

# State of New Hampshire Supreme Court

SARASWATI MANDIRAM, INC. &  
PANDIT RAMADHEEN RAMSAMOOJ

v.

G & G, LLC.

N.H. Sup.Ct.No. 2007-0572

## MOTION TO STAY APPEAL

**N**OW COMES Saraswati Mandiram, Inc. and Pandit Ramadheen Ramsamooj, by and through their attorney, Joshua L. Gordon, and respectfully request this honorable court to stay this appeal because it may be rendered moot by several pending public and private securities investigations into, and actions against, G&G.

As grounds it is stated:

1. Both parties in this appeal have filed briefs and a reply. On March 21, 2008 this Court issued an order dismissing portions of the suit, and setting the remainder for argument before a future 3JX panel.

### **I. G&G Violated Blue Sky Laws by Conditioning Loans on Purchase of Securities**

2. In the past few months, Saraswati Mandiram has been made aware, by both public bodies and private parties, of several pending investigations against G&G, and several suits being filed against it. Some of these actions involve schemes similar to that here which appear designed to take land from unsophisticated borrowers. Others, introducing a newly-discovered

wrinkle, involve securities violations or securities fraud.

3. Saraswati Mandiram, as well as some others who borrowed from G&G, were required, as a condition of borrowing, to become an *investor* in G&G. In the language of the loan documents, borrowers were required to become a “member” of the LLC, thus creating a security in the context of a mortgage note. In Saraswati Mandiram’s case, the language is in both the term sheet and the note:

As an inducement to the Lender to make the loan, the Borrower has agreed to acquire a membership interest in G&G, LLC and to (i) cause \$72,000 of the proceeds of the Loan disbursed at closing to be contributed to the capital of G&G, LLC in accordance with the terms and conditions set forth in the Amended and Restated Operating Agreement of G&G, LLC dated January 1, 2002 ..., (ii) pledge such capital contribution (and the earnings thereon) to G&G, LLC, in its capacity as the Lender, as additional security for the repayment of the Loan, and (iii) authorize G&G, LLC to withdraw such funds to pay interest, principal and any other amounts from time to time due and owing by the Borrower under the loan documents.

TERM SHEET (April 22, 2003), *Appx to Saraswati’s Brf.* at 21, 23, also attached at 10, 23. The note says:

On even date herewith, the Borrower has directed the Lender to cause ... \$72,000 of the principal amount hereof to be contributed to the capital of the Lender in accordance with the terms and conditions of that certain Amended and Restated Operating Agreement of G&G, LLC dated as of January 1, 2002, as an investment for the Borrower’s account, which investment is intended to be used as a dedicated source of funds for making the monthly interest payments hereunder.

PROMISSORY NOTE (June 9, 2003), *Appx. to Sarasvati’s Brf.* at 26, also single page attached at 9.

4. State “Blue Sky” laws in all jurisdictions provide that securities must be registered, and that certain disclosures be made. *See* RSA 421-B:11. G&G’s arrangement did not comply with these requirements. It is believed that G&G is not registered to sell securities, nor is it a licenced lender, bank, broker, or investment advisor. Yet it plainly marketed itself as an investment and then sold securities.

**II. Securities Investigations and Actions by Public Bodies**

5. Saraswati Mandiram has been made aware of several relevant items.

6. First, Saraswati Mandiram has learned that an investigation into G&G in at least one state, Virginia, has already resulted in administrative action. See VIRGINIA CORPORATION COMMISSION, RULE TO SHOW CAUSE (Jan 14, 2008), *attached* at 13.

7. Second, there exists a “multi-state Task Force[] investigation of G&G, LLC.” MEMORANDUM FROM TRENT GOURLEY TO MEMBER MORTGAGE BANKERS (Dec. 19, 2007), *attached* at 17. Saraswati Mandiram has been informed, by the New Hampshire Secretary of State, Bureau of Securities Regulation, that among the states involved in the task force are Alabama, Maryland, North Carolina, Pennsylvania, and Virginia. The New Hampshire Bureau of Securities Regulation is not involved in the multi-state task force because G&G’s New Hampshire violations were discovered relatively recently whereas the investigations of those other states have been in the works for much longer and may be as much as a year ahead of New Hampshire’s efforts.

8. Third, Saraswati Mandiram has been informed by an Attorney in Maryland that the federal Securities and Exchange Commission has shown an interest in G&G’s sales of securities as well. This has not been confirmed.

9. Fourth, the New Hampshire Bureau of Securities Regulation has written to Saraswati Mandiram that there are three investors/borrowers in New Hampshire that have been sold securities by G&G, that it has begun its own investigation into G&G, that it is considering pursuing a judicial action against G&G, and that it has alerted the United States Attorney of these matters.

**III. Securities Actions by Private Parties**

10. Saraswati Mandiram has been told by an Attorney who is now assembling victims of G&G nationwide, that he has made himself aware of 70 such borrowers/investors, and has begun to contact them.

11. Saraswati Mandiram has learned that the pattern G&G exhibited here – targeting an unsophisticated borrower who owns a significant piece of land, making a loan involving a confessed judgment, creating reliance by representing that credit would be extended, and inducing the loan with a sale of a security – is a repeated behavior that is actionable under the Racketeer Influenced and Corrupt Organizations Act (RICO), 18 U.S.C. § 1961 *et seq.*, and that a coalition of G&G's victims are being assembled to bring such an action.

12. Saraswati Mandiram has also been informed that parties who borrowed from G&G and were also sold securities as a condition of the loan are involved in pending actions in Maryland, Ohio, and Virginia.

13. Saraswati Mandiram is likewise considering a private securities violation suit, and is well within the period of limitations for such an action. RSA 521-B:25. As part of such a suit, Saraswati Mandiram would probably allege the standard fiduciary duties owed by G&G to Saraswati Mandiram in its status as an investor. As an investor, Saraswati Mandiram was owed fiduciary duties by G&G. *See e.g.* 34B Am.Jur. 2d *Limited Liability Companies* § 11. As noted in Saraswati Mandiram's brief, G&G had an arrangement whereby it was supposed to pay itself the monthly mortgage installments out of a line of credit set up for this purpose. Although G&G paid itself for some time as arranged, it suddenly ceased doing so, thereby self-causing a default and eventual foreclosure on Saraswati Mandiram's land in Epping, New Hampshire. G&G's

abandonment of the line-of-credit arrangement may be a breach of the fiduciary duty it owed to Saraswati Mandiram as an investor.

14. In the past few months, Saraswati Mandiram has been contacted by several targets of investment/lending schemes by G&G. In each, fraud has been alleged regarding an extension of credit that was not forthcoming by G&G once the loan documents were signed. In Maryland, for example, it is alleged that G&G has foreclosed upon a 75-year old religious widow with little income who own(ed) 125 acres located between Baltimore, MD and Washington, DC. G&G allegedly promised her operating funds for her family's nursery business, but did not deliver. *Wincopia Farms v. G&G, LLC*, No. 07-00908 (Bankr. D.Md. Nov. 9, 2007). In Virginia, the borrower was allegedly told by G&G that G&G would extend the maturity date of an existing loan, on which the borrower relied, but when the maturity date arrived, G&G defaulted rather than extended. *Mercer v. G&G, LLC*, 1.08CV228 (E.D. Va. Mar. 2008). In Ohio, G&G allegedly represented that a \$2.8 million revolving credit line would be extended, but after \$1.5 million was provided, G&G stopped the credit line. *G&G LLC v. Hyde, &a.*, No. 07-440SLR (D.Del. Sept. 2007). In each of these case, default occurred. Bankruptcy resulted in the Maryland and Ohio cases, and the old woman in Maryland lost her property to G&G for allegedly substantially less than its value. While each of these cases involve mere allegations, they echo the swindle that ensnared Saraswati Mandiram – G&G failed to follow through on an extension of credit it promised, thereby forcing default and foreclosure. It is believed that each was required to become an investor in G&G as a condition of their loan, such that there was a sale of a security. It is believed that each of these transactions involve the same unlawful transaction in securities as occurred in Saraswati Mandiram's case, and also involve the same fiduciary duties owed by G&G to its investors.

**IV. Likely Results of Public and Private Investigations and Actions**

15. The existence of these investigations and actions by both private and public parties is significant in this case because the remedies available for securities violations are “rescission” of the contract and “disgorgement” of assets, RSA 421-B:12(d)(3), injunctions and receivership, RSA 421-B:23, and criminal sanctions. RSA 421-B:24. *See Gustafson v. Alloyd Co., Inc.*, 513 US 561 (1995) (rescission for violation of federal securities act).

16. Similarly, if fiduciary duties owed by G&G to Saraswati Mandiram in its status as an investor were breached, the initial default that precipitated this case would be undone.

17. These remedies would void G&G’s course of dealing with Saraswati Mandiram and would thereby moot this case. *See Doherty v. Bartlett*, 81 F.2d 920 (1936) (applying New Hampshire blue-sky law) (“As the contract was not a later independent act, but grew immediately out of the illegal solicitation, and was part of the same transaction, being inseparably tied to it by the use of the application blank illegally distributed, the contract was tainted with the illegality”) (citing *Armstrong v. Toler*, 24 U.S. 258 (1826) and *Bothwell v. Buckbee-Mears Co.*, 275 U.S. 274 (1927)).

18. Thus, if this Court were to affirm, and subsequently either securities regulation officials found or a or a private party showed that G&G engaged in securities violations, there is a danger of inconsistent judgments. *See e.g., Liberty Mut. Ins. Co. v. Foremost-McKesson, Inc.*, 751 F.2d 475, 477 (1<sup>st</sup> Cir. 1985).

**V. This Appeal Should be Stayed**

19. To avoid mootness or inconsistent judgments, this appeal should be stayed. *Landis v. North American Co.*, 299 U.S. 248, 254-55 (1936) (“[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants. How this can best be done calls for the exercise of judgment, which must weigh competing interests and maintain an even balance.”); *American Life Ins. Co. v. Stewart*, 300 U.S. 203, 215 (1937) (“In the exercise of a sound discretion [court] may hold one lawsuit in abeyance to abide the outcome of another, especially where the parties and the issues are the same.”); *Taunton Gardens Co. v. Hills*, 557 F.2d 877, 879 (1<sup>st</sup> Cir. 1977) (stay justified when needed to adjudicate “issues of public moment”).

20. There are other reasons for a stay as well.

21. The process by which the New Hampshire Bureau of Securities Regulation addresses the possible securities violations, as well as any cooperation with other authorities might be undermined by this court’s action. This Court should not risk interfering with the public interest as expressed by securities regulators’ duty to enforce laws regarding G&G’s course of dealing with the public generally. Likewise, if securities violations occurred and officials believe such should be addressed, a decision of this Court or the language used in its opinion might inadvertently hamper those efforts. Securities regulators in New Hampshire and elsewhere should be given time to properly investigate the securities issues without the pressure of this Court’s impending decision.

22. In addition, the likely result of any successful public or widespread private actions

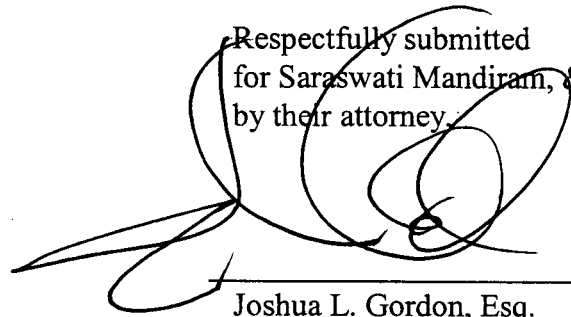
against G&G, would probably prompt a bankruptcy of G&G because it is believed that its assets may be less than its resultant legal liabilities. A bankruptcy would automatically stay this appeal by operation of the federal bankruptcy statute.

23. Any prejudice resulting from a stay accrues against Saraswati Mandiram because for the duration of this appeal it has been evicted from its land.

24. Upon the issuance of a stay, Saraswati Mandiram would keep this Court apprised of securities issues as they develop.

WHEREFORE, Saraswati Mandiram and Pandit Ramadheen Ramsamooj respectfully request this honorable Court to stay this appeal until such time as securities regulators and others complete proceedings with regard to possible securities violations by G&G.

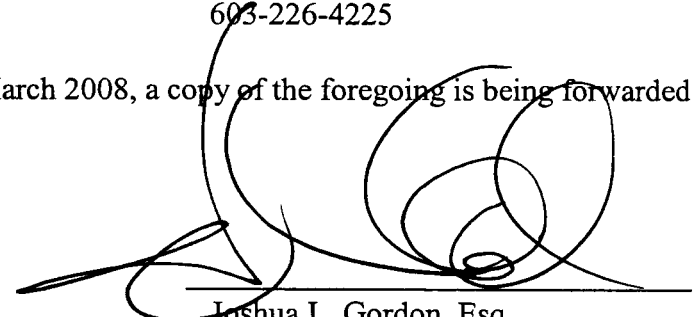
Respectfully submitted  
for Saraswati Mandiram, &a.  
by their attorney.



Joshua L. Gordon, Esq.  
Law Office of Joshua Gordon  
26 S. Main St., #175  
Concord, NH 03301  
603-226-4225

Dated: March 31, 2008

I hereby certify on this 31<sup>st</sup> day of March 2008, a copy of the foregoing is being forwarded to Christopher T. Hilson, Esq.



Joshua L. Gordon, Esq.

Dated: March 31, 2008



IMPORTANT NOTICE

THIS INSTRUMENT CONTAINS A CONFESSION OF JUDGMENT PROVISION WHICH CONSTITUTES A WAIVER OF IMPORTANT RIGHTS YOU MAY HAVE AS A DEBTOR AND ALLOWS THE CREDITOR TO OBTAIN A JUDGMENT AGAINST YOU WITHOUT ANY FURTHER NOTICE.

PROMISSORY NOTE

Loan No. 553

\$1,200,000.00

June 9, 2003

FOR VALUE RECEIVED, the undersigned (i) Saraswati Mandiram Inc., a Massachusetts nonprofit corporation registered to do business in New Hampshire, and (ii) Pandit Ramadheen Ramsamooj, personally, whose collective mailing address is 38 Ladds Lane, Epping, New Hampshire 03042 (individually and collectively herein referred to as the "Borrower"), unconditionally, jointly and severally promise to pay to the order of G&G, LLC, or its successors and assigns (the "Lender"), without offset, the principal sum of ONE MILLION TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,200,000.00), or so much thereof as shall have been advanced and remain unpaid, together with interest from the date hereof on any outstanding balance of principal as hereinafter provided, until paid.

The loan interest rate shall be Twelve Percent (12%) per annum during the first year of the term of this Note and Sixteen and Thirty-Six One-Hundredths Percent (16.36%) thereafter. Interest only on the principal amount advanced on the date hereof has been prepaid through June 30, 2003. On even date herewith, the Borrower has directed the Lender to cause Seventy-Two Thousand and No/100 Dollars (\$72,000.00) of the principal amount hereof to be contributed to the capital of the Lender in accordance with the terms and conditions of that certain Amended and Restated Operating Agreement of G&G, LLC dated as of January 1, 2002 as an investment for the Borrower's account, which investment is intended to be used as a dedicated source of funds for making the monthly interest payments payable hereunder. Interest only on the outstanding balance of principal shall be paid in arrears on the first day of each calendar month of the Loan term commencing on August 1, 2003 and continuing thereafter on the first day of each succeeding calendar month of the term of this Note until the entire principal balance under this Note is paid in full. Interest shall be computed on the basis of a 360-day year based upon the actual number of days outstanding.

By its execution of this Note, Borrower hereby unconditionally and irrevocably appoints the Lender as its attorney-in-fact and directs the Lender to distribute such portions of its above-referenced contribution to the capital of G&G, LLC, and any interest thereon, directly to the Lender in payment of (i) monthly interest payable to the Lender hereunder, and (ii) any other amounts from time to time due and owing to the Lender under the terms of this Note and the Security Arrangements (and which is not otherwise paid by Borrower). Borrower hereby acknowledges and agrees that the appointment of the Lender as its attorney-in-fact pursuant to this paragraph is an appointment coupled with an interest and shall be irrevocable until the earlier of (x) the Borrower's contribution to the capital of G&G, LLC and the interest thereon being completely exhausted, or (y) the repayment of all amounts due to the Lender under the terms of this Note and the Security Arrangements. Borrower expressly acknowledges and agrees that its liability under this Note is not limited to the above-referenced contribution to the capital of G&G, LLC and the interest thereon.

THE BORROWER HEREBY EXPRESSLY AGREES AND ACKNOWLEDGES, CERTIFIES, REPRESENTS AND WARRANTS THAT THE PROCEEDS OF THE LOAN EVIDENCED BY THIS NOTE SHALL BE USED SOLELY AND EXCLUSIVELY IN ACCORDANCE WITH THE SCHEDULE ATTACHED HERETO AS EXHIBIT A AND MADE A PART HEREOF.

The entire principal balance outstanding and all accrued and unpaid interest, and all other sums secured by the Security Arrangements (as hereinafter defined) and the Other Loan Documents (as hereinafter defined) evidencing, securing and/or guarantying this Note shall be due and payable on July 1, 2004 (the "Maturity Date"); provided, however, that in the event that the Borrower has fully and timely made all payments due under this Note and under the other loan documents evidencing and securing the loan evidenced by this Note during the first twelve (12) months of the term of this Note,

W37985.185S1.2M Promissory Note d2a.wpd

*A. The Loan  
Attest  
G. G. G.*

*advised by  
Director/Pres  
July 1, 2003 and  
advised by  
Director/Pres*

G & G, LLC  
 8756 Lewinsville Road  
 McLean, VA 22102  
 Ph: 703-556-9001 Fax: 703-556-8771  
 Private Portfolio Mortgage Lender & Broker

AN NUMBER 553		FIRST MORTGAGE	
MMB CONTRIBUTION		NON-PURCHASE MONEY	
SM	PRR		

BORROWERS:  
 SADASWATI MANDIRAM, INC

PANDIT RAMADHEEN RAMSAMOOI, PERSONALLY

MORTGAGED PROPERTY ADDRESS:  
 38 LADDS LANE, EPPING, NH 03042 ADDITIONAL  
 DESCRIPTION SEE SEC 2

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NOTE TERMS:

- ✓ Face of Promissory Note / Loan ..... Exactly \$ 1,200,000.00
- ✓ Face Amount less Points ..... Exactly \$ 1,134,000.00
- HUD-1 detail \$ 24,000.00 Item 801, Loan Origination Fee
- \$ 24,000.00 Item 802, Loan Discount Points
- \$ 18,000.00 Item 803, Brokers Fees
- ✓ 4.0000 Points charged by G & G, LLC
- 1.5000 Points to be paid directly by the Settlement Attorney/Agent to CAPITAL MORTGAGE FUNDING 87 BEACH STREET LITCHFIELD, CT 06759-3308 860-567-1500 PHONE SAME AS FAX - (NO NEED TO CALL FIRST) ATTN: CAROL MURRY.
- by Borrower (not G & G, LLC) Agreement.
- Points to be paid directly by the Settlement Attorney/Agent to
- by Borrower (not G & G, LLC) Agreement.
- Points to be paid directly by the Settlement Attorney/Agent to
- by Borrower (not G & G, LLC) Agreement.
- Points to be paid directly by the Settlement Attorney/Agent to
- 5.5000 Total points charged
- Stated Interest Rate ..... 12.00 % Estimated A.P.R. 18.85 %
- Monthly Payment \$ 12,000.00 ; First Payment Due 7/01/03
- Loan Term and Due Date ..... 12 Months / 6/1/04
- The loan shall be for a term of one year; provided, however, that in the event that the Borrower has fully and timely made all payments due under the Loan documents during the first twelve (12) months of the term of the Loan, TIME BEING OF THE ESSENCE, then the Maturity Date of the Loan shall AUTOMATICALLY be extended to be that date which is the second anniversary of the date of the Loan at an interest rate of 16.36 % during the second year of the term (which increase in interest rate is in lieu of charging any points for the extension); provided, further, that the Lender, in its sole and absolute discretion, may from time to time grant one or more additional extensions of the Maturity Date upon terms and conditions acceptable to it.
- Settlement Attorney DAVID P. MODELL, ESQ., 7700 OLD GEORGETOWN ROAD, #500 BETHESDA, MD 20814 PHONE: 301-434-9824 FAX: 301-434-9825
- Trustees TRD
- Subject to the satisfactory completion of all conditions set forth herein, G & G, LLC will be prepared to settle... 05/06/03
- ✓ This Loan Commitment is valid until the Close of Business ..... 6/1/04
- ✓ No Prepayment Penalty / Loan is due On Sale / Loan is Assumable under most circumstances
- ✓ Five Percent Late Charge on Payments Received More than SEVEN DAYS LATE
- ✓ Payments to be adjusted to the first day of the month; Interest to be collected at settlement / Daily Rate \$ 400.00000
- ✓ Title Insurance covering the FIRST Mortgage required.
- ✓ Adequate Fire/Hazard Insurance must be maintained by the Borrower, Real Estate Taxes must be maintained current
- ✓ PROPERTY CASUALTY INSURANCE: The Borrowers are responsible to name the following FIRST Mortgagee and provide proof of insurance prepaid for one year at settlement.
- ✓ G & G, LLC, 8756 Lewinsville Road, McLean, VA 22102, its successors and/or assigns as their interest may appear.
- ✓ No Escrowing of Funds for any purpose nor Private Mortgage Insurance required. Borrower is solely responsible for paying directly all Real Estate Bills and Fire Insurance Premiums as they become due

Form: termshd.fpr  
 03

- ✓ Failure to pay any other Trust is a default on this loan; No other trusts/liens permitted without Lender's consent
- ✓ The Interest Rate and Points quoted are Locked In on the date both G & G, LLC and the Borrower have signed this Agreement
- ✓ Loan will not be fully advanced at initial closing. This loan, a NON-REVOLVING CREDIT LINE, will be advanced in stages; the outside date for completion of improvements is \_\_\_\_\_
- ✓ Business Loan. The Borrower warrants and represents that this loan is being made and is being transacted solely for the acquisition or conduct of a business or investment. This is not a consumer loan.

The contact at G&G, LLC is: CHUCK PURCELL, (703) 556-9001 EXT. 110 OR (703) 919-8091

Additional Requirements (as applicable):

1. Copies of the following:
  - a. Existing subdivision plat and all proffers
  - b. Permits required for construction (or letter from engineer indicating conditions precedent to the issuance of any necessary permits)
  - c. Existing title report (with copies of all underlying title exceptions), appraisal, environment, soils, marketing, cash flows, etc. for the project.
  - d. Borrower's and each Guarantor's organizational documents.
  - e. Copies of all loan documents relating to any permitted junior liens upon the property (if there are any senior liens, senior lender will be required to agree to, among other things, grant the Lender 30 days to cure any defaults by the Borrower under senior loans).
2. Satisfactory proof of availability of utilities, tap fees, zoning and APF issues, etc.
3. Confessed judgment clauses in note and continuing guaranty.
4. If an entity owns any of the collateral, the Borrower will be required to pledge all of the ownership interests of such entity(ies).
5. Ownership interests in Borrower entity to be pledged as additional collateral.
6. The Lender reserves the right to impose such additional requirements as the Lender, in its sole discretion, deems necessary or appropriate after a full review of the items to be provided by the Borrower.
7. Marc Wertheimer (Lender's counsel) will be reviewing all aspects of this loan. Borrowers are to pay all costs of the loan, including fees charged by Lender's counsel. Wertheimer, Kipnis & Voudouris, LLC, 7700 Old Georgetown Road, Suite #500, Bethesda, Maryland 20814. Tel: 301-986-0060, Fax: 301-986-4002. Attn: Marc Wertheimer
8. By the execution of this Loan Commitment, the undersigned hereby acknowledge(s) and agree(s) that G & G, LLC may publish such information regarding the loan contemplated by this Loan Commitment on its web site (which web site is located at <http://www.gourleyandgourley.com>) as G & G, LLC deems reasonable or appropriate, including, without limitation, copies of (i) this Loan Commitment, (ii) any and all documents evidencing, securing guarantying the loan (e.g., the Note, the Deed of Trust and any other loan documents, (iii) the title commitment and/or title insurance policy issued with respect to the loan, (iv) any and all documents relating to the property(ies) securing the loan or the construction/renovation work thereon, (v) any and all information concerning the borrower(s)' business and finances, (vi) any and all other information G & G, LLC believes is important in order to present a true, complete and accurate understanding of the risks of the loan contemplated by this Loan Commitment. The information published on G & G, LLC's web site shall from time to time be made available to (a) G & G, LLC's member mortgage bankers professional advisors and consultants of G & G, LLC, and (d) such other persons whom G & G, LLC has determined are appropriate to receive such information.
9. Notwithstanding anything to the contrary herein, this Loan Commitment shall automatically terminate if G & G, LLC's Member Mortgage Bankers who own more than 50% of G & G, LLC's Percentages of Company Interest provide written notice that they oppose the making of the subject loan prior to the date which is five (5) days after the date the Borrower has delivered the Loan Commitment Fee referenced above. In the event that the Loan is disapproved by the Member Mortgage Bankers, the Borrower's Loan Commitment Fee will immediately be refunded in full.
10. To all parties involved: G & G, LLC will need a list of all junior lien holders on any and all parcels that are being used as collateral - their name, address, account number, telephone number, fax number and contact person if possible. Make certain that this list is compiled and faxed to us or it will hold up closing.
11. BORROWERS PLEASE NOTE: BORROWER A: ON THE MASTER ("NEW MOM") FORM, IS THE FIRST BORROWER LISTED ON THE TERM SHEET AND WILL BE THE "PAYER" TO RECEIVE THE 1098 IRS INTEREST STATEMENT. THE TAX ID NUMBER AND ADDRESS SHOULD CORRESPOND TO THE "PAYER" AND MONTHLY BILLING INVOICE WILL BE MAILED TO SAME. PLEASE SELECT NOW, NOT LATER, WHO OR WHAT ENTITY YOU WISH TO DESIGNATE. THIS CANNOT BE CHANGED DURING THE TERM OF THIS LOAN, SO DO YOUR RESEARCH AND PICK CAREFULLY RIGHT NOW!

12. COLLATERAL:

- THIS PROPERTY IS USED AS A HOLOSTIC HEALING CENTER AND CHARTER SCHOOL.
  - THE PARCEL IS APPROXIMATELY 92 ACRES AND CONSISTS OF:
    - A 6.5 ACRE WITH A MAIN HOUSE
    - TWO 2 ACRE SECTIONS WITH A HOUSE ON EACH.
    - THE REMAINING 83 ACRES HAS A REPORTED MAXIMUM OF 20% WETLANDS
    - A LARGE AUDITORIUM, AND A DINING FACILITY WITH COMMERCIAL KITCHEN AND DINING AREA.
  - A CURRENT "FIRESALE" VALUE IS FROM 2.2 TO 2.7 MILLION FULL MARKET 3.4 - 4.5 MILLION
13. THE LOAN WILL BE USED TO PAY OFF A \$650,000 FIRST TRUST WITH THE REMAINDER BEING USED TO UPDATE THE STRUCTURES, AND OPERATING CAPITAL TO EXPAND THE SERVICES OF THE CENTER.
14. THIS LOAN WILL HAVE SEVENTY TWO THOUSAND DOLLARS (\$72,000) AS CONTRIBUTED CAPITAL IN G&G, LLC.
15. MARC WERTHEIMER: COLLATERAL LISTED ABOVE CONSISTS OF A LARGE PARCEL IN NEW HAMPSHIRE. THE CORPORATION WAS FORMED IN MASSACHUSETTS, REGISTERED TO DO BUSINESS IN NEW HAMPSHIRE. IT IS A NONPROFIT CORPORATION (401-C3). THE BORROWER WILL BE SIGNING PERSONALLY AND FOR THE CORPORATION.

CONTINUED ON NEXT PAGE

16. DAVID MODELL: THE BORROWER INFORMED ATTORNEY, MR. GORDEN SNYDER AT 603 895 INFORMATION AND GAVE HIM YOUR NAME AND NUMBER. THAT TITLE WORK WAS RECENTLY DONE. I CONTACTED HIS (ASSISTANT ROXANNE) TODAY (4/22/03) TO GET A BLE

17. MARC WERTHIMER AND DAVID MODELL PLEASE ENSURE THAT THERE ARE PROVISIONS IN PLACE THAT NO RESTRICTIONS ON "DEVELOPING" THIS PROPERTY TO ITS HIGHEST AND BEST USE EXIST OR ARE PLACED DURING THE LIFE OF THE G&G, LLC LOAN.

The Borrower(s) understands that until G & G, LLC has the deposit wired into our bank account, that no further action will be taken in preparing this loan for closing. This is a deposit, not a fee. Only outside, hard costs will be paid from the deposit. G & G, LLC will be paid nothing for our time on this case if it does not close, and the remaining balance will be refunded to the Borrower(s). The loan deposit is \$ 3,553.00 and the wiring instructions are as follows:

Bank Name: Alliance Bank  
 Bank Address: 12735 Shop Lane, Fairfax, Virginia 22033  
 Bank Phone: (703) 631-6811  
 ABA (Routing & Transit) Number: 056008881  
 Name of our Account: G & G, LLC  
 Account Number: 0006884

IMPORTANT - Please have bank reference on wire the name of the primary Borrower and loan number used on Term Sheet.

The deposit amount is an abnormal number because it is used as a tracking mechanism for incoming wires. Please notice that the last three numbers of the deposit amount is the assigned loan number.

As an inducement to the Lender to make the Loan, the Borrower has agreed to acquire a membership interest in G & G, LLC and to (i) contribute \$2,000.00 of the proceeds of the Loan disbursed at closing to be contributed to the capital of G & G, LLC in accordance with the terms and conditions set forth in the Amended and Restated Operating Agreement of G & G, LLC dated January 1, 2002 (a copy of which has been provided to the Borrower), (ii) pledge such capital contribution (and the earnings thereon) to G & G, LLC, in its capacity as the Lender, as additional security for the repayment of the Loan, and (iii) authorize G & G, LLC to withdraw such funds to pay interest, principal and any other amounts from time to time due and owing by the Borrower under the Loan documents.

By his/her/its acceptance of this Loan Commitment, the undersigned Borrower(s) hereby authorize(s) G & G, LLC and/or the Settlement Attorney designated herein to contact any and all lenders holding liens against the property(ies) anticipated to secure the Loan proposed herein for such purposes as G & G, LLC may deem appropriate or necessary, including, without limitation, to seek payoff information, payment history or other information related to any such lender's loan to the Borrower. The authorization set forth herein is a power coupled with an interest for as long as the Loan remains an outstanding obligation owed to G & G, LLC.

SM PRR  
 SIGNATURES OF BORROWER AND LENDER:

I/We agree to the terms of the subject FIRST Mortgage.

BORROWER SADASWATI MANDIRAM, INC

4/22/03  
 Date

BORROWER PANDIT RAMADHIEEN  
 RAMSAMOOJ, PERSONALLY

BORROWER

Date

BORROWER

BORROWER

Date

BORROWER

I/We agree to fund the subject FIRST Mortgage.

G & G, LLC

A Virginia Limited Liability Company

By: Gourley & Gourley, LLC

Its Managing Member

By: Gourley & Associates, Inc.

Its Managing Member

By: 

Name: TRENT GOURLEY Title: Managing Member Date: 4/22/03

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 14, 2008

COMMONWEALTH OF VIRGINIA, ~~et al.~~  
STATE CORPORATION COMMISSION

v.

G&G, LLC  
and  
D. TRENT GOURLEY,

CASE NO. SEC-2008-00006

CASE NO. SEC-2008-00007

Defendants

RULE TO SHOW CAUSE

The Division of Securities and Retail Franchising ("Division") of the Virginia State Corporation Commission ("Commission") conducted an investigation of G&G, LLC ("G&G") and D. Trent Gourley ("Gourley") (collectively "Defendants"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 ~~et seq.~~ of the Code of Virginia. Based on its investigation, the Division alleges as follows:

G&G is a Virginia limited liability company with a principal place of business at 8756 Lewinsville Road, McLean, Virginia 22102.

Gourley is an individual residing at 8756 Lewinsville Road, McLean, Virginia 22102.

Numerous investors in Virginia and other states were solicited by G&G, through Gourley, to make investments in a "mortgage pool" operated by G&G. In return for the monies they supplied, investors received "membership interests" in G&G. The membership interests are securities as defined in the Act. G&G would then use those monies to make commercial real estate loans. The G&G Amended Operating Agreement indicates that investors would be paid a "Priority Return" of 8% per annum on a pro rata monthly basis. That interest could be taken monthly, or capitalized and rolled back into the investment. The G&G membership interests

have never been registered as securities with the Division, nor has Gourley been registered with the Division to sell securities in the Commonwealth of Virginia.

It is alleged that G&G: (i) violated § 13.1-507 of the Act, in that it offered and sold its securities, which were not registered under the Act nor exempt from registration; (ii) violated § 13.1-504 B of the Act by selling securities through Gourley, who was not registered with the Division as an agent of the issuer, and (iii) violated § 13.1-502(2) of the Act by omitting to state material facts necessary in order to make the statements made to potential investors, in the light of the circumstances under which they were made, not misleading, in that G&G failed to provide adequate risk warnings to potential investors.

It is alleged that Gourley: (i) violated § 13.1-504 A of the Act by selling membership interests in G&G without being registered with the Division as an agent of the issuer or as a broker/dealer; (ii) violated § 13.1-507 of the Act, in that he offered and sold securities in the form of membership interests in G&G, which were not registered under the Act nor exempt from registration; and (iii) violated § 13.1-502(2) of the Act by omitting to state material facts necessary in order to make the statements made to potential investors, in the light of the circumstances under which they were made, not misleading, in that he failed to provide adequate risk warnings to potential investors when discussing investing in G&G.

It appears that the Division's allegations describe activities that constitute acts made unlawful by the Act.

Accordingly, IT IS ORDERED THAT:

(1) On July 30 and 31, 2008, at 10:00 a.m., the Commission's Hearing Examiner shall convene a hearing in this case in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, at which time and place the Defendants may appear

and show cause why: (i) the Defendants should not be penalized pursuant to § 13.1-521 of the Act; (ii) the Defendants should not be permanently enjoined from violating the Act pursuant to § 13.1-519 of the Act; and (iii) the Defendants should not be assessed the cost of investigation pursuant to § 13.1-518 of the Act. The Defendants should understand that the Commission may enter a default judgment against any of them should they elect not to appear at the hearing scheduled herein.

(2) On or before March 14, 2008, the Defendants shall each file with the Clerk of the Commission an original and fifteen (15) copies of a responsive pleading in which the Defendant expressly admits or denies the allegations contained in the Rule to Show Cause and presents any affirmative defenses to the allegations that the Defendant intends to assert. The Defendants shall each expressly indicate in such responsive pleading whether or not it desires and intends to appear and be heard before the Commission on the scheduled hearing date. The responsive pleadings shall be delivered to the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and shall contain the caption setting forth the style of this case and its number.

(3) A Defendant may be found in default if it fails to either timely file a responsive pleading as set forth above or other appropriate pleading, or if it files such pleading and fails to make an appearance at the hearing. If found in default, that Defendant shall be deemed to have waived all objections to the admissibility of evidence and may have entered against it a judgment by default imposing some or all of the aforesaid sanctions permissible by law.

(4) Any Defendant may offer to negotiate a settlement of this matter by telephoning the Commission's Office of General Counsel at (804) 371-9671. Any negotiated settlement is

subject to approval by the Commission. It is advisable that such contact be initiated by the Defendants prior to the date upon which the responsive pleading is due to be filed.

(5) In accordance with Rule 5 VAC 5-20-120 A of the Commission's Rules of Practice and Procedure, this matter is assigned to a Hearing Examiner who shall conduct all further proceedings in this case on behalf of the Commission and file a Final Report. In the discharge of his/her duties in this case, the Hearing Examiner shall have the power set forth in Rule 5 VAC 5-20-120 and be otherwise governed by its terms.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission, by CERTIFIED MAIL, RETURN RECEIPT REQUESTED to: John Barr, Esquire, counsel for the Defendants, at McGuire Woods, 901 East Cary Street, James Center, Richmond, Virginia 23219; and the Commission's Office of General Counsel and the Division of Securities and Retail Franchising.



MEMORANDUM

TO: Member Mortgage Bankers  
 FROM: D. Trent Gourley  
 DATE: December 19, 2007  
 RE: Policies and Procedures Regarding Hardship Distributions

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Dear MMBs:

As you should all be aware, G&G, LLC is continuing its efforts to obtain loan pay-offs, sell its real estate assets and wind down the fund. In our Memorandum dated November 15, 2007, we described the process by which proceeds from pay-offs and sales would be distributed to the MMBs in phases. Notwithstanding the distribution plan presented in our November 15th Memo, we understood that there would be situations where an MMB was experiencing a particularly difficult hardship which would require a distribution to the MMB outside the plan.

If an MMB is experiencing an immediate, heavy, financial hardship, and provided funds are available for distribution, G&G will make a distribution to a requesting MMB in accordance with the terms outlined in this Memorandum.

For purposes of this Memorandum, "hardship" shall mean and refer to a request for distribution outside of G&G's plan of distribution in order to pay for any one of the following:

- (1) Expenses arising with respect to medical care relating to life-threatening or significant illness or injury of an MMB or a member of the MMB's immediate family;
- (2) Tuition and related educational expenses (such as room and board expenses) for an MMB or a member of the MMB's immediate family;
- (3) Payments necessary to prevent the eviction of an MMB from the MMB's principal residence or foreclosure on that residence; and
- (4) Payments for burial or funeral expenses for an MMB or a member of the MMB's immediate family.

In order to process a hardship distribution request, the requesting MMB must submit to G&G the following:

- (1) A written request for a hardship distribution which clearly describes the circumstances surrounding the hardship;
- (2) Documentation and other supporting materials which evidences the existence of the hardship; and
- (3) A current, signed financial statement of the requesting MMB.

Hardship Distributions  
Policy and Procedures  
December 19, 2007  
Page 2

When reviewing a request for a hardship distribution, G&G may consider (x) the severity of the hardship, (y) whether the requesting MMB has other financial means for paying the expenses arising from the hardship, and (z) whether the G&G has the liquidity to make the hardship distribution (after taking into account G&G's projected expenses for the upcoming three-month period). Please note that the burden to show that an immediate, heavy, financial hardship exists rests with the requesting MMB.

Upon receipt of a request for hardship distribution, G&G shall endeavor to provide the requesting MMB with a response to his/her request within ten (10) business days of such request. The decision by G&G as to whether to make a hardship distribution shall be final; provided, however, that the requesting MMB may appeal G&G's decision to deny a hardship distribution request with the MMB Committee. Upon written request from the MMB Committee, G&G will reconsider its decision to deny a hardship distribution; however, again G&G's reconsidered decision will be binding.

The following rules shall also govern hardship distributions:

(1) If G&G decides to honor an MMB's hardship distribution request, the requesting MMB shall be entitled to receive hardship distributions not to exceed the lesser of (x) Seven Thousand Five Hundred Dollars (\$7,500) per calendar quarter (i.e., \$30,000 per calendar year), (y) the amount necessary to cover the financial hardship, or (z) seventy percent (70%) of the MMB's account balance at the time of the request.

(2) Any hardship distributions made to MMBs shall be offset by future distributions to which the requesting MMB is entitled pursuant to G&G's distribution proposal (as described in our November 15, 2007 Memorandum).

The procedures set forth in this Memorandum shall remain in place during the pendency of the multi-state Task Force's investigation of G&G, LLC. All MMBs who previously submitted requests for hardship distributions must resubmit their requests in accordance with the procedures set forth in the Memorandum.

Best wishes for a joyous Holiday season,

D. Trent Gourley