



Federal Deposit Insurance Corporation Office of Inspector General Office of Investigations

Special Agent Chris Conn
Special Agent Jeff Shaw



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Government Guaranteed Loans & Commercial Loans



Government Guaranteed Loans & Commercial Loans



Overview

Government loans are loans in which a portion or full amount of the loan is guaranteed by the US Government in the event it was to fail/default. To put it simply, **it reduces risk!**

- SBA 7a Loans – Portion of Loan guaranteed by the SBA i.e. 75% risk to SBA and 25% risk to the lender;**
- FHA Loans – (part of HUD) insures mortgage loan so the lender can offer a better deal;**
- USDA Loans – Single Family Housing Guaranteed Loan Program (administered by Rural Development) 90% loan note guarantee to approved lenders in order to reduce risk.**



Government Guaranteed Loans & Commercial Loans



Why Do We Care?

- FDIC exams typically focus on the unguaranteed portion of the loan;
- GOV can deny purchase requests (guarantee) and the risk is then shifted to the lender;
- Lender Service Providers** or **third parties** can put bank at risk.



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Lender Service Provider (LSP)

-Due to insufficient resources or inexperience with the complexities of SBA (or USDA etc.) lending requirements, many lending institutions contract with LSPs to provide services in connection with originating, closing, servicing, or liquidating SBA business loans.

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Banc-Serv Partners



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How It Started



SBA Loan in question –
appearance of denied use of
proceeds changed to working
capital in order to hide from
SBA;

Inquired with SBA LGPC and
they informed that **Banc-Serv**
did that numerous times....too
many to count.



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Indiana Baseball Academy



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Bank Loan Worksheet

LOAN REQUEST 1			
Borrower:	Indiana Baseball Academy, Inc.		
Status:	New		
Loan Amount:	\$350,000		
Loan Type:	Term		
Interest Rate:	Prime + 2.75%		
Fees:	Standard SBA Fees		
Term/Amort:	10 Years // 10 Years		
Payments:	P&I Monthly		
Purpose:	Debt consolidation and Working Capital		
Primary Collateral:	1st Lien on all Business Assets; Assgn of \$350M LI Policy on both Martha (Kris)		
Secondary Collateral:	Barrientos, Owner, and Cesar Barrientos, Director of Baseball Training		
Guarantors/% or amt:	Martha Kristine Barrientos (100%) // Unlimited Martha Cesar Barrientos <i>RDB</i>		
Primary Repay:	Cash flow generated from business operations		
Secondary Repay:	Liquidation of collateral		
Policy Exception:	None		
Code #	C	Call Report #	4
Commercial Loans (C&I)			
SOURCES AND USES SUMMARY			
Sources	Amount	Uses	Amount
CFB Term	\$350,000	Debt Consolidation	\$240,000
		New Equip & Improvements	\$30,500
	\$0	Working Capital	\$79,500
TOTAL SOURCES:	\$350,000	TOTAL USES:	\$350,000

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COMPANY HISTORY / CFB BACKGROUND / DEAL SUMMARY

Indiana Baseball Academy, Inc is owned 100% by Martha "Kristine" Barrientos. Her husband, Cesar, is a paid employee and the baseball specialist. The business has evolved from helping kids in their back yard to revenues of over \$300M. Kristine and Cesar are very well connected in the Zionsville/Carmel community. All of the business growth has been word of mouth by parents and their reputation speaks for itself.

Private lessons are the staple of the Indiana Baseball Academy's developmental program. A College Prep Program is for college-hopeful student athletes. The program includes clinics that featuring college coaches. They have an Elite Program for student athletes who desire an advanced level of training and conditioning. IBA also offers seasonal camps, tournaments, facility rental, sports performance training, hitting leagues and organized team workouts.

In addition, IBA utilizes The RightView Pro Video. This is the most advanced baseball and softball video analysis software on the market. It is a video comparison of the swing of major league players to their students and shows areas that need improvement. This is available for both baseball and softball, hitting and pitching.

As with many small businesses, they have financed everything via student loans, credit cards and family. They would like to consolidate debt from many sources which totals \$250M as well as borrow \$50M for working capital, \$15M for marketing, \$25M for a new electronic pitching unit and field turf and \$5M for other improvements which are needed per the Fire Marshall. Kristine has a \$3000 tax lien from the state of Indiana from 2007 taxes that she was not aware the accountant did not pay. She is currently working with the State via a \$50 per month payment plan in getting this paid.

As with many small businesses, they have financed everything via student loans, credit cards and family. They would like to consolidate debt from many sources which totals \$250M as well as borrow \$50M for working capital, \$15M for marketing, \$25M for a new electronic pitching unit and field turf and \$5M for other improvements which are needed per the Fire Marshall. Kristine has a \$3000 tax lien from the state of Indiana from 2007 taxes that she was not aware the accountant did not pay. She is currently working with the State via a \$50 per month payment plan in getting this paid.

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Borrower Name: Indiana Baseball Academy, Inc.

Use of Loan Proceeds	Amount
Purchase Land only	\$ 0.00
Purchase Land and Improvements	\$ 0.00
Purchase Improvements	\$ 0.00
Construct a Building	\$ 0.00
Add an Addition to an Existing Building	\$ 0.00
Make Renovations to an Existing Building	\$ 0.00
Pay off Interim Construction Loan	\$ 0.00
Pay Off Lender's Interim Loan	\$ 0.00
Leasehold Improvements	\$ 5,000.00
Purchase Equipment	\$ 25,000.00
Purchase Furniture and Fixtures	\$ 0.00
Purchase Inventory	\$ 0.00
Pay Trade or Accounts Payable	\$ 0.00
Pay Notes Payable—not Same Institution Debt	\$ 235,000.00
Pay Notes Payable – Same Institution Debt	\$ 0.00
Purchase Business - Asset Purchase	\$ 0.00
Purchase Business - Stock Purchase	\$ 0.00
Refinance SBA Loan	\$ 0.00
Working Capital	\$ 85,000.00
SBA Guaranty Fee	\$ 0.00
Other	\$ 0.00
Total	\$ 350,000.00

GOVERNMENT EXHIBIT 33
1:19-CR-00103

Handwritten notes:

NP = 93,000

WC = 107,907.5

+ 114,993.5

222,902.5



Government Guaranteed Loans & Commercial Loans



U.S. Small Business Administration

AUTHORIZATION
(SBAExpress/Patriot Express LOAN)

SBA Loan# 4034545007

U.S. Small Business Administration
Sacramento District Office
660 J Street
Sacramento, CA, 95814-2413Lender:
Community First Bank of Indiana
201 W. Sycamore
Kokomo, IN, 46901

Lender is issuing this SBAExpress or Patriot Express Loan Authorization for SBA to guarantee 90.00 % of a loan in the amount of \$350,000.00 to be made by Lender to assist:

Borrower: **Indiana Baseball Academy, Inc.,**
1630 Walden Ct.
Zionsville, IN, 46077

5. Lender must develop and maintain evidence of a system or process to reasonably ensure that proceeds of loan were used for the following eligible business purposes:

Purpose	Amount
Working Capital	\$227,000.00
Payoff Debt	\$ 93,000.00
Make Leasehold Improvements to a Building	\$ 5,000.00
Purchase Equipment	\$ 25,000.00

5 days earlier

USES SUMMARY	
Uses	Amount
Debt Consolidation	\$240,000
New Equip & Improvements	\$30,500
Working Capital	\$79,500
TOTAL USES:	\$350,000

LENDER

By: Kelly K. Avers
(Authorized Signature)4/21/10
(Date)Kelly K. Avers, Vice President
(Name Print/Title)

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Business Indebtedness

Call Sheriff Department

To Whom Payable	Address	Original Amount	Original Date	Present Balance	Rate of Interest	Maturity Date	Monthly Payment	Security	Current Status	Repay?
Acct #Wells Fargo Auto #502-374077-8729-9001	PO Box 29704, Phoenix, AZ	39,433.00	May '07	24,958	9.75%	Jun '13	728	Car	C	X
Acct # ProBatter #Ron Smith	Ron Smith	50,000	Jan '09	43,000	3%	Jan '14	942	Pro Batter	C	X
Acct # New Turf # Kerri Smith	Kerri Smith	18,500	9-Dec	18,500	0%	Dec-10	0	unsecured	c	X
Acct # Chase #4266841203230196	PO Box 94014, Palantine, IL 60094-4014	500	2005	250	29.90%	n/a	15	unsecured	C	X
Acct # Citi #5424181017741716	Citi Processing Des Moines, IA 50363-0000	3000	2006	2,700	28.90%	n/a	100	unsecured	C	X
Acct # Capital One #	POBox 6492, CarolStream, IL 60197	3500	2006	3,100	23.90%	n/a	100	unsecured	C	X
Acct # Discover #	POBox 6103, Carol Stream, IL 60197	1000	2007	750	16.99%	n/a	30	unsecured	C	X
Acct # Home Depot #0035320231651025	HDGS Processing, Des Moines, IA 50364	500	2007	200	26.90%	n/a	10	unsecured	C	X
Acct # First Premier #4869557433071041	POBox5524, Sioux Falls, SD 57117-5524	400	2005	50	19.90%	n/a	15	unsecured	C	X
Acct # Sallie Mae-Privat # 9058929313	PO Box 2461, Wilkes Barr, PA 18773-9533	75306	2005	75,000	1%	n/a	535	unsecured	C	X
Acct # Orchard #5155990006224059	HSBC Card Services, POBox 80584, Salinas, CA 93912-0084	300	Sep '06	100	12.90%	n/a	15	unsecured	C	X
TOTAL:		192,439		168,608	0.1574		2490			



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INDIANA BASEBALL ACADEMY, INC
1630 WALDEN CT
ZIONSVILLE IN 46077

000059

848

BUSINESS SAVINGS 2001-551

NEW ACCOUNT BALANCE ON 04/21/10 .00

2 DEPOSITS +132,909.13

WITHDRAWALS .00

3 AUTOMATIC WITHDRAWALS 107,897.32

ANNUAL PERCENTAGE YIELD EARNED 0.10%

INTEREST ADDED THIS STATEMENT +5.98

INTEREST FOR YEAR 2010 *****5.98

BALANCE THIS STATEMENT 06/30/10 25,017.79

DATE	ACTIVITY	AMOUNT	ACTIVITY	AMOUNT	BALANCE
04/21/10					.00
04/22/10	DEPOSIT	+25,000.00	DEPOSIT	+107,909.13	132,909.13
04/26/10	SALLIE MAE EBILL			12,046.92	
04/26/10	SALLIE MAE EBILL			41,595.52	
04/26/10	SALLIE MAE EBILL			54,254.88	25,011.81
06/30/10	INTEREST PAID			+5.98	25,017.79



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Larson Cement Stone

Larson Cement \$1.2 million



U.S. Small Business Administration
AUTHORIZATION
(SBA 7(A) GUARANTEED LOAN)

SBA Loan #	32817060-06
SBA Loan Name	Larson Cement Stone Company
Approval Date	June 13, 2008

Lender: U. S. Small Business Administration (SBA)
BBB Funding, LLC Standard 7a Loan Guaranty Processing C
233 South Wacker Drive 6501 Sylvan Rd., 2nd Floor
Chicago, IL 60606 Citrus Heights, CA 95610

SBA approves, under Section 7(a) of the Small Business Act as amended, Lender's application, June 9, 2008, for SBA to guarantee 75.00% of a loan ("Loan") in the amount of \$1,200,000.00

G. USE OF PROCEEDS

1. \$191,105.00 to pay trade or accounts payable.
2. \$34,704.63 to pay outstanding debt to Great Western Bank # 5186424.
3. \$299,575.77 to pay outstanding debt to Great Western Bank #5145537.
4. \$35,066.00 to pay outstanding debt to Great Western Bank #5137658.
5. \$20,896.60 to pay outstanding debt to Great Western Bank #5173638.
6. \$618,652.00 for working capital.

All amounts listed above are approximate. Lender may not disburse Loan proceeds solely to pay the guarantee fee. Lender may disburse to Borrower, as working capital only, funds not spent for the listed purposes as long as these funds do not exceed 10% of the specific purpose authorized or

Lender must document that Borrower used the loan proceeds for the purposes stated in this Authorization. Lender must complete SBA Form 1050, Settlement Sheet, for each disbursement and retain these forms in its Loan file. Lender must retain, with the Form 1050, documentation supporting the disbursement of proceeds as authorized, such as joint payee checks or evidence of deposit into controlled accounts.



Government Guaranteed Loans & Commercial Loans



SBA		U.S. Small Business Administration Settlement Sheet		OMB APPROVAL NO. 3245-0200 EXPIRATION DATE: 6/30/2008
Lender (Name and Address - Include Zip Code) BBB Funding, LLC 233 South Wacker Dr Chicago IL 60606			Borrower (Name) Larson Cement Stone Co.	
SBA Loan Number (10 digits) 3281706006			Lender Computes Interest on a 365 day yr Actual day basis.	
Sum of Prior disbursements \$ 0.00			+ This Disbursement \$ 1,200,000.00 = Total \$ 1,200,000.00	
The provisions of 18 U.S.C. 1001 and 15 U.S.C. 645 provide certain criminal penalties for making false statements, willfully overvaluing collateral, or other prohibited acts. To induce SBA, directly or indirectly, to participate in this loan, the Borrower subject to these provisions, acknowledges receipt of \$ 1,200,000.00 on Jun 20, 2008 and certifies				

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Subparagraph	Name of Payee	Date and Amount of Payment		Purpose
3	Larson Cement Stone Co.	Jun 20, 2008	\$579,258.50	Working Capital
3	Larson Cement Stone Co.	Jun 20, 2008	\$5,912.50	Reserve for Property Taxes
3	Archer Land Title, Inc.	Jun 20, 2008	\$5,880.00	Title Fees
3	Shaw Gussis Fishman Glantz Wolfson & Towbin LLC	Jun 20, 2008	\$1,500.00	Attorney Fees
3	banc-serv PARTNERS	Jun 20, 2008	\$1,500.00	Search/Filings/UPS
3	banc-serv PARTNERS	Jun 20, 2008	\$2,000.00	Packaging Fee
3	Small Business Administration	Jun 20, 2008	\$31,500.00	SBA Fee
1	Larson Cement Stone Co.	Jun 20, 2008	\$191,105.00	Pay Accounts Payable
2	Great Western Bank	Jun 20, 2008	\$381,344.00	Pay Outstanding Debt



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From: Chad Griffin [mailto:CGriffin@Banc-Serv.com]
Sent: Friday, April 25, 2008 8:37 AM
To: Jeff Fordice
Cc: Kerri Agee; Matthew C. Smith; Sandy Oh
Subject: Larson Cement

Jeff,

Do you have an updated write-up that reflects Chuck as a guarantor; Kerri mentioned you were going to add him. I also need to know what the "Accrued Liabilities" are we are paying off.

Thanks

Chad Griffin

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Sent: Friday, April 25, 2008 10:57 AM

To: Chad Griffin

Subject: RE: Larson Cement

I'll get it over to you, it would only affect cash flow as the PFS was joint anyway. Accrued liabilities are past due payroll taxes. They currently do not have a lien filed and actually alerted the IRS to the situation. They are agreeable to working with them as long as they continue to work towards this refinance.

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From: Kerri Agee [mailto:KAgee@Banc-Serv.com]
Sent: Friday, April 25, 2008 11:38 AM
To: Jeff Fordice; Sandy Oh
Cc: Matthew C. Smith; Chad Griffin
Subject: Larsons Cement

Jeff,

We can not show we are paying past due taxes. These would have to be categorized as working capital and we would have to justify what the eligibility of this much working capital would be used for. Again, we would not be able to state back taxes.

Kerri L. Agee-Smith
banc-serv PARTNERS, LLC.

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From: Chad Griffin <BANC-SERV/FIRST ADMINISTRATIVE GROUP/RECIPIENTS/CGRIFIN>
Sent: 5/8/2008 19:18:03 +0000
To: Jeff Fordice <Jfordice@BridgeFinanceGroup.com>
CC: 'Sandy Oh' <sandyoh@BridgeHCF.com>; Kerri Agee <KAgee@Banc-Serv.com>; "Matt Smith (Bridge)" <MSmith@BridgeFinanceGroup.com>
Subject:
Attachments: PS 2008 04 04 Larson Cement Stone Company.pdf

Jeff,

We are going to need the use of proceeds in the write-up to say the funds that will be used to pay the Accrued Liabilities (Payroll Taxes) are for working capital. The SBA will not let us pay back taxes with loan proceeds. I understand it is not referenced in the write-up however the SBA will trace this back to the tax returns.

Thank you,

Chad Griffin


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THIS DOCUMENT HAS AN ARTIFICIAL WATERMARK PRINTED ON THE BACK. ABSENCE OF THIS FEATURE WILL INDICATE A COPY.

91179 / MA 1700009

 **Great Western Bank**SM 0914 290078
Making Life Great Member FDIC

DATE: 6/20/08 83-541
920

REMITTER: LARSON CEMENT STONE COMPANY
COMMENTS: LARSON CEMENT STONE COMPANY FEDERAL TAX ID #47-0485040

PAY TO THE ORDER OF: INTERNAL REVENUE SERVICE

EXACTLY **770,342 AND 31/100 DOLLARS \$ *****770,342.31

CASHIER'S CHECK

PAYABLE THROUGH
FIRST INTERSTATE BANK
HELENA, MT

[Signature]
AUTHORIZED SIGNATURE

⑈ 290078 ⑈ ⑆ 0920054 1 1 ⑆ 01400 100 2 2 188 ⑈

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Ray Thomas
Internal Revenue Agent
ID No. 39-00651

7215 Ontario Street
Omaha, NE 68124

Office: 402-361-0265 FAX: 402-361-0133



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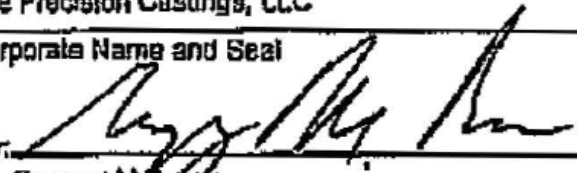
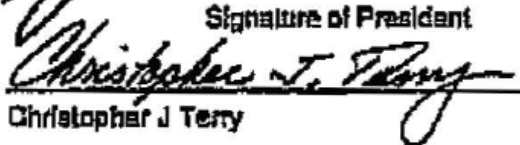
Ace Precision

Government Guaranteed Loans & Commercial Loans



SBA		U.S. Small Business Administration APPLICATION FOR BUSINESS LOAN		OMB Approval No. 3245-0016 Expiration Date: 4/30/2008
Individual Gregory M Brown	Full Address 707 Circle Drive Marshalltown IA 50158-			
Name of Applicant Business Ace Precision Castings, LLC		Tax I.D. No. or SSN 42-1526256		
Full Street Address of Business 610 South 12th Ave		Tel. No. (inc. A/C) (641)753-5566		

MANAGEMENT (Proprietor, partners, officers, directors, all holders of outstanding stock --100% of ownership must be shown.) Use separate sheet if necessary.					
Name and Social Security Number and Position Title	Complete Address	% Owned	*Military Service From To	*Sex	
Gregory M Brown CEO	483-52-8713 707 Circle Drive Marshalltown, IA, 50158-	50.00 %	1970 1972	Male	
Race *: American Indian/Alaska Native <input type="checkbox"/> Black/African-Amer. <input type="checkbox"/> Asian <input type="checkbox"/> Native Haw./Pacific Islander <input type="checkbox"/> White/Cauc. <input checked="" type="checkbox"/>			*Service Disabled <input type="checkbox"/>		
Ethnicity*: Hisp./Latino <input type="checkbox"/> Not Hisp./Latino <input checked="" type="checkbox"/>					
Christopher J Terry President	278-50-5000 2112 Winters Way St. Joseph, IA, 49085-	50.00 %		Male	
Race *: American Indian/Alaska Native <input type="checkbox"/> Black/African-Amer. <input type="checkbox"/> Asian <input type="checkbox"/> Native Haw./Pacific Islander <input type="checkbox"/> White/Cauc. <input checked="" type="checkbox"/>			*Service Disabled <input type="checkbox"/>		
Ethnicity*: Hisp./Latino <input type="checkbox"/> Not Hisp./Latino <input checked="" type="checkbox"/>					

Ace Precision Castings, LLC		Oct 09, 2007
Corporate Name and Seal		Date
By: 	10-11-07	
Gregory M Brown		
Signature of President		
Attested by: 		
Christopher J Terry		

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U. S. Small Business Administration Tel: 916-735-1515-Ext 4298
Sacramento 7a Processing Center Fax: 916-735-1680
6501 Sylvan Road TDD: 202-481-1768
Citrus Heights, CA 95610

October 16, 2007

Bill Fajen
Vice President
First American Bank
12333 University Avenue
Clive, IA 50325

Re: Ace Precision Castings, I.L.C.
SBA Control No. 003243

Dear Bill:

We reviewed the above referenced
approve the request for the followi

1. Not eligible because of policy
applicant's credit history is sig
applications". As a result, app
credit history based on the bus
Christopher J. Terry was a reci
off for non payment in 2003. A
civil Judgment that is not satis
record with SBA loans does no

Due to the above reason, this loan
be of assistance to this project.

Reconsideration of this application
submission, within six months of t
Standard 7A Guaranty Processing Center, 262 Black Gold Boulevard, hazard, KY 41701. The
reason(s) for decline must be substantially overcome and all necessary information must be
brought up to date. Financial statements and data, in particular, must be less than 90 days old at
the time SBA receives the request.

If you have any questions, please call me at (916) 735-1515 Ext 4298.

Sincerely,

Dusty Rhoads

We reviewed the above referenced application. We regret to inform you that we were unable to
approve the request for the following reason:

1. Not eligible because of policy reasons. "As part of the overall character evaluation, an
applicant's credit history is significantly relied upon during the processing of SBA
applications". As a result, applicant concerns and their principals cannot have a negative
credit history based on the business and personal credit reports. Our records indicate that
Christopher J. Terry was a recipient of an SBA loan (36134840-06) that resulted in a charge
off for non payment in 2003. Also, a recent credit report for Christopher reveals a \$6,901
civil Judgment that is not satisfied. Unfortunately, Christopher's credit history and track
record with SBA loans does not satisfy SBA's good credit requirement.

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U. S. SMALL BUSINESS ADMINISTRATION
STANDARD 7A GUARANTY PROCESSING CENTER
262 BLACK GOLD BOULEVARD
HAZARD, KY 41701
606-436-0801

October 17, 2007

Bill Fajen
First American Bank
12333 University Avenue
Clive, IA 50325

Re: Ace Precision Castings, LLC

Dear Mr. Fajen:

We have carefully reviewed the referenced loan applications. Although every effort was made to find a basis for approval, the following unfavorable credit factors do not permit approval of this loan request:

1. Not eligible because of policy reasons. This request was a reconsideration that involved one of the principal's Christopher J. Terry having an existing charged off SBA loan and a civil judgment that had not been satisfied. The original request was declined due to these issues and then resubmitted with the ownership changed to Mr. Terry having 15%. SBA regulations are if an individual who owns 20 percent or more of the applicant firm changes their ownership percentage to less than 20 percent within 6 months of applying for SBA business loan assistance, that individual is still subject to the requirements for personal resource utilization, good character, and personal guarantee execution. This makes the application still a decline.

1. Not eligible because of policy reasons. This request was a reconsideration that involved one of the principal's Christopher J. Terry having an existing charged off SBA loan and a civil judgment that had not been satisfied. The original request was declined due to these issues and then resubmitted with the ownership changed to Mr. Terry having 15%. SBA regulations are if an individual who owns 20 percent or more of the applicant firm changes their ownership percentage to less than 20 percent within 6 months of applying for SBA business loan assistance, that individual is still subject to the requirements for personal resource utilization, good character, and personal guarantee execution. This makes the application still a decline.

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From: Kelly Isley <BANC-SERV/FIRST ADMINISTRATIVE GROUP/RECIPIENTS/KISLEY>
Sent: 10/18/2007 21:51:57 +0000
To: Nicole Smith <NSmith@Banc-Serv.com>
CC: Kerri Agee <KAgee@Banc-Serv.com>
Subject: Rec Room and Ace Precision...
Hi Nicole –

I just talked to Frank and here is the latest on the above applications....

- 1) Rec Room – it has gone past Jim Hamersley to get the ok to allow the application stating the affiliate is closed and should not be in the numbers to determine size eligibility. He hopes to hear the answer tomorrow.
- 2) Ace Precision – this as well is getting okayed to allow Greg to take 100% vs. 85/15 because of the 6 month rule. Chris can not be a key employee at all....i told Frank he would be employed there but not a vital part of the operations. He hopes to know on this tomorrow as well.

I am going to follow up with him at noon our time tomorrow....thx

Kelly Isley

banc-serv PARTNERS, LLC

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-----Original Message-----

From: "Kelly Isley" <KIsley@Banc-Serv.com>

Date: Wed, 24 Oct 2007 10:47:17

To: "Kerri Agee" <KAgee@Banc-Serv.com>, "Nicole Smith" <NSmith@Banc-Serv.com>

Subject: RE: Ace Precision

I know I think so.....we could do it as a dba which should not bring it back up in the system.....you tell us to go and we are on it...

Kelly Isley
banc-serv PARTNERS, LLC

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-----Original Message-----

From: Kerri Agee

Sent: Wednesday, October 24, 2007 11:03 AM

To: Kelly Isley; Nicole Smith

Subject: Re: Ace Precision

We have already lost a week I say we change and go back in!

Sent via BlackBerry by AT&T



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From: Kelly Isley <BANC-SERV/FIRST ADMINISTRATIVE GROUP/RECIPIENTS/KISLEY>
Sent: 10/24/2007 14:52:37 +0000
To: Nicole Smith <NSmith@Banc-Serv.com>; Kerri Agee <KAgee@Banc-Serv.com>
Subject: RE: Ace Precision
I don't think you have to call Bill as I updated him on what we were awaiting.....they will not know the difference on it.....
:)

Kelly Isley
banc-serv PARTNERS, LLC

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awaiting.....they will not know the difference on it.....

:)


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Government Guaranteed Loans & Commercial Loans



		U.S. Small Business Administration		OMB Approval No. 3245-0016 Expiration Date: 4/30/2008	
Individual Gregory M Brown		Full Address 707 Circle Drive Marshalltown IA 50158-			
Name of Applicant Business Ace Precision Castings, LLC		Tax I.D. No. or SSN 42-1526256			
Full Street Address of Business 610 South 12th Ave		Tel. No. (inc. A/C) (641)753-5566			
City Marshalltown	County Marshall	State IA	Zip 50158-	Number of Employees (Including subsidiaries and affiliates)	

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		U.S. Small Business Administration		OMB Approval No. 3245-0016 Expiration Date: 4/30/2008	
Individual Gregory M Brown		Full Address 707 Circle Drive Marshalltown IA 50158-			
Name of Applicant Business Gregory Brown DBA Precision Ace		Tax I.D. No. or SSN 483-52-8713			
Full Street Address of Business 610 South 12th Ave		Tel. No. (inc. A/C) (641)753-5566			
City Marshalltown	County Marshall	State IA	Zip 50158-	Number of Employees (Including subsidiaries and affiliates)	

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MANAGEMENT (Proprietor, partners, officers, directors, all holders of outstanding stock –100% of ownership must be shown.) Use separate sheet if necessary.

Name and Social Security Number and Position Title	Complete Address	% Owned	*Military Service From To	*Sex
Gregory M Brown CEO 483-52-8713	707 Circle DriveMarshalltown, IA, 50158-	50.00 %	1970 1972 *Service Disabled <input type="checkbox"/>	Male
Race *: American Indian/Alaska Native <input type="checkbox"/> Black/African-Amer. <input type="checkbox"/> Asian <input type="checkbox"/> Native Haw./Pacific Islander <input type="checkbox"/> White/Cauc. <input checked="" type="checkbox"/>		Ethnicity*: Hisp./Latino <input type="checkbox"/> Not Hisp./Latino <input checked="" type="checkbox"/>		
Christopher J Terry President 278-50-5000	2112 Winters WaySt. Joseph, IA, 49085-	50.00 %	 *Service Disabled <input type="checkbox"/>	Male
Race *: American Indian/Alaska Native <input type="checkbox"/> Black/African-Amer. <input type="checkbox"/> Asian <input type="checkbox"/> Native Haw./Pacific Islander <input type="checkbox"/> White/Cauc. <input checked="" type="checkbox"/>		Ethnicity*: Hisp./Latino <input type="checkbox"/> Not Hisp./Latino <input checked="" type="checkbox"/>		

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MANAGEMENT (Proprietor, partners, officers, directors, all holders of outstanding stock –100% of ownership must be shown.) Use separate sheet if necessary.

Name and Social Security Number and Position Title	Complete Address	% Owned	*Military Service From To	*Sex
Gregory M Brown President 483-52-8713	707 Circle DriveMarshalltown, IA, 50158-	100.00 %	1970 1972 *Service Disabled <input type="checkbox"/>	Male
Race *: American Indian/Alaska Native <input type="checkbox"/> Black/African-Amer. <input type="checkbox"/> Asian <input type="checkbox"/> Native Haw./Pacific Islander <input type="checkbox"/> White/Cauc. <input checked="" type="checkbox"/>		Ethnicity*: Hisp./Latino <input type="checkbox"/> Not Hisp./Latino <input checked="" type="checkbox"/>		
		*Service Disabled <input type="checkbox"/>		
Race *: American Indian/Alaska Native <input type="checkbox"/> Black/African-Amer. <input type="checkbox"/> Asian <input type="checkbox"/> Native Haw./Pacific Islander <input type="checkbox"/> White/Cauc. <input type="checkbox"/>		Ethnicity*: Hisp./Latino <input type="checkbox"/> Not Hisp./Latino <input checked="" type="checkbox"/>		

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Ace Precision Castings, LLC ←
Corporate Name and Seal
Oct 09, 2007
Date
By: [Signature] 10-11-07
Gregory M Brown
Signature of President
Attested by: [Signature]
Christopher J Terry
Signature of Corporate Secretary

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Precision Ace ←
Corporate Name and Seal
Oct 09, 2007
Date
By: [Signature] 10-11-07
Gregory M Brown
Signature of President
Attested by: [Signature]
Signature of Corporate Secretary

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Business Name Ace Precision Castings, LLC

By *Gregory M. Brown* Oct 09, 2007
Signature and Title: Gregory M Brown CEO Date

Guarantors: *Gregory M. Brown* Oct 09, 2007
Signature: Gregory M Brown Individually Date

Christopher J. Terry Oct 09, 2007
Signature: Christopher J Terry Individually Date

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Business Name Precision Ace

By *Gregory M. Brown* Oct 09, 2007
Signature and Title: Gregory M Brown President Date

Guarantors: *Gregory M. Brown* Oct 09, 2007
Signature: Gregory M Brown Individually Date

Signature: _____ Date _____

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What Does ALL this lead to?

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Search Warrant

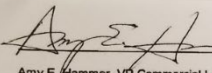
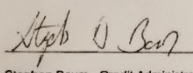


October 2017

Government Guaranteed Loans & Commercial Loans



The “Cut & Paste”

Axiom Bank	
<p>Date: October 12, 2017 To: U.S. Small Business Administration Re: Black Hammock Holdings, LLC and Common Ground Adventures, Inc. SBA Loan Number: 9475675009</p> <p>To Whom It May Concern:</p> <p>We are notifying the SBA of the following amendment to the Authorization:</p> <p>G. USE OF PROCEEDS</p> <p>Please DELETE:</p> <ol style="list-style-type: none">1. \$219,500.00 to Purchase Land2. \$127,000.00 to Construct Building3. \$20,000.00 to Purchase Equipment4. \$10,000.00 to Working Capital5. \$9,000.00 to Guarantee Fee6. \$14,500.00 to Closing Costs <p>TOTAL: \$400,000.00</p> <p>Please ADD:</p> <ol style="list-style-type: none">1. \$219,500.00 to Purchase Land2. \$127,000.00 to Construct Building3. \$0.00 to Purchase Equipment4. \$30,000.00 to Working Capital5. \$9,000.00 to Guarantee Fee6. \$14,500.00 to Closing Costs <p>TOTAL: \$400,000.00</p> <p>REASON: The borrower has requested to adjust the use of proceeds allocated for the equipment into working capital. The borrower has a purchase order for a new tractor however the dealer has offered the borrower financing terms of 5.9% for 60 months, which are more favorable than the rate provided for with the SBA loan. The original request of \$10M working capital was to be utilized for labor, materials and architect fees to build an onsite low rope course. The change requested to move \$20M from Equipment to Working Capital will be utilized as follows:</p>	<p>\$4,400.00 for down payment on tractor \$2,00.00 for engineering & permitting for treehouse \$5,000.00 for Material to build treehouse \$8,600.00 Labor to build treehouse</p> <p>The proforma debt service upon approval reflected 2.31X in 2017 and 2.14X for 2018. The proposed debt service obligation for the dealer financed tractor would be \$339.44 monthly for 60 months. The proforma debt service including the dealer financed tractor would be 2.18X for 2017 and 2.02X for 2018, which is still within bank guidelines.</p> <p>If you have any questions, please don't hesitate to contact Lori Elston at 317.204.4086 or lelston@banc-serv.com</p> <p>Thank you.</p> <p> Amy E. Hammer, VP Commercial Lender</p> <p> Stephen Baum, Credit Administration Manager</p>



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Scheme Recap



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Misrepresent use of proceeds

“Restructuring disbursements for non-approved payments”

Fraudulent seller carry backs.

“The creation of false equity”

Borrower Eligibility

“Ineligible borrowers”

Fraudulent business appraisals.

“Assigns a higher value”

Fraudulent cash injections.

“Another creation of false equity or skin in the game”

Non-disclosure of outstanding debts.

“Masking the true indebtedness of the business”

Fraudulent past due certifications.

“Masking the true performance of the business”

Exaggerated cash flow projections.

“Another masking of the true performance of the business”



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Financial Institution Fraud



Questions?