

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION**

CASE NO.: 10-22078-cv-Moreno/Torres

SECURITIES & EXCHANGE COMMISSION,

Plaintiff,

vs.

ESTATE OF KENNETH WAYNE MCLEOD,
F&S ASSET MANAGEMENT GROUP, INC. and
FEDERAL EMPLOYEE BENEFITS GROUP, INC.,

Defendants.

**RECEIVER'S MOTION FOR AUTHORITY TO ENTER INTO PURCHASE
AND SALE AGREEMENT FOR INDUSTRIAL LAND OWNED BY FEBG**

Michael I. Goldberg, (the "Receiver") in his capacity as receiver of Federal Employee Benefits Group, Inc. ("FEBG") and F&S Asset Management Group, Inc. ("FSAMG") (jointly, the "Receivership Entities"), and as curator for the Estate of Kenneth Wayne McLeod,¹ files this motion for authority to enter into Purchase and Sale Agreement for industrial land owned by FEBG. In support of this Motion, the Receiver states as follows:

1. On June 24, 2010, the United States Securities and Exchange Commission ("SEC") initiated these proceedings and, in connection therewith, sought the appointment of a receiver. That same day, the Court entered an Order appointing Michael I. Goldberg as the receiver for Defendants, FEBG and FSAMG (the "Receivership Order") (D.E. No. 11).

2. The Receivership Order authorizes the Receiver to take immediate possession of all property, assets and estates of the Receivership Entities, including all real property and

¹ Filed in the Probate Division of the Circuit Court in and for St. Johns County, Florida, File No. CP 10-375.

administer such assets to comply with the directions of the Receivership Order. See Receivership Order, ¶1.

3. The Receiver identified five parcels of real property (the "Properties") owned by the Defendants. One of the Properties, owned by FEBG, consists of approximately 3 acres of commercial land located at 2690 Port Industrial Drive, Jacksonville, Florida (the "Property"). The Property lies adjacent to the Port Jax Trade Center and is zoned for industrial use.

4. On October 25, 2012, this Court entered an Order Granting Motion for Authority to Enter Into an Exclusive Listing Agreement (D.E. No. 81). In the Order, the Court approved the Receiver's retention of Cantrell and Morgan, Inc. ("Receiver's Broker") to market the Property for sale. The Court also authorized the Receiver to modify the sale procedures set forth in 28 U.S.C. § 2001.

5. The Receiver's Broker has obtained a buyer for the Property. Port Jax Land II, LLC ("Buyer") has executed a Purchase and Sale Agreement and Deposit Receipt ("Agreement") to purchase the Property for \$287,500. A true and correct copy of the Agreement is attached hereto as Exhibit A.

6. The Receiver anticipates the sale will net the receivership estate approximately \$30,000 after payment of the expenses associated with the Property. As more fully described in the Motion for Authority to Enter Into an Exclusive Listing Agreement (D.E. No. 80), Wells Fargo Bank financed FEBG's purchase of the Property and is owed \$203,390. The Property is also encumbered by 2010, 2011 and 2012 real property taxes in the approximate sum of \$39,000. The real estate brokers are entitled to split a five (5%) percent commission on the gross sale price, which is \$14,375. Taking these expenses into consideration, the sum of \$30,000 from the proceeds of the sale will benefit the receivership estate.

7. A proposed Order is attached hereto as Exhibit B. The terms of the Order have been approved by counsel for the buyer and the title insurance company.

MEMORANDUM OF LAW

The Receivership Order directs the Receiver to take possession of all property of the Receivership Entities to administer such assets as is required to comply with the directions contained in the Receivership Order, and to hold all other assets pending further order the receivership Court. *Receivership Order*, ¶ 1. Through this motion, the Receiver seeks authority to sell the Property. The district court has broad powers and wide discretion to determine relief in an equity receivership. *SEC v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992). These powers include the authority to approve the sale of property of the Receivership Entities. Clark on Receivers § 482 (3rd ed. 1992) *citing First National Bank v. Shedd*, 121 U.S. 74, 87, 7 S.Ct. 807, 814, 30 L.Ed. 877 (1887) (A court of equity having custody and control of property has power to order a sale of the property in its discretion).

The Receiver believes that granting this motion is in the best interest of the creditors of the receivership estate. Despite the existence of the mortgage and the unpaid taxes, the Receiver will recover the approximate sum of \$30,000 for the benefit of the creditors of the Receivership Entities. Moreover, the sale of the Property will reduce holding costs which would be borne by the receivership estate.

WHEREFORE the Receiver respectfully requests that this Court enter an Order granting the Receiver authority to enter into the Purchase and Sale Agreement and for such other relief this Court may deem just and proper.

LOCAL RULE 7.1 CERTIFICATION OF COUNSEL

Pursuant to Local Rule 7.1, undersigned counsel hereby certifies that the Receiver has conferred with counsel for the SEC, who has no objection to the relief requested herein.

Respectfully submitted,

/s/ Joan Levit

Joan Levit, Esq.

Florida Bar Number: 987530

AKERMAN SENTERFITT

Counsel for the Receiver

350 East Las Olas Boulevard, Suite 1600

Fort Lauderdale, FL 33301

Phone: (954) 463-2700

Fax: (954) 463-2224

Email: joan.levit@akerman.com

Securities & Exchange Commission v. Estate of Kenneth W. McLeod, et al.
Case No.: 10-22078-cv-Moreno/Torres

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on December 26th, 2012, I electronically filed the foregoing document with the Clerk of Court using CM/ECF. I also certify that the foregoing document is being served on this day on all counsel of record or pro se parties identified on the attached Service List in the manner specified, either via transmission of Notices of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel or parties who are not authorized to receive electronically Notices of Electronic Filing.

/s/ Joan Levit
Joan Levit, Esq.

1:10-cv-22078-FAM

Notice has been electronically mailed to:

Robert Levenson

Securities & Exchange Commission
801 Brickell Avenue, Suite 1800
Miami, FL 33131

[Email: levensonr@sec.gov](mailto:levensonr@sec.gov)

representing **Securities and Exchange Commission**

Michael Ira Goldberg

Akerman Senterfitt
350 E Las Olas Boulevard, Suite 1600
Fort Lauderdale, FL 33301-0006
954-463-2700
954-463-2224 (fax)

[Email: michael.goldberg@akerman.com](mailto:michael.goldberg@akerman.com)

charlene.cerda@akerman.com, kimberly.matregano@akerman.com;

joan.levit@akerman.com, tamara.savin@akerman.com

representing **Michael I. Goldberg, Receiver**

Elizabeth L. White

William J. Sheppard

Matthew R. Kachergus

D. Gray Thomas

Sheppard White Thomas & Kachergus PA
215 Washington Street
Jacksonville, FL 32202
904-356-9661
904-356-9667 (fax)

[Email: sheplaw@att.net](mailto:sheplaw@att.net)

representing **Susan McLeod**

Mark Devereaux

Assistant United States Attorney
USAO No. 049
300 N. Hogan Street, Suite 700
Jacksonville, FL 32202-4270

904-301-6300

904-301-6310 (fax)

[Email: mark.devereaux@usdoj.gov](mailto:mark.devereaux@usdoj.gov)

representing **United States of America**

EXHIBIT "A"

**Purchase and Sale Agreement
and
Deposit Receipt**



Colliers International
Northeast Florida

("BUYER") William J. Solaner or assigns - Port Jax Land II, LLC
 ("SELLER") Federal Employee Benefits Group, Inc. (owner of record)

Hereby agree that SELLER will sell and BUYER will buy the following property ("Property"), upon the following terms and conditions if completed or marked. In any conflict of terms or conditions, that which is added will supersede that which is printed or marked.

Property is in Duval County, Florida, and is described (by legal) as follows:
 PARCEL IDENTIFICATION NUMBER: 102094-0000 (see Exhibit "A" for legal description)
 ADDRESS: 2690 Port Industrial Drive, Jacksonville, Florida Zip: 32226

1. PURCHASE PRICE: The purchase price shall be paid as follows:
 (A) Binder deposit, due on execution hereof, which will remain a binder until closing, unless sooner forfeited or returned, according to the provisions of this Agreement to be held in escrow by:
 Name: _____
 Address: _____
 Phone: _____

Within (3) business days after each deposit is due under the sales contract, the Buyer's Broker shall make written request to the title company or attorney to provide written verification of receipt of the deposit. Within ten (10) business days of the date the Buyer's broker made the written request for verification of the deposit, the Buyer's broker shall provide Seller's broker with either a copy of the written verification, or, if no verification is received by Buyer's broker, written notice that Buyer's broker did not receive verification of the deposit. If Seller is not represented by a broker, then Buyer's broker shall notify the seller directly in the same manner indicated herein.

.....	\$ 10,000.00
(B) Additional deposit to be made within ___ days from effective date	\$ -0-
(C) Balance to close, subject to adjustments and prorations	\$ 47,500.00
(D) Mortgage to any lender other than SELLER	\$ 230,000.00
(E) Mortgage to SELLER on terms set forth in paragraph 2B	\$ -0-
(F) Other	\$ -0-
(G) TOTAL PURCHASE PRICE:	\$ 287,500.00

2. FINANCING: If BUYER does not obtain the required financing but otherwise complies with the terms hereof, the binder deposit, less sale and loan processing costs incurred, will be returned to BUYER.

- (A) APPLICATION: The application for the mortgage described in paragraph 1D will be made to a lender selected by SELLER or BUYER. Unless the mortgage loan is approved without contingencies other than those elsewhere covered in this Contract within 45 days of the Effective Date (as defined in Paragraph 18 hereof) of this Contract, BUYER will have the right to terminate this Contract, and BUYER will return to SELLER all the title evidence and surveys received from SELLER.
 (B) SELLER FINANCING: ~~The amount described in Paragraph 1B will be evidenced by a negotiable promissory note of BUYER, secured by a valid purchase money mortgage on the Property and delivered by BUYER to SELLER dated the date of closing, bearing annual interest of ___% and payable \$___ per month for () years () months. Privilege of prepayment () does apply () does not apply. The mortgage will be () due on sale () not due on sale of Property. DELETED~~

3. BUYER'S COSTS: BUYER shall pay:

- (A) CLOSING COSTS: Recording fees Note Stamps Intangible tax Credit reports Mortgage transfer and Assumption charges Mortgage origination fee Mortgage Insurance Premium Mortgage discount not to exceed _____ Buyer's attorney's fee Wood destroying organism report Phase I Environmental Report Appraisal fee Survey Tax service Title Insurance policy Title Insurance endorsements Other: Any inspections Buyer deems necessary.
 (B) OTHER COSTS: All other charges required by lender.
 (C) PREPAIDS: Prepaid hazard insurance, taxes, interest and mortgage insurance premiums required by the lender.

4. SELLER'S COSTS: SELLER shall pay:

- (A) CLOSING COSTS: Deed Stamps Owner's Title Insurance Policy Title Search Seller's Attorney's Fee Phase I Environmental Report Real estate brokerage fee Mortgage discount not to exceed _____ Satisfaction of mortgage and recording fee Repairs or replacements, in addition to those in paragraph 14, not to exceed \$ _____ Wood-destroying organism report Appraisal fee Survey Tax service Title Insurance endorsements Other: All charges required to cure defects in title.
 (B) All mortgage payments, fees and assessments will be current at SELLER's expense at closing.
 (C) Withholding tax as required by law (Foreign Investment in Real Property Tax Act or otherwise).

5. PRORATIONS: All taxes, assessments, rentals, prepaid hazard insurance premiums (if assumed), mortgage insurance premiums and interest on assumed mortgages and any other prepaid or accrued items will be pro-rated through day before closing. If part of purchase price is to be evidenced by the assumption of a mortgage requiring deposit of funds in escrow for payment of taxes, insurance or other charges, BUYER agrees to reimburse SELLER for the escrowed funds assigned to BUYER at closing.

6. TITLE EVIDENCE: SEE ADDENDUM Within 20 days after the Effective Date after date of satisfaction of all conditions in paragraph 13, SELLER will deliver to BUYER: Title insurance commitment for an owner's policy in the amount of the purchase price Title insurance commitment for mortgage policy in the amount of the new mortgage. Any expense of curing title defects including, but not limited to legal fees, discharge of liens and recording fees will be paid by SELLER.

7. SURVEY: SEE ADDENDUM Within 20 days after the Effective Date after date of satisfaction of all conditions in paragraph 13, SELLER will deliver to BUYER: A new staked survey dated within 3 months of closing showing all improvements new

(255576311) INITIALS

WJS / [Signature]
 (BUYER) (BUYER) (SELLER) (SELLER)

12/17/12

existing thereon and certified to BUYER, lender, and the title insurer. [] A copy of a previously made survey of the Property showing all improvements now existing thereon. [] No survey is required.

8. TITLE EXAMINATION AND TIME FOR CLOSING: SEE ADDENDUM

(A) CLOSING: If title evidence and survey, as specified above, show SELLER is vested with a marketable title, the transaction will be closed and the deed and other closing papers delivered on or before [X] 25 days after the Effective Date [] ___ days after date of satisfaction of all conditions in paragraph 13, unless extended by other conditions of the Contract. Marketable title means title which a Florida title insurer will insure as marketable at its regular rates and subject only to matters to be cured at closing and the usual exceptions such as survey, current taxes, zoning ordinances, covenants, restrictions and easements of record, subject to subparagraph (B) below. SEE ADDENDUM

The Property will be conveyed by RECEIVER'S DEED General Warranty Deed (unless otherwise required herein) subject to current taxes, existing zoning, covenants, restrictions, and easements of record, SUBJECT TO SUBPARAGRAPH (B) BELOW, and SELLER shall also execute and deliver to BUYER and the title insurer a standard owner's and FIRPTA affidavit and such other documents as shall reasonably be required to close. All mortgage payments that are due and payable on any assumed mortgage shall be paid by SELLER.

(B) DEFECT AND CURING: If title evidence or the survey reveal any defects or matters which render the title unmarketable or that could prevent or limit BUYER'S Intended Use of the Property as described in paragraph 10, BUYER will have 10 days from receipt of title commitment and survey to notify SELLER of such title defects. SELLER shall use reasonable diligence to cure such defects at SELLER'S expense and will have 10 days to do so, in which event this transaction will be closed on the last to occur of the closing date established under paragraph 8(A) or within ten days after delivery to BUYER of evidence that such defects have been cured. At or before the closing, SELLER shall pay for and discharge all due or delinquent taxes, liens and other encumbrances, unless otherwise agreed to in writing. If SELLER is unable to convey to BUYER a marketable title, BUYER will have the right to terminate this Contract, at the same time returning to SELLER all title evidence and surveys received from SELLER, or BUYER will have the right to accept such title as SELLER may be able to convey, and to close this transaction upon the terms stated herein, which election will be exercised within 10 days from notice of SELLER'S inability to cure. SEE ADDENDUM

9. OCCUPANCY: SELLER represents that there are no parties in occupancy other than SELLER. BUYER will be given occupancy at closing unless otherwise specified herein. If occupancy is to be delivered prior to closing, BUYER assumes all risk of loss to persons and Property from the date of occupancy, will be responsible and liable for maintenance of the Property from said date and will be deemed to have accepted the Property, real and personal, in its existing condition as of time of taking occupancy unless otherwise agreed in writing. [] BUYER understands that Property is available for rent or rented and the tenant may continue in possession following closing unless otherwise agreed in writing. All deposits will be transferred to BUYER at closing.

10. ZONING AND RESTRICTIONS: Unless the Property is zoned Industrial Heavy (IH) and can be legally used for warehousing (Buyer's Intended Use) or if there is notice of proposed zoning changes or deed or other restrictions or title matters that could prevent such use at the time of closing, BUYER will have the right to terminate this Agreement. BUYER will have the Inspection Period (as defined in Paragraph 13.C. hereof) to verify the existing zoning any current or proposed changes, and deliver written notice of objections to SELLER or be deemed to have waived objections.

11. ADDITIONAL PROPERTY: The following personal property items are included at no additional charge: None

12. ADDITIONAL TERMS: The following terms are part of this Contract:

A. See Addendum

B. Within 5 business days after the Effective Date, Seller shall deliver to Buyer a copy of the previously completed Owner's Title Insurance Policy, copies of all plans, drawings, specifications, soil test reports, environmental assessments, wetlands information, inspection reports, permits, governmental agency approvals, zoning and concurrency information and similar documents concerning the Property (collectively, the "Seller Materials") which are in Seller's or its agents' possession or to which Seller has reasonable access. Buyer acknowledges that any Seller Materials given by Seller to Buyer, or made available by Seller to Buyer for review, are given for information purposes only. Buyer acknowledges that Seller is providing such materials to Buyer solely as a convenience to Buyer and that Buyer will rely solely on its own independent investigation and evaluation of the Property and not on any Seller Materials supplied by Seller. If this Agreement terminates for any reason without consummating the Closing, then Buyer shall return all Seller Materials to Seller.

C. Buyer shall have 45 days from the Effective Date (hereinafter referred as the "Inspection Period") to determine, in Buyer's sole and absolute discretion, that the subject property is suitable and satisfactory for Buyer's "Intended Use" of the property for development as an office/warehouse project. In the event Buyer notifies Seller in writing within the Inspection Period that Buyer is not satisfied, in Buyer's sole discretion, with Buyer's inspection of the subject property, then the Earnest Money deposit shall be promptly returned to Buyer and this Agreement shall automatically terminate and be null and void and neither party shall have any further liability or obligation hereunder.

D. During the term of this Agreement, Seller agrees, at Buyer's cost, to fully and promptly cooperate with Buyer in pursuing any and all development, zoning, and land use approvals for the Property as Buyer deems necessary, desirable or appropriate, including, without limitation, executing any applications, requests or approvals with the City of Jacksonville, the St. Johns Water Management District, the Army Corps of Engineers, or any other governmental or quasi-governmental entity with jurisdiction over the Property.

13. TIMING: Time is of the essence of this Contract, provided that if any date upon which some action, notice or response is required of any party hereunder occurs on a weekend or national holiday, such action, notice or response shall not be required until the next succeeding business day.

14. PROPERTY CONDITION:

(A) LEFT BLANK INTENTIONALLY.

(B) RISK OF LOSS: If the Property is damaged before closing by fire or other casualty, and the cost of repair does not exceed 4% of the Purchase Price, SELLER shall at its cost repair the damage. If the repair work cannot be reasonably completed by the closing, the cost amount shall be escrowed at closing and released as the repair work progresses. If the estimated repair work exceeds 4%

and SELLER does not elect to pay the excess, BUYER may either terminate this Contract, or take the Property as-is, together with either an assignment of any insurance proceeds or a 4% credit on the Purchase Price.

15. DEFAULT:

(A) SELLER: In the event the sale is not closed due to any default or failure to perform on the part of SELLER, BUYER may either (1) receive a refund of BUYER's deposit(s) or (2) seek specific performance.

(B) BUYER: In the event the sale is not closed due to any default or failure on the part of the BUYER, SELLER may retain all deposit(s) paid or agreed to be paid by BUYER as agreed upon liquidation damages, consideration for the execution of this Contract, and in full settlement of any claims, upon which this Contract shall terminate.

16. ATTORNEY'S FEES AND COSTS: In any claim arising out of or relating to this Contract, the prevailing party, which for purposes of this provision shall include BUYER, SELLER, and Broker, shall be awarded reasonable attorney's fees, costs and expenses.

17. MISCELLANEOUS: The terms of this Contract constitute the entire agreement between BUYER and SELLER. Modifications to this Contract shall not be valid or binding unless in writing and executed by the party to be bound. This Contract may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. A facsimile copy of this Contract and any initials or signature thereon shall be deemed as original. This Contract shall be construed under Florida law and shall not be recorded in any public records. Delivery of any written notice to any party's agent shall be deemed delivery to that party. This Contract shall be binding upon and benefit the heirs, successors, representatives and assigns of each Party, but this provision is not consent to assignment by BUYER, which consent must be obtained in writing and shall not be unreasonably delayed or withheld.

18. ACCEPTANCE: IF THIS OFFER IS NOT SIGNED BY AND DELIVERED TO ALL PARTIES OR FACT OF ACCEPTANCE COMMUNICATED IN WRITING (INCLUDING FAX) BETWEEN THE PARTIES ON OR BEFORE 6:01 [] a.m. [X] p.m. date December 17, 2012. THIS OFFER WILL TERMINATE. The Effective Date shall be defined as the first business day after the date SELLER delivers to BUYER written notice of judicial consent to the sale of the Property by the receiver.

THIS IS INTENDED TO BE A LEGALLY BINDING CONTRACT. IF NOT FULLY UNDERSTOOD, SEEK LEGAL ADVICE.

BUYER:

PORT JAX LAND, LLC

DATE: 12/17/12

By: [Signature]
Name: William T. Spinner, its Manager

SELLER:

DATE: 12/19/12

[Signature]
Michael I. Goldberg, as Receiver for
Federal Employee Benefits Group, Inc., and
F & S Asset Management Group, Inc.

Deposit of \$ 10,000 by [] cash [X] check Received on 12/17/12 by [Signature]
Signature of Escrow Agent

BINDER DEPOSIT: The Escrow Agent shall disburse the Escrow Fund in accordance with a closing statement signed by both parties, or pursuant to other written instructions from the Seller and BUYER. If the Escrow Agent receives a demand from one party for the Escrow Funds, which shows on the face of the demand a copy to the other party, the Escrow Agent may disburse the Escrow Fund in reliance on such demand, if the Escrow Agent has not received a contrary demand from the other party within ten (10) business days after the date of the initial demand. Upon any such disbursement by the Escrow Agent, the Escrow Agent shall thereby be discharged and released in respect to its obligations under this Agreement, whereby this Agreement shall terminate and the parties shall have no further obligations hereunder. In the event of any dispute as to the disbursement of the Escrow Fund or any claim thereto by any party or persons, Escrow Agent shall have the right to bring a suit in interpleader in the Circuit Court for Duval County, Florida naming the parties to this Agreement and any other parties as may be appropriate in the opinion of Escrow Agent. Seller and Buyer shall indemnify and hold Escrow Agent harmless from all costs, including attorneys' fees, in connection with such interpleader action. Upon filing of said suit and placing of the balance of the Escrow Fund in the registry of the court, Escrow Agent shall have the right to withdraw from said suit and all obligations of Escrow Agent shall cease and terminate.

BROKERS FEE: SELLER agrees to pay listing broker according to the terms of an existing listing agreement or as mutually agreed in this Agreement, namely, 5% of gross purchase price. Listing Broker agrees to pay Selling Broker, Colliers International Northeast Florida, a commission of 2 1/2% of the gross purchase price. SEE ADDENDUM. If BUYER fails to perform and deposit(s) is retained, 50% thereof, after deduction of costs, will be paid to SELLER and balance will be paid to Listing Broker as full consideration of Listing Broker's services. The amount paid to Listing Broker will not exceed the Broker's fee above provided. If the transaction does not close due to SELLER's refusal or failure to perform, SELLER will pay the full fee to Listing Broker on demand. In any arbitration or litigation arising out of this Agreement concerning the Broker's fee, the prevailing party will recover reasonable attorney fees and costs.

Colliers International Northeast Florida makes no representation as to the legal validity of any provision of this form in any specific transaction

WS [Signature]

NOTICES TO PARTIES

Additional Expenses: (e.g. attorney's fees, taxes, title insurance escrow fees, recovering fees, discount points, survey charges, mortgage transfer or insurance) may be incurred by Buyer prior to or at the time of closing. Please consult your counsel for more information regarding your specific transaction. This Notice is given pursuant to Rule 2-13.003(1), Florida Administrative Code.

Radon Gas: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit. This Notice is given pursuant to Section 404.056(5), Florida Statutes.

Energy Disclosure: Buyer may have the energy-efficiency rating determined for any building located upon the Property; this notice is provided as required by F.S. 553.996. Buyer acknowledges receipt of the energy-efficiency rating brochure prepared by the State of Florida, Department of Community Affairs at the time of or prior to Buyer's execution of this Contract.

Property Condition: All parties to real estate transactions should be aware of the health, liability and economic impact of environmental factors on any property, including the above-referenced Property. Walter Dickinson, Inc., d.b.a. Colliers International Northeast Florida does not conduct investigations or analyses of environmental matters and, accordingly, urges its clients to retain qualified environmental professionals, such as an attorney(s), civil engineer(s), industrial hygienist(s) and/or other persons with experience to determine whether hazardous or toxic wastes or substances (such as asbestos, PCBs and other contaminants or petro-chemical products stored in underground tanks) or other undesirable materials or conditions are present at the Property and, if so whether any health danger or other liability exists. Such substances may have been used in the construction or operation of buildings or may be present as a result of previous activities at the Property. Various federal, state and local authorities have enacted laws and regulations dealing with the use, storage, handling, removal, transport and disposal of toxic or hazardous wastes and substances and the operation and use of underground storage tanks. Consequently, it may be prudent for you to retain qualified environmental professionals, as noted above, to review these issues, including whether to conduct a site investigation and/or building inspection. Any studies completed may result in a duty to report these results to appropriate authorities.

Walter Dickinson, Inc., d.b.a. Colliers International Northeast Florida has not made and does not make determinations and no representation and assumes no obligation regarding the following: environmental matters affecting the Property, including without limitation the presence or absence of underground storage tanks or toxic, hazardous waste or substances or other undesirable materials on or about the Property; the condition of the Property, including, without limitation, structural, mechanical or soil conditions; and violations of the Occupational Safety and Health Act or any other federal, state, county or municipal laws, ordinances or statutes and measurements of land and/or improvements. It is the responsibility of potential tenants or purchasers to conduct their own investigation with respect to such matters.

Applicable Laws: There are various federal, state and local laws, regulations, ordinances and administrative orders having jurisdiction over the parties and Property or properties, including, but not limited to the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment in Real Property Tax Act ("FIRPTA"), the comprehensive Environmental Response Compensation and Liability Act and the American with Disabilities Act. You may wish to consult with legal, tax or other professionals over the potential effect of these laws on you and the transaction.

National Flood Insurance Program: If the Property is or may be located in a Special Flood Hazard Area on HUD "Special Flood Zone Area Maps", the Program and related federal, state and/or local legislation, laws, regulations and ordinances ("Laws") may require flood insurance and/or impose certain building and zoning restrictions on the Property, especially where the Property is security for federally related financing. To determine the applicability of the Program or related Laws with respect to the Property and the cost and extent of such insurance coverage available in your area, you are advised to consult with your attorney, lender or insurance carrier regarding these matters.

[The remainder of this page has intentionally been left blank.]

ADDENDUM



Page 2 of 6 Concerning the sale and purchase of the Property described as:
 PARCEL IDENTIFICATION NUMBER: 10004 0000 (see Exhibit "A" for legal description)
 ADDRESS: 2690 Port Industrial Drive, Jacksonville, Florida 7/1/ 32226

ENVIRONMENTAL HAZARDS: Within 45 days from Effective Date ("Inspection Period"), Buyer may, at Buyer's expense, apply for a Phase I inspection to be conducted by an environmental engineer. If a lender requires a Phase II or III investigation, Buyer shall deliver to Seller a copy of the Phase I report, along with written notice of the requirement and Seller may elect, within 5 days from receipt of the notice, to conduct the investigation at Seller's expense. If Seller elects not to conduct the additional investigation, either party may terminate this Contract. If Seller elects to pay for and make corrective measures required by law, Buyer shall either extend closing until the corrective work is completed and approved or the closing shall take place with Seller's escrow of the amount necessary to complete the clean-up.

SELLER'S REPRESENTATIONS: Seller shall, within 5 business days from Effective Date, deliver to Buyer current copies of existing title reports or policies; surveys; permits and agreements with third parties that will remain in effect after closing. Buyer may terminate this Contract by written notice to Seller within 45 days from Effective Date if the statements differ materially from Seller's representations. If Buyer fails to provide timely written notice, Buyer shall be deemed to waive this contingency.

SELLER WARRANTY: Seller warrants that Seller has no knowledge of (1) notice of violation of city, county, state, federal, building, zoning, fire or health codes, regulations or ordinances, filed or issued against the Property, (2) pending lawsuit(s), investigation(s), inquiry(ies), notice(s), or other proceeding(s) affecting the Property or the right to use and occupy the Property, (3) unsatisfied construction liens, (4) tenants in bankruptcy, or (5) special assessments, condemnation, eminent domain, change in grade of public streets or similar proceedings affecting the Property. If Seller is notified of any of the above matters prior to closing, Seller shall notify Buyer in writing within 5 days. If Buyer requires the matter to be corrected prior to closing, Buyer shall notify Seller in writing within 5 days from receipt of Seller's notice. Buyer's failure to provide timely notice shall be deemed acceptance of the Property with the matter as it then exists. If Seller is unable or unwilling to correct the matter prior to closing, Buyer may terminate this Contract. Seller warrants that, as of the date Seller executes this Contract, execution of this Contract and delivery of title is not a violation or breach of any agreement or judgment by which Seller is bound.

INSPECTION PERIOD: Buyer shall, at Buyer's expense and with 45 days from Effective Date (the "Inspection Period"), determine whether the Property is suitable, in Buyer's sole and absolute discretion, for Buyer's intended use and development of the Property. During the Permitting Period, Buyer may conduct any test, analyses, surveys and investigations ("Inspections") which Buyer deems necessary to determine to Buyer's satisfaction the Property's engineering, architectural, environmental properties, zoning restrictions, subdivision status, soil and grade, availability of permits, government approvals, and licenses, and other inspections which Buyer deems appropriate to determine the suitability of the Property for Buyer's intended use and development. If Buyer is not satisfied with the results of the Inspections, Buyer may, by written notice to Seller prior to the expiration of the Inspection Period, terminate this Contract and the rights and duties of both parties shall thereupon cease where upon the deposit shall be refunded to Buyer. Seller grants to Buyer its agents, contractors and assigns, the right to enter the Property at any time during the Inspection Period for the purpose of conducting inspections; provided, however, that Buyer, its agents, contractors and assigns enter the Property and conduct inspections at their own risk. Buyer shall indemnify and hold Seller harmless from losses, damages, costs, claims and expenses of any nature, including attorney's fees, and from liability to any person, arising from the conduct of any and all inspections or any work authorized by Buyer. Buyer shall not engage in any activity that could result in a mechanic's lien being filed against the Property without Seller's prior written consent.

ADDENDUM Number 1 to Purchase and Sale Agreement and Deposit Receipt (the "Contract")

Notwithstanding anything to the contrary contained the Contract, the parties agree that the following provisions shall apply and the provisions herein shall supersede and control over any conflicting provisions of the Contract:

1. Court Order. This Contract and the transactions contemplated hereby are subject to approval by court order in that certain action pending in the U.S. District Court for the Southern District of Florida entitled *Securities & Exchange Commission vs. Estate of Kenneth Wayne McLeod, et al.*, Case No.: 10-22078-CV-MORENO/Torres (the "Court Order"). In the event the Court Order is not received within ninety (90) days of execution of this Contract by Buyer and Seller, then either Buyer or Seller shall have the right to cancel this Contract by the delivery of written notice thereof to the other, whereupon this Contract shall be deemed terminated and the Deposit shall be returned to Buyer, and the parties shall be thereafter relieved of any and all further obligations each to the other hereunder, except as otherwise expressly provided herein. Seller shall not be required to seek Court approval until Buyer notifies Seller in writing that it is approved for its financing. Seller shall not be liable if the sale is not approved by the Court. Unless terminated as provided herein, the Closing Date shall occur on the later to occur of either (a) ten (10) days of Seller and Buyer's receipt of the latest Court Order issued, or (b) seventy-five (75) days after execution of this agreement by all parties, so long as the Court Order shall have been issued during said seventy-five (75) day period.

2. AS IS. Unless Buyer elects to terminate this Contract prior to the expiration of the Inspection Period, then: (i) Buyer is obligated to close subject only to issuance of the Court Order and Seller's delivery of the closing documents referenced herein; and (ii) Buyer does hereby acknowledge that it has independently investigated the Property without reliance on any information provided by Seller or Seller's agent, and that it has determined the Property is suitable for Purchaser's intended purposes or uses herein and that Purchaser is otherwise purchasing the Property in "AS IS" condition. Notwithstanding anything to the contrary in the Contract, Seller does not make and hereby disclaims any and all warranties except for the warranty of title to be included in the deed delivered at Closing. **PURCHASER HEREBY WAIVES, RELEASES AND RENOUNCES ALL IMPLIED AND EXPRESS WARRANTIES, STATUTORY OR OTHERWISE, INCLUDING WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS, WARRANTY OF HABITABILITY OR ANY CLAIM FOR ANY DIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES.**

Financing shall not be a contingency once the Inspection Period has expired.

3. Brokers. Brokers acknowledge that the closing is contingent upon Court approval and that no commission shall be due and payable unless and until the Court Order is obtained, a closing and funding has occurred and title has been transferred to the Buyer. Notwithstanding anything to the contrary in any listing agreement, co-broker agreement or any other agreement, should the transaction fail to close for any reason, Brokers shall not be entitled to any portion of the escrow (binder) deposit. Brokers have executed this Addendum for purposes of acknowledging the foregoing.

4. Title and Taxes. There shall not be any reperoration of real estate taxes or assessments after the Closing. Seller shall be responsible for obtaining a title commitment and delivering it to Buyer. Seller's attorney shall write the title insurance. Buyer is responsible for satisfying itself with respect to the acceptability of title. Seller shall not be required to deliver a survey. To the extent Seller has a copy of a survey in its possession, Seller will provide Buyer with a copy of same. Seller shall immediately provide Buyer with a copy of the title commitment upon receipt. Seller shall not have any obligation to cure title defects raised by Buyer. If Buyer notifies Seller of any title defects, then notwithstanding anything to the contrary in the Contract, Seller may, at its option, either attempt to cure such defects for a period not to exceed 60 days after receipt of such notification (and the closing date shall be extended accordingly), or Seller may notify Buyer that it does not desire to cure the defects. If Seller does not desire to cure the title defects, Buyer shall have the right to terminate the Contract within 5 business days of receiving such notice and the Deposit shall be refunded to Buyer and the parties shall be released from all liability hereunder. If Buyer fails to terminate the Contract within such 5 day period, then such title defects shall be waived by Buyer, the title shall be conveyed at Closing subject to such defects and the parties shall proceed to Closing. In no event shall Seller be liable for the failure to cure title defects.

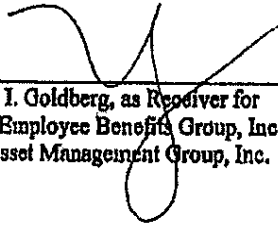
Buyer shall obtain a survey during the Inspection Period and provide Seller with a copy of same to verify the exact legal description, which once confirmed by the Seller, Buyer and title company shall be attached to the Receiver's Deed.

Title will be conveyed by Receiver's Deed.

5. Permits and Approvals. The following shall be added to Section 12C: Seller's cooperation shall be without cost to Seller. No permits, approvals or other zoning shall be binding on Seller or the Property prior to the Closing.

6. ~~Assignment~~. Buyer shall have the right to assign the Contract to an entity that Buyer has a controlling interest in prior to the Closing date if Buyer provides written notice to Seller of such entity name 10 days prior to the date that Seller files for the Court Order.

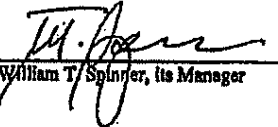
Seller:



Michael I. Goldberg, as Receiver for
Federal Employee Benefits Group, Inc., and
F & S Asset Management Group, Inc.

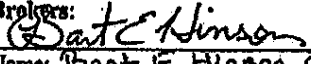
Buyer:

PORT JAX LAND II, LLC

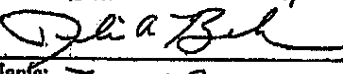
By: 

Name: William T. Springer, its Manager

Brokers:



Name: Bart E. Hinson, Collier International



Name: JULIE A. BOHN, CANTRELL & MORGAN, INC.

Exhibit "A"
(Property Legal Description)
See attached Owner's Policy for Legal Description

EXHIBIT "A"

Old Republic National Title Insurance Company

ALTA OWNER'S POLICY

Agent's File Number: 09-35478

Owner's Policy Number: SDC889745

093081
WB-041991

Schedule A

Date of Policy: February 3, 2009 at 10:55 AM

Amount of Insurance: \$610,000.00

1. Name of Insured:

KENNETH WAYNE MCLBOD

2. The estate or interest in the land which is encumbered by the insured is:

Fee Simple

3. Title to the estate or interest in the land is vested in the insured by:

Special Warranty deed executed by BROWN & LUKE CONTRACTING COMPANY, INC. to KENNETH WAYNE MCLBOD dated January 23, 2009, filed February 03, 2009 in Official Records Book 14768, Page 837, Public Records of Duval County, Florida, conveying said property described herein.

4. The land referred to in this policy is situated in the State of Florida, County of Duval and is described as follows:

See Schedule A Continuation, for Legal Description

U.S. Realty Solution, Inc.

By: _____
Authorized Agent
Cora S. Harris

ALTA Owner's Policy

Clare's Choice

OR BK 14789 PAGE 8...

**EXHIBIT "A"
(ROADWAY PROPERTY)**

A plan of land in the County of Duval, State of Florida, to be divided into lots and blocks, and to be known as the "ROADWAY PROPERTY" is shown on the attached map. The land is situated in the City of Jacksonville, Florida, and is bounded on the north by the Jacksonville Municipal Airport, on the south by the Jacksonville Municipal Airport, on the east by the Jacksonville Municipal Airport, and on the west by the Jacksonville Municipal Airport. The land is shown on the attached map as being divided into lots and blocks, and is to be known as the "ROADWAY PROPERTY".



EXHIBIT "B"

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
(Miami Division)**

SECURITIES & EXCHANGE COMMISSION,

CASE NO.: 10-22078-cv-Moreno/Torres

Plaintiff,

vs.

ESTATE OF KENNETH WAYNE MCLEOD,
F&S ASSET MANAGEMENT GROUP, INC. and
FEDERAL EMPLOYEE BENEFITS GROUP, INC.,

Defendants.

**ORDER GRANTING RECEIVER'S MOTION FOR AUTHORITY
TO ENTER INTO PURCHASE AND SALE AGREEMENT
FOR INDUSTRIAL LAND OWNED BY FEBG**

THIS CAUSE came before the Court without hearing upon the Motion for Authority to Enter into Purchase and Sale Agreement for Industrial Land Owned by FEBG (D.E. No. __) (the "Motion") filed on December 26, 2012 by Michael I. Goldberg (the "Receiver"), in his capacity as receiver of Federal Employee Benefits Group, Inc. ("FEBG"), F&S Asset Management Group, Inc. ("FSAMG") (jointly, the "Receivership Entities") and the probate estate of Kenneth Wayne McLeod.

The Court, has reviewed the Motion, been advised that notice was provided to all interested parties, each of whom, including counsel for the Securities and Exchange Commission have no opposition to the entry of this Order, and being otherwise fully advised in the premises, makes the following findings:

- A. All interested parties have received notice of this Motion.

B. The sale set forth in the Purchase and Sale Agreement and Deposit Receipt (the "Agreement") with Port Jax Land II, LLC ("Buyer") for the sale of the real property located at 2690 Port Industrial Drive, Jacksonville, Florida (the "Property") comprising approximately three (3) acres of commercial land located adjacent to the Port Jax Trade Center is in the best interests of all parties hereto.

C. The Property was marketed for sale in a commercially reasonable manner.

D. The Buyer has no connection with the Receiver or the Receivership Entities.

Based upon these findings, it is **ORDERED AND ADJUDGED** that:

1. The Motion is Granted.

2. The Receiver is authorized to enter into the Agreement. The Receiver is further authorized to execute any documents and take any actions reasonably necessary to consummate the transactions contemplated therein, without further order of the Court.

DONE AND ORDERED in Chambers in Miami-Dade County, Florida on this _____, 20__.

FEDERICO A. MORENO
CHIEF UNITED STATES DISTRICT JUDGE

Conformed copies to:
All counsel of record