

EXHIBIT A

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

STANLEY J. KOWALEWSKI and
SJK INVESTMENT MANAGEMENT,
LLC

Defendants.

CIVIL ACTION
NO. 1:11-cv-0056-TCB

**RECEIVER'S SUPPLEMENTAL PLAN FOR ADMINISTRATION OF
RECEIVER ESTATE AND DISTRIBUTION OF PROCEEDS**

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S. Gregory Hays (“Receiver”), the court-appointed Receiver for SJK Investment Management, LLC (“SJK”), and the SJK Special Opportunities Fund, LP (the “Special Opportunities Fund”), files his Supplemental Plan for Administration of Receiver Estate and Distribution of Proceeds:

I. INTRODUCTION

1. Pursuant to Orders dated February 2, 2011 [ECF No. 37] and March 8, 2011 [ECF No. 59] (the “Receivership Orders”), S. Gregory Hays was appointed as Receiver for SJK, the Special Opportunities Fund, and all of their assets (collectively, the “Receiver Estate”). The Receivership Orders also appointed Mr. Hays as Receiver for Defendant Stanley J. Kowalewski (“Kowalewski”). The receivership over Kowalewski was terminated on September 30, 2011 [ECF No. 138].

2. The Receivership Orders grant the Receiver broad authority over the organization, management, control, and disposal of the assets of the Receiver Estate. Pursuant to the authority granted him by the Receivership Orders, the Receiver and the professionals working with him (the “Receiver Team”) have undertaken a variety of actions to administer the assets of the Receiver Estate. These actions are set forth in more detail in previous filings made in this case – including the Receiver’s First Interim Report [ECF No. 55], the Investor

Distribution Plan [ECF No. 102], fee applications [ECF Nos. 103, 122, 154, 170], the Receiver's Notice of Settlement and Request for Termination of Receivership of Kowalewski [ECF No. 132], and the Receiver's Motion to Establish Deadline for Filing Claims [ECF No. 146] – all of which are incorporated herein by reference.

3. In addition to administering the affairs of the Receiver Estate, this receivership involves the administration of four hedge funds (and the amounts invested therein) that are managed by SJK: (1) the SJK Absolute Return Fund, Ltd. (the "Offshore Absolute Return Fund"); the SJK Absolute Return Fund, LLC (the "Onshore Absolute Return Fund"); the SJK Long/Short Equity Fund, Ltd. (the "Offshore Long/Short Equity Fund"); and the SJK Long/Short Equity Fund, LLC (the "Onshore Long/Short Equity Fund"). Collectively, these four funds are referred to as the "SJK Funds."

4. The SJK Funds are not in receivership; however, as receiver for SJK, the Receiver is responsible for the management of those funds. Accordingly, on July 1, 2011, the Receiver filed his Investor Distribution Plan [ECF No. 102], which, among other things, established the procedures for the distribution of the SJK Funds' assets to investors in those Funds. The Court approved the Investor Distribution Plan on July 30, 2012 [ECF No. 108]. To date, the SJK Funds have

distributed a total of \$60.5 million to their investors under the terms of the Investor Distribution Plan.

5. The Investor Distribution Plan dealt solely with the assets of the SJK Funds, which are not assets of the Receiver Estate. It did not include provisions for: (a) claims asserted by creditors of the Receiver Estate; (b) the allocation of assets between the entities in the Receiver Estate – i.e., specifying which assets will be available to satisfy claims against SJK and the Special Opportunities Fund; (c) the Receiver’s actions to bring SJK into compliance with the Employee Retirement Income Security Act; and (d) federal and state tax issues. The Receiver is now prepared to address all of these issues in this Supplemental Plan.

6. In Section II, below, the Receiver sets forth his plan for claims administration and distribution of proceeds. Section III describes and seeks the Court’s approval of the Receiver’s actions with respect to the SJK 401(k) Plan (the “401(k) Plan”), and further seeks the authority to distribute the assets of the 401(k) Plan to its participants. Section IV summarizes the key remaining open items in this receivership and next steps.

II. CLAIMS ADMINISTRATION AND DISTRIBUTION OF PROCEEDS

7. Early in this receivership, the Receiver provided claim forms to all persons and entities known to have had a business or personal relationship with

Kowalewski, SJK, and the Special Opportunities Fund, including SJK's former employees. Subsequently, on October 13, 2011, the Court entered an Order Establishing Deadline for Filing Claims [ECF No. 147] (the "Bar Order"), which established February 29, 2012 (the "Bar Date") as the deadline for filing any and all claims against the Receiver Estate. The Bar Order provides that any claimant – including federal, state, and local taxing authorities – who did not file a claim by the Bar Date may be barred from asserting a claim and sharing in distributions to claimants made by the Receiver.

8. Pursuant to the terms of the Bar Order, the Receiver provided a Notice of Deadline for Filing Claims (the "Bar Date Notice") to all claimants and potential creditors that the Receiver believed may have a claim against the Receiver Estate.

9. As of the Bar Date, a total of \$1,696,094.41 in claims had been submitted against Kowalewski, SJK, and/or the Special Opportunities Fund by trade creditors and former employees. These claims are broken down as follows:

<u>Claims Against</u>	<u>Claims Amount</u>
Kowalewski Only	\$756,165.85
SJK Only	\$690,589.88 ¹
Special Opportunities Fund Only	\$7,284.25
SJK & Kowalewski	\$230,250.43
SJK, Special Opportunities Fund & Kowalewski	\$11,804.00
TOTAL	\$1,696,094.41

10. As addressed in Section II.B, in addition to the claims listed above, \$7,379.23 in outstanding payroll tax liabilities had been assessed as of the Bar Date. No additional claims, by taxing authorities or otherwise, have been submitted since the Bar Date; however, both SJK and the Special Opportunities Fund may incur additional federal and state tax liabilities going forward.

11. The Receiver has completed his analysis of the claims submitted against Kowalewski and the Receiver Estate and is prepared to recommend to the Court the treatment of each claim and the assets from which the claim (or a pro rata portion thereof) should be satisfied. The Receiver's proposed treatment of the claims against Kowalewski, SJK, and the Special Opportunities Fund is set forth below. Attached hereto as Exhibit A is a schedule of all claims filed against the Receiver Estate, categorized by whom the claim was filed against. Attached hereto as Exhibits B, C, and D, are the Receiver's recommended treatments for remaining

¹ Due to a calculation error, the Receiver's March 15, 2012 Investor Update indicated that the total amount of claims against SJK only totaled \$607,589.90. The correct amount of claims is \$690,589.88.

claims (*i.e.*, claims that have not been settled or withdrawn) against Kowalewski, SJK, and the SOF, respectfully, which, for the reasons set forth herein, the Receiver requests that the Court approve.

A. TRADE CREDITOR AND EMPLOYEE CLAIMS

(1) Claims Against Kowalewski Only

12. In addition to SJK and the Special Opportunities Fund, the Receiver initially was appointed as Receiver for Kowalewski and his assets. Therefore, the Receiver solicited and received claims asserted against Kowalewski. Ten claims, totaling \$998,220.28 were submitted against Kowalewski, individually. Five of these claims, totaling \$756,165.85, were submitted against Kowalewski only. Three of these claims, totaling \$230,250.43, were submitted jointly against Kowalewski and SJK and are addressed in Section II.A.(4) below. Two of the claims, totaling \$11,804.00, were submitted against Kowalewski, SJK, and the Special Opportunities Fund and are addressed in Section II.A.(5).

13. The claims asserted against Kowalewski only are summarized in the following table:

<u>Claimant</u>	<u>Claim Amount</u>
Caudill's Commercial & Electric Company, Inc.	\$3,230.40
Henson Farm Home Owners Association	\$1,540.00
JR Marketing, LLC	\$89,000.00
Frank Kiker, Jr.	\$637,395.45
Michael Fontenot (Attorney's Fees)	\$25,000.00
TOTAL	\$756,165.85

14. In September 2011, the Receiver entered into settlements with Kowalewski and his wife, Traci Kowalewski, under which they transferred various items of real, personal, and intangible property to the Special Opportunities Fund. [See ECF Nos. 132, 138.] The Court approved these settlements and the accompanying transfers, and terminated the receivership over Kowalewski, in a Consent Order entered on September 30, 2011 (the "Termination Order") [ECF No. 138].

15. Upon entry of the Termination Order, Kowalewski and his assets were no longer in this receivership. Moreover, the assets that Kowalewski and his wife turned over to the Special Opportunities Fund are proceeds of monies misappropriated from the Special Opportunities Fund² and, therefore, were at all relevant times hereto impressed with a constructive trust for the benefit of the

² These monies originally were misappropriated from the Offshore Absolute Return Fund and Onshore Absolute Return Fund.

Special Opportunities Fund, the Offshore Absolute Return Fund, and the Onshore Absolute Return Fund, and were never rightfully owned by the Kowalewskis.

16. In light of the Termination Order, the Receiver informed the Court that he no longer intended to administer the claims of Kowalewski's personal creditors in this receivership [ECF No. 146]. Consequently, as approved by the Court in the Bar Order, the Receiver sent the Bar Date Notice to all claimants that submitted claims against Kowalewski. Among other things, the Bar Date Notice informed claimants that: (a) the receivership over Kowalewski was terminated; (b) the assets that Kowalewski turned over to the Receiver Estate were proceeds of monies misappropriated from the Special Opportunities Fund; (c) the Receiver will not make distributions to Kowalewski's personal creditors as part of the receivership; and (d) absent a showing by a claimant that its claim relates to a specific asset of the Receiver Estate, the claim will be denied.

17. As addressed in the following paragraphs, only the Henson Farms Home Owners Association's claim, which has been withdrawn, relates to a specific asset of the Receiver Estate. Accordingly, the Receiver requests that the Court deny all of the remaining claims asserted against Kowalewski only.

18. J.R Marketing, LLC; Frank Kiker, Jr.; Michael Fontenot. The claims asserted by J.R. Marketing, LLC, Frank Kiker, Jr., and Michael Fontenot do not

relate to a specific asset of the Receiver Estate. The claims submitted by J.R. Marketing and Kiker relate to claims asserted against Kowalewski prior to the formation of SJK. These claims are wholly unrelated to SJK and this receivership. The Michael Fontenot claim seeks the return of attorneys' fees purportedly advanced by Fontenot, Kowalewski's brother-in-law and SJK's former Chief Compliance Officer, on behalf of Kowalewski on January 26, 2011. The Receiver requests that the Court deny all of these claims without prejudice to the claimants from asserting their claims directly against Kowalewski outside of this receivership.

19. Caudill's Commercial & Electric Company, Inc. This claim relates to a security system purchased by Traci Kowalewski in January 2011 and purportedly installed on the property located at 5802 Henson Farms, Summerfield, North Carolina 27358 (the "Henson Farms Property"). Although the Kowalewskis transferred the Henson Farms Property to the Special Opportunities Fund in September 2011, the security system at issue was no longer installed on the property. Rather, the Receiver believes it was removed and/or sold by Kowalewski during the summer of 2011 in connection with the actions described more fully in various motions, notices, and orders filed earlier in this receivership. [See ECF Nos. 115, 116, 117, 118, 119, 120, 125, 126, 127, 128, 129, 132, 133,

134, 135, 136, 138, & 139.] Accordingly, the Receiver requests that the Court deny this claim without prejudice to Caudill's Commercial & Electric Company, Inc. from asserting its claim directly against Kowalewski outside of this receivership.

20. Henson Farms Home Owners Association. This claim also relates to the Henson Farms Property. In order to remain in good standing with the Home Owner's Association, the Receiver paid the amount sought by this claim and the Home Owners Association has withdrawn its claim.

(2) Claims Against SJK Only

21. Twenty-four claims, totaling \$932,644.31 were submitted against SJK.³ Nineteen of these claims, totaling \$690,589.88 were submitted against SJK only. Three of these claims, totaling \$230,250.43, were submitted jointly against Kowalewski and SJK and are addressed in Section II.A.(4) below. Two of the claims, totaling \$11,804.00, were submitted against Kowalewski, SJK, and the Special Opportunities Fund and are addressed in Section II.A.(5).

22. The claims asserted against SJK only fall into three categories: (a) trade creditor claims; (b) claims asserted by SJK employees who performed work related to SJK's core operations – i.e., management of the SJK Funds and the

³ These figures do not include \$7,379.23 related to two outstanding claims for tax liability, which are addressed in Section II.B.(1).

Special Opportunities Fund; and (c) claims asserted by SJK employees who did not work on matters related to SJK's core business.

(a) **Trade Creditor Claims**

23. The following claims were submitted against SJK only by trade creditors:

<u>Claimant</u>	<u>Claim Amount</u>
Advent Software, Inc.	\$67,800.00
Daniel Sroka, PC	\$1,020.00
Interlandi & Associates	\$16,700.00
The McClendon Cos./Jones Computer	\$2,774.29
Paul M. Stutts, CPA, PLLC	\$1,650.00
Xerox Corp.	\$4,680.40
Trinity Pension Group, LLC	\$5,340.00
Unum Life Insurance Co. of America	\$1,192.62
TOTAL	\$96,476.91

24. *Advent Software, Inc.* This claim is for amounts due to Advent Software, Inc. under a Software License and Support Agreement entered into between Advent and SJK, effective February 17, 2010. The contract is a three year software and support agreement. SJK paid for the first year, but did not pay the amounts due for years two and three. The yearly fee is \$33,450, for a total of \$66,900. Advent also seeks an additional \$900 for services rendered but not paid for. Advent has agreed to reduce its claim to \$34,350 – i.e., one of the remaining contract years plus that amount owed for services rendered. The Receiver requests that the Court approve this claim in the amount of \$34,350.

25. *Daniel Sroka, P.C.* This claim is for legal services purportedly rendered to SJK. \$380 of the claim relates to services rendered to the Oak Ridge Military Academy (“ORMA”), a private college preparatory school in Oak Ridge, North Carolina where Kowalewski served as the high school basketball coach during the same time he was with SJK. The remaining \$640 related to Sroka’s work to transfer certain assets of the Special Opportunities Fund to SJK. Although this amount relates to services rendered to SJK, the services were performed on January 27, 2011, three weeks after the Court entered an Order, which, among other things, froze the assets of Kowalewski and SJK (the “Freeze Order”) [ECF No. 5].⁴ The transactions that Sroka was preparing were prohibited by the Freeze Order. Moreover, the Freeze Order also prevented SJK’s attorneys from “receiving” any of SJK’s assets, meaning Sroka performed these services knowing that there was a significant risk of nonpayment. Therefore, based on his review of Sroka’s claim, the Receiver requests that the Court deny the claim in its entirety.

26. *Interlandi & Associates.* This claim appears to relate to services performed by Interlandi & Associates in connection with the design of a new gymnasium at ORMA. None of the outstanding amount appears to be for work

⁴ The terms of the Freeze Order subsequently were extended by the Court’s Consent Order Preliminarily Enjoining Defendants and Ordering Other Relief [ECF No. 23] and the Receivership Orders.

performed for SJK. Moreover, although Interlandi claims that these amounts are owed by SJK, there does not appear to be any contractual relationship between SJK and Interlandi,⁵ and SJK does not appear to have received any benefit from the work related to this claim. In order to better assess the merits of this claim, counsel for the Receiver requested additional information in an email dated March 12, 2012, and letter dated March 16, 2012. Interlandi did not provide the additional information requested or otherwise respond to the inquiries. Therefore, based on his review of Interlandi's claim, the Receiver requests that the Court deny this claim in its entirety.

27. *The McLendon Companies, Inc. d/b/a Jones Computer & Networking.*

This claim relates to computer networking equipment and information technology services provided to SJK. The Receiver requests that the Court approve this claim in the full amount, \$2,774.29.

28. *Paul M. Stutts, CPA, PLLC.* Although this claim was submitted against SJK, it appears to relate to accounting services provided to Kowalewski, individually: preparation of Schedule "C" of Kowalewski's 2009 tax return and

⁵ On August 29, 2010, Kowalewski, on behalf of the Special Opportunities Fund, accepted a proposal made by Tate Architecture PLLC, for work related to the ORMA gymnasium. Interlandi submitted this proposal as part of its claim. Tate Architecture, however, did not submit a claim in this receivership and it is not clear from the documents provided by Interlandi how this proposal relates to Interlandi's claim.

work on amending Kowalewski's 2009 individual income tax return. Therefore, the Receiver requests that the Court deny this claim in its entirety.

29. Xerox Corp. This claim relates to a copy machine leased by SJK and related services. The Receiver requests that the Court approve this claim in the entire amount of \$4,680.40.

30. Trinity Pension Group, LLC; Unum Life Ins. Co. These claimants have withdrawn their claims.

(b) Employee Claims – Core Operations

31. The following claims were submitted by employees of SJK who worked on matters related to the SJK Funds and the Special Opportunities Fund:

<u>Claimant</u>	<u>Claim Amount</u>
Michael Fontenot	\$124,845.00
Michael Fulcher	\$97,467.95
Traci Kowalewski	\$74,293.33
Brandon Smith	\$55,000.00
Betsey Wood	\$56,618.37
Matthew Zimmerman	\$59,975.00
TOTAL	\$468,199.65

32. The Receiver has settled all core-employee claims. The terms of all of the settlements are very similar. With the exception of Michael Fulcher, all employee claims were settled for \$0 to the employee and a complete release of all claims by the Receiver Estate and the employee; however, under the settlements,

each employee retained his or her interest in the 401(k) Plan and the right to receive any distributions therefrom that are approved by the Court.⁶ The Receiver's settlement with Michael Fulcher is the same in all material respects as the other employees, but the Receiver agreed to pay Fulcher \$3,200 in connection with services that Fulcher provided to the Receiver.

(c) **Employee Claims – Non-Core Operations**

33. The following claims were submitted by employees of SJK who worked on matters unrelated to the SJK Funds and the Special Opportunities Fund:

<u>Claimant</u>	<u>Claim Amount</u>
William Bradley	\$16,731.00
Nevin Fulcher	\$21,255.77
Louis Lawson	\$18,475.00
Terrill Sandiford	\$30,386.53
Mark Troutman	\$34,384.62
TOTAL	\$121,232.92

34. All of these employees seek amounts owed to them under employment contracts with SJK. None of these employees appear to have been involved in the investment activities of SJK, the SJK Funds, or the Special Opportunities Fund, and the Receiver does not believe that there is any basis to

⁶ The 401(k) Plan is addressed in *Section III* of this Supplemental Plan. In addition to his rights under the 401(k) Plan, Brandon Smith retained his rights as an investor in the Onshore Absolute Return Fund, as established by the Investor Distribution Plan.

deny their claims. Therefore, the Receiver requests that the Court approve these Non-Core Operations Employee claims in their full amount.

(3) Claims Against the Special Opportunities Fund Only

35. Thirteen claims, totaling \$19,088.25, were submitted against the Special Opportunities Fund. Eleven of these claims, totaling, \$7,284.25, were submitted against the Special Opportunities Fund only. Two of the claims, totaling \$11,804.00, were submitted against Kowalewski, SJK, and the Special Opportunities Fund and are addressed in Section II.A.(5).

36. The claims submitted against the Special Opportunities Fund only fall into two categories: (a) trade creditor claims; and (b) prepaid gym membership claims.

(a) Trade Creditor Claims

37. The following claims were submitted against the Special Opportunities Fund by trade creditors:

<u>Claimant</u>	<u>Claim Amount</u>
Bank of Oak Ridge	\$205.16
Greensboro News & Record	\$724.50
Highwood Property Limited Partnership	\$3,729.59
TOTAL	\$4,659.25

38. The Receiver Team has reviewed these trade creditor claims. All of these claims relate to the Special Opportunities Fund's operation of "Velocity

Sports,” an athletic club and personal training franchise. The Bank of Oak Ridge claim, which related to post-receivership activities, has been withdrawn. The Receiver requests that the Court approve the Greensboro News & Record and Highwood Property Limited Partnership claims in their full amount.

(b) Prepaid Gym Memberships

39. The following claims were submitted against the Special Opportunities Fund by individuals seeking a refund of prepaid gym memberships and related services at Velocity Sports, a sports and fitness franchise owned and operated by the Special Opportunities Fund:

<u>Claimant</u>	<u>Claim Amount</u>
Ryan Ashby	\$200.00
Kevin Burns	\$450.00
Robert Drawbaugh	\$555.00
Stephen Eger	\$600.00
Jeff Hedrick	\$200.00
Jay Jones and Cameron Jones	\$200.00
Zachary Palenchar	\$280.00
Sheila and Thomas Smith	\$140.00
Total	\$2,625.00

40. The Receiver requests that the Court approve these claims in their entire amount.

(4) Claims Against Kowalewski and SJK

41. The following three claims, totaling \$230,250.43, were submitted jointly against Kowalewski and SJK:

<u>Claimant</u>	<u>Claim Amount</u>
Lexus Financial Services	\$25,224.52
Koury Corporation	\$76,293.09
Tannenbaum Helpert Syracuse & Hirshtritt LLP	\$128,732.82
Total	\$230,250.43

(a) **Treatment of Claims as to Kowalewski**

42. Consistent with the treatment of claims against solely Kowalewski, the Receiver requests that the Court deny these claims as to Kowalewski, without prejudice to the claimants from asserting their claims directly against Kowalewski outside of this receivership.

(b) **Treatment of Claims as to SJK**

43. *Lexus Financial Services*. This is a deficiency claim related to SJK's ownership of a 2009 Lexus LS640, which the Receiver turned over to Lexus financial services during this receivership. Lexus sold the vehicle and the claim represents the remaining amount owed under the terms of SJK's contract with Lexus. The Receiver requests that the Court approve this claim in its entire amount, \$25,224.52.

44. *Koury Corporation*. Koury Corporation was SJK's landlord. Upon his appointment, the Receiver abandoned the leased premises in an effort to mitigate liability for future rents. Koury has since relet the premises and Koury

and SJK have agreed to reduce Koury’s claim to \$46,883.83. The Receiver requests that the Court approve this claim in the amount of \$46,883.83.

45. Tannenbaum Helpern Syracuse & Hirshtritt LLP. This claim relates to legal services provided to Kowalewski and SJK after January 6, 2011, the date of the first Freeze Order, but before February 2, 2011, the date the Receiver was appointed. The Receiver and Tannenbaum have agreed to reduce Tannebaum’s claim to \$51,493.13, which is 40% of the original claim. The Receiver requests that the Court approve this claim in the amount of \$51,493.13.

(5) **Claims Against Kowalewski, SJK, and the Special Opportunities Fund**

46. The following claims, totaling \$11,804.00, were submitted jointly against Kowalewski, SJK, and the Special Opportunities Fund:

<u>Claimant</u>	<u>Claim Amount</u>
Land Solutions, PC (ORMA)	\$8,810.00
Land Solutions, PC (SJK Land)	\$2,994.00
Total	\$11,804.00

(a) **Treatment of Claims as to Kowalewski**

47. Consistent with the treatment of claims against solely Kowalewski, the Receiver requests that the Court deny these claims as to Kowalewski, without prejudice to the claimants from asserting their claims directly against Kowalewski outside of this receivership.

(b) **Treatment of Claims as to SJK and the Special Opportunities Fund**

48. Land Solutions, PC (ORMA). This claim appears to be for design work performed by Land Solutions, PC on a planned gymnasium at ORMA. Based on information and documents provided with the claim, as well as follow up information and documents provided by Land Solutions, the work related to this claim does not appear to have been performed on any property owned by SJK or the Special Opportunities Fund and there does not appear to be any contract between Land Solutions and either SJK or the Special Opportunities Fund. Moreover, Land Solutions has filed a lien against the property for which the work was performed. Accordingly, the Receiver requests that the Court deny this claim in its entirety.

49. Land Solutions, PC (SJK Land). This claim appears to be for design work performed by Land Solutions, PC on a planned SJK office building. As with the other Land Solutions claim, there does not appear to be any contract between SJK or the Special Opportunities Fund and Land Solutions; however, the work performed relates to property that was owned by SJK. Moreover, Land Solutions has filed a lien against the property for which the work was performed. Accordingly, the Receiver requests that the Court approve this claim in its entire

amount, \$2,994.00, to be paid from the proceeds of the sale of the property against which Land Solutions filed its lien.

B. TAXES

(1) SJK and the Special Opportunities Fund

50. In accordance with the terms of the Receivership Orders, the Receiver is charged with preparing and filing any required tax filings for SJK and the Special Opportunities Fund.

51. Among other activities, the Receiver Team and outside accountants have:

- a. Filed federal and state income tax returns for the year ended December 31, 2010 for the Special Opportunities Fund, and the Onshore Absolute Return Fund⁷ for the year ended December 31, 2010;

⁷ As managing member of the SJK Funds, SJK – and, thus, the Receiver – is responsible for filing any required tax filings for those Funds. Accordingly, the Receiver has prepared and filed a 2010 tax return for the Onshore Absolute Return Fund and will prepare and file future returns as necessary. For the year ended December 31, 2010, the Onshore Long/Short Equity Fund was not required to file a U.S. tax return because it was 100% owned by the Onshore Absolute Return Fund, and, as such, its activity was reported in the Onshore Absolute Return Fund's Federal tax return. Due to ownership changes in 2011, this Fund may have a U.S. filing requirement for 2011. The Offshore Absolute Return Fund and the Offshore Long/Short Equity Fund are not required to file U.S. tax returns. Because the SJK Funds are not in receivership and their assets are not part of the Receiver Estate, any tax liabilities incurred by them will be paid directly from the assets of the Funds themselves, and not the Receiver Estate.

- b. Filed partnership tax returns for KSTSO Holdings, LLC, an entity partially owned by the Special Opportunities Fund, for the years ended December 31, 2010 and December 31, 2011;
- c. Filed all necessary federal and state payroll tax returns for SJK;⁸
- d. Communicated with federal and state taxing authorities regarding various tax issues;
- e. Prepared and filed with Georgetown County, SC, personal property tax returns for assessable personal property owned in connection with the Special Opportunities Fund's rental of a beach house on Pawleys Island; and,
- f. Paid various outstanding payroll and property taxes owed by SJK and the Special Opportunities Fund.

52. The Receiver Team and outside accountants currently are in the process of preparing income tax returns for the Special Opportunities Fund and the Onshore Absolute Return Fund for the year ended December 31, 2011, and will prepare and file additional returns as they become due until the closing of this receivership.

53. The Receiver believes that, as a result of the above-described activities, the vast majority of any tax claims that could have been asserted against

⁸ SJK, which was wholly owned by Kowalewski until September 21, 2011, and subsequently has been wholly owned by the Special Opportunities Fund, is a disregarded entity for purposes of income tax filings. Therefore, the Receiver team has not and does not intend to file separate income tax returns for SJK.

the Receiver Estate have been resolved outside the claims process. In fact, no federal, state, or local taxing authorities filed a claim form prior to the Bar Date.

54. The only outstanding tax assessments against the Receiver Estate as of the date of this filing relate to unpaid payroll taxes, interest, and penalties: a \$5,092.65 assessment by the IRS for the quarter ended March 31, 2011; and a \$2,286.58 assessment by the North Carolina Department of Revenue for the month ended December 31, 2010. The Receiver is communicating with the IRS in an effort to lower its assessment and is reviewing the North Carolina assessment. The Receiver expects to pay taxes in connection with both of these assessments in the near future.

55. The tax assessments described in the preceding paragraph are the only unresolved tax assessments of which the Receiver is aware; however, it is possible that additional tax issues related to prior periods could arise. Moreover, the Receiver Estate likely will incur tax liabilities for future periods, including property taxes related to the Pawleys Island beach house and land on which SJK planned to build an office building, and personal property taxes related to the rental of the beach house. Therefore, the Receiver requests the following relief from the Court with respect to taxes:

- a. Ratification and/or approval of all actions previously taken by the Receiver and the Receiver Team;

- b. Granting the Receiver authority and discretion to address tax issues, negotiate tax assessments, and pay taxes, interest, and penalties in the ordinary course of the receivership;
- c. Denial of any subsequently filed claim by any federal, state, or local taxing authority, to the extent that the claim could have been asserted on or before the filing of this Supplemental Plan.

56. As described above, the Receiver will continue to file necessary tax returns during the remainder of this receivership and will address in the ordinary course any tax liabilities that have arisen or arise after the Bar Date.

(2) Kowalewski

57. The Termination Order relieved the Receiver “of any and all rights, responsibilities and obligations regarding Stanley J. Kowalewski, including, but not limited to, any responsibility for filing Defendant Kowalewski’s 2010 income tax returns and the payment of any resulting tax liabilities.” (Termination Order at ¶ 5.) Accordingly, the Receiver has not and will not prepare or file any tax returns on behalf of Kowalewski, and Kowalewski’s tax liabilities cannot be satisfied with the assets of the Receiver Estate.

C. RESOLUTION OF DISPUTED CLAIMS

58. The Receiver has endeavored to resolve the most significant potential claims disputes prior to the filing of this Supplemental Plan. To the extent a claimant or other interested party objects to Receiver’s claim determinations, as set

forth herein and listed in Exhibits B through D, by filing an objection to the Receiver's Motion to Approve Supplemental Plan for Administration of Receiver Estate and Distribution of Proceeds within the time period prescribed by the Federal Rules of Civil Procedure and Northern District of Georgia's Local Rules, the Receiver requests that the Court institute the following summary procedures for the resolution of disputed claims:

- a. The party disputing the Receiver's proposed claim determination shall have the burden of proof in establishing that the Receiver's claim determination is not correct and that a different claim amount should be allowed;
- b. For each disputed claim that does not involve material disputed facts, the Court will decide the dispute without a hearing based on the written submission of the parties;
- c. For each disputed claim that involves material disputed facts, the Court will conduct a hearing at which time evidence regarding the disputed claim shall be considered. If possible, evidence will be submitted in advance by declaration or affidavit.
- d. The Court's decision regarding each disputed claim shall be binding.

D. DISTRIBUTIONS AND PRIORITY OF CLAIMS

(1) Assets from Which Claims Will Be Paid and Priority of Claims

59. With the Kowalewskis' transfer of their assets to the Special Opportunities Fund,⁹ there are two distinct groups of assets potentially available to satisfy claims (or a pro rata portion thereof) approved by the Court in connection with this Supplemental Plan: (1) assets that are or were titled to SJK; and (2) the Special Opportunities Fund's assets. The Receiver proposes that claims against SJK and the Special Opportunities Fund be paid from the assets and pursuant to the terms and conditions set forth below.

(a) Approved Claims Against SJK

60. In December 2011, to aid in and simplify the administration of the Receiver Estate, the Receiver transferred the remaining assets titled in the name of SJK to the Special Opportunities Fund; however, the Receiver has at all times kept an accounting of the value of the assets transferred from SJK to the Special Opportunities Fund.

61. The assets transferred from SJK to the Special Opportunities Fund in December 2011 were:

⁹ The Receiver maintains that these assets were at all times impressed with a constructive trust for the benefit of the Special Opportunities Fund and, therefore, were never available to satisfy the claims of Kowalewski's or SJK's creditors.

- A parcel of undeveloped real property currently valued at \$141,000.
- \$317,774.70 in cash,¹⁰ of which \$307,201 remains.

62. As with the assets transferred by Kowalewski to the Special Opportunities Fund, the Receiver maintains that these assets were at all times impressed with a constructive trust for the benefit of the Special Opportunities Fund.

63. Specifically, the real property was purchased with funds misappropriated from the Special Opportunities Fund and the cash is a mix of fees earned by SJK from the SJK Funds and money misappropriated from the Special Opportunities Fund.

64. In addition to being impressed with a constructive trust, these assets are subject to other claims by the Special Opportunities Fund against SJK that far exceed the aggregate of all claims addressed in this Supplemental Plan.

65. Therefore, it would not be fair or equitable to make all of these assets available to satisfy the claims of SJK's creditors. The Receiver believes, however, that a portion of the cash should be made available to satisfy the claims against

¹⁰ \$1,025 of this amount was transferred from SJK to the Special Opportunities Fund in January 2012.

SJK approved in Exhibit C, subject to the limitations established in the following paragraphs.

66. Prior to a distribution on SJK's approved claims, the Receiver believes that it is appropriate to pay from SJK's cash balance all professional fees and expenses incurred in connection with: (1) the administration of claims against the Receiver Estate, including the resolution of any claim disputes and resolutions; (2) issues involving the 401(k) Plan; (3) drafting this Supplemental Plan; and (4) disputed claims or other objections to this Plan that are raised subsequent to the filing of the Supplemental Plan.

67. The payment of professional fees and expenses from the assets of SJK is expressly permitted by the February 2, 2011 Receivership Order. To date, however, other than expenses directly attributable to SJK, including payroll taxes, 401(k) Plan expenses, and other expenses that were the exclusive responsibility of SJK, the expenses of this receivership, including all professional fees, have been paid from the assets of the Special Opportunities Fund. Therefore, the Receiver believes that it is appropriate to pay professional fees and expenses incurred in connection with work performed on the categories listed in Paragraph 66 entirely from the assets of SJK.

68. If no disputed claims or other objections to this Supplemental Plan are filed, the Receiver anticipates that the amount of fees and expenses incurred in connection with these categories will be approximately \$150,000. To the extent these fees and expenses previously were paid by the Special Opportunities Fund, SJK will reimburse the Special Opportunities Fund for the amounts paid.

69. After payment of all fees and expenses incurred in connection with the above categories of work, the Receiver requests that the Court approve using the remaining cash balance to pay the approved claims against SJK, or a pro rata portion thereof, according to the following priorities:

- a. Tax Liabilities. The outstanding tax assessments, which total \$7,379.23, will be paid in their entirety or in an amount agreed upon by the Receiver and the taxing authorities. In addition, the Receiver will reserve \$25,000 for the potential future tax liabilities of SJK. To the extent the reserve exceeds future tax liabilities, the remaining amounts will be used to satisfy the general obligations of the Receiver Estate, including professional fees and expenses;
- b. Secured Claim. The only secured claim against SJK is the \$2,994.00 claim submitted by Land Solutions, which is secured by a lien filed on the parcel of real property owned by SJK. The Receiver will pay this claim in its entirety from the proceeds of the sale of the land against which the lien was filed;
- c. Unsecured Claims. All other approved claims against SJK are claims of general unsecured creditors and will be paid with equal priority from the amount of the SJK cash balance remaining after payment of professional fees and tax liabilities, and the withholding of a tax reserve, as described above. Each

such claim will be paid an amount equal to the percentage of the total amount of this group of claims represented by the individual approved claim multiplied by the amount available for distribution to this group of claims.

70. If this Supplemental Plan is approved without objection and without disputed claims – i.e., without the Receiver Estate incurring additional fees – the Receiver anticipates that claimants with approved unsecured claims against SJK will receive approximately 40% - 45% of their approved claim amounts.

(b) **Approved Claims Against the Special Opportunities Fund**

71. As of March 31, 2012, the Net Asset Value of the Special Opportunities Fund was \$4,780,842.70.¹¹ The assets of the Special Opportunities Fund would be sufficient to pay in full all approved claims against the Special Opportunities Fund; however, the assets of the Special Opportunities Fund also are subject to claims by the investors in the Special Opportunities Fund: *i.e.*, the Onshore Absolute Return Fund, Offshore Absolute Return Fund, and the Amended and Restated Hickory Springs Retirement Plan (“Hickory Springs”). Payment of approved creditor claims must take into account the substantial losses suffered by these investors.

¹¹ March 31, 2012 is the most recent date for which the Net Asset Value of the Special Opportunities Fund is available. The Net Asset Value has not changed materially since March 31, 2012.

72. In total, the Offshore Absolute Return Fund, Onshore Absolute Return Fund, and Hickory Springs transferred \$16.7 million to the Special Opportunities Fund. These transfers were not approved by or disclosed to Hickory Springs or the third-party investors in the Offshore Absolute Return Fund or Onshore Absolute Return Fund.

73. Based on the current Special Opportunities Fund valuation of \$4.8 million, and assuming no additional recoveries of losses by the Special Opportunities Fund, the Offshore Absolute Return Fund, Onshore Absolute Return Fund, and Hickory Springs have lost an aggregate of \$11.9 million, or 71.3% of the amount of their assets that SJK transferred to the Special Opportunities Fund – i.e., only 28.7% of the amount transferred remains. In light of the nature and amount of losses suffered by these entities, the Receiver believes that they should be treated as creditors of the Special Opportunities Fund for purposes of determining the assets available to satisfy the claims against the Special Opportunities Fund approved in Exhibit D to this Plan.

74. Therefore, the Receiver requests that the Court authorize him to pay 28.7% of each approved claim against the Special Opportunities Fund in full satisfaction of the claim. Because all approved claims against the Special

Opportunities Fund are general unsecured claims, the percentage paid of each approved claim will be the same.

75. Upon payment of approved claims against the Special Opportunities Fund, the Receiver requests that the Court authorize him to continue administering the remaining assets of the Special Opportunities Fund consistent with the terms of the Receivership Orders and further authorize him to make distributions from the assets of the Special Opportunities Fund to its investors consistent with the provisions of the Investor Distribution Plan.

(2) Timing

76. Within 30 days after the Court's approval of this Supplemental Plan (as amended, if necessary, to address the Court's resolution of any disputed claims or other objections to the Supplemental Plan) and any applicable appeals period, the Receiver shall make a single and final distribution on all approved claims in accordance with the terms set forth in the preceding sections.

(3) Method of Payment

77. Payment on all approved claims shall be made by check.

E. OTHER RELATED MATTERS

78. To facilitate the Receiver's compliance with the terms of this Supplemental Plan, the Receiver requests that the Court enter the following provisions:

(1) Acceptance of Payment Effects Release

79. Upon acceptance of payment from the Receiver, any and all asserted and unasserted claims, demands, rights, and causes of action of any nature that a claimant may have against the Receiver, any member of the Receiver Team, or the Receiver Estate will be discharged, released, extinguished, and satisfied.

Notwithstanding the foregoing, nothing in this Supplemental Plan is intended to nor should be construed to release or limit any claims against or obligations of Kowalewski or any other person or entity other than the Receiver, the members of the Receiver Team, and the Receiver Estate.

(2) Limitation on Receiver's Liability for Payments

80. Neither the Receiver nor any member of the Receiver Team shall have any liability to any person or entity for any other action taken in good faith in connection with or relating to this Supplemental Plan. In the event that such a claim or cause of action is asserted against the Receiver or any member of the Receiver Team, the Receiver or Receiver Team member shall be entitled to a

defense by counsel of his or her choice, payable as any other Administrative Expense herein, even if willful misconduct is alleged.

(3) Checks Not Cashed

81. Any check issued on an approved claim that is not cashed within 120 days of the date of the check shall be deemed void, and the claim pursuant to which the check was issued shall be automatically be deemed to have been satisfied. With respect to any such voided check, the intended recipient shall have no right or claim of any kind against the Receiver or the Receiver Estate, including any claim for the amount of the intended distribution or any future distribution.

(4) No Entitlement to Share in Future Recoveries of the Receiver Estate

82. The Receiver may pursue additional recoveries on behalf of the Special Opportunities Fund. Moreover, the Offshore Absolute Return Fund and Onshore Absolute Return Fund currently are pursuing claims against their former auditor and any recoveries from these claims will be administered through the Special Opportunities Fund. None of the claimants whose claims are addressed in this Supplemental Plan shall have a right to share in any future recoveries obtained on behalf of or administered through the Receiver Estate. Rather, as set forth herein, the Receiver's one-time payment of a pro rata amount of each approved claim shall constitute the full and final satisfaction of that claim.

III. SJK 401(k) PLAN

83. SJK established the SJK 401(k) Plan on May 1, 2010. The 401(k) Plan remains in existence; however, all participants in the 401(k) Plan terminated employment prior to January 31, 2011.

84. The 401(k) Plan permitted eligible employees to make pre-tax deferral contributions and after-tax Roth contributions and provided for a matching contribution by SJK equal to 200% of each participant's deferrals but only taking into account deferrals of up to 6% of the participant's Plan compensation for the 401(k) Plan year. The 401(k) Plan also permitted SJK to make discretionary profit sharing contributions; however, SJK did not elect to make any such contributions.

85. The Receiver Team's investigation showed that, at the direction of the 401(k) Plan's Trustees, Kowalewski and Michael Fulcher, all investments made by the 401(k) Plan were directed to the Onshore Absolute Return Fund. Specifically, a total of \$48,612.50 in employee deferrals and matching contributions were invested in the Onshore Absolute Return Fund prior to the appointment of the Receiver. The value of these investments, as of January 31, 2011, was \$41,940.82.

86. The Receiver Team discovered that the 401(k) Plan Trustees had not invested all of the 401(k) Plan's assets. Specifically, at the time of his appointment, there was \$73,529.93 in uninvested cash allocated to the 401(k) Plan.

87. During the course of its investigation, the Receiver Team determined that the 401(k) Plan's Trustees had taken a number of potentially improper actions with respect to the 401(k) Plan or had failed to act when they potentially should have acted.

88. The Receiver took a number of actions to cause SJK to comply with certain of its obligations with respect to the 401(k) Plan, and took other actions necessary to ensure the orderly winding down of the Plan. Among other things, the Receiver:

- Secured the resignation of Stanley Kowalewski as trustee of the Plan;
- Established an interest-bearing account in the name of the Plan with Bank of New York Mellon, which now holds in trust all Plan assets other than the Plan assets invested in the Onshore Absolute Return Fund;
- Remitted to the Plan, from the assets of SJK, any remaining deferrals that SJK had withheld from participant compensation in 2010 and 2011 but had not already contributed to the Plan;
- Remitted to the Plan, from the assets of SJK, matching contributions that were due for 2010 and 2011;
- Remitted to the Plan distributions from the Onshore Absolute Return Fund related to the Plan's interest in the Onshore Absolute Return Fund; and
- Secured a fidelity bond for the Plan.

89. As a result of the corrective actions taken by the Receiver since his appointment, the current cash balance of the 401(k) Plan is approximately \$112,000. This amount represents all employee deferrals and matching contributions through 2011, less certain loss adjustments and is exclusive of the 401(k) Plan's unredeemed interest in the Onshore Absolute Return Fund, which currently is valued at less than \$2,500. The value of the investment in the Onshore Absolute Return Fund is subject to change and will be distributed to the 401(k) Plan pursuant to the Investor Distribution Plan.

90. The Receiver requests that the Court approve and/or ratify the following with respect to the 401(k) Plan:

- a. All actions previously taken by the Receiver Team with respect to the 401(k) Plan;
- b. The 100% redemption of the 401(k) Plan's remaining interest in the Onshore Absolute Return Fund, which will result in the 401(k) Plan no longer being an investor in the Onshore Absolute Return Fund;
- c. Distribution of the assets of the 401(k) Plan to the participants. Distributions will be paid according to the instructions of each participant and each participant will bear all tax and other consequences resulting from the selected manner of distribution; and
- d. Termination of the 401(k) Plan.

91. The Receiver further requests that, other than completing items (b) through (d) in the preceding Paragraph: (i) the Receiver shall be fully discharged of any duty and obligation he may have with respect to the 401(k) Plan; and (ii) the Receiver and the Receiver Team shall be fully released and discharged from any and all claims and causes of action which might be brought against them for matters related to the 401(k) Plan, including, but not limited to, claims arising from or related to the Employee Retirement Income Security Act.

IV. ISSUES TO BE RESOLVED PRIOR TO CONCLUSION OF RECEIVERSHIP

92. The approval of this Supplemental Plan will resolve the majority of outstanding issues in this Receivership and greatly reduce the amount of work necessary to close the receivership. The remaining outstanding items include:

- The sale of the Pawleys Island beach house and the land on which SJK planned to construct an office building;
- The complete liquidation and dissolution of the SJK Funds and the Special Opportunities Fund;
- Resolution of the Receiver Estate's potential claims against Combs, Inc. and related individuals and entities;
- Liquidation of the Special Opportunity Fund, Inc.'s investment in J. Destiny, Inc.;
- Dissolution of KSTSO, LLC; and,

- Resolution of the Offshore Absolute Return Fund and Onshore Absolute Return Fund's claims against SJK's former auditor, as well as other potential claims of the Receiver Estate against third parties.¹²

93. While the Receiver cannot predict at this time when all of these activities will be complete, he does not anticipate that any of these activities will require significant assets of the Receiver Estate. The Receiver will continue to keep investors in the SJK Funds apprised of the progress of the receivership and will file motions and other pleadings with the Court when they are required.

¹² Some or all of these claims may be pursued by or administered through the Special Opportunities Fund, and the net amount of any recoveries would be distributed to the investors in the SJK Funds under the Investor Distribution Plan and this Supplemental Plan. Pursuant to the terms of this Supplemental Plan, no amount of any future recoveries will be distributed on the claims addressed in this Supplemental Plan.

This 15th day of June, 2012.

/s/ J. David Dantzler, Jr.

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Attorneys for S. Gregory Hays, Receiver

EXHIBIT A

Claims Against Kowalewski Only

<u>Claimant</u>	<u>Claim Amount</u>
Caudill's Commercial & Electric Company, Inc.	\$ 3,230.40
Henson Farm Home Owners Association	\$ 1,540.00
JR Marketing, LLC	\$ 89,000.00
Frank Kiker, Jr.	\$ 637,395.45
Michael Fontenot	\$ 25,000.00

Claims Against SJK Only

<u>Claimant</u>	<u>Claim Amount</u>
<i>Trade Creditor Claims</i>	
Advent Software, Inc.	\$ 67,800.00
Daniel Sroka, PC	\$ 1,020.00
Interlandi & Associates	\$ 16,700.00
The McClendon Cos./Jones Computer	\$ 2,774.29
Paul M. Stutts, CPA, PLLC	\$ 1,650.00
Xerox Corp.	\$ 4,680.40
Trinity Pension Group, LLC	\$ 5,340.00
Unum Life Insurance Co. of America	\$ 1,192.62
<i>SJK Employee Claims - Core Operations</i>	
Michael Fontenot	\$ 124,845.00
Micheal Fulcher	\$ 97,467.95
Traci Kowalewski	\$ 74,293.33
Brandon Smith	\$ 55,000.00
Betsey Wood	\$ 56,618.37
Matthew Zimmerman	\$ 59,975.00
<i>SJK Employee Claims - Non-Core Operations</i>	
Willaim Bradley	\$ 16,731.00
Nevin Fulcher	\$ 21,255.77
Louis Lawson	\$ 18,475.00
Terrill Sandiford	\$ 30,386.53
Mark Troutman	\$ 34,384.62

Claims Against Special Opportunities Fund Only

<u>Claimant</u>	<u>Claim Amount</u>
<i>Trade Creditor Claims</i>	
Bank of Oakridge	\$ 205.16
Greensboro News & Record	\$ 724.50
Highwood Property Limited Partnership	\$ 3,729.59
<i>Prepaid Velocity Sports Training Services</i>	
Ryan Ashby	\$ 200.00
Kevin Burns	\$ 450.00
Robert Drawbaugh	\$ 555.00
Stephen Eger	\$ 600.00
Jeff Hedrick	\$ 200.00
Jay Jones and Cameron Jones	\$ 200.00
Zachary Palenchar	\$ 280.00
Sheila & Thomas Smith	\$ 140.00

Claims Against Kowalewski and SJK

<u>Claimant</u>	<u>Claim Amount</u>
<i>Trade Creditor Claims</i>	
Lexis Financial Services	\$ 25,224.52
Koury Corporation	\$ 76,293.09
Tannenbaum Helpert Syracuse & Hirschtritt LLP	\$ 128,732.82

Claims Against Kowalewski, SJK, and Special Opportunities Fund

<u>Claimant</u>	<u>Claim Amount</u>
Land Solutions, PC	\$ 8,810.00
Land Solutions, PC	\$ 2,994.00
TOTAL CLAIMS SUBMITTED	\$ 1,696,094.41

EXHIBIT B

Stanley J. Kowalewski

Claim Determination Schedule

<u>Claimant</u>	<u>Approved Amount</u>
Caudill's Commercial & Electric Company, Inc.	\$0.00
JR Marketing, LLC	\$0.00
Frank Kiker, Jr.	\$0.00
Michael Fontenot	\$0.00
Lexis Financial Services	\$0.00
Koury Corporation	\$0.00
Tannenbaum Helpert Syracuse & Hirschtritt LLP	\$0.00
Land Solutions, PC (SJK Property)	\$0.00
Land Solutions, PC (ORMA Property)	\$0.00
Total Approved	\$0.00

EXHIBIT C

<u>Claimant</u>	<u>Approved Amount</u>
<i>Trade Creditor Claims</i>	
Advent Software, Inc.	\$34,350.00
Daniel Sroka, PC	\$0.00
Interlandi & Associates	\$0.00
The McClendon Cos./Jones Computer	\$2,774.29
Paul M. Stutts, CPA, PLLC	\$0.00
Xerox Corp.	\$4,680.40
Lexis Financial Services	\$25,224.52
Koury Corporation	\$46,883.83
Tannenbaum Helpern Syracuse & Hirschtritt LLP	\$51,493.13
Land Solutions, PC (Orma Property)	\$0.00
Land Solutions, PC (SJK Property)	\$2,994.00
<i>SJK Employee Claims - Non-Core Operations</i>	
Willaim Bradley	\$16,731.00
Nevin Fulcher	\$21,255.77
Louis Lawson	\$18,475.00
Terrill Sandiford	\$30,386.53
Mark Troutman	\$34,384.62
Total Approved	\$289,633.09

EXHIBIT D

Special Opportunities Fund
Claim Determination Schedule

<u>Claimant</u>	<u>Approved Amount / Claim Disposition</u>
<i>Trade Creditor Claims</i>	
Greensboro News & Record	\$724.50
Highwood Property Limited Partnership	\$3,729.59
Land Solutions, PC (ORMA Property)	\$0.00
Land Solutions, PC (SJK Property)	\$0.00
<i>Prepaid Velocity Sports Training Services</i>	
Ryan Ashby	\$200.00
Kevin Burns	\$450.00
Robert Drawbaugh	\$555.00
Stephen Eger	\$600.00
Jeff Hedrick	\$200.00
Jay Jones and Cameron Jones	\$200.00
Zachary Palenchar	\$280.00
Sheila & Thomas Smith	\$140.00
Total Approved	\$7,079.09