PROMISSORY NOTE
Note[redacted]

$1,500,000.00 **Effective Date: July 17, 2008**

FOR VALUE RECEIVED, Petters Company, Inc., a Minnesota corporation (the "*Borrower*"), promises to pay to the order of **C & C Capital, LLC** or its successors, assigns or endorsees (the "*Holder*") at,[redacted] or at such other place as may be designated from time to time by the Holder, in lawful money of the United States of America, the principal sum of One Million Five Hundred Thousand Dollars ($1,500,000.00), which amount includes principal in the amount of or so much thereof as has been advanced pursuant hereto, together with interest on the unpaid principal balance hereof from the date hereof until this Note is fully paid at the Applicable Interest Rate.

Applicable Interest Rate. "*Applicable Interest Rate*" means an annual rate of interest equal to Twenty-Two percent (22%), calculated on the basis of a three hundred sixty (360) day year multiplied by the actual number of days elapsed.

Payments. The entire unpaid principal of this Note, together with all accrued but unpaid interest, shall be due and payable in full on October 15, 2008 ("Maturity Date"), or such earlier date upon which they become due by reason of acceleration.

Pre-payments, Etc. This Note may be prepaid in whole or in part at any time or from time to time, without penalty or premium. Payments hereunder shall be applied first to the payment of outstanding Holder fees, then accrued but unpaid interest and then to reduction of principal. Early payments of less than all principal and fees outstanding will not, unless agreed to by Holder in writing, relieve Borrower of any of Borrower's obligations hereunder.

Automatic Acceleration. Time is of the essence hereof, upon an Acceleration Event, the outstanding unpaid principal balance of this Note and the accrued, but unpaid interest thereon shall automatically become immediately due and payable, without notice, presentment or demand. Upon any acceleration of the Note the Holder may exercise and enforce all rights and remedies under any applicable law, including foreclosure upon any collateral pledged as security for the obligations of this Note. "*Acceleration Event*" means the failure of Borrower to pay the amounts due hereunder in full (including principal, interest and fees) by the Maturity Date or the happening of any other default hereunder or under any agreement securing or guaranteeing payment of this Note and the occurrence of any of the following with respect to the Borrower, Borrower's equity holders, or any guarantors of the obligation under this Note (collectively, "Borrower Persons") (a) any of the Borrower Persons shall (i) be or become insolvent, or (ii) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the Borrower or of all or a substantial part of the Borrower's property, or (iii) commence a voluntary case under any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding under the laws of any jurisdiction, or (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency,

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petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or (v) admit in writing its inability to pay its debts as they mature, or (vi) make an assignment for the benefit of its creditors; or (b) a proceeding or case shall be commenced, without the application or consent of the Borrower Person, and which is not dismissed within 60 days after such commencement, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding up or the composition or adjustment of debts of such Borrower Person, (ii) the appointment of a trustee, receiver, custodian or liquidator or the like of the Borrower or of all or any substantial part of the Borrower's property, or (iii) similar relief in respect of the Borrower Person under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or (vii) default under any loan document, security agreement, purchase or sales agreement , guaranty, or other agreement in which any such Borrower Person has entered into with Holder. If Borrower fails to timely pay any amount due under this Note or fails to timely perform any of its duties or obligations under documents related to this Note, and Holder takes any action to collect the amount due, or to exercise its rights under the related documents, including without limitation retaining attorneys for collection of this Note, or if any suit or proceeding is brought for the recovery of all or any part of, or for protection of the indebtedness, or to enforce Holder's rights under any agreement securing or guaranteeing payment of this Note, then Borrower agrees to pay all costs and expenses of any such action to collect, suit or proceeding incurred by Holder , including without limitation reasonable fees and disbursements of Holder's attorneys and their staff. The acceptance of any payment after the occurrence of an Acceleration Event or other event giving rise to the right of acceleration provided for in this paragraph shall not constitute a waiver of such right of acceleration or of any other right of Holder with respect to such default or event or any subsequent default or event.

Borrower and any indorser or guarantor hereof jointly and severally waive presentment for payment, protest, notice of dishonor and protest, and consent to any extension of time with respect to any payment due under this Note and to the addition to or release of any party.

Collateral. This Note is secured by a Security Agreement granting Holder a security interest in certain purchase orders, receivables and other assets of the Borrower and one or more personal guarantees of the principal of Borrower.

No Waiver. No delay or failure on the part of the Holder in exercising any right or remedy hereunder, or at law or at equity, shall operate as a waiver of or preclude the exercise of any such right or remedy, and no single or partial exercise by the Holder of any such right or remedy shall preclude or estop another or further exercise thereof or exercise of any other right or remedy. No waiver by the Holder hereof shall be effective unless in writing signed by the Holder. A waiver on any one occasion shall not be construed as a waiver of any such right or remedy on any prior or subsequent occasion.

Miscellaneous. This Note is being delivered in, and shall be governed by the laws of, the State of Minnesota. If one or more provisions contained in this Note shall be invalid, illegal or unenforceable in any respect in any jurisdiction, such invalidity, illegality or unenforceability in such jurisdiction shall, to the fullest extent permitted by applicable law, not invalidate or render illegal or unenforceable any such provision in any other jurisdiction or with respect to any other party, or any other provisions of this Note. This Note shall be binding upon the successors and

assigns of Borrower. Any waiver by Holder of any breach of any kind or character whatsoever by Borrower, whether such waiver be direct or implied, shall not be construed as a continuing waiver of, or consent to, any subsequent breach of this Note on the part of Borrower. No course of dealing or performance between Borrower and Holder, nor any delay by Holder in exercising any rights or remedies hereunder or otherwise, shall operate as a waiver of any of the rights or remedies of any party hereto.

This Note, and any security therefor, may be assigned, transferred and set over by Holder to any other person, firm or entity, with or without the consent of Borrower. This Note shall inure to and bind the heirs, devisees, executors, administrators, personal representatives, successors and assigns of the respective parties hereto; provided, however, that nothing herein shall be construed to permit the sale, transfer, assignment or delegation of Borrower's interests and/or obligations hereunder. Borrower acknowledges that the credit extended hereunder by Holder and Borrower's rights under this Note are personal and unique. Accordingly, Borrower acknowledges and covenants that Borrower shall not and may not sell, assign, transfer, pledge or encumber any of Borrower's rights or delegate any of Borrower's duties or obligations hereunder, without Holder's prior written consent, which may be given at Holder's sole discretion. Any unauthorized attempt by Borrower to effectuate such a sale, assignment, transfer, pledge, encumbrance or delegation shall be void ab initio.

PETTERS COMPANY, INC.

By: _____

Thomas J. Petters, President

_____

Thomas J. Petters, personally

SECURITY AGREEMENT

THIS AGREEMENT is entered into this 17th day of July, 2008 by and between Petters Company, Inc., a Minnesota Corporation, having its address at 4400 Baker Road, Suite 200, Minnetonka, MN. 55343 (herein after referred to as "Debtor"), and C & C Capital, LLC, whose address is [redacted] (herein after referred to as "Secured Party").

For valuable consideration as set forth in the Promissory Note entered into by Debtor dated July 17, 2008, 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 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 part of its business. The Secured Party agrees that Debtor may, in ordinary course of Debtor's business, transfer title to or dispose of the merchandise or goods in which 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 or 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 refereed 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 breech 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.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first set forth above.

"SECURED PARTY":

C & C Capital, LLC

By: _____
Name: _____
Title: Managing Director

"BORROWER":

Petters Company, Inc.

By: _____
Name: _____
Title: _____

PETTERS COMPANY, INC.

[redacted], MINNETONKA, MN 55343
PHONE [redacted] FAX [redacted]

PURCHASE ORDER

TO: NATIONWIDE INT'L RESOURCES
2346 WESTWOOD BLVD.
LOS ANGELES, CA 90046

SHIP TO: WILL ADVISE

ORDERED BY:	HOUSE	*PURCHASE ORDER NUMBER:*	[redacted]
DATE:	6-30-08	*SHIP VIA:*	BEST WAY
PAYMENT TERMS:	WIRE	*F.O.B. POINT*	CA

ITEM NO.	DESCRIPTION	UNIT	QTY.	UNIT COST	TOTAL AMOUNT
NUVI5000	GARMIN NUVI 5000 GPS NAVIGATION		2,500	$433.50	$1,083,750.00
NUV1780	GARMIN NUVI 780 GPS NAVIGATION		2,500	$433.50	$1,083,750.00

SUBTOTAL	$2,167,500.00
Shipping charges	
Handling charges	
Insurance	
Tax rate [ ] % Tax	$0.00
TOTAL DUE	$2,167,500.00

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.

BJ'S WHOLESALE CLUB

PURCHASE ORDER

P.O. PAGE 1 OF 1

PO [redacted]
ORDER DATE : 07/01/08
REQUIRED DELIVERY: 09/01/08

TO: PETTERS COMPANY, INC
[redacted]
MINNETONKA, MN 55343
TEL [redacted]

FAX REP#

SHIP TO: BJ'S #820 BRISTOL DISTRB CEN1
42 RUNWAY RD [redacted]
LEVITTOWN , PA. 19057-00000

FRIGHT TERMS: COLLLECT PURCHASER PAYS FOB: ORGIN
LOS ANGELES, CA FREIGHT CLASS 85.0
ROUTING INSTRUCTIONS: A TO Z TRANSPORTATION

AP# [redacted] PAYMENT TERMS

CD	PCT	CUTOFF	DISC	NET
2	.0	0	0	60

TRANSMITTED: FAX
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LINE NO.	BJ'S SKU	DESCRIPTION	MFG STYLE NO.	UPC	UNITS ORDERED	CASE PACK	CASES ORDERED	PALLET PATTERN	COST	PER	EXTENDED COST
1		GARMIN NUVI 5000 GPS NAVIGATION		NUVI5000		2500			$520.20	EA	$1,300,500.00
2		GARMIN NUVI 780 GPS NAVIGATION		NUVI780		2500			$520.20	EA	$1,300,500.00
											$2,601,000.00

CONTACT BUYING OFFICE IMMEDIATELY IF THERE ARE ANY DISCREPANCIES ON THIS PURCHASE ORDER.

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
DEANNA COLEMAN [redacted]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

PETTERS COMPANY, INC.
ATTN: DEANNA COLEMAN
[redacted]
MINNETONKA, MN 55343

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do no abbreviate or combine names

1a. ORGANIZATION'S NAME
PETTERS COMPANY, INC.

OR

1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
[redacted]	MINNETONKA	MN	55343	USA

1d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any
[redacted]		CORPORATION	MN	[redacted] ☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any
				☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
C &C Capital, LLC

OR

3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

4. This FINANCING STATEMENT covers the following collateral:

MERCHANDISE (AND PROCEEDS RECEIVED RELATING TO THE MERCHANDISE) REFERRED TO IN PURCHASE ORDER NO. [redacted] RECEIVED FROM BJ'S WHOLESALE CLUB DATED JULY 1, 2008, UP TO A TOTAL VALUE OF $2,601,000.00 THIS IS PURCHASE MONEY SECURITY INTEREST AND INCLUDES ACCOUNTS RECEIVABLE ARISING FROM THE SECURITY INTEREST.

5. ALTERNATIVE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☒ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA