

IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

-----	x	
In re:)	
	)	Chapter 11
RICHFIELD EQUITIES, L.L.C.,¹	)	Case No. 12-33788
a Michigan limited liability company,	)	Honorable Daniel S. Opperman
)	
Debtor.	)	<i>Jointly Administered</i>
-----	x	

**APPLICATION FOR ENTRY OF AN ORDER AUTHORIZING THE
EMPLOYMENT AND RETENTION OF QUARTON PARTNERS
AS INVESTMENT BANKER FOR THE DEBTORS**

Richfield Equities, L.L.C. ("REQ"), **Richfield Landfill, Inc. ("Landfill")**, **Richfield Management, L.L.C., Inc. ("Management")**, and **Waste Away Disposal, L.L.C. f/k/a Richfield Capital, L.L.C. ("Waste Away")** and, together with, REQ, Landfill and Management, the "**Debtors**"), hereby submit this application (the "**Application**") for entry of an order, in substantially the form attached hereto as **Exhibit 1**, pursuant to section 327(a), 328(a) and 1107 of title 11 of the United States Code (the "**Bankruptcy Code**") and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**") authorizing the employment and retention of Quarton Partners ("**Quarton**") as investment banker for the Debtors. In support of this Application, Debtors rely on the Affidavit of Brian Dragon in Support of the Application for an

¹ The Debtors in this jointly administered bankruptcy proceeding are: Richfield Equities, L.L.C., Case No. 12-33788; Richfield Landfill, Inc., Case No. 12-33789; Richfield Management, L.L.C., Inc., Case No. 12-33790; and Waste Away Disposal, L.L.C., Case No. 12-33791.



Order Authorizing the Employment and Retention of Quarton Partners as Investment Banker for the Debtors (the "Quarton Affidavit"), attached as **Exhibit 2**. In support of this Application, the Debtors respectfully state as follows:

Jurisdiction

1. The Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Venue of this proceeding and the Application in this District is proper under 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are sections 105, 327(a), and 328(a) of the Bankruptcy Code and Rule 2014(a) of the Bankruptcy Rules.

Background

4. The factual background relating to the Debtors and their commencement of these chapter 11 cases (the "Chapter 11 Cases") is set forth in detail in the *Affidavit of Bernhard Rumbold in Support of Chapter 11 Petitions and First Day Pleadings and Requests* [Docket No. 2] (the "First Day Affidavit").

Relief Requested

5. By this Application, the Debtors seek approval from the Court to employ and retain Quarton as their investment banker in these Chapter 11 Cases and all related matters, effective as of the Petition Date. Accordingly, the Debtors respectfully request that the Court enter an order authorizing the Debtors to employ and retain Quarton as

their investment banker to perform investment banker and other sale related services that will be necessary during these Chapter 11 Cases.

6. The Debtors have selected Quarton for the reason that Quarton has had much experience in matters of this character. The Debtors believe that Quarton is well-qualified to assist them in this proceeding and that Quarton's retention is in the best interests of the Debtors' estates and their creditors.

Services To Be Provided

7. Quarton is a leading investment banking firm based in Birmingham, Michigan, that provides merger and acquisition services to middle market companies. By this Application, the Debtors seek to retain Quarton to assist in the sale of the Debtors' businesses or assets on a going concern basis on the terms set forth in the engagement letter attached hereto as **Exhibit 3** (the "Engagement Letter"). As a result of their strong middle market focus, private company expertise, and Mr. Dragon's expertise in the waste hauling business, the Debtors seek to retain Quarton to render the following financial advisory services, as needed:

- i. assist the Company in analyzing and evaluating the business, operations and financial position of the Company;
- ii. assist the Company in the preparation of an offering memorandum relating to the proposed Disposition of the Company for distribution and presentation to potential purchasers;
- iii. assist the Company in the preparation and implementation of a marketing plan with respect to the proposed Disposition of the Company;
- iv. assist the Company in the screening of interested potential purchasers;

- v. assist the Company in coordinating the materials and information to be made available to potential purchasers and with prospective purchasers' due diligence investigations;
 - vi. assist the Company in evaluating proposals which are received from potential purchasers;
 - vii. counsel the Company as to strategy and tactics for negotiating with potential purchasers and, if requested by the Company, participate in negotiations relating to any proposed disposition; and
 - viii. advise the Company with respect to the form and structure of, and consideration to be received in, the proposed disposition.
8. Based on the foregoing, the Debtors submit that retention of Quarton is in the best interests of the Debtors, their creditors and their estates.

PROPOSED COMPENSATION OF QUARTON

9. Pursuant to 11 U.S.C. § 328(a), the Debtors may employ a professional person under section 327 on any reasonable terms and conditions of employment including "on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis." 11 U.S.C. § 328(a). The Engagement Letter specifically sets forth the terms of the Debtors' agreement with Quarton.

10. As set forth in the Quarton Declaration, Quarton has not entered into any arrangement to share such compensation as it may be awarded herein except as permitted under 11 U.S.C. § 504(b), and no professional at Quarton is a relative of the bankruptcy judge approving Quarton's retention as proscribed by Fed. R. Bankr. P. 5002(a). For the reasons set forth above, the Debtors submit that the proposed

employment of Quarton to perform the professional services set forth herein is both necessary and appropriate under the circumstances.

Notice

11. Notice of this Motion has been given to: (i) the Office of the United States Trustee, (ii) counsel for Debtors' prepetition secured lender, (iii) all other secured creditors, (iv) those parties included on the Debtors' Court-approved special service matrix; (v) the 20 largest unsecured creditors of Debtors; and (vi) those parties requesting service of pleadings. In light of the relief requested herein, the Debtors submit that no further notice is necessary or required.

No Prior Request

12. No prior request for the relief sought in this motion has been made to this or any other court.

WHEREFORE, the Debtors request that this Honorable Court enter an Order, in the form of the proposed Order attached here as **Exhibit 1**, authorizing the employment of Quarton as investment banker for the Debtors, consistent with the representations made herein, and granting such other and further relief as the Court deems appropriate.

September 25, 2012

CARSON FISCHER, P.L.C.

/s/ Christopher A. Grosman

Joseph M. Fischer (P13452)

Robert A. Weisberg (P26698)

Christopher A. Grosman (P58693)

4111 Andover Road

West - Second Floor

Bloomfield Hills, Michigan 48302

Telephone: (248) 644-4840

Facsimile: (248) 644-1832

E-mail: JFischer@CarsonFischer.com

RWeisberg@CarsonFischer.com

CGrosman@CarsonFischer.com

Proposed Counsel for the Debtor

Exhibit 1

Proposed Order

IN THE UNITED STATES BANKRUPTCY COURT
 EASTERN DISTRICT OF MICHIGAN
 SOUTHERN DIVISION

-----	x	
In re:)	
	)	Chapter 11
RICHFIELD EQUITIES, L.L.C.,¹	)	Case No. 12-33788
a Michigan limited liability company,	)	Honorable Daniel S. Opperman
)	
Debtor.	)	<i>Jointly Administered</i>
-----	x	

**ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION
 OF QUARTON PARTNERS FOR THE DEBTORS**

Upon consideration of the Application by the Debtors for Entry of an Order Authorizing the Employment and Retention of Quarton Partners ("Quarton") as Investment Bankers for the Debtors (the "Application") and the Affidavit of Brian Dragon in Support of the Application for an Order Authorizing the Employment and Retention of Quarton Partners as Investment Bankers for the Debtors (the "Quarton Affidavit"); it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors, and other parties in interest; it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); it appearing that venue of this proceeding and this Application in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; it appearing that notice of this Application and the opportunity

¹ The Debtors in this jointly administered bankruptcy proceeding are: Richfield Equities, L.L.C., Case No. 12-33788; Richfield Landfill, Inc., Case No. 12-33789; Richfield

for a hearing on this Application was appropriate under the circumstances and that no further notice need be given; and after due deliberation and sufficient cause;

NOW, THEREFORE, IT IS HEREBY ORDERED that the Application is GRANTED; and it is further

ORDERED, that in accordance with section 328 of the Bankruptcy Code, the Debtors are authorized to employ and to retain Quarton as their Investment Banker on the terms set forth in the Application, the Engagement Letter (as defined in the Application), and the Quarton Affidavit, effective as of the commencement of these Chapter 11 Cases; and it is further

ORDERED, that Quarton will render professional services to the Debtors that may include, but shall not be limited to, those detailed in the Application; and it is further

ORDERED, that Quarton shall be compensated in accordance with the procedures set forth in the Application and Engagement Letter without the need to file a formal fee application in connection with any Transaction Fee; and it is further

ORDERED, that the terms of this Order shall be effective immediately and enforceable upon its entry; and it is further

ORDERED, that this Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Management, L.L.C., Inc., Case No. 12-33790; and Waste Away Disposal, L.L.C., Case No. 12-33791.

EXHIBIT 2

Declaration

IN THE UNITED STATES BANKRUPTCY COURT
 EASTERN DISTRICT OF MICHIGAN
 SOUTHERN DIVISION

-----	x	
In re:)	
	)	Chapter 11
RICHFIELD EQUITIES, L.L.C.,¹	)	Case No. 12-33788
a Michigan limited liability company,	)	Honorable Daniel S. Opperman
)	
Debtor.	)	<i>Jointly Administered</i>
-----	x	

**AFFIDAVIT OF BRIAN DRAGON IN SUPPORT OF THE APPLICATION FOR AN
 ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION OF QUARTON
 PARTNERS AS INVESTMENT BANKERS FOR THE DEBTORS**

STATE OF MICHIGAN)
) ss:
 COUNTY OF OAKLAND)

I, Brian Dragon, being duly sworn, state the following under penalty of perjury.

1. I am a managing director with the Quarton Partners ("Quarton"). I am in all respects competent to make this Affidavit in Support of the Application (the "Application") for an Order Authorizing the Employment and Retention of Quarton Partners as Investment Banker for the Debtors pursuant to section 327(a) and 328(a) of title 11 of the United States Code (the "Bankruptcy Code") and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). Except as otherwise noted, I have personal knowledge of the matters set forth herein.

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Services To Be Provided

2. In connection with these Chapter 11 Cases, the Debtors have requested court authorization to retain Quarton as investment bankers. The professional services that Quarton will render to the Debtors may include, but shall not be limited to, those described in the Application.

Quarton's Disinterestedness

3. Based on the results of the conflict search conducted to date and described more fully below, to the best of my knowledge, neither I, nor Quarton, nor any officer or employee thereof, insofar as I have been able to ascertain, has any connection with the Debtors, their creditors, or other parties in interest (as reasonably known to Quarton) and their respective attorneys.

4. Quarton is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code and is modified by section 1107(b) of the Bankruptcy Code, in that neither Quarton nor any of its officers and employees:

- (a) is a creditor, an equity security holder, or an insider of the Debtors;
- (b) was, within two (2) years before the date of the filing of the Debtors' Chapter 11 petitions, a director, officer, or employee of the Debtors; or
- (c) has an interest materially adverse to the interests of the Debtors' estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or

interest in, the Debtors or for any other reason.

5. As part of its diverse practice, Quarton appears in numerous cases, proceedings, and transactions involving many different professionals, including attorneys, accountants, investment bankers, and financial consultants, some of which may represent claimants and parties in interest in these Chapter 11 Cases. Based on my current knowledge of the professionals involved, and to the best of my knowledge, none of these business relations constitutes an interest materially adverse to the Debtors in matters upon which Quarton is to be employed, and none is in connection with these Chapter 11 Cases.

6. To the best of my knowledge, Quarton has not been retained to assist any entity or person other than the Debtors on matters relating to, or in connection with, these Chapter 11 Cases. If this Court approves the proposed employment of Quarton by the Debtors, Quarton will not accept any engagement or perform any service for any entity or person other than the Debtors in connection with these Chapter 11 Cases. Quarton will, however, continue to provide professional services to its clients on matters unrelated to the Debtors.

7. Quarton has conducted a conflicts check, through a search of its client database, regarding its connections with the Debtors and other parties in interest. A search of Quarton's client database is designed to reveal any representation of, or potential conflict with, the entity searched or any known subsidiary or affiliate. This search was as complete as possible under the circumstances, but Quarton recognizes

that additional parties in interest may surface during the course of these Chapter 11 Cases. As parties become known or make appearances in these cases, Quarton will supplement its disclosures as necessary or appropriate.

8. To the best of my knowledge as of the date of this Affidavit, Quarton's conflict check has not revealed the existence of any matters adverse to the interests of the Debtors. Quarton has had relationships (as described in attached **Exhibit A**) in unrelated matters with the parties listed in **Exhibit A**.

9. Based on the conflicts search conducted to date, to the best of my knowledge, neither I, Quarton, nor any officer or employee thereof, insofar as I have been able to ascertain, has any connection with the Debtors, their creditors, or any other parties in interest, their respective attorneys or accountants, nor with the United States Trustee or any person employed in the office of the United States Trustee, except as disclosed herein.

10. Quarton will periodically review its files during the pendency of these Chapter 11 Cases to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new relevant facts or relationships are discovered or arise, Quarton will use reasonable efforts to identify any such further developments and will promptly file a supplemental affidavit pursuant to Rule 2014(a) of the Bankruptcy Rules.

11. As of the Petition Date, the Debtors do not owe any amounts to Quarton for investment banking services.

12. There is no agreement or understanding between Quarton and any other

person or entity for sharing compensation received or to be received for services rendered by Quarton in connection with these Chapter 11 Cases.

Professional Compensation

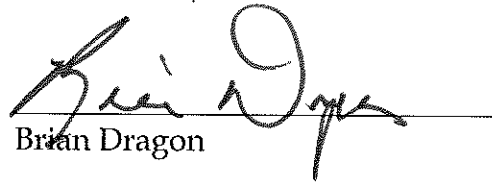
13. The compensation arrangement provided for in the Engagement Letter (as defined in the Application) is consistent with and typical of the arrangements entered into by Quarton and other such firms with respect to rendering similar services for clients such as the Debtors.

14. Subject to Court Order, Quarton has requested that it not be required to prepare and submit a fee application in connection with the Transaction Fee.

15. No promises have been received by Quarton nor by any officer or employee thereof as to compensation in connection with the Chapter 11 Cases, other than in accordance with the provisions of the Bankruptcy Code.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

foregoing is true and correct.


Brian Dragon

Subscribed and sworn to before me
this 18 day of September, 2012

Notary Public Doreen Nicole Butts
My Commission Expires: 5/22/2014

Exhibit A

None.

EXHIBIT 3

Engagement Letter

September 30, 2010

Mr. Christopher Scotto DiVetta
President
W.Y. Campbell & Company
Suite 2600
One Woodward Ave
Detroit, MI 48923

Re: Engagement Letter

Dear Mr. Scotto DiVetta:

As you are aware, Richfield Equities, L.L.C. and W.Y. Campbell & Company entered into an engagement letter regarding financial advisory services. We are writing to inform you that as of the date of this letter, the engagement letter is hereby terminated in accordance with its terms.

Please feel free to call the undersigned with any questions or concerns.

Sincerely,

Richfield Equities, L.L.C.

By: _____


Bernie Rumbold



QUARTON PARTNERS

INVESTMENT BANKING

A division of Leonard & Company

300 Park Street • Suite 480 • Birmingham, MI 48009
248-594-0400 • Fax: 248-594-0401

September 30, 2010

PERSONAL & CONFIDENTIAL
TO BE OPENED BY ADDRESSEE ONLY

Mr. Bernie Rumbold
Richfield Equities, L.L.C.
322 N. Old Woodward Avenue
Birmingham, MI 48009

ENGAGEMENT LETTER

Dear Mr. Rumbold:

We are pleased to confirm the arrangements under which Quarton Partners, LLC a division of Leonard & Company, a FINRA regulated broker/dealer ("Quarton") is engaged by Richfield Equities, L.L.C. jointly and severally with the undersigned members of the Company (collectively the "Company"), as financial advisor in connection with the sale or financing of the Company.

Specifically, Quarton will assist and advise you with respect to:

- (i) the definition of objectives;
- (ii) identification and demonstration of the Company's proprietary attributes;
- (iii) the identification and solicitation of appropriate merger partners;
- (iv) the preparation and distribution of confidentiality agreements and appropriate descriptive selling materials (to include Offering Memorandums, Management Presentations, and other documentation as may be required or appropriate);
- (v) the initiation of discussions and negotiations with prospective merger partners;
- (vi) the structuring of the merger; and,
- (vii) the various details necessary to complete a successful transaction.

Mr. Bernie Rumbold
Richfield Equities L.L.C.
September 30, 2010
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If a sale of the Company is accomplished in one or a series of transactions, including private or open market purchases of stock, a tender offer, a merger or a sale by the Company of all or a substantial portion of its stock or assets, Quarton will charge an additional Transaction Fee based upon a formula applied to Aggregate Consideration paid in such transactions. Except as provided below, a Transaction Fee will be payable to us in cash upon consummation of each transaction.

Transaction Fee Formula

\$625,000 plus,
9.0% of Aggregate Consideration in excess of \$42,000,000.

The Aggregate Consideration for purposes of calculating a Transaction Fee shall be:

- (i) In the case of the sale, exchange or purchase of the Company's equity securities, the total consideration paid for such securities (including amounts paid to holders of options, warrants and convertible securities), plus the face value of non-compete, consulting (in excess of reasonable fair market value), and transitional agreements and all like consideration, plus the fair market value of any assets retained by the Company or its members, plus the amount of liabilities and indebtedness assumed (without double counting and excluding trade payables owing within stated payment terms and standby letters of credit supporting bonding requirements for the Company's landfill closure/post closure liabilities), less cash.
- (ii) In the case of a sale or disposition by the Company of all or a substantial portion of its assets, the total consideration paid for such assets, plus the fair market value of any assets retained by the Company or its members, plus the face value of non-compete, consulting (in excess of reasonable fair market value), and transitional agreements and all like consideration, plus the amount of assumed liabilities and indebtedness acquired (without double counting and excluding trade payables due within stated payment terms and standby letters of credit supporting bonding requirements for the Company's landfill closure/post closure liabilities) assumed by the purchaser less cash and less the amount of any penalty incorporated into the purchase price for an asset versus stock sale structure.

Mr. Bernie Rumbold
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A Transaction Fee in connection with a tender offer or other purchase or sale of stock or other equity interests will become payable by the Company when control, or 50% or more of the Company's outstanding equity interests is acquired by a purchaser or group of affiliated purchasers (which partial sale decision shall be at the sole discretion of the Company). In that event, our Transaction Fee will be calculated under the above definition of Aggregate Consideration as follows:

Transaction Fee = (a) multiplied by (b) divided by (c)

Whereby (a), (b) and (c) are defined as follows:

- (a) Transaction Fee calculated under the above definition of Aggregate Consideration as though 100% of the outstanding equity interest is sold on a fully diluted basis
- (b) Aggregate Consideration less 50% of the outstanding equity interest on a fully diluted basis retained by current shareholders whereby 50% represents a negotiated and agreed upon amount by the parties
- (c) Aggregate Consideration

For illustrative purposes, refer to Exhibit B for sample calculations of Transaction Fee, (a), (b) and (c).

In the event that less than 50% of the Company's outstanding equity interests is acquired by a purchaser or group of affiliated purchasers or debt notes are issued other than traditional senior bank notes, then the Company shall pay 4% of amounts raised subject to a Minimum Transaction Fee of \$325,000.

The parties agree to openly and fairly negotiate the portion of the Transaction Fee related to Aggregate Consideration in the form of amounts paid into escrow and/or contingent payments. In the event any portion of the consideration is not paid at closing and is not contingent, that portion of the consideration will be reduced to its net present value for purposes of calculating the Aggregate Consideration using a discount rate of 8.5% per annum.

If any portion of the Aggregate Consideration is paid in the form of securities, the value of such securities, for purposes of calculating the Transaction Fee, will be determined by the average of the last sales prices for such securities on the five trading days ending five days prior to the consummation of the transaction. If such securities do not have an existing public trading market, the value of the securities shall be the mutually agreed upon fair market value on the day prior to the consummation of the transaction.

In addition to the aforementioned fees, we will be reimbursed periodically, as invoiced, by the Company for our out-of-pocket expenses which may include, amongst other things,

Mr. Bernie Rumbold
Richfield Equities L.L.C.
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materials, phone, data base and travel which shall not exceed \$2,000 per month unless pre-approved by the Company. Expenses in excess of \$2,000 in any month can be invoiced in subsequent months.

Our services may be terminated by you or us at any time with or without cause effective upon receipt of written notice to that effect. We will be entitled to the Transaction Fee set forth above in the event that at any time prior to the expiration of two years after such termination a sale or financing of the Company is initiated and there was contact by the Company, an affiliate of the Company, or Quarton with the acquiring or investing party, or any affiliate thereof, regarding such a transaction prior to our termination.

In the event (a) the shareholders determine not to sell the Company and a bona fide cash offer representing at least \$42 million of Aggregate Consideration has been received for 100% or less than 100% of the Company, or (b) membership interests of the Company are sold among members so as to transfer control within one year of the Offering Memorandum is issued exclusive of such transfers resulting from death, disability, insolvency or bankruptcy, or (c) the project is abandoned or not supported in good faith by the Company, which decisions the Company reserves at its sole discretion, the Company agrees to pay Quarton a Break-Off Fee of \$50,000 per month counting from the date of this letter to be capped at \$400,000.

In order to coordinate most effectively our efforts together to effect a transaction satisfactory to the parties, the Company will promptly inform Quarton of any inquiry they may receive concerning the availability of all or a portion of the stock or assets of the Company for purchase. Also, during the period of our engagement, the Company will not initiate any discussions looking toward the sale of the Company without first consulting with Quarton. Please note that any written or oral advice provided by Quarton in connection with our engagement is exclusively for the information of members, senior management of the Company, its legal or financial advisors who need to know such information for purposes of evaluating such a transaction and may not be disclosed to any third party or circulated or referred to publicly without our prior written consent.

The Company agrees to indemnify Quarton pursuant to and in accordance with Exhibit A which is incorporated herein by reference and to comply with all the terms and conditions of Exhibit A. The provisions of Exhibit A incorporated herein by reference shall survive the termination of this engagement. This letter agreement shall be binding upon the parties hereto and their respective successors.

This engagement letter may not be amended or modified except in writing. This letter represents the entire understanding between the parties, and all prior discussions and negotiations are merged in it. This letter shall be governed by and construed in accordance with the laws of the State of Michigan without regard to principles of conflicts of laws. The Company consents to personal jurisdiction, service and venue in any court in which any

Mr. Bernie Rumbold
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claim which is subject to this engagement letter is brought against Quarton or any other indemnified party. Any dispute arising from the interpretation, validity or performance of this letter or any of its terms and provisions shall be submitted to binding arbitration in Southfield, Michigan pursuant to the rules of the American Arbitration Association. Should action be brought to enforce this letter, the prevailing party shall be entitled to recover from the other party interest on amounts due and reimbursement for its attorney's fees and expenses.

Please confirm that the foregoing is in accordance with your understanding by signing and returning to us the enclosed copy of this letter, which shall become a binding agreement upon our receipt. We are delighted to accept this engagement and look forward to working with you on this assignment.

Sincerely,

QUARTON PARTNERS



Brian T. Dragon
Managing Director

Confirmed and agreed:

RICHFIELD EQUITIES, L.L.C.

By:  _____

Date: _____

Its: Manager _____

Confirmed and agreed by the Company's members:

By: _____

Date: _____

By: _____

Date: _____

By: _____

Date: _____

EXHIBIT A
INDEMNIFICATION

Client: Richfield Equities, L.L.C. jointly and severally with the Members (the "Company")

In the event that Quarton becomes involved in any capacity in any action, proceeding or investigation brought by or against any person, including stockholders of the Company, in connection with or as a result of the engagement which is the subject of this letter or any matter referred to in this letter, the Company periodically will reimburse Quarton for its legal and other expenses (including the cost of any investigation and preparation) incurred in connection therewith. If Quarton is not a party to such action, proceeding or investigation, the Company shall periodically pay Quarton \$375 per hour for all time spent by officers or employees in preparing for or participating in such actions, proceedings or investigations, whether as a witness or otherwise. The Company also will indemnify and hold harmless Quarton against any losses, claims, damages or liabilities to any such person in connection with any matter referred to in this letter including without limitation the performance of the services which are the subject of this letter, except for the gross negligence, or wanton or willful misconduct of Quarton, which is excluded from this indemnity. If for any reason the foregoing indemnification is unavailable to Quarton or insufficient to hold it harmless, then the Company shall contribute to the amount paid or payable by Quarton as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative economic interests of the Company or any person asserting claims on behalf of or in right of the Company on the one hand and Quarton on the other hand in the matters contemplated by this engagement letter as well as the relative fault of the Company and Quarton with respect to such loss, claim, damage or liability and any other relevant equitable considerations; provided, however, in no event shall Quarton's aggregate contribution to the amount paid or payable exceed the aggregate amount of fees actually received by Quarton under this engagement letter. The reimbursement, indemnity and contribution obligations of the Company under this paragraph shall be in addition to any liability which the Company may otherwise have, shall extend upon the same terms and conditions to any affiliate of Quarton and the partners, directors, agents, employees and controlling persons (if any), as the case may be, of Quarton and any such affiliate, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company, any such affiliate and any such person. The Company also agrees that neither Quarton nor any of such affiliates, partners, directors, agents, employees or controlling persons shall have any liability to the Company or any person asserting claims on behalf of or in the right of the Company for or in connection with any matter referred to in this letter. Prior to the proposed sale, distribution or liquidation of all or a significant portion of its assets or any significant recapitalization of its outstanding securities, the Company will notify Quarton in writing thereof (if not previously so notified) and, if requested by Quarton, shall arrange alternative means of providing for the obligations of the Company set forth in this paragraph, including the assumption of such obligations by another party, insurance, surety bonds or the creation of an escrow, in each case in an amount and upon terms and conditions satisfactory to Quarton. Subject to the limitations of the laws of any other state that may be held to be applicable, any fee or other amount payable hereunder that is not paid when due shall bear interest as an extension of credit to a business entity from and after the due date until paid at the rate of 24% per annum, as permitted by Section 438.61 of Michigan Compiled Laws. Additionally, Quarton shall be entitled to recover its actual costs of collection, including but not limited to attorneys' fees and costs. The provisions of this Exhibit shall survive any termination or completion of the engagement provided by this letter agreement.

Exhibit B
(\$000s)

Example:

Assume: Aggregate Consideration	44,000	
Assume: Less: Net Indebtedness	<u>(16,000)</u>	(c)
Equity	28,000	
Assume: 40% Equity is retained by existing SH	40%	
Equity (\$) retained	11,200	
50% of Equity (\$) retained	<u>5,600</u>	
(negotiated percentage amount for fee calculation purposes)		
Aggregate Consideration less 50% Equity (\$) retained	38,400	(b)
Transaction Fee (in the event of sale of 100% equity)		
Base	625	
Additional	<u>180</u>	
Total	805	(a)
Transaction Fee (sale of 60% equity)		
(a) x (b) ÷ (c)	<u><u>703</u></u>	