

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

**Michael J. Quilling, Receiver for
Hammersmith Trust, LLC
and Microfund, LLC**

Plaintiff

**Anthony D. Cupini and
Cadet Holdings, Inc.**

Defendants

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Civil Action No. 3:00-CV-2258-M

COMPROMISE AND SETTLEMENT AGREEMENT

This Agreement is entered into between Michael J. Quilling in his capacity as Receiver in the above-entitled and numbered proceedings (“Receiver”) and Cadet Holdings, Inc, (“Cadet”), Anthony Cupini, individually (“Cupini”) and John Brda, individually (“Brda”).

RECITALS

WHEREAS, on November 13,1998, the Securities and Exchange Commission (“SEC”) initiated Case No. 3:98-CV-2689-M, *SEC v. Funding Resources Group, et al.* in connection with which the Receiver was appointed as to the defendants and equity relief defendants named in the Complaint at that time; and

WHEREAS, on July 22,1999, the Court issued its order freezing assets pursuant to which the Receiver was appointed as to certain additional named equity relief defendants; and

WHEREAS, the Receiver has asserted various claims against Cadet and Cupini by virtue of filing the Complaint with respect to the above-entitled and numbered proceedings, which claims they each have denied; and

AGREEMENTS

NOW, THEREFORE, based upon the consideration set forth hereafter, the sufficiency of which is hereby acknowledged, the parties agree as follows:

I. **Payment by Cadet.** Within ten (10) days following the execution and delivery of the original of this Agreement to the Receiver, Cadet shall deliver a cashier's check payable to the Receiver in the amount of \$25,000.00. Within 90 days thereafter, Cadet shall deliver a cashier's check payable to the Receiver in the amount of \$15,000.00. Within 90 days after delivery of the second check, Cadet shall deliver a third and final cashier's check payable to the Receiver in the amount of \$10,000.00. Payment of such \$50,000.00 shall be in full and complete satisfaction of all claims by the Receiver against Cadet, Cupini and Brda. Upon payment of such \$50,000.00 the Receiver shall move to dismiss the complaint with prejudice with each party to bear its/his own costs.

II. **No Admission of Liability.** The parties are settling in order to avoid the inconvenience and expense of continued litigation. By settling, the parties do not admit any liability, fault, negligence, criminal activity, or wrongdoing of any kind, but, on the other hand, settle only so as to buy peace, avoid the uncertainties of litigation, and to resolve the disputes between them.

III. **Release of Cadet.** Upon payment of the entire \$50,000.00, the Receiver hereby releases any and all claims of any nature whatsoever against Cadet, whether known or unknown, fixed or contingent, liquidated or unliquidated, arising out of the facts, transactions or circumstances which are included by the Receiver in his Complaint (as amended or supplemented) in this lawsuit. This release shall inure to the benefit of Cadet, its successors in

interest and assigns, as well as all past and present officers, directors, employees, representatives, agents, attorneys and accountants.

IV. Release of Cupini. Upon payment of the entire \$50,000.00, the Receiver hereby releases any and all claims of any nature whatsoever against Cupini, whether known or unknown, fixed or contingent, liquidated or unliquidated, arising out of the facts, transactions or circumstances which are included by the Receiver in his Complaint (as amended or supplemented) in this lawsuit. This release shall inure to the benefit of Cupini, his successors in interest and assigns, as well as all of his employees, representatives, agents, attorneys and accountants.

V. Release of Brda. Upon payment of the entire \$50,000.00, the Receiver hereby releases any and all claims of any nature whatsoever against Brda, whether known or unknown, fixed or contingent, liquidated or unliquidated, arising out of the facts, transactions or circumstances which are included by the Receiver in his Complaint (as amended or supplemented) in this lawsuit. This release shall inure to the benefit of Brda, his successors in interest and assigns, as well as all of his employees, representatives, agents, attorneys and accountants.

VI. Representations. Cadet, Cupini and Brda have made certain representations regarding their financial condition in documents produced to the Receiver at a meeting held on October 3, 2001 which have induced the Receiver to make the agreements stated. Should any material representation made by Cadet, Cupini or Brda regarding their financial condition be proven to be false in any material respect, then the Receiver may, at his option, declare void the release granted to the party making the false representation, and, may continue to assert claims against the party making the false representation. A material statement concerning financial

condition made by one party, which proves to be false, shall not void the release given by the Receiver to the other parties.

VII. No Claims Against Receivership Estate. For valuable consideration, Cadet, Cupini and Brda each hereby agree that they shall not assert any claim against any of the receivership estates which are the subject of these proceedings or make any claim to share in any proceeds of assets liquidated or recovered by the Receiver.

VIII. No Extraneous Representations. The parties to this agreement are represented by counsel and are relying upon the advice of their counsel in freely and voluntarily entering into this agreement. It is expressly acknowledged by Cadet, Cupini and Brda that the decision to execute this agreement is not based upon any representations by the Receiver, oral or written, of any nature whatsoever, other than expressly set forth herein.

IX. Multiple Counterparts. This agreement may be executed in numerous identical counterparts, each of which shall be deemed an original for all purposes.

X. Entire Agreement. This agreement constitutes the entire agreement between the parties hereto.

XI. Governing Law and Venue. This agreement shall be governed by and construed in accordance with the laws of the State of Texas and it is expressly agreed that the proper venue for any action which might be brought in connection with this agreement shall be proper in, and only in, the Northern District of Texas.

XII. Court Approval. This agreement will be submitted to the Court for approval. Should such approval not be obtained, this agreement shall be void. Upon approval by the Court of this Agreement and immediately subsequent to payment of the entire \$50,000.00, the Receiver shall dismiss all claims against Cadet, Cupini and Brda with prejudice.

Executed this 12th day of NOVEMBER, 2001.

MICHAEL J. QUILLING, Receiver

CADET HOLDINGS, INC.

By: John Brda

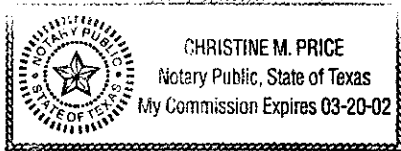
Its: President

ANTHONY CUPINI, Individually

JOHN BRDA, Individually

STATE OF TEXAS §
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COUNTY OF DALLAS §

This Instrument was ACKNOWLEDGED before me on the 12th day of November, 2001 by Michael J. Quilling, Receiver.



Notary Public, State of Texas

STATE OF MISSOURI §
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COUNTY OF St Louis §

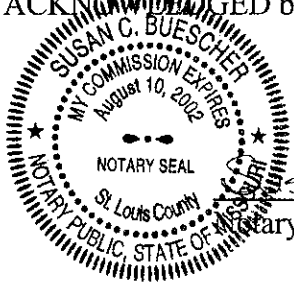
This instrument was ACKNOWLEDGED before me on the 6 day of November 2001 by Anthony Cupini.



Notary Public, State of Missouri

STATE OF MISSOURI §
§
COUNTY OF St Louis §

This instrument was ACKNOWLEDGED before me on the 6 day of November 2001 by John Brda.

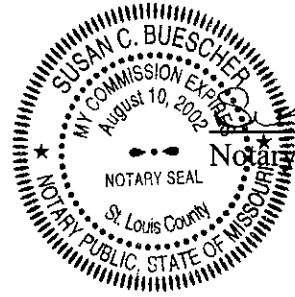


Susan C Buescher
Notary Public, State of Missouri

STATE OF MISSOURI §
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COUNTY OF St Louis §

I, Susan C Buescher, a notary public in and for said county, in the State aforesaid DO HEREBY CERTIFY that John A. Brda personally known to me to be the President of Cadet Holdings, Inc. and personally known to me to be the same pmon whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such he signed and delivered said instrument pursuant to proper authority given by said entity, as his free and voluntary act, and as the free and voluntary act and deed of said entity, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 6 day of November, 2001.



Susan C Buescher
Notary Public, State of Missouri