

STATE OF MARYLAND	*	IN THE
	*	CIRCUIT COURT
V.	*	FOR
GILBERT SAPPERSTEIN	*	BALTIMORE
CASE NO. 105077011	*	CITY

* * * * *

**Donald Stone's Motion to be allowed to make a
Victim Impact Statement at Gilbert Sapperstein's Sentencing**

Donald Stone (Stone) ask this court for permission to make a brief Victim Impact statement as part of the court record at the sentencing hearing of Gilbert Sapperstein.

Stone has suffered irreparable damage to his patent and intellectual property as a direct result of Gilbert Sapperstein's criminal activities for which Gilbert Sapperstein is being sentenced.

In late 1993 Stone began an investigation into his former business associates that by 1997 continuing til the present mushroomed into a political corruption investigation focusing on Gilbert and Mark Sapperstein and their close personal ties to the MD. Attorney General, Joseph Curran Jr. and their co-conspirators and their ability to engage in repeated criminal activity with impunity.

The article Hot Contract, Mobtown Beat / Business Baltimore City Paper 1/26/2005 gives a brief current summary of my efforts to bring Gilbert Sapperstein and his co-conspirators to justice. Tracing Gilbert Sapperstein and his son Mark Sapperstein's criminal activities as far back as the 1980's early 90's **(EXHIBIT 1)**

Also the Washington Post article (excerpt) contains interesting comments by MD. Attorney General Joseph Curran Jr. (Close personal acquaintance of both Gilbert and Mark Sapperstein) concerning Gilbert Sapperstein co-conspirator Charles R. Longo. **(EXHIBIT 2)**

**Very brief background of Stone's efforts to stop the criminal activities of
Gilbert Sapperstein and his co-conspirators**

Greater detail can be found at www.marylandcorruption.com

In late 1991 Donald Stone formed Donald Stone Industries Inc. (DSII) to commercial a technology Stone had invented.

By late 1993 under Stone's leadership, Stone's invention, still in its infancy appeared to have tremendous potential in a broad spectrum of applications.

Stone had initiated numerous discussions with major U.S. corporations.

Unknown to Stone, the DSII corporate attorney Greg Burgee (Burgee) and his law firm Miles & Stockbridge and the secretary/treasurer of DSII, Bruff J. Procter (Procter) were involved in numerous fraudulent schemes such as money laundering and federal bankruptcy fraud, primarily hiding the assets of the bankruptcies of Charles R. Longo in legitimate businesses such as DSII.

[In 1994 Stone would discover that both Longo and Procter were the targets of a extensive MD. Attorney General investigation involving an \$8 million student loan fraud scheme and 2000 documented victims in MD. & VA.]

[Then in 1995 Stone obtained U.S. Dept. of Justice internal documents of meetings between DOJ officials and MD. Attorney General, William F. Howard of a Sept. 1994 meeting concerning very serious federal criminal violations by Longo and Procter.] (EXHIBIT 3)

Procter introduced Stone to Longo, inducing Stone into believing Longo was a legitimate investor/ businessman interested in investing in DSII.

Eventually Stone would discover that Longo had been indicted in VA. on 45 counts of grand theft. Longo was apprehended in Prince Georges County, and held for 10 days without bail.

Procter then introduced Stone to Mark Sapperstein in late 1992 inducing Stone into believing Mark Sapperstein was a legitimate investor/businessman interested in investing money in DSII

On two separate occasions, late 1992 and early 1993, Mark Sapperstein made investments in DSII .

When it was time to prepare the K- 1 tax returns for DSII in 1993 for the 1992 tax period Stone was informed via fax by Procter that Mark Sapperstein was making the investment on his father, Gilbert's Sapperstein's behalf . (EXHIBIT 4)

Three Extortion Attempts by Gilbert Sapperstein and Co-conspirators to Steal Stone's patent

First Extortion Attempt

Oct. 15,1993 Gilbert, Mark Sapperstein, Longo, Procter and Robert Warfield Sr. acting in concert with the three law firms Miles & Stockbridge, Foley & Lardner and Williams Hammond, Shockley, Moore & Harrison seize control of DSII and threaten to have Stone arrested on unspecified criminal charges if Stone doesn't capitulate to their extortion attempt. (EXHIBIT 5)

This sham lawsuit, fraudulent scheme would eventually be successful, forcing Stone under duress, to capitulate to their extortion attempts “under color of law” and force Stone to assign his valuable patent and intellectual property over to Gilbert & Mark Sapperstein and their co-conspirators Longo et al, giving them absolute control over Stone’s valuable patent and intellectual property in mid 1996. **(EXHIBIT 8)**

By 1997 Gilbert and Mark Sapperstein and their co-conspirators had permanently destroyed Stone’s valuable patent and intellectual property by refusing to pay the small patent maintenance fee to the U.S. Patent and Trademark, required to preserve Stone’s patent as valid.

By late 1997 Stone had completed his investigation into his former business associates which began in Oct. 1993 and by late 1997 mushroomed into a political corruption investigation.

This resulted in Stone filing the two federal racketeering lawsuits against the Sapperstein’s and their co-conspirators, first in Florida (FL/RICO) and then in Maryland (MD/RICO).

Even though neither of Stone’s RICO lawsuits were successful, they did produce a windfall of documentary evidence that would prove to be very valuable in Stone’s ongoing privately financed criminal investigation into Gilbert and Mark Sapperstein’s organized crime syndicate.

A sample of some of the of useful documents Stone obtained were as follows:

1. a. Mark Sapperstein had knowingly and willfully falsified an affidavit in the FL/RICO claiming he had never done any business in Florida. **(EXHIBIT 9)**
 - b. Irrefutable evidence that Mark lied in this affidavit when it was discovered that Pinnacle Towers, Sarasota, FL. had paid Mark Sapperstein (personally) an estimated \$8 million several months prior to this application and that Mark had entered into an ongoing consultancy agreement with Pinnacle in FL. **(EXHIBIT 10)**
2. a. Six (6) federal prosecutors were caught lying in the FL/RICO trying to white wash the criminal activities of Gilbert and Mark Sapperstein and their co-conspirators as a business dispute or civil matter. **(EXHIBIT 11 excerpt)**
 - b. With court motions, Stone forced the federal prosecutors to admit Gilbert and Mark Sapperstein and their co-conspirators were involved in alleged criminal activities as opposed to civil or business dispute. **(EXHIBIT 12 excerpt)**
3. a. A new business entity surfaced in the FL/RICO known as Donald Stone Investments Inc. Stone had never heard of this entity before and believe it was a dummy corporation set by the Sapperstein’s and their co-conspirators to sell phony securities under Stone’s good name.

4. a. Gilbert and Mark Sapperstein's close personal acquaintance and political crony, (the man who provides the muscle for the Sapperstein's organized crime syndicate) MD. Attorney General, Joseph Curran Jr. just couldn't resist and opportunity to smear, vilify or ridicule Stone's efforts to bring the Gilbert & Mark Sapperstin and their co-conspirators to justice. **(EXHIBIT 13)**
5. While Gilbert and Mark Sapperstein and their co-conspirators are stealing millions from the Baltimore school system, their good buddy, MD. Attorney General Joseph Curran Jr. is rubber stamping \$100,000.00 business loan guarantees to Mark Sapperstein and Gilbert Sapperstein, in which their co-conspirator Miles & Stockbridge is actively involved. **(EXHIBIT 14)**

Prayer for relief My sincere apology to the court for filing this motion at such a late date, I fully well understand that this court system is extremely overburden.

At the time of sentencing Gilbert Sapperstein, Donald Stone will be sitting in the court room and the judge can rule on this motion, a simple yes or no on the record as to whether Donald Stone will be allowed

For these reasons and others Donald Stone respectfully ask that he be allowed to make a short 5 or 10 minute victim impact statement at the sentencing of Gilbert Sapperstein.

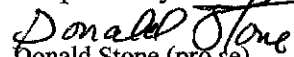
Donald Stone has suffered the destruction of his valuable patent and intellectual property at the hands of Gilbert Sapperstein and his co-conspirators.

And also the egregious actions of Gilbert Sapperstein and his co-conspirators to smear, vilify, and ridicule Stone and his good name, while simultaneously Gilbert Sapperstein and his co-conspirators steal millions from the Baltimore School System.

The destruction of Stone's patent by Gilbert Sapperstein and his co-conspirators forever denies Stone the ability to reap any benefit for his labors that could be reap from his intellectual properties.

In the alternative should Stone not be allowed to make a victim impact statement at Gilbert Sapperstein's sentencing, Stone respectfully asks the Court to make this motion a permanent part of the court record that it be retained as part of the permanent public record in Gilbert Sapperstein's court file.

Respectfully submitted


Donald Stone (pro se)

2725 N.E. Indian River Drive # 2
Jensen Beach, FL. 34957
(772) 834-6175 Cellphone

EXHIBITS

- EXHIBIT 1** Hot Contract, Mobtown Beat, City Paper Jan. 26, 2005
- EXHIBIT 2** (Excerpt) Loan Abuses by Some Trade Schools Leave Taxpayers with Big Bills
Washington Post October 29, 1997
- EXHIBIT 3** Sept. 26, 1994 DOJ internal documents discussing Gilbert Sapperstein's
Co-conspirators Charles R. Longo and Bruff J. Procter criminal activities and
violations of federal criminal statutes between:
- Dale Kelberman** - Chief of White Collar Crimes for MD. USDOJ
Lori Simpson (LS) - Attorney USDOJ U.S. Bankruptcy Trustee Program
William F. Howard (Bill) - Assistant MD. Attorney General, Board of Higher
Education
Mike Beck - Investigator MD. Board of Higher Education
- EXHIBIT 4** Fax to Stone from Gilbert and Mark Sapperstein, advising Stone that Mark
Sapperstein was making the investment into DSII on behalf of his father Gilbert
Sapperstein.
- EXHIBIT 5** 1st extortion attempt by Gilbert & Mark Sapperstein and their co-conspirators
Seizing control of DSII and threatening to have Stone arrested on unspecified
criminal charges. These are very old documents, 1993 of poor quality Donald
Stone has filled in certain letters to ease the reading of the documents and
highlighted in red the signatures believed to be those of Mark and/or Gilbert
Sapperstein and their co-conspirators. Oct. 15, 1993
- EXHIBIT 6** DSII money embezzled by Longo and Procter from their co-conspirators
to support Longo's rapidly collapsing securities fraud scheme. Nov./Dec. 1993
- EXHIBIT 7** 2nd Extortion attempt demanding Stone assign his valuable patent and intellectual
property over to Longo & DSII exclusive control.
- EXHIBIT 8** Documents from sham lawsuit against Stone giving Gilbert Sapperstein and his
co-conspirators absolute control over Stone's patent and intellectual property.
- EXHIBIT 9** Falsified affidavit of Mark Sapperstein in FL/RICO March 31, 1998
- EXHIBIT 10** Approx. \$8 million payment made personally to Mark Sapperstein in late 1997
by Pinnacle Towers in Sarasota, FL.

- EXHIBIT 11** (Excerpt) FL/RICO Motion by 6 federal prosecutors caught lying trying to whitewash Gilbert Sapperstein and his co-conspirators criminal activities as a business dispute and/or civil matter.
- EXHIBIT 12** (Excerpt)FL/RICO Motion by 6 federal prosecutors now admitting that Gilbert Sapperstein and his co-conspirators are involved in criminal activity.
- EXHIBIT 13** Stuart News, Martin County, FL. Article in which MD. Attorney General Joseph Curran Jr. and his agents are caught lying to the media and smearing and ridiculing Stone's efforts to bring (Curran's good buddies) Gilbert Sapperstein and his co-conspirators to justice.
- EXHIBIT 14** MD. Attorney General Joseph Curran Jr. rubber stamping 1000's of dollars in MD. Government loans to Gilbert and Mark Sapperstein while Gilbert and Mark Sapperstein steal millions from the Baltimore School system.



Donald Stone
2725 N.E. Indian River Dr. #2
Jensen Beach, FL. 34957
(772) 834-6175 cellphone

Certificate of Service

On August 22, 2005 ,Donald Stone (pro se) did send via UPS Next Day Air **copies of Donald Stone's Motion to be allowed to Make a Victim Impact Statement at Gilbert Sapperstein's Sentencing** to the following:

Robert Rohrbaugh
State Prosecutor
MD. State Prosecutors Office
300 East Joppa Rd.
Suite 410
Towson, MD. 21286-3152

Gregg L. Bernstein
c/o Zuckerman & Spaeder
100 East Pratt St.
Suite 2440
Baltimore, MD. 21202

Mobtown Beat | Business

Hot Contract

City Bribery Scandal Tied to Influential Father and Son



Frank Klein

By **Van Smith**

Mark Sapperstein owns 113 W. Hamburg St., an 8,000-square-foot commercial building in Sharp-Leadenhall. The South Baltimore property, though devoid of signs, houses Allstate Boiler Service, a company owned by Gilbert Sapperstein, Mark's 73-year-old father. On Jan. 7, Allstate Boiler's bookkeeper and office manager, Ida Marie Beran, pled guilty in a bribery case involving the company's contract with the city to provide boiler services for municipal agencies. Also pleading guilty was Cecil Thrower, a city Department of Public Works employee since 1984 who worked at the Back River Wastewater Treatment Plant in Essex.

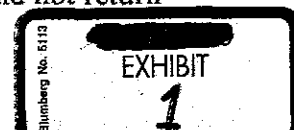
BOILERPLATE: Allstate Boiler Service, a company owned by Gilbert Sapperstein and housed in a building owned by his son, Mark Sapperstein, is involved in bribery scandal being investigated by the state.

The case ties an established name in Baltimore's business and political class—that of the Sapperstein family—to an ongoing criminal investigation.

In the statement of facts filed in the case, which was brought by the Office of the State Prosecutor, Beran and Thrower admitted that they conspired together to inflate invoices under Allstate Boiler's contract with the city. While Thrower received somewhere between \$1,500 and \$2,000 for his part in the scheme, Beran received nothing—though her employer received “well over” \$120,000 in excess payments as a result of the fraudulent bills, according to case documents. The court record further explains that the conspiracy began in approximately 1998, at which point “Mr. Thrower was approached by the business owner who employed Ms. Beran [who] suggested to Mr. Thrower, ‘From time to time you could do something for us and perhaps we could do something [for] you.’ . . . [O]n more than one occasion, while acting at the instruction of and in concert with her employer, Ms. Beran prepared the envelopes containing cash for Thrower and provided them to other employees for delivery to Thrower.”

The case documents make no mention of Allstate Boiler or the Back River plant. Department of Public Works spokesman Robert Murrow, however, confirmed for *City Paper* that the city contract defrauded in the scheme has been held by Allstate for “like 20 years” to provide boiler work for any city agency that needs such services, and that the inflated bills were for work at Back River. Allstate, which has been in business since 1965, also holds the boiler contract for the Baltimore City Public School System, according to city schools spokeswoman Vanessa Pyatt, though she says the contract is “set to expire in February.” State prosecutor Robert Rohrbaugh confirms that, “absolutely, this is a continuing investigation,” though he could “neither confirm nor deny” that the investigation continues to focus on Allstate Boiler or the Sappersteins. Rohrbaugh's reticence aside, the record makes clear that Allstate, not Beran, benefited from the longstanding bribery scheme.

Mark Sapperstein acknowledged to *City Paper* that Allstate Boiler Service is located at his property, but he declined comment about the company or the bribery scandal. Gilbert Sapperstein did not return



calls for comment left at Allstate, and contact information for Beran could not be found. Thrower's phone at his West Baltimore residence has been disconnected.

Mark Sapperstein is a major player in local real-estate circles. He's a partner in Silo Point, a \$200 million proposal to convert a derelict grain elevator in Locust Point into a residential-retail development. On Jan. 13, the Baltimore Development Corp. awarded development rights to a city-owned parcel at Calvert and Lombard streets to Mark Sapperstein and his partners, who planned to turn it into a \$71 million apartment complex called Cityscape. In 2002, he and his partners constructed a \$13.5 million parking garage at Calvert and Lombard. Last spring, Sapperstein purchased 200 acres on North Point in eastern Baltimore County, where he plans to build luxury single-family homes on the Bauer Farm tract, where British troops in the War of 1812 marched en route to face Baltimore militias.

Gilbert and Mark Sapperstein, through their respective companies, have been active as donors to campaigns of elected officials. Since the fall of 1999, the two, along with Mark Sapperstein's wife and several Sapperstein companies, gave at least \$33,270 to the campaign committees of various elected officials. Of the total, \$9,650 went to Mayor Martin O'Malley (D), \$8,000 went to Baltimore County Executive Jim Smith (D), and \$4,250 went to Gov. Robert Ehrlich (R). Nearly all of the rest went to legislators representing Baltimore City and Baltimore County. At the federal level, Gilbert Sapperstein donated \$250 each to U.S. Rep. C.A. "Dutch" Ruppersberger (D-2nd District) and the Republican National Committee. Mark Sapperstein gave \$1,000 to U.S. Sen. Joseph Biden (D-Del.) and \$500 each to Ruppersberger, U.S. Sen. Barbara Mikulski (D), and Virginia Congressman Eric Cantor (R-7th District). Mark Sapperstein's wife also gave \$500 to Cantor.

Gilbert Sapperstein, according to several sources familiar with the workings of the Baltimore City Board of Liquor License Commissioners, is known as a go-to guy for prospective liquor licensees looking to break into the bar business. As a secured creditor for bars that fail, he assumes control of properties and liquor licenses and thus can procure opportunities for new entrepreneurs. According to liquor board documents, for example, Sapperstein was a secured creditor in a March 2003 license transfer for Mary's Place in West Baltimore. Often, sources say, bar owners who are indebted to Sapperstein, who has been in the poker-machine business for years, agree to keep his poker machines in their establishments.

Both Sappersteins have had run-ins with the law for gambling-related charges. Gilbert, whose Star Coin Machine Co. is housed at 113 W. Hamburg with Allstate Boiler, faced 107 gambling-related charges in state courts in the 1980s and '90s relating to Star Coin's poker machines, though prosecutors declined to prosecute nearly all of them. In two cases, he received probation before judgment and was fined \$1,475. Mark Sapperstein was charged with four gambling-related counts in 1989, though prosecutors chose not to pursue the cases. State records indicate that Mark Sapperstein's poker-machine company, Mark's Vending, has been inactive for more than a decade.

In 1984, Gilbert Sapperstein faced 18 housing-code violations for properties he owned in the city, receiving probation before judgment for 16 of them while prosecutors declined to pursue the remaining two charges. In 2003, Gilbert Sapperstein was charged with 10 housing-code violations in connection with a rowhouse he owned at 3203 Fleet St., receiving probation before judgment and \$170 in fines. He sold the property shortly afterward.

Last April, Gilbert Sapperstein sold one of his properties in the Hollins Market neighborhood—the former Tom Thumb/Gypsy's Café property, which in 2000 collapsed amid ill-conceived renovations. Two of his other properties in the same Southwest Baltimore neighborhood on Carrollton

Avenue—one of which housed the Club Medusa, a hipsters' after-hours social club, in the 1990s—are for sale. In July, he sold a property at 1600 W. Baltimore St., which houses a tavern called Good Times. Currently for sale in the 800 block of West Cross Street is the property that housed Foul Ball Bar and Grille, which is owned by 2001 Eastern Ave. LLC, one of Gilbert Sapperstein's companies. The Fells Point address the company is named after houses the Colonial Inn (owned by the same company). In Baltimore County, Gilbert Sapperstein owns 9727 Pulaski Highway, a large restaurant currently under renovation, and 2123-25 Sparrows Point Road, a strip club and bar. The list of Sapperstein properties—many of them with liquor licenses attached—could go on and on.

In the 1990s, Mark and Gilbert Sapperstein were named, along with dozens of other parties, in a civil Racketeer-Influenced and Corrupt Organizations (RICO) lawsuit brought by Donald D. Stone, a self-described surfer dude who alleged that the Sappersteins, their business partners and lawyers, and the law-enforcement bureaucracy in Maryland and Florida conspired to keep him from shedding light on their allegedly corrupt schemes. The case, which was filed separately in federal courts in Maryland and Florida, went nowhere. That outcome has not kept Stone from posting potentially libelous statements about the Sappersteins and others on the internet—though, so far, Stone says he has not been sued.

Part of Stone's investigation into the Sappersteins focused on an Anne Arundel County deal for cell-phone towers that led to a lawsuit against Mark Sapperstein and his business partners by George and Mary Jane Chamberlain, who moved from Annapolis to New Hampshire before filing the complaint in 1999. The lawsuit, which has since been settled, alleged that Mark Sapperstein and two partners, both of whom also sat on the Anne Arundel County Economic Development Commission, stole the couple's idea for dominating the communications-tower industry. The terms of the settlement are confidential, though the amount paid to the Chamberlains—\$40,000—later leaked out. The lawsuit was filed shortly after Mark Sapperstein sold his communications-tower companies to a Florida company for \$8 million in 1998.

Investigators are keeping mum about where they might be headed as they scour the books. Only time will tell whether the Sappersteins are in the clear or headed for more trouble as the case progresses.

related items

washingtonpost.com | home page | site index | search | help |

From The Post

- Part One: [Rising Tuitions Fill Loan Firm Coffers](#)
- Part Two: [Executives Reap Rewards From Nonprofit Loan Firm's Success](#)

On washingtonpost.com

- Tell the Post writer, Charles Babcock, what you think about this series on student loans.
- Check out our complete guide to [Paying for College](#).

On the Web

- USA Group Inc. provides a company [profile](#) and student [loan calculators](#).
- Estimates of [undergraduate borrowing](#) from the National Center for Education Statistics.
- The U.S. Department of Education offers an [online application](#) for federal financial aid and the [Student Guide 1997-98](#).

Go to [Business Section](#)

Go to [Washington World](#)

Go to [Home Page](#)

Loan Abuses by Some Trade Schools Leave Taxpayers With Big Bill

Third of three parts

By Charles R. Babcock
Washington Post Staff Writer
Wed., Oct. 29, 1997; Page A01



Education Inspector General Thomas R. Bloom said, "The fraud is still out there." (James M. Thresher/TWP)

Every month, when Cynthia Reeder, of Capitol Heights, writes a check to pay another installment on her \$7,400 in student loans, she chides herself for not being a little smarter in pursuing her education.

"I didn't get what I paid for," complained Reeder, 26, who will be repaying the money she borrowed five years ago until at least 2005. "I was naive."

The Rockville trade school where Reeder enrolled in "office specialist" courses, General Communications Inc., showed considerably more savvy in exploiting federal student aid programs. Luring students with the promise of "free money" provided by the U.S. Treasury, GCI telemarketers targeted low-income individuals who qualified for federal grants and low-interest loans, according to Maryland higher education authorities.

GCI revenue soared from about \$700,000 in 1986 to more than \$4.8 million in 1993 — almost all of it from students eligible for federal aid. State officials eventually moved in after receiving complaints about the school's operations. Investigators found that only 11 percent of those enrolled at GCI graduated and that most students failed to land jobs despite school promises. Rather than pay \$2 million in tuition refunds, as demanded by the state, GCI shut its doors two years ago.

Reeder, like many students, was left saddled with a long-term debt and little to show for her educational pursuits. Lacking a graduation certificate, Reeder said, she landed a temporary position as a receptionist through GCI's job placement office. And she, at least, is paying back the money she borrowed. Many GCI students defaulted, leaving the U.S. government holding the bag. Of the \$20.6



to 1992, was sentenced to prison in May after pleading guilty to conspiracy and mail fraud for hiding information about student dropouts so he could continue to collect their aid money.

And the government is now seeking extradition from Colombia of Sergio Stofenmacher, owner of a California trade school. Stofenmacher was indicted last year on charges that he stole \$1 million in federal Pell grant funds for imaginary students. Efforts to contact Stofenmacher in Colombia were unsuccessful.

At times, investigators' efforts to recoup money from school owners has been bargained away in Washington.

In 1992, for example, an order terminating loan program participation by Phillips College, a national chain based in Mississippi, was soon rescinded by the Education Department. After an investigation into possible fraud in the school's loan program, the U.S. attorney in early 1994 declined to seek an indictment; he told the department inspector general in a letter that actions by Education Department officials condoning the school's activities had "doomed any possible prosecution of the case."

Gerald C. Phillips, who headed the Phillips chain, said he was unaware of the prosecutor's letter. But he said his attorney had received a separate letter from the prosecutor confirming the decision not to bring charges. "I can tell you [fraud] wasn't there," he said. "It's a question of regulatory abuse."

The government continued to send Phillips student aid money even as it demanded that the college repay more than \$100 million in federal student loan money received through the improper use of commissioned sales agents, according to an Education Department document. In 1995, Assistant Education Secretary David Longanecker approved a settlement allowing 18 of the schools to be sold, with the department collecting a small fraction of what the government had originally sought.

Longanecker said recently that the settlement allowed the government to collect part of the debt, whereas pressing for sanctions "would have ... recouped just about nothing."

'Entitled to Make a Profit'

Maryland officials still chafe at their experience with Charles Longo, who they say owed students \$8 million in refunds after his National Training Systems truck driving schools closed in 1990. At the time, Longo collected more in student loan revenue than the University of Maryland at College Park. Investigators found that Longo had \$8.8 million in assets, including a waterfront home in Annapolis and a condominium in the Netherlands Antilles, according

to bankruptcy records. He drove a \$138,000 Lamborghini sports car purchased by the school. The school also paid him a \$600,000 dividend one year.

The state attorney general has been pressing Longo ever since. A federal bankruptcy judge ruled last year that Maryland could lay claim to \$2.1 million in refunds for students.

Longo, who is now affiliated with a Virginia truck driving school that is not eligible for federal aid, said he couldn't talk about the details of his dispute with Maryland regulators because he is in settlement discussions.

As for driving the school Lamborghini, Longo said: "So what? You're under the misconception that we weren't entitled to make a profit. ... I'm happy to be in the United States, which gives me the opportunity to do the things I do."

Bloom, the Education inspector general, said new enforcement tools could save taxpayers money. An innovation that has been tried once is the matching of aid applicants against Internal Revenue Service data. An IRS match last year of 2.3 million Pell grant recipients found that more than 100,000 students received in excess of \$100 million in grants to which they were not entitled. Investigators suspect that in some cases, schools eager to collect Pell tuition money helped orchestrate false financial disclosure applications.

More than 300 grant recipients underreported their income by at least \$100,000 each. One student reported zero income on his aid application but \$1.3 million on his federal tax return, an inspector general report noted. Van Riper said investigators cannot pursue that individual because, as a consequence of IRS privacy restrictions, they do not know his name. Education Department lawyers are debating whether federal legislation is necessary to do further IRS matches.

Another enforcement boost Bloom supports would come from requiring trade schools to meet performance standards in order to be eligible for federal aid, such as maintaining at least 70 percent graduation and job placement rates. That would mean fewer students lured to schools with poor track records of putting graduates in jobs, said Bloom, who added, "We believe what you measure, you get."

Other department officials acknowledge they have not enforced another measure — known as the "85-15 rule" — aimed at getting schools that rely too much on federal money out of the loan program. The provision, which took effect two years ago, says no school can receive more than

9-26-94

Longo -
Meeting with US, Bill Howard, Dale Kekomou, Mike - →

Operating private career school - MD since late 70s - truck driving - then opened other training centers in MD + Va - correspondence course - truck driver - home study then 3 weeks of on-site training - very few people made it to the resident training -

In one year he pulled down more federal aid in MD than College Park

was legitimate enterprise - certain features the state didn't like.

He was licensed by state - as vocational school - he sued to get that license - because his trucks were failing the MVA standards - he said they were only being used as student vehicles - then after he was licensed as providing vocational training he was eligible for federal aid.

Inspector General of Dept. of Education - looked at all grants - investigation was completed in Feb-1994 started in 1990-1991. Senate Select Committee wanted to look into NTS but were told that IG had the matter under investigation.

IG report was issued - said NTS followed all the proper procedures - if anything the government owed them \$ -

NTK 1.1 used social consultant for accreditation

(2)

their paperwork - Carl Grovat + Associates - Florida Co - that
Howard says ^{specialize in this} employees told them that dates had
been changed - he told OIG - doesn't know if that
was ever looked into.

Supervisor of OIG said they are looking into it again -
(John Taylor) - said they were doing a review -

NIS files 10-21-90 - case dismissed 7-92 - on motion of INS
Longo filed 11-13-90 ^{by court under conferred plan}

Total amounts owed to students of \$8 million - of NIS

Crochal represents Charles Longo -
Howard Rubenstein represents ex-wife
Mel Paul represented Creditors Committee

Sellinger - was personal attorney

bookkeeper -

outside Charles Fagan - Pikeville

Charles R. Longo
(National Training Systems, Inc./Shippers' Choice, Inc.)

I. Background

1. Notice of Deficiencies from MHEC to NTS (6/28/90)
2. Recommended Decision from ALJ Tranen (8/15/91)
3. Notice of Deficiencies from MHEC to NTS (8/10/90)
4. Proposed Order from ALJ Lewis-Frazer (6/28/91)
- X MHEC's Proposed Findings of Fact and Conclusions of Law (4/11/94) *NTS + Longo -*
6. MHEC's Complaint Objecting to Discharge of Debtor (9/16/93)
7. MHEC's Motion to Convert to Chapter 7 (11/23/93)
8. MHEC's Amended Counterclaim against Shippers' Choice, Inc. (7/21/94)

II. Possible Bankruptcy Fraud

A. Basic Information

9. NTS Bankruptcy Schedules
10. Longos' Bankruptcy Schedules
11. Longos' Check Register

B. \$51,368.44 taken from NTS in last week before bankruptcy

12. NTS Credit Line Account computer summary
13. NTS Credit Line bank account statements
14. Charles Longo Chevy Chase bank account statements and letter from Martin Snider

(first meeting with Alan Grochal, NTS bankruptcy counsel, took place on 9/18/90; petition was filed on 9/21/90)

C. Postpetition conversion of \$7,000 Cougar proceeds to own use

1. See findings pp. 42-43, 76, 85-86

D. Postpetition transfers from NTS to Shippers' Choice: (a) at least \$85,422.04 included on May - Sept. 1991 monthly reports, never approved by Court, and (b) at least \$66,932.96 totally

unaccounted for

15. NTS Monthly Reports (May-Sept. 1991)
16. Tydings & Rosenberg ledgers and bank statements
- E. Postpetition conversion of NTS computer and other personal property
 - See June 1991 monthly report (above) - \$7,300 computer purchase
 - 17. Gary Boardwine deposition (5/23/94) (re computer, phones and fax machine)
- F. Failure to disclose, and unknown use of, separate bank account for Charles Longo, with a balance of \$9,203.22 on date of his petition
 - See Longos' Schedules (above), pp. 1, 10
 - 18. Citizens Bank account statements
- G. Many examples of false statements - see Complaint Objecting to Discharge for some

III. Possible Securities or Mail Fraud Concerns

A. Private Offerings by Shippers' Choice/American Credit Co. totaling approximately \$500,000 in Sept. '92, Dec. '92 and Mar. '93, guaranteed by Charles R. Longo

-with no disclosure of the financial status of Mr. Longo, the fact that he was in bankruptcy, and with the guarantee of questionable legality in the bankruptcy proceedings

-warranties to investment broker that company was authorized to conduct its business in accordance with law and that no actions or proceedings had been filed or threatened against it, contrary to cease and desist letters from MHEC

-possible misuse of proceeds by Charles R. Longo individually, rather than for corporate purposes

-possibly not registered as exempt in all necessary states

19. Confidential Term Sheets (Depo. Exs. 1 and 2)
20. Agency Agreements dated 11/25/92 and 3/1/93

B. Private Offering of up to \$1,000,000 on or after July '93

-possible misuse of proceeds by Charles R. Longo individually, rather than for corporate purposes as stated in placement memorandum

-similar representation that company was not a party to any litigation, nor had any been threatened against it

-financial information differs drastically from info on tax return and internal financial statement for same period

21. Confidential Private Placement Memorandum, 7/14/93

22. 1992 Federal Income Tax Return for Shippers' Choice see p. 4

23. Shippers' Choice internal financial statements as of Dec. 31, 1992 (run 3/24/93)

B. Donald Stone Industries/Investors/Bruff Procter -- complaints by Donald Stone

24. E.g., Complaint and Answer in Charles R. Longo and Donald Stone Industries, Inc. v. Donald J. Stone

IV. Possible Income Tax Concerns

A. 1989 Joint Personal Return

-failure to report \$300,000 dividend. See Proposed Findings above, pp. 48-49

-possible unreported officer loan, vending machine and Lamborghini income. See Proposed Findings above, pp. 66-70, 49-52 and 39-40.

-questionable "personal interest" claim of \$35,000 (\$7,000 deduction)

-failure to report \$28,873 Nissan income claimed later

B. 1990 Individual Return

-possible unreported officer loan income/questionable deductions for \$704,317 in claimed "business losses" for loans# pp. 29-31, 49-52 and 39-40.

-mysterious transfers from NTS probably not reported or

accounted for on income tax return

C. 1991 and later returns

-allegedly receiving no salary from Shippers' Choice, but showing huge amounts of income/cash flow on monthly bankruptcy reports and in checking account; unknown how much income reported

25. Summary of Bank Deposits and Other Cash Payments

-See Charles Longo monthly bankruptcy reports through 12/93

26. Charles Longo deposition extracts and officer loan account summary

V. Possible Federal Aid Concerns

- A. Approximately \$700,000 in aid drawn down by NTS for ineligible ACT program in early 1989 - possible flaw in system - was approved 6 months later - student now have to repay financial aid -
- B. Individual allegations of fraud in cashing student loan checks by NTS

↓
180 students
probably high %
↑ loans are in default

STONE INDUSTRIES INC.

P.O. Box 1197
Ocean City, Maryland 21842
U.S.A.

DON,

5-27-93

1. MY NOTES REVEALED THAT MARK RECEIVED BOTH THE "ACCREDITED INVESTOR FORM" AND A BY-SELL AGREEMENT THE EVENING WE MET WITH HIM IN BALT. AT HIS HOME. MARK COULD NOT SIGN AS GILBERT SAPPERTIEN WAS MAKING THE (SUPPLYING) INVESTMENT. MARK CONFIRMED THIS, THIS MORNING. HE IS COMING TO O.C. THIS EVENING AND WILL PICK-UP A COPY OF THE "A.I." FORM AND HAVE HIS DAD COMPLETE A.S.A.P.
2. CHARLIE LONGO'S COPY OF THE "A.I." FORM MUST BE IN OUR FILE AT MELES'S STOCK-BRIDGE. CHARLIE LONGO SHOULD RECEIVE A COPY I MAILED, BY NO LATER THAN THE ~~26TH OF JUNE~~ 1ST JUNE. I CALLED HIM AND EXPLAINED, HE WILL SIGN AND RETURN TO P.O. BOX 1197.
3. BOB WARFIELD'S "A.I. FORM" IS TO BE AT HIS OFFICE TODAY

P.S. I'VE KEPT JIM DEPTOLA BEHIND ABREAST.

Telephone
410-213-0462

FAX
410-213-7679



EMERGENCY MEETING OF THE STOCKHOLDERS OF DONALD STONE INDUSTRIES

OCTOBER 15, 1993

NOTE DATE

An emergency meeting of the shareholders of Donald Stone Industries, Inc. was held at the request of the shareholders holding the majority of shares issued.

Because of the seriousness of the circumstances, said meeting was held by conference call to discuss certain improprieties found by Charles Longo in his review of the Corporate records and minutes as enumerated below:

1. That neither Donald Stone nor Bruff Proctor tendered their monetary contribution towards the purchase of the Class A Common Stock of the Corporation in accordance with the minutes of the of the FIRST ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS OF DONALD STONE INDUSTRIES, INC. a copy of said minutes appearing in the Corporate minutes dated December 7, 1991.
2. That upon further investigation by inquiry to the Department of Assessments and Taxation has disclosed that no transaction has been recorded for the issuance of stock as compensation to the Incorporators for prior service to the Corporation nor has there been any disclosure to any subsequent investor or shareholder of the existence of such an agreement if any exists.
3. That upon review of all Corporate Documents, no agreement of any kind or nature was found transferring shares of stock to either Donald Stone or Bruff Proctor for any other reason whatsoever.
4. That the Corporation has failed to issue its shares to the shareholders as agreed to by its President and in accordance with the by-laws because of the refusal of Donald Stone to sign said shares.
5. That continued harm is being done to shareholders after repeated requests by Charles R. Longo, a major holder of interest in Donald Stone Industries, Inc, to Donald Stone to rectify said deficiencies by the refusal and failure of Donald Stone to perform his obligations as President and fiduciary of the Corporation to issue said paid for stock to its shareholders.
6. That the threat of dissolution of the Corporation and the withdrawal of its licensing agreement by Donald Stone is a violation of his fiduciary relationship to the Corporation and its shareholders:

It is Hereby Resolved That:

Blumberg No. 8718

EXHIBIT

5

October 1, 1993

Charles R. Longo, acting as Interim President, has directed Bruff Proctor, Secretary-treasurer to withdraw all funds of the Corporation from Maryland National Bank and to open a new account under his signature.

Charles R. Longo, acting as Interim President, has directed Bruff Proctor, Secretary-treasurer to place a notice of Change of Address at the U.S. Postal Service, changing the address of Donald Stone Industries, Inc./ Stone Industries.

The above actions are for the protection of the shareholders and Parties of Interest and in compliance with the by-laws of the Corporation. In the event that Donald Stone, past President of Donald Stone Industries, interferes with the above acts, an Officer of the Corporation shall appear before a Commissioner of Police and swear to formal criminal charges, as they may appear against Donald Stone, individually, to be served in accordance with applicable law.

The above actions are in conformity with the desires of the Stockholders and Parties of Interest as attested to below and are to be placed in the minute book of the Corporation.


Charles R. Longo

BRUFF J. PROCTOR

Bruff J. Proctor 10/15/93

ROBERT WARFIELD

Robert Warfield 10/16/93

**GILBERT &/OR MARK
SAPPERSTEIN**


Gilbert & Mark Sapperstein 10/16/93

1. Donald Stone shall be immediately terminated as President of Donald Stone Industries, Inc. and directed to turn over all property of the Corporation including all correspondence, financial records, checks, check stubs, fixed assets, supplies and equipment and property of any kind or nature in his possession and control wherever located to the Corporations Accountants.
2. That in the event Donald Stone fails to turn over the property of the Corporation within seven calendar days, the Corporation may commence both Criminal and civil proceedings to secure same.

That Charles R. Longo be appointed interim President of Donald Stone Industries until the next stockholders meeting, with full powers and authority to act in its behalf as permitted under the By-laws of the Corporation.

That a copy of this proceeding appear in the minutes of the Corporation.

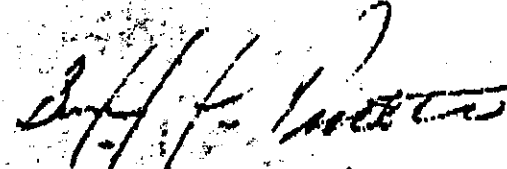
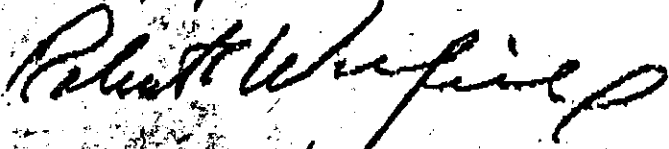
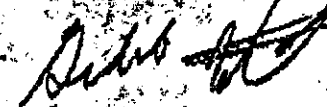
That the Corporation seek judicial review of its past and current proceedings to determine the rights and interests of the parties.


CHARLES R. LONGO
President (Interim)

BRUFF J. PROCTER

ROBERT WARFIELD

**GILBERT AND/OR MARK
SAPPERSTIEN**

000101

10/29/1993

7-16
520

PAY TO THE ORDER OF American Credit Company \$ 10,000.00
Ten thousand and 00/100 DOLLARS



MARYLAND NATIONAL BANK
BALTIMORE, MARYLAND 21202

FOR _____

[Signature]

⑈000101⑈ ⑆052000168⑆ 0300109253⑈ ⑆0001000000⑈

118

DONALD STONE INDUSTRIES INC.

PH. 301-778-6853
8346 WASHINGTON BLVD.
JESSUP, MD 20794

7-16 1093
520

11-1 1993

PAY TO THE ORDER OF Cash \$ 20,000.00
Twenty thousand and 00/100 DOLLARS



OCEAN CITY OFFICE 873
MARYLAND NATIONAL BANK
Of The Eastern Shore
OCEAN CITY, MARYLAND 21842

FOR Charles R Longo

[Signature]

⑈00000118⑈ ⑆052000168⑆ 0300109253⑈ ⑆0002000000⑈



STONE INDUSTRIES, INC.

TEL (301) 776-6653

FAX (301) 490-7411

January 12, 1994

Mr. Donald D. Stone
1820 N.E. Jensen Beach Blvd
Jensen Beach, Florida 34957

VIA: Facsimile and First Class Mail

Dear Mr. Stone,

This is to demand that you immediately assign to Donald Stone Industries, Inc. all of your interest under the patents that are represented by the following.

a. United States Patent Application Serial No. 07/902,595, filed June 22, 1992, and by its international counterpart, PCT/US93/05389, filed June 8, 1993.

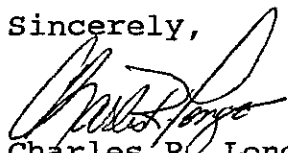
b. United States Patent Application Serial No. 08/021,131, filed February 23, 1993 and its continuation-in-part patent application Serial No. 08/145,189, filed November 3, 1993.

Further, this is to demand that you cease and desist contacting potential business customers on behalf of Donald Stone Industries, Inc., Stone Industries, or any other name representing the technology associated with the above patents. You have no authority to do so, and the contacts which you have made may be potentially damaging to our future business relationships with those companies.

We look forward to meeting with you at your earliest convenience to receiving the assignments. Dr. Blecher at the firm of Foley and Lardner whose address and phone number are known to you will assist you with the assignment paperwork.

In the event those assignments are not received on or before January 19, 1994, we intend on taking whatever steps we deem necessary or appropriate to protect our interests.

Sincerely,



Charles R. Longo
President

CRL/kt

IRREVOCABLE PROXY

FOR GOOD AND VALUABLE CONSIDERATION, I, **DONALD D. STONE**, being the record owner of 490 shares of Class A Voting Stock of **DONALD STONE INDUSTRIES, INC.** (the "Corporation"), do hereby appoint **BRUFF J. PROCTOR, CHARLES R. LONGO, BRUCE A. MOORE, GILBERT S. SAPPERSTEIN, ROBERT E. WARFIELD, SR. and HAL GLICK**, as my proxies to attend all meetings of the Stockholders of the Corporation with full power to vote and act for me in the same manner and extent that I might were I personally present at said meetings.

My proxies shall each have full power to substitute another person in his place and stead as my proxy and to revoke the appointment of any such substitute proxy.

This proxy is given in connection with the settlement of a lawsuit and is irrevocable until December 31, 2005.

Dated: _____

Donald D. Stone (SEAL)



Accepted:
Bruff J. Proctor

Bruff J. Proctor (SEAL)

Charles R. Longo

Charles R. Longo (SEAL)

Bruce A. Moore

Bruce A. Moore (SEAL)

Gilbert S. Sapperstein (SEAL)

Robert E. Warfield, Sr.

Robert E. Warfield, Sr. (SEAL)

Hal Glick

Hal Glick (SEAL)



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION

DONALD D. STONE : CASE NO. 98-14069
Plaintiff : CIV-MOORE
v. :
WARFIELD, LONGO, SAPPERSTEIN, :
et al. :
Defendants :
_____ :

AFFIDAVIT OF MARK SAPPERSTEIN

I, Mark Sapperstein, depose and say as follows:

1. I am over 18 years of age and competent to testify as to the facts stated herein based on personal knowledge as to those facts.
2. I am a resident and engaged as a real estate developer in the state of Maryland. My business address is 28 Walker Avenue, Baltimore, Maryland, 21208. I have never had any direct dealings with the Plaintiff, Donald D. Stone, and the state of Florida.
3. I have never operated, conducted, engaged in, or carried on a business or business venture in the state of Florida or had an office or agency in the state of Florida.
4. I have never committed a tort in the state of Florida.
5. I do not own, use, or possess or hold a mortgage or other lien on any real property within the state of Florida.
6. I have never contracted to insure any person, property, or risk located within the state of Florida.



7. I have never engaged in solicitation or service activities in the state of Florida as contemplated by Fla. Stat. Ann., Title IV, §48.193(f)(1).

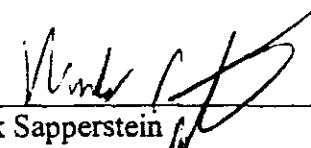
8. No products, materials, or things processed, serviced, or manufactured by me anywhere were used or consumed in the state of Florida in the ordinary course of commerce, trade, or use.

9. I have never breached a contract in the state of Florida by failing to perform acts required by the contract to be performed in the state of Florida.

10. I have never engaged in substantial and not isolated activity in the state of Florida.

I SOLEMNLY AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THE FOREGOING AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: 3-31-43



Mark Sapperstein

NationsBank

ISSUING BANK:
NATIONSBANK OF TEXAS, N.A.

APPLICANT:
PINNACLE TOWERS INC.
1549 RINGLING BLVD., 3RD FLOOR
SARASOTA, FL 34236

BENEFICIARY:
MARK SAPPERSTEIN
28 WALKER AVENUE
BALTIMORE, MD 21208

RE: IRREVOCABLE STANDBY LETTER OF CREDIT NO. 950391
AMOUNT: \$8,341,300.00 (EIGHT MILLION THREE HUNDRED FORTY ONE
THOUSAND THREE HUNDRED AND NO/100 UNITED STATES DOLLARS)
ISSUE DATE: DECEMBER 03, 1997
INITIAL EXPIRY DATE: JANUARY 30, 1998

GENTLEMEN:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. 950391 IN YOUR FAVOR (THE "LETTER OF CREDIT"), FOR THE ACCOUNT OF PINNACLE TOWERS INC. FOR A SUM NOT TO EXCEED U.S. \$8,341,300.00.

FUNDS UNDER THIS LETTER OF CREDIT WILL BE AVAILABLE BY YOUR DRAFT DRAWN ON US AT SIGHT IN THE FORM ATTACHED HERETO AS EXHIBIT "A" MARKED, "DRAWN UNDER NATIONSBANK OF TEXAS, N.A., IRREVOCABLE STANDBY LETTER OF CREDIT NO. 950391 DATED DECEMBER 03, 1997," AND ACCOMPANIED BY A CERTIFICATE PURPORTEDLY SIGNED BY YOU AS FOLLOWS:

- "1. THERE HAS OCCURRED AND IS CONTINUING A DEFAULT UNDER THAT CERTAIN PROMISSORY NOTE DATED DECEMBER 03, 1997 (THE "NOTE") BETWEEN PINNACLE TOWERS, INC. ("PURCHASER") AS MAKER AND MARK SAPPERSTEIN, AS PAYEE ("SELLER"); AND
2. THE AMOUNT DRAWN HEREUNDER DOES NOT EXCEED THE PRINCIPAL AMOUNT OWED TO SELLER UNDER THE NOTE; AND
3. SELLER HAS SENT PURCHASER, BY OVERNIGHT DELIVERY SERVICE, WRITTEN NOTICE OF THIS DRAW; AND
4. THE AMOUNT OF THE DRAFT PRESENTED WITH THIS CERTIFICATE IS DUE AND PAYABLE BY PURCHASER."

THIS LETTER OF CREDIT MAY BE TRANSFERRED IN FULL BY THE ISSUING BANK PROVIDED THAT YOU DELIVER TO US OUR WRITTEN FULL TRANSFER FORM H-4 ATTACHED. THE ORIGINAL LETTER OF CREDIT TOGETHER WITH ALL ORIGINAL AMENDMENTS (IF ANY) MUST BE RETURNED TO US WITH THE COMPLETED TRANSFER FORM AND PAYMENT OF OUR CUSTOMARY CHARGE OF 1/4 OF 1 PERCENT OF THE AMOUNT BEING TRANSFERRED, MINIMUM USD250.00.

IRREVOCABLE STANDBY LETTER OF CREDIT NO. 950391, PAGE 1



NationsBank

PARTIAL DRAWINGS ARE PROHIBITED.

WE HEREBY ENGAGE WITH YOU THAT DRAFTS DRAWN IN CONFORMITY WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE DULY HONORED IF PRESENTED TO OUR OFFICE AT 901 MAIN STREET, 9TH FLOOR, DALLAS, TEXAS 75202, ATTN: STANDBY LETTER OF CREDIT DEPARTMENT AT OR BEFORE 5:00 P.M. OF THE DATE OF THE EXPIRATION OF THIS LETTER OF CREDIT, OR ANY FUTURE EXPIRATION DATE, ACCOMPANIED BY ALL DOCUMENTS AS SPECIFIED HEREIN.

EXCEPT AS MAY BE OTHERWISE EXPRESSLY STATED HEREIN, THIS LETTER OF CREDIT IS SUBJECT TO THE LAWS OF THE STATE OF FLORIDA AND TO THE EXTENT NOT INCONSISTENT THEREWITH, THE "UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS" (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500.

SINCERELY,
NATIONSBANK OF TEXAS, N.A.



GINGER DOWNS
VICE PRESIDENT

EXHIBIT "A"

NATIONSBANK OF TEXAS, N.A.
901 MAIN STREET
9TH FLOOR
DALLAS, TEXAS 75202
ATTN: STANDBY LETTER OF CREDIT DEPARTMENT

PAY TO THE ORDER OF MARK SAPFERSTEIN AT SIGHT, THE SUM OF U.S. \$_____. DRAWN UNDER NATIONSBANK OF TEXAS, N.A., IRREVOCABLE STANDBY LETTER OF CREDIT NO. 950391 DATED DECEMBER 03, 1997.

BY: _____
NAME: _____
TITLE: _____

FOR ASSISTANCE PLEASE CALL KEVIN S. YOUNG AT 214-508-3099

Date: _____

To: NationsBank

Reference: _____
(Issuing Bank's Letter of Credit Number)

(Advising Bank's Letter of Credit Number)

The undersigned Beneficiary of the above referenced letter of credit hereby irrevocably transfers to:

(Name and complete address of the Transferee)
through

(Name/Address of Transferee's Bank, if known -if left blank, NationsBank will select a bank)

all rights of the undersigned Beneficiary in such Documentary Credit, to draw up to but not exceeding a sum of \$ _____ . The Transferee shall have the sole rights as Beneficiary (amount)

thereof, provided that this transfer expires on _____ (expiry date of the transfer but not later than the expiry date of the Credit)

In accordance with UCP 500 sub-Article 48 (d), the undersigned Beneficiary waives the right to refuse to allow the Transferring Bank to advise amendments made under the original Documentary Credit to the Transferee. Therefore, the Transferee shall have the sole rights as Beneficiary including sole rights relating to any amendments to the Documentary Credit whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee.

If you agree to these instructions, please advise the Transferee the terms and conditions of the transferred Credit and these instructions.

Please debit our account number _____ with NationsBank (or enclosed is a cashiers check) for \$ _____ representing your transfer fee calculated at the greater of 1/4% of the amount of the transfer or a minimum of \$250.00

We also enclose the original letter of credit and all original amendments for your endorsement.

Yours truly,

Authentication of Beneficiary Signature

Print or Type Name of Beneficiary

(Bank)

Beneficiary, Authorized Signature

(Authorized Signature and Title)
(The beneficiary's signature with title as stated conforms with that on file with us and is authorized for the execution of such instruments.)

Telephone No. _____

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

DONALD D. STONE,)
)
 Plaintiff,)
)
 v.)
)
 ROBERT E. WARFIELD, SR.,)
 CHARLES R. LONGO, MARK)
 SAPPERSTEIN, et al.)
)
 Defendants.)
)

Case No. 98-14069-CIV-RYSKAMP
Magistrate Judge Lynch

DEFENDANTS' MOTION TO
DISMISS COMPLAINT AND
MEMORANDUM OF LAW IN
SUPPORT THEREOF

The Defendants, Lynne Battaglia, Dale Kelberman, George Russell III, and Lori Simpson (federal defendants), in their individual capacities, move to dismiss the Complaint in the case at bar pursuant to Fed.R.Civ.Proc. 12(b)(2) and 12(b)(6). As grounds therefor, the federal defendants state:

1. The Court lacks personal jurisdiction over the federal defendants since they are residents of the State of Maryland and Plaintiff's cause of action, if any, as to the federal defendants, arose in Maryland.

2. Count 25 of the Complaint (p. 60) fails to state a claim upon which relief can be granted since Plaintiff's claim under the RICO statute is legally insufficient.

3. The Complaint fails to state a claim upon which relief can be granted as to Count 39 (p. 64) and Count 102 (p. 86) since the statutes relied upon by Plaintiff do not have a private

2



right of action and Plaintiff's allegations are legally insufficient.

4. The Complaint fails to state a claim upon which relief can be granted as to Defendant Lori Simpson since there are no specific allegations of wrongdoing by Defendant Simpson.

5. The Complaint fails to state a claim upon which relief can be granted since the federal prosecutors, Lynne Battaglia, Dale Kelberman and George Russell III, are entitled to absolute immunity as a matter of law.

FACTUAL BACKGROUND

The Plaintiff, Donald D. Stone, has filed a 125 page Complaint against more than 90 individuals and companies in connection with an ongoing business dispute between the Plaintiff and one of the Defendants, Charles R. Longo. Plaintiff alleges that Mr. Longo and his attorneys conspired to deprive Plaintiff of a product that he had patented and a business that he had formed to market his product. In this case, Plaintiff has sued, in their individual capacities, the United States Attorney for Maryland, two (2) Assistant United States Attorneys, the Attorney General for Maryland, Maryland State Attorneys, Maryland judges, Maryland court clerks, Maryland sheriffs, and Maryland State police officers, as well as numerous other individuals.

Four (4) of the defendants in this case are current or former employees of the federal government. The Defendant Lynne Battaglia is the United States Attorney for Maryland. Defendant Dale Kelberman is the Chief, White Collar Crimes, for the United States Attorney's Office in Baltimore, Maryland and Defendant George

Russell III is an Assistant United States Attorney in the Civil Division in Baltimore, Maryland. The fourth federal defendant, Lori Simpson, was an attorney-advisor in the United States Trustee's Office in Baltimore, Maryland during the time period set forth in Plaintiff's Complaint.

United States Attorney Lynne Battaglia was served, on Plaintiff's behalf, with a subpoena duces tecum, in connection with a civil lawsuit brought by Charles Longo against Plaintiff in Maryland state court. On May 25, 1995, United States Attorney Lynne Battaglia filed a petition for removal of the subpoena to the United States District Court and a motion to quash the subpoena issued on behalf of Plaintiff. On June 16, 1995, the District Court entered an Order granting the United States Attorney's motion to quash the subpoena.

Plaintiff alleges that the federal prosecutors, Lynne Battaglia, Dale Kelberman and George Russell III conspired to withhold documents from Plaintiff, which Plaintiff needed for his defense, in the lawsuit brought by Charles Longo against Plaintiff in Maryland state court. Plaintiff also alleges that Assistant United States Attorney George Russell III mailed a letter from Baltimore, Maryland to Plaintiff's residence in Jensen Beach, Florida, and that Dale Kelberman attended a meeting in September 1994 in which two (2) companies, in which Charles Longo was involved, were discussed.

Plaintiff alleges, as to the fourth federal defendant, Lori Simpson, that Plaintiff attempted to have Lori Simpson served with a subpoena duces tecum in connection with the Maryland state

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

NIGHT BOX
FILED

MAY 29 1998

CARLOS JUENKE
CLERK, USDC / SDFL / WPB

DONALD D. STONE,)	Case No. 98-14069-CIV-RYSKAMP
)	
Plaintiff,)	Magistrate Judge Lynch
)	
v.)	
)	
ROBERT E. WARFIELD, SR.,)	DEFENDANTS' REPLY TO
CHARLES R. LONGO, MARK)	PLAINTIFF'S OPPOSITION
SAPPERSTEIN, et al.)	TO DEFENDANTS' MOTION
)	<u>TO DISMISS COMPLAINT</u>
Defendants.)	

The Defendants, Lynne Battaglia, Dale Kelberman, George Russell III, and Lori Simpson (federal defendants), reply to Plaintiff's Opposition to Defendants' Motion to Dismiss Complaint and reiterate that Plaintiff's cause of action, if any, against the federal defendants arose in Maryland. Plaintiff's allegations as to the federal defendants involve certain subpoenas that were issued by a state court in Maryland. Plaintiff does not dispute that the federal defendants live and reside in the state of Maryland. Plaintiff's cause of action, if any, arising out of the issuance of the Maryland state court subpoenas arose in Maryland.

The fact that there are United States Attorneys offices in each of the fifty (50) states does not mean that a United States Attorney or an Assistant United States Attorney, who resides and works in Maryland, may be sued in his or her individual capacity in any of the fifty (50) states. In this case, it would be a

4

EXHIBIT
12

violation of due process to require the federal defendants, who reside and work in Maryland, to defend themselves in a Florida court. For these reasons, the Court lacks personal jurisdiction over the federal defendants.

Plaintiff's attempt to link the activities of the federal defendants with the alleged criminal activities of Plaintiff's former business associates must fail. There is absolutely no evidence or support for Plaintiff's assertion that the federal defendants were in any way involved with Plaintiff's former business associates. Plaintiff's statements that the federal defendants were co-conspirators in alleged criminal activity is scandalous, totally without factual support, and should be stricken from Plaintiff's pleading.

Plaintiff's allegations that the federal defendants also failed to disclose "Brady" materials to him are misplaced. Brady simply does not apply to the subpoenas that were issued to Lynne Battaglia and Lori Simpson in connection with the Maryland civil lawsuit. "Brady" materials, and the disclosure thereof, only relate to criminal prosecutions. See Brady v. Maryland, 373 U.S. 83 (1963). The rules concerning the disclosure of "Brady" materials would not apply to the civil lawsuit brought by Longo against the Plaintiff in Maryland state court.

Plaintiff's opposition fails to address several of the issues raised in the federal defendants' motion to dismiss the Complaint. As set forth in Defendants' Motion to Dismiss Complaint, Counts 25, 39 and 102 of the Complaint fail to state a claim upon which relief can be granted. Count 25, which alleges a violation of the RICO



Sunday
July 25, 1999
Roadwatch Page 3
Obituaries Page 4

Martin County

Suit alleges officials conspirators

Previous suits dismissed as meritless

By Eric Alan Barton
of the News staff

STUART — Depending on whom you ask, Donald Stone is either neck-deep in a government cover-up involving organized crime or wasting taxpayer money on frivolous lawsuits.

A carpenter, Stone has spent countless hours filing court papers and fighting government agencies in civil lawsuits over what he alleges was a government conspiracy six years ago to steal his secret formula for a rubber solvent.

"I know it sounds crazy, and I don't care if anyone believes me," said Stone, 50. "I know that if I get this in front of a jury I can convince them."

other officials from Maryland.

U.S. Magistrate Judge Frank Lynch Jr. dismissed it in March 1998 in part for being "meritless," and because his suit failed to state "any allegations whatsoever" to prove Maryland officials did anything wrong under Florida law.

In his latest suit, Stone claims Florida officials who helped in the defense of that lawsuit wrongfully used state funds to do so since the defendants were from out of state.

The new suit doesn't ask for money, but requests that a judge give him the right to interview the eight officials named in the suit and demands to have answers why they

helped defend Maryland authorities.

Florida Attorney General's Office spokesman Joe Bizarro said he can't comment on the specifics of Stone's lawsuit but said it's standard practice for attorney general offices to help each other out. The offices serve as a "local counsel," filing court papers and appearing in court, for out-of-state agencies, he said.

Stone says his conspiracy starts with Vice President Al Gore and goes all the way down to Maryland and Florida officials trying to protect each other's political interests.

The conspiracy stems from a secret formula Stone said he stumbled upon while

Please see **SUIT** on C4

Lakes
ving to
federal
n have its

n continues to
adiator, fight-
tellow politi-
acco compa-
nfort in the
ut.
er he got a
emergency
ects state to-
on a federal
s Democrat
sure the fed-
have its own

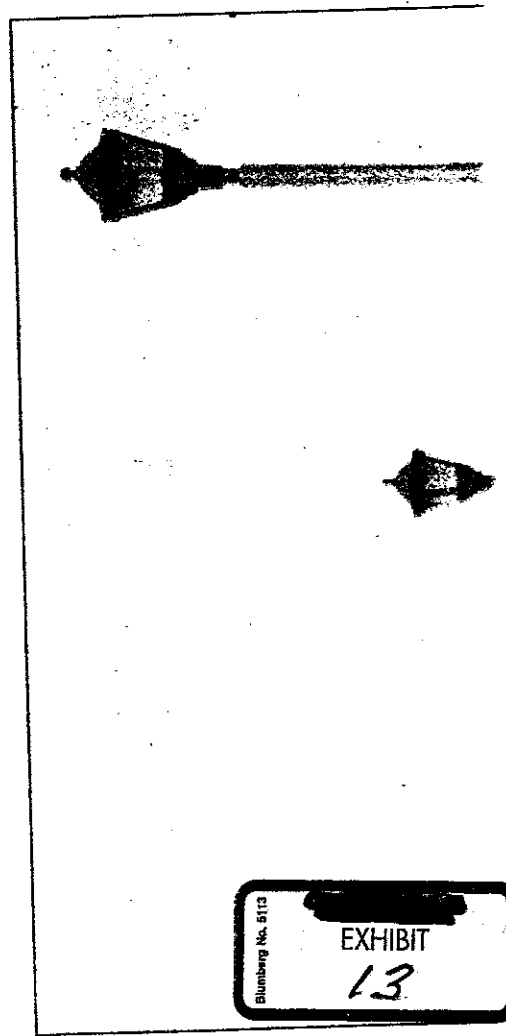
Judd Gregg,
Republican.

Nation spanning walk for man nearing its end

■ John Gutman left Washington state May 1, 1998, and plans to end the 4,500-mile trip in Key West sometime in early August.

By **Laura Dumphy**

his grandmother who had been suf



SUIT

■ CONTINUED FROM C1 ■

trying to develop a better surf-board wax. The solvent would help in the production of rubber that would net him millions when companies bought into the patent, he says.

The formula uses shelf-bought Vaseline mixed with molten rubber to make it stronger.

But Stone says one of his employees embezzled money from his company and tried to steal the secret recipe: Government investigations into the activity ended when officials were bought out by the man's ties to organized crime, Stone alleges.

Letters attached to Stone's Martin County lawsuit dated in 1995 confirm U.S. prosecutors and the Federal Bureau of Investigations were looking into the employee's activities, but Stone says those inquiries ended without "uncovering the truth."

A second federal lawsuit filed by Stone after the first one was dismissed, also was thrown out for being without merit by a Maryland judge, said Margaret Witherup Tindall, an assistant attorney general in Maryland.

"Any time that people say they're a victim of a massive conspiracy on multiple levels, people should be leery of their claims," Tindall said. "We're getting a lot of frivolous lawsuits these days, and I think it's a big problem around the country."

Claims that his suit is frivolous are just all part of the conspiracy effort, Stone says.

"Butterworth is essentially bending over backward to protect his political cronies," Stone said. Asking rhetorically, "You think organized crime operates in a vacuum? You think organized crime is a collection of individuals? Or do you think organized crime is one individual?"

The first test of his local lawsuit will likely be challenged in about a month with a motion to dismiss from Florida officials, who can ask a judge to throw it out before it reaches trial — the same treatment his other suits received. Stone says he's ready.

th
h
L
P

re
a
a
tl
a

d
v
a

F
t
c
i
t
i
i
U
C

s
I
J

s
v
s
s

t
i
i

:

LAW OFFICES

MILES & STOCKBRIDGE

A PROFESSIONAL CORPORATION

10 LIGHT STREET

BALTIMORE, MARYLAND 21202-1487

TELEPHONE 410-727-6464

FAX 410-385-3700

300 ACADEMY STREET
CAMBRIDGE, MD 21613-1865

101 BAY STREET
EASTON, MD 21601-2718

11350 RANDOM HILLS ROAD
FAIRFAX, VA 22030-7429

30 WEST PATRICK STREET
FREDERICK, MD 21701-6903

22 WEST JEFFERSON STREET
ROCKVILLE, MD 20850-4286

600 WASHINGTON AVENUE
TOWSON, MD 21204-3965

1450 G STREET, N.W.

WASHINGTON, D.C. 20005-2001

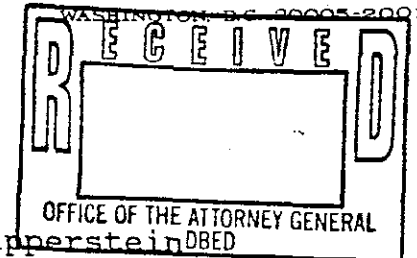
May 21, 1996

SHAUN F. CARRICK
410-385-3401

VIA HAND DELIVERY

Ms. Marjorie A. Englert
Vice President
Commercial Banking Division
Provident Bank of Maryland
114 E. Lexington Street
Baltimore, Maryland 21202

Ms. Stacy Sapperstein
Shore Communications, Inc.
28 Walker Avenue
Baltimore, Maryland 21208



✓ Susan B. Dubin, Esquire
Assistant Attorney General
Office of the Attorney General
Department of Business and Economic Development
217 East Redwood Street, 11th Floor
Baltimore, Maryland 21202

Re: \$1,200,000 Credit Facilities to Shore
Communications, Inc./Provident Bank
of Maryland

Dear Marjie, Stacy and Susan:

In connection with the above-referenced credit facilities,
enclosed please find initial drafts of the following documents:

1. First Amendment to Financing and Security Agreement;
2. Deed of Trust, Security Agreement and Assignment (Pittsville);
3. Deed of Trust, Security Agreement and Assignment (Longwood);
4. Assignment of Lessor's Interest in Leases (Pittsville and Longwood); and
5. Financing Statement.

As you will note the Financing and Security Agreement has been amended to reflect a requested change in the Cash Flow covenant. I understand that the Borrower may have defaulted on the Cash Flow covenant for one or more prior measurement periods. Please let me know if the enclosed amendment should include a covenant waiver for this default or any other existing defaults.



May 21, 1996

Page 2

As required by the terms of the Financing and Security Agreement, we have prepared for the Borrower's execution lien instruments for the Pittsville and Longwood facilities. I have assumed that title insurance commitments for the new deeds of trust is not required; please let me know if my assumptions is incorrect.

In the meantime, should you have any questions or comments please do not hesitate to call me.

Very truly yours,



Shaun F. Carrick

FIRST AMENDMENT TO FINANCING AND SECURITY AGREEMENT

THIS FIRST AMENDMENT TO FINANCING AND SECURITY AGREEMENT (this "Amendment") is made as of this _____ day of _____, 1996, by and between SHORE COMMUNICATIONS, INC., a corporation organized and existing under the laws of the State of Maryland (the "Borrower") and PROVIDENT BANK OF MARYLAND, a banking corporation organized and existing under the laws of the State of Maryland (the "Lender").

RECITALS

A. Subject to the provisions of that certain Financing and Security Agreement dated as of December 19, 1995 by and between the Borrower and the Lender (as amended, restated, supplemented, or otherwise modified, the "Loan Agreement"), the Borrower applied to the Lender for (i) a guidance line facility in a maximum principal amount of SIX HUNDRED THOUSAND DOLLARS (\$600,000) (the "Guidance Line Facility") and (ii) a term loan in the original principal amount of SIX HUNDRED THOUSAND DOLLARS (\$600,000) (the "Term Loan") (the Guidance Line Facility and the Term Loan are herein referred to collectively as the "Loan"). The obligations, liabilities and indebtedness of the Borrower under and in connection with the Guidance Line Facility are evidenced by that certain Guidance Line Note dated as of December 19, 1995 from the Borrower, as maker, payable to the order of the Lender in the maximum principal amount of the Guidance Line Facility (as amended, restated, supplemented or otherwise modified, the "Guidance Line Note"). The obligations, liabilities and indebtedness of the Borrower under and in connection with the Term Loan are evidenced by that certain Term Note dated the date hereof from the Borrower, as maker, payable to the order of the Lender in the original principal amount of the Term Loan (as amended, restated, supplemented or otherwise modified, the "Term Note") (the Guidance Line Note and the Note are herein referred to collectively as the "Notes").

B. Subject to the provisions of (i) that certain commitment letter from the Maryland Industrial Development Financing Authority (the "Authority") to the Borrower dated as of September 15, 1995 (as amended, restated, supplemented or otherwise modified, the "MIDFA Commitment") and (ii) that certain Insurance Agreement dated as of December 19, 1995 by and between the Authority and the Lender (as amended, restated, supplemented or otherwise modified, the "Insurance Agreement"), the Authority agreed to provide financial assistance to the Borrower under the Authority's Conventional Program by insuring a portion of the Guidance Line Facility and a portion of the Term Loan (the "MIDFA Insurance").

C. The Borrower has requested that the Lender amend certain terms and conditions of the Loan Agreement, and the Lender has agreed; provided that, among other things, (i) the Borrower executes and delivers this Amendment and (ii) the Authority consents and agrees to the provisions of this Amendment.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Lender hereby agree as follows:

1. The recitals set forth above are true and accurate in all material respects and are incorporated herein by reference. All capitalized terms used herein but not specifically defined herein shall have the respective meanings given such terms in the Loan Agreement, unless the context indicates or dictates a contrary meaning.

2. The Loan Agreement is hereby amended as follows:

(a) Section 6.20 on page 37 of the Loan Agreement is hereby deleted in its entirety and the following is substituted in its place:

SECTION 7.20 Cash Flow to Debt Service Ratio. The Borrower will maintain a ratio of Cash Flow to Debt Service, tested as of the end of each fiscal year of the Borrower, so that it is not more than the following:

<u>Date</u>	<u>Ratio</u>
December 31, 1996	1.0 to 1.0
December 31, 1997	1.2 to 1.0
December 31, 1998	1.3 to 1.0
December 31, 1999 and each December 31 thereafter	1.5 to 1.0

3. The terms "this Agreement" as used in the Credit Agreement and the terms "Financing Agreement" as used in any of the Financing Documents shall mean the Credit Agreement as modified herein unless the context clearly indicates or dictates a contrary meaning.

4. The Borrower will execute such confirmatory instruments with respect to the Credit Agreement and/or any of the Financing Documents as the Lender or the Authority may require.

5. The Borrower ratifies and confirms all of its liabilities and obligations under the Credit Agreement and agrees that, except as expressly modified in this Amendment, the Credit Agreement continues in full force and effect as if set forth specifically herein. The Borrower and the Lender agree that this Amendment shall not be construed as an agreement to extinguish the original obligations under the Credit Agreement and shall not constitute a

novation as to any of the obligations of the Borrower under the Credit Agreement.

6. This Amendment may not be amended, changed, modified, altered or terminated without in each instance the prior written consent of the Lender. This Amendment shall be construed in accordance with, and governed by, the laws of the State of Maryland.

7. The Borrower agrees that neither the execution and delivery of this Amendment nor any of the terms, provisions, covenants, or agreements contained in this Amendment shall in any manner release, impair, lessen, modify, waive, or otherwise affect the liability and obligations of the Borrower under the terms of the Credit Agreement.

8. This Amendment may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the Borrower and the Lender have caused this Amendment to be executed under seal as of the date first above written.

ATTEST: SHORE COMMUNICATIONS, INC.

By: _____ (SEAL)
Name: Mark C. Sapperstein
Title: President

WITNESS: PROVIDENT BANK OF MARYLAND

By: _____ (SEAL)
Name: Marjorie A. Englert
Title: Vice President

ACKNOWLEDGED AND AGREED TO THIS ____ DAY OF _____, 1996.

WITNESS: MARYLAND INDUSTRIAL DEVELOPMENT
FINANCING AUTHORITY

By: _____ (SEAL)
Name:
Title:

FIRST AMENDMENT TO FINANCING AND SECURITY AGREEMENT

THIS FIRST AMENDMENT TO FINANCING AND SECURITY AGREEMENT (this "Amendment") is made as of this _____ day of _____, 1996, by and between SHORE COMMUNICATIONS, INC., a corporation organized and existing under the laws of the State of Maryland (the "Borrower") and PROVIDENT BANK OF MARYLAND, a banking corporation organized and existing under the laws of the State of Maryland (the "Lender").

RECITALS

A. Subject to the provisions of that certain Financing and Security Agreement dated as of December 19, 1995 by and between the Borrower and the Lender (as amended, restated, supplemented, or otherwise modified, the "Financing Agreement"), the Borrower applied to the Lender for (i) a guidance line facility in a maximum principal amount of SIX HUNDRED THOUSAND DOLLARS (\$600,000) (the "Guidance Line Facility") and (ii) a term loan in the original principal amount of SIX HUNDRED THOUSAND DOLLARS (\$600,000) (the "Term Loan") (the Guidance Line Facility and the Term Loan are herein referred to collectively as the "Loan"). The obligations, liabilities and indebtedness of the Borrower under and in connection with the Guidance Line Facility are evidenced by that certain Guidance Line Note dated as of December 19, 1995 from the Borrower, as maker, payable to the order of the Lender in the maximum principal amount of the Guidance Line Facility (as amended, restated, supplemented or otherwise modified, the "Guidance Line Note"). The obligations, liabilities and indebtedness of the Borrower under and in connection with the Term Loan are evidenced by that certain Term Note dated the date hereof from the Borrower, as maker, payable to the order of the Lender in the original principal amount of the Term Loan (as amended, restated, supplemented or otherwise modified, the "Term Note") (the Guidance Line Note and the Note are herein referred to collectively as the "Notes").

B. Subject to the provisions of (i) that certain commitment letter from the Maryland Industrial Development Financing Authority (the "Authority") to the Borrower dated as of September 15, 1995 (as amended, restated, supplemented or otherwise modified, the "MIDFA Commitment") and (ii) that certain Insurance Agreement dated as of December 19, 1995 by and between the Authority and the Lender (as amended, restated, supplemented or otherwise modified, the "Insurance Agreement"), the Authority agreed to provide financial assistance to the Borrower under the Authority's Conventional Program by insuring a portion of the Guidance Line Facility and a portion of the Term Loan (the "MIDFA Insurance").

C. The Borrower has requested that the Lender amend certain terms and conditions of the Financing Agreement, and the Lender has agreed; provided that, among other things, (i) the Borrower executes and delivers this Amendment and (ii) the Authority

consents and agrees to the provisions of this Amendment.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Lender hereby agree as follows:

1. The recitals set forth above are true and accurate in all material respects and are incorporated herein by reference. All capitalized terms used herein but not specifically defined herein shall have the respective meanings given such terms in the Financing Agreement, unless the context indicates or dictates a contrary meaning.

2. The Financing Agreement is hereby amended as follows:

(a) Section 6.20 on page 37 of the Financing Agreement is hereby deleted in its entirety and the following is substituted in its place:

SECTION 7.20 Cash Flow to Debt Service Ratio. The Borrower will maintain a ratio of Cash Flow to Debt Service, tested as of the end of each fiscal year of the Borrower, so that it is not more than the following:

<u>Date</u>	<u>Ratio</u>
December 31, 1996	1.0 to 1.0
December 31, 1997	1.2 to 1.0
December 31, 1998	1.3 to 1.0
December 31, 1999 and each December 31 thereafter	1.5 to 1.0

3. The terms "this Agreement" as used in the Financing Agreement and the terms "Financing Agreement" as used in any of the Financing Documents shall mean the Financing Agreement as modified herein unless the context clearly indicates or dictates a contrary meaning.

4. The Borrower will execute such confirmatory instruments with respect to the Financing Agreement and/or any of the Financing Documents as the Lender or the Authority may require.

5. The Borrower ratifies and confirms all of its liabilities and obligations under the Financing Agreement and agrees that, except as expressly modified in this Amendment, the Financing Agreement continues in full force and effect as if set forth

specifically herein. The Borrower and the Lender agree that this Amendment shall not be construed as an agreement to extinguish the original obligations under the Financing Agreement and shall not constitute a novation as to any of the obligations of the Borrower under the Financing Agreement.

6. This Amendment may not be amended, changed, modified, altered or terminated without in each instance the prior written consent of the Lender. This Amendment shall be construed in accordance with, and governed by, the laws of the State of Maryland.

7. The Borrower agrees that neither the execution and delivery of this Amendment nor any of the terms, provisions, covenants, or agreements contained in this Amendment shall in any manner release, impair, lessen, modify, waive, or otherwise affect the liability and obligations of the Borrower under the terms of the Financing Agreement.

8. This Amendment may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the Borrower and the Lender have caused this Amendment to be executed under seal as of the date first above written.

ATTEST:

SHORE COMMUNICATIONS, INC.

By: _____ (SEAL)
Name: Mark C. Sapperstein
Title: President

WITNESS:

PROVIDENT BANK OF MARYLAND

By: _____ (SEAL)
Name: Marjorie A. Englert
Title: Vice President

ACKNOWLEDGED AND AGREED TO THIS ____ DAY OF _____, 1996.

WITNESS:

MARYLAND INDUSTRIAL DEVELOPMENT
FINANCING AUTHORITY

By: _____ (SEAL)
Name:
Title:

**BUSINESS
BANKING**

June 15, 1995

Headquarters
14 E. Lexington St.
Baltimore, MD
1207-1725
(410)576-2868

Annapolis
418-A Annapolis Road
Baltimore, MD
21227-1124
(410)281-7406

Perry Hall
4131 E. Joppa Road
Baltimore, MD
21236-2259
(410)281-7405

Randallstown
8658 Liberty Road
Randallstown, MD
21133-4707
(410)281-7408

Towson Town Center
825 Dulaney Valley Road
Towson, MD
21204-2890
(410)281-7407

Maryland Industrial Development
Financing Authority
Suite 2226, Redwood Tower
217 E. Redwood Street, 22nd Floor
Baltimore, Maryland 21202
Attention: Executive Director

Re: Application of Shore Communications, Inc.

Ladies and Gentlemen:

This letter is to acknowledge that Provident Bank of Maryland (the "Lender") intends to provide financial assistance to the Applicant named above.

The Lender intends that such financial assistance shall:

- (1) be for a principal amount not to exceed \$1,200,000
- (2) be in the form of Term Loan not to exceed \$600,000 and Line of Credit not to exceed \$600,000
- (3) bear interest at the rate of Lender Prime plus 1 1/2% per annum, and
- (4) have a maturity not exceeding 5 years

The Lender requests that the Maryland Industrial Development Financing Authority provide financial assistance under its Conventional Program, by insuring 20% of the term loan (refinance of Annapolis National loan plus closing costs) and 50% of the Line of Credit, plus interest thereon.

This letter does not constitute a final commitment by the Lender to provide such financing, but is an expression of the Lender's intent to do so, subject to approval by the Lender of all terms and provisions of the financing and the documents related thereto.

Page 2
Maryland Industrial Development
Financing Authority

PROVIDENT BANK OF MARYLAND

By Marjorie A. Feurer
Marjorie A. Feurer
Assistant Vice President

SHORE COMMUNICATIONS, INC.

By Mark Sapperstein
Mark Sapperstein
President



Maryland

Department of Business & Economic Development

Parris N. Glendening
Governor
James T. Brady
Secretary

*217 East Redwood Street
Baltimore, Maryland 21202*

September 15, 1995

Shore Communications, Inc.
28 Walker Avenue
Baltimore, Maryland 21208
Attention: Mark Sapperstein

Re: Financial Assistance under the MIDFA Conventional Program for the benefit of Shore Communications, Inc. (Authority Pre-Closing Loan No. C1405)

Ladies and Gentlemen:

The Maryland Industrial Development Financing Authority (the "Authority") is pleased to advise you that your application for financial assistance under the Authority's Conventional Program has been approved. The Authority has prepared this commitment letter for your information and your approval, so that the proposed terms of the financing may be agreed to and the necessary documents prepared. Copies of the Resolutions adopted by the Authority on July 27, 1995, describing and approving the proposed transaction, the financing and the Authority's financial assistance (collectively the "Resolution") are enclosed as a part of this commitment letter.

Please note the following terms, conditions and requirements of this commitment letter:

1. Structure of Financing. The Authority intends to provide financial assistance in connection with the transaction upon the terms set forth in this commitment letter and upon such other terms as may be required by Provident Bank of Maryland (the "Lender") and approved by the Authority. The Lender shall make a term loan and extend a Line of Credit (the "Loans") as later described in this commitment letter to the Borrower, to refinance existing debt and pay closing costs and costs of construction of communications towers.

2. Lender's Commitment Letter. Documents cannot be prepared until a commitment letter has been issued by the Lender (and accepted by the Borrower and reviewed and approved by the Authority's staff) specifying and describing the terms and conditions of the Loans.

3. Documents and Closing. All financing documents shall be executed by the Borrower on the date of closing of the Loans (the "Closing Date"). The financing documents will contain affirmative and negative covenants and representations and warranties, events of default, and other provisions pertaining to the parties, payment of taxes, provision of insurance, compliance with laws, the security for the Loans, and the financing, as are customarily required of borrowers and guarantors by commercial banks and other institutional lenders in connection with similar financings.

4. Compliance with Law. Financial assistance by the Authority is contingent upon, among other things, compliance by all parties to the transaction with the relevant provisions of all applicable laws, including the Maryland Industrial Development Financing Authority Act, as amended.

5. Termination of Commitment Letter. The Authority may terminate this commitment letter, in its sole and absolute discretion, if:

(a) any feature of the transaction has been or is misrepresented in the application or other materials filed with the Authority;

(b) the Authority determines in its sole and absolute discretion, that (i) a material change in the transaction has occurred or (ii) the Borrower or any Personal Guarantor has suffered a material adverse change in financial condition;

(c) any event has occurred which would constitute an event of default under any of the financing documents;

(d) this commitment letter is not accepted by the Borrower and the Personal Guarantors and returned to the Authority's office within 15 days from this date; or

(e) the Loan does not close on or before January 31, 1996.

6. Survival of Conditions: Time of Essence. The financing documents shall incorporate the terms and conditions of this commitment letter and shall supersede this commitment letter upon issuance of the Authority's insurance unless specifically provided otherwise in the financing documents. Time is of the essence hereof.

7. Advertising. The Borrower authorizes the Authority to place a sign at the Borrower's premises at any location selected by the Authority and to prepare and furnish news releases to the news media or any other publications selected by the Authority advertising the Borrower's involvement in the Authority's Conventional Program and the details of the financing and the transaction.

8. Amendment to Commitment Letter: No Assignment. This commitment letter may not be changed except by written agreement signed by the Borrower and the Authority, and may not be assigned by the Borrower, by operation of law or otherwise, unless the Authority shall consent in writing to such assignment.

If you have any questions about the Conventional Program or about this commitment letter, please feel free to call Charles McGee at (410) 333-1834 or our counsel, Barbara Curnin Kountz or Susan B. Dubin, Assistant Attorneys General, at (410) 333-4813. Please return this commitment letter to the attention of Charles McGee.

Sincerely,



James D. Fielder, Jr., Ph. D.
Deputy Secretary

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:



Assistant Attorney General

Attachments

Term Sheet

List of Documents and Information to be Supplied

Resolution

THE FOREGOING TERMS AND CONDITIONS ARE AGREED TO AND ACCEPTED:

BORROWER: SHORE COMMUNICATIONS, INC.

By:



Mark Sapperstein, President

Date:

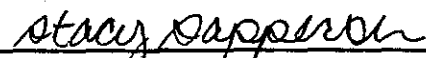
9/20/95

PERSONAL GUARANTORS:



Mark Sapperstein

9-20-95
Date



Stacy Sapperstein

9/20/95
Date

cc: Marjorie A. Feurer
Charles McGee
Susan B. Dubin, Esquire