

E-Filed: \_\_\_\_\_

1 DAVID J. WINTERTON, ESQ.  
Nevada Bar No. 004142  
2 DAVID J. WINTERTON & ASSOC., LTD.  
1140 N. Town Center Drive, Suite 120  
3 Las Vegas, Nevada 89144  
Phone: (702) 363-0317  
4 Facsimile: (702) 363-1630  
Email: david@davidwinterton.com

5 *Attorneys for Debtor*  
6 *and Debtor in Possession*

7  
8 **UNITED STATES BANKRUPTCY COURT**  
9 **DISTRICT OF NEVADA**

10 In re: )  
11 C & S COMPANY, INC. )  
12 ) Case No. BK-S-16-14155-mkn  
13 Debtor. ) Chapter 11  
14 ) **Date: March 15, 2017**  
**Time: 9:30 a.m.**

15 **SUPPLEMENTAL AFFIDAVIT IN SUPPORT OF**  
16 **MOTION TO USE CASH COLLATERAL.**

17 COMES NOW, C & S COMPANY, INC. (hereinafter Debtor”), by and through their  
18 counsel of record, David J. Winterton & Associates, Ltd., hereby files this Affidavit in Support  
19 of Objection to the claim of the Federal Deposit Insurance Corporation Claim No. 3-1.  
20 (“Motion”). The Debtor files this motion for the following reasons:

21 **AFFIDAVIT OF STACY LINDBURG**

22 STATE OF NEVADA )  
23 ) ss:  
24 COUNTY OF CLARK )

25 1. I am Stacy Lindburg, I am one of the principles of the Debtor and I am an officer of the  
26 Debtor. I have personal knowledge as to the facts contained herein and I am competent to  
27 testify if called upon to do so.  
28

1 **A. First Bankruptcy**

- 2 2. The Debtor renewed its note with Colonial Bank ("Bank") on or about January 18, 2008  
3 and it matured on or about February 5, 2008. (See Exhibit 1)
- 4 3. The Debtor was forced to file bankruptcy on or about October 28, 2008.
- 5 4. The Bank filed a proof of claim in the principal amount of \$1,812,968.67. (See Exhibit  
6 1) The Bank closed my account and took over \$233,182.66. (See Exhibit 2) This  
7 payment was not included in the proof of claim.
- 8 5. On or about July 9, 2009, Mr. Larsen on behalf of Colonial Bank made an appearance in  
9 the case and filed a motion to prohibit the use of cash collateral. (See Case No. 08-  
10 22706-mkn: DKT No. 237) The motion was eventually taken off calendar and an order  
11 was never entered as far as I know.
- 12 6. On or about July 2, 2012, the court entered an order approving the Debtor's disclosure  
13 statement. (See Case No. 08-22706-mkn: DKT 665)
- 14 7. On or about November 15, 2012, the Debtor's plan of reorganization was approved. (See  
15 Case No. 08-22706-mkn: DKT # 759)
- 16 8. On or about December 16, 2013, this court entered an order allowing the FDIC to be paid  
17 \$1,445,880.05. (See Exhibit 3; See Case No. 08-22706-mkn: DKT # 809) It is my  
18 understanding the balance of the claim is unsecured.
- 19 9. Except for the funds in the pending litigation, there were no other pre-petition accounts  
20 receivables four (4) years after the filing of the bankruptcy.
- 21 10. The Debtor filed a Chapter 11 petition on or about October 28, 2008. The Plan of  
22 Reorganization provided the following:
- 23 5.2. Class 3: Secured Claim of FDIC (Formerly Colonial Bank). In April of 2006, and  
24 again in October of 2006, Colonial Bank provided capital to the Debtor to be used  
25 toward the operation of the Company in the form of a credit line in the amount of  
26 approximately \$2,000,000.00. To secure the loan, the Debtor executed a  
27 Promissory Note, Change in Terms Agreement, and a UCC-1 Financing  
Statement. The loan is secured by the Debtor's accounts receivable and other  
personal property. On February 4, 2009, Colonial Bank filed its proof of Claim  
NO. 31 in the principal amount of \$1,812,968.67. Subsequently thereafter, on

1 August 14, 2009, Colonial Bank, N.A., a failed financial institution, was declared  
2 insolvent by the Alabama State Banking Department and the FDIC was appointed  
3 as Receiver.

4 To the extent a Court of Competent Jurisdiction ruled by a final, non-appealable  
5 order that the FDIC has an interest which superior to all other claimants to the  
6 Arbitration Proceeds, then the FDIC has an interest which is superior to all other  
7 claimants to the Arbitration Proceeds, then the FDIC will receive payment in full  
8 o fits allowed claim amount. The source of payment will be the Arbitration  
9 Proceeds in the Bankruptcy Court Registry. See also Class 4.

6 5.3 Class 4: Contingency Secured Claim of FDIC. This claim is Contingency upon  
7 the FDIC being the non-prevailing party of the adversary proceeding described  
8 herein (or such other action that may be commenced in a Court of Competent  
9 Jurisdiction ) to resolve the dispute between Merchants Bonding Company and  
10 the FDIC. **The FDIC will be entitled [be entitled] to receive the remaining  
11 portion of the Arbitration Proceeds, if any, with the balance of its secured  
12 claim to be paid in equal monthly installments of \$8,594.00, with interest  
13 accruing at the rate of four (4%) per annum, amortized over thirty (30)  
14 years.** Although, it is impossible to predict the balance of what this claim will be,  
15 the Debtor's best estimate is approximately \$1,800,000.00. The Debtor will  
16 execute a new Promissory Note for the balance of the claim if this continency  
17 occurs.

12 6.2.5. Class 5 - General Unsecured Non-Priority Claims:

13 Class 6 consists of any unsecured claim against the Debtor that is not an 1)  
14 Administrative Claim; 2) Priority Tax Claim; or 3) Super Priority Claim. Each  
15 holder of an allowed General Unsecured Claim shall receive pro rata disbursement  
16 totaling 5% of this allowed claim. Payment will be made semi-annually over a  
17 five (5) year period with the first disbursement to be made on March 1, 2013. The  
18 percentage payout to General Unsecured Non-Priority Creditors may increase  
19 slightly as the Debtor intends to file additional objections seeking disallowance or  
20 reduction in amount of certain Proof of Claim and/or the claims of Creditors listed  
21 on the Debtor's Schedule F.

18 11. The FDIC was the non-prevailing party in the adversary proceeding so Section 5.3 would  
19 apply. The proceeds from the Arbitration Proceedings was \$1,447,049.73. The Plan then  
20 read as follows: **"The FDIC will be entitled [be entitled] to receive the remaining  
21 portion of the Arbitration Proceeds, if any, with the balance of its secured claim to  
22 be paid in equal monthly installments of \$8,594.00, with interest accruing at the rate  
23 of four (4%) per annum, amortized over thirty (30) years."** I do not believe the FDIC  
24 was granted a post-petition security interest in the accounts receivables. The FDIC is  
25 owed nothing under the secured claim.

26 12. The plan of reorganization provided for the following:  
27  
28

1 The FDIC will be entitled [be entitled] to receive the remaining portion of the  
2 Arbitration Proceeds, if any, with the balance of its secured claim to be paid in  
3 equal monthly installments of \$8,594.00, with interest accruing at the rate of four  
4 (4%) per annum, amortized over thirty (30) years.

5 13. On or about July 7, 2014 the FDIC filed a motion to compel the Debtor to sign a note and  
6 security agreement. I did not want to sign the document because I disagreed with what is  
7 owed. (See Case No. 08-22706-mkn: DKT # 852)

8 14. The court entered an order compelling me to sign without verifying the amount owed.

9 15. On or about May 30, 2014, counsel for the Debtor withdrew from the case. (See Case  
10 No. 08-22706-mkn: DKT # 845)

11 16. Counsel for the Debtor filed a motion to withdraw from the case and would not represent  
12 the Debtor any further. The FDIC filed a motion to compel compliance of the plan of  
13 reorganization. The court entered an order compelling the Debtor to sign a document but  
14 the Debtor disputed the amount owed. The United States Trustee office filed a motion to  
15 dismiss the bankruptcy because the Debtor was not represented by counsel. It was  
16 granted and the case was dismissed.

17 17. On or about December 15, 2014, the court entered an order dismiss the first bankruptcy  
18 for failure to obtain counsel. (See Case No. 08-22706-mkn: DKT # 861)

19 **B. Second Bankruptcy**

20 18. On July 28, 2016, the Debtor filed a petition for relief under Chapter 11 of the  
21 Bankruptcy Code. Debtor continues to operate its business as the debtor-in-possession  
22 pursuant to 11 U.S.C. §§1107 and 1108.

23 19. Debtor operates a construction business located at 1902 Sycamore Trail, Las Vegas,  
24 Nevada 89108

25 20. The Debtor was behind in their taxes to the Internal Revenue Service. The IRS filed a  
26 lien on the accounts receivables and the assets of the Debtor. The amount claimed by the  
27 IRS is a priority claim of \$9,596 with a secured claim in the amount of \$424,377 for a  
28 total claim of \$433,975. (See Exhibit 4)

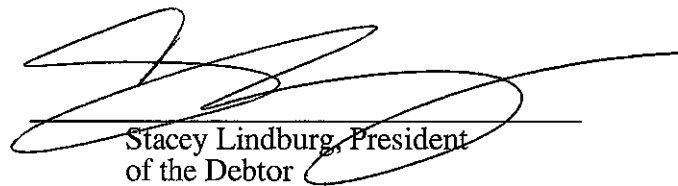
- 1 21. IRS believes they have priority lien on the Debtor's receivables. The IRS asserted that the  
2 income generated from collection of pre-petition accounts receivable, rents, and the  
3 funds in its accounts are the cash collateral of the Creditor within the meaning of 11  
4 U.S.C. §363(a). The IRS was willing to permit Debtor's use of the Cash Collateral  
5 pursuant to the a budget (See Exhibit 5)
- 6 22. The FDIC also claims they have an interest in the accounts receivables. The Debtor  
7 disputes the claim and has reserved the right to dispute the claim. There was a stipulation  
8 regarding the use of the cash collateral. (See Exhibit 6)
- 9 23. The stipulation expired on or about December 31, 2017. The Debtor has made all of the  
10 adequate protection payments and continues to make the adequate protection payments.
- 11 24. The FDIC files a proof of claim in the amount of the claim as of August 17, 2016 was  
12 \$1,498,483.32. They have a judgment against the principles and the Debtor they allege for  
13 the same amount and attempt to seize the principles bank account. In the document from  
14 the court, they state the amount as of February 18, 2017 is \$1,266,684.87. The own  
15 documents from the FDIC establish that they do not know the true amount of their claim  
16 and have not provided an complete accounting.
- 17 25. At the time that the Debtor filed bankruptcy, it is estimated according to the FDIC which  
18 I disagree with, that the Debtor was behind in payments in the amount of \$149,928.30.  
19 The Debtor has paid close to \$50,000 and they have taken approximately \$30,000 from  
20 my bank account. They have been paid over \$80,000 in the last 6 to 7 months. They  
21 agreed to accept payments under their old plan in the amount of \$5,552.90. If there is  
22 money owed under the note, the FDIC has received more than half of the arrearage under  
23 their original plan. They have been adequately protected.
- 24 26. In addition, the Debtor has been making adequate protection payments in the amount of  
25 \$5,552.90.
- 26 27. If the FDIC is an unsecured creditor, they have been paid in full under the terms and  
27

1 conditions of the Plan.

2 28. It is my intent that once I get out of bankruptcy, my bond will be reinstated and I will be  
3 able to increase my business due to the harm of filing the bankruptcy and the harassment  
4 of the FDIC.

5 29. Based upon my experience in this case the documents attached are true and correct.  
6 Affiant Saith Nothing further

7 I swear under penalty of perjury under the laws of the United States, the above  
8 information is true and correct.

9  
10   
11 Stacey Lindburg, President  
12 of the Debtor

12 SUBSCRIBED and SWORN to before me  
13 this 14 day of March, 2017.


14   
15 NOTARY PUBLIC



16 DATED this 14 of March 2017.

17 Respectfully Submitted By:

18 DAVID J. WINTERTON & ASSOCIATES, LTD.

19  
20 By:   
21 David J. Winterton, Esq.  
22 Nevada Bar No. 004142  
23 1140 No. Town Center Drive, Suite 120  
24 Las Vegas, Nevada 89144

25 *Attorney for the Debtor*  
26 *Debtor in possession*  
27  
28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28


**CERTIFICATE OF SERVICE**

I hereby certify that I am an employee of David J. Winterton & Assoc., Ltd., and that on the <sup>13<sup>th</sup></sup> day of March, 2017, I caused to be deposited in the United States mail, via first class, postage prepaid, at Las Vegas, Nevada a true and correct copy of the accompanying OBJECTION TO THE CLAIM OF THE FEDERAL DEPOSIT INSURANCE CORPORATION CLAIM NO. 3-1, addressed as follows:

U.S. Trustee's Office  
600 Las Vegas Blvd. So.  
Suite 435  
Las Vegas, NV 89101

Jeffrey R. Sylvester, Esq.  
Sylvester & Polednak Ltd.  
1731 Village Center Circle  
Las Vegas, NV 89134

And attached Matrix

  
\_\_\_\_\_  
Employee of David J. Winterton & Assoc. Ltd.

Label Matrix for local noticing  
0978-2  
Case 16-14155-mkn  
District of Nevada  
Las Vegas  
Tue Mar 14 14:26:26 PDT 2017

C & S COMPANY, INC.  
2915 COLEMAN STREET  
NORTH LAS VEGAS, NV 89032-3824

DEAN AND PENNY BRUNNER 1985 TRUST  
ANTHONY CIULLA / DEANER MALAN LARSEN  
720 S 4TH ST, STE 300  
LAS VEGAS, NV 89101-6743

FEDERAL DEPOSIT INSURANCE CORPORATION AS REC  
SAM E. TAYLOR, JR.  
FDIC LEGAL DIVISION  
1601 BRYAN ST., 15TH FLOOR  
DALLAS, TX 75201-3430

United States Bankruptcy Court  
300 Las Vegas Blvd., South  
Las Vegas, NV 89101-5833

A AND H INSURANCE  
Acct No 0012  
3301 S. VIRGINIA ST. # 201  
Reno, NV 89502-4512

AGGREGATE INDUSTRIES  
3101 EAST CRAIG RD  
NORTH LAS VEGAS, NV 89030-7501

AMERICAN INTERNATIONAL GROUP INC  
175 WATER STREET. 15TH FLOOR  
NEW YORK, NY 10038-4918

BRAD & STACEY LINDBURG  
1902 SYCAMORE TRIAL  
LAS VEGAS, NV 89108-1936

CASHMAN EQUIPMENT COMPANY  
3300 ST ROSE PARKWAY  
HENDERSON, NV 89052-3985

CLARK COUNTY TREASURER  
BOX 551220  
500 SOUTH GRAND CENTRAL PKWY  
Las Vegas, NV 89155-1220

COLONIAL BANK  
2805 W. CENTENNIAL PKWY STE 115  
North Las Vegas, NV 89084-5808

CRISIS COLLECTIONS MANAGEMENT LLC  
P.O. BOX 3479  
RENO, NV 89505-3479

Clark County Assessor  
500 S. Grand Centra Parkway, 2nd Floor  
Las Vegas, NV 89151-4010

DEAN & PEGGY BRUNNER (MIDDLE DOOR)  
Acct No C & S COMPANYS  
6778 PASADO  
Goleta, CA 93117-4908

DEPT OF EMPLOYMENT, TRAINING & REHAB  
EMPLOYMENT SECURITY DIVISION  
500 EAST THIRD STREET  
Carson City, NV 89713-0002

DEPT OF MOTOR VEHICLES  
PUBLIC SAFETY RECORDS DIVISION  
555 WRIGHT WAY  
Carson City, NV 89711-0001

Dean and Penny Brunner 1985 Trust  
c/o Anthony Ciulla, Esq.  
Deaner, Malan, Larsen & Ciulla  
720 S. Fourth Street, Suite 300  
Las Vegas, Nevada 89101-6743

FISHER INDUSTRIES  
3920 LEON AVE., SUITE 2  
LAS VEGAS, NV 89130-2809

FORD MOTOR CREDIT COMPANY, LLC  
C/O CRISIS COLLECTIONS MANAGEMENT, LLC  
P.O. BOX 3479  
RENO, NV 89505-3479

Federal Deposit Insurance Corporation,  
as Receiver for Colonial Bank, N.A.  
1601 Bryan Street, 15th Floor  
Dallas, TX 75201-3401  
Attn: Sam E. Taylor, Jr.

GE MONEY BANK  
25 SE 2ND AVE., STE 1120  
MIAMI, FL 33131-1605

GMAC  
P.O. BOX 2150  
DENVER, CO 80262-0001

(p)INTERNAL REVENUE SERVICE  
CENTRALIZED INSOLVENCY OPERATIONS  
PO BOX 7346  
PHILADELPHIA PA 19101-7346

IRS  
CENTRALIZED INSOLVENCY OPERATION  
PO BOX 7346  
Philadelphia, PA 19101-7346

J. MICHAEL OAKES  
FOLEY & OAKES, PC  
626 S. 8TH STREET  
LAS VEGAS, NV 89101-7005

JEFFREY R. SYLVESTER, ESQ.  
SYLVESTER & POLEDNAK, LTD.  
1731 VILLAGE CENTER CIRCLE  
LAS VEGAS, NV 89134-0516

LAS VEGAS PAVING  
4420 SOUTH DECATUR BLVD  
LAS VEGAS, NV 89103-5803

Lexington Insurance Company  
Eric S. Manne, Authorized Representative  
175 Water Street, 15th Floor  
New York, New York 10038-4918

MERCHANTS BONDING COMPANY  
2100 FLEUR DRIVE  
DES MOINES, IA 50321-1158



NEVADA DEPT OF TAXATION  
 BANKRUPTCY SECTION  
 555 E WASHINGTON AVE #1300  
 Las Vegas, NV 89101-1046

OFFICE OF U.S. TRUSTEE  
 OFFICE OF U.S. TRUSTEE  
 Las Vegas, NV 89101-6637

SHUMWAY & VAN  
 8985 S. EASTERN AVE., #100  
 LAS VEGAS, NV 89123-4852

SOCIAL SECURITY ADMINISTRATION  
 160 SPEAR STREET, SUITE 800  
 SAN FRANCISCO, CA 94105-1545

State of Nevada Department of Taxation  
 555 E. Washington Ave. Ste. #1300  
 Las Vegas, NV 89101-1046

U.S. TRUSTEE - LV - 11  
 300 LAS VEGAS BOULEVARD S.  
 SUITE 4300  
 LAS VEGAS, NV 89101-5803

W.W. GRAINGER, INC.  
 7300 NORTH MELVINA AVE.  
 NILES, IL 60714-3998

WADLEY CONSTRUCTION, INC.  
 C/O SUSAN FRANKEWICH, LTD.  
 3210 WEST CHARLESTON BLVD., STE. 4  
 LAS VEGAS, NV 89102-1982

WESTERN INSURANCE  
 P.O. BOX 21030  
 RENO, NV 89515-1030

DAVID J. WINTERTON  
 1140 N TOWN CENTER DR, STE 120  
 LAS VEGAS, NV 89144-0605

The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g)(4).

INTERNAL REVENUE SERVICE  
 P.O. BOX 145595  
 CINCINNATI, OH 45250

(d) IRS  
 110 CITY PARKWAY  
 Las Vegas, NV 89106

End of Label Matrix	
Mailable recipients	39
Bypassed recipients	0
Total	39

**EXHIBIT 1**

B 10 (Official Form 10) (12/07)

<b>UNITED STATES BANKRUPTCY COURT</b>		District of Nevada	<b>PROOF OF CLAIM</b>
Name of Debtor: <b>C &amp; S COMPANY, INC.</b>		Case Number: <b>08-22706-MKN</b>	
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.			
Name of Creditor (the person or other entity to whom the debtor owes money or property): <b>COLONIAL BANK N.A.</b>		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim.	
Name and address where notices should be sent:  <b>C/O ETHAN J. BIRNBERG, ESQ., HOLLAND &amp; HART LLP 5441 Kietzke Lane, Second Floor, Reno, Nevada 89511</b>		Court Claim Number: _____ (If known)	
Telephone number: <b>(775) 327-3000</b>		Filed on: _____	
Name and address where payment should be sent (if different from above):		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.	
Telephone number:		<input type="checkbox"/> Check this box if you are the debtor or trustee in this case.	
1. Amount of Claim as of Date Case Filed: \$ <u>1,854,288.46</u>		5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.	
If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4.		Specify the priority of the claim.	
If all or part of your claim is entitled to priority, complete item 5.			
<input checked="" type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		<input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).	
2. Basis for Claim: <u>MONEY LOANED</u> (See instruction #2 on reverse side.)		<input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. §507 (a)(4).	
3. Last four digits of any number by which creditor identifies debtor: _____		<input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. §507 (a)(5).	
3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)		<input type="checkbox"/> Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. §507 (a)(7).	
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information.		<input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. §507 (a)(8).	
Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other		<input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. §507 (a)( ).	
Describe: <u>UCC-1 Financing Statement on Accounts Receivable / Doc #2006011954-8</u>		Amount entitled to priority:  \$ _____	
Value of Property: \$ _____ Annual Interest Rate: <u>7.75</u>			
Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: <u>UCC-1</u>			
Amount of Secured Claim: \$ _____ Amount Unsecured: \$ _____		*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.	
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.			
7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See definition of "redacted" on reverse side.)			
DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.			
If the documents are not available, please explain:			
Date: <b>02/02/2009</b>		<b>FOR COURT USE ONLY</b>	
Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.			
/s/ Ethan J. Birnberg Ethan J. Birnberg, Esq., Attorney for Creditor			

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

IN SUPPORT OF PROOF OF CLAIM OF COLONIAL BANK N.A.

AMOUNT	DESCRIPTION
\$ 1,812,968.67	Principal
\$ 28,421.85	Interest
\$ 12,897.94	Attorneys fees & Costs
\$ 1,854,288.46	TOTAL DUE AS OF OCTOBER 28, 2008
\$ 319.65	Interest per diem

FILE

UCC FINANCING STATEMENT  
FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)  
Phone: (800) 331-3282 Fax: (818) 662-4141

B. SEND ACKNOWLEDGEMENT TO: (Name and Address)

UCC Direct Services  
P.O. Box 29071  
Glendale, CA 91209-9071

8206681

NV, Secretary of State

UCC Direct Services  
Representation of Filing

This filing is Completed  
File Number: 2008011954-8  
File Date: 17-APR-2008

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION NAME C and S Company, Inc.					
OR	1b. INDIVIDUAL LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS 2809 Synergy Avenue			CITY Las Vegas	STATE NV	POSTAL CODE 89030
1d. SEE INSTRUCTIONS 88-0187107	ADDL INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION Corporation	1f. JURISDICTION OF ORGANIZATION NV	1g. ORGANIZATIONAL ID#, if any V1966-1963 <input type="checkbox"/> NONE	

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION NAME					
OR	2b. INDIVIDUAL LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS			CITY	STATE	POSTAL CODE
2d. SEE INSTRUCTIONS	ADDL INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE	

3. SECURED PARTY'S (or NAME of TOTAL ASSIGNEE of ASSIGNOR OR P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION NAME COLONIAL BANK, N.A.					
OR	3b. INDIVIDUAL LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS 4670 So. Ft. Apache			CITY Las Vegas	STATE NV	POSTAL CODE 89147
			CITY	STATE	POSTAL CODE
			CITY	STATE	POSTAL CODE

4. This FINANCING STATEMENT covers the following collateral:

All Accounts; whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing; all records of any kind relating to any of the foregoing; all proceeds relating to any of the foregoing (including insurance, general intangibles and other account proceeds).

5. ALTERNATE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOR  SELLER/BUYER  AG/ALIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable).  Check to REQUEST SEARCH REPORT(S) on Debtor(s) (ADDITIONAL FEE) (optional).  All Debtors  Debtor 1  Debtor 2

6. OPTIONAL FILER REFERENCE DATA  
20595894 8174

Loan #8036932468-001

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan #	Loan #	Office	Initials
\$1,500,000.00	04-05-2006	04-05-2007	0006938460	0006938460	Las Vegas	ABZ

References in the shaded area are for Lender's use only and do not constitute a part of this document. Any item above containing "\*\*\*\*\*" has been amended due to technical limitations.

Borrower: C AND S COMPANY, INC.  
2809 Synergy Avenue  
Las Vegas, NV 89030

Lender: COLONIAL BANK, N.A.  
Commercial Lending - Las Vegas  
4670 So. Fort Apache  
Suite 250  
Las Vegas, NV 89147

Principal Amount: \$1,500,000.00 Initial Rate: 8.250% Date of Note: April 5, 2006

PROMISE TO PAY. C AND S COMPANY, INC. ("Borrower") promises to pay to COLONIAL BANK, N.A. ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million Five Hundred Thousand & 00/100 Dollars (\$1,500,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

PAYMENT. Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on April 5, 2007. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning May 5, 2006, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an index which is the Colonial Bank, N.A. Base Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans and is set by Lender in its sole discretion. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The index currently is 7.750% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 0.500 percentage points over the index, resulting in an initial rate of 8.250% per annum. Notwithstanding the foregoing, the variable interest rate or rates provided for in this Note will be subject to the following minimum and maximum rates. NOTICE: Under no circumstances will the interest rate on this Note be less than 6.500% per annum or more than the maximum rate allowed by applicable law.

PREPAYMENT; MINIMUM INTEREST CHARGE. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$50.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: COLONIAL BANK, N.A.; Commercial Lending - Las Vegas; 4670 So. Fort Apache; Suite 250; Las Vegas, NV 89147.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 10.000% of the unpaid portion of the regularly scheduled payment or \$150.00, whichever is less.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, Lender, at its option, may, if permitted under applicable law, increase the variable interest rate on this Note to 18.000% per annum. The interest rate will not exceed the maximum rate permitted by applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or



PROMISSORY NOTE (Continued)

Loan No: 8036932468-01

performance of this Note is impaired.

Cure Provisions. If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Nevada without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Nevada.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Clark County, State of Nevada. (Initial Here)

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$25.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

COLLATERAL. Borrower acknowledges this Note is secured by a UCC-1 Financing Statement on all assets and including accounts receivable.

LINE OF CREDIT. This Note evidences a revolving line of credit. Advances under this Note may be requested only in writing by Borrower or as provided in this paragraph. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following person currently is authorized, except as provided in this paragraph, to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of his or her authority: BRAD LINDBURG, President of C AND S COMPANY, INC. Advances are to be for business purposes only. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (A) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Note; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; or (D) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: COLONIAL BANK, N.A., Commercial Lending - Las Vegas, 4670 So. Fort Apache, Suite 250, Las Vegas, NV 89147.

GENERAL PROVISIONS. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

C AND S COMPANY, INC.
By: BRAD LINDBURG, President of C AND S COMPANY, INC.

**CHANGE IN TERMS AGREEMENT**

Accepted	Official Initials
4/5/2007	48876

Unshaded areas are for lender's use only and do not affect the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrowers:** C AND S COMPANY, INC.  
2809 Sinergy Avenue  
Las Vegas, NV 89030

**Lender:** COLONIAL BANK, N.A.  
Commercial Lending - Las Vegas  
4670 So. Fort Apache  
Suite 250  
Las Vegas, NV 89147

**Principal Amount:** \$2,000,000.00      **Initial Rate:** 8.750%      **Date of Agreement:** October 23, 2006

**DESCRIPTION OF EXISTING INDEBTEDNESS.** Promissory Note dated April 5, 2006 in the original amount of \$1,500,000.00 with a current maturity date of April 5, 2007. Current principal outstanding balance is \$1,499,222.60.

**DESCRIPTION OF COLLATERAL.** UCC-1 Financing Statement on Accounts Receivable filed with the Secretary of State of Nevada on April 17, 2006 as Document No. 2006011954-8.

**DESCRIPTION OF CHANGE IN TERMS.** EFFECTIVE October 23, 2006: Loan amount is hereby increased from \$1,500,000.00 to \$2,000,000.00. Fixed interest rate is hereby amended to 8.25%. All other terms and conditions remain the same and in full force and effect.

**PROMISE TO PAY.** C AND S COMPANY, INC. ("Borrower") promises to pay to COLONIAL BANK, N.A. ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Million & 00/100 Dollars (\$2,000,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

**PAYMENT.** Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on April 5, 2007. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning November 20, 2006, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. Interest on this loan is computed on a 365/360 simple interest basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

**VARIABLE INTEREST RATE.** The interest rate on this loan is subject to change from time to time based on changes in an index which is the Colonial Bank, N.A. Base Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans and is set by Lender in its sole discretion. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 8.250% per annum. The interest rate to be applied to the unpaid principal balance during this loan will be at a rate of 0.500 percentage points over the Index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 8.750% per annum. NOTICE: Under no circumstances will the interest rate on this loan be less than 8.250% per annum or more than the maximum rate allowed by applicable law.

**PREPAYMENT; MINIMUM INTEREST CHARGE.** Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Agreement, Borrower understands that Lender is entitled to a minimum interest charge of \$50.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Agreement, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: COLONIAL BANK, N.A.; Commercial Lending - Las Vegas; 4670 So. Fort Apache; Suite 250; Las Vegas, NV 89147.

**LATE CHARGE.** If a payment is 10 days or more late, Borrower will be charged 10.000% of the unpaid portion of the regularly scheduled payment or \$150.00, whichever is less.

**INTEREST AFTER DEFAULT.** Upon default, including failure to pay upon final maturity, the interest rate on this loan shall be increased to 18.000% per annum. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

- Payment Default.** Borrower fails to make any payment when due under the indebtedness.
- Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.
- False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.
- Insolvency.** The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.
- Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the indebtedness. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being



**CHANGE IN TERMS AGREEMENT  
(Continued)**

Loan No: 8036932468-01

Page 2

an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness evidenced by this Note. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

**Change in Ownership.** Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

**Cure Provisions.** If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Borrower, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire unpaid principal balance under this Agreement and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

**ATTORNEYS' FEES; EXPENSES.** Lender may hire or pay someone else to help collect this Agreement if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

**GOVERNING LAW.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Nevada without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Nevada.

**CHOICE OF VENUE.** If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Clark County, State of Nevada. (Initial Here ~~\_\_\_\_\_~~)

**DISHONORED ITEM FEE.** Borrower will pay a fee to Lender of \$25.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

**COLLATERAL.** Borrower acknowledges this Agreement is secured by a UCC-1 Financing Statement on all assets and including accounts receivable.

**LINE OF CREDIT.** This Agreement evidences a revolving line of credit. Advances under this Agreement may be requested only in writing by Borrower or as provided in this paragraph. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following person currently is authorized, except as provided in this paragraph, to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of his or her authority: **BRAD LINDBURG, President of C AND S COMPANY, INC.** Advances are to be for business purposes only. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Agreement at any time may be evidenced by endorsements on this Agreement or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Agreement if: (A) Borrower or any guarantor is in default under the terms of this Agreement or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Agreement; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Agreement or any other loan with Lender; or (D) Borrower has applied funds provided pursuant to this Agreement for purposes other than those authorized by Lender.

**CONTINUING VALIDITY.** Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidencing or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

**COMPLIANCE PROVISION.** Borrower(s) and Guarantor(s) hereby agree to fully cooperate with any and all reasonable requests made by Lender or Lender's closing agent, to adjust for and correct for errors in the loan closing documentation, including but not limited to, executing any additional documentation reasonably deemed necessary or desirable by Lender for compliance purposes.

Borrower(s) and Guarantor(s) additionally agree and covenant that the loan closing documentation, including any documentation executed after the date of closing in accordance with this compliance provision, will conform and be acceptable in the market place in the instance of assignment, transfer, sale or conveyance by Colonial Bank, N.A. of its interest in and to said loan documentation.

**SUCCESSORS AND ASSIGNS.** Subject to any limitations stated in this Agreement on transfer of Borrower's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Borrower, Lender, without notice to Borrower, may deal with Borrower's successors with reference to this Agreement and the indebtedness by way of forbearance or extension without releasing Borrower from the obligations of this Agreement or liability under the indebtedness.

**NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES.** Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: COLONIAL BANK, N.A., Commercial Lending - Las Vegas, 4670 So. Fort Apache, Suite 250, Las Vegas, NV 89147.

**MISCELLANEOUS PROVISIONS.** If any part of this Agreement cannot be enforced, this fact will not affect the rest of the Agreement. Lender may delay or forgo enforcing any of its rights or remedies under this Agreement without loss of them. Borrower and any other person who signs, guarantees or endorses this Agreement to the extent allowed by law, waive present and future demand for payment, and notice of dishonor.

**CHANGE IN TERMS AGREEMENT**  
**(Continued)**

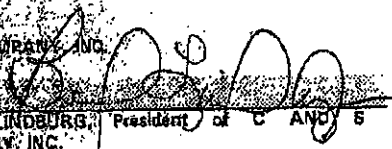
of this Agreement, and unless otherwise expressly stated in writing, no party who signs this Agreement, whether as obligor, obligee, guarantor, maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (or any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Agreement are joint and several.

**PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.**

BORROWER:

C AND B COMPANY, INC.

By:

  
BRAD LINDBORG, President of C AND B  
COMPANY, INC.

**CHANGE IN TERMS AGREEMENT**

Principal	Issue Date	Maturity	Form No.	Account	Officer	Initials
\$2,000,000.00	04/23/2007	07/05/2007	3865300103	2482092	48876	

References in the shaded areas are for information only and do not limit the applicability of this document to any particular loan or item. Any references containing "has been omitted due to text length limitations."

**Borrower:** C AND S COMPANY, INC.  
2015 Colman St.  
N. Las Vegas, NV 89032

**Lender:** COLONIAL BANK, N.A.  
Commercial Lending - Las Vegas  
4670 So. Fort Apache  
Suite 250  
Las Vegas, NV 89147

**Principal Amount:** \$2,000,000.00      **Initial Rate:** 8.750%      **Date of Agreement:** April 23, 2007

**DESCRIPTION OF EXISTING INDEBTEDNESS.** Promissory Note dated April 5, 2006 in the original amount of \$1,600,000.00 together with all extension, modifications and renewals with a current maturity date of April 5, 2007. Current principal outstanding balance is \$1,952,222.80.

**DESCRIPTION OF COLLATERAL.** UCC-1 Financing Statement on Accounts Receivable filed with the Secretary of State of Nevada on April 17, 2006 as Document No. 2006011954-8.

**DESCRIPTION OF CHANGE IN TERMS.** EFFECTIVE April 5, 2007: Maturity date is hereby extended to July 5, 2007. All other terms and conditions remain in full force and effect.

**PROMISE TO PAY.** C AND S COMPANY, INC. ("Borrower") promises to pay to COLONIAL BANK, N.A. ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Million & 00/100 Dollars (\$2,000,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

**PAYMENT.** Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on July 5, 2007. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning May 5, 2007, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. Interest on this loan is computed on a 365/360 simple interest basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

**VARIABLE INTEREST RATE.** The interest rate on this loan is subject to change from time to time based on changes in an index which is the Colonial Bank, N.A. Base Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans and is set by Lender in its sole discretion. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The index currently is 8.250% per annum. The interest rate to be applied to the unpaid principal balance during this loan will be at a rate of 0.500 percentage points over the index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 8.750% per annum. NOTICE: Under no circumstances will the interest rate on this loan be less than 8.250% per annum or more than the maximum rate allowed by applicable law.

**PREPAYMENT; MINIMUM INTEREST CHARGE.** In any event, even upon full prepayment of this Agreement, Borrower understands that Lender is entitled to a minimum interest charge of \$50.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Agreement, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: COLONIAL BANK, N.A.; Commercial Lending - Las Vegas; 4670 So. Fort Apache; Suite 250; Las Vegas, NV 89147.

**LATE CHARGE.** If a payment is 10 days or more late, Borrower will be charged 10.000% of the unpaid portion of the regularly scheduled payment or \$100.00, whichever is less.

**INTEREST AFTER DEFAULT.** Upon default, including failure to pay upon final maturity, the interest rate on this loan shall be increased to 18.000% per annum. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

- DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:
- Payment Default.** Borrower fails to make any payment when due under the indebtedness.
  - Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.
  - False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.
  - Insolvency.** The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.
  - Creditor or Foreclosure Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the indebtedness. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.
  - Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness evidenced by this Note. In the



**CHANGE IN TERMS AGREEMENT  
(Continued)**

Loan No: 8036932468

Page 2

event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

**Change in Ownership.** Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

**Cure Provisions.** If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Borrower, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire unpaid principal balance under this Agreement and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

**ATTORNEYS' FEES; EXPENSES.** Lender may hire or pay someone else to help collect this Agreement if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals, if not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

**GOVERNING LAW.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Nevada without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Nevada.

**CHOICE OF VENUE.** Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Clark County, State of Nevada. (Initial Here)

**DISHONORED ITEM FEE.** Borrower will pay a fee to Lender of \$25.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

**COLLATERAL.** Borrower acknowledges this Agreement is secured by a UCC-1 Financing Statement on all assets and including accounts receivable.

**LINE OF CREDIT.** This Agreement evidences a revolving line of credit. Advances under this Agreement may be requested only in writing by Borrower or as provided in this paragraph. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following person currently is authorized, except as provided in this paragraph, to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of his or her authority: BRAD LIMDBURG, President of C AND S COMPANY, INC. Advances are to be for business purposes only. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Agreement at any time may be evidenced by endorsements on this Agreement or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Agreement if: (A) Borrower or any guarantor is in default under the terms of this Agreement or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Agreement; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Agreement or any other loan with Lender; or (D) Borrower has applied funds provided pursuant to this Agreement for purposes other than those authorized by Lender.

**CONTINUING VALIDITY.** Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

**COMPLIANCE PROVISION.** Borrower(s) and Guarantor(s) hereby agree to fully cooperate with any and all reasonable requests made by Lender or Lender's closing agent, to adjust for and correct for errors in the loan closing documentation, including but not limited to, executing any additional documentation reasonably deemed necessary or desirable by Lender for compliance purposes.

Borrower(s) and Guarantor(s) additionally agree and covenant that the loan closing documentation, including any documentation executed after the date of closing in accordance with this compliance provision, will conform and be acceptable in the market place in the instance of assignment, transfer, sale or conveyance by Colonial Bank, N.A. of its interest in and to said loan documentation.

**SUCCESSORS AND ASSIGNS.** Subject to any limitations stated in this Agreement on transfer of Borrower's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Borrower, Lender, without notice to Borrower, may deal with Borrower's successors with reference to this Agreement and the indebtedness by way of forbearance or extension without releasing Borrower from the obligations of this Agreement or liability under the indebtedness.

**NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES.** Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: COLONIAL BANK, N.A., Commercial Lending - Las Vegas, 4670 So. Fort Apache, Suite 250, Las Vegas, NV 89147.

**MISCELLANEOUS PROVISIONS.** If any part of this Agreement cannot be enforced, this fact will not affect the rest of the Agreement. Lender may delay or forego enforcing any of its rights or remedies under this Agreement without losing them. Borrower and any other person who signs, guarantees or endorses this Agreement, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Agreement, and unless otherwise expressly stated in writing, no party who signs this Agreement, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this Agreement without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Agreement are joint and several.

**CHANGE IN TERMS AGREEMENT  
(Continued)**

Loan No: 8036532468

Page 3

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

BORROWER:

C AND S COMPANY, INC.

By:   
EFIAD LINDBURG, President of C AND S COMPANY,  
INC.

### CHANGE IN TERMS AGREEMENT

Principal	Original Date	Maturity	Loan No.	Payee	Account
\$2,000,000.00	04/05/2006	07/05/2007	893653488	COLONIAL BANK	0740/001

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any other loan or account.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** C AND S COMPANY, INC.  
2915 Colman St.  
N. Las Vegas, NV 89032

**Lender:** COLONIAL BANK, N.A.  
Commercial Lending - Las Vegas  
4670 So. Fort Apache  
Suite 250  
Las Vegas, NV 89147

**Principal Amount: \$2,000,000.00      Initial Rate: 8.750%      Date of Agreement: July 25, 2007**

**DESCRIPTION OF EXISTING INDEBTEDNESS.** Promissory Note dated April 5, 2006 in the original amount of \$1,500,000.00 together with all extension, modifications and renewals with a current maturity date of July 5, 2007. Current principal outstanding balance is \$1,998,222.80.

**DESCRIPTION OF COLLATERAL.** UCC-1 Financing Statement on Accounts Receivable filed with the Secretary of State of Nevada on April 17, 2006 as Document No. 2006011954-8.

**DESCRIPTION OF CHANGE IN TERMS.** EFFECTIVE July 5, 2007, Maturity date is hereby extended to October 5, 2007. All other terms and conditions remain the same and in full force and effect.

**PROMISE TO PAY.** C AND S COMPANY, INC. ("Borrower") promises to pay to COLONIAL BANK, N.A. ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Million & 00/100 Dollars (\$2,000,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

**PAYMENT.** Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on October 5, 2007. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning August 5, 2007, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. Interest on this loan is computed on a 365/360 simple interest basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

**VARIABLE INTEREST RATE.** The interest rate on this loan is subject to change from time to time based on changes in an index which is the Colonial Bank, N.A. Base Rate (the "Index"). The index is not necessarily the lowest rate charged by Lender on its loans and is set by Lender in its sole discretion. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The index currently is 8.250% per annum. The interest rate to be applied to the unpaid principal balance during this loan will be at a rate of 0.500 percentage points over the index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 8.750% per annum. NOTICE: Under no circumstances will the interest rate on this loan be less than 8.250% per annum or more than the maximum rate allowed by applicable law.

**PREPAYMENT; MINIMUM INTEREST CHARGE.** In any event, even upon full prepayment of this Agreement, Borrower understands that Lender is entitled to a minimum interest charge of \$50.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Agreement, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: COLONIAL BANK, N.A.; Commercial Lending - Las Vegas; 4670 So. Fort Apache; Suite 250; Las Vegas, NV 89147.

**LATE CHARGE.** If a payment is 10 days or more late, Borrower will be charged 10.000% of the unpaid portion of the regularly scheduled payment or \$150.00, whichever is less.

**INTEREST AFTER DEFAULT.** Upon default, including failure to pay upon final maturity, the interest rate on this loan shall be increased to 18.000% per annum. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Payment Default.** Borrower fails to make any payment when due under the indebtedness.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Insolvency.** The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the indebtedness. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any



**CHANGE IN TERMS AGREEMENT  
(Continued)**

Loan No: 8036932468

Page 2

Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness evidenced by this Note. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

**Change in Ownership.** Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

**Cure Provisions.** If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Borrower, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire unpaid principal balance under this Agreement and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

**ATTORNEYS' FEES; EXPENSES.** Lender may hire or pay someone else to help collect this Agreement if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

**GOVERNING LAW.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Nevada without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Nevada.

**CHOICE OF VENUE.** If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Clark County, State of Nevada. (Initial Here: *[Signature]*)

**DISHONORED ITEM FEE.** Borrower will pay a fee to Lender of \$25.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

**COLLATERAL.** Borrower acknowledges this Agreement is secured by a UCC-1 Financing Statement on all assets and including accounts receivable.

**LINE OF CREDIT.** This Agreement evidences a revolving line of credit. Advances under this Agreement may be requested only in writing by Borrower or as provided in this paragraph. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following person currently is authorized, except as provided in this paragraph, to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of his or her authority: BRAD LINDBURG, President of C AND S COMPANY, INC. Advances are to be for business purposes only. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Agreement at any time may be evidenced by endorsements on this Agreement or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Agreement if: (A) Borrower or any guarantor is in default under the terms of this Agreement or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Agreement; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Agreement or any other loan with Lender; or (D) Borrower has applied funds provided pursuant to this Agreement for purposes other than those authorized by Lender.

**CONTINUING VALIDITY.** Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

**COMPLIANCE PROVISION.** Borrower(s) and Guarantor(s) hereby agree to fully cooperate with any and all reasonable requests made by Lender or Lender's closing agent, to adjust for and correct for errors in the loan closing documentation, including but not limited to, executing any additional documentation reasonably deemed necessary or desirable by Lender for compliance purposes.

Borrower(s) and Guarantor(s) additionally agree and covenant that the loan closing documentation, including any documentation executed after the date of closing in accordance with this compliance provision, will conform and be acceptable in the market place in the instance of assignment, transfer sale or conveyance by Colonial Bank, N.A. of its interest in and to said loan documentation.

**SUCCESSORS AND ASSIGNS.** Subject to any limitations stated in this Agreement on transfer of Borrower's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Borrower, Lender, without notice to Borrower, may deal with Borrower's successors with reference to this Agreement and the indebtedness by way of forbearance or extension without releasing Borrower from the obligations of this Agreement or liability under the indebtedness.

**NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES.** Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: COLONIAL BANK, N.A., Commercial Lending - Las Vegas, 4670 So. Fort Apache, Suite 100, Las Vegas, NV 89147.

**MISCELLANEOUS PROVISIONS.** If any part of this Agreement cannot be enforced, this fact will not prevent the enforceability of any other part of this Agreement. Lender may delay or forgo enforcing any of its rights or remedies under this Agreement with respect to any guarantor who does not sign, guarantee or endorse this Agreement, to the extent allowed by law. Lender may, at its option, enforce this Agreement against any guarantor who signs, guarantees or endorses this Agreement, to the extent allowed by law. Upon any change in the terms of this Agreement, and unless otherwise agreed in writing, Lender may, at its option, enforce this Agreement against any guarantor, as maker, guarantor, accommodation maker or endorser, to the extent allowed by law.

**CHANGE IN TERMS AGREEMENT  
(Continued)**

Loan No: B036802468

Page 3

(repeatedly and for any length of time) this loan or release any party or guarantor or collateral or in any way fail to realize upon or perfect the security interest in the collateral; and take any other action as may be necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Agreement are joint and several.

**PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.**

**BORROWER:**

C AND S COMPANY, INC.

By:   
BRAD LIMBURG President of C AND S  
COMPANY, INC.



**CHANGE IN TERMS AGREEMENT**

Date	Maturity	Loan No.	Collateral	Account	Officer	Initials
02/05/2008	02/05/2008	803832508	CFAG-AR	2482082	18875	

Notes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
 Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**C AND S COMPANY, INC.**  
 1000 N. Rainbow Blvd.  
 Las Vegas, NV 89032

**Lender:** **COLONIAL BANK, N.A.**  
 Commercial Lending - Las Vegas  
 4670 So. Fort Apache  
 Suite 250  
 Las Vegas, NV 89147

Principal Amount: \$2,000,000.00 Initial Rate: 7.750% Date of Agreement: January 18, 2008

**DESCRIPTION OF DEBT AND INTERESTNESS.** Promissory Note dated April 5, 2006 in the original amount of \$1,500,000.00 together with all extensions, modifications and renewals, with a current maturity date of October 5, 2007. Current principal outstanding balance is \$1,500,000.00.

**DESCRIPTION OF COLLATERAL.** UCC-1 Financing Statement on Accounts Receivable filed with the Secretary of State of Nevada on April 17, 2006 in its form No. 2006011864-B.

**DESCRIPTION OF CHANGE IN TERMS.** The maturity date is hereby extended to February 5, 2008. Floor interest rate is 6.500%. All other terms and conditions of the original agreement shall remain in full force and effect.

**PROMISE TO PAY.** C AND S COMPANY, INC. ("Borrower") promises to pay to COLONIAL BANK, N.A. ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Million & 00/100 Dollars (\$2,000,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

**PAYMENT.** Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on February 5, 2008. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. Interest on this loan is computed on a 365/360 simple interest basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

**VARIABLE INTEREST RATE.** The interest rate on this loan is subject to change from time to time based on changes in an index which is the Colonial Bank, N.A. Base Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans and is set by Lender in its sole discretion. If the index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 7.250% per annum. The interest rate to be applied to the unpaid principal balance during this loan will be at a rate of 0.500 percentage points over the index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 7.750% per annum. NOTICE: Under no circumstances will the interest rate on this loan be less than 6.500% per annum or more than the maximum rate allowed by applicable law.

**PREPAYMENT; MINIMUM INTEREST CHARGE.** In any event, even upon full prepayment of this Agreement, Borrower understands that Lender is entitled to a minimum interest charge of \$50.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Agreement, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: COLONIAL BANK, N.A.; Commercial Lending - Las Vegas; 4670 So. Fort Apache; Suite 250; Las Vegas, NV 89147.

**LATE CHARGE.** If a payment is 10 days or more late, Borrower will be charged 10.000% of the unpaid portion of the regularly scheduled payment or \$150.00, whichever is less.

**INTEREST AFTER DEFAULT.** Upon default, including failure to pay upon final maturity, the interest rate on this loan shall be increased to 18.000% per annum. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

- Payment Default.** Borrower fails to make any payment when due under the Indebtedness.
- Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.
- False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.
- Insolvency.** The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.
- Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.
- Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any

**CHANGE IN TERMS AGREEMENT  
(Continued)**

Loan No: 8036932468

Page 2

Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness evidenced by this Note. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

**Change in Ownership.** Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

**Cure Provisions.** If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Borrower, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire unpaid principal balance under this Agreement and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

**ATTORNEYS' FEES; EXPENSES.** Lender may hire or pay someone else to help collect this Agreement if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

**GOVERNING LAW.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Nevada without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Nevada.

**CHOICE OF VENUE.** If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Clark County, State of Nevada. (Initial Here)

**DISHONORED ITEM FEE.** Borrower will pay a fee to Lender of \$25.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

**COLLATERAL.** Borrower acknowledges this Agreement is secured by a UCC-1 Financing Statement on all assets and including accounts receivable.

**LINE OF CREDIT.** This Agreement evidences a revolving line of credit. Advances under this Agreement may be requested only in writing by Borrower or as provided in this paragraph. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following person or persons are authorized, except as provided in this paragraph, to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of such authority: BRAD LINDBURG, President of C AND S COMPANY, INC. Advances are to be for business purposes only. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Agreement at any time may be evidenced by endorsements on this Agreement or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Agreement if: (A) Borrower or any guarantor is in default under the terms of this Agreement or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Agreement; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Agreement or any other loan with Lender; or (D) Borrower has applied funds provided pursuant to this Agreement for purposes other than those authorized by Lender.

**CONTINUING VALIDITY.** Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

**COMPLIANCE PROVISION.** Borrower(s) and Guarantor(s) hereby agree to fully cooperate with any and all reasonable requests made by Lender or Lender's closing agent, to adjust for and correct for errors in the loan closing documentation, including but not limited to, executing any additional documentation reasonably deemed necessary or desirable by Lender for compliance purposes.

Borrower(s) and Guarantor(s) additionally agree and covenant that the loan closing documentation, including any documentation executed after the date of closing in accordance with this compliance provision, will conform and be acceptable in the market place in the instance of assignment, transfer sale or conveyance by Colonial Bank, N.A. of its interest in and to said loan documentation.

**SUCCESSORS AND ASSIGNS.** Subject to any limitations stated in this Agreement on transfer of Borrower's interest, this Agreement shall be binding upon and have to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Borrower, Lender, without notice to Borrower, may deal with Borrower's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Borrower from the obligations of this Agreement or liability under the Indebtedness.

**NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES.** Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: COLONIAL BANK, N.A., Commercial Lending - Las Vegas, 4670 So. Fort Apache, Suite 250, Las Vegas, NV 89147.

**MISCELLANEOUS PROVISIONS.** If any part of this Agreement cannot be enforced, this fact will not affect the rest of the Agreement. Lender may delay or forgo enforcing any of its rights or remedies under this Agreement without losing them. Borrower and any other person who signs, guarantees or endorses this Agreement, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Agreement, and unless otherwise expressly stated in writing, no party who signs this Agreement, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend

Loan No: 8036932468

**CHANGE IN TERMS AGREEMENT  
(Continued)**

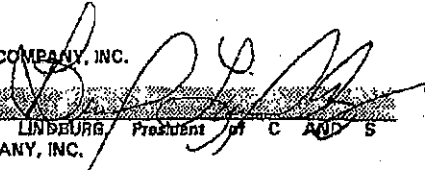
Page 3

(repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Agreement are joint and several.

**PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.**

BORROWER:

C AND S COMPANY, INC.

By:   
BRAD LINDBURG, President of C AND S  
COMPANY, INC.

**EXHIBIT 2**

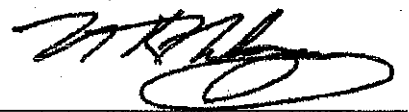
4:23 PM  
07/09/08

**C and S Company, Inc.**  
**Colonial Bank Credit Line Payback Breakdown**  
 January 1, 2008 through July 9, 2008

Type	Date	Num	Memo	Account	Split	Amount
Colonial Bank						
Check	01/10/2008	bank deduct	Unauthorized	Colonial Bank General (8228)	Loan Interest	-33,542.22
Check	01/31/2008	bank deduct	Unauthorized	Colonial Bank General (8228)	Loan Interest	-3,663.23
Check	05/20/2008	phn pymnt	Per Agreement	Colonial Bank General (8228)	Loan Interest	-10,000.00
Check	06/02/2008	bank deduct	Per Agreement	Colonial Bank General (8228)	Loan Interest	-10,000.00
Check	05/11/2008	bank deduct	bank deduct	Colonial Bank General (8228)	Loan Interest	-33,219.62
Check	07/17/2008	bank deduct	Per Agreement	Colonial Bank General (8228)	Loan Interest	-10,000.00
Bank Deduct	<del>07/09/2008</del>	bank deduct	bank deduct	Colonial Bank General (8228)	Loan Interest	-233,182.66
				TOTAL		-333,607.73

**EXHIBIT 3**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28



Honorable Mike K. Nakagawa  
United States Bankruptcy Judge



Entered on Docket  
December 16, 2013

Patrick Reilly, Esq. (6103)  
Lars K. Evensen, Esq. (8061)  
**HOLLAND & HART LLP**  
9555 Hillwood Drive, 2nd Floor  
Las Vegas, Nevada 89134  
Phone: (702) 669-4600  
*Attorneys for FDIC, receiver for Colonial Bank, N.A.*

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:  
  
C & S COMPANY, INC.

Debtor:

Case No. BK - 08-22706-MKN

Chapter 11

**ORDER  
GRANTING MOTION TO  
DISTRIBUTE BOND FUNDS HELD IN  
THE COURT REGISTRY DOC #783  
IN PART AND CONTINUING IN PART**

Hearing Date: November 20, 2013  
Hearing Time: 9:30 a.m.

**THIS COURT**, on November 20, 2013, called for hearing Federal Deposit Insurance Corporation, receiver for Colonial Bank, N.A.'s ("FDIC") Motion to Distribute Bond Funds Held in the Court Registry, Doc #783, C&S Company, Inc.'s ("C&S") Limited Opposition and Countermotion for Allowance and Payment of Surcharge Pursuant to 11 U.S.C. §506(c) Doc #790, and FDIC's Reply to the Same Doc #792. There was no other opposition.

**HOLLAND & HART LLP**  
9555 Hillwood Drive, 2nd Floor  
Las Vegas, NV 89134  
Phone: (702) 669-4600 ♦ Fax: (702) 669-4650



1 APPEARING as said hearing, on behalf of the FDIC was Lars Evensen, Esq, on  
2 behalf of the Merchants Bonding Company ("Merchants") was Robert J. Berens, Esq., and on  
3 behalf of the Reorganized Debtor C&S was Elizabeth DeFlyer, Esq. and Robert Ryan, Esq.

4 WHEREAS, this Court, during the same hearing, also considered Merchants Motion to  
5 Distribute Bond Funds Doc #786, which shall be addressed under a separate order.

6 WHEREAS, this Court, during the same hearing, also considered FDIC's Status  
7 Report Doc#50, in the pending adversary proceeding associated with this matter, Case No.  
8 #11-01212-MKN, which shall be addressed under a separate order.

9 WHEREAS, FDIC and C&S informed the Court they have reached a tentative  
10 settlement, setting for the following terms:

- 11 1) This Court should find and declare the FDIC is entitled to \$1,495,880.06 of the  
12 \$3,020,880.06 held in the Court's registry plus one-half (1/2) of any interest accrued in  
13 the Court's registry;
- 14 2) The Court should order \$1,445,880.05 (\$1,495,880.06 - \$50,000) plus one-half (1/2) of  
15 any interest that has accrued distributed to the FDIC from the Court's Registry (the  
16 "FDIC Distribution")
- 17 3) FDIC Distribution shall be subject to disgorgement upon further order of this Court;
- 18 4) The remaining \$50,000 shall be held the Court's Registry pending further order of this  
19 Court;
- 20 5) The hearing on - FDIC's Motion to Distribute Bond Funds Held in the Court Registry,  
21 Doc #783, C&S Company, Inc.'s C&S Limited Opposition and Countermotion for  
22 Allowance and Payment of Surcharge Pursuant to 11 U.S.C. §506(c) Doc #790, and  
23 FDIC's Reply to the Same Doc #792 - shall be continued to Wednesday January 8,  
24  
25  
26  
27  
28

HOLLAND & HART LLP  
9555 Hillwood Drive, 2nd Floor  
Las Vegas, NV 89134  
Phone: (702) 669-4600 ♦ Fax: (702) 669-4650



2014 at 9:30 a.m. at which time this Court will conduct a status hearing regarding the same (the "Surcharge Status Hearing"); and

6) In the event FDIC obtains proper authority to settle, FDIC and C&S shall submit a Stipulation and Order (the "Settlement Order"), wherein the Court shall order: (1) the \$50,000 held in the Court's Registry distributed to C&S' Counsel, Shumway Van & Hansen for the benefit of C&S (2) the Surcharge Status Hearing shall be vacated; (3) the dismissal of C&S' claim for of surcharge pursuant to 11 U.S.C. §506(c), with prejudice; and (4) the FDIC Distribution shall no longer be subject to disgorgement; OR

7) In the event FDIC has not obtained proper authority to settle, and therefore the Settlement Order has not been filed with this Court on or before, Tuesday January 7, 2014, C&S and FDIC shall appear for the Surcharge Status Hearing.

**THIS COURT**, having considered the tentative settlement by and between FDIC and C&S, and there being no opposition, and for good cause appearing:

**HEREBY FINDS AND DECLARES**, FDIC is entitled to \$1,495,880.06 of the \$3,020,880.06 held in the Court's registry plus one-half (1/2) of any interest accrued in the Court's registry;

///

**HOLLAND & HART LLP**  
9555 Hillwood Drive, 2nd Floor  
Las Vegas, NV 89134  
Phone: (702) 669-4600 ♦ Fax: (702) 669-4650

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

1           **HEREBY ORDERS**, the Court's Registry to immediately distribute to the FDIC  
2 \$1,445,880.05 (\$1,495,880.06 - \$50,000) plus one-half (1/2) of any interest that has accrued  
3 (the "FDIC Distribution"), as follows:

4           **Payee:** Federal Deposit Insurance Corporation, receiver for Colonial Bank, N.A.  
5           **Tax ID:** 63-0015320

6           **Mail to:**  
7                     Holland & Hart, LLP  
8                     Attn: Lars Evensen, Esq.  
9                     9555 Hillwood Drive, 2nd Floor  
                      Las Vegas, Nevada  
                      89134

10  
11           **IT IS FURTHER ORDERED** that the FDIC Distribution is subject to disgorgement upon  
12 further order of this Court;

13           **IT IS FURTHER ORDERED** that the hearing on FDIC's Motion to Distribute Bond  
14 Funds Held in the Court Registry, Doc #783, C&S Company, Inc.'s C&S Limited Opposition  
15 and Countermotion for Allowance and Payment of Surcharge Pursuant to 11 U.S.C. §506(c)  
16 Doc #790, and FDIC's Reply to the Same Doc #792 – shall be continued to Wednesday  
17 January 8, 2014 at 9:30 a.m. at which time this Court will conduct a status hearing regarding  
18 the same (the "Surcharge Status Hearing");  
19

20           **IT IS FURTHER ORDERED**, in the event FDIC obtains proper authority to settle, FDIC  
21 and C&S shall submit a Stipulation and Order (the "Settlement Order"), wherein the Court  
22 shall order: (1) the \$50,000 held in the Court's Registry distributed to C&S' Counsel,  
23 Shumway Van & Hansen for the benefit of C&S, (2) the Surcharge Status Hearing on January  
24 8, 2014 shall be vacated; (3) the dismissal of C&S' claim for of surcharge pursuant to 11  
25 U.S.C. §506(c), with prejudice; and (4) the FDIC Distribution shall no longer be subject to  
26 disgorgement;  
27  
28

**HOLLAND & HART LLP**  
9555 Hillwood Drive, 2nd Floor  
Las Vegas, NV 89134  
Phone: (702) 669-4600 ♦ Fax: (702) 669-4650

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

IT IS FINALLY ORDERED, in the event FDIC has not obtained proper authority to settle, and therefore the Settlement Order has not been filed with this Court on or before, Tuesday January 7, 2014, C&S and FDIC shall appear for the Surcharge Status Hearing at which time the Court may enter other orders.

**IT IS SO ORDERED.**

###

Respectfully submitted by:

*/s/ Lars Evensen*

Patrick Reilly, Esq. (6103)  
Lars K. Evensen, Esq. (8061)  
**HOLLAND & HART LLP**  
9555 Hillwood Drive, 2nd Floor  
Las Vegas, Nevada 89134  
Phone: (702) 669-4600

*Attorneys for FDIC, receiver for Colonial Bank, N.A.*

**HOLLAND & HART LLP**  
9555 Hillwood Drive, 2nd Floor  
Las Vegas, NV 89134  
Phone: (702) 669-4600 ♦ Fax: (702) 669-4650

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

In accordance with Local Rule 9021, counsel submitting this document certifies as

follows:

\_\_\_\_\_ The court has waived the requirement of approval under LR9021.

\_\_\_\_\_ This is a Chapter 7 or 13 case, and either with the motion, or at the hearing, I have delivered a copy of this proposed order to all counsel who appeared at the hearing, any unrepresented parties who appeared at the hearing, and any trustee appointed in this case, and each has approved or disapproved the order, or failed to respond, as indicated below.

  X   This is a Chapter 9, 11, or 15 case, and I have delivered a copy of this proposed order to all counsel who appeared at the hearing, any unrepresented parties who appeared at the hearing, and any trustee appointed in this case, and each has approved or disapproved the order, or failed to respond, as indicated below.

\_\_\_\_\_ I certify that I have served a copy of this order with the motion and no parties appeared or filed written objections:

###

	APPROVED	DISAPPROVED	NO RESPONSE
Robert A. Ryan, Esq.	X		
Robert J. Berens	X		

I declare under penalty of perjury under the laws of the State of Nevada that the foregoing is true and correct.

*/s/ Lars Evensen*

\_\_\_\_\_  
 Lars K. Evensen, Esq. 8061

6531291\_1.DOCX

**HOLLAND & HART LLP**  
 9555 Hillwood Drive, 2nd Floor  
 Las Vegas, NV 89134  
 Phone: (702) 669-4600 ♦ Fax: (702) 669-4650

**EXHIBIT 4**

**Fill in this information to identify the case:**

Debtor 1 C & S COMPANY

Debtor 2  
 (Spouse, if filing) \_\_\_\_\_

United States Bankruptcy Court for the: \_\_\_\_\_ District of NEVADA  
 (State)

Case number 16-14155-LED

**Official Form 410  
 Proof of Claim**

04/16

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

**Part 1: Identify the Claim**

**1. Who is the current creditor?** Department of the Treasury - Internal Revenue Service  
 Name of the current creditor (the person or entity to be paid for this claim)

Other names the creditor used with the debtor \_\_\_\_\_

---

**2. Has this claim been acquired from someone else?**  No  
 Yes. From whom? \_\_\_\_\_

---

Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)	Where should notices to the creditor be sent?	Where should payments to the creditor be sent? (if different)
	Internal Revenue Service	Internal Revenue Service
Name	Name	
P.O. Box 7346	1999 Broadway M/S 5012DEN	
Number Street	Number Street	
Philadelphia PA 19101-7346	Denver CO 80202-3025	
City State ZIP Code	City State ZIP Code	
Contact phone <u>1-800-973-0424</u>	Contact phone <u>(303) 603-4753</u>	
Contact email _____	Contact email _____	
Creditor Number: <u>9865877</u>		
Uniform claim identifier for electronic payments in chapter 13 (if you use one)		

---

**4. Does this claim amend one already filed?**  No  
 Yes. Claim number on court claims registry (if known) 2 Filed on: 08/11/2016  
 MM /DD /YYYY

---

**5. Do you know if anyone else has filed a proof of claim for this claim?**  No  
 Yes. Who made the earlier filing? \_\_\_\_\_

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor?  No  Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: See Attachment

7. How much is the claim? \$ 436,408.22 Does this amount include interest or other charges?  No  Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. What is the basis of the claim? Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information. Taxes

9. Is all or part of the claim secured?  No  Yes. The claim is secured by a lien on property. Nature of property:  Real Estate. If the claim is secured by the debtor's principal residence, file a Mortgage Proof of Claim Attachment (Official Form 410-A) with this Proof of Claim.  Motor Vehicle  Other. Describe: \*All of debtor(s) right, title and interest to property - 26 U.S.C. §6321. Basis for perfection: See Attachment Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.) Value of Property: \$ \_\_\_\_\_ Amount of the claim that is secured: \$ 424,235.36 Amount of the claim that is unsecured: \$ 12,172.86 (The sum of the secured and unsecured amounts should match the amount in line 7.) Amount necessary to cure any default as of the date of the petition: \$ \_\_\_\_\_ Annual Interest Rate (when case was filed) 4 %  Fixed  Variable

10. Is this claim based on a lease?  No  Yes. Amount necessary to cure any default as of the date of the petition. \$ \_\_\_\_\_

11. Is this claim subject to a right of setoff?  No  Yes. Identify the property See Attachment

12. Is all or part of the claim entitled to priority under 11 U.S.C. §507(a)?

No  
 Yes. Check all that apply:

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).

Up to \$2,850\* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).

Wages, salaries, or commissions (up to \$12,850\*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).

Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).

Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).

Other. Specify subsection of 11 U.S.C. § 507(a)( ) that applies.

Amount entitled to priority.

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ 9,596.92

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\*Amounts are subject to adjustment on 4/01/19 and every 3 years after that for cases begun on or after the date of adjustment.

**Part 3: Sign Below**

The person completing this proof of claim must sign and date it. FRBP 9011(b).

Check the appropriate box:

- I am the creditor.
- I am the creditor's attorney or authorized agent.
- I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.
- I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

I understand that an authorized signature on this Proof of Claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

I have examined the information in this Proof of Claim and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 09/14/2016  
 MM / DD / YYYY

/s/ BONNIE HARMEL  
 (Signature)

Print the name of the person who is completing and signing this claim:

Name BONNIE HARMEL  
 First name Middle name Last name

Title Bankruptcy Specialist

Company Internal Revenue Service  
 Identify the corporate servicer as the company if the authorized agent is a servicer.

Address 1999 Broadway M/S 5012DEN  
 Number Street

Denver CO 80202-3025  
 City State ZIP Code

Contact Phone (303) 603-4753 Email: \_\_\_\_\_



# Proof of Claim for Internal Revenue Taxes

Department of the Treasury/Internal Revenue Service



Form 410  
Attachment

**In the Matter of:** C & S COMPANY  
 2915 COLEMAN STREET  
 NORTH LAS VEGAS, NV 89032

Case Number	16-14155-LED
Type of Bankruptcy Case	CHAPTER 11
Date of Petition	07/28/2016

Amendment No. 1 to Proof of Claim dated 08/11/2016.

The United States has not identified a right of setoff or counterclaim. However, this determination is based on available data and is not intended to waive any right to setoff against this claim debts owed to this debtor by this or any other federal agency. All rights of setoff are preserved and will be asserted to the extent lawful.

**Secured Claims** (Notices of Federal tax lien filed under internal revenue laws before petition date)

Taxpayer ID Number	Kind of Tax	Tax Period	Date Tax Assessed	Tax Due	Penalty to Petition Date	Interest to Petition Date	Notice of Tax Lien Filed: Date	Office Location
XX-XXX7107	WT-FICA	03/31/2011	07/16/2012	\$1,394.99	\$10,201.36	\$2,234.90	11/29/2012	CLARK COUNTY
XX-XXX7107	WT-FICA	09/30/2011	11/19/2012	\$10,327.96	\$7,366.91	\$1,617.20	11/30/2012	SECRETARY OF ST
XX-XXX7107	WT-FICA	03/31/2012	12/17/2012	\$11,290.46	\$8,493.70	\$1,574.41	04/11/2016	SECRETARY OF ST
XX-XXX7107	WT-FICA	06/30/2012	12/24/2012	\$13,850.77	\$8,378.23	\$1,812.83	02/20/2013	CLARK COUNTY
XX-XXX7107	WT-FICA	09/30/2012	03/11/2013	\$36,446.23	\$15,286.91	\$4,460.62	04/11/2016	SECRETARY OF ST
XX-XXX7107	WT-FICA	12/31/2012	05/06/2013	\$35,794.31	\$17,995.94	\$4,078.75	02/20/2013	CLARK COUNTY
XX-XXX7107	FUTA	12/31/2012	04/08/2013	\$879.70	\$297.12	\$101.11	05/24/2013	SECRETARY OF ST
XX-XXX7107	WT-FICA	03/31/2013	06/24/2013	\$19,523.03	\$7,601.48	\$2,066.11	06/18/2013	CLARK COUNTY
XX-XXX7107	WT-FICA	06/30/2013	12/16/2013	\$22,218.77	\$8,223.35	\$2,166.36	05/17/2013	SECRETARY OF ST
XX-XXX7107	WT-FICA	09/30/2013	12/30/2013	\$0.00	\$3,164.91	\$0.00	08/02/2013	CLARK COUNTY
XX-XXX7107	WT-FICA	12/31/2014	03/02/2015	\$0.00	\$1,906.49	\$0.00	03/12/2014	SECRETARY OF ST
XX-XXX7107	WT-FICA	03/31/2015	08/10/2015	\$29,399.87	\$11,082.52	\$1,516.64	02/19/2014	CLARK COUNTY
XX-XXX7107	WT-FICA	06/30/2015	12/28/2015	\$48,382.37	\$20,991.57	\$1,658.98	04/11/2016	SECRETARY OF ST
XX-XXX7107	WT-FICA	09/30/2015	01/04/2016	\$39,826.29	\$9,594.52	\$1,027.69	04/14/2016	CLARK COUNTY
							04/11/2016	SECRETARY OF ST
				\$269,334.75	\$130,585.01	\$24,315.60		

**Total Amount of Secured Claims:**

**\$424,235.36**

# Proof of Claim for Internal Revenue Taxes

Department of the Treasury/Internal Revenue Service



Form 410  
Attachment

**In the Matter of:** C & S COMPANY  
 2915 COLEMAN STREET  
 NORTH LAS VEGAS, NV 89032

Case Number	16-14155-LED
Type of Bankruptcy Case	CHAPTER 11
Date of Petition	07/28/2016

Amendment No. 1 to Proof of Claim dated 08/11/2016.

## Unsecured Priority Claims under section 507(a)(8) of the Bankruptcy Code

Taxpayer ID Number	Kind of Tax	Tax Period	Date Tax Assessed	Tax Due	Interest to Petition Date
XX-XXX7107	CORP-INC	12/31/2015	1 NOT FILED	\$0.00	\$0.00
XX-XXX7107	WT-FICA	03/31/2016	06/06/2016	\$0.00	\$0.00
XX-XXX7107	WT-FICA	06/30/2016	2 Unassessed-No Return	\$100.00	\$0.00
XX-XXX7107	WT-FICA	09/30/2016	1 NOT FILED	\$8,784.48	\$0.00
XX-XXX7107	FUTA	12/31/2016	3 Unassessed Liability	\$712.44	\$0.00
				<b>\$9,596.92</b>	<b>\$0.00</b>

**Total Amount of Unsecured Priority Claims: \$9,596.92**

## Unsecured General Claims

Penalty to date of petition on unsecured priority claims (including interest thereon) . . . . . \$2,575.94

**Total Amount of Unsecured General Claims: \$2,575.94**

1 THE ABOVE LIABILITY HAS BEEN LISTED AS A POTENTIAL LIABILITY FOR THE DEBTOR BECAUSE THE RETURN HAS NOT BEEN FILED. AS SOON AS THE DEBTOR FILES THE RETURN WITH THE IRS AS REQUIRED BY LAW THIS CLAIM WILL BE ADJUSTED TO REFLECT THE ASSESSED LIABILITY.  
 2 UNASSESSED TAX LIABILITY(IES) HAVE BEEN LISTED ON THIS CLAIM BECAUSE OUR RECORDS SHOW NO RETURN(S) FILED. WHEN THE DEBTOR(S) FILES THE RETURN OR PROVIDES OTHER INFORMATION AS REQUIRED BY LAW THE CLAIM WILL BE AMENDED  
 3 THE ABOVE LIABILITY HAS BEEN LISTED AS A POTENTIAL LIABILITY FOR THE DEBTOR DUE TO DEBTOR'S FAILURE TO MAKE REQUIRED TAX DEPOSITS. AS SOON THE DEBTOR FILES THE RETURN WITH THE IRS AS REQUIRED BY LAW THIS CLAIM WILL BE ADJUSTED AS NECESSARY.

EXHIBIT 5

Honorable Mike K. Nakagawa  
United States Bankruptcy Judge



Entered on Docket  
October 13, 2016

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

DAVID J. WINTERTON, ESQ.  
Nevada Bar No. 004142  
DAVID J. WINTERTON & ASSOC., LTD.  
1140 N. Town Center Drive, Suite 120  
Las Vegas, Nevada 89144  
Phone: (702) 363-0317  
Facsimile: (702) 363-1630  
Email: david@davidwinterton.com

E-Filed: \_\_\_\_\_

*Proposed Attorneys for Debtor  
and Debtor in Possession*

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re: )  
C & S COMPANY, INC. )

Case No. 16-14155-mkn  
Chapter 11

Hearing:  
Date: October 5, 2016  
Time: 9:30 a.m.

Debtor.

**ORDER RE: MOTION TO USE CASH COLLATERAL AND  
MOTION FOR ORDER TO PAY POST-PETITION EXPENSES**

COMES NOW, Debtor-in-Possession, C & S COMPANY (the "Debtor"), a Nevada corporation, by and through its counsel of the law firm of David J. Winterton & Assoc., Ltd., hereby files this Proposed Order On Motion to Use Cash Collateral and Motion for Order to Pay Post-Petition Expenses, therefore:

1 IT IS SO ORDERED that the Debtor may use the cash collateral to preserve the assets of  
2 the estate, the FDIC will receive a post-petition lien on the accounts and the Debtor will be  
3 allowed to pay post-petition expenses as stated in the stipulation between the Debtor and the  
4 FDIC.

5 ###

6 Prepared and submitted by:

7 DAVID J. WINTERTON & ASSOCIATES, L.P.D.

8  
9 By: 

10 David J. Winterton, Esq.  
11 Nevada Bar N. 004142  
12 1140 N. Town Center Drive, Suite 120  
Las Vegas, Nevada 89144  
*Attorneys for the Debtor and  
Debtor-in-Possession*

13 Approved by:

14 FEDERAL DEPOSIT INSURANCE CORPORATION

15  
16 By: 

17 Sam B. Taylor, Jr., Esq.  
18 Counsel for the FDIC  
1601 Bryan Street, 15<sup>th</sup> Floor  
Dallas, Texas, 75201

19  
20  
21  
22  
23  
24  
25  
26  
27  
28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**CERTIFICATION**

In accordance with LR 9021, counsel submitting this document certifies that the order accurately reflects the court's ruling and that (check one):

The court has waived the requirement of approval under LR 9021.

No party appeared at the hearing or filed an objection to the motion.

I have delivered a copy of this proposed order to all counsel who appeared at the hearing, any unrepresented parties who appeared at the hearing, and each has approved or disapproved the order, or failed to respond, as indicated below [list each party and whether the party has approved, disapproved, or failed to respond to the document]:

I certify that this is a case under Chapter 7 or 13, that I have served a copy of this order with the motion pursuant to LR 9014(g), and that no party has objected to the form or content of the order.

<u>Party</u>	<u>Approve</u>	<u>Disapprove</u>	<u>Failed to Respond</u>
Sam E. Taylor, Jr. Esq. attorney for the FDIC			

DATED this 17 day of October, 2016

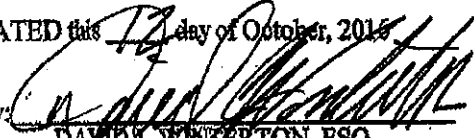
By:   
DAVID J. WINTERTON, ESQ.  
Nevada Bar No. 4142  
DAVID J. WINTERTON & ASSOC., LTD.  
1140 N. Town Center Drive, Suite 120  
Las Vegas, Nevada 89144  
*Proposed Attorneys' for Debtors*



EXHIBIT 6

1 DAVID J. WINTERTON, ESQ.  
 Nevada Bar No. 004142  
 2 DAVID J. WINTERTON & ASSOC., LTD.  
 1140 N. Town Center Drive, Suite 120  
 3 Las Vegas, Nevada 89144  
 Phone: (702) 363-0317  
 4 Facsimile: (702) 363-1630  
 Email: david@davidwinterton.com

E-Filed: \_\_\_\_\_

5 *Proposed Attorneys for Debtor*  
6 *and Debtor in Possession*

7 **UNITED STATES BANKRUPTCY COURT**

8 **DISTRICT OF NEVADA**

9 In re: )  
 10 C & S COMPANY, INC. )  
 11 Debtor. )

Case No. 16-14155-MKN  
Chapter 11.

Hearing:  
Date: October 5, 2016  
Time: 9:30 a.m.

12 \_\_\_\_\_  
13 **STIPULATION PROVIDING FOR USE OF CASH COLLATERAL AND ADEQUATE**  
14 **PROTECTION OF SECURED CREDITOR'S LIEN ON AN INTERIM BASIS**  
15 **THROUGH AND INCLUDING DECEMBER 31, 2016**

16 This matter having come before the Court as a result of the agreement set forth below  
17 between debtor, C & S Company (hereinafter, the "Debtor"), and the Federal Deposit Insurance  
18 Corporation, as Receiver for Colonial Bank, N.A. (hereinafter, the "FDIC"), a secured creditor  
19 herein, regarding interim use of cash collateral pursuant to the Debtor's Motion for  
20 Authorization to Use Cash Collateral (the "Motion"), and the parties having evidenced, by their  
21 signatures below, their stipulation and agreement to the terms and conditions of this Stipulation  
22 and the proposed Order, and seek the entry by this Court of the Order, as the Debtor and FDIC  
23 hereby STIPULATE ("Stipulation") as follows:

24 **RECITALS**

25 A. On July 28, 2016, the Debtor filed a petition for relief under Chapter 11 of the  
26 Bankruptcy Code. Debtor continues to operate its business as the debtor-in-possession pursuant  
27 to 11 U.S.C. §§ 1107 and 1108.

28 B. Debtor operates a construction business located at 1902 Sycamore Trail, Las

1 Vegas, Nevada 89108

2 C. FDIC has a secured claim against the Debtor for \$1,498,483.32 [Claim #3]. The  
3 FDIC's claim is secured by a valid and perfected security interest in all of the Debtor's pre-  
4 petition accounts, and all proceeds relating to same. The Debtor will be looking into the security  
5 and the amount of the FDIC claim and reserves the right to dispute the said claim.

6 D. The FDIC and the IRS claim that each may have priority over the other. If both  
7 creditors get paid, then this will not be an issue.

8 E. FDIC asserts that the income generated from the Debtor's collection of pre-  
9 petition accounts receivable, rents, and the funds in Debtor's accounts are the cash collateral of  
10 the FDIC within the meaning of 11 U.S.C. § 363(a).

11 F. Debtor and FDIC have entered into this Stipulation on an interim basis to: (i)  
12 preserve the value of the estate assets; (ii) attempt to enter into a cash collateral stipulation on a  
13 final basis (thereby avoiding protracted and costly cash collateral litigation); (iii) provide a  
14 means for accountability of cash collateral receipt and expenditure; and (iv) adequately protect  
15 the FDIC from diminution of its interest in the Cash Collateral.

16 G. FDIC is willing to permit Debtor's use of the Cash Collateral pursuant to the  
17 budget attached hereto as Exhibit "1" (the "Budget") for the purpose of operating, preserving,  
18 and maintaining the Property (the "Budgeted Period"). The parties have negotiated in good faith  
19 and are agreeing to this Order in good faith, represented by separate counsel of their choice and  
20 at arm's length as required by Section 363 of the Bankruptcy Code.

21 **II. OPERATIVE PROVISIONS - USE OF CASH COLLATERAL/ADEQUATE**  
22 **PROTECTION**

23 A. The parties hereby incorporate the foregoing "Recitals" into these "Operative  
24 Provisions" as though fully set forth herein.

25 B. The FDIC hereby consents to the use of its Cash Collateral under the following  
26 conditions:

- 27 1. The Debtor may use the Cash Collateral to pay the reasonable costs and  
28 operating expenses, as set forth on the Budget, for the time Budgeted Period provided: (i)  
the expenditure of Cash Collateral will be in accordance with the Budget as proposed; (ii)  
the Debtor will continue to be current on its payroll taxes, union dues, and payments to  
the United States Trustee's Office; (iii) the Debtor will timely file its monthly operating

1 reports; and (iv) the Debtor will pay \$25,000 to the FDIC on or before November 30,  
2 2016. The Debtor and FDIC specifically reserve the right to agree in writing to a  
3 modification of the Budget without additional Bankruptcy Court approval if such  
4 modification appears to Debtor and FDIC to be justified by the costs and benefits  
5 associated with administering the estate.

6 2. The Debtor shall also be permitted to pay the fees payable to the United  
7 States Trustee, pursuant to 28 U.S.C. § 1930, and the fees payable to the Clerk of the  
8 Court as long as they are set forth on the Budget.

9 3. Commencing with the Cash Collateral collected during the month of  
10 September, the Debtor will pay the FDIC \$5,552.90 per month as adequate protection.  
11 The payments will be due on the 1st of each month. The payments will commence  
12 October 1, 2016.

13 4. As additional adequate protection, the FDIC shall be granted replacement  
14 liens to the extent provided for in 11 U.S.C. § 361(2).

15 5. This adequate protection order is without prejudice to the IRS which has  
16 reserved the right to challenge the FDIC to determine if the IRS is in first priority over  
17 the Debtor's accounts receivable.

### 18 **III. OPERATIVE PROVISIONS- GENERAL**

19 C. This Stipulation and proposed Order shall remain in effect until the earlier of: (i)  
20 further order of this Court extending or otherwise modifying the terms hereof; (ii) December 31,  
21 2016; (iii) a conversion of this case under Chapter 7 of the Bankruptcy Code; or (iv) appointment  
22 of a trustee in this case.

23 D. Debtor shall comply with the Debtor in Possession bank account and reporting  
24 requirements of the guidelines promulgated by the Office of the United States Trustee.

25 E. Upon the failure of the Debtor to comply with a provision of this Stipulation and  
26 Order, the FDIC will provide the Debtor with written notice sent to Debtor and Debtor's counsel  
27 (hereinafter, "Notice"). The Debtor will have ten (10) days after the receipt of Notice to cure or  
28 remedy any claimed failure of any provision of this Stipulation. If the Debtor does not cure or  
remedy the default within the ten (10) days after the receipt of Notice:

1. FDIC's consent regarding Debtor's use of the Cash Collateral pursuant to  
this Stipulation shall be terminated without further notice;

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

2. Debtor shall not use any Cash Collateral for any purpose without further order of the Court; and

3. Debtor shall hold and segregate all Cash Collateral in trust for the FDIC, except as otherwise ordered by the Court.

F. The terms and provisions of this Stipulation and all stipulations and agreements by the parties affected hereby may not be modified except in writing, executed by the Debtor and the FDIC, and approved by the Court unless otherwise provided herein.

H. All notices, reports, or other correspondence to be transmitted to the parties hereto, pursuant to the terms of this Order, shall be in writing and deemed delivered when transmitted by e-mail, deposited in the United States mail, or by express mail delivery or facsimile transmission, addressed as follows:

Debtor: C & S Company  
Attn: David J. Winterton,  
David J. Winterton & Associates, Ltd  
1140 No. Town Center Drive, Suite 120  
Las Vegas, Nevada 89144

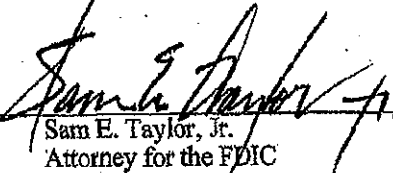
Creditor: FDIC  
Attn: Sam E. Taylor, Jr.  
1601 Bryan Street, 15th Floor  
Dallas, Texas, 75201

Dated this 3rd day of October, 2016.

C & S CORPORATION

By: 

FEDERAL DEPOSIT INSURANCE CORPORATION,  
as Receiver for Colonial Bank, N.A.

By:   
Sam E. Taylor, Jr.  
Attorney for the FDIC

1 DAVID J. WINTERTON, ESQ.  
Nevada Bar No. 004142  
2 DAVID J. WINTERTON & ASSOC., LTD.  
1140 N. Town Center Drive, Suite 120  
3 Las Vegas, Nevada 89144  
Phone: (702) 363-0317  
4 Facsimile: (702) 363-1630  
Email: david@davidwinterton.com

E-Filed: \_\_\_\_\_

5 *Proposed Attorneys for Debtor*  
6 *and Debtor in Possession*

7 UNITED STATES BANKRUPTCY COURT  
8 DISTRICT OF NEVADA


9 In re: ) Case No. 16-14155-MKN  
C & S COMPANY, INC. ) Chapter 11  
10 )  
11 ) Hearing:  
Debtor. ) Date: October 5, 2016  
12 ) Time: 9:30 a.m.

13 ERRATA TO THE MOTION TO USE CASH COLLATERAL WITH THE FDIC

14 COMES NOW, C & S COMPANY, (hereinafter "Debtor") by and through its proposed  
15 counsel of record, David J. Winterton of the law firm of David J. Winterton & Associates, Ltd.,  
16 filed the stipulation with the FDIC. The Exhibit 1 was not attached to the stipulation in DKT 59  
17 and is supplemented and incorporated herein with the stipulation.

18 Respectfully submitted this 5th day of October, 2016.

19 DAVID J. WINTERTON & ASSOC. LTD.

20 By:   
21 David J. Winterton, Esq.  
22 Nevada Bar No. 4142  
23 1140 No. Town Center Drive, Suite 120  
24 Las Vegas, Nevada 89144  
25  
26  
27  
28



**EXHIBIT 1**

C AND S COMPANY, INC.

## MONTHLY BUDGET

INCOME	Budget
Net sales	781,200.00
Interest Income	0.00
Asset sales (gain/loss)	0.00
Total Income	781,200.00
PERSONNEL EXPENSES	Budget
Wages	241,578.00
Employee benefits	6,651.58
Office Payroll	10,556.00
Reserved Operating Payroll Account	250,000.00
Total Personnel Expenses	508,785.58
OPERATING EXPENSES	Budget
Job Expenses	338,167.00
Equipment Lease (2)	10,269.22
Insurance General, WC, Vehicle	17,907.11
AFLAC Insurance	491.72
Legal and auditing	16,100.00
Maintenance and repairs	7,100.00
Office supplies	500.00
Postage	36.00
Rent or mortgage	3,000.00
Supplies Reimbursements	6,456.27
Taxes	31,883.00
Telephone	970.05
Utilities	325.76
Union Dues	88,000.00
Total Operating Expenses	521,206.13