GOVERNMENT
EXHIBIT
248
08cr364(RHK/AJB)

PROMISSORY NOTE

$4,060,000.00 January 6, 2005
19.00% Interest State of Minnesota

FOR VALUE RECEIVED, Payor hereby promises to pay to the order of Payee, or Payee's successors or assigns, the Principal Amount of this Promissory Note, together with Interest, on or before the maturity date, as follows:

1. **Payor.** Payor, as used herein, shall be Petters Company, Inc., 4400 Baker Road, Suite 200, Minnetonka, MN 55343, or such other address of which Payor shall have notified Payee in accordance with this Agreement.

2. **Payee.** Payee, as used herein, shall be Fidelis Foundation, as agent for Minnesota Teen Challenge, Trinity Christian School, Seg-Way Ministries, International Ministerial Fellowship, Bethany International and Fidelis Foundation. Payee's address is c/o Fidelis Foundation, 3189 Fernbrook Lane North, Plymouth, MN 55447 or such other address of which Payee shall have notified Payor in accordance with this Agreement.

3. **Principal Amount.** The Principal Amount is Four Million Sixty Thousand and No/100 Dollars ($4,060,000.00).

4. **Interest.** Payor shall pay Payee Interest on the Principal Amount of this Promissory Note at the rate of nineteen percent (19.00%) simple interest per annum on the outstanding Principal Amount from the date of this Promissory Note until paid in full.

5. **Payments.** The Principal Amount and accrued Interest shall be payable as follows:

   (a) Amount of Payments. The Principal Amount shall be due and payable to the Payee in lawful money of the United States of America upon receipt by the Payor of the accounts receivable due and owing to the Payor under the Purchase Order attached to the Security Agreement described in Paragraph 8 below, but in no event more than 120 days after the date of this Promissory Note. Interest that accrues hereon from time to time shall be payable upon payment of the Principal Amount. Notwithstanding the foregoing, if the Payee gives notice of demand for payment, the Principal Amount and all Interest shall be due and payable thirty (30) days from receipt of notice.

   (b) Place of Payments. Payments shall be paid at the address set forth in Paragraph 2 above or as may be modified as provided herein.

   (c) Application. Payments received by Payee under this Promissory Note shall first be applied to all accrued Interest on the date the payment is credited and then to the unpaid Principal Amount until the entire indebtedness is paid ir full.

6. **Payor's Right to Prepay.** Payor has the right to make prepayments of all or any part of the Principal Amount at any time before it is due without penalty or premium. Any prepayment will be applied first to Interest through the date of such prepayment and second to the outstanding Principal Amount. Any prepayment will not postpone the due date of any subsequent amount due unless Payee otherwise agrees in writing to a change.

7. **Dishonored Checks.** Payee may collect the maximum processing fee for each check of Payor which is dishonored and returned as provided by state law, from time to time.

8. **Security Interest.** This Promissory Note is secured by a security interest granted to Payee in certain personal property pursuant to a Security Agreement between Payor and Payee, of even date herewith (the "Security Agreement").

9. **Default.** An Event of Default shall mean and include for the purposes of this Promissory Note any one or more of the events as follows:

   (a) Payor shall fail to pay, when due, any amount due and payable under this Promissory Note and shall fail to cure such default within fifteen (15) days after receiving from Payee a written notice of such default; or

   (b) The occurrence of any event of default under any loan agreement, credit facility, term loan or any other agreement entered into by Payor for the use of borrowed funds, with respect to which (i) the creditor has accelerated the maturity of the indebtedness of Payor to such creditor, or (ii) the creditor has initiated action to collect such indebtedness; or

   (c) There shall have been filed or commenced against Payor an involuntary case under any applicable bankruptcy, insolvency or other similar laws now or hereafter in effect or an action shall have been commenced to appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Payor or for any substantial part of Payor's property or for the winding-up or liquidation of Payor's affairs and such action or proceeding shall not have been dismissed within sixth (60) days; or

   (d) Payor shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar laws now or hereafter in effect; or shall consent to the entry of an order for relief in an involuntary case under any such law; or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of Payor or of any substantial part of Payor's property; or shall make any general assignment for the benefit of creditors; or shall take any action in furtherance of any of the foregoing;

(e) Payor shall default in the performance by Payor of any of Payor's covenants or commitments under the Security Agreement, which default is not cured by Payor within the cure period set forth in the Security Agreement.

10. **Remedies.** Upon the occurrence of an Event of Default, Payee may, at Payee's option, declare the unpaid Principal Amount and any accrued Interest thereon immediately due and payable upon written notice to Payor and may exercise any and all rights it may have under the Security Agreement, under any other agreement with the Payor, and by law. Payor agrees to pay Payee all costs of collection of this Note incurred by Payee, including but not limited to legal expenses and reasonable attorney's fees, paid or incurred by Payee on account of such collection, whether or not suit is filed with respect thereto and whether such cost or expense is paid or incurred, or to be paid or incurred, prior to or after entry of judgment. Interest on any amount due Payee after an Event of Default shall accrue at the rate set forth in paragraph 4 until all amounts are paid in full.

11. **Waiver.** Payor hereby waives demand, presentment, protest, notice of protest and notice of dishonor of this Promissory Note.

12. **Non-Waiver.** The waiver by Payee of an Event of Default or other breach of this Promissory Note by the Payor shall not be construed as a waiver of any other Event of Default or breach by Payor.

13. **Notices.** All notices given pursuant to this Promissory Note shall be given in writing and shall be effective upon receipt. All such notices shall be delivered by hand or sent by registered or certified mail, postage prepaid and return receipt requested, to the other party at the addresses set forth in Paragraphs 1 and 2 (or such other addresses as may have been provided to the other party in accordance with the terms of this Paragraph). Notice given by hand shall be effective upon receipt and notice sent by registered or certified mail shall be deemed given three (3) days after being mailed.

14. **Governing Law.** This Promissory Note shall be governed by, construed and interpreted pursuant to the laws of the State of Minnesota.

IN WITNESS WHEREOF, the undersigned Payor has executed and acknowledged receipt of a copy of this Promissory Note on the date written below.

PETTERS COMPANY, INC., Payor

Dated: January 6, 2005

By: _____
Its: _____

GUARANTY

In consideration for the loan of monies to the Payor in which the undersigned has an interest, the undersigned unconditionally guarantees to Payee the payment of all amounts due and owing Payee and the performance of all obligations of Payor pursuant to the Promissory Note to Fidelis Foundation dated January 6, 2005 for the principal amount of Four Million Sixty Thousand and No/100 Dollars ($4,060,000.00), without the necessity of Payee bringing any action of proceeding against Payor. The undersigned further waives any defenses other than payment, which could be brought against Payee by Payor to defeat this Guaranty.

Dated: _____

_____
Thomas J. Petters

SECURITY AGREEMENT

THIS AGREEMENT is by and between Petters Company, Inc., a Minnesota corporation, having its address at 4400 Baker Road, Minnetonka, MN 55343 (hereinafter referred to as "Debtor"), and Fidelis Foundation, a Minnesota nonprofit Corporation, whose address is 3189 Fernbrook Lane North, Plymouth, MN 55447, (hereinafter referred to as "Secured Party").

For valuable consideration as set forth in the Promissory Note entered into by Debtor dated January 6, 2005, the parties agree as follows:

1. Security Interest. Debtor hereby grants to Secured Party a security interest under Article 9 of the Uniform Commercial Code in the following described property to secure payment of indebtedness owed to Secured Party:

Merchandise as reflected or referred to in the Purchase Order attached hereto as Exhibit A or as reflected or referred to in any future documentation, including bills of lading, which relate back to Exhibit A;

Any other merchandise which Debtor has or will acquire rights in or use of to the extent funds advanced by the Secured Party has enabled Debtor to acquire an interest in such merchandise; and

Any and all accounts receivables and proceeds which Debtor may acquire through the disposal of such merchandise.

This Security Interest is granted to secure payment of funds loaned to Debtor which has enabled or is intended to enable Debtor to acquire rights in or use of certain merchandise, which the parties understand and anticipate that Debtor intends to resell as a part of its business. The Secured Party agrees that Debtor may, in the ordinary course of Debtor's business, transfer title to or dispose of the merchandise or goods in which a security interest has been granted in a manner consistent with the Representations and Agreement set forth herein and Debtor agrees that, in the event of such disposition, the Secured Party's interest will extend to all accounts receivable generated and all proceeds received relating to such disposition.

2. Representation and Agreements.

Debtor represents and warrants to the Secured Party and agrees as follows.

(a) All funds provided by the Secured Party will be advanced towards the purchase of the merchandise described in Exhibit A, or, in the event of any change in the merchandise described therein, towards the purchase of such other merchandise regarding which the Secured Party has been provided prior notice and an amendment has been made to this Security Agreement referencing the actual merchandise acquired.

(b) Once acquired, the merchandise will be owned free and clear by Debtor until sold during the ordinary course of Debtor's business, and, during such time, the merchandise will be free and will remain free from all security interest, liens, claims and encumbrances.

(c) Debtor agrees to use reasonable care in its handling of the merchandise and to keep the merchandise adequately insured in the event Debtor takes or maintains physical custody of the merchandise.

(d) Debtor agrees to sign any financing statements that are required by the Secured Party to perfect this security interest.

3. Default.

In the event of default by Debtor of any obligation evidenced by the Promissory Note referred to above, the Secured Party may declare the entire obligation immediately due and payable and will have all of the remedies of a secured party under the Uniform Commercial Code. Events of default will include any failure to pay amounts as due under the terms of the Promissory Note, and any breach of the Representations and Agreements set forth in this Security Agreement. In the event of default, Debtor will be responsible for any costs of collection, including court costs and attorney fees.

4. Modification.

No modification of this Agreement will be effective unless it is in writing and is signed by all parties. This Agreement binds and benefits all parties and successors.

5. Additional Provisions.

(a) This Agreement, including any attachments, is the entire agreement between the Parties.

(b) This Agreement is governed by the laws of the State of Minnesota.

(c) Pursuant to Paragraph 1, Insurance through The Maryland Netherlands Credit Insurance Company is covered and a coverage binder has been received by Metro Gem, Inc., and Metro Gem, Inc. shall be listed as loss payee.

Debtor: PETTERS COMPANY, INC.

By: _____
Its: _____

Personal Guarantee: THOMAS J. PETTERS

_____

Secured Party:

By: _____
Its: _____

Witness: _____

PETTERS COMPANY, INC.

4400 BAKER ROAD, SUITE 200, MINNETONKA, MN 55343
PHONE 952-934-9918 FAX 952-975-2295

PURCHASE ORDER

Selling to [redacted]

TO: ENCHANTED FAMILY BUYING GROUP
152 HUNTINGTON STREET
WAYZATA, MN 55391

SHIP TO: WILL ADVISE

ORDERED BY:	TOM PETTERS	*PURCHASE ORDER NUMBER:*	39546
DATE:	1-4-05	*SHIP VIA:*	BEST WAY
PAYMENT TERMS:	WIRE	*F.O.B. POINT*	CO

ITEM NO.	DESCRIPTION	UNIT	QTY.	UNIT COST	TOTAL AMOUNT
30PF9946D	PHILIPS 30" HD READY FLAT PANEL LCD TV		3,125	$1,372.00	$4,287,500.00

	SUBTOTAL	$4,287,500.00
	Shipping charges	
	Handling charges	
	Insurance	
Tax rate [ ] %	Tax	$0.00
	TOTAL DUE	$4,287,500.00

Your receipt and acceptance of this purchase price for the inventory which is the subject of this purchase order shall be deemed acknowledgment of the following: (i) all such inventory is being held by you solely for our account and subject to our instructions, with due care; (ii) you have no further rights in such inventory and will defend title to such inventory on our behalf as well as our successors and assigns; and (iii) all such inventory shall be specifically excluded from any and all liens and security interest in favor of your creditors.

PURCHASE ORDER

[redacted]

PH#: 501-273-4000 TWX: 910-720-7982
TLX: 53-6223 ANSBK: WALMAR TF BTVN

INVOICE TO AND MAIL TO

PURCHASE ORDER NUMBER: 9209653641

ORDER TYPE: REBUY REGULAR

P.O. NUMBER, VENDOR STOCK NUMBER AND OUR ITEM NUMBER MUST BE ON EACH CARTON AND INVOICE. P.O. NUMBER MUST BE ON BILL OF LADING AND MANIFEST. FOR NON COMPLIANCE YOU WILL BE CHARGED $ .50 PER INVOICE. P.O. SUBJECT TO TERMS AND CONDITIONS ON BACK.

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PAYMENT TERMS	NET 60	SHIP POINT	COLORADO	EVENT	BLANKET PO
ROUTING	CALL 5012734300	FREIGHT TERMS	COL ON G %	FOB POINT	FACTORY

SHIP TO:

AS DIRECTED

VENDOR : 728163131
PETTERS COMPANY, INC.
ATTN: TOM PETTERS
4400 BAKER ROAD
MINNETONKA, MN 55343

ORDER DATE	01/10/05
SHIP CAN. DATE	02/07/05
CANCEL DATE	02/18/05

YOU MUST SHIP IN THIS PACK OF CONTACT BUYER

BUYER: JWILLIAMS/HLD

CASES ORD-ERED	CASE INNER	VENDOR STOCK NO OUR ITEM NUMBER	DESCRIPTION	SIZE COLOR	TOT-LBS CUBE-FT	COST PER CASE	EXTENDED COST AFTER DISCOUNTS	LIN NBR
UNITS 3,125	30	PF9946D	PHILIPS 30" HD READY FLAT PANEL	LCD TV		$1,522.92	$4,759,125.00	

** NO BACK ORDERS PLEASE **