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From: [REDACTED]
Sent: Wed 6/8/2011 1:20:28 PM
Subject: Swanson status

1. Talked to Swanson's accountant who says that as of 12/31/10, Dan had \$14.2M of his own invested in 1220. That was in addition to \$22.3 in the then first. In January 2011, he borrowed \$5.3 in the existing second - most of it going to interest reserves, insurance, taxes and maintenance. So the accountant (Blain Hockeman in Miami) considers Dan has \$42.5+ in.

According to Hockeman, the ownership structure is more complicated.

Originally one LLC (1220 South Ocean Boulevard LLC) bought the land and mortgaged it, and then leased it to a construction company (an s corp) which entered into a construction loan secured by its leasehold with the same lender (then Mercantile, now TD).

In Jan 11, when the second was put on, the s corp was collapsed into the LLC.

Evidently the LLC is owned by a second LLC (1220 South Ocean Boulevard Holdings LLC) which is owned by two trusts, one fbo Dan, one fbo his wife, Karen.

I am going over this structure later today with Craig Kelley, a bankruptcy lawyer/trustee I am consulting with, to figure out what structure will work best (and what LLC I should become a manager of) for bankruptcy avoidance purposes.

I also want to be sure what the tax consequences of acquiring an interest/being manager might be.

2. Also talked to Ed Corcoran of Mercantile/TD. He is versed in the proposed transactions including that for my entity would take an interest in the LLC and he raised no objection subject to the approval of his new boss (who is in Boston) and counsel. He was talking about using a local lawyer in Ft Lauderdale who has not been previously involved with this loan because previous counsel (Greenberg Traurig) was very slow and expensive.

I will keep you posted.

I am going to London tomorrow for 8 days. I will be available on a UK mobile ([REDACTED]) or, hopefully, email.

Dan is pushing to close within a month.

