22%	1.50%	1.72%			-39,608.59	-39,608.59
	01/01/2009	1/1/2009	-	0.22%	1.50%	1.72%	-39,608.59		-67,835.26	-107,443.85
	1/1/2009	1/31/2009	30	0.22%	1.50%	1.72%	-107,443.85		-77,526.00	-184,969.85
	1/31/2009	2/26/2009	26	0.21%	1.50%	1.71%	-184,969.85			-184,969.85
	2/26/2009	2/28/2009	2	0.46%	1.50%	1.96%	-184,969.85		-4,821.94	-189,791.79
	2/28/2009	3/31/2009	31	0.53%	1.50%	2.03%	-189,791.79			-189,791.79
	3/31/2009	4/10/2009	10	0.45%	1.50%	1.95%	-189,791.79			-189,791.79
	4/10/2009	4/10/2009	-	0.45%	1.50%	1.95%	-189,791.79		78,000.00	-111,791.79
	4/10/2009	4/14/2009	4	0.45%	1.50%	1.95%	-111,791.79		0.00	-111,791.79
	4/14/2009	4/30/2009	16	0.45%	1.50%	1.95%	-111,791.79		22,000.00	-89,791.79
	4/30/2009	5/31/2009	31	0.34%	1.50%	1.84%	-89,791.79		-23,375.00	-113,166.79
	5/31/2009	6/30/2009	30	0.32%	1.50%	1.82%	-113,166.79			-113,166.79
	6/30/2009	7/1/2009	1	0.29%	1.50%	1.79%	-113,166.79		12,500.00	-100,666.79
	7/1/2009	7/14/2009	13	0.29%	1.50%	1.79%	-100,666.79			-100,666.79
	7/14/2009	7/22/2009	8	0.29%	1.50%	1.79%	-100,666.79		5,000.00	-95,666.79
	7/22/2009	7/31/2009	9	0.29%	1.50%	1.79%	-95,666.79		59,936.00	-35,730.79
	7/31/2009	8/6/2009	6	0.27%	1.50%	1.77%	-35,730.79			-35,730.79
	8/6/2009	8/31/2009	25	0.27%	1.50%	1.77%	-35,730.79		42,500.00	6,769.21
	8/31/2009	9/9/2009	9	0.25%	1.50%	1.75%	6,769.21	2.91		6,772.12
	9/9/2009	9/14/2009	5	0.25%	1.50%	1.75%	6,772.12	1.62	16,000.00	22,773.74
	9/14/2009	9/29/2009	15	0.25%	1.50%	1.75%	22,773.74	16.31	22,000.00	44,790.04
	9/29/2009	9/30/2009	1	0.25%	1.50%	1.75%	44,790.04	2.14	9,000.00	53,792.18
	9/30/2009	10/1/2009	1	0.24%	1.50%	1.74%	53,792.18	2.56		53,794.75
	10/1/2009	10/14/2009	13	0.24%	1.50%	1.74%	53,794.75	33.33	3,000.00	56,828.07
	10/14/2009	10/16/2009	2	0.24%	1.50%	1.74%	56,828.07	5.42	21,500.00	78,333.49
	10/16/2009	10/30/2009	14	0.24%	1.50%	1.74%	78,333.49	52.27	72,500.00	150,885.76
	10/30/2009	10/31/2009	1	0.24%	1.50%	1.74%	150,885.76	7.19	160,000.00	310,892.95
	10/31/2009	11/12/2009	12	0.24%	1.50%	1.74%	310,892.95	177.14		311,070.09
	11/12/2009	11/17/2009	5	0.24%	1.50%	1.74%	311,070.09	73.85	32,000.00	343,143.93
	11/17/2009	11/19/2009	2	0.24%	1.50%	1.74%	343,143.93	32.59	28,000.00	371,176.52
	11/19/2009	11/25/2009	6	0.24%	1.50%	1.74%	371,176.52	105.74	98,000.00	469,282.26
	11/25/2009	11/30/2009	5	0.24%	1.50%	1.74%	469,282.26	111.41	21,500.00	490,893.67
	11/30/2009	12/18/2009	18	0.23%	1.50%	1.73%	490,893.67	418.36		491,312.03
	12/18/2009	12/30/2009	12	0.23%	1.50%	1.73%	491,312.03	279.15	82,600.00	574,191.18
	12/30/2009	12/31/2009	1	0.23%	1.50%	1.73%	574,191.18	27.19	21,077.16	595,295.53
	12/31/2009	12/31/2009	-	0.23%	1.50%	1.73%	595,295.53	0.00	1,382,328.63	1,977,622.16
	12/31/2009	1/1/2010	1	0.23%	1.50%	1.73%	1,977,622.16	93.63		1,977,715.79
	1/1/2010	1/13/2010	12	0.23%	1.50%	1.73%	1,977,715.79	1,122.89	-218,916.92	1,759,921.76
	1/13/2010	1/14/2010	1	0.23%	1.50%	1.73%	1,759,921.76	83.27	21,971.81	1,781,976.84
	1/14/2010	1/15/2010	1	0.23%	1.50%	1.73%	1,781,976.84	84.31	15,000.00	1,797,061.15
	1/15/2010	1/19/2010	4	0.23%	1.50%	1.73%	1,797,061.15	340.11	82,000.00	1,879,401.26
	1/19/2010	1/29/2010	10	0.23%	1.50%	1.73%	1,879,401.26	889.22	12,095.57	1,892,386.05
	1/29/2010	1/31/2010	2	0.23%	1.50%	1.73%	1,892,386.05	179.07	11,109.04	1,903,674.17
	1/31/2010	2/2/2010	2	0.23%	1.50%	1.73%	1,903,674.17	179.87		1,903,854.04
	2/2/2010	2/3/2010	1	0.23%	1.50%	1.73%	1,903,854.04	89.94	92,258.44	1,996,202.42
	2/3/2010	2/12/2010	9	0.23%	1.50%	1.73%	1,996,202.42	848.76	1,200.00	1,998,251.18
	2/12/2010	2/16/2010	4	0.23%	1.50%	1.73%	1,998,251.18	377.61	131,056.33	2,129,685.13
	2/16/2010	2/18/2010	2	0.23%	1.50%	1.73%	2,129,685.13	201.23	76,000.00	2,205,886.35
	2/18/2010	2/19/2010	1	0.23%	1.50%	1.73%	2,205,886.35	104.21	11,075.00	2,217,065.57
	2/19/2010	2/24/2010	5	0.23%	1.50%	1.73%	2,217,065.57	523.71	78,075.00	2,295,664.27
	2/24/2010	2/25/2010	1	0.23%	1.50%	1.73%	2,295,664.27	108.45	11,075.00	2,306,847.73
	2/25/2010	2/28/2010	1	0.23%	1.50%	1.73%	2,306,847.73	108.98	28,689.50	2,335,646.21
	2/28/2010	2/28/2010	2	0.23%	1.50%	1.73%	2,335,646.21	220.69	64,500.00	2,400,366.90
	2/28/2010	3/3/2010	3	0.24%	1.50%	1.74%	2,400,366.90	341.82		2,400,708.71
	3/3/2010	3/4/2010	1	0.24%	1.50%	1.74%	2,400,708.71	113.95	20,000.00	2,420,822.67
	3/4/2010	3/5/2010	1	0.24%	1.50%	1.74%	2,420,822.67	114.91	23,000.00	2,443,937.58
	3/5/2010	3/11/2010	6	0.24%	1.50%	1.74%	2,443,937.58	696.04	20,500.00	2,465,133.62
	3/11/2010	3/18/2010	7	0.24%	1.50%	1.74%	2,465,133.62	819.09	2,049.90	2,468,002.61
	3/18/2010	3/19/2010	1	0.24%	1.50%	1.74%	2,468,002.61	117.15	1,500.00	2,469,619.76
	3/19/2010	3/30/2010	11	0.24%	1.50%	1.74%	2,469,619.76	1,289.49	10,812.45	2,481,721.70
	3/30/2010	4/5/2010	6	0.26%	1.50%	1.76%	2,481,721.70	715.96	10,812.45	2,493,250.10
	4/5/2010	4/13/2010	8	0.26%	1.50%	1.76%	2,493,250.10	959.04	10,923.16	2,505,132.30
	4/13/2010	4/29/2010	16	0.26%	1.50%	1.76%	2,505,132.30	1,927.23	51,710.47	2,558,770.00

Schedule A to Promissory Note of Morriss Holdings, LLC to Acartha Group, LLC										
January 2009 - June 2013										
Start	End		Reference		Applicable					
Date	Date	Days	Interest Rate (%)	Spread	Interest Rate	Beginning Balance	Interest	Advance (repay) Amount		Balance
4/29/2010	4/30/2010	1	0.26%	1.50%	1.76%	2,558,770.00	123.03	43,000.00		2,601,893.03
4/30/2010	5/3/2010	3	0.34%	1.50%	1.84%	2,601,893.03	391.46	21,563.63		2,623,848.12
5/3/2010	5/10/2010	7	0.34%	1.50%	1.84%	2,623,848.12	921.11	11,000.00		2,635,769.23
5/10/2010	5/11/2010	1	0.34%	1.50%	1.84%	2,635,769.23	132.18	147,816.82		2,783,718.23
5/11/2010	5/20/2010	9	0.34%	1.50%	1.84%	2,783,718.23	1,256.44	21,633.64		2,806,608.31
5/20/2010	5/21/2010	1	0.34%	1.50%	1.84%	2,806,608.31	140.75	17,500.00		2,824,249.06
5/21/2010	5/26/2010	5	0.34%	1.50%	1.84%	2,824,249.06	708.18	11,762.97		2,836,720.22
5/26/2010	5/28/2010	2	0.34%	1.50%	1.84%	2,836,720.22	284.52	22,000.00		2,859,004.74
5/28/2010	5/30/2010	2	0.34%	1.50%	1.84%	2,859,004.74	286.76	-17,176.27		2,842,115.23
5/30/2010	6/10/2010	11	0.35%	1.50%	1.85%	2,842,115.23	1,579.14			2,843,694.37
6/10/2010	6/15/2010	5	0.35%	1.50%	1.85%	2,843,694.37	718.19			2,864,306.87
6/15/2010	6/16/2010	1	0.35%	1.50%	1.85%	2,864,306.87	144.68	133,524.11		2,997,975.66
6/16/2010	6/18/2010	2	0.35%	1.50%	1.85%	2,997,975.66	302.86	30,000.00		3,028,278.52
6/18/2010	6/22/2010	4	0.35%	1.50%	1.85%	3,028,278.52	611.84	10,000.00		3,038,890.37
6/22/2010	6/30/2010	8	0.35%	1.50%	1.85%	3,038,890.37	1,227.98	9,022.33		3,049,140.68
6/30/2010	7/8/2010	8	0.33%	1.50%	1.83%	3,049,140.68	1,222.39	-23,653.32		3,026,709.75
7/8/2010	7/9/2010	1	0.33%	1.50%	1.83%	3,026,709.75	151.67	10,657.68		3,037,519.10
7/9/2010	7/14/2010	5	0.33%	1.50%	1.83%	3,037,519.10	761.08	48,600.00		3,086,880.18
7/14/2010	7/15/2010	1	0.33%	1.50%	1.83%	3,086,880.18	154.69	10,000.00		3,097,034.87
7/15/2010	7/16/2010	1	0.33%	1.50%	1.83%	3,097,034.87	155.20	221,365.29		3,318,555.36
7/16/2010	7/23/2010	7	0.33%	1.50%	1.83%	3,318,555.36	1,164.10	65,528.00		3,385,247.46
7/23/2010	7/28/2010	5	0.33%	1.50%	1.83%	3,385,247.46	848.21	45,365.29		3,431,460.95
7/28/2010	7/29/2010	1	0.33%	1.50%	1.83%	3,431,460.95	171.96	7,000.00		3,438,632.91
7/29/2010	7/30/2010	1	0.33%	1.50%	1.83%	3,438,632.91	172.32	15,228.04		3,454,033.27
7/30/2010	7/31/2010	1	0.33%	1.50%	1.83%	3,454,033.27	173.09	46,000.00		3,500,206.36
7/31/2010	8/6/2010	6	0.28%	1.50%	1.78%	3,500,206.36	1,018.79			3,501,225.15
8/6/2010	8/16/2010	10	0.28%	1.50%	1.78%	3,501,225.15	1,698.48	15,228.04		3,518,151.66
8/16/2010	8/18/2010	2	0.28%	1.50%	1.78%	3,518,151.66	341.34	400.00		3,518,893.00
8/18/2010	8/20/2010	2	0.28%	1.50%	1.78%	3,518,893.00	341.41	106,904.71		3,626,139.12
8/20/2010	8/27/2010	7	0.28%	1.50%	1.78%	3,626,139.12	1,231.35	9,904.71		3,637,275.18
8/27/2010	8/30/2010	3	0.28%	1.50%	1.78%	3,637,275.18	529.34	19,884.10		3,657,688.62
8/30/2010	8/31/2010	1	0.28%	1.50%	1.78%	3,657,688.62	177.44	26,864.59		3,684,730.65
8/31/2010	9/2/2010	2	0.26%	1.50%	1.76%	3,684,730.65	353.77	275,000.00		3,960,084.43
9/2/2010	9/10/2010	8	0.26%	1.50%	1.76%	3,960,084.43	1,520.85	50,000.00		4,011,605.27
9/10/2010	9/13/2010	3	0.26%	1.50%	1.76%	4,011,605.27	577.74	10,228.03		4,022,411.04
9/13/2010	9/15/2010	2	0.26%	1.50%	1.76%	4,022,411.04	386.20	15,000.00		4,037,797.24
9/15/2010	9/21/2010	6	0.26%	1.50%	1.76%	4,037,797.24	1,163.02	21,904.71		4,060,864.96
9/21/2010	9/23/2010	2	0.26%	1.50%	1.76%	4,060,864.96	389.89	10,904.71		4,072,159.56
9/23/2010	9/30/2010	7	0.26%	1.50%	1.76%	4,072,159.56	1,368.40	150,000.00		4,223,527.96
9/30/2010	10/6/2010	6	0.26%	1.50%	1.76%	4,223,527.96	1,215.89	9,904.71		4,234,648.56
10/6/2010	10/8/2010	2	0.26%	1.50%	1.76%	4,234,648.56	406.36	4,775.00		4,239,829.93
10/8/2010	10/14/2010	6	0.26%	1.50%	1.76%	4,239,829.93	1,220.58	9,904.71		4,250,955.22
10/14/2010	10/15/2010	1	0.26%	1.50%	1.76%	4,250,955.22	203.96	6,500.00		4,257,659.19
10/15/2010	10/22/2010	7	0.26%	1.50%	1.76%	4,257,659.19	1,430.00	60,729.87		4,319,819.06
10/22/2010	10/29/2010	7	0.26%	1.50%	1.76%	4,319,819.06	1,450.88	25,120.26		4,346,390.20
10/29/2010	10/31/2010	2	0.26%	1.50%	1.76%	4,346,390.20	417.09	10,228.04		4,357,035.33
10/31/2010	11/5/2010	5	0.26%	1.50%	1.76%	4,357,035.33	1,045.27			4,358,080.60
11/5/2010	11/15/2010	10	0.26%	1.50%	1.76%	4,358,080.60	2,091.05	10,228.04		4,370,399.69
11/15/2010	11/24/2010	9	0.26%	1.50%	1.76%	4,370,399.69	1,887.26	9,744.99		4,382,031.94
11/24/2010	11/30/2010	6	0.26%	1.50%	1.76%	4,382,031.94	1,261.52	9,744.99		4,393,038.45
11/30/2010	12/1/2010	1	0.26%	1.50%	1.76%	4,393,038.45	210.78	9,863.17		4,403,112.40
12/1/2010	12/3/2010	2	0.26%	1.50%	1.76%	4,403,112.40	422.53	31,000.00		4,434,534.93
12/3/2010	12/7/2010	4	0.26%	1.50%	1.76%	4,434,534.93	851.09	5,000.00		4,440,386.02
12/7/2010	12/10/2010	3	0.26%	1.50%	1.76%	4,440,386.02	639.16	35,008.24		4,476,033.42
12/10/2010	12/14/2010	4	0.26%	1.50%	1.76%	4,476,033.42	859.06	25,000.00		4,501,892.48
12/14/2010	12/17/2010	3	0.26%	1.50%	1.76%	4,501,892.48	648.01	126,295.80		4,628,836.29
12/17/2010	12/27/2010	10	0.26%	1.50%	1.76%	4,628,836.29	2,220.96	39,000.00		4,670,057.25
12/27/2010	12/30/2010	3	0.26%	1.50%	1.76%	4,670,057.25	672.22	222,000.00		4,892,729.47
12/30/2010	12/31/2010	1	0.26%	1.50%	1.76%	4,892,729.47	234.76	10,113.45		4,903,077.68
12/31/2010	12/31/2010	-	0.26%	1.50%	1.76%	4,903,077.68	0.00	-661,209.82		4,241,867.86
12/31/2010	1/3/2011	3	0.26%	1.50%	1.76%	4,241,867.86	612.15			4,242,480.01
1/3/2011	1/4/2011	1	0.26%	1.50%	1.76%	4,242,480.01	204.08	12,500.00		4,255,184.09
1/4/2011	1/5/2011	1	0.26%	1.50%	1.76%	4,255,184.09	204.69	15,000.00		4,270,388.78
1/5/2011	1/6/2011	1	0.26%	1.50%	1.76%	4,270,388.78	205.42	100,113.45		4,370,707.65
1/6/2011	1/10/2011	4	0.26%	1.50%	1.76%	4,370,707.65	840.99	34,000.00		4,405,548.64

Schedule A to Promissory Note of Morriss Holdings, LLC to Acartha Group, LLC										
January 2009 - June 2013										
Start	End		Reference		Applicable			Advance/(repay)		
Date	Date	Days	Rate (1)	Spread	Interest	Interest	Beginning	Interest	Amount	Balance
1/10/2011	1/11/2011	1	0.26%	1.50%	1.76%	1.76%	4,405,548.64	211.92	15,000.00	4,420,760.56
1/11/2011	1/14/2011	3	0.26%	1.50%	1.76%	1.76%	4,420,760.56	637.97	15,000.00	4,436,398.53
1/14/2011	1/17/2011	3	0.26%	1.50%	1.76%	1.76%	4,436,398.53	640.22	21,896.05	4,458,934.80
1/17/2011	1/24/2011	7	0.26%	1.50%	1.76%	1.76%	4,458,934.80	1,501.44	1,000.00	4,461,436.25
1/24/2011	1/28/2011	4	0.26%	1.50%	1.76%	1.76%	4,461,436.25	858.45	10,000.00	4,472,294.69
1/28/2011	1/31/2011	3	0.26%	1.50%	1.76%	1.76%	4,472,294.69	645.40	5,500.00	4,478,440.10
1/31/2011	2/2/2011	2	0.26%	1.50%	1.76%	1.76%	4,478,440.10	430.86	515,452.27	4,994,323.23
2/2/2011	2/8/2011	6	0.26%	1.50%	1.76%	1.76%	4,994,323.23	1,441.48	20,914.08	5,016,678.78
2/8/2011	2/10/2011	2	0.26%	1.50%	1.76%	1.76%	5,016,678.78	482.64	10,000.00	5,027,161.43
2/10/2011	2/11/2011	1	0.26%	1.50%	1.76%	1.76%	5,027,161.43	241.83	10,000.00	5,037,403.25
2/11/2011	2/14/2011	3	0.26%	1.50%	1.76%	1.76%	5,037,403.25	726.96	10,000.00	5,048,130.21
2/14/2011	2/17/2011	3	0.26%	1.50%	1.76%	1.76%	5,048,130.21	728.50	15,955.82	5,064,814.53
2/17/2011	2/22/2011	5	0.26%	1.50%	1.76%	1.76%	5,064,814.53	1,218.18	10,000.00	5,076,032.72
2/22/2011	2/28/2011	6	0.26%	1.50%	1.76%	1.76%	5,076,032.72	1,465.06	15,000.00	5,092,497.78
2/28/2011	3/1/2011	1	0.25%	1.50%	1.75%	1.75%	5,092,497.78	243.95	181,101.48	5,273,843.21
3/1/2011	3/2/2011	1	0.25%	1.50%	1.75%	1.75%	5,273,843.21	252.64	10,000.00	5,284,095.85
3/2/2011	3/3/2011	1	0.25%	1.50%	1.75%	1.75%	5,284,095.85	253.13	2,500.00	5,286,848.98
3/3/2011	3/4/2011	1	0.25%	1.50%	1.75%	1.75%	5,286,848.98	253.26	7,176.80	5,294,279.04
3/4/2011	3/7/2011	3	0.25%	1.50%	1.75%	1.75%	5,294,279.04	760.86	25,000.00	5,320,039.90
3/7/2011	3/8/2011	1	0.25%	1.50%	1.75%	1.75%	5,320,039.90	254.85	17,766.14	5,338,060.89
3/8/2011	3/9/2011	1	0.25%	1.50%	1.75%	1.75%	5,338,060.89	255.72	10,000.00	5,348,316.61
3/9/2011	3/15/2011	6	0.25%	1.50%	1.75%	1.75%	5,348,316.61	1,537.25	16,000.00	5,365,853.86
3/15/2011	3/17/2011	2	0.25%	1.50%	1.75%	1.75%	5,365,853.86	514.10	20,709.58	5,387,077.53
3/17/2011	3/18/2011	1	0.25%	1.50%	1.75%	1.75%	5,387,077.53	258.06	3,000.00	5,390,335.60
3/18/2011	3/21/2011	3	0.25%	1.50%	1.75%	1.75%	5,390,335.60	774.66	17,000.00	5,408,110.26
3/21/2011	3/23/2011	2	0.25%	1.50%	1.75%	1.75%	5,408,110.26	518.14	24.25	5,408,652.65
3/23/2011	3/24/2011	1	0.25%	1.50%	1.75%	1.75%	5,408,652.65	259.10	5,000.00	5,413,911.75
3/24/2011	3/25/2011	1	0.25%	1.50%	1.75%	1.75%	5,413,911.75	259.35	6,000.00	5,420,171.10
3/25/2011	3/29/2011	4	0.25%	1.50%	1.75%	1.75%	5,420,171.10	1,038.60	29,000.00	5,450,209.70
3/29/2011	3/30/2011	1	0.25%	1.50%	1.75%	1.75%	5,450,209.70	261.09	1,500.00	5,451,970.79
3/30/2011	3/31/2011	1	0.25%	1.50%	1.75%	1.75%	5,451,970.79	261.17	5,000.00	5,457,231.96
3/31/2011	4/1/2011	1	0.25%	1.50%	1.75%	1.75%	5,457,231.96	261.43	9,904.52	5,467,397.91
4/1/2011	4/4/2011	3	0.25%	1.50%	1.75%	1.75%	5,467,397.91	785.74	60,000.00	5,528,183.64
4/4/2011	4/5/2011	1	0.25%	1.50%	1.75%	1.75%	5,528,183.64	264.82	12,500.00	5,540,948.47
4/5/2011	4/6/2011	1	0.25%	1.50%	1.75%	1.75%	5,540,948.47	265.44	79,000.00	5,620,213.90
4/6/2011	4/7/2011	1	0.25%	1.50%	1.75%	1.75%	5,620,213.90	269.23	7,000.00	5,627,483.14
4/7/2011	4/11/2011	4	0.25%	1.50%	1.75%	1.75%	5,627,483.14	1,078.32	5,000.00	5,633,561.46
4/11/2011	4/12/2011	1	0.25%	1.50%	1.75%	1.75%	5,633,561.46	269.87	1,500.00	5,635,331.33
4/12/2011	4/13/2011	1	0.25%	1.50%	1.75%	1.75%	5,635,331.33	269.96	18,500.00	5,654,101.29
4/13/2011	4/14/2011	1	0.25%	1.50%	1.75%	1.75%	5,654,101.29	270.86	5,600.00	5,659,972.15
4/14/2011	4/18/2011	4	0.25%	1.50%	1.75%	1.75%	5,659,972.15	1,084.55	7,317.47	5,668,374.17
4/18/2011	4/19/2011	1	0.25%	1.50%	1.75%	1.75%	5,668,374.17	271.54	19,000.00	5,687,645.71
4/19/2011	4/21/2011	2	0.25%	1.50%	1.75%	1.75%	5,687,645.71	544.93	7,317.47	5,695,508.10
4/21/2011	4/27/2011	6	0.25%	1.50%	1.75%	1.75%	5,695,508.10	1,637.04	3,000.00	5,700,145.14
4/27/2011	4/30/2011	3	0.25%	1.50%	1.75%	1.75%	5,700,145.14	819.19	15,815.73	5,716,780.06
4/30/2011	5/1/2011	1	0.25%	1.50%	1.75%	1.75%	5,716,780.06	273.86		5,717,053.92
5/1/2011	5/6/2011	5	0.25%	1.50%	1.75%	1.75%	5,717,053.92	1,369.36	26,315.73	5,744,739.00
5/6/2011	5/12/2011	6	0.25%	1.50%	1.75%	1.75%	5,744,739.00	1,651.19	18,855.09	5,765,245.28
5/12/2011	5/17/2011	5	0.25%	1.50%	1.75%	1.75%	5,765,245.28	1,380.90	5,000.00	5,771,626.19
5/17/2011	5/19/2011	2	0.25%	1.50%	1.75%	1.75%	5,771,626.19	552.97	44,855.09	5,817,034.25
5/19/2011	5/25/2011	6	0.25%	1.50%	1.75%	1.75%	5,817,034.25	1,671.97	15,000.00	5,833,706.22
5/25/2011	5/31/2011	6	0.25%	1.50%	1.75%	1.75%	5,833,706.22	1,676.76	13,588.38	5,848,971.36
5/31/2011	6/1/2011	1	0.25%	1.50%	1.75%	1.75%	5,848,971.36	280.19	60,000.00	5,909,251.55
6/1/2011	6/7/2011	6	0.25%	1.50%	1.75%	1.75%	5,909,251.55	1,698.47	17,088.38	5,928,038.40
6/7/2011	6/9/2011	2	0.25%	1.50%	1.75%	1.75%	5,928,038.40	567.96	9,500.00	5,938,106.36
6/9/2011	6/14/2011	5	0.25%	1.50%	1.75%	1.75%	5,938,106.36	1,422.31	24,000.00	5,963,528.67
6/14/2011	6/15/2011	1	0.25%	1.50%	1.75%	1.75%	5,963,528.67	285.68	15,738.44	5,979,552.79
6/15/2011	6/16/2011	1	0.25%	1.50%	1.75%	1.75%	5,979,552.79	286.45	2,000.00	5,981,839.23
6/16/2011	6/17/2011	1	0.25%	1.50%	1.75%	1.75%	5,981,839.23	286.56	2,000.00	5,984,125.79
6/17/2011	6/21/2011	4	0.25%	1.50%	1.75%	1.75%	5,984,125.79	1,146.66	5,000.00	5,990,272.45
6/21/2011	6/22/2011	1	0.25%	1.50%	1.75%	1.75%	5,990,272.45	286.96	8,738.44	5,999,297.85
6/22/2011	6/24/2011	2	0.25%	1.50%	1.75%	1.75%	5,999,297.85	574.79	16,300.00	6,016,172.64
6/24/2011	6/28/2011	4	0.25%	1.50%	1.75%	1.75%	6,016,172.64	1,152.80	171,000.00	6,188,325.44
6/28/2011	6/30/2011	2	0.25%	1.50%	1.75%	1.75%	6,188,325.44	592.90	8,855.09	6,197,773.43
6/30/2011	7/1/2011	1	0.25%	1.50%	1.75%	1.75%	6,197,773.43	296.90		6,198,070.33

Schedule A to Promissory Note of Morriss Holdings, LLC to Acartha Group, LLC										
January 2009 - June 2013										
Start	End	Days	Reference		Applicable		Beginning	Interest	Advance/(repay)	
			Interest	Spread	Interest	Rate			Amount	Balance
Date	Date		Rate (1)		Rate	Balance				
7/1/2011	7/7/2011	6	0.19%	1.50%	1.69%	6,198,070.33	1,713.72	12,500.00	6,212,284.04	
7/7/2011	7/14/2011	7	0.19%	1.50%	1.69%	6,212,284.04	2,003.92	8,855.09	6,223,143.05	
7/14/2011	7/21/2011	7	0.19%	1.50%	1.69%	6,223,143.05	2,007.42	8,855.09	6,234,005.56	
7/21/2011	7/26/2011	5	0.19%	1.50%	1.69%	6,234,005.56	1,436.38	8,855.09	6,244,297.03	
7/26/2011	7/28/2011	3	0.19%	1.50%	1.69%	6,244,297.03	863.25	20,575.00	6,265,735.28	
7/29/2011	7/31/2011	2	0.19%	1.50%	1.69%	6,265,735.28	577.47	24,088.38	6,290,401.13	
8/1/2011	8/4/2011	3	0.21%	1.50%	1.71%	6,290,401.13	882.31	0.00	6,291,283.44	
8/4/2011	8/11/2011	7	0.21%	1.50%	1.71%	6,291,283.44	2,059.00	9,088.38	6,302,430.82	
8/11/2011	8/12/2011	1	0.21%	1.50%	1.71%	6,302,430.82	294.66	2,000.00	6,304,725.49	
8/12/2011	8/17/2011	5	0.21%	1.50%	1.71%	6,304,725.49	1,473.86	13,000.00	6,319,199.35	
8/17/2011	8/19/2011	2	0.21%	1.50%	1.71%	6,319,199.35	590.90	2,000.00	6,321,790.24	
8/19/2011	8/22/2011	3	0.21%	1.50%	1.71%	6,321,790.24	886.71	5,834.00	6,328,510.95	
8/22/2011	8/23/2011	1	0.21%	1.50%	1.71%	6,328,510.95	295.88	12,236.17	6,341,043.01	
8/23/2011	8/24/2011	1	0.21%	1.50%	1.71%	6,341,043.01	296.47	35,000.00	6,376,339.48	
8/24/2011	8/31/2011	7	0.21%	1.50%	1.71%	6,376,339.48	2,086.84	21,750.00	6,400,176.32	
8/31/2011	9/2/2011	2	0.23%	1.50%	1.73%	6,400,176.32	605.36	0.00	6,400,781.67	
9/2/2011	9/6/2011	4	0.23%	1.50%	1.73%	6,400,781.67	1,210.83	3,400.00	6,405,392.51	
9/6/2011	9/8/2011	2	0.23%	1.50%	1.73%	6,405,392.51	605.85	2,000.00	6,407,998.36	
9/8/2011	9/9/2011	1	0.23%	1.50%	1.73%	6,407,998.36	303.05	37,915.38	6,446,216.79	
9/9/2011	9/12/2011	3	0.23%	1.50%	1.73%	6,446,216.79	914.57	3,073.00	6,450,204.36	
9/12/2011	9/13/2011	1	0.23%	1.50%	1.73%	6,450,204.36	305.05	58,117.78	6,508,627.18	
9/13/2011	9/15/2011	2	0.23%	1.50%	1.73%	6,508,627.18	615.62	2,000.00	6,511,242.80	
9/15/2011	9/16/2011	1	0.23%	1.50%	1.73%	6,511,242.80	307.93	38,127.24	6,549,677.97	
9/16/2011	9/21/2011	5	0.23%	1.50%	1.73%	6,549,677.97	1,548.75	100,000.00	6,651,226.72	
9/21/2011	9/22/2011	1	0.23%	1.50%	1.73%	6,651,226.72	314.55	31,000.00	6,682,541.27	
9/22/2011	9/23/2011	1	0.23%	1.50%	1.73%	6,682,541.27	316.03	15,873.38	6,698,730.69	
9/23/2011	9/26/2011	3	0.23%	1.50%	1.73%	6,698,730.69	950.40	26,000.00	6,725,681.08	
9/26/2011	9/29/2011	3	0.23%	1.50%	1.73%	6,725,681.08	954.22	8,117.78	6,734,753.08	
9/29/2011	9/30/2011	1	0.23%	1.50%	1.73%	6,734,753.08	318.50	71,600.00	6,806,671.58	
9/30/2011	9/30/2011	-	0.23%	1.50%	1.73%	6,806,671.58	0.00	13,591.25	6,820,262.83	
10/1/2011	10/31/2011	30	0.24%	1.50%	1.74%	6,820,262.83	9,747.94		6,830,010.78	
11/1/2011	11/30/2011	29	0.25%	1.50%	1.75%	6,830,010.78	9,490.60		6,839,501.38	
12/1/2011	12/31/2011	30	0.28%	1.50%	1.78%	6,839,501.38	9,999.13		6,849,500.50	
1/1/2012	1/31/2012	30	0.28%	1.50%	1.78%	6,849,500.50	10,009.82		6,859,510.32	
2/1/2012	2/29/2012	28	0.25%	1.50%	1.75%	6,859,510.32	9,183.50		6,868,693.82	
3/1/2012	3/31/2012	30	0.24%	1.50%	1.74%	6,868,693.82	9,799.71		6,878,493.53	
4/1/2012	4/30/2012	29	0.24%	1.50%	1.74%	6,878,493.53	9,482.21		6,887,975.74	
5/1/2012	5/31/2012	30	0.24%	1.50%	1.74%	6,887,975.74	9,817.62		6,897,793.36	
6/1/2012	6/30/2012	29	0.24%	1.50%	1.74%	6,897,793.36	9,527.40		6,907,320.76	
7/1/2012	7/31/2012	30	0.25%	1.50%	1.75%	6,907,320.76	9,888.23		6,917,208.99	
8/1/2012	8/31/2012	30	0.24%	1.50%	1.74%	6,917,208.99	9,852.49		6,927,061.47	
9/1/2012	9/30/2012	29	0.22%	1.50%	1.72%	6,927,061.47	9,447.62		6,936,509.10	
10/1/2012	10/31/2012	30	0.21%	1.50%	1.71%	6,936,509.10	9,742.38		6,946,251.48	
11/1/2012	11/30/2012	29	0.21%	1.50%	1.71%	6,946,251.48	9,405.55		6,955,657.03	
12/1/2012	12/31/2012	30	0.21%	1.50%	1.71%	6,955,657.03	9,753.88		6,965,410.91	
1/1/2013	1/31/2013	30	0.21%	1.50%	1.71%	6,965,410.91	9,735.02		6,975,145.93	
2/1/2013	2/28/2013	27	0.20%	1.50%	1.70%	6,975,145.93	8,754.21		6,983,900.14	
3/1/2013	3/31/2013	30	0.20%	1.50%	1.70%	6,983,900.14	9,751.70		6,993,651.84	
4/1/2013	4/30/2013	29	0.20%	1.50%	1.70%	6,993,651.84	9,418.75		7,003,070.58	
5/1/2013	5/31/2013	30	0.20%	1.50%	1.70%	7,003,070.58	9,738.86		7,012,809.45	
6/1/2013	6/30/2013	29	0.19%	1.50%	1.69%	7,012,809.45	9,408.43		7,022,217.88	
							333,787.34	6,688,430.54		