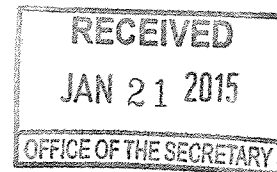


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING
File No. 3-16182

In the Matter of

PAUL EDWARD "ED" LLOYD, JR., CPA

Respondent.

BRIEF IN SUPPORT OF MOTION FOR SUMMARY DISPOSITION

TABLE OF CONTENTS

TABLE OF CASES	4
TABLE OF STATUTES	5
TABLE OF REGULATIONS	6
I. STATEMENT OF FACTS.....	7
II. STATEMENT OF QUESTIONS PRESENTED	12
III. ARGUMENT	13
A. THE TRANSACTIONS AT ISSUE DO NOT INVOLVE THE PURCHASE OR SALE OF A SECURITY UNDER SECTION 2(A)(1) OF THE SECURITIES ACT OF 1933, AND THEREFORE, THE SEC LACKS JURISDICTION OVER THE TRANSACTIONS AND ANY CONDUCT IN CONNECTION THEREWITH.....	13
B. THERE IS NO EVIDENCE TO SUPPORT A SUBSTANTIVE VIOLATION OF SECTION 17(A) OF THE SECURITIES ACT OF 1933.....	19
1. There is no evidence that Mr. Lloyd acted with scienter with respect to the 2012 transaction and thus no support for a violation of Section 17(a)(1).....	20
2. There is no evidence of any material misstatement or omission with respect to the 2012 transaction and thus no support for a violation of Section 17(a)(2) or (3).	23
3. There is no evidence of any material misstatement, misrepresentation, or omission with respect to the 2011 and 2012 II transactions and thus no support for a violation of Section 17(a). ..	23
C. THERE IS NO EVIDENCE TO SUPPORT A SUBSTANTIVE VIOLATION OF SECTIONS 10(B) AND 15(A) OF THE SECURITIES AND EXCHANGE ACT OF 1934 OR RULE 10B-5.....	24
1. There is no evidence of a misrepresentation or omission or that Mr. Lloyd acted with scienter with respect to the 2012 transaction and thus no support for a violation of Section 10(b) or Rule 10b-5.....	25
2. There is no evidence of any material misrepresentation or omission with respect to the 2011 and 2012 II transactions and thus no support for a violation of Section 10(b) or Rule 10b-5.	26

D.	THERE IS NO EVIDENCE TO SUPPORT A SUBSTANTIVE VIOLATION OF SECTIONS 206(1), (2), OR (4) OR RULE 206(4)-8 OF THE INVESTMENT ADVISERS ACT OF 1940.	26
1.	There is no evidence of a device, scheme, or artifice to defraud or that Mr. Lloyd acted with scienter with respect to the 2012 transaction and thus no support for a violation of § 206(1).	27
2.	There is no evidence of any fraud, deceit, or manipulation with respect to the 2012 transaction and thus no support for a violation of Sections 206(2) or (4) or Rule 206(4)-8.	27
3.	There is no evidence of any misrepresentation or knowingly false statements with respect to the 2011 and 2012 II transactions and thus no support for a violation of Sections 206(1), (2), or (4).	28
IV.	CONCLUSION	28
	CERTIFICATE OF COMPLIANCE	29
	CERTIFICATE OF SERVICE	30

TABLE OF CASES

<i>Ernst & Ernst v. Hochfelder</i> , 425 U.S. 185, 194-95, 96 S.Ct. 1375, 1381-82 (1976).....	13, 20
<i>Herman & MacLean v. Huddleston</i> , 459 U.S. 375, 391, fn. 30, 103 S. Ct. 683, 692 (1983).....	20
<i>King v. Winkler</i> , 673 F.2d 342, 346 (1982).....	15, 16
<i>Newmyer v. Philatelic Leasing, Ltd.</i> , 888 F.2d 385, 394 (1989).....	16
<i>Randall v. Loftsgaarden</i> , 478 U.S. 647, 106 S. Ct. 3143 (1986).....	15, 16
<i>Rice v. Branigar Organization, Inc.</i> , 922 F.2d 788 (1991).....	17
<i>SEC v. ABS Manager, LLC</i> , 13CV319-GPC BGS, 2014 WL 2605476, *7 (S.D. Cal. June 11, 2014).....	20
<i>SEC v. Capital Gains Research Bureau, Inc.</i> , 375 U.S. 180, 195, 84 S.Ct. 275, 284 (1963).....	26, 27
<i>SEC v. Morgan Keegan & Co., Inc.</i> , 678 F.3d 1233, 1244 (11th Cir. 2012).....	20
<i>SEC v. Steadman</i> , 967 F.2d 636, 647 (D.C.Cir.1992)	27
<i>SEC v. W.J. Howey Co.</i> , 328 U.S. 293, 301, 66 S.Ct. 1100, 1104 (1946).....	14
<i>Sec. & Exch. Comm'n v. Nat'l Executive Planners, Ltd.</i> , 503 F. Supp. 1066, 1072 (M.D.N.C. 1980).....	20
<i>Steadman v. SEC</i> , 603 F.2d 1126, 1134 (5th Cir. 1979) <i>aff'd sub nom. Steadman v. SEC</i> , 450 U.S. 91, 101 S. Ct. 999, 67 L. Ed. 2d 69 (1981)	26
<i>Teague v. Bakker</i> , 139 F.3d 892 (1998)	17
<i>United Housing Foundation, Inc. v. Forman</i> , 421 U.S. 837, 852, 95 S.Ct. 2051, 2060 (1975).....	14, 16

TABLE OF STATUTES

15 U.S.C. § 77q	19, 20, 23
15 U.S.C. § 78j	24, 25, 26
15 U.S.C. § 80b-6	26, 27, 28
15 U.S.C. § 77b(a)(1)	13
26 U.S.C. § 170(h)	7
Wyo. Stat. Ann. § 17-29-102(xiv) (2010)	21
Wyo. Stat. Ann. § 17-29-401 (2010)	21

TABLE OF REGULATIONS

17 C.F.R. § 240.10b-524

UNITED STATES OF AMERICA
Before the
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ADMINISTRATIVE PROCEEDING
File No. 3-16182

In the Matter of
PAUL EDWARD "ED" LLOYD, JR., CPA
Respondent.

**BRIEF IN SUPPORT OF MOTION FOR
SUMMARY DISPOSITION**

Pursuant Securities Exchange Commission Rule 154, Paul Edward "Ed" Lloyd, Jr., CPA respectfully submits this brief in support of his Motion for Summary Disposition in this action.

I. STATEMENT OF FACTS

Paul Edward "Ed" Lloyd, Jr. ("Ed Lloyd" or "Mr. Lloyd") is a certified public accountant. He owns and operates Ed Lloyd & Associates, PLLC where he offers tax planning and preparation services.

Before 2011, Mr. Lloyd learned of the conservation easement tax planning technique at a seminar. He was told he could contact Nancy Zak with The Strategic Financial Alliance, Inc. ("SFA") to obtain a better understanding of the process. After speaking with Ms. Zak, Mr. Lloyd first began to offer the conservation easement to his clients in 2011, and then he did so again in 2012.¹

¹ From 2006 through 2013 legislation allowed a taxpayer a deduction of up to 50% of adjusted gross income for qualified conservation easements. That special provision has now expired and the deduction for a donation of a conservation easement is now limited to 30% of AGI, as with other charitable donations. See *generally* 26 U.S.C. § 170(h).

Typically, Ms. Zak notified Mr. Lloyd when a conservation easement opportunity became available, and he then explained the process to interested clients. He described the total amount that must be contributed by each participant, his fee for performing the service, and the net tax benefit for each client.

In 2011, a conservation easement opportunity was presented by Maple Equestrian, LLC ("ME"). A Summary prepared by ME and dated December 15, 2011 said that the LLC was offering common units of membership interest in the company at an offering price of \$18,874 per unit. The minimum subscription per participant was three common units, requiring a minimum investment of \$56,622. The offering was made for the purpose of redeeming at least 80% of the issued and outstanding common units held by the members of the LLC who originally contributed the company's principal asset, approximately 409.9 acres of contiguous, unimproved real estate located in DeKalb County, Alabama, in exchange for their membership interests, with the intent of donating a conservation easement.

Mr. Lloyd created Forest Conservation 2011, LLC, a Wyoming limited liability company, to be the conduit between his clients and ME for the conservation easement deduction. Due to the late date, it was not feasible to open a separate checking account for Forest Conservation 2011, LLC, so participants made their checks payable to Ed Lloyd & Associates, PLLC, though separate accounting was done for Forest Conservation 2011. The Forest Conservation participation in the 2011 ME transaction was for a total of \$377,480.00, net of fees, from a total of 11 members, including Mr. Lloyd who contributed \$30,000. Mr. Lloyd wired \$337,480 from the Ed Lloyd & Associates, PLLC bank account to ME on December 28, 2011, a copy of which is

attached as Exhibit 1, and Forest Conservation 2011, LLC purchased 20 units in ME. ME donated a conservation easement to a qualifying land trust. Forest Conservation 2011, LLC received a Schedule K-1 for its portion of the contribution easement deduction, and Mr. Lloyd (on behalf of the LLC) issued individual K-1's to all 11 participants indicating their respective percentages of the deduction. (See K-1's of FC 2011 Participants attached as Exhibit 2.) The participants received tax benefits equal to four times their cash contribution.

In 2012, a conservation easement opportunity was presented by Piney Cumberland Holdings, LLC ("PCH"). A Summary prepared for PCH, dated October 15, 2012, said that the LLC was offering common units of membership interest in the company at an offering price of \$2,384 per unit. The minimum subscription per participant was 20 common units, requiring a minimum investment of \$47,680. The offering was made for the purpose of acquiring units of ownership interest in Piney Cumberland Resources, LLC ("PCR") which had as its principal asset approximately 439.86 acres of unimproved real estate located in Van Buren County, Tennessee, all for the purpose of donating a conservation easement.

Mr. Lloyd created Forest Conservation 2012, LLC, a Wyoming limited liability company, to group his clients' contributions, so that their contribution amount would be in accordance with their tax needs (which might be greater than or less than the unit amount). Additionally, by creating the LLC, each participant was able to deduct the fee paid to Mr. Lloyd for his services. Forest Conservation 2012, LLC amassed \$543,552.00, net of fees, from a total of 18 members, including Mr. Lloyd who contributed \$16,802.00. Mr. Lloyd wired \$543,552.00 from the Forest Conservation

2012, LLC bank account to PCH on December 7, 2012, a copy of which is attached as Exhibit 3, and Forest Conservation 2012, LLC purchased 228 units in PCH. PCH then purchased membership interests in PCR, the entity that owned the real estate. PCR donated a conservation easement to a qualifying land trust. Forest Conservation 2012, LLC received a Schedule K-1 for its portion of the contribution easement deduction, and Mr. Lloyd (on behalf of the LLC) issued individual K-1's to all 18 participants indicating their respective percentages of the deduction. (See K-1's of FC 2012 Participants attached as Exhibit 4.) The participants received tax benefits equal to four times their cash contribution.

The Operating Agreement for Forest Conservation 2012, LLC was drafted by Mr. Lloyd, without the assistance of counsel. It defined a "member" to be "each person designated as a member of the Company on Schedule I hereto or any other persons admitted as a member of the Company in accordance with this agreement or the Act." Attached to the Operating Agreement was a Schedule I which listed the members of the LLC and their respective ownership percentages. Three of the participants in the Forest Conservation 2012, LLC transaction with PCH were not listed on the original Schedule I: Chris Brown, James Carson, and Mike Malloy, however, all were admitted as members by the organizer, Mr. Lloyd, and no writing was required to do this. All 18 members of Forest Conservation 2012, LLC have now signed an amendment to the Operating Agreement, a copy of which is attached as Exhibit 5, confirming that the December 7, 2012 version of Schedule I attached to the Operating Agreement had a scrivener's error and, most importantly, ratifying all actions of Ed Lloyd.

In 2012, another conservation easement opportunity was presented by Meadow Creek Holdings, LLC ("MCH"). A Summary prepared for MCH and dated November 8, 2012 stated that the LLC was offering common units of membership interest in the company at an offering price of \$2,737 per unit. The minimum subscription per participant was 20 common units, requiring a minimum investment of \$54,740. The offering was made for the purpose of acquiring units of ownership interest in Meadow Creek Investments, LLC ("MCI"), which had as its principal asset approximately 466.49 acres of unimproved real estate located in Van Buren County and Bledsoe County, Tennessee, all for the purpose of donating a conservation easement.

Mr. Lloyd created Forest Conservation 2012 II, LLC, a Wyoming limited liability company, to group his clients' contributions, again, so their contribution could more closely match their tax needs rather than the unit amount. Schedule I attached to the Operating Agreement for the LLC listed six members. Each participant was again able to deduct the fee paid to Mr. Lloyd for his services, thanks to the usage of the LLC structure. Forest Conservation 2012 II, LLC amassed \$164,220, net of fees, from the six participants. Mr. Lloyd wired \$164,220.00 from the Forest Conservation 2012 II, LLC bank account to MCH on December 26, 2012, a copy of which is attached as Exhibit 6, and, Forest Conservation 2012 II, LLC purchased 60 units in MCH. MCH then purchased membership interests in MCI, the entity that owned the real estate. MCI donated the conservation easement to a qualifying land trust. Forest Conservation 2012 II, LLC received a Schedule K-1 for its portion of the contribution easement deduction, and Mr. Lloyd (on behalf of the LLC) issued individual K-1's to all six participants indicating their respective percentages of the deduction. (See K-1's of 2012

II Participants attached as Exhibit 7.) The participants received tax benefits equal to four times their cash contribution.

Based on the actions outlined above during the 2012 PCH transaction, the Securities and Exchange Commission (“SEC”) filed the present action against Ed Lloyd alleging violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”); Sections 10(b) and 15(a) of the Securities Exchange Act of 1934 (“Exchange Act”); Rule 10b-5 thereunder; and Sections 206(1), (2), and (4) of the Investment Advisers Act and Rule 206(4)-8 thereunder.

II. STATEMENT OF QUESTIONS PRESENTED

- A. Whether the transactions at issue involve the purchase or sale of a security under § 2(a)(1) of the Securities Act of 1933.
- B. Whether there is sufficient evidence of scienter or of a material misstatement, misrepresentation, or omission to support a substantive violation of Section 17(a) of the Securities Act of 1933.
- C. Whether there is sufficient evidence of a material misstatement, misrepresentation, or omission or of scienter to support a substantive violation of Sections 10(b) and 15(a) of the Securities and Exchange Act of 1934 or Rule 10b-5.
- D. Whether there is sufficient evidence of a device, scheme, or artifice to defraud or of a misrepresentation or knowingly false statements to support a substantive violation of Sections 206(1), (2), or (4) or Rule 206(4)-8 of the Investment Advisers Act of 1940.

III. ARGUMENT

A. THE TRANSACTIONS AT ISSUE DO NOT INVOLVE THE PURCHASE OR SALE OF A SECURITY UNDER SECTION 2(A)(1) OF THE SECURITIES ACT OF 1933, AND THEREFORE, THE SEC LACKS JURISDICTION OVER THE TRANSACTIONS AND ANY CONDUCT IN CONNECTION THEREWITH.

The transactions at issue do not involve the purchase or sale of a security under Section 2(a)(1) of the Securities Act, 15 U.S.C. §77b(a)(1), and therefore the SEC lacks jurisdiction over the transactions, or of conduct in connection therewith.

While the SEC has “an arsenal of flexible enforcement powers” for violations that occur during the purchase or sale of a security, *Ernst & Ernst v. Hochfelder*, 425 U.S. 185, 194-95, 96 S.Ct. 1375, 1381-82 (1976), the key element that must be present for the SEC to have jurisdiction to take action with respect to a violation is the purchase or sale of a security; without a security, quite obviously, the SEC has no power.

The Securities Act of 1933 defines a security as:

any note, stock, treasure stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, or, in general, any interest or instrument commonly known as a ‘security,’ or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

15 U.S.C. §77b(a)(1). Of the different types of securities listed in the Securities Act, the 2012 PCH transaction in question most resembles that of an investment contract. An investment contract is a “scheme [that] involves an investment of money in a common

enterprise with profits to come solely from the efforts of others.” *SEC v. W.J. Howey Co.*, 328 U.S. 293, 301, 66 S.Ct. 1100, 1104 (1946).

In *United Housing Foundation, Inc. v. Forman*, 421 U.S. 837, 852, 95 S.Ct. 2051, 2060 (1975), the Supreme Court relaxed the requirement that profits be derived “solely” from the efforts of others and instead stated that profits should be “derived from the entrepreneurial or managerial efforts of others.” The *United Housing* opinion also stated that “profits” as interpreted by the Supreme Court has been found to be, for example, “capital appreciation resulting from the development of the initial investment . . . or a participation in earnings resulting from the use of investors’ funds.” *Id.* Put simply, profits are income; one must make money in some form in order to obtain a profit. Thus, in a true investment contract, “the investor is attracted solely by the prospects of a return on his investment.” *Id.* at 852, 95 S.Ct. at 2060.

In *United Housing*, individuals purchased shares of stock in a state subsidized and supervised nonprofit housing cooperative in order to lease an apartment. When monthly rental charges increased substantially, the residents alleged violations of the antifraud provisions of the Securities Act and the Exchange Act (“Securities Acts”). The plaintiffs argued that the portion of the monthly rent that was attributable to the interest on the mortgage was deductible and that, in and of itself, was a profit, turning the transaction into an investment contract.

The court first noted that they must “examine the substance – the economic realities of the transaction – rather than the names that may have been employed by the parties.” *Id.* at 851-52, 95 S.Ct. at 2060. “Each case must be evaluated on its own facts to determine if the transaction, though within the letter of the statute, is not within

its spirit nor the intent of the lawmakers.” *King v. Winkler*, 673 F.2d 342, 346 (1982). In other words, just because the seller advertises the sale of “stock,” does not necessarily mean it is “stock” for purposes of the Securities Acts. Thus, even though Mr. Lloyd may have used the term “security” when circulating the questionnaire for determining whether the participants were accredited investors, and even though the offering indicated “securities” were being sold, that does not mean the membership units were a security within the meaning of the Securities Acts.

The *United Housing* court determined that there is “no basis in law for the view that the payment of interest, with its consequent deductibility for tax purposes, constitutes income or profits” and that “[t]hese tax benefits are nothing more than that which is available to any homeowner who pays interest on his mortgage.” *Id.* at 855, 95 S.Ct. at 2062. The court further explained that no expectation of profit accompanied the shares of stock. The investors “were attracted solely by the prospect of acquiring a place to live, and not by financial returns on their investments.” *Id.* at 852, 95 S. Ct. at 2060. Thus, neither a residence nor a tax deduction is a “profit” so as to turn the vehicle for obtaining the deduction into a security.

The *United Housing* opinion on tax deductions as profits was also applied in *Randall v. Loftsgaarden*, 478 U.S. 647, 106 S. Ct. 3143 (1986). In *Randall*, plaintiffs recovered the amount of consideration paid for limited partnership units as a result of harm caused by misleading statements contained in the prospectus. Defendants argued that the recovery should be offset by the tax benefits received by plaintiffs as a result of their investments.

The *Randall* court stated that “[u]nlike payments in cash or property received by virtue of ownership of a security . . . the ‘receipt’ of tax deductions or credits is not itself a taxable event, for the investor has received no money or other ‘income’ within the meaning of the Internal Revenue Code.” *Id.* at 657, 106 S. Ct. 3149. Citing the *United Housing* case as analogous, the *Randall* court held that the tax deductions plaintiffs were entitled to take because of their partnership interests did not “constitute income or profits.” *Id.* at 657, 106 S. Ct. at 3150. Likewise, citing both *United Housing* and *Randall* the court in *Newmyer v. Philatelic Leasing, Ltd.*, 888 F.2d 385, 394 (1989) stated: “We agree that there cannot be an investment contract without some hope of profits produced by the efforts of others, and we agree also that tax benefits alone cannot satisfy the profit requirement.”

A tax benefit does not constitute a profit. *United Housing, Randall* and *Newmyer* indicate that the purchase of membership interests in an LLC for the purpose of obtaining a charitable tax deduction does not qualify as a security because there was no expectation of profits. The transaction at issue must at least provide the expectation of an effect on the individual’s income. The only benefit received by the participants in the 2012 PCH transaction was a charitable tax deduction, which is not a “profit.” There were no dividends, and there was no appreciation in value of the participants’ membership interests. The participants did not make any money, and most importantly, they did not expect to do so. (See Affidavits of Participants attached as Exhibit 8.) Consequently, the profit expectation element required for an investment contract is not met.

In determining whether a security exists, the court will also look to both the terms of the offering and the participants' subjective intent in entering into the transaction. In *Teague v. Bakker*, 139 F.3d 892 (1998), plaintiffs assigned error to a jury instruction that stated that "[i]f the investors were attracted primarily by the prospect of acquiring use and not [by] financial returns on their investment there is no security" after the jury determined that the real estate interest at issue was not a security.

The court first stated that the "subjective intention of a given purchaser cannot control whether something is a 'security,' else some might have purchased securities while others did not. The proper focuses of the inquiry are on the transaction itself and the manner in which it is offered." *Id.* However, the court then went on to say that "the subjective feeling of the vast majority of purchasers is very likely the feeling the seller objectively intended to produce." *Id.* The court held that the jury instruction was sufficient because it informed the jury that "it was to determine whether consumption or investment was the dominant theme of the transaction." *Id.* Essentially, the court looked at the economic reality of the transaction, not necessarily what either party thought. In this case, the affidavits of the "vast majority" of purchasers negate any investment intent.

Similarly, in *Rice v. Branigar Organization, Inc.*, 922 F.2d 788 (1991), the court examined the economic reality behind the purchase of lots in a housing development and non-equity memberships in a country club. The court noted that people buy lots in a development "primarily to use them, not to derive profits from the entrepreneurial efforts of the developers." *Id.* at 790-91. Likewise, memberships in country clubs are

purchased to use the club's facilities. Again, the court looked at the end result to determine the reasoning for the purchase.

The economic reality of the 2011 and 2012 transactions is that they were simply a vehicle for obtaining a charitable tax deduction. Both the sellers of the membership units and the participants viewed the transaction as an opportunity to donate a conservation easement for tax purposes. At no time did anyone involved in the transaction contemplate a pecuniary return on their contribution created by the managerial efforts of another. (See Participants' Aff. Ex. 8.)

Moreover, just because the PCH offering indicated "securities" were being sold, does not a security make; one may call an apple a television, but that does not mean it is truly a television. Much like in *United Housing*, simply calling the interest being sold stock or a security does not mean it is a security for the purposes of the Securities Acts; the court must look at the economic reality of the transaction and determine whether it was in fact a security. In any event, Mr. Lloyd did not offer investment in PCH, MCH, or ME. He offered only membership interests in the three Forest Conservation entities, which clearly were sold (and purchased) only to obtain a one-time tax deduction.

Here, because of the lack of profits, both expected and realized, and the economic reality of the 2011 and 2012 transactions, the elements of an investment contract are not met, and therefore, they did not involve the purchase or sale of a security. The SEC does not have jurisdiction over the transactions themselves or over Mr. Lloyd's conduct in connection therewith, and the respondent's motion should be granted.

B. THERE IS NO EVIDENCE TO SUPPORT A SUBSTANTIVE VIOLATION OF SECTION 17(A) OF THE SECURITIES ACT OF 1933.

First, as discussed in the jurisdictional argument, the transactions at issue do not involve the purchase or sale of a security and therefore cannot be a violation of the Securities Act. The Enforcement Division alleges a violation of sections 17(a), 10(b), and 206 in connection with the Forest Conservation 2012 transaction. The essence of the Enforcement Division's claim is that because three participants were not listed on a Schedule in December 2012 due to a Scrivener's error, they did not receive what they paid for: a membership interest and a tax deduction. The other members did not receive what they were promised because they should have received larger percentage interests, which were diminished by the percentage interests that the Division alleges were not given to the three members, but which in fact were. The Division selectively and incorrectly reads the facts and is flatly wrong as a matter of Wyoming LLC law. In any event, even if there were a "security" involved, there is no evidence of a substantive violation.

Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q makes it unlawful for any person:

[I]n the offer or sale of any securities . . . (1) to employ any device, scheme, or artifice to defraud, or (2) to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (3) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

“To show a violation of 17(a)(1), the SEC must prove (1) a material misrepresentation or materially misleading omission, (2) in the offer or sale of a security, (3) made with scienter.” *SEC v. Morgan Keegan & Co., Inc.*, 678 F.3d 1233, 1244 (11th Cir. 2012). To show a violation of § 17(a)(2) or 17(a)(3), “the SEC must show (1) a material misrepresentation or materially misleading omission, (2) in the offer or sale of a security, (3) made with negligence.” *Id.*

A misrepresentation, misstatement, or omission is considered “material if there is a substantial likelihood that a reasonable investor would consider the true or complete information important in making an investment decision.” *SEC v. ABS Manager, LLC*, 13CV319-GPC BGS, 2014 WL 2605476, *7 (S.D. Cal. June 11, 2014).

1. There is no evidence that Mr. Lloyd acted with scienter with respect to the 2012 transaction and thus no support for a violation of Section 17(a)(1).

Scienter has been defined by the Supreme Court as “a mental state embracing intent to deceive, manipulate, or defraud.” *Ernst & Ernst v. Hochfelder*, 425 U.S. 185, 193, 96 S. Ct. 1375, 1381 (1976). Scienter is “an issue for the factfinder to infer from all the evidence in the case.” *Sec. & Exch. Comm'n v. Nat'l Executive Planners, Ltd.*, 503 F. Supp. 1066, 1072 (M.D.N.C. 1980). The Supreme Court has noted that “circumstantial evidence can be more than sufficient” in proving scienter. *Herman & MacLean v. Huddleston*, 459 U.S. 375, 391, fn. 30, 103 S. Ct. 683, 692 (1983).

In addition to showing a material misrepresentation or omission, the Enforcement Division must also show that Mr. Lloyd had the intent to deceive, manipulate, or defraud the participants in the 2012 PCH transaction in order to prove he had the requisite scienter necessary to support a violation of § 17(a)(1).

The Enforcement Division argues that Mr. Brown, Mr. Carson, and Mr. Malloy were not members of Forest Conservation 2012, LLC because their names were not listed on Schedule I attached to the Operating Agreement. (See ¶ 50 of Order Instituting Proceedings.) Consequently, the Enforcement Division believes these three participants were not qualified to receive their portion of the conservation easement deduction, and therefore they did not receive what they were promised. Simply put, the enforcement division is wrong as a matter of Wyoming law. (See Report of Tom Long, Esq. attached as Exhibit 9.)

The Operating Agreement for Forest Conservation 2012, LLC defines a “member” as “each person designated as a member of the Company on Schedule I hereto or any other persons admitted as a member of the Company in accordance with this agreement *or the Act*” (emphasis added). The Wyoming Limited Liability Company Act states that “(b) If a limited liability company is to have more than one (1) member . . . those persons become members as agreed by them. The organizer acts on behalf of the persons in forming the company” Wyo. Stat. Ann. § 17-29-401 (2010) (emphasis added). Moreover, the operating agreement for the LLC may be oral or implied. Wyo. Stat. Ann. § 17-29-102(xiv) (2010). It is not required to be written.

The failure to include the three participants at issue on Schedule I was simply a clerical error. The bank records clearly show that all of the money from all 18 participants was deposited and then sent to Piney Cumberland Holdings, LLC via wire transfer on December 7, 2012. (See Ex. 3.) Each of the participants, (including the three not listed), received a Schedule K-1 with their individual share of the contribution easement deduction, and the percentages on the K-1’s were correct.

Mr. Lloyd was authorized to act on behalf of all members of the LLC as its organizer and sole member, originally. Theoretically, he could have stated out loud to an empty room that he was admitting the additional 17 participants as members of the LLC and still have fallen within the confines of the Wyoming Limited Liability Company Act. There was no requirement that the Operating Agreement or any amendments thereto be in writing. All persons were made members in full compliance with Wyoming law.

There is no evidence of any intentional deceit or fraud on Mr. Lloyd's part. It is clear that each of the participants in the 2012 PCH transaction received the exact benefit they intended to receive. Had Mr. Lloyd not issued K-1's to them or had Mr. Lloyd's share of the contribution easement been increased by using the money of the three participants at issue for his benefit, then there might be evidence of intent to deceive or defraud. However, neither of these scenarios occurred.

Moreover, even if a writing were required, which it clearly is not, all 18 members of Forest Conservation 2012, LLC signed an amendment to the Operating Agreement indicating that the failure to list the three members on Schedule I was a scrivener's error and ratifying all actions to date. (See Ex. 5.) The members have "agreed" that all 18 participants are in fact members of the LLC. Thus, there was no material misrepresentation or omission made by Mr. Lloyd, and there is no evidence in the record to support a finding of scienter. Each of the participants was indeed a member of the LLC and received the exact benefit he or she intended to receive. Therefore, § 17(a)(1) was not violated during the 2012 PCH transaction, and the respondent's motion should be granted as to this issue.

2. There is no evidence of any material misstatement or omission with respect to the 2012 transaction and thus no support for a violation of Section 17(a)(2) or (3).

To show a violation of §§ 17(a)(2) or 17(a)(3), the Enforcement Division must show that a material misstatement or omission was made negligently. As discussed above, there was no misstatement or omission; there was merely a clerical error in listing the names on Schedule I. The three participants at issue were members of Forest Conservation 2012, LLC as a result of their inclusion by Mr. Lloyd as organizer, and their omission from the December 7, 2012 schedule is of no legal consequence. This is further evidenced by the amended Operating Agreement. Consequently, there was no misstatement or omission, negligently or otherwise, and thus no violation of §§ 17(a)(2) or 17(a)(3), and the respondent's motion should be granted as to this issue. (See Long Report Ex. 9; Ex. 5.)

3. There is no evidence of any material misstatement, misrepresentation, or omission with respect to the 2011 and 2012 II transactions and thus no support for a violation of Section 17(a).

Last, there is no evidence to support a violation of §§ 17(a)(1), (2), or (3) for the 2011 or 2012 II transactions. There were no misstatements, misrepresentations, or omissions during either of these transactions, either purposefully or negligently. Each of the participants received the intended tax benefit, without issue. Therefore, the respondent's motion should be granted as to these issues as well. It is not clear that the Enforcement Division even alleges a violation with respect to these transactions.

C. THERE IS NO EVIDENCE TO SUPPORT A SUBSTANTIVE VIOLATION OF SECTIONS 10(B) AND 15(A) OF THE SECURITIES AND EXCHANGE ACT OF 1934 OR RULE 10B-5.

First, as discussed in the jurisdictional argument, the transactions at issue do not involve the purchase or sale of a security and therefore cannot be a violation of the Exchange Act. Even if there were a “security” involved, there is no evidence of a substantive violation

Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) makes it unlawful:

[F]or any person . . . (b) To use or employ, in connection with the purchase or sale of any security registered on a national securities exchange or any security not so registered . . . any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

15 U.S.C. § 78j (2010). Using its rulemaking power under this section, the SEC promulgated Rule 10b-5, which provides:

It shall be unlawful for any person . . . (a) To employ any device, scheme, or artifice to defraud, (b) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or (c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.

17 C.F.R. § 240.10b-5 (2014).

- 1. There is no evidence of a misrepresentation or omission or that Mr. Lloyd acted with scienter with respect to the 2012 transaction and thus no support for a violation of Section 10(b) or Rule 10b-5.**

To prove a violation of § 10(b) or Rule 10b-5, the Enforcement Division must show (1) a material misrepresentation or materially misleading omission, (2) in connection with the purchase or sale of a security, (3) made with scienter. *Morgan Keegan & Co., Inc.*, 678 F.3d at 1244.

As discussed above, there was no misrepresentation or omission; there was merely a clerical error in listing the names on Schedule I. The three participants at issue were members of Forest Conservation 2012, LLC as a result of their inclusion by Mr. Lloyd as organizer. This is further evidenced by the amended Operating Agreement. (See, e.g., Ex. 5; Long Report Ex. 9.)

Additionally, again, there is no evidence of scienter. The Enforcement Division must be able to prove an intent to deceive or defraud the three participants at issue, and there is no evidence, either direct or circumstantial, of such an intent. The failure to include the participants on Schedule I was a clerical error and entirely inadvertent. There is no evidence to support an argument that those three participants were intentionally defrauded. Given that there can be no violation of § 10(b) or Rule 10b-5 without scienter, this allegation fails, and the respondent's motion should be granted as to these issues.

2. There is no evidence of any material misrepresentation or omission with respect to the 2011 and 2012 II transactions and thus no support for a violation of Section 10(b) or Rule 10b-5.

There is no indication that any intentional misrepresentations or knowingly false statements were made during either of these transactions. Again, each participant received the intended tax benefit without issue. Thus, there is no evidence to support a violation of § 10(b) or Rule 10b-5 for the 2011 or 2012 II transactions, and the respondent's motion should be granted as to these issues. It is not clear that the Enforcement Division even alleges a violation with respect to Forest Conservation 2011 or Forest Conservation 2012 II.

D. THERE IS NO EVIDENCE TO SUPPORT A SUBSTANTIVE VIOLATION OF SECTIONS 206(1), (2), OR (4) OR RULE 206(4)-8 OF THE INVESTMENT ADVISERS ACT OF 1940.

Sections 206(1), (2), and (4) of the Investment Advisers Act of 1940 provide that it is unlawful:

[F]or any investment adviser . . . (1) to employ any device, scheme, or artifice to defraud any client or prospective client; (2) to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client . . . (4) to engage in any act, practice, or course of business which is fraudulent, deceptive, or manipulative.

15 U.S.C. § 80b-6 (2014). Rule 206(4)-8 prohibits the same behavior as Section 206(4) for transactions involving pooled investment vehicles.

Scienter is required to find a violation of Section 206(1). *Steadman v. SEC*, 603 F.2d 1126, 1134 (5th Cir. 1979) *aff'd sub nom. Steadman v. SEC*, 450 U.S. 91, 101 S. Ct. 999, 67 L. Ed. 2d 69 (1981). However, scienter is not required in for a violation of Section 206(2). *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 195, 84

S.Ct. 275, 284 (1963). Likewise, scienter is not required for a violation of Section 206(4) or Rule 206(4)-8. *SEC v. Steadman*, 967 F.2d 636, 647 (D.C.Cir.1992).

- 1. There is no evidence of a device, scheme, or artifice to defraud or that Mr. Lloyd acted with scienter with respect to the 2012 transaction and thus no support for a violation of § 206(1).**

As discussed in the jurisdictional argument, the transactions at issue do not involve the purchase or sale of a security and therefore cannot be a violation of the Investment Advisors Act. The Enforcement Division cannot establish a violation of § 206(1) because there is no evidence of a device, scheme, or artifice to defraud the participants or scienter.

There are no facts that point to a misrepresentation made by Mr. Lloyd or any knowingly false statements. The failure to include the three participants on Schedule I was inadvertent, not intentional, and there is no evidence to the contrary. Thus, there was no purposeful guise used to defraud the clients, and there is no violation of § 206(1) for the 2012 PCH transaction, and the respondent's motion should be granted as to this issue.

- 2. There is no evidence of any fraud, deceit, or manipulation with respect to the 2012 transaction and thus no support for a violation of Sections 206(2) or (4) or Rule 206(4)-8.**

The alleged violations of §§ 206(2) and (4) and Rule 206(4)-8 for the 2012 PCH transaction also fail for the same reason as the alleged violations of §§ 17(a)(2) or 17(a)(3). There is no fraud, deceit, or manipulation because each member received their intended tax benefit, and they were entitled to do so because they were members of the LLC, as evidenced by their inclusion by Mr. Lloyd as organizer, and by the

amended Operating Agreement. Thus, the respondent's motion should be granted as to this issue.

3. **There is no evidence of any misrepresentation or knowingly false statements with respect to the 2011 and 2012 II transactions and thus no support for a violation of Sections 206(1), (2), or (4).**


Finally, there is no evidence to support a claim under §§ 206(1), (2), or (4) for the 2011 or 2012 II transactions. Again, there is no indication that any misrepresentations or knowingly false statements were made, either purposely or negligently, during either of these transactions. Each participant received the intended tax benefit. Therefore, the respondent's motion should be granted as to this issue.

IV. CONCLUSION

For the reasons set forth above, the respondent respectfully requests that:

1. All claims be dismissed because the Commission lacks jurisdiction because the Forest Conservation 2011, Forest Conservation 2012, and Forest Conservation 2012 II transactions do not involve the sale of a security.
2. Alternatively, that all claims under Sections 17(a), 10(b), and 206 be dismissed for lack of any evidence of misrepresentation or scienter in any of the involved transactions.

This the 16 day of January, 2015.



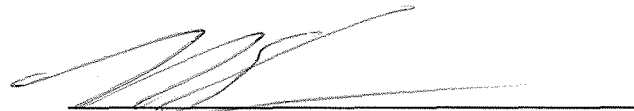
Frederick K. Sharpless
Attorney for Respondent

OF COUNSEL:
SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, North Carolina 27420
Telephone: (336) 333-6384
fks@sharpless-stavola.com

CERTIFICATE OF COMPLIANCE

The signature of respondent's attorney below certifies that, in compliance with the requirements of Securities Exchange Commission Rule 154(c), the word count for the BRIEF IN SUPPORT OF MOTION FOR SUMMARY DISPOSITION together with the MOTION FOR SUMMARY DISPOSITION filed with the Securities and Exchange Commission on January 16, 2015, contains a total of 6,324 words, as reported by the word processing program used to prepare the respondent's brief and motion.

This the 16 day of January, 2015.



Frederick K. Sharpless
Attorney for Respondent

OF COUNSEL:

SHARPLESS & STAVOLA, P.A.
Post Office Box 22106
Greensboro, North Carolina 27420
Telephone: (336) 333-6384
[fks@sharpless-stavola.com](mailto: fks@sharpless-stavola.com)



BB&T Wire Transfer Operations

7200 6055621 100-99-05-10
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8045 CORPORATE CENTER DR STE 100
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We have completed this wire transfer request. Your BB&T account has been debited for the net amount shown below.

TRN DATE 20111228 TRN NUM 00002866
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REFERENCE #
DATE 12/28/2011
TIME 09:35:58
ORIGINATOR ED LLOYD & ASSOCIATES PLLC
8045 CORPORATE CENTER DR STE 100
CHARLOTTE NC 28226-4551
BENEFICIARY BANK OAKWORTH CAPITAL BANK
BENEFICIARY BANK #
BENEFICIARY NAME FFC MAPLE EQUESTRIAN LLC
BENEFICIARY ACCOUNT 1021807
ORIGINATOR TO BENE INFO FFC MAPLE EQUESTRIAN LLC OCB WEAL
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Exhibit 1
Respondent's
Brief

SEC-BBT-P-0000154
SEC-Defense-000009603

Partner# 1
Schedule K-1
(Form 1065)

2011

Final K-1 Amended K-1

651111
OMB No. 1545-0099

Department of the Treasury
Internal Revenue Service

For calendar year 2011, or tax
year beginning _____
ending _____

**Partner's Share of Income, Deductions,
Credits, etc.** ▶ See back of form and separate instructions.

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	-3,537		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
A	214	19	Distributions
C	132,525	20	Other information
W*	94	Y*	STMT
14	Self-employment earnings (loss)		

Part I Information About the Partnership

A [Redacted]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2011, LLC
[Redacted]

C IRS Center where partnership filed return
Ogden, UT

Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

A [Redacted]

B [Redacted]

C [Redacted]

D [Redacted]

E [Redacted]

F [Redacted]

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I What type of entity is this partner? Individual

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	8.543500 %	8.543500 %
Loss	8.543500 %	8.543500 %
Capital	8.543500 %	8.543500 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ _____

Capital contributed during the year \$ **169,275**

Current year increase (decrease) \$ **-169,275**

Withdrawals & distributions \$ _____

Ending capital account \$ **0**

Tax basis GAAP Section 704(b) book
 Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

*See attached statement for additional information.

For IRS Use Only

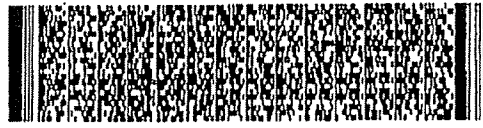


Exhibit 2
Respondent's
Brief

Partner# 2
Schedule K-1
(Form 1065)

2011

Final K-1 Amended K-1

651111
OMB No. 1545-0099

Department of the Treasury
Internal Revenue Service

For calendar year 2011, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
[REDACTED]

B Partnership's name, address, city, state and ZIP code
FOREST CONSERVATION 2011, LLC
[REDACTED]

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
[REDACTED]

F Partner's name, address, city, state and ZIP code
[REDACTED]

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I What type of entity is this partner? **Individual**

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	8.543500 %	8.543500 %
Loss	8.543500 %	8.543500 %
Capital	8.543500 %	8.543500 %

K Partner's share of liabilities at year end

Nonrecourse \$ _____
Qualified nonrecourse financing \$ _____
Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account	\$ _____
Capital contributed during the year	\$ <u>169,274</u>
Current year increase (decrease)	\$ <u>-169,274</u>
Withdrawals & distributions	\$ _____
Ending capital account	\$ <u>0</u>

Tax basis GAAP Section 704(b) book
 Other (explain)


M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	-3,537		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
A	214		
C	132,524	Y*	STMT
W*	94		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only



Partner# 3
Schedule K-1
(Form 1065)

2011

Final K-1 Amended K-1

651111
OMB No 1545-0049

Department of the Treasury
Internal Revenue Service

For calendar year 2011, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	-3,537		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
A	214		
C	132,524	Y*	STMT
W*	94		
14	Self-employment earnings (loss)		
*See attached statement for additional information.			

Part I Information About the Partnership

A Partnership's employer identification number
[REDACTED]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2011, LLC
[REDACTED]

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
[REDACTED]

F Partner's name, address, city, state, and ZIP code
[REDACTED]

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I What type of entity is this partner? Individual

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	8.543500 %	8.543500 %
Loss	8.543500 %	8.543500 %
Capital	8.543500 %	8.543500 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____
Qualified nonrecourse financing \$ _____
Recourse \$ _____

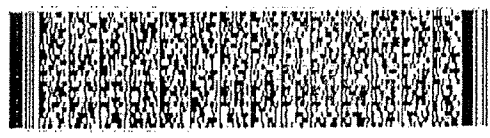
L Partner's capital account analysis:

Beginning capital account	\$ _____
Capital contributed during the year	\$ 169,274
Current year increase (decrease)	\$ -169,274
Withdrawals & distributions	\$ _____
Ending capital account	\$ 0

Tax basis GAAP Section 704(b) book
 Other (explain)

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

For IRS Use Only



Partner# 4
Schedule K-1
(Form 1065)

2011

Final K-1 Amended K-1

651111
OMB No. 1545-0099

Department of the Treasury
Internal Revenue Service

For calendar year 2011, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part II Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	-3,537		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
A	214	20	Other information
C	132,524	Y*	STMI
W*	94		
14	Self-employment earnings (loss)		

Part I Information About the Partnership

State, and ZIP code

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

F Partner's name and ZIP code

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I What type of entity is this partner? **Individual**

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	8.543500 %	8.543500 %
Loss	8.543500 %	8.543500 %
Capital	8.543500 %	8.543500 %

K Partner's share of liabilities at year end.

L Partner's capital account analysis:

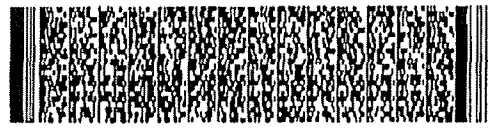
Beginning capital account	\$ _____
Capital contributed during the year	\$ 169,274
Current year increase (decrease)	\$ -169,274
Withdrawals & distributions	\$ (_____)
Ending capital account	\$ 0

Tax basis GAAP Section 704(b) book
 Other (explain)

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

*See attached statement for additional information.

For IRS Use Only



Partner# 5
Schedule K-1
(Form 1065)

2011

Department of the Treasury
Internal Revenue Service

For calendar year 2011, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Final K-1 Amended K-1

651111

OMB No. 1545-0099

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	-3,537		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
A	214	20	Other information
C	132,524	Y*	STMT
W*	94		
14	Self-employment earnings (loss)		

Part I Information About the Partnership

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2011, LLC

2816 DOGWOOD AVENUE, PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

F Partner's name, address, city, state, and ZIP code

G Partner or other LLC member
 Foreign partner

I What type of entity is this partner? **Individual**

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	8.543500 %	8.543500 %
Loss	8.543500 %	8.543500 %
Capital	8.543500 %	8.543500 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ _____

Capital contributed during the year \$ **169,274**

Current year increase (decrease) \$ **-169,274**

Withdrawals & distributions \$ (_____)

Ending capital account \$ **0**

Tax basis GAAP Section 704(b) book
 Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

*See attached statement for additional information.

For IRS Use Only



Partner# 6
Schedule K-1
(Form 1065)

2011

Department of the Treasury
Internal Revenue Service

For calendar year 2011, or tax
year beginning _____
ending _____

**Partner's Share of Income, Deductions,
Credits, etc.** ▶ See back of form and separate instructions.

Final K-1 Amended K-1

**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	15	Credits
	-2,358		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	15	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (20%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
A		142	
C		88,350	Y* STMT
W*		62	
14	Self-employment earnings (loss)		
19			Distributions
20			Other information

Part I Information About the Partnership

A Partnership's employer identification number
[REDACTED]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2011, LLC

2816 DOGWOOD AVENUE, PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP).

Part II Information About the Partner

E Partner's identifying number
[REDACTED]

H Domestic partner Foreign partner

I What type of entity is this partner? **Individual**

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	5.695700 %	5.695700 %
Loss	5.695700 %	5.695700 %
Capital	5.695700 %	5.695700 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ _____

Capital contributed during the year \$ **114,350**

Current year increase (decrease) \$ **-114,350**

Withdrawals & distributions \$ _____

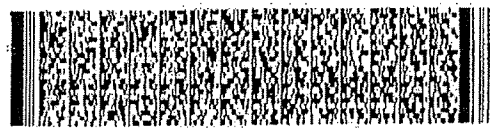
Ending capital account \$ **0**

Tax basis GAAP Section 704(b) book
 Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

*See attached statement for additional information.

For IRS Use Only



Partner# 7
Schedule K-1
(Form 1065)

2011

Department of the Treasury
 Internal Revenue Service

For calendar year 2011, or tax
 year beginning _____
 ending _____

**Partner's Share of Income, Deductions,
 Credits, etc.** ▶ See back of form and separate instructions.

651111

OMB No. 1545-0099

Final K-1 Amended K-1

**Part III Partner's Share of Current Year Income,
 Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	19	Credits
	-3,291		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Uncaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
A	199	20	Other information
C	123,278	Y*	STMT
W*	87		
14	Self-employment earnings (loss)		

Part I Information About the Partnership

A Partnership's employer identification number

B Partnership's name, address, city, state, and ZIP code

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

I What type of entity is this partner?
Individual

J Partner's share of profit, loss, and capital (see instructions)

	Beginning	Ending
Profit	7.947400 %	7.947400 %
Loss	7.947400 %	7.947400 %
Capital	7.947400 %	7.947400 %

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ _____

Capital contributed during the year \$ **153,278**

Current year increase (decrease) \$ **-153,278**

Withdrawals & distributions \$ _____

Ending capital account \$ **0**

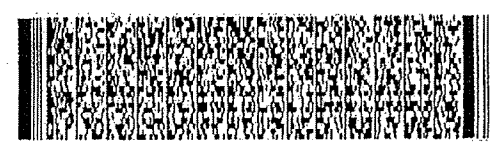
Tax basis GAAP Section 704(b) book

Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?
 Yes No
 If "Yes," attach statement (see instructions)

*See attached statement for additional information.

For IRS Use Only



Partner# 8
Schedule K-1
(Form 1065)

2011

Final K-1

Amended K-1

651111
OMB No. 1545-0099

Department of the Treasury
Internal Revenue Service

For calendar year 2011, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
[REDACTED]

B Partnership's business, occupation, industry, service, and SIC code
[REDACTED]

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP).

Part II Information About the Partner

F Partner's name, address, city, state, and ZIP code
[REDACTED]

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I What type of entity is this partner? Individual

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	8,543,500 %	8,543,500 %
Loss	8,543,500 %	8,543,500 %
Capital	8,543,500 %	8,543,500 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____
Qualified nonrecourse financing \$ _____
Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account	\$ _____
Capital contributed during the year	\$ 169,274
Current year increase (decrease)	\$ -169,274
Withdrawals & distributions	\$ _____
Ending capital account	\$ 0

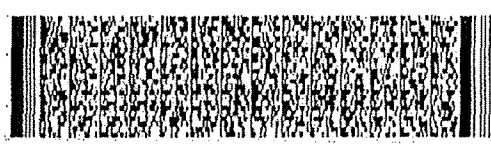
Tax basis GAAP Section 704(b) book
 Other (explain)

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	16	Credits
	-3,537		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Uncaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
A	213	19	Distributions
C	132,524	Y*	STMT
W*	94		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only



Partner# 11
Schedule K-1
(Form 1065)

2011

Department of the Treasury
Internal Revenue Service

For calendar year 2011, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Final K-1 Amended K-1 OMB No. 1545-0089

651111

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	-3,538		
2	Net rental/real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (20%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
A	213	20	Other information
C	132,524	Y*	STMT
W*	93		
14	Self-employment earnings (loss)		

Part I Information About the Partnership

A Partnership's employer identification number

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2011, LLC

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number

F Partner's name, address, city, state, and ZIP code
BRUCE R. WILLETTE

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I What type of entity is this partner? Individual

J Partner's share of profit, loss, and capital (see instructions)

	Beginning	Ending
Profit	8.543500 %	8.543500 %
Loss	8.543500 %	8.543500 %
Capital	8.543500 %	8.543500 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____
Qualified nonrecourse financing \$ _____
Recourse \$ _____

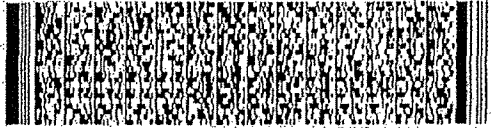
L Partner's capital account analysis

Beginning capital account \$ _____
Capital contributed during the year \$ 169,274
Current year increase (decrease) \$ -169,274
Withdrawals & distributions \$ _____
Ending capital account \$ 0

Tax basis GAAP Section 704(b) book
 Other (explain)

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

For IRS Use Only



*See attached statement for additional information.



BB&T Wire Transfer Operations

7200 6055621 100-99-05-10
FOREST CONSERVATION 2012 LLC
2816 DOGWOOD AVE
GILLETTE WY 82718-2001

We have completed this wire transfer request. Your BB&T account has been debited for the net amount shown below.

TRN DATE	20121207	TRN NUM	00008184
AMOUNT	543,552.00	ACCOUNT #	DDA - 0005201200727
REFERENCE #			
DATE	12/07/2012		
TIME	14:25:39		
ORIGINATOR	FOREST CONSERVATION 2012 LLC 2816 DOGWOOD AVE GILLETTE WY 82718-2001		
BENEFICIARY BANK	TIB THE INDEPENDENT BANKERS BANK		
BENEFICIARY BANK #	111010170		
BENEFICIARY NAME	OAK WORTH CAPITAL BANK		
BENEFICIARY ACCOUNT	1021807		
ORIGINATOR TO BENE INFO	FFC PINEY CUMBERLAND HOLDINGS, LLC/ OCB WEALTH MGMT AS ESCROW AGENT/ ACCT# 2011896		
ORIGINATING BANK INFORMATION			

Thank you for banking with BB&T. Please contact your local BB&T financial center or call 1-800-BANK BBT (1-800-226-5228) for questions regarding this wire transfer.

BB&T, Member FDIC.

Exhibit 3
Respondent's
Brief

SEC-BBT-P-0000098
SEC-Defense-000009547

Partner# 2
Schedule K-1
(Form 1065)

2012

Department of the Treasury
Internal Revenue Service

For calendar year 2012, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits, etc. See back of form and separate instructions.

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	-5,554		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
A	210		
C	113,687	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		
19	Distributions		
20	Other information		

Part I Information About the Partnership

A Partnership's employer identification number
[REDACTED]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
2816 DOGWOOD AVENUE FMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly-traded partnership (PTP)

Part II Information About the Partner

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I What type of entity is this partner? **Individual**

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	4.921332 %	4.921332 %
Loss	4.921332 %	4.921332 %
Capital	4.921332 %	4.921332 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____
Qualified nonrecourse financing \$ _____
Recourse \$ _____

L Partner's capital account analysis:

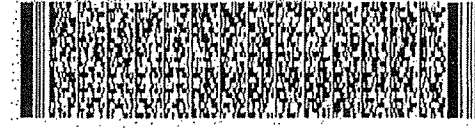
Beginning capital account	\$ _____
Capital contributed during the year	\$ 146,398
Current year increase (decrease)	\$ -146,398
Withdrawals & distributions	\$ _____
Ending capital account	\$ 0

Tax basis GAAP Section 704(b) book
 Other (explain)

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

*See attached statement for additional information.

For IRS Use Only



SEC-LloydE-E-0000013

SEC-Defense-000016996

Partner# 3
Schedule K-1
(Form 1065)

2012

Final K-1 Amended K-1

Department of the Treasury
Internal Revenue Service

For calendar year 2012, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits, etc. See back of form and separate instructions.

Part III Partner's Share of Current Year Income Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	-6,252		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
A	264		
C	142,375	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		
19	Distributions		
20	Other information		

Part I Information About the Partnership

A Partnership's employer identification number
[REDACTED]

B Partnership's name, address, city, state, and ZIP code.
FOREST CONSERVATION 2012, LLC
2816 DOGWOOD AVENUE PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
[REDACTED]

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I What type of entity is this partner? **Individual**

J If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	6.163164 %	6.163164 %
Loss	6.163164 %	6.163164 %
Capital	6.163164 %	6.163164 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:


Beginning capital account	\$ _____
Capital contributed during the year	\$ 182,639
Current year increase (decrease)	\$ -182,639
Withdrawals & distributions	\$ _____
Ending capital account	\$ 0

Tax basis GAAP Section 704(b) book
 Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

*See attached statement for additional information.

For IRS Use Only



SEC-LloydE-E-0000014

SEC-Defense-000016997

Partner# 5
Schedule K-1
(Form 1065)

2012

Final K-1 Amended K-1

OMB No. 1545-0099

Department of the Treasury
Internal Revenue Service

For calendar year 2012, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits, etc. See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
[REDACTED]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
2816 DOGWOOD AVENUE PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I1 What type of entity is this partner? **Individual**

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	4.507388 %	4.507388 %
Loss	4.507388 %	4.507388 %
Capital	4.507388 %	4.507388 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____
Qualified nonrecourse financing \$ _____
Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account	\$ _____
Capital contributed during the year	\$ 134,318
Current year increase (decrease)	\$ -134,318
Withdrawals & distributions	\$ _____
Ending capital account	\$ 0

Tax basis GAAP Section 704(b) book
 Other (explain) _____

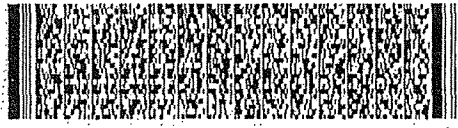
M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Code	Description	Amount	Other Information
1	Ordinary business income (loss)	15	Credits
		-5,319	
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
A		193	
C		104,125	Y* STMT
W*		STMT	
14	Self-employment earnings (loss)		
19	Distributions		
20	Other information		

*See attached statement for additional information.

For IRS Use Only



SEC-LloydE-E-0000016

SEC-Defense-000016999

Partner# 6
Schedule K-1
(Form 1065)

2012

Final K-1 Amended K-1

Department of the Treasury
Internal Revenue Service

For calendar year 2012, or tax

year beginning

ending

Partner's Share of Income, Deductions, Credits, etc. See back of form and separate instructions.

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	-6,718		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
9d	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
9e	Other income (loss)		
10			Distributions
12	Section 179 deduction		
13	Other deductions		
A	299		
20			Other information
C	161,500	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

Part I Information About the Partnership

B. Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
2816 DOGWOOD AVENUE PMB 431
GILLETTE WY 82718

C. IRS Center where partnership filed return
Ogden, UT

D. Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

G. General partner or LLC member-manager Limited partner or other LLC member

H. Domestic partner Foreign partner

I. What type of entity is this partner? **Individual**

J. Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	6.991051%	6.991051%
Loss	6.991051%	6.991051%
Capital	6.991051%	6.991051%

K. Partner's share of liabilities at year end:

Nonrecourse \$ _____
 Qualified nonrecourse financing \$ _____
 Recourse \$ _____

L. Partner's capital account analysis:

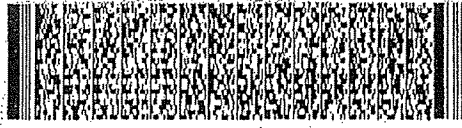
Beginning capital account	\$ _____
Capital contributed during the year	\$ 206,799
Current year increase (decrease)	\$ -206,799
Withdrawals & distributions	\$ (_____)
Ending capital account	\$ 0

Tax basis GAAP Section 704(b) book
 Other (explain)

M. Did the partner contribute property with a built-in gain or loss?
 Yes No
 If "Yes," attach statement (see instructions)

*See attached statement for additional information.

For IRS Use Only



SEC-LloydE-E-0000017

SEC-Defense-000017000

Partner# 7
Schedule K-1
(Form 1065)

2012

Final K-1 Amended K-1

Department of the Treasury
Internal Revenue Service

For calendar year 2012, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number:
[REDACTED]

B Partnership's name, address, city, state, and ZIP code:
FOREST CONSERVATION 2012, LLC
2816 DOGWOOD AVENUE PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return:
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number:
[REDACTED]

H Domestic partner Foreign partner

I1 What type of entity is this partner? **Individual**

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here:
(see instructions)

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	4.507388 %	4.507388 %
Loss	5.335276 %	5.335276 %
Capital	5.335276 %	5.335276 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____
Qualified nonrecourse financing \$ _____
Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ _____
Capital contributed during the year \$ **134,318**
Current year increase (decrease) \$ **-134,318**
Withdrawals & distributions \$ _____
Ending capital account \$ **0**

Tax basis GAAP Section 704(b) book
 Other (explain)

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Line	Description	Code	Amount	Other
1	Ordinary business income (loss)	15	Credits	
			-5,319	
2	Net rental real estate income (loss)			
3	Other net rental income (loss)	16	Foreign transactions	
4	Guaranteed payments			
5	[REDACTED]			
6a	Ordinary dividends			
6b	Qualified dividends			
7	Royalties			
8	Net short-term capital gain (loss)			
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items	
9b	Collectibles (28%) gain (loss)			
9c	Unrecaptured section 1250 gain			
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses	
11	Other income (loss)			
12	Section 179 deduction			
13	Other deductions			
A			193	
C			104,125	Y*
W*			STMT	STMT
14	Self-employment earnings (loss)			
19	Distributions			
20	Other information			

*See attached statement for additional information.

For IRS Use Only



Partner# 10
Schedule K-1
(Form 1065)

2012

Final K-1

Amended K-1

Department of the Treasury
Internal Revenue Service

For calendar year 2012, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits

Part III Partner's Share of Current Year Income Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	-5,784		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
A	228	20	Other information
C	123,250	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

Part I Information About the Partnership

A Partnership's employer identification number:
[REDACTED]

B Partnership's name, address, city, state, and ZIP code:
FOREST CONSERVATION 2012, LLC
2816 DOGWOOD AVENUE PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return:
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number:
[REDACTED]

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I What type of entity is this partner? **Individual**

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	5.335276 %	5.335276 %
Loss	5.335276 %	5.335276 %
Capital	5.335276 %	5.335276 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____
Qualified nonrecourse financing \$ _____
Recourse \$ _____

L Partner's capital account analysis:


Beginning capital account	\$ _____
Capital contributed during the year	\$ 158,478
Current year increase (decrease)	\$ -158,478
Withdrawals & distributions	\$ _____
Ending capital account	\$ 0

Tax basis GAAP Section 704(b) book
 Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

*See attached statement for additional information.

For IRS Use Only



SEC-LloydE-E-0000021

SEC-Defense-000017004

Partner# 11
Schedule K-1
(Form 1065)

2012

Final K-1 Amended K-1

OMB No. 1545-0099

Department of the Treasury
Internal Revenue Service

For calendar year 2012, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits, etc. See back of form and separate instructions.

Part I Information About the Partnership

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
2816 DOGWOOD AVENUE PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

G General partner of LLC, member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I What type of entity is this partner? **Individual**

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	3.265557 %	3.265557 %
Loss	3.265557 %	3.265557 %
Capital	3.265557 %	3.265557 %

K Partner's share of liabilities at year end:

Nonrecourse: \$ _____
 Qualified nonrecourse financing: \$ _____
 Recourse: \$ _____

L Partner's capital account analysis:

Beginning capital account	\$ _____
Capital contributed during the year	\$ 98,077
Current year increase (decrease)	\$ -98,077
Withdrawals & distributions	\$ _____
Ending capital account	\$ 0

Tax basis GAAP Section 704(b) book
 Other (explain) _____

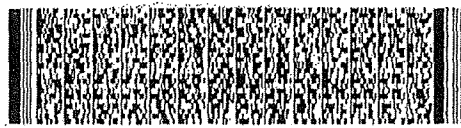
M Did the partner contribute property with a built-in gain or loss?
 Yes No
 If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	-4,619		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
A	140	19	Distributions
C	75,437	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only



Partner# 12
Schedule K-1
(Form 1065)

2012

Final K-1 Amended K-1

Department of the Treasury
Internal Revenue Service

For calendar year 2012, or tax
year beginning _____
ending _____

**Partner's Share of Income, Deductions,
Credits, etc.** ▶ See back of form and separate instructions.

Part I Information About the Partnership

B Partnership's name, address, city, state, and ZIP code:
FOREST CONSERVATION 2012, LLC
2816 DOGWOOD AVENUE PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return:
Ogden, UT

D Check if this is a publicly traded partnership (PTP).

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	-5,319		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		19 Distributions
13	Other deductions		
A	193		20 Other information
C	104,125	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

Part II Information About the Partner

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I What type of entity is this partner? **Individual**

J If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	4,507,388 %	4,507,388 %
Loss	4,507,388 %	4,507,388 %
Capital	4,507,388 %	4,507,388 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ _____

Capital contributed during the year \$ **134,318**

Current year increase (decrease) \$ **-134,318**

Withdrawals & distributions \$ _____

Ending capital account \$ **0**


Tax basis GAAP Section 704(b) book

Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

▶ See attached statement for additional information.

For IRS Use Only



SEC-LloydE-E-0000023

SEC-Defense-000017006

Partner# 14
Schedule K-1
(Form 1065)

2012

Final K-1 Amended K-1

OMB No. 1545-0099

Department of the Treasury
Internal Revenue Service

For calendar year 2012, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits, etc. See back of form and separate instructions.

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	-6,251		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		10	Distributions
12	Section 179 deduction		
13	Other deductions		
A	264	20	Other information
C	142,375	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

Part I Information About the Partnership

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
2816 DOGWOOD AVENUE PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I1 What type of entity is this partner? **Individual**

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	6.163164 %	6.163164 %
Loss	6.163164 %	6.163164 %
Capital	6.163164 %	6.163164 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ _____

Capital contributed during the year \$ **182,638**

Current year increase (decrease) \$ **-182,638**

Withdrawals & distributions \$ _____

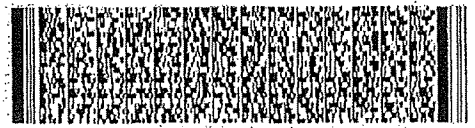
Ending capital account \$ **0**

Tax basis GAAP Section 704(b) track
 Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

*See attached statement for additional information.

For IRS Use Only



SEC-LloydE-E-0000025
SEC-Defense-000017008

Partner# 15
Schedule K-1
(Form 1065)

2012

Final K-1 Amended K-1

OMB No. 1545-0099

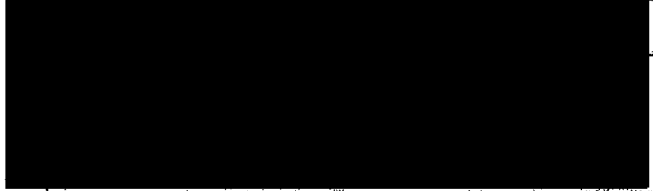
Department of the Treasury
Internal Revenue Service

For calendar year 2012, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits, etc. See back of form and separate instructions.

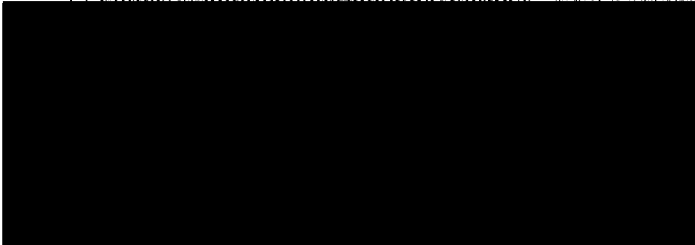
Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	-7,186		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
A	334	20	Other information
C	180,625	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

Part I Information About the Partnership



c IRS Center where partnership filed return
Ogden, UT
d Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner



g General partner or LLC member-manager Limited partner or other LLC member
h Domestic partner Foreign partner
i What type of entity is this partner? Individual
j Partner's share of profit, loss, and capital (see instructions):
Beginning Ending
Profit 7.818939% 7.818939%
Loss 7.818939% 7.818939%
Capital 7.818939% 7.818939%

k Partner's share of liabilities at year end:
Nonrecourse \$
Qualified nonrecourse financing \$
Recourse \$

l Partner's capital account analysis:
Beginning capital account \$
Capital contributed during the year \$ 230,959
Current year increases (decreases) \$ -230,959
Withdrawals & distributions \$
Ending capital account \$ 0

Tax basis GAAP Section 704(b) book
 Other (explain)

m Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

*See attached statement for additional information.

For IRS Use Only

SEC-LloydE-E-0000026

SEC-Defense-000017009

Partner# 16
Schedule K-1
(Form 1065)

2012

Department of the Treasury
Internal Revenue Service

For calendar year 2012, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits, etc. See back of form and separate instructions.

Part III		Partner's Share of Current Year Income, Deductions, Credits, and Other Items	
1	Ordinary business income (loss) -5,785	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
	Collectibles (28%) gain (loss)		
	Unrecaptured section 1250 gain		
	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions A 228		
		20	Other information
		C 123,250	Y* STMT
		W* STMT	
14	Self-employment earnings (loss)		
*See attached statement for additional information.			

Part I Information About the Partnership

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
2816 DOGWOOD AVENUE PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I What type of entity is this partner? **Individual**

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	5.335276 %	5.335276 %
Loss	5.335276 %	5.335276 %
Capital	5.335276 %	5.335276 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

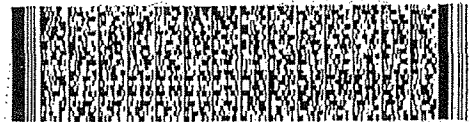
L Partner's capital account analysis:

Beginning capital account	\$ _____
Capital contributed during the year	\$ 158,478
Current year increase (decrease)	\$ -158,478
Withdrawals & distributions	\$ _____
Ending capital account	\$ 0

M Did the partner contribute property with a built-in gain or loss?
 Yes No
(If "Yes," attach statement (see instructions))

N Tax basis GAAP Section 704(b) book
 Other (explain)

For IRS Use Only



SEC-LloydE-E-0000027

SEC-Defense-000017010

Amendment and Correction to Operating Agreement of Forest Conservation 2012, LLC

The undersigned, being all the members of Forest Conservation 2012, do enter into the following ratification, amendment and correction of the Operating Agreement of Forest Conservation 2012 dated December 7, 2012.

Whereas, Forest Conservation 2012, LLC is a Wyoming Limited Liability Company organized under the laws to the State of Wyoming, and;

Whereas, Forest Conservation 2012 LLC was organized by Paul Edward Lloyd, Jr. by filing Articles of Organization with the Wyoming Secretary of State on February 20, 2012; and

Whereas, Paul Edward Lloyd, Jr., the organizer and sole initial member, caused to be prepared an operating agreement for Forest Conservation 2012, LLC dated March 16, 2012, and caused it to be revised December 7, 2012, a copy of which is attached to this amendment as Exhibit "A,"; and

Whereas, Wyoming Statute 17-29-111(c) provides that

One (1) person intending to become the initial member of a limited liability company may assent to terms providing that upon the formation of the company the terms will become the operating agreement.

and Paul Edward Lloyd, Jr. did so assent to the Operating Agreement attached as Exhibit A; and

Whereas, Wyoming Statute 17-29-102(a)(xiv) defines an operating agreement to be:

(xiv) "Operating agreement" means the agreement, whether or not referred to as an operating agreement and whether oral, in a record, implied or in any combination thereof, of all the members of a limited liability company, including a sole member, concerning the matters described in W.S. 17-29-110(a). The term includes the agreement as amended or restated;

and

Exhibit 5
Respondent's
Brief

Whereas, in preparing the revision of December 7, 2012, Paul Edward Lloyd, Jr., caused to be attached schedules of interests and percentages that, through a scrivener's error, omitted the names of three members and misstated percentages as of that date; and

Whereas, after each member's capital contribution a tax service fee was paid on behalf of that member in the amounts set forth on schedule "C," which fee was paid to Ed Lloyd & Associates, PLLC, and which fee was the subject of a special allocation to each member's capital account; and

Whereas, following the payment of the tax service fee and the special allocations, each member's percentage interest was as stated on the Schedule attached as Exhibit "C"; and

Whereas, in preparing the 1065 Income tax return and Schedules K-1 for Forest Conservation 2012, LLC, capital percentages and memberships were correctly stated as those from the Schedule Exhibit "C"; and

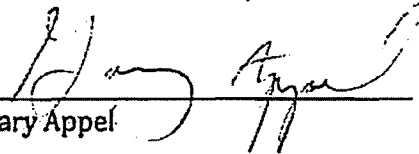
Whereas, the members of Forest Conservation 2012 LLC wish to ratify and confirm the Operating Agreement, and to correct the scrivener's error by replacing the erroneous schedules of December 7, 2012 with the schedules attached as Exhibit "B" (as of December 7, 2012) and Exhibit "C" (at all times after payment of the fee);

Now, therefore, the undersigned, being all the members of Forest Conservation 2012, LLC do take the following action:

1. The Schedules attached as Exhibit B & C to this document are confirmed as the correct statement of members', ownership percentages and capital contributions to Forest Conservation 2012, LLC, effective as of the date of each member's contribution of capital (Exhibit "B,") and after payment of the tax service fees to Ed Lloyd and Associates, PLLC (Exhibit "C"), and the attached are in all respects substituted for the schedules attached to the December 7, 2012 agreement;
2. The election and appointment of Ed Lloyd and sole managing member effective with the formation of Forest Conservation, LLC is ratified and confirmed;
3. All actions of the Organizer and Managing Member, Ed Lloyd are ratified and confirmed through July 8, 2014, including the special allocation of fees as set forth on Exhibit "C," and to the extent that such allocation is not otherwise provided for under Article 6 of the Operating Agreement, the Agreement is amended to permit the Managing member to specially allocate fees paid;

4. In all other respects, the Operating Agreement of December 7, 2012, a copy of which is attached as Exhibit "A," is ratified and confirmed.

Effective December 7, 2012



Gary Appel

Ashley Hooks

Raymond Bouley

Steve Kezman

Vernon Branch

Michael Knight

Christopher Brown

Paul Lloyd

James Carson

Mark Losby

Jarrett Clay

Michael Malloy

Jesse Garrett

William Mitchell

Timothy Gross

Leslie Powell

Dennis Hall

Larry Price

7045883396

- 4. In all other respects, the Operating Agreement of December 7, 2012, a copy of which is attached as Exhibit "A," is ratified and confirmed.

Effective December 7, 2012

Gary Appel

Raymond Bouley
 Raymond Bouley

Ashley Hooks

Steve Kezman

Vernon Branch

Michael Knight

Christopher Brown

Paul Lloyd

James Carson

Mark Losby

Jarrett Clay

Michael Malloy

Jesse Garrett

William Mitchell

Timothy Gross

Leslie Powell

Dennis Hall

Larry Price

4. In all other respects, the Operating Agreement of December 7, 2012, a copy of which is attached as Exhibit "A," is ratified and confirmed.

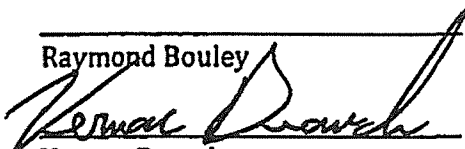
Effective December 7, 2012

Gary Appel

Ashley Hooks

Raymond Bouley

Steve Kezman



Vernon Branch

Michael Knight

Christopher Brown

Paul Lloyd

James Carson

Mark Losby

Jarrett Clay

Michael Malloy

Jesse Garrett

William Mitchell

Timothy Gross

Leslie Powell

Dennis Hall

Larry Price

Agreement of December 7,
as Exhibit "A," is ratified and

2

Ashley Hooks

Steve Kezman

Michael Knight

Paul Lloyd

Mark Losby

Michael Malloy

William Mitchell

Leslie Powell

Larry Price

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Effective December 7, 2012

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Ashley Hooks

Raymond Bouley

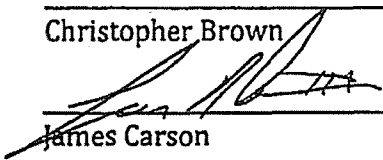
Steve Kezman

Vernon Branch

Michael Knight

Christopher Brown

Paul Lloyd



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Mark Losby

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William Mitchell

Timothy Gross

Leslie Powell

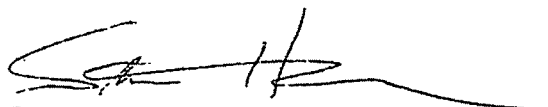
Dennis Hall

Larry Price

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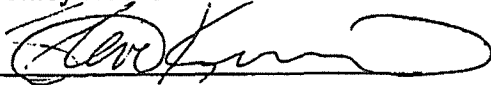
Jarrett Clay

Jesse Garrett

Timothy Gross

Dennis Hall

Ashley Hooks



Steve Kezman

Michael Knight

Paul Lloyd

Mark Losby

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Leslie Powell

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Vernon Branch

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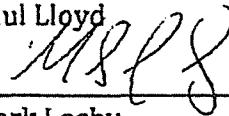
Steve Kezman

Vernon Branch

Michael Knight

Christopher Brown

Paul Lloyd



James Carson

Mark Losby

Jarrett Clay

Michael Malloy

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Timothy Gross

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Steve Kezman

Vernon Branch

Michael Knight

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Paul Lloyd

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Jarrett Clay

Michael Malloy

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Larry Price

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Effective December 7, 2012

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Ashley Hooks

Raymond Bouley

Steve Kezman

Vernon Branch

Michael Knight

Christopher Brown

Paul Lloyd

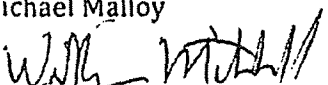
James Carson

Mark Losby

Jarrett Clay

Michael Malloy

Jesse Garrett



William Mitchell

Timothy Gross

Leslie Powell

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Larry Price

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Effective December 7, 2012

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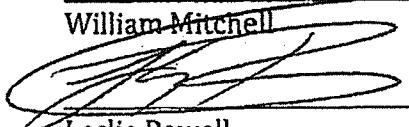
Jarrett Clay

Michael Malloy

Jesse Garrett

William Mitchell

Timothy Gross



Leslie Powell

Dennis Hall

Larry Price

7043726516

- 4. In all other respects, the Operating Agreement of December 7, 2012, a copy of which is attached as Exhibit "A," is ratified and confirmed.

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Raymond Bouley

Steve Kezman

Vernon Branch

Michael Knight

Christopher Brown

Paul Lloyd

James Carson

Mark Losby

Jarrett Clay

Michael Malloy

Jesse Garrett

William Mitchell

Timothy Gross

Leslie Powell

Dennis Hall

Larry E. Price

Larry Price

OPERATING AGREEMENT

of

FOREST CONSERVATION 2012, LLC

(A Wyoming Limited Liability Company)

DATED: March 16, 2012, Revised - December 7, 2012

THE LLC MEMBERSHIP INTEREST REPRESENTED BY THE OPERATING AGREEMENT HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE WYOMING SECURITIES ACT, OR SIMILAR LAWS OR ACTS OF OTHER STATES IN RELIANCE UPON EXEMPTIONS UNDER THOSE ACTS. THE SALE OR OTHER DISPOSITION OF THE MEMBERSHIP INTEREST IS RESTRICTED

EXHIBIT A

TABLE OF CONTENTS

ARTICLE I. FORMATION OF THE COMPANY

- 1.1. Formation
- 1.2. Name
- 1.3. Registered Office and Registered Agent
- 1.4. Principal Place of Business
- 1.5. Purposes and Powers
- 1.6. Term
- 1.7. Nature of Members' Interests
- 1.8. Classification of the Company

ARTICLE II. DEFINITIONS

- 2.1. Definitions

ARTICLE III. MANAGEMENT OF THE COMPANY

- 3.1. The Managers
- 3.2. Limitations on Powers and Authority of Managers
- 3.3. Compensation and Expenses
- 3.4. Indemnification
- 3.5. Limitation on Liability
- 3.6. Liability for Return of Capital Contribution

ARTICLE IV. RIGHTS AND OBLIGATIONS OF MEMBERS

- 4.1. Names and Addresses of Member
- 4.2. No Management by Members
- 4.3. Election of Managers
- 4.4. Action by Members
- 4.5. Limited Liability
- 4.6. Bankruptcy or Incapacity of a Member

ARTICLE V. CAPITAL CONTRIBUTIONS AND LOANS

- 5.1. Initial Capital Contributions
- 5.2. Additional Funds
- 5.3. Additional Capital Contributions
- 5.4. No Interest on Capital Contributions
- 5.5. Capital Accounts

ARTICLE VI. ALLOCATIONS, ELECTIONS, AND REPORTS

- 6.1. Profits and Losses
- 6.2. Nonrecourse Deductions
- 6.3. Member Nonrecourse Deductions
- 6.4. Allocations Between Transferor and Transferee
- 6.5. Gains from Capital Transactions
- 6.6. Contributed Property
- 6.7. Minimum Gain Chargeback
- 6.8. Member Minimum Gain Chargeback
- 6.9. Qualified Income Offset
- 6.10. Gross Income Allocation
- 6.11. Section 754 Adjustment
- 6.12. Curative Allocations
- 6.13. Compliance with Treasury Regulations
- 6.14. Tax Withholding

ARTICLE VII. DISTRIBUTIONS

- 7.1. Company Cash Flow
- 7.2. Company Refinancing Proceeds
- 7.3. Company Sales Proceeds
- 7.4. Distributions in Liquidation
- 7.5. Limitation upon Distributions

ARTICLE VIII. TRANSFER OF INTERESTS AND ADMISSION OF MEMBERS

- 8.1. Restrictions on Transfer
- 8.2. Conditions Precedent to Transfers
- 8.3. Substituted Members
- 8.4. Rights of Transferee

ARTICLE IX. BUY-SELL

- 9.1. Buy-Sell
- 9.2. Buy-Sell Notice
- 9.3. Member's Purchase Option
- 9.4. Assignment of Purchase Option
- 9.5. Agreement on Valuation
- 9.6. Closing
- 9.7. Effect of the Rule Against Perpetuities
- 9.8. Effect on Withdrawing Member's Interest
- 9.9. Failure to Exercise Purchase Option

ARTICLE X. DISSOLUTION AND LIQUIDATION OF THE COMPANY

- 10.1. Dissolution Events
- 10.2. Liquidation
- 10.3. Articles of Dissolution

ARTICLE XI. MISCELLANEOUS

- 11.1. Other Activities of Members and Managers
- 11.2. Records
- 11.3. Reserves
- 11.4. Notices
- 11.5. Amendments
- 11.6. Additional Documents
- 11.7. Representations of Members
- 11.8. Domestic Proceeding Disclosure
- 11.9. Survival of Rights
- 11.10. Interpretation and Governing Law
- 11.11. Severability
- 11.12. Agreement in Counterparts
- 11.13. Tax Matters
- 11.14. Creditors Not Benefited

ATTACHMENTS:

- Schedule I. Names, Addresses, Initial Capital Contributions, and Membership Interests of the Members

OPERATING AGREEMENT
OF
FOREST CONSERVATION 2012, LLC

THIS OPERATING AGREEMENT of **FOREST CONSERVATION 2012, LLC** (the "Company"), a limited liability company organized pursuant to the Wyoming Limited Liability Company Act, is executed effective as of the date set forth on the cover page of this Agreement, by and among the Company and the Persons executing this Agreement as the Members and Managers.

ARTICLE I
FORMATION OF THE COMPANY

1.1. *Formation.* The Company was formed on February 20th, 2012, upon the filing of the Articles of Organization of the Company with the Wyoming Secretary of State. In consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree that the rights and obligations of the parties and the administration and termination of the Company shall be governed by this Agreement, the Articles of Organization, and the Act.

1.2. *Name.* The name of the Company is as set forth on the cover page of this Agreement. The Managers may change the name of the Company from time to time as they deem advisable, provided appropriate amendments to this Agreement and the Articles of Organization and necessary filings under the Act are first obtained.

1.3. *Registered Office and Registered Agent.* The Company's registered office within the State of Wyoming and its registered agent at such address shall be as determined from time to time by the Managers.

1.4. *Principal Place of Business.* The principal place of business of the Company within the State of Wyoming shall be at such place or places as the Managers may from time to time deem necessary or advisable.

1.5. *Purposes and Powers.*

(a) The purpose and business of the Company shall be act in any lawful business for which limited liability companies may be organized under the Act.

(b) The Company shall have any and all powers, which are necessary or desirable to carry out the purposes and business of the Company, to the extent the same may be legally exercised by limited liability companies under the Act.

1.6. *Term.* The Company's existence is perpetual, unless the Company is earlier dissolved and its affairs wound up in accordance with the provisions of this Agreement or the Act.

1.7. *Nature of Members' Interests.* The interests of the Members in the Company shall be personal property for all purposes. Legal title to all Company assets shall be held in the name of the Company. Neither any Member, nor a successor, representative, or assign of any Member, shall have any right, title, or interest in or to any Company Property owned by the Company or the right to partition any Property owned by the Company.

ARTICLE II DEFINITIONS

2.1. *Definitions.* The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

"Act" means the Wyoming Limited Liability Company Act, as amended from time to time.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts to which such Member is obligated to restore or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6) of the Treasury Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.

"Adjusted Capital Contributions" means, as of any day, a Member's Capital Contributions adjusted as follows:

(a) Increased by the amount of any Company liabilities which, in connection with Distributions, are assumed by such Member or are secured by any Company Property distributed to such Member, and

(b) Reduced by the amount of cash and the Gross Asset Value of any Company Property distributed to such Member and the amount of any liabilities of such Member assumed by the Company or which are secured by any Property contributed by such Member to the Company.

In the event a Member transfers all or any portion of such Member's Membership Interest in accordance with the terms of this Agreement, the transferee shall succeed to the Adjusted Capital Contribution of the transferor to the extent it relates to the transferred Membership Interest or portion thereof.

"Affiliate" of a specified Person means (i) any Person directly or indirectly controlling, controlled by, or under common control with the specified Person; (ii) any Person owning or controlling ten percent or more of the outstanding voting securities of the specified Person; (iii) any officer, director or partner of the specified Person; or (iv) if the specified Person is an officer, director, or partner, any entity for which the specified Person acts in such capacity.

"Agreement" means this Operating Agreement, as amended from time to time.

"Articles of Organization" means the Articles of Organization of the Company filed with the Secretary of State, as amended or restated from time to time.

"Capital Account" means, with respect to any Member, the capital account maintained for such Member in accordance with Section 5.5 of this Agreement.

"Capital Contribution" means all contributions of cash or property (valued for this purpose at initial Gross Asset Value) made by a Member or the Member's predecessor in interest.

"Capital Transaction" means any transactions undertaken by the Company or by any entity in which the Company owns an interest, which, were it to generate proceeds, would produce Company Sales Proceeds or Company Refinancing Proceeds.

"Code" means the Internal Revenue Code of 1986, as amended from time to time (and any corresponding provisions of succeeding law).

"Company Cash Flow" for any period means the excess, if any, of (A) the sum of (i) all gross receipts from any source for such period, other than from Company loans, Capital Transactions, and Capital Contributions, and (ii) any funds released by the Company from previously established reserves, over (B) the sum of (i) all cash expenses paid by the Company for such period (including any compensation to the Managers and their Affiliates); (ii) all amounts paid by the Company in such period on account of the amortization of the principal of any debts or liabilities of the Company (including loans from any Member); (iii) capital expenditures of the Company; and (iv) a reasonable reserve for future expenditures as provided by Section 11.3; *provided, however*, that the amounts referred to in (B) (i), (ii), and (iii) above shall be taken into account only to the extent not funded by Capital Contributions, loans or paid out of previously established reserves. Such term shall also include all other funds deemed available for distribution and designated as Company Cash Flow by the Managers.

"Company Minimum Gain" means gain as defined in Treasury Regulations Section 1.704-2(d).

"Company Refinancing Proceeds" means (i) the cash realized from the financing or refinancing of all or any portion of the Property or other Company assets, less the retirement of any related mortgage loans and the payment of all expenses relating to the transaction and a reasonable reserve for future expenditures as provided by Section 11.3 and (ii) the Company's allocable portion of cash realized by an entity in which the Company owns an interest from such entity financing or refinancing all or any portion of such entity's assets, less the retirement of any related mortgage loans

and the payment of all expenses relating to such transaction and a reasonable reserve for future expenditures as provided by Section 11.3.

"Company Sales Proceeds" means (i) the cash realized from the sale, exchange, condemnation, casualty, or other disposition of all or any portion of the Property or other Company assets, less the retirement of any related mortgage loans and the payment of all expenses relating to the transaction and a reasonable reserve for future expenditures as provided by Sections 11.3 and (ii) the Company's allocable portion of cash realized by an entity in which the Company owns an interest from the sale, exchange, condemnation, casualty, or other disposition of all or any portion of such entity's assets, less the retirement of any related mortgage loans and the payment of all expenses relating to such transaction and a reasonable reserve for future expenditures as provided by Section 11.3.

"Depreciation" means, for each Fiscal Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; *provided, however*, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Managers.

"Disinterested Member" means a Member who is not related (within the meaning of Section 267(b) of the Code or Section 707(b)(1) of the Code) to either the Member whose Membership Interest is to be transferred as provided in Article VIII or the proposed transferee of such Membership Interest.

"Distribution" means any money or other property distributed to a Member with respect to the Member's Membership Interest, but shall not include any payment to a Member for materials or services rendered nor any reimbursement to a Member for expenses permitted in accordance with this Agreement.

"Domestic Proceeding" means any divorce, annulment, separation, or similar proceeding.

"Encumbrance" means any lien, pledge, encumbrance, collateral assignment, or hypothecation.

"Fiscal Year" means an annual accounting period ending December 31 of each year during the term of the Company, unless otherwise specified by the Managers.

"Gains from Capital Transactions" means the gains realized by the Company as a result of or upon any sale, exchange, condemnation, or other disposition of capital assets of the Company or any entity in which the Company shall own an interest (which assets shall include Code

Section 1231 assets and all real and personal property) or as a result of or upon the damage to or destruction of such capital assets.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

- (a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Managers, provided that, if the contributing Member is a Manager, the determination of the fair market value of a contributed asset shall be determined by appraisal;
- (b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Managers, as of the following times: (i) the acquisition of an additional interest in the Company (other than upon the initial formation of the Company) by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of Company Property as consideration for an interest in the Company; and (iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); *provided, however*, that the adjustments pursuant to clauses (i) and (ii) above shall be made only if the Managers reasonably determine that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;
- (c) The Gross Asset Value of any Company asset distributed to any Member shall be adjusted to equal the gross fair market value of such asset on the date of distribution as determined by the distributee and the Managers, provided that, if the distributee is a Manager, the determination of the fair market value of the distributed asset shall be determined by appraisal; and
- (d) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m) and subsections (f) of the definition of Profits and Losses herein and 6.11 hereof; *provided, however*, that Gross Asset Values shall not be adjusted pursuant to this subsection (d) hereof to the extent the Managers determine that an adjustment pursuant to subsection (b) hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this Section (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subsection (a), subsection (b), or subsection (d) hereof, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits, Gains from Capital Transactions, or Losses.

"Majority of Managers" means a combination of Managers constituting more than fifty percent (50%) of the number of Managers then elected and qualified.

"Majority in Interest" means a combination of any Members who, in the aggregate, own more than fifty percent of the Membership Interests of all Members.

"Manager" means each Person executing this Agreement as a Manager, any other Person that succeeds such Manager, or any other Person elected to act as Manager of the Company as provided in this Agreement. *"Managers"* refers to such Persons as a group.

"Member" means each Person designated as a member of the Company on Schedule I hereto or any other Person admitted as a member of the Company in accordance with this Agreement or the Act. *"Members"* refers to such Persons as a group.

"Member Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulations Section 1.704-2(i).

"Member Nonrecourse Debt" means any nonrecourse debt (for the purposes of Treasury Regulations Section 1.1001-2) of the Company for which any Member bears the "economic risk of loss," within the meaning of Treasury Regulations Section 1.752-2.

"Member Nonrecourse Deductions" means deductions as described in Treasury Regulations Section 1.704-2(i). The amount of Member Nonrecourse Deductions with respect to Member Nonrecourse Debt for any Fiscal Year equals the excess, if any, of (A) the net increase, if any, in the amount of Member Minimum Gain attributable to such Member Nonrecourse Debt during such Fiscal Year, over (B) the aggregate amount of any Distributions during that Fiscal Year to the Member that bears the economic risk of loss for such Member Nonrecourse Debt to the extent such Distributions are from the proceeds of such Member Nonrecourse Debt and are allocable to an increase in Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i).

"Membership Interest" means all of a Member's rights in the Company, including, without limitation, the Member's share of the Profits and Losses of the Company, the right to receive distributions of the Company's assets, any right to vote, and any right to participate in the management of the Company as provided in the Act and this Agreement.

"Nonrecourse Deductions" means deductions as set forth in Treasury Regulations Section 1.704-2(b)(1). The amount of Nonrecourse Deductions for a given Fiscal Year equals the excess, if any, of (A) the net increase, if any, in the amount of Company Minimum Gain during such Fiscal Year, over (B) the aggregate amount of any Distributions during such Fiscal Year of proceeds of a Nonrecourse Liability that are allocable to an increase in Company Minimum Gain, determined according to the provisions of Treasury Regulations Section 1.704-2(h).

"Nonrecourse Liability" means any Company liability (or portion thereof) for which no Member bears the "economic risk of loss," within the meaning of Treasury Regulations Section 1.752-2.

"Percentage Interest" means the percentage, which the Capital Contributions of a Member to the Company bears to the Capital Contributions of all Members. The initial Capital Contribution of each Member is set forth opposite such Member's name on Schedule I hereto.

"Person" means an individual, a trust, an estate, a domestic corporation, a foreign corporation, a professional corporation, a partnership, a limited partnership, a limited liability company, a foreign limited liability company, an unincorporated association, or another entity.

"Profits" and "Losses" means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such year or period (excluding Gains from Capital Transactions), determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this definition (excluding Gains from Capital Transactions) shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses shall be subtracted from such taxable income or loss;

(c) In the event the Gross Asset Value of any Company asset is adjusted pursuant to Subsection (ii) or (iii) of the definition of Gross Asset Value hereof, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of Company Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year or other period, computed in accordance with the definition of Depreciation set out hereof;

(f) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses;

(g) Notwithstanding any other provision of this definition of Profits and Losses, any items, which are specially allocated pursuant to Sections 6.2, 6.3, 6.7, 6.8, 6.9, 6.10, 6.11, or 6.12 hereof shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 6.2, 6.3, 6.7, 6.8, 6.9, 6.10, 6.11 or 6.12 hereof shall be determined by applying rules analogous to those set forth in Sections (a) through (f) above.

"*Property*" means (i) any and all property acquired by the Company, real and/or personal (including, without limitation, intangible property) and (ii) any and all of the improvements constructed on any real property.

"*Secretary of State*" means the Secretary of State of Wyoming.

"*Tax Matters Partner*" means such Member designated as the "tax matters partner," as that term is defined in the Code and Treasury Regulations.

"*Transfer*" means sell, assign, transfer, lease, or otherwise dispose of property, including, without limitation, an interest in the Company.

"*Treasury Regulations*" means the Income Tax Regulations and Temporary Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

ARTICLE III MANAGEMENT OF THE COMPANY

3.1. *The Managers.* Except as otherwise may be expressly provided in this Agreement, the Articles of Organization, or the Act, all decisions with respect to the management of the business and affairs of the Company shall be made by action of a Majority of the Managers taken at a meeting or evidenced by a written consent executed by a Majority of the Managers. Meetings of the Managers may be held on such terms and after such notice as the Managers may establish. The Managers shall have full and complete authority, power, and discretion to manage and control the business of the Company, to make all decisions regarding those matters, and to perform any and all other acts customary or incident to the management of the Company's business, except only as to those acts as to which approval by the Members is expressly required by the Articles of Organization, this Agreement, the Act, or other applicable law. The Managers may delegate responsibility for the day-to-day management of the Company to any individual Manager or Person retained by the Managers, who shall have and exercise on behalf of the Company all powers and rights necessary or convenient to carry out such management responsibilities.

3.2. *Limitations on Power and Authority of Managers.* Without the consent of all the Members, the Managers shall have no authority to do any of the following:

- (a) Any act in contravention of this Agreement;

(b) Any act which would make it impossible to carry on the ordinary business of the Company; or

(c) Possess Property of the Company or assign the Company's rights in specific Property for other than Company purposes.

3.3. *Compensation and Expenses.* The Managers shall not receive any compensation from the Company for serving as Managers, but the Company will reimburse Managers for expenses incurred by the Managers in connection with their service to the Company. Nothing contained in this Section 3.3 is intended to affect the Percentage Interests of Managers who are also Members or the amounts that may be payable to the Managers by reason of their respective Percentage Interests.

3.4. *Indemnification of Managers.* The Company shall indemnify the Managers to the fullest extent permitted or required by the Act, as amended from time to time, and the Company may advance expenses incurred by a Manager upon the approval of the remaining Managers and the receipt by the Company of the signed statement of such Manager agreeing to reimburse the Company for such advance in the event it is ultimately determined that such Manager is not entitled to be indemnified by the Company against such expenses. The provisions of this Section 3.4 shall apply also to any Person to whom the Managers have delegated management authority as provided in Section 3.1, whether or not such Person is a Manager or Member.

3.5. *Limitation on Liability.* No Manager of the Company shall be liable to the Company for monetary damages for an act or omission in such Person's capacity as a Manager, except as provided in the Act for (i) acts or omissions which a Manager knew at the time of the acts or omissions were clearly in conflict with the interests of the Company; (ii) any transaction from which a Manager derived an improper personal benefit; or (iii) acts or omissions occurring prior to the date this provision becomes effective. If the Act is amended to authorize further elimination of or limitations on the liability of Managers, then the liability of the Managers shall be eliminated or limited to the fullest extent permitted by the Act as so amended. Any repeal or modification of this Section shall not adversely affect the right or protection of a Manager existing at the time of such repeal or modification. The provisions of this Section 3.5 shall apply also to any Person to whom the Managers have delegated management authority as provided in Section 3.1, whether or not such Person is a Manager or Member.

3.6. *Liability for Return of Capital Contribution.* The Managers shall not be liable for the return of the Capital Contributions of the Members, and upon dissolution, the Members shall look solely to the assets of the Company.

ARTICLE IV RIGHTS AND OBLIGATIONS OF MEMBERS

4.1. *Names and Interests of Members.* The names and Membership Interests of the Members are as reflected in Schedule I attached and incorporated by reference.

4.2. *No Management by Members.* The Members may serve as Managers if duly elected, however, Members may not take part in the management or control of the business, nor transact any business for the Company, nor shall they have power to sign for or to bind the Company unless they are an elected manager.

4.3. *Election of Managers.* The Members shall have the power by the action of a Majority in Interest to elect a Person to serve as a Manager to replace any Manager no longer able to serve in such capacity due to such Manager's death, resignation or the vote of a Majority in Interest of the Members to remove such Manager.

4.4. *Action by Members.* Any action to be taken by the Members under the Act or this Agreement may be taken (i) at a meeting of Members held on such terms, and after such notice as the Managers may establish; *provided, however,* that notice of a meeting of Members must be given to all Members entitled to vote at the meeting at least five (5) days before the date of the meeting or (ii) by written action of a Majority in Interest of the Members; *provided, however,* that any action requiring the consent of all Members under this Agreement, the Act, or other applicable law taken by written action must be signed by all Members. A Member may vote in person or by written proxy filed with the Company before or at the time of the meeting. Notice is not necessary of action proposed by written action, or an approval given by written action, unless specifically required by this Agreement, the Act, or other applicable law. Such written actions must be kept with the records of the Company.

4.5. *Limited Liability.* The Members shall not be required to make any contribution to the capital of the Company except as set forth in Article V, nor shall the Members in their capacity as such be bound by, or personally liable for, any expense, liability, or obligation of the Company except to the extent of their interest in the Company and the obligation to return Distributions made to them under certain circumstances as required by the Act. The Members shall be under no obligation to restore a deficit capital account upon the dissolution of the Company or the liquidation of any of their Membership Interests.

4.6. *Bankruptcy or Incapacity of a Member.* A Member shall cease to have any power as a Member or a Manager, any voting rights or rights of approval hereunder upon death, bankruptcy, insolvency, dissolution, assignment for the benefit of creditors, or legal incapacity; and each Member, its personal representative, estate, or successor upon the occurrence of any such event shall have only the rights, powers, and privileges of a transferee enumerated in Section 8.4 and shall be liable for all obligations of such Member under this Agreement. In no event, however, shall a personal representative or successor become a substitute Member unless the requirements of Section 8.3 are satisfied.

ARTICLE V
CAPITAL CONTRIBUTIONS AND LOANS

5.1. *Initial Capital Contributions.* Contemporaneously with the execution of this Agreement, the Members have each contributed cash to the Company in the respective amounts set forth as the initial Capital Contribution opposite their names on Schedule I attached hereto. All Members must be accredited investors.

5.2. *Additional Funds.* In the event that the Managers determine at any time (or from time to time) that additional funds are required by the Company for or in respect of its business or to pay any of its obligations, expenses, costs, liabilities, or expenditures (including, without limitation, any operating deficits), then the Managers, in their sole discretion, may borrow all or part of such additional funds on behalf of the Company, with interest payable at then-prevailing rates, from one or more of the Managers, Members, or from commercial banks, savings and loan associations, or other commercial lending institutions.

5.3. *Additional Capital Contributions.* If the Managers determine that additional funds are required for the purposes set forth in Section 5.2 of this Agreement and that all or any portion of such additional funds should be contributed to the Company as additional Capital Contributions, the Managers may propose to the Members that the Members make additional Capital Contributions. Upon unanimous agreement of the Members to make such additional Capital Contributions, the Members shall make the necessary additional Capital Contributions to the Company in proportion to their respective Percentage Interests.

5.4. *No Interest on Capital Contributions.* No interest shall be paid on any contribution to the capital of the Company.

5.5. *Capital Accounts.* A Capital Account shall be established for each Member and shall be credited with each Member's initial and any additional Capital Contributions. All contributions of property to the Company by a Member shall be valued and credited to the Member's Capital Account at such property's Gross Asset Value on the date of contribution. All distributions of property to a Member by the Company shall be valued and debited against such Member's Capital Account at such property's Gross Asset Value on the date of distribution. Each Member's Capital Account shall at all times be determined and maintained pursuant to the principles of this Section 5.4 and Treasury Regulations Section 1.704-1(b)(2)(iv). Each Member's Capital Account shall be increased in accordance with such Treasury Regulations by:

- (i) The amount of Profits allocated to the Member pursuant to this Agreement;
- (ii) The amount of all Gains from Capital Transactions allocated to the Member pursuant to this Agreement; and
- (iii) The amount of any Company liabilities assumed by the Member or which any Company Property secures by distributed to such Member.

Each Member's capital account shall be decreased in accordance with such Treasury Regulations by:

- (i) The amount of Losses allocated to the Member pursuant to this Agreement;
- (ii) The amount of Company Cash Flow distributed to the Member pursuant to this Agreement;
- (iii) The amount of Company Sales Proceeds and Company Refinancing Proceeds distributed to the Member pursuant to this Agreement; and
- (iv) The amount of any liabilities of the Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

In addition, each Member's Capital Account shall be subject to such other adjustments as may be required in order to comply with the capital account maintenance requirements of Section 704(b) of the Code. In the event that the Managers shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company or the Members), are computed in order to comply with such Treasury Regulations, the Managers may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member upon dissolution of the Company. The Managers also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g) and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Treasury Regulations Section 1.704-1(b).

ARTICLE VI ALLOCATIONS, ELECTIONS, AND REPORTS

6.1. *Profits and Losses.*

(a) Except as otherwise provided herein, Profits and Losses of the Company and all items of tax credit and tax preference shall be allocated among the Members in accordance with their respective Percentage Interests. In the event the Percentage Interests vary during any Fiscal Year, Profits and Losses and all items of tax credit and tax preference for such Fiscal Year shall be allocated among the Members on a daily basis in accordance with their varying Percentage Interests during the Fiscal Year.

(b) Losses allocated pursuant to this Section 6.1 shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Account Capital Account Deficit at the end of any Fiscal Year. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to this Section 6.1, the limitation set forth in this Section 6.1 shall be applied on a Member by Member basis so as to allocate the maximum possible Losses to each Member under Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations.

6.2. *Nonrecourse Deductions.* Nonrecourse Deductions shall be allocated among the Members in accordance with their respective Percentage Interests.

6.3. *Member Nonrecourse Deductions.* Any Member Nonrecourse Deductions shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i).

6.4. *Allocations Between Transferor and Transferee.* In the event of the transfer of all or any part of a Member's Membership Interest (in accordance with the provisions of this Agreement) at any time other than at the end of a Fiscal Year, or the admission of a new Member (in accordance with the terms of this Agreement), the transferring Member or new Member's share of the Company's income, gain, loss, deductions, and credits, as computed both for accounting purposes and for federal income tax purposes, shall be allocated between the transferor Member and the transferee Member, or the new Member and the other Members, as the case may be, in the same ratio as the number of days in such Fiscal Year before and after the date of the transfer or admission; *provided, however,* that if there has been a sale or other disposition of the assets of the Company (or any part thereof) during such Fiscal Year, then upon the mutual agreement of all the Members (excluding the new Member and the transferring Member), the Company shall treat the periods before and after the date of the transfer or admission as separate Fiscal Years and allocate the Company's net income, gain, net loss, deductions, and credits for each of such deemed separate Fiscal Years. Notwithstanding the foregoing, the Company's "allocable cash basis items," as that term is used in Section 706(d)(2)(B) of the Code, shall be allocated as required by Section 706(d)(2) of the Code and the Treasury Regulations thereunder.

6.5. *Gains from Capital Transactions.* Gains from Capital Transactions during any Fiscal Year shall be allocated as follows:

(a) First, to those Members whose Capital Accounts immediately prior to the Capital Transaction were negative, in an amount sufficient to increase the Capital Accounts to zero, but in the event sufficient gain is not recognized to do so, then among them pro rata in proportion to their negative Capital Accounts;

(b) Second, to the Members in an amount equal to the difference between the Company Sales Proceeds to be distributed to each of the Members as provided in Section 7.3 and the Capital Accounts of each respective Member as adjusted (if necessary) by paragraph (a) above, but in the event sufficient gain is not recognized to do so, then among the Members in an amount which, when credited to the Capital Accounts of the Members, results in the Members' Capital Accounts' bearing the same ratio to one another as the ratio of the distribution of Company Sales Proceeds to each of the Members, as provided in Section 7.3; and thereafter

(c) Any remaining gain shall be allocated among the Members in accordance with their respective Percentage Interests as of the date of the Capital Transaction giving rise to the gain.

6.6. *Contributed Property.* In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to

the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value at the time of contribution.

In the event the Gross Asset Value of any Company asset is adjusted pursuant to the definition of Gross Asset Value hereof, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder.

The Managers in any manner that reasonably reflects the purpose and intention of this Agreement shall make any elections or other decisions relating to such allocations. Allocations pursuant to this Section 6.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or Distributions pursuant to any provision of this Agreement.

6.7. *Minimum Gain Chargeback.* If there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulation Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required for allocation to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f) and 1.704-2(j)(2). This Section 6.7 is intended to comply with the minimum gain chargeback requirement in Treasury Regulation 1.704-2(f) and shall be interpreted consistently therewith.

6.8. *Member Minimum Gain Chargeback.* If there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Debt, as defined in Treasury Regulations Section 1.704-2(i)(4), during any Fiscal Year, each Member who has a share of the Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(4) and (5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required for allocation to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(i)(4). This Section 6.8 is intended to comply with the Member Minimum Gain Chargeback requirement in Treasury Regulations Section 1.704(i)(4) and shall be interpreted consistently therewith.

6.9. *Qualified Income Offset.* If any Member unexpectedly receives an adjustment, allocation, or distribution as described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4) through (6) which causes or increases a deficit capital account balance in such Member's Capital Account (as determined in accordance with such Regulations) items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such

Member as quickly as possible, provided that an allocation pursuant to this Section 6.9 shall be made if and only to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article VI have been tentatively made as if this Section 6.9 were not in the Agreement. This provision is intended to be a "qualified income offset," as defined in Treasury Regulation Section 1.704-1(b)(2)(ii)(d), such Treasury Regulations being specifically incorporated herein by reference.

6.10. *Gross Income Allocation.* In the event any Member has a deficit Capital Account at the end of any Company Fiscal Year which is in excess of the sum of (i) the amount such Member is obligated to restore and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 6.10 shall be made if and only to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article VI have been tentatively made as if this Section 6.10 and Section 6.9 hereof were not in this Agreement.

6.11. *Section 754 Adjustment.* To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a Distribution to a Member in complete liquidation of such Member's interest in the Company, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event that Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Members to whom such Distribution was made in the event that Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

6.12. *Curative Allocations.* The allocations set forth in Sections 6.1(b), 6.2, 6.3, 6.7, 6.8, 6.9, 6.10, 6.11 hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 6.12. Therefore, notwithstanding any other provision of this Article VI (other than the Regulatory Allocations), the Managers shall make such offsetting special allocations of Company income, gain, loss, or deduction in whatever manner they determine appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Sections 6.1(a). In exercising their discretion under this Section 6.12, the Managers shall take into account future Regulatory Allocations under Sections 6.7 and 6.8 that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 6.2 and 6.3.

6.13. *Compliance with Treasury Regulations.* The above provisions of this Article VI notwithstanding, it is specifically understood that the Managers may, without the consent of any

Members, make such elections, tax allocations, and adjustments as the Managers deem necessary or appropriate to maintain to the greatest extent possible the validity of the tax allocations set forth in this Agreement, particularly with regard to Treasury Regulations under Code Section 704(b).

6.14. *Tax Withholding.* The Company shall be authorized to pay, on behalf of any Member, any amounts to any federal, state, or local taxing authority, as may be necessary for the Company to comply with tax withholding provisions of the Code or the Wyoming General Statutes or other income tax or revenue laws of any taxing authority. To the extent the Company pays any such amounts that it may be required to pay on behalf of a Member, such amounts shall be treated as a cash Distribution to such Member and shall reduce the amount otherwise distributable to such Member.

ARTICLE VII DISTRIBUTIONS

7.1. *Company Cash Flow.* The Company Cash Flow for each Fiscal Year, to the extent available, shall be distributed to the Members at such times as are determined by the Managers in accordance with the Members' respective Percentage Interests.

7.2. *Company Refinancing Proceeds.* Company Refinancing Proceeds, to the extent available, shall be distributed to the Members within thirty (30) days of the Capital Transaction giving rise to such proceeds, or earlier in the discretion of the Managers, in accordance with the Members' respective Percentage Interests.

7.3. *Company Sales Proceeds.* Company Sales Proceeds, to the extent available, shall be distributed to the Members within thirty (30) days of the Capital Transaction giving rise to such proceeds, or earlier in the discretion of the Managers, in accordance with the Members' respective Percentage Interests.

7.4. *Distributions in Liquidation.* Upon liquidation of the Company, all of the Company's Property shall be sold as provided in Section 10.2 and Profits and Losses allocated accordingly. Proceeds from the liquidation of the Company shall be distributed in accordance with the provisions of Section 10.2.

7.5. *Limitation upon Distributions.* No Distribution shall be declared and paid if payment of such Distribution would cause the Company to violate any limitation on Distributions provided in the Act.

ARTICLE VIII TRANSFER OF INTERESTS AND ADMISSION OF MEMBERS

8.1. *Restrictions on Transfer.* Without the prior written consent of a Majority in Interest of the Disinterested Members (which consent may be given or withheld in their sole discretion), (a) no Member may voluntarily or involuntarily Transfer, or create or suffer to exist any Encumbrance against, all or any part of such Member's record or beneficial interest in the Company and (b) no Person may be admitted to the Company as a Member. Except for withdrawals in connection with a Transfer of a Membership Interest permitted by this Agreement, no Member may

withdraw from the Company without the consent of the Majority in Interest of the Disinterested Members.

8.2. *Conditions Precedent to Transfers.* Any purported Transfer or Encumbrance otherwise complying with Section 8.1 will be ineffective until the transferor and transferee of the interest furnish to the Company the instruments and assurances the Managers may request, including, without limitation, if requested, an opinion of counsel satisfactory to the Company that the interest in the Company being Transferred or Encumbered has been registered or is exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws. No Transfer or Encumbrance will be effective if it would result in the "termination" of the Company under Section 708 of the Code unless all of the Managers give their prior written consent to the Transfer or Encumbrance. If a Manager is a transferor, the approval required by this Section 8.2 will be the approval of a Majority in Interest of the Disinterested Members.

8.3. *Substituted Members.* No assignee or transferee of a Membership Interest shall be admitted as a substituted Member of the Company unless, in addition to compliance with the conditions set forth in Section 8.2, all of the following conditions are satisfied:

(a) The assignee or transferee has executed and delivered all documents deemed appropriate by the Managers to reflect such Person's admission to the Company and agreement to be bound by this Agreement;

(b) A Majority in Interest of the Disinterested Members shall have consented in writing to such substitution, the granting or denial of which shall be in the sole discretion of such Disinterested Members; and

(c) If requested by the Managers, payment has been made to the Company of all costs and expenses of admitting such transferee or assignee as a substituted Member.

8.4. *Rights of Transferee.* Unless admitted to the Company in accordance with Section 8.3, the transferee of a Membership Interest or a part thereof shall not be entitled to any of the rights, powers, or privileges of its predecessor in interest, except that such transferee shall be entitled to receive and be credited or debited with its proportionate share of Profits, Losses, Gains from Capital Transactions, Company Cash Flow, Company Sales Proceeds, Company Refinancing Proceeds, and Distributions in liquidation.

ARTICLE IX BUY-SELL

9.1. *Buy-Sell.* Each of the following events shall constitute a "Buy-Sell Event" under this Agreement:

(a) The death, declaration of legal incompetence or dissolution and winding up of a Member;

(b) A judicial determination of the insolvency of any Member;

(c) Any filing of a petition or suit under the bankruptcy laws by or against a Member that is not dismissed within sixty (60) days;

(d) Any purported voluntary or involuntary Transfer or Encumbrance of all or any part of a Member's Membership Interest in a manner not expressly permitted by this Agreement;

(e) Any material breach of this Agreement by a Member, which is not cured within ten (10) days after written notice of such breach, is given to the Member by the Company;

(f) Any instance in which the spouse of a Member commences against a Member, or a Member is named in, a Domestic Proceeding; or

(g) Any withdrawal by a Member from the Company other than as may be expressly permitted by this Agreement.

9.2. *Buy-Sell Notice.* Upon the occurrence of a Buy-Sell Event, the Member to whom such event has occurred (the "Withdrawing Member"), or its executor, administrator, or other legal representative in the event of death or declaration of legal incompetency, shall give notice of the Buy-Sell Event (the "Buy-Sell Notice") to the other Members within ten (10) days after its occurrence. If the Withdrawing Member fails to give the Buy-Sell Notice, any other Member (other than a Withdrawing Member) may give the notice at any time thereafter and by so doing commence the buy-sell procedure provided for in this Article IX.

9.3. *Member's Purchase Option.* Upon the occurrence of a Buy-Sell Event, each of the Members, except the Withdrawing Member and any other Withdrawing Member, shall have an option to purchase (the "Purchase Option") the Withdrawing Member's Membership Interest at Closing on the terms and conditions set forth in this Article IX. This right will be allocated among the Members who elect to purchase (the "Purchasing Members") in the proportion they mutually agree upon, or, in the absence of agreement, in the ratio that each of the Purchasing Member's Percentage Interest bears to the aggregate Percentage Interests of all Purchasing Members. The Purchasing Members must give notice of their election to exercise their Purchase Option to the Withdrawing Member and all other Members within thirty (30) days following delivery of the Buy-Sell Notice.

9.4. *Assignment of Purchase Option.* If, at the occurrence of a Buy-Sell Event, there exist only two (2) then-current Members (including the Withdrawing Member), the Member that is not withdrawing shall have the option during the thirty (30) day period set forth in Section 9.3 to assign all or part of its Purchase Option to any Person other than the Withdrawing Member (the "Purchase Option Assignee") by notifying the Withdrawing Member and the Company of such assignment in writing. After delivery of such notice, the Purchase Option Assignee shall have the option to purchase the Withdrawing Member's Membership Interest (to the extent so assigned) on the same terms and conditions as would apply to the Member from which the Purchase Option was assigned; *provided, however,* that the Purchase Option Assignee shall not have the rights of assignment set forth in this Section 9.4. Notwithstanding any other provision of Article VIII or this Article IX, any Purchase Option Assignee which exercises its Purchase Option, as provided herein, (i) shall only have those rights as specified in Section 8.4 above, (ii) shall not be admitted as a substitute Member

without full compliance with Section 8.3 and (iii) shall be subject to the Buy-Sell restrictions imposed under this Article IX. In the event the Purchase Option Assignee does not exercise the Purchase Option, the Purchase Option Assignee shall have no further rights under this Agreement.

9.5. *Agreement on Valuation.* Unless otherwise agreed in writing by the purchaser(s) and seller within sixty (60) days of the receipt of a Buy-Sell Notice, the purchase price for the Withdrawing Member's Membership Interest shall be determined by a single appraisal of the value of the Withdrawing Member's Membership Interest, as of the date the Buy-Sell Event occurred, made by an appraiser agreed upon by the purchaser(s) and seller, which appraisal shall be final. If the parties cannot agree on a single appraiser, three (3) appraisers, one of which is selected by the purchaser(s), shall determine the purchase price one selected by the seller, and the third selected by the two appraisers. The value determined as of the date of the Buy-Sell Event by a majority of the appraisers will be final. The costs of appraisal shall be borne equally between the purchaser(s) as a group and the seller. The purchase price to be paid for the Withdrawing Member's Membership Interest will be reduced by the amount of any distributions made by the Company to the Withdrawing Member from the date the Buy-Sell Event occurred with respect to the Withdrawing Member to the Closing.

9.6. *Closing.* The closing (the "Closing") of the purchase of any Membership Interest pursuant to this Article IX shall take place on the date agreed upon by the purchaser(s) and seller, but not later than ninety (90) days after the delivery of the Buy-Sell Notice. The purchase price for each Membership Interest being purchased will be payable in full in cash at Closing. The purchase price will bear interest from the date of the occurrence of the Buy-Sell Event until the Closing at an interest rate equal to the prime rate of interest charged by Wachovia Bank, N.A., last published prior to the occurrence of the Buy-Sell Event. Upon payment of the purchase price, the Member selling its Membership Interest shall execute and deliver such assignments and other instruments as may be reasonably necessary to evidence and carry out the transfer of its Membership Interest to the purchaser(s). In connection with the sale of any Membership Interest under this Article IX, unless otherwise agreed by the purchaser(s) and seller, the purchaser(s) will assume the seller's allocable portion of Company obligations to the extent related to the transferred interest as well as the seller's individual obligations to the extent related to the transferred interest, other than income tax liabilities of the seller. Notwithstanding any other provision of Article VIII or this Article IX, any transferee, assignee, or purchaser of a Member's interest, as provided herein, shall only have those rights as specified in Section 8.4 above, and shall not be admitted as a substitute Member without full compliance with Section 8.3.

9.7. *Effect of the Rule Against Perpetuities.* Notwithstanding any other provision of this Agreement, all options and rights to purchase or sell created by this Agreement shall expire on the later of (a) twenty-one (21) years after the death of the last remaining child, living as of the date of this Agreement, of any Member who is a member of the Company at the time of its organization, or (b) twenty-one (21) years after the death of the last to die of the individual Members who are members of the Company at the time of its organization.

9.8. *Effect on Withdrawing Member's Interest.* From the date of the occurrence of the Buy-Sell Event to the earlier of (i) ninety (90) days after the delivery of the Buy-Sell Notice, or (ii) the date of the Transfer of the Withdrawing Member's Membership Interest at Closing under this

Article IX, the Percentage Interest represented by the Withdrawing Member's Membership Interest will be excluded from any calculation of aggregate Percentage Interests for purposes of any approval required of Members under this Agreement. Without limiting the generality of any other provision of this Agreement, upon the exercise of the Purchase Option, the Withdrawing Member, without further action, will have no rights in the Company or against the Company, any Member or any Manager other than the right to receive payment for its Membership Interest in accordance with this Article IX.

9.9. *Failure to Exercise Purchase Option.* In the event the Members or Purchase Option Assignee, if any, do not exercise their Purchase Options, the Withdrawing Member or its executor, administrator, or other legal representative in the event of death or declaration of legal incompetency, may transfer its economic rights in the Membership Interest of the Withdrawing Member to any Person; *provided, however* that any transferee of the Withdrawing Member's Membership Interest, as provided herein, (i) shall only have those rights as specified in Section 8.4, (ii) shall not be admitted as a substitute Member without full compliance with Section 8.3 and (iii) shall be subject to the Buy-Sell restrictions imposed under this Article IX.

ARTICLE X DISSOLUTION AND LIQUIDATION OF THE COMPANY

10.1. *Dissolution Events.* The happening of an event of withdrawal with respect to a Member shall not cause the dissolution of the Company. The Company will only be dissolved upon the happening of any of the following events:

(a) All or substantially all of the assets of the Company are sold, exchanged, or otherwise transferred (unless the Managers notify the Members that they have elected to continue the business of the Company, in which event the Company will continue until the Managers give notice that they elect to dissolve the Company);

(b) All Members sign a document stating their election to dissolve the Company;

(c) The entry of a final judgment, order, or decree of a court of competent jurisdiction adjudicating the Company to be bankrupt and the expiration without appeal of the period, if any, allowed by applicable law in which to appeal;

(d) The entry of a decree of judicial dissolution or the issuance of a certificate for administrative dissolution under the Act.

10.2. *Liquidation.* Upon the happening of any of the events specified in Section 10.1, the Managers, or any liquidating trustee elected by the Members, will commence as promptly as practicable to wind up the Company's affairs unless the Managers or the liquidating trustee (either, the "Liquidator") determines that an immediate liquidation of Company assets would cause undue loss to the Company, in which event the liquidation may be deferred for a time determined by the Liquidator to be appropriate. Assets of the Company may be liquidated or distributed in kind, as the Liquidator determines to be appropriate. The Members will continue to share Company Cash Flow, Profits, and Losses during the period of liquidation in the manner set forth in Articles VI and VII.

The proceeds from liquidation of the Company, including repayment of any debts of Members to the Company, and any Company assets that are not sold in connection with the liquidation will be applied in the following order of priority:

- (a) To payment of the debts and satisfaction of the other obligations of the Company, including, without limitation, debts and obligations to Members;
- (b) To the establishment of any reserves deemed appropriate by the Liquidator for any liabilities or obligations of the Company, which reserves will be held for the purpose of paying liabilities or obligations and, at the expiration of a period the Liquidator deems appropriate, will be distributed in the manner provided in Section 10.2(c); and thereafter
- (c) To the payment to the Members of the positive balances in their respective Capital Accounts, pro rata, in proportion to the positive balances in those Capital Accounts after giving effect to all allocations under Article VI and all Distributions under Article VII for all prior periods, including the period during which the process of liquidation occurs.

10.3. *Articles of Dissolution.* Upon the dissolution and commencement of the winding up of the Company, the Managers shall cause Articles of Dissolution to be executed on behalf of the Company and filed with the Secretary of State, and the Managers shall execute, acknowledge, and file any and all other instruments necessary or appropriate to reflect the dissolution of the Company.

ARTICLE XI MISCELLANEOUS

11.1. *Other Activities of Members and Managers.* Any Member and its Affiliates and the Manager and its Affiliates may engage in or possess an interest in other business ventures of any nature or description, independently or with others, including, but not limited to, the real estate business in all its phases, which shall include, without limitation, ownership, operation, management, syndication, and development of real property, whether the same are competitive with the activities of the Company, or other otherwise, without having or incurring any obligation to offer any interest in such activities to the Company or any Member and neither the company nor any Member or Manager shall have any rights in or to such independent ventures or the income or profits derived therefrom by virtue of this Agreement.

11.2. *Records.* The records of the Company will be maintained at the Company's principal place of business, or at such other place selected by the Managers, provided that the Company keep at its principal place of business the records required by the Act to be maintained there. Appropriate records in reasonable detail will be maintained to reflect income tax information for the Members. Each Member, at such Member's expense, may inspect and make copies of the records maintained by the Company and may require an audit of the books of account maintained by the Company to be conducted by independent accountants for the Company.

11.3. *Reserves.* The Managers may cause the Company to create reasonable reserve accounts to be used exclusively to fund Company operating deficits and for any other valid Company

purpose. The Managers shall in their sole discretion determine the amount of payments to such reserve accounts.

11.4. *Notices.* The Managers will notify the Members of any change in the name, principal or registered office or registered agent of the Company. Any notice or other communication required by this Agreement must be in writing. Notices and other communications will be deemed to have been given when delivered by hand or dispatched by means of electronic facsimile transmission or nationally recognized air courier, or on the third business day after being deposited in the United States mail, postage prepaid. In each case, notice hereunder shall be addressed to the Member to whom the notice is intended to be given at such Member's address set forth on Schedule I to this Agreement or, in the case of the Company, to its principal place of business. A Member may change its notice address by notice in writing to the Company and to each other Member given in accordance with this Section 11.3.

11.5. *Amendments.* No provision of this Agreement or the Articles of Organization may be amended, nor will any waiver of any term of this Agreement be effective, unless in writing and signed by all Managers and by a Majority in Interest of the Members; *provided, however,* that any provision of this Agreement requiring the consent, approval, or action of more than a Majority in Interest of the Members (or any provision of the Articles of Organization effecting any such provision of this Agreement) may only be amended or waived by a written action signed by all Managers and by Members holding the required percentage of Membership Interests.

11.6. *Additional Documents.* Each party hereto agrees to execute and acknowledge all documents and writings which the Managers may deem necessary or expedient in the creation of the Company and the achievement of its purposes, including, but not limited to, Articles of Organization and any amendments or cancellation thereof.

11.7. *Representations of Members.* Each Member represents and warrants to the Company and every other Member that such it (i) is fully aware of, and is capable of bearing, the risks relating to an investment in the Company; (ii) understands that its interest in the Company has not been registered under the Securities Act or the securities law of any jurisdiction in reliance upon exemptions contained in those laws; and (iii) has acquired its interest in the Company for its own account, with the intention of holding the interest for investment and without any intention of participating directly or indirectly in any redistribution or resale of any portion of the interest in violation of the Securities Act or any applicable law.

11.8. *Domestic Proceeding Disclosure.* Any Member named in a Domestic Proceeding shall disclose in any list of assets compiled in connection with such proceeding a statement to the effect that such Member's Membership Interest in the Company is subject to certain rights of the other Members under the terms of this Agreement.

11.9. *Survival of Rights.* Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns.

11.10. *Interpretation and Governing Law.* When the context in which words are used in this Agreement indicates that such is the intent, words in the singular number shall include the plural and

vice versa. The masculine gender shall include the feminine and neuter. The Article and Section headings or titles shall not define, limit, extend or interpret the scope of this Agreement or any particular Article or Section. This Agreement shall be governed and construed in accordance with the laws of the State of Wyoming without giving effect to the conflicts of laws provisions thereof.

11.11. *Severability.* If any provision, sentence, phrase, or word of this Agreement or the application thereof to any Person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provision, sentence, phrase, or word to Persons or circumstances, other than those as to which it is held invalid, shall not be affected thereby.

11.12. *Agreement in Counterparts.* This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. In addition, this Agreement may contain more than one counterpart of the signature pages and this Agreement may be executed by the affixing of the signatures of each of the Members to one of such counterpart signature pages; all of such signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page.

11.13. *Tax Matters Partner.* For purposes of this Agreement, the Managers shall designate one Member as the Tax Matters Partner as required by the Code and Treasury Regulations.

11.14. *Creditors Not Benefited.* Nothing in this Agreement is intended to benefit any creditor of the Company or of any Member. No creditor of the Company or of any Member will be entitled to require the Managers to solicit or accept any loan or additional capital contribution for the Company or to enforce any right which the Company or any Member may have against a Member, whether arising under this Agreement or otherwise.

IN WITNESS WHEREOF, the undersigned, being all of the Managers and Members of the Company, have caused this Agreement to be duly adopted by the Company and do hereby assume and agree to be bound by and to perform all of the terms and provisions set forth in this Agreement.

FOREST CONSERVATION 2012, LLC

By: _____
Ed Lloyd, Manager

SCHEDULE I - Updated membership as of December 7, 2012

Ownership

Gary	Appel	5.52%
Ray	Bouley	5.98%
Ray	Branch	7.36%
Jarrett	Clay	8.28%
Jesse	Garrett	5.52%
Tim	Goss	6.44%
Dennis	Hall	5.06%
Ashley	Hooks	6.44%
Steve	Kezman	4.14%
Michael	Knight	5.52%
Ed	Lloyd	7.55%
Mark	Losby	7.36%
Billy	Mitchell	6.44%
Lee	Powell	11.04%
Larry	Price	7.36%

100.00%

Forest Conservation 2012

First Name	Last Name	Contribution Received
------------	-----------	-----------------------

LOOK AT ALL OF 2011 MEMBERS

1 Gary	Appel	30,000
2 Ray	Bouley	32,500
3 Ray	Branch	40,000
4 Jarrett	Clay	45,000
5 Jesse	Garrett	30,000
6 Tim	Goss	35,000
7 Dennis	Hall	27,500
8 Ashley (Shawn)	Hooks	35,000
9 Steve	Kezman	22,500
10 Michael	Knight	30,000
11 Ed	Lloyd	41,052
12 Mark	Losby	40,000
13 Billy	Mitchell	35,000
14 Lee	Powell	60,000
15 Larry	Price	40,000
		<u>543,552</u>

Capital Contribution Including Fee

Gary	Appel	30,000
Raymond	Bouley	32,500
Vernon	Branch	40,000
Christopher	Brown	50,000
James	Carson	30,000
Jarrett	Clay	45,000
Jesse	Garrett	30,000
Timothy	Goss	35,000
Dennis	Hall	27,500
Ashley	Hooks	35,000
Steve	Kezman	22,500
Michael	Knight	30,000
Paul	Lloyd	16,802
Mark	Losby	40,000
Michael	Malloy	50,000
William	Mitchell	35,000
Leslie	Powell	60,000
Larry	Price	40,000
		649,302

EXHIBIT B

Percentage with total contribution including fee

Gary	Appel	4.620346%
Raymond	Bouley	5.005375%
Vernon	Branch	6.160462%
Christopher	Brown	7.700577%
James	Carson	4.620346%
Jarrett	Clay	6.930519%
Jesse	Garrett	4.620346%
Timothy	Goss	5.390404%
Dennis	Hall	4.235317%
Ashley	Hooks	5.390404%
Steven	Kezman	3.465260%
Michael	Knight	4.620346%
Paul	Lloyd	2.587702%
Mark	Losby	6.160462%
Michael	Malloy	7.700577%
William	Mitchell	5.390404%
Leslie	Powell	9.240692%
Larry	Price	6.160461%

100.000000%

EXHIBIT B

Percentage After Fee

Gary	Appel	4.507388%
Raymond	Bouley	4.921332%
Vernon	Branch	6.163164%
Christopher	Brown	7.818939%
James	Carson	4.507388%
Jarrett	Clay	6.991051%
Jesse	Garrett	4.507388%
Timothy	Goss	5.335276%
Dennis	Hall	4.093445%
Ashley	Hooks	5.335276%
Steven	Kezman	3.265557%
Michael	Knight	4.507388%
Paul	Lloyd	3.091151%
Mark	Losby	6.163164%
Michael	Malloy	7.818939%
William	Mitchell	5.335276%
Leslie	Powell	9.474714%
Larry	Price	6.163164%

100.000000%

EXHIBIT C

Capital Account After Fee

		Total	Tax Service Fee	After Fee
Gary	Appel	30,000	5,500	24,500
Ray	Bouley	32,500	5,750	26,750
Ray	Branch	40,000	6,500	33,500
Chris	Brown	50,000	7,500	42,500
James	Carson	30,000	5,500	24,500
Jarrett	Clay	45,000	7,000	38,000
Jessee	Garrett	30,000	5,500	24,500
Tim	Goss	35,000	6,000	29,000
Dennis	Hall	27,500	5,250	22,250
Ashley	Hooks	35,000	6,000	29,000
Steve	Kezman	22,500	4,750	17,750
Michael	Knight	30,000	5,500	24,500
Ed	Lloyd	16,802		16,802
Mark	Losby	40,000	6,500	33,500
Mike	Malloy	50,000	7,500	42,500
Billy	Mitchell	35,000	6,000	29,000
Lee	Powell	60,000	8,500	51,500
Larry	Price	40,000	6,500	33,500
		649,302	105,750	543,552

EXHIBIT C



BB&T Wire Transfer Operations

7200 6055614 100-99-05-10
FOREST CONSERVATION 2012 II LLC
8045 CORPORATE CENTER DR STE 100
CHARLOTTE NC 28226-4551

We have completed this wire transfer request. Your BB&T account has been debited for the net amount shown below.

```

*****
TRN DATE          20121226      TRN NUM  00003420
AMOUNT           164,220.00    ACCOUNT # DDA - 0005202525638
REFERENCE #
DATE              12/26/2012
TIME              11:15:17
ORIGINATOR        FOREST CONSERVATION 2012 II LLC
                  8045 CORPORATE CENTER DR STE 100
                  CHARLOTTE NC 28226-4551
BENEFICIARY BANK  TIB THE INDEPENDENT BANKERS BANK
BENEFICIARY BANK # 111010170
BENEFICIARY NAME  FFC MEADOW CREEK HOLDINGS LLC
BENEFICIARY ACCOUNT 20011904
ORIGINATING BANK INFORMATION
*****

```

Thank you for banking with BB&T. Please contact your local BB&T financial center or call 1-800-BANK BBT (1-800-226-5228) for questions regarding this wire transfer.

BB&T, Member FDIC.

Exhibit 6
Respondent's
Brief

SEC-BBT-P-0000034
SEC-Defense-000009483

Partner# 2
Schedule K-1
(Form 1065)

2012

Department of the Treasury
Internal Revenue Service

For calendar year 2012, or tax
year beginning _____
ending _____

**Partner's Share of Income, Deductions,
Credits, etc.** ▶ See back of form and separate instructions.

Final K-1 Amended K-1

**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	15	Credits
	-7,501		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
A	292	20	Other information
C	180,621	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

Part I Information About the Partnership

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012 II, LLC
2816 DOGWOOD AVENUE, PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I1 What type of entity is this partner? **Individual**

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	25.879917 %	25.879917 %
Loss	25.879917 %	25.879917 %
Capital	25.879917 %	25.879917 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ _____

Capital contributed during the year \$ **231,151**

Current year increase (decrease) \$ **-231,151**

Withdrawals & distributions \$ (_____)

Ending capital account \$ **0**

Tax basis GAAP Section 704(b) book
 Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

*See attached statement for additional information.

For IRS Use Only

Partner# 4
Schedule K-1
(Form 1065)

2012

Final K-1 Amended K-1

Department of the Treasury
Internal Revenue Service

For calendar year 2012, or tax
year beginning _____
ending _____

**Partner's Share of Income, Deductions,
Credits, etc.** ▶ See back of form and separate instructions.

Part I Information About the Partnership

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012 II, LLC
2816 DOGWOOD AVENUE, PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I What type of entity is this partner? **Individual**

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	9.438558 %	9.438558 %
Loss	9.438558 %	9.438558 %
Capital	9.438558 %	9.438558 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____
Qualified nonrecourse financing \$ _____
Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account	\$ _____
Capital contributed during the year	\$ 86,067
Current year increase (decrease)	\$ -86,067
Withdrawals & distributions	\$ _____
Ending capital account	\$ 0

Tax basis GAAP Section 704(b) book
 Other (explain)

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Line	Description	Amount	Code
1	Ordinary business income (loss)	-4,499	15 Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		16 Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)		17 Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)		18 Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		19 Distributions
13	Other deductions	107	20 Other information
A			
C		65,874	Y* STMT
W*		STMT	
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

Partner# 5
Schedule K-1
(Form 1065)

2012

Department of the Treasury
Internal Revenue Service

For calendar year 2012, or tax
year beginning _____
ending _____

**Partner's Share of Income, Deductions,
Credits, etc.** ▶ See back of form and separate instructions.

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss) -5,001	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
A	138	20	Other information
C	84,998	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		
*See attached statement for additional information.			

Part I Information About the Partnership

A Partnership's employer identification number
[REDACTED]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012 II, LLC
2816 DOGWOOD AVENUE, PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP)

E [REDACTED]

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	12.178785%	12.178785%
Loss	12.178785%	12.178785%
Capital	12.178785%	12.178785%

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ _____

Capital contributed during the year \$ 110,248

Current year increase (decrease) \$ -110,248

Withdrawals & distributions \$ _____

Ending capital account \$ 0

Tax basis GAAP Section 704(b) book
 Other (explain)

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see Instructions)

For IRS Use Only

Partner# 6
Schedule K-1
(Form 1065)

2012

Final K-1 Amended K-1

Department of the Treasury
Internal Revenue Service

For calendar year 2012, or tax
year beginning _____
ending _____

**Partner's Share of Income, Deductions,
Credits, etc.** ▶ See back of form and separate instructions.

**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

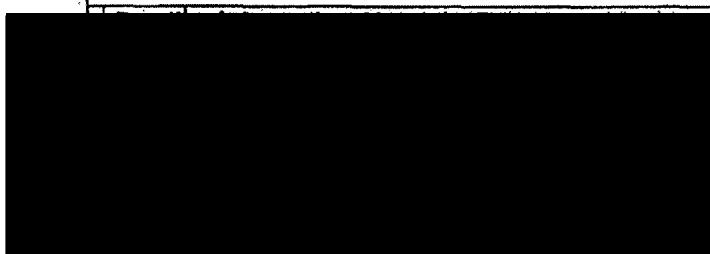
1	Ordinary business income (loss)	15	Credits
	-6,781		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5a	Ordinary dividends		
5b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		19 Distributions
13	Other deductions		
A	194		20 Other information
C	119,932	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

Part I Information About the Partnership

FOREST CONSERVATION 2012 II, LLC
2816 DOGWOOD AVENUE, PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return
Ogden, UT

D Check if this is a publicly traded partnership (PTP)



G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I1 What type of entity is this partner? **Individual**

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	17.184265 %	17.184265 %
Loss	17.184265 %	17.184265 %
Capital	17.184265 %	17.184265 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ _____

Capital contributed during the year \$ **155,285**

Current year increase (decrease) \$ **-155,285**

Withdrawals & distributions \$ (_____)

Ending capital account \$ **0**

Tax basis GAAP Section 704(b) book
 Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

*See attached statement for additional information.

For IRS Use Only

AFFIDAVIT OF GARY S. APPEL

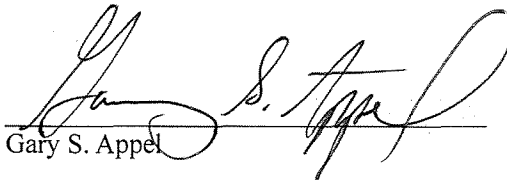
I, Gary S. Appel, having been duly sworn do hereby depose and state the following:

1. I am a resident of Charlotte, North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for about seven years.
3. In 2011, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On December 20, 2011, I wrote a check to "Ed Lloyd & Associates" in the amount of \$36,750.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
11. In 2012, I contributed to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
12. In November 2012, I wrote a check to "Forest Conservation 2012, LLC" in the amount of \$30,000.00, a copy of which is attached hereto as Exhibit B.
13. I was aware that my contribution amount would include Ed Lloyd's fee.
14. I was aware that I became a member of Forest Conservation 2012, LLC once I wrote a check for \$30,000.00 in November 2012.
15. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.

Exhibit 8
Respondent's
Brief

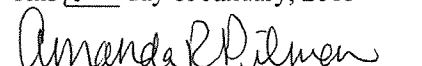
16. I am very satisfied with Ed Lloyd's tax planning and preparations services.

FURTHER THE AFFIANT SAYETH NOT.



Gary S. Appel

Sworn to and subscribed before me
This 10th day of January, 2015



Notary Public

My Commission Expires:

June 22, 2019



Dec 20 2011
DATE

44-14530-NG
14594

PAY TO THE ORDER OF Ed Lloyd & Associates \$ 36,750.00
Thirty Six Thousand Seven Hundred Fifty DOLLARS

Bank of America

Wealth Management Banking

ACH NT 00000104

Conservation Charitable Donations

[Handwritten Signature]

1000000000

3 JIMMIE OF
INGFIELD TRUST CO.
FILE NO 28194
003931
POST ONLY
ASSOCIATES, PLLC
1346522

Exhibit A
Affidavit of
Gary S. Appel

SEC-BBT-E-0003406

SEC-Defense-000007265

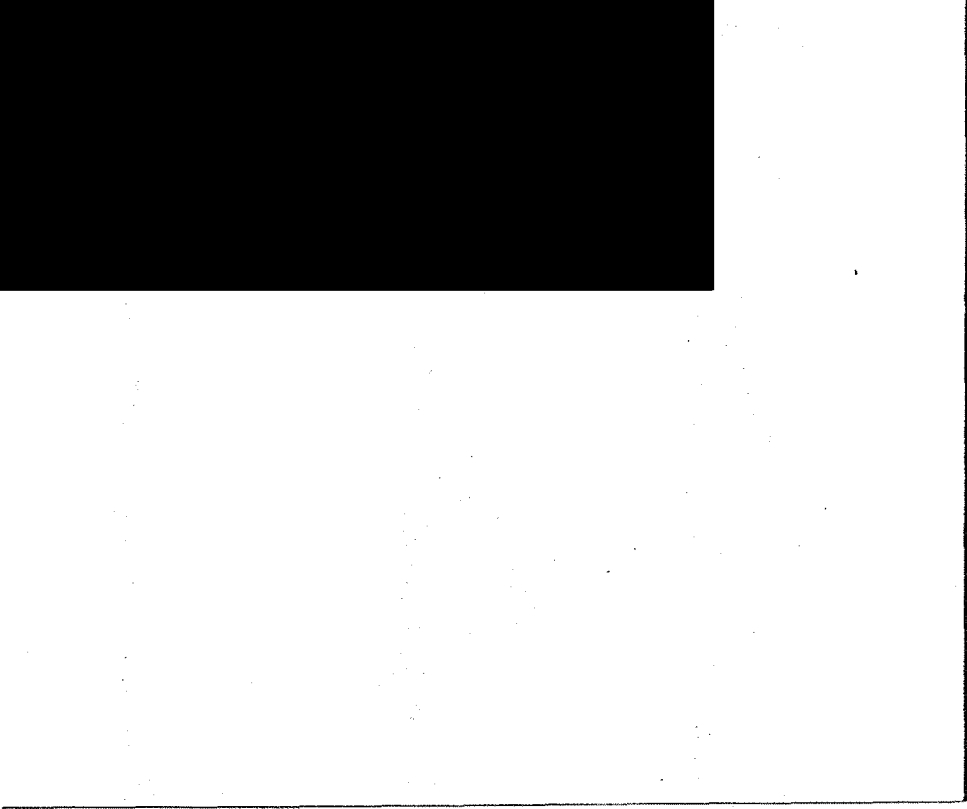
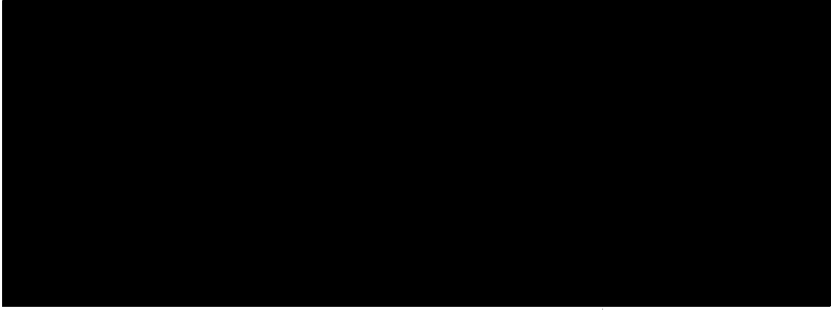


Exhibit B
Affidavit of
Gary S. Appel

AFFIDAVIT OF RAYMOND R. BOULEY

I, Raymond R. Bouley, having been duly sworn do hereby depose and state the following:

1. I am a resident of Charlotte, North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for about four years.
3. In 2011, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On December 27, 2011, I wrote a check to "Ed Lloyd & Associates" in the amount of \$32,250.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that Ed Lloyd would receive a fee for his services in researching, preparing, and facilitating the contribution to the conservation easement.
10. On June 6, 2012, I wrote a separate check to "Ed Lloyd & Associates" in the amount of \$5,000.00 for Ed Lloyd's fee, a copy of which is attached hereto as Exhibit B.
11. I received a Schedule K-1 indicating my contribution and my resulting tax deduction.
12. In 2012, I contributed to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
13. On November 15, 2012, I wrote a check to "Forest Conservation 2012, LLC" in the amount of \$32,500.00, a copy of which is attached hereto as Exhibit C.
14. I was aware that my contribution amount for this transaction would include Ed Lloyd's fee.
15. I was aware that I became a member of Forest Conservation 2012, LLC once I wrote a check for \$32,500.00 on November 15, 2012.
16. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
17. In 2013, I contributed to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.

18. I am very satisfied with Ed Lloyd's tax planning and preparations services.

FURTHER THE AFFIANT SAYETH NOT.

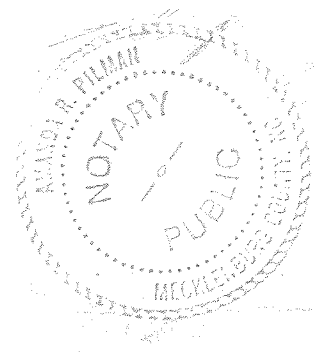
Raymond R. Bouley
Raymond R. Bouley

Sworn to and subscribed before me
This 30th day of December, 2014

Amanda R. Bliman
Notary Public

My Commission Expires:

June 22, 2019



MR RAYMOND R BOULEY OR
 CHARLOTTE NC 28241-7284

68-10530 NC 18

Ed Lloyd - Associates \$32,250.⁰⁰
Thirty Two Thousand Two Hundred & Fifty ⁰⁰ *Bills*

Bank of America

ACH RT 083000108

Do not write on this document. It is a legal document and should be kept in a safe place. If you have any questions, please contact the issuing authority.

PAY TO THE ORDER OF
 PINEBANK BANKING AND TRUST CO.
 PINEVILLE, NC 28134
 053009931
 FOR DEPOSIT ONLY
 ED LLOYD & ASSOCIATES, PLLC
 2511316922

Exhibit A
 Affidavit of
 Raymond R. Bouley

SEC-BBT-E-0003421

SEC-Defense-000007280

7045883396

Amount: \$5,000.00 Sequence Number: 6792601739
Account: 4323044 Capture Date: 06/08/2012
Bank Number: 05300019 Check Number: 7983

MR RAYMOND R BOULEY OR
MARY S BOULEY
KELLY B PLUMMER
PO BOX 7284 (704) 588-0605
CHARLOTTE, NC 28241

66-19/330 NC
58473

06-06-12

pay to the order of Ed Lloyd - Associates \$ 5000.00
Five Thousand & 00/100

Bank of America

ACH R/T 0530001205

Raymond Bouley

Amanda


1239544235

TO THE ORDER OF
JH BANKING AND TRUST CO.
PINEVILLE, NC 28134
FOR DEPOSIT ONLY
▲ 053003931 ▲
LLOYD & ASSOCIATES, PLLC
2811346592

Electronic Endorsements:


Date	Sequence	Bank #	Endrs Type	TRN	RRC	Bank Name
06/08/2012	[REDACTED]	111012822	Pay Bank	N		BANK OF AMERICA, NA
06/08/2012	[REDACTED]	53101121	Rtn Loc/BOFD	Y		BRANCH BNKS AND TRUS

Exhibit B
Affidavit of
Raymond R. Bouley




66-19/530 NC
58473

1115112

pay to the order of Forest Conservation 2012, LLC \$ 32,500.00
thirty two thousand Five hundred dollars + 00/100 - @

Bank of America 

ACH 8/T 053000108

For Deposit only
 5201200727

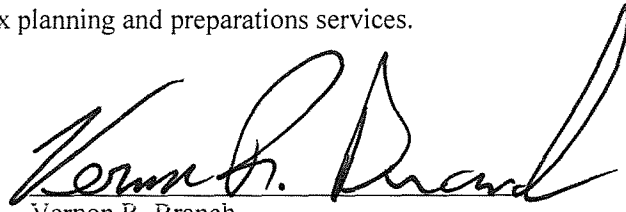
Exhibit C
 Affidavit of
 Raymond R. Bouley

AFFIDAVIT OF VERNON R. BRANCH

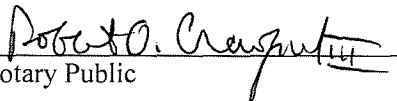
I, Vernon R. Branch, having been duly sworn do hereby depose and state the following:

1. I am a resident of Raleigh, North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for about six years.
3. In 2012, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On November 12, 2012, I wrote a check to "Forest Conservation 2012, LLC" in the amount of \$40,000.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I was aware that I became a member of Forest Conservation 2012, LLC once I wrote a check for \$40,000.00 on November 12, 2012.
11. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
12. I am very satisfied with Ed Lloyd's tax planning and preparations services.

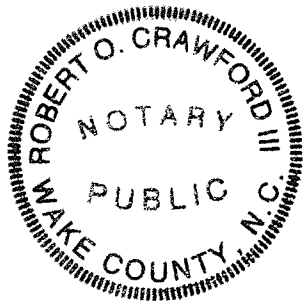
FURTHER THE AFFIANT SAYETH NOT.



Vernon R. Branch

Sworn to and subscribed before me
This 15th day of December, 2014


Notary Public

My Commission Expires:
12/1/2018








 Playbill
 Pubs
 1/530 10804
 221338416

Nov 12, 2012 Date

Pay to the Forest Conservation 2012, LLC — \$ 40,000.00
 Order of Forty Thousand & 00/100 Dollars


 Wells Fargo Bank, N.A.
 North Carolina
 wells Fargo.com

FOR  Marta D. 

⑆053000219⑆ 9221336416⑈ 00411



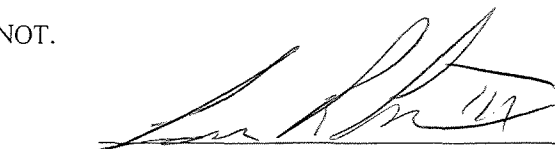
Exhibit A
 Affidavit of
 Vernon R. Branch

AFFIDAVIT OF JAMES R. CARSON

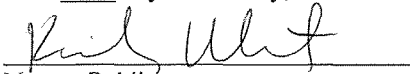
I, James R. Carson, having been duly sworn do hereby depose and state the following:

1. I am a resident of Fort Mill, South Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for ten years.
3. In 2012, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On November 30, 2012, I wrote a check to "Forest Conservation 2012 LLC" in the amount of \$30,000.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I was aware that I became a member of Forest Conservation 2012, LLC once I wrote a check for \$30,000.00 on November 30, 2012.
11. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
12. In 2013, I contributed to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
13. I am very satisfied with Ed Lloyd's tax planning and preparations services.

FURTHER THE AFFIANT SAYETH NOT.


James R. Carson

Sworn to and subscribed before me
This 6 day of January, 2015


Notary Public

My Commission Expires:
Dec. 11, 2017

KIRBY WEST
Notary Public
Cabarrus Co., North Carolina
My Commission Expires Dec. 11, 2017

JAMES R CARSON III
 KIR
 [Redacted]
 [Redacted]

Date: 11-30-12

Order of: Forest Conservation 2012 LLC \$ 30,000⁰⁰
Thirty Thousand and ⁰⁰/₁₀₀ Dollars

Bank of America
 ACH RVT 083100277
 Wealth Management Banking
 For: Conservation - 2012
Kirsten Carson

[Redacted]

RELAND 846.672.67

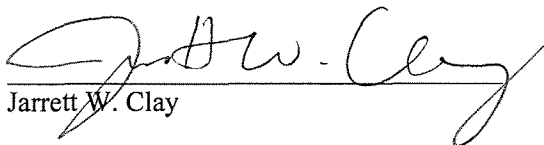
For Deposit Only
 52012007207

AFFIDAVIT OF JARRETT W. CLAY

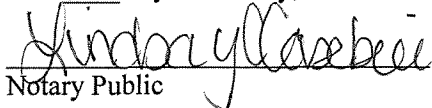
I, Jarrett W. Clay, having been duly sworn do hereby depose and state the following:

1. I am a resident of Greensboro, North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for about three to four years.
3. In 2012, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On September 28, 2012, I wrote a check to "Forest Conservation 2012, LLC" in the amount of \$45,000.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I was aware that I became a member of Forest Conservation 2012, LLC once I wrote a check for \$45,000.00 on September 28, 2012.
11. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
12. I also contributed to conservation easements in 2013 and 2014 with the assistance, guidance, and tax advice of Ed Lloyd.
14. I am very satisfied with Ed Lloyd's tax planning and preparations services.

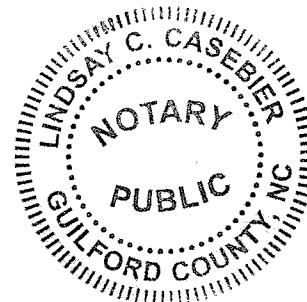
FURTHER THE AFFIANT SAYETH NOT.


Jarrett W. Clay

Sworn to and subscribed before me
This 14th day of January, 2015


Notary Public

My Commission Expires:
10/13/2018



JARRETT W CLAY
JAMIE N CLAY

9/28/12
DATE

Pay to the Order of Trust Conservation 2012, LLC \$ 45,000.00
Forty five thousand & 00/100 Dollars

WELLS FARGO
Wells Fargo Bank, N.A.
North Carolina
wellsfargo.com

For Jamie N. Clay

For Deposit only
5201200727

Exhibit A
Affidavit of
Jarrett W. Clay

AFFIDAVIT OF JESSE GARRETT

I, Jesse Garrett, having been duly sworn do hereby depose and state the following:

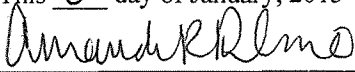
1. I am a resident of Charlotte, North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I was a tax client of Ed Lloyd & Associates, Inc. in 2011 and 2012.
3. In 2012, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. In November 2012, I wrote a check to Forest Conservation 2012, LLC in the amount of \$30,000.00.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I was aware that I became a member of Forest Conservation 2012, LLC once I wrote a check for \$30,000.00 in November 2012.
11. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.

FURTHER THE AFFIANT SAYETH NOT.



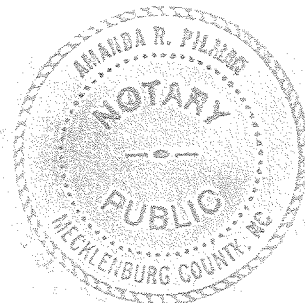
Jesse Garrett

Sworn to, and subscribed before me
This 8th day of January, 2015



Notary Public

My Commission Expires:
June 22, 2019



AFFIDAVIT OF TIMOTHY K. GOSS

I, Timothy K. Goss, having been duly sworn do hereby depose and state the following:

1. I am a resident of Waxhaw, North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for about eight years.
3. In 2011, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On December 21, 2011, I wrote a check to "Ed Lloyd & Assoc." in the amount of \$36,750.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
11. In 2012, I contributed to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
12. On November 19, 2012, I wrote a check to "Forest Conservation 2012" in the amount of \$35,000.00, a copy of which is attached hereto as Exhibit B.
13. I was aware that my contribution amount would include Ed Lloyd's fee.
14. I was aware that I became a member of Forest Conservation 2012, LLC once I wrote a check for \$35,000.00 on November 19, 2012.
15. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
16. In 2014, I am contributing to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.

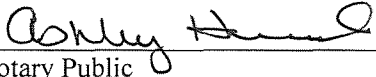
17. I am very satisfied with Ed Lloyd's tax planning and preparations services.

FURTHER THE AFFIANT SAYETH NOT.



Timothy K. Goss

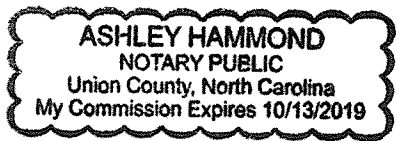
Sworn to and subscribed before me
This 11 day of December, 2014



Notary Public

My Commission Expires:

10-13-19



GOSS

12-21-11
Date

Pay to the order of

Ed Lloyd & Assoc

\$ 36,750.00

Thirty six thousand seven hundred fifty dollars/100



WACHOVIA

Wachovia Bank, a Division of Wells Fargo Bank, N.A.

For

Kelly Stoss

PAY TO THE ORDER OF
MARCH BANKING AND TRUST CO.
PINEVILLE, NC 28134
053203931
FOR DEPOSIT ONLY
ED LLOYD & ASSOCIATES, PLLC
0211346522

Exhibit A
Affidavit of
Timothy K. Goss

SEC-BBT-E-0003402

SEC-Defense-000007261

AFFIDAVIT OF DENNIS J. HALL

I, Dennis J. Hall, having been duly sworn do hereby depose and state the following:

1. I am a resident of Charlotte, North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for about three years.
3. In 2011, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On December 20, 2011, I wrote a check to "Ed Lloyd & Associates, PLLC" in the amount of \$32,250.00, a copy of which is attached hereto as Exhibit A.
9. On November 17, 2011, I wrote a separate check to "Ed Lloyd & Associates, PLLC" in the amount of \$4,500.00 for Ed Lloyd's fee, a copy of which is attached hereto as Exhibit B.
10. I received a Schedule K-1 indicating my contribution and my resulting tax deduction.
11. In 2012, I contributed to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
12. On November 12, 2012, I wrote a check to "Forest Conservation 2012, LLC" in the amount of \$27,500.00, a copy of which is attached hereto as Exhibit C.
13. I was aware that my contribution amount would include Ed Lloyd's fee.
14. I was aware that I became a member of Forest Conservation 2012, LLC once I wrote a check for \$27,500.00 on November 12, 2012.
15. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.

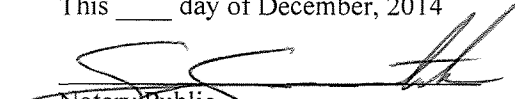
16. I am very satisfied with Ed Lloyd's tax planning and preparations services.

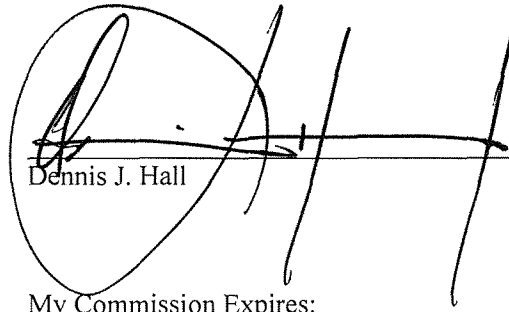
FURTHER THE AFFIANT SAYETH NOT.

Affirmed

Sworn to and subscribed before me

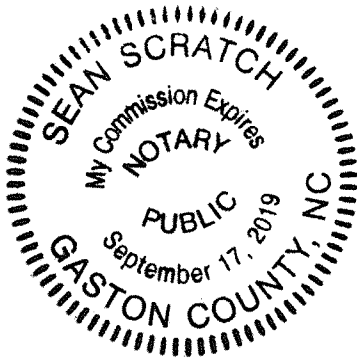
This ___ day of December, 2014

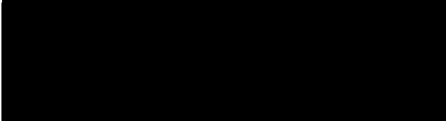

Notary Public


Dennis J. Hall

My Commission Expires:

Sept. 17th 2019





12/20/2011

PAY TO THE ORDER OF

Ed Lloyd & Associates, PLLC

\$ 32,250.00

Thirty-Two Thousand Two Hundred Fifty and 00/100

DOLLARS

Ed Lloyd & Associates, PLLC



[Handwritten Signature]
AUTHORIZED SIGNATURE

MEMO

Conservation deduction

⑈00007614⑈ ⑈053000219⑈ 2000600185909⑈

Security features. Details on back.

17
13
11
10
9
8
7
6
5
4
3
2
1
1346522
ED LLOYD & ASSOCIATES, PLLC
3033931
NC 28134
TRUST CO.

Exhibit A
Affidavit of
Dennis J. Hall

SEC-BBT-E-0003407

SEC-Defense-000007266



WACHOVIA BANK, N.A.
88-21-530

11/17/2011

PAY TO THE
ORDER OF

Ed Lloyd & Associates, PLLC

\$ 4,500.00

Four Thousand Five Hundred and 00/100

DOLLARS



[Handwritten Signature]
AUTHORIZED SIGNATURE

MEMO

15531 Strategic Tax Plan

⑈00007605⑈ ⑆053000219⑆ 2000600185909⑈

Security Features. Details on back.

1239925321

PAY TO THE ORDER OF
ED LLOYD & ASSOCIATES, PLLC
15531 STRATEGIC TAX PLAN
PRINCETON, NC 28154
053000219
CMT104522

R/T Number
Sequence Number
Account Number



Processing Date
Amount
Serial Number

20111123
4500.00

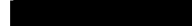


Exhibit B
Affidavit of
Dennis J. Hall

2066

HALL BURGHO INFORMATION GROUP, LLC
 5000 W. 10TH AVENUE, SUITE 100
 DENVER, CO 80202

MARK
 CAMERON
 64124100

11/12/2012

\$ 27,500.00

Pay to the order of

Forest Conservation 2011, LLC
 Twenty-Seven Thousand Five Hundred and 00/100

Forest Conservation 2012, LLC

Forest Conservation 2012, LLC

002016 *053012472 118035369*

11/15/2012 2066 \$27,500.00

Exhibit C
Affidavit of
Dennis J. Hall

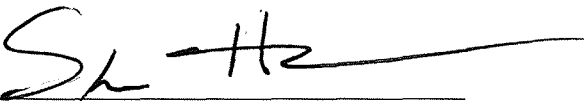
DH 00016

AFFIDAVIT OF ASHLEY S. HOOKS

I, Ashley S. Hooks, having been duly sworn do hereby depose and state the following:

1. I am a resident of Marietta, Georgia, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for about three years.
3. In 2012, I learned about the possibility of making a charitable contribution toward a conservation easement from a co-worker, a strategy the co-worker learned of through Ed Lloyd.
4. I spoke with Ed Lloyd, and he stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On November 20, 2012, I wrote a check to "Forest Conservation 2012, LLC" in the amount of \$35,000.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I was aware that I became a member of Forest Conservation 2012, LLC once I wrote a check for \$35,000.00 on November 20, 2012.
11. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
12. In 2013, I contributed to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
13. I am very satisfied with Ed Lloyd's tax planning and preparations services.

FURTHER THE AFFIANT SAYETH NOT.



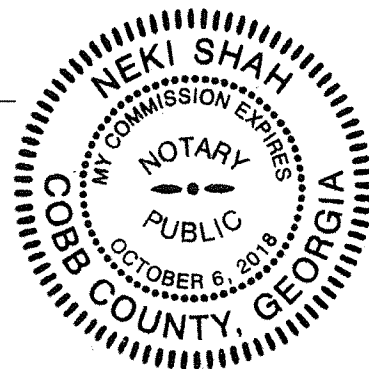
Ashley S. Hooks

Sworn to and subscribed before me
This 23 day of December, 2014



Notary Public

My Commission Expires:
10.6.2018



BRANCH 3003

11-20-12 Date

Pay to the Order of FOREST CONSERVATION 2012, LLC \$ 35,000.00

THIRTY FIVE THOUSAND DOLLARS AND 00/100 Dollars Security Features Enabled

WACHOVIA
Wachovia Bank, a division of Wells Fargo Bank, N.A.

Sa H



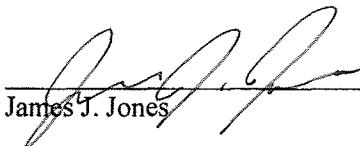
Exhibit A
Affidavit of
Ashley S. Hooks

AFFIDAVIT OF JAMES J. JONES

I, James J. Jones, having been duly sworn do hereby depose and state the following:

1. I am a resident of Charlotte, North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for over ten years.
3. In 2011, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On December 22, 2011, I wrote a check to "Ed Lloyd & Associates" in the amount of \$32,250.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that Ed Lloyd would receive a fee for his services in researching, preparing, and facilitating the contribution to the conservation easement.
10. On December 14, 2011, I wrote a separate check to Ed Lloyd & Associates in the amount of \$5,000.00 for Ed Lloyd's fee, a copy of which is attached hereto as Exhibit B.
11. I received a Schedule K-1 indicating my contribution and my resulting tax deduction.
12. In 2014, I am contributing to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
13. I am very satisfied with Ed Lloyd's tax planning and preparations services.

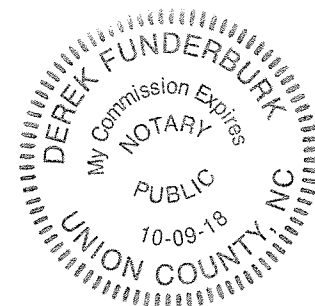
FURTHER THE AFFIANT SAYETH NOT.


James J. Jones

Sworn to and subscribed before me
This 31 day of December, 2014


Notary Public

My Commission Expires:
October 09 2018



Date: 12/20/11

58-19/630 NC 2B

Pay to the Order of Ed Lloyd & Associates \$ 32,250.00

Thirty two thousand two hundred fifty and 00/100 Dollars

Bank of America

ACH FUT 05300198

For

ED LLOYD & ASSOCIATES, PLLC
FOR DEPOSIT ONLY
053001981
PINEVILLE, NC 28134
Call 336.622.1111

Exhibit A
Affidavit of
James J. Jones

SEC-BBT-E-0003411

SEC-Defense-000007270

Amount: \$5,000.00

Sequence Number: [REDACTED]

Account: [REDACTED]

Capture Date: 01/05/2012

Bank Number: [REDACTED]

Check Number: 1459

Date 12/14/11

66-19/630 NC
28

Pay to the Order of Ted Lloyd & Associates \$ 5000.00

Ben Thomas Dollars

Bank of America

ACH R/T 053000196

For CPA work

[REDACTED] MICR line

© 2008 American

JUST CO
NEWVILLE, NC 28134
C-3303931
FOR DEPOSIT ONLY
LLOYD & ASSOCIATES, PLLC
521346522

Electronic Endorsements:

Date	Sequence	Bank #	Endrs Type	TRN	RRC	Bank Name
01/05/2012	[REDACTED]	[REDACTED]	Rtn Loc/BOFD	Y		BRANCH BNKG AND TRUS
01/05/2012	[REDACTED]	[REDACTED]	Pay Bank	N		BANK OF AMERICA, NA

Exhibit B
Affidavit of
James J. Jones

AFFIDAVIT OF STEVEN M. KEZMAN

I, Steven M. Kezman, having been duly sworn do hereby depose and state the following:

1. I am a resident of Charlotte, North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for many years.
3. In 2011, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement that would provide an overall tax savings to me.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate. Ed provided law firm opinion letters supporting this tax deduction.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. Ed Lloyd indicated this tax strategy is allowed by laws passed in the U.S. Congress.
7. I had no expectation of receiving any profit or return other than a legal tax deduction.
8. On December 23, 2011, I wrote a check to "Ed Lloyd & Associates PLLC" in the amount of \$26,000.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
11. In 2012, I contributed to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
12. On November 26, 2012, I wrote a check to "Forest Conservation 2012, LLC" in the amount of \$22,500.00, a copy of which is attached hereto as Exhibit B.
13. I was aware that my contribution amount would include Ed Lloyd's fee.
14. I understood that I became a member of Forest Conservation 2012, LLC once I wrote a check for \$22,500.00 on November 26, 2012 and expected no assumption of any liability and expecting only a legal tax deduction .
15. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.

16. So far, I have been satisfied with Ed Lloyd's tax planning and tax preparations services.

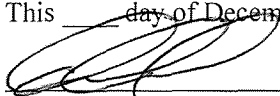
FURTHER THE AFFIANT SAYETH NOT.



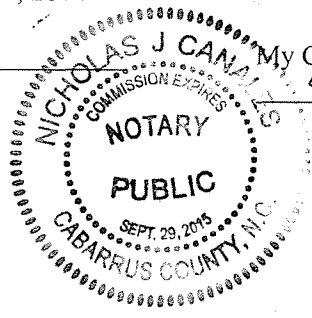
Steven M. Kezman

Sworn to and subscribed before me

This _____ day of December, 2014



Notary Public



My Commission Expires:

9-29-15

12/23/11 Date

Pay to the Order of Ed Lloyd & Associates PLLC \$26,000.⁰⁰

Twenty-Six Thousand & ⁰⁰/₁₀₀

NCBT NORTH CAROLINA BANK AND TRUST
NCBT, A Division of SCBT, N.A.

For Partnership in Conservation Donation

PAY TO THE ORDER OF
NORTH CAROLINA BANK AND TRUST CO.
PINEVILLE, NC 28134
⑆ 053003931 ⑆
POST ONLY
NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES
ED LLOYD & ASSOCIATES, PLLC
11346522

Exhibit A
Affidavit of
Steven M. Kezman

SEC-BBT-E-0003435

SEC-Defense-000007294

Pay to the Order of Forrest Conservation 2012, LLC \$ 22,500.⁰⁰
Twenty-Two Thousand Five Hundred Dollars

NCBT NORTH CAROLINA BANK AND TRUST
 www.NCBTonline.com 1-877-277-2185 Charlotte, NC
 NCBT, A Division of SCBT, N.A.

For _____

For Deposit Only
5201200727

Exhibit B
Affidavit of
Steven M. Kezman

AFFIDAVIT OF MICHAEL KNIGHT

I, Michael Knight, having been duly sworn do hereby depose and state the following:

1. I am a resident of Charlotte, North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. since March of 2012.
3. In 2012, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On November 29, 2012, I wrote a check to "Forest Conservation 2012, LLC" in the amount of \$30,000.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I was aware that I became a member of Forest Conservation 2012, LLC once I wrote a check for \$30,000.00 on November 29, 2012.
11. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
12. I am very satisfied with Ed Lloyd's tax planning and preparations services.

FURTHER THE AFFIANT SAYETH NOT.

Sworn to and subscribed before me
This 13th day of January, 2015
Amanda K. Kline
Notary Public



Michael Knight
My Commission Expires:
June 22, 2019



06-7788
2531

DATE 11/29/12

PAY TO THE ORDER OF

~~Forest Conservation 2012, LLC~~ \$ 30,000

Thirty-thousand and ^{no}/₁₀₀'s DOLLARS



Premium Account

PO Box 26643, Winston-Salem, NC 27114-6643

MEMO Mike Kulbert

Mike Kulbert

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE

ENDORSE HERE
For Deposit Only
52012011727

The security of this check is not affected by the use of this service.

* If you are having trouble with this document, please call 1-800-368-5868

AFFIDAVIT OF MARK S. LOSBY

I, Mark S. Losby, having been duly sworn do hereby depose and state the following:

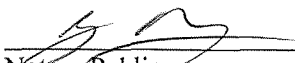
1. I am a resident of Irmo, South Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. since 2012.
3. In 2012, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On November 13, 2012, I wrote a check to "Forest Conservation 2012, LLC" in the amount of \$40,000.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I was aware that I became a member of Forest Conservation 2012, LLC once I wrote a check for \$40,000.00 on November 13, 2012.
11. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
12. In 2014, I am contributing to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
13. I am very satisfied with Ed Lloyd's tax planning and preparations services.

FURTHER THE AFFIANT SAYETH NOT.



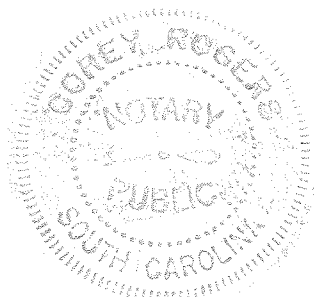
Mark S. Losby

Sworn to and subscribed before me
This 18th day of December, 2014



Notary Public

My Commission Expires:
05-09-2017



MARK S. [REDACTED] 67-947632

COLUMBIA [REDACTED] DATE

PAY TO THE ORDER OF Forest Conservation 2012, LLC \$ 40,000.00

forty thousand and no/100 DOLLARS

www.BCSTonline.com
BCST, N.A.
Irmo, SC 29063

MAD MONEY CHECKING

FOR [REDACTED]

[REDACTED]

*For Deposit 02/17
5201 Jun 7 2017*


Exhibit A
Affidavit of
Mark S. Losby

AFFIDAVIT OF KYLE MARTEL

I, Kyle Martel, having been duly sworn do hereby depose and state the following:

1. I am a resident of Tampa, Florida, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. since December of 2011.
3. In 2012, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On December 18, 2012, I wrote a check to "Forest Conservation 2012 II, LLC" in the amount of \$50,000.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I was aware that I became a member of Forest Conservation 2012 II, LLC once I wrote a check for \$50,000.00 on December 18, 2012.
11. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
12. I also contributed to conservation easements in 2013 and 2014 with the assistance, guidance, and tax advice of Ed Lloyd.
13. I am very satisfied with Ed Lloyd's tax planning and preparations services.

FURTHER THE AFFIANT SAYETH NOT.



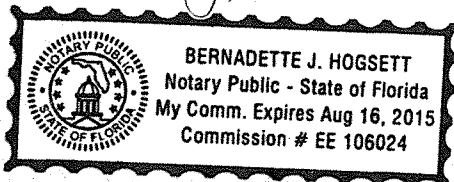
Kyle Martel


Sworn to and subscribed before me
This 15 day of January, 2015




Notary Public

My Commission Expires:
08/16/2015








2922
12/18/12 Date
55-843/670
BRANCH 00318

Pay to the Order of FOREST CONSERVATION 2012 II, LLC \$ 50,000
FIFTY THOUSAND Dollars


WACHOVIA
 Wachovia Bank, N.A.
 Wachovia.com

For CHARITABLE CONTRIBUTION
LAURENCEMENT PRESENTED
[Signature]





1072

deposit only

nc

Exhibit A
Affidavit of
Kyle Martel

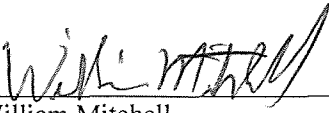
AFFIDAVIT OF WILLIAM MITCHELL

I, William Mitchell, having been duly sworn do hereby depose and state the following:

1. I am a resident of Spartanburg, South Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for about ten years.
3. In 2011, I learned about the possibility of making a charitable contribution toward a conservation easement from a co-worker, a strategy the co-worker learned of through Ed Lloyd.
4. I spoke with Ed Lloyd, and he stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On December 20, 2011, I wrote a check to "Ed Lloyd & Assoc." in the amount of \$36,750.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
11. In 2012, I contributed to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
12. On December 3, 2012, I wrote a check to "Forest Conservation 2012, LLC" in the amount of \$35,000.00, a copy of which is attached hereto as Exhibit B.
13. I was aware that my contribution amount would include Ed Lloyd's fee.
14. I was aware that I became a member of Forest Conservation 2012, LLC once I wrote a check for \$35,000.00 on December 3, 2012.
15. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
16. In 2014, I am contributing to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.


17. I am very satisfied with Ed Lloyd's tax planning and preparations services.

FURTHER THE AFFIANT SAYETH NOT.



William Mitchell

Sworn to and subscribed before me
This 12 day of December, 2014



Notary Public

My Commission Expires:
10/7/2023



MITCHELL
[Redacted]

AMERICAN POSTAGE

PAY Ed Lloyd & Assoc. \$ 36,750.00
TO THE ORDER OF Thirty six thousand seven hundred fifty and 00/100 DOLLARS

BANK OF AMERICA
ACH R/T 053904483

FOR Bill Mitchell
⑆ 370011 071 000211 229641 ⑆

TRADEMARKS AND COPYRIGHTS © 1994 BANK OF AMERICA NATIONAL ASSOCIATION
ALL RIGHTS RESERVED. THE BANK OF AMERICA NATIONAL ASSOCIATION IS A MEMBER OF THE UNITED STATES FEDERAL RESERVE SYSTEM.

PAY TO THE ORDER OF
CH BANKING AND TRUST CO.
PINEVILLE NC 28134
▲ 053003931 ▲
FOR DEPOSIT ONLY
LLOYD & ASSOCIATES, PLLC
211346622

Exhibit A
Affidavit of
William Mitchell

SEC-BBT-E-0003403

SEC-Defense-000007262



Capture Date: 12/03/2012 Sequence #: 7092058298

NEVER FORGET

Date 12/3/12

Pay to the order of: Forest Conservation 2012, LLC \$ 35,000.00
Thirty five thousand + 00/100 Dollars

BANK OF AMERICA
 ACH R/T 053904483

for Bill Mitchell

The Deposit Only
5201260727

Electronic Endorsements

Date	Sequence
12/03/2012	[REDACTED]
No Payee Endorsements Found	

Bank #	Endrs Type	TRN	RRC
[REDACTED]	Pay Bank	N	

Bank Name
 BRANCH BNKG AND TRUS
 BANK OF AMERICA, NA

Exhibit B
 Affidavit of
 William Mitchell

AFFIDAVIT OF GREGORY M. ORR

I, Gregory M. Orr, having been duly sworn do hereby depose and state the following:

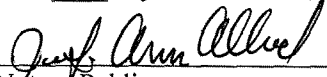
1. I am a resident of Winston-Salem, North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. since 2002.
3. In 2012, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On December 18, 2012, I wrote a check to "Forest Conservation 2012 II, LLC" in the amount of \$20,000.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I was aware that I became a member of Forest Conservation 2012 II, LLC once I wrote a check for \$20,000.00 on December 18, 2012.
11. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
12. In 2014, I am contributing to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
13. I am very satisfied with Ed Lloyd's tax planning and preparations services.

FURTHER THE AFFIANT SAYETH NOT.



Gregory M. Orr

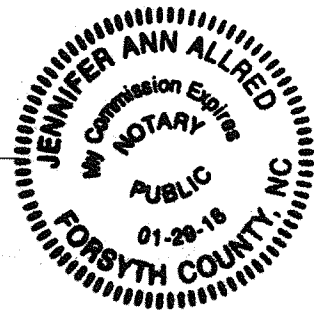
Sworn to and subscribed before me
This 23 day of December, 2014



Notary Public

My Commission Expires:

1-29-18





Angela

12/18/2012
Date

66-21/530
BRANCH 18020

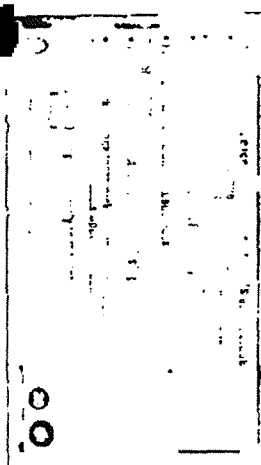
Pay to the order of Forest Conservation 2012 II, LLC \$20,000.00

Twenty Thousand and 00/100 Dollars

WACHOVIA
Wachovia Bank, N.A. until March 20, 2010
Wachovia Bank, a division of Wells Fargo Bank, N.A. effective March 20, 2010

For Contribution

[Signature]



Deposit only

AFFIDAVIT OF SHAUN E. ORR

I, Shaun E. Orr, having been duly sworn do hereby depose and state the following:

1. I am a resident of Mooresville, North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for about 13 years.
3. In 2012, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On December 15, 2012, I wrote a check to "Forest Conservation 2012" in the amount of \$20,000.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I was aware that I became a member of Forest Conservation 2012 II, LLC once I wrote a check for \$20,000.00 on December 15, 2012.
11. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
12. In 2014, I am contributing to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
13. I am very satisfied with Ed Lloyd's tax planning and preparations services.

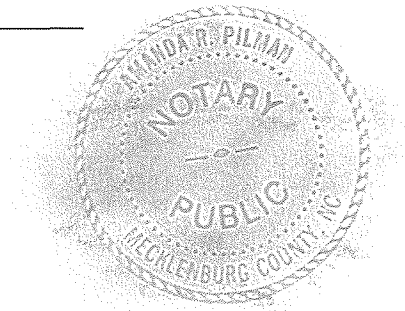
FURTHER THE AFFIANT SAYETH NOT.


Shaun E. Orr

Sworn to and subscribed before me
This 12th day of ~~December, 2014~~ January 2015


Notary Public

My Commission Expires:
June 22, 2019



DATE Dec 15, 2012

PAY TO Forest Conservation 2012 \$ 20,000 ⁰⁰/₁₀₀

THE ORDER OF Twenty-thousand 00/100 DOLLARS

State Employees' Credit Union*
Mooresville, North Carolina

115

MEMO

M E O

* Federal Reserve Bank of Charlotte, N.C.
The amount for
posting purposes is
\$ 20,000.00

DO NOT WRITE IN THESE SPACES

EMORSE HERE
M Deposit Only
5202525638

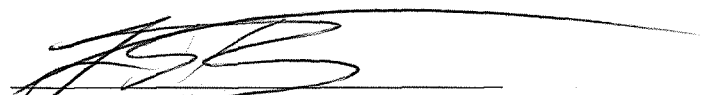
AFFIDAVIT OF LESLIE S. POWELL

I, Leslie S. Powell, having been duly sworn do hereby depose and state the following:

1. I am a resident of Mooresville, North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for about three years.
3. In 2011, I learned about the possibility of making a charitable contribution toward a conservation easement from a neighbor, a strategy the neighbor learned of through Ed Lloyd.
4. I spoke with Ed Lloyd, and he stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On December 20, 2011, I wrote a check to "Ed Lloyd Associates PLLC" in the amount of \$47,500.00, a copy of which is attached hereto as Exhibit A.
9. On December 23, 2011, I wrote another check to "Ed Lloyd LLC" in the amount of \$32,250.00, a copy of which is attached hereto as Exhibit B, for a total contribution amount of \$79,750.00.
10. I was aware that my contribution amount would include Ed Lloyd's fee.
11. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
12. In 2012, I contributed to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
13. On September 25, 2012, I wrote a check to "Forest Conservation 2012" in the amount of \$60,000.00, a copy of which is attached hereto as Exhibit C.
14. I was aware that my contribution amount would include Ed Lloyd's fee.
15. I was aware that I became a member of Forest Conservation 2012, LLC once I wrote a check for \$60,000.00 on September 25, 2012.
16. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
17. In 2013, I contributed to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
18. In 2014, I am contributing to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.

19. I am very satisfied with Ed Lloyd's tax planning and preparations services.

FURTHER THE AFFIANT SAYETH NOT.



Leslie S. Powell

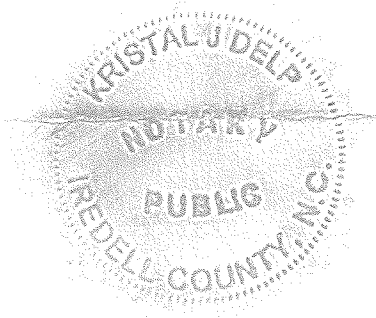
Sworn to and subscribed before me

This 3 day of ~~December, 2014~~ January, 2015 (KD)



Notary Public

My Commission Expires: **April 22, 2019**



Amount: \$47,500.00 Sequence Number: [REDACTED]
Account: [REDACTED] Capture Date: 12/22/2011
Bank Number: [REDACTED] Check Number: 101

Pay to the order of Ed Lloyd Associates PLLC \$ 47,500
Forty Seven Thousand and 500 Dollars Dollars

Merrill Lynch
 Bank of America
 For Conservation LLC *[Signature]*

FAY TO THE C
 BRANCH BANKING A, J TRUST CO
 PINEVILLE, NC 28134
 FOR DEPOSIT ONLY
 ED LLOYD & ASSOCIATES, PLLC
 704.544.8002

Electronic Endorsements:

Date	Sequence	Bank #	Endrs Type	TRN	REC	Bank Name
12/21/2011	[REDACTED]	[REDACTED]	Rtn Loc/BOFD	Y		BRANCH BNKG AND TRUS
12/22/2011	[REDACTED]	[REDACTED]	Undetermined	N		BANK OF AMERICA, NA

Exhibit A
Affidavit of
Leslie S. Powell

WAXHAW, NC 28173

Dec 23rd 2011

87-1767843

Pay to the order of Ed Floyd LLC
Thirty two thousand two hundred fifty

\$ 32,250

Dollars

Merrill Lynch

Bank of America

For Land Conservatory

[Signature]

PAY TO THE ORDER OF
RANCH BANKING AND TRUST CO.
PINEVILLE, NC 28134
033003931
FOR DEPOSIT ONLY
F. C. & ASSOCIATES, PLLC
111346522

Exhibit B
Affidavit of
Leslie S. Powell

SEC-BBT-E-0003413

SEC-Defense-000007272

LMA Account

Date Sept 25 2012 7-176/843

Pay to the order of Forest Conservation 2012 \$ 60,000

Sixty Thousand and 00/100 Dollars

MS Merrill Lynch

Bank of America

FOREST CONSERVATION 12

[Signature]

For Deposit only

Exhibit C
 Affidavit of
 Leslie S. Powell

AFFIDAVIT OF LARRY PRICE

I, Larry Price, having been duly sworn do hereby depose and state the following:

1. I am a resident of Charlotte, North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for more than ten years.
3. In 2011, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On December 19, 2011, I wrote a check to "Ed Lloyd & Associates" in the amount of \$36,750.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
11. In 2012, I contributed to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
12. On November 12, 2012, I wrote a check to "Forest Conservation 2012, LLC" in the amount of \$40,000.00, a copy of which is attached hereto as Exhibit B.
13. I was aware that my contribution amount would include Ed Lloyd's fee.
14. I was aware that I became a member of Forest Conservation 2012, LLC once I wrote a check for \$40,000.00 on November 12, 2012.
15. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.

16. I am very satisfied with Ed Lloyd's tax planning and preparations services.

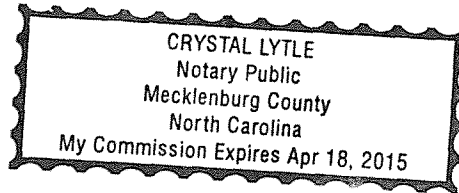
FURTHER THE AFFIANT SAYETH NOT.

Larry Price
Larry Price

Sworn to and subscribed before me
This 12 day of December, 2014

Crystal Lytle
Notary Public

My Commission Expires:
April 18, 2015



LARRY E. PRICE
[Redacted]
Date: December 19, 2011
Pay to the Order of: Ed. Lloyd & Associates \$36,750⁰⁰
thirty six thousand seven hundred fifty and no/100 Dollars
BANK OF COMMERCE
Charlotte, NC 28204
Larry E. Price

TO THE ORDER OF
JH BANKING AND TRUST CO
PINEVILLE, NC 28134
⑆ 653003931 ⑆
JH DEPOSIT ONLY
⑆ 211346522 ⑆
ED. LLOYD & ASSOCIATES, PLLC

Exhibit A
Affidavit of
Larry Price

SEC-BBT-E-0003405

SEC-Defense-000007264

AFFIDAVIT OF ROBERT SHELLEY

I, Robert Shelley, having been duly sworn do hereby depose and state the following:

1. I am a resident of Waxhaw, North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for about five years.
3. In 2012, I learned about the possibility of making a charitable contribution toward a conservation easement from a third party.
4. I spoke with Ed Lloyd, and he stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On December 20, 2012, I wrote a check to "Forest Conservation, LLC" in the amount of \$25,000.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I was aware that I became a member of Forest Conservation 2012 II, LLC once I wrote a check for \$25,000.00 on December 20, 2012.
11. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
12. In 2014, I am contributing to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
13. I am very satisfied with Ed Lloyd's tax planning and preparations services.

FURTHER THE AFFIANT SAYETH NOT.

Sworn to and subscribed before me
This 14th day of January, 2015

Amanda R. Pitme
Notary Public

Robert Shelley
Robert Shelley

My Commission Expires:
June 22, 2019



██████████ ██████████ ██████████

Pay to the order of Facet Conservation LLC \$25000.00

Twenty five thousand and 00/100 Dollars

Bank of America

ACH R/T 883000188

For 2012: Robert B. Shelley

██████████ ██████████ ██████████

MADE IN AMERICA

9 31

██████████

██████████

██████████

██████████

██████████

Exhibit A
Affidavit of
Robert Shelley

AFFIDAVIT OF JOHN M. SMITH

I, John M. Smith, having been duly sworn do hereby depose and state the following:

1. I am a resident of Elgin, South Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. for the past four years.
3. In 2012, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On December 14, 2012, I wrote a check to "Forest Conservation 2012 II, LLC" in the amount of \$35,000.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I was aware that I became a member of Forest Conservation 2012 II, LLC once I wrote a check for \$35,000.00 on December 14, 2012.
11. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
12. In 2013, I contributed to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
13. In 2014, I am contributing to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
14. I am very satisfied with Ed Lloyd's tax planning and preparations services.

FURTHER THE AFFIANT SAYETH NOT.



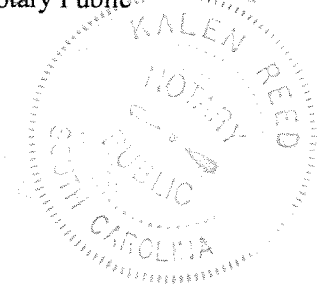
John M. Smith

Sworn to and subscribed before me
This 29 day of December, 2014



Notary Public

My Commission Expires:
2/21/24

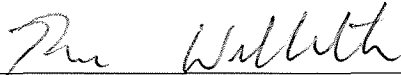


AFFIDAVIT OF BRUCE WILLETTE

I, Bruce Willette, having been duly sworn do hereby depose and state the following:


1. I am a resident of Charlotte North Carolina, over 18 years of age, competent to make this Affidavit, and do so of my own personal knowledge.
2. I have been a tax client of Ed Lloyd & Associates, Inc. since 1996.
3. In 2011, I was approached by Ed Lloyd about the possibility of making a charitable contribution toward a conservation easement.
4. Ed Lloyd stated that I would receive a tax deduction based upon my contribution amount if I decided to participate.
5. Ed Lloyd clearly indicated to me that any contribution would solely be for a tax benefit.
6. I knew that I would only receive a tax deduction for my contribution.
7. I had no expectation of receiving any profit or return other than a tax deduction.
8. On December 22, 2011, I wrote a check to "Ed Lloyd & Assoc." in the amount of \$36,750.00, a copy of which is attached hereto as Exhibit A.
9. I was aware that my contribution amount would include Ed Lloyd's fee.
10. I received a Schedule K-1 indicating my contribution minus Ed Lloyd's fee and my resulting tax deduction.
11. In 2014, I am considering contributing to another conservation easement with the assistance, guidance, and tax advice of Ed Lloyd.
12. I am very satisfied with Ed Lloyd's tax planning and preparations services.

FURTHER THE AFFIANT SAYETH NOT.



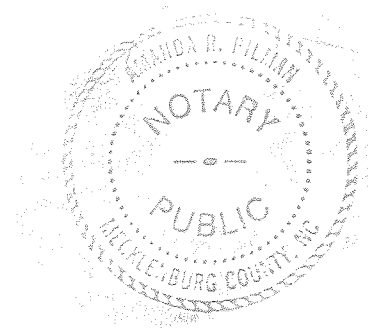
Bruce Willette

Sworn to and subscribed before me
This 30th day of December, 2014



Notary Public

My Commission Expires:
June 22, 2019



[Redacted]

[Redacted]

12/21/14 Date

Pay to the Order of *Ed Lloyd & Assoc* \$ *76,750.00*

Thrupix Properties LLC Dollars

WELLS FARGO Wells Fargo Bank, N.A. North Carolina wells Fargo.com

Or Willette

For [Redacted]

PAY TO THE ORDER OF
BRANCH BANKING AND TRUST CO.
PINEVILLE, NC 28134
⑆ 053003931 ⑆
FOR DEPOSIT ONLY
ED LLOYD & ASSOCIATES, PLLC
⑆ 217345522 ⑆

Exhibit A
Affidavit of
Bruce Willette

SEC-BBT-E-0003410

SEC-Defense-000007269

2120 CAREY AVENUE, SUITE 300
CHEYENNE, WY 82001
P.O. BOX 87
CHEYENNE, WY 82003
307-635-0710
307-635-0413 (FAX)
WWW.LRW-LAW.COM



LONG REIMER WINEGAR

LONG | REIMER | WINEGAR | BEPLER LLP

THOMAS N. LONG
PARTNER

ADMITTED IN WY & WA
tlong@lrw-law.com

WITH ATTORNEYS ADMITTED IN
WY CO UT CA ID NE ND & WA

January 15, 2015

Mr. Frederick Sharpless
VIA EMAIL: fks@sharpless-stavola.com

*Re: In the Matter of Paul Edward "Ed" Lloyd, Jr., CPA, SEC Administrative
Proceeding File No. 3-16182*

Dear Mr. Sharpless:

I am furnishing this letter to you in connection with the above-referenced matter (the "SEC Proceeding"). You have engaged me to consider issues of Wyoming law that are involved in the SEC Proceeding. I understand that you represent Mr. Lloyd in the matter and will be utilizing my opinions in his defense.

DOCUMENTS REVIEWED

In connection with this letter, you have supplied me, and I have reviewed, copies of the following documents:

1. Order Instituting Administrative and Cease – and – Desist Proceedings which is undated but apparently was entered in order to commence the SEC Proceeding.
2. Answer and Motion of Paul Edward "Ed" Lloyd, Jr., CPA dated October 22, 2014.
3. Operating Agreement of Forest Conservation 2012, LLC (the "LLC") dated and executed effective as of December 7, 2012 (the "Initial Operating Agreement").
4. The Amendment and Correction to Operating Agreement of Forest Conservation 2012, LLC (the "Amended Operating Agreement") executed by eighteen (18) members of the LLC dated to be effective December 7, 2012. The Amended Operating Agreement and the Initial Operating Agreement are hereinafter sometimes referred to as the "Operating Agreement."

Exhibit 9
Respondent's
Brief

5. Schedule K-1s for the year 2012 issued by the LLC to various members, including to Christopher R. Brown (“Brown”), James R. Carson (“Carson”) and Michael T. Malloy (“Malloy”).

6. Checks payable to the LLC drawn upon bank accounts owned by Brown, Carson, Malloy and their wives.

7. An Affidavit of Carson dated January 8, 2015.

8. Affidavits similar to the Carson Affidavit from several of the other members of the LLC.

The items listed above are the only documents I have considered in connection with the SEC Proceeding and the transactions described therein. In connection with my opinion, as to any matters of fact, I am relying on the above-referenced documents and those facts which are further set forth below.

RELEVANT FACTS

The following facts have been brought to my attention by or on behalf of Paul Edward Lloyd, Jr.:

1. Mr. Lloyd communicated with Messrs. Brown, Carson and Malloy (the “Allegedly Omitted Members”) regarding the opportunity for the Allegedly Omitted Members to become members of the LLC, and each of the Allegedly Omitted Members verbally agreed with Mr. Lloyd to become members, and Mr. Lloyd on behalf of the LLC verbally agreed to accept them as members.

2. Each of the Allegedly Omitted Members paid cash consideration in exchange for their acquisition of a membership interest in the LLC.

3. Each of the Allegedly Omitted Members received all reports and communications provided by the LLC and by Mr. Lloyd to the other fifteen (15) members of the LLC with respect to their tax reporting and in response to their questions.

4. In particular, each of the Allegedly Omitted Members received a Schedule K-1 from the LLC indicating their proportionate share of all income, loss, expense, deduction, gain and other tax consequences attributable to the LLC, and each such K-1 was timely received and was transferred to the Allegedly Omitted Members at the same time as appropriate K-1s were transmitted by the LLC to the other fifteen (15) members

of the LLC. Each K-1 reflects each member's percentage interest in the capital of the LLC in an amount equal to the percentage set forth in Exhibit "C" to the Amended Operating Agreement as the "Percentage After Fee."

5. Upon discovery of the omission of the Allegedly Omitted Members from the schedule of members attached to the Initial Operating Agreement, the Amended Operating Agreement was prepared by Mr. Lloyd and each of the Allegedly Omitted Members executed the same confirming their acquisition of a membership interest in the LLC effective as of December 7, 2012. At the same time, each of the other fifteen (15) members of the LLC similarly confirmed their own admission and the admission of the Allegedly Omitted Members as members of the LLC by executing the Amended Operating Agreement.

6. The Amended Operating Agreement was executed at some point in time after December 7, 2012 and was dated back in time to the date of December 7, 2012. As of December 7, 2012, each of the Allegedly Omitted Members and the fifteen (15) other members of the LLC had agreed to acquisition of a membership interest in the LLC, had agreed to the membership of the seventeen (17) other members, and had transferred consideration to the LLC in exchange their membership.

7. The backdating of the Amended Operating Agreement was not intended by any of the eighteen (18) parties signatory thereto to defraud any third party, deprive any third party of rights that may have otherwise accrued, or alter the agreement otherwise then understood among the eighteen (18) signatories.

8. Each of the Allegedly Omitted Members has claimed a deduction on the 2012 Form 1040 submitted by each of the Allegedly Omitted Members to the Internal Revenue Service, reflecting their appropriate proportionate share of the pass-through of the charitable contribution deductions attributable to each, and each has thereby obtained the tax benefit upon which each and in exchange for which each had agreed to become a member of the LLC.

9. There was no condition to membership set forth in the Operating Agreement of the LLC, nor verbal agreement between or among any of the manager, members or Allegedly Omitted Members, that as a condition precedent to membership any member be required to complete any documentation for, or receive approval from, any third party or governmental organization.

Mr. Frederick Sharpless
January 15, 2015
Page 4

10. There was no condition to membership set forth in the Operating Agreement of the LLC, nor verbal agreement between or among any of the manager, members or Allegedly Omitted Members, that as a condition precedent to membership there be a disclosure to any third party of any information with respect to any specific member.

11. None of the Allegedly Omitted Members dissociated from the LLC at any time relevant to the transactions involved in the SEC Proceeding.

ASSUMPTIONS

For purposes of this opinion, and with your permission, I have assumed the following without independent verification:

1. The genuineness of all signatures on the documents reviewed by me;
2. The exact conformity with the executed originals of all documents submitted to me as photostatic, telefacsimile, or electronic copies, with no subsequent material amendments or modifications thereto or subsequent mandatory agreements, written or verbal, of having been made;
3. The legal capacity of the individual signatories to the Amended Operating Agreement; and
4. The compliance of the transactions described in the SEC Proceeding with tax and other laws not otherwise involved in the SEC Proceeding.

Except as may be expressly provided otherwise herein, this opinion is governed by and shall be interpreted in accordance with the ABA Business Section "Accord" Regarding Third-Party Opinions, to the extent the same may be applicable to situations such as this opinion with respect to the SEC Proceeding. As a consequence of the application of the Accord, my opinion is subject to qualifications, exceptions, definitions, and limitations, all as more particularly described in the Accord, and my opinion should be read in conjunction therewith.

OPINION

I have examined the laws of the State of Wyoming in my consideration of the opinions expressed below. My examination has been limited to only current laws of general applicability to transactions of the nature described in the SEC Proceeding,

Mr. Frederick Sharpless
January 15, 2015
Page 5

excluding local laws and regulations, and laws or regulations not published in a manner generally available to practicing attorneys. My opinions are primarily based upon the Wyoming limited Liability Company Act and upon the common law of the State of Wyoming with respect to contracts. Based solely on the foregoing and subject to the assumptions, exceptions, qualifications and limitations set forth in this letter, I am of the opinion that Messrs. Brown, Carson and Malloy, the Allegedly Omitted Members, were members of the LLC at all times relevant to the matters described in the SEC Proceeding.

ANALYSIS

Under the Wyoming Limited Liability Company Act, an LLC's operating agreement is just that, an agreement. It is to be judged under basic contract law. An LLC has broad authority to adopt whatever provisions it may wish in its operating agreement, provided that it does not eliminate the contractual obligation of good faith and fair dealing nor adopt any of the other prohibited provisions described in Wyo. Stat. § 17-29-110(c). This contractual nature of an LLC has been recognized both by the Wyoming Supreme Court, *Lieberman v. Wyoming.com LLC*, 82 P.3d 274 (Wyo. 2004), and in the relevant literature, Rogers, *Business Organizations – Staying Afloat with a Hole in the Wyoming LLC Act; Default Rules in a Contractual LLC World*, 5 Wyo. L. Rev. 351 (2005); Cottam *et al.*, *The 2010 Wyoming Limited Liability Company Act; a Uniform Recipe with Wyoming “Home Cooking,”* 11 Wyo. L. Rev. 49 (2011). As is the case with other contractual arrangements, the Wyoming Limited Liability Company Act recognizes that an operating agreement may be based upon the verbal agreement of the members, Wyo. Stat. § 17-29-102(a)(xiv). An operating agreement can be oral, can be set forth in one or more writings, can be implied from the facts and circumstances of the parties, or can be determined based upon any combination thereof, *Id.*

The concern of the SEC appears to arise from its belief that the Allegedly Omitted Members were not actually members of the LLC. However, each of the Allegedly Omitted Members paid a consideration for their membership interest, received a benefit in the form of a tax deduction as the expected result of their membership in the LLC, and executed the amendment to the operating agreement affirming their membership in the LLC pursuant to the provisions of the Initial Operating Agreement. Although the documentation establishing the membership in the LLC of the Allegedly Omitted Members may not have been executed in writing at or prior to the time of their contributions to the LLC or their receipt of the bargained-for benefits from the LLC, such “backdating” does not invalidate the written documentation nor render it something that can be lightly overlooked.

The “backdating” that is represented by the amendment to the operating agreement simply memorializes all material events that did indeed occur with respect to the Allegedly Omitted Members to the same full extent and effect as had occurred with the fifteen other members of the LLC. Nothing in the amendment to the operating agreement purports to represent that it was actually signed on the “effective” date of December 7, 2012 that is described in the document, and some courts would refrain from using the term “back dating” to describe this after-the-fact written memorialization, *Moore v. Commissioner*, 93 T.C.M. (CCH 1275) (2007). The courts have certainly recognized the effective date of documents that were created after the fact in order to memorialize a prior agreement, *United States v. Micke*, 859 F.2d 473 (7th Cir. 1988). Wyoming is located in the 10th Circuit, which also has acknowledged that back dating of documents, including corporate documents is “not necessarily illegal,” *U.S. v. Gordon*, 710 F.3d 1124 (10th Cir. 2013), *citing United States v. Reyes*, 577 F.3d 1069 (9th Cir. 2009). Where, as here, the backdating reflected the date on which a matter had been agreed, then the court would determine that “the backdating was legitimate . . .” *Micke, supra.* at 478. The government itself has acknowledged the legitimacy of written documentation dated prior to the date of execution which memorializes a prior event. In fact, the government has affirmatively argued that a back dated document indeed memorialized a prior event and that the effective date of the agreed event should be governed by the back dated document, *Moore v. Commissioner, supra* at 283. To the extent the SEC Proceeding is based upon a contention that the three Allegedly Omitted Members were not members of the LLC, it has no foundation in and is contrary to Wyoming law.

The statutory requirements for a person to become a member of an LLC are set forth in Wyo. Stat. § 17-29-401. There are alternative methods for the same to be accomplished, at least two of which have been fulfilled by each of the Allegedly Omitted Members, i.e. their membership is provided in the Operating Agreement and their membership has been consented to by all of the other members of the LLC. In my opinion, the SEC is mistaken as a matter of law insofar as it has concluded that the Allegedly Omitted Members are not members; those three gentlemen are members of the LLC as a matter of Wyoming law.

QUALIFICATIONS

The foregoing opinion is subject to the following qualifications:

(i) My opinion is limited to the present effect of the internal laws of the state of Wyoming which are generally applicable to transactions of the nature described in the SEC Proceeding. I expressly note that my opinion does not address any of the following legal issues: securities laws and regulations; taxation laws and regulations; fraudulent transfer and conveyance, bankruptcy, moratorium and similar laws involving adequacy of consideration and/or insolvency; and criminal and civil forfeiture laws.

(ii) To the extent the Operating Agreement remains executory in nature, the members', including the Allegedly Omitted Members', rights and remedies, and the validity, binding nature, and enforceability of any of the terms of the Operating Agreement, may be limited or otherwise affected by general principles of equity (regardless of whether enforceability is considered in a proceeding in law or at equity). Without limiting the generality of this observation, I note that Wyoming courts have in the past denied enforcement of various contractual provisions in furtherance of equitable principles involving a duty of good faith and fair dealing, honesty and reasonableness, unconscionability, materiality, commercial impracticability, and other factual circumstances leading a court to find enforcement to be inequitable.

(iii) To the extent the Operating Agreement remains executory in nature, the members', including the Allegedly Omitted Members', rights and remedies, and the validity, binding nature, and enforceability of any of the terms of the Operating Agreement, may be limited or otherwise affected by the effect of general rules of contract law and/or tort law that:

- a. Provide that where less than all of an agreement is unenforceable, the balance is enforceable only when the unenforceable portion is not an essential part of the agreed exchange;
- b. Limit the recovery of damages to the extent the aggrieved party could have avoided damages by reasonable efforts; and
- c. Permit a party who has materially failed to render or offer performance the opportunity to cure such failure prior to the time the applicable performance condition can no longer occur.

(iv) The opinions expressed herein are strictly limited to the matters stated herein and no other opinions may be implied. Without limiting the generality of the foregoing, I specifically advise that I express no opinion as to:

Mr. Frederick Sharpless
January 15, 2015
Page 8

- a. Title to any property of LLC; or
- b. The accuracy of any description of assets or property used in the Operating Agreement or documents filed or submitted in connection with the SEC Proceeding.

(v) I have prepared this letter for you in connection with the SEC Proceeding, and it shall not be used for any other purpose or relied upon by any other party without my permission.

The opinions expressed above are rendered as of the date of this letter and are based on the information provided as noted above. I expressly disclaim any obligation to update this letter or otherwise to advise you of any matters (including, but not limited to, any subsequently enacted, published or reported laws, rules, regulations or judicial decisions having retroactive effect) which may come to my attention after the date of this letter and which affect any of the opinions expressed in this letter.

Very truly yours,

LONG REIMER WINEGAR BEPLER LLP

BY: THOMAS N. LONG

HOME ATTORNEYS PRACTICE AREAS NEWS & PUBLICATIONS OFFICES

HOME > ATTORNEYS > THOMAS N. LONG

THOMAS N. LONG

Email: tlong@lrw-law.com

The senior member of Long Reimer Winegar Beppler LLP, Mr. Long is widely recognized as an outstanding practitioner with expertise in tax, estate, commercial, property and business organization law.

Education and Licensure: Mr. Long graduated magna cum laude with degrees in Economics and Political Science from the University of Wyoming in 1972, and received his J.D. degree at Harvard Law School in 1976. Mr. Long has been admitted to practice in the U.S. Tax Court since 1981. He is licensed to practice law in the states of Washington and Wyoming.

From Chambers and Partners: *"Thomas Long is commended by sources as a "great business lawyer" for "tax and estate planning in particular." He also focuses on business structure and real estate matters."*

Community Service: Mr. Long served as commissioner of the Cheyenne Housing Authority for seventeen years through 2012, a director of the Cheyenne Regional Medical Center Foundation, and served by appointment of the Wyoming Supreme Court as a member of the Lawyer Mentoring Program Implementation Board, having previously co-chaired the Wyoming State Bar Association Mentoring Committee with partner Natalie Winegar. Mr. Long previously served on committees involved in the revision of the Wyoming Business Corporation Act and Wyoming Limited Liability Company Act.

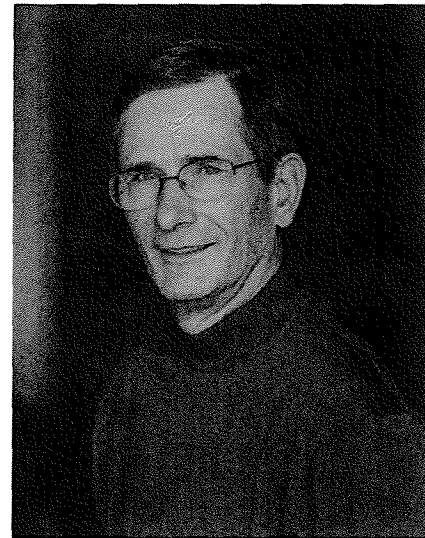
Memberships and Professorships: Mr. Long is a fellow of the American College of Trust and Estate Counsel (state chairman 1998-2003), a fellow of the American College of Tax Counsel, a member of the Society of Trust and Estate Practitioners and a member of Phi Beta Kappa. Mr. Long served as an Adjunct Professor of Law (Gift and Estate Taxation) at the University of Wyoming College of Law in 1982, and has regularly provided guest lectures since that time.

Speaking Engagements: Mr. Long has made presentations on behalf of ALI-ABA, ACTEC, the Wyoming and Colorado Bar Associations and other organizations. Mr. Long's recent speaking engagements include:

- Wyoming Philanthropy Days, Trusted Advisors and Professionals Seminar, May 22, 2014, "Navigating the Frontier: Philanthropic Planning and Beyond"
- Denver Estate Planning Council, November 21, 2013, "Simple Solutions To Common Problems: What Should Be In Your Bag Of Tricks"
- 2012 Society of Trust and Estate Practitioners, September 22, 2012, "A Comparative Analysis of U.S. Trust and PTC Situs States"
- 2011 Wyoming State Bar Convention, September 15, 2011, "Wealth Preservation and Planning for Business Entities, Individuals and Trusts Having a Situs in Wyoming"
- 2011 University of Wyoming College of Law, September 10, 2011, "Putting Wyoming's New LLC Statute to Work for You and Your Client"
- 2010 Wyoming State Bar Convention, September 16, 2010 "The Wyoming Limited Liability Company Act"
- 2010 NAIFA Wyoming, April 20, 2010, "Irrevocable Trusts Holding Life Insurance Policies"
- 2009 Wyoming State Bar Convention, September 16, 2009, "2009 Amendments to Wyoming Business Corporation Act"
- 2009 Colorado Bar Association 23rd Biennial Advanced Estate Planning Symposium, September 10, 2009, "Domestic Asset Protection: Choice of Entity and Choice of Techniques"
- 2008 Wyoming State Bar Convention, September 10, 2008, "Irrevocable Trusts"

Published Articles:

- "The 2010 Wyoming Limited Liability Company Act," 11 Wyo. L.Rev. 49 (2011)



- "Continuance and Transfer: Transnational Change of Corporate Domicile Under Wyoming Law," XXIII Land and Water Law Review 445 (1988)

Practice Areas:

- Business Planning
- Estate Planning
- Oil & Gas / Natural Resource
- Probate & Trust Administration
- Situs Planning
- Tax



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