

Gonsior, Tim

From: Petters, Tom [tom.petters@pettersgroup.com]
Sent: Thursday, August 17, 2006 11:09 AM
To: Munson, Deanna; [REDACTED], bellgreg@lancelotim.com
Cc: lreyn50652@aol.com
Subject: Inspections

Tim and Deanna,

All due respect, This is the last memo I will ever write on this topic od diverting warehouse inspections!!!!!!!!!!!!!!!

I have said year after year!!!

No inspections in diverting warehouses will be allowed! That is why you are getting push back from Larry Reynolds. If it means us reworking, Gregs deal we will have to do so. I won't go through all the details and why and who again ater many conversations.

After that incident where the inspector lied to the people who run costco's warehouse in Denver that did not help at all!

If you recall two or three years ago, we can and will not let any one in any warehouse. So I suggest before they cancel we rework a solution! This seems to continue to be a problem. We do not have. A problem with any other lending facikty. This makes me believe another solution should be available for Lancelot.

FYI; risk is We are now bound by confidentiality agreements that we will disclose nothing about the source, documents, etc. On any merchandise going through the diverting channel.

We are not even supposed to show any documentation to any outside party and we already are looking for solutions to that problem which is different than this. Total confidentiality or we longer even have to worry about it!

Please..... The warehouses change and the fact is merchandise moves to many different spots. Tim you and I have had this discussion many times. I am sorry that we offer no other solutions. Deanna PLEASE, do not do this again as we can't continue to violate the agreements with vendors and retailers!

We will be out of the business in total. I know its not your fault, but fact is fact. Thanks Tom
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----- Original Message -----

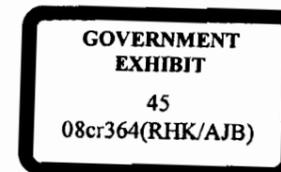
From: Munson, Deanna
To: Petters, Tom
Sent: Thu Aug 17 08:04:05 2006
Subject: FW: Greg Bell

Fyi - I'll take care of it, but just wanted you to be aware of it in case Tim or Greg call you.

-----Original Message-----

From: Munson, Deanna
Sent: Thursday, August 17, 2006 8:01 AM

8/22/2006



0045.0001

To: 'Gonsior, Tim'
Subject: RE: Greg Bell

Sorry I didn't get back to you yesterday, I was out of the office all day. I will call Larry this morning and see what I can do. Larry did mention that he moved out of the El Monte warehouse last Saturday when he was here.

Larry did call me on the 10th and said that no one showed up, and that explains why.

Deanna

-----Original Message-----

From: Gonsior, Tim [REDACTED]
Sent: Tuesday, August 15, 2006 3:53 PM
To: Munson, Deanna
Subject: Greg Bell

Deanna, The inspection process is moving forward but unfortunately slowly. During the inspections it was discovered that two locations are vacant. The El Monte CA location has been vacant for some time and apparently moved to a location near Traction. Can you supply an address and a value in that warehouse? Also, the inspection turned up that the Las Vegas location is also vacant and property is at 4759 Procyn Ave. Can you give me a value for this location? Also, who should the insurance company contact to set up the inspection on these two new locations?

I understand there is some antagonism on Larry Reynolds' part but the company feels he is impeding the process. Last year the insurance was cancelled because of the same problem another company experienced with Mr. Reynolds.

There was an inspection set for 8-17 Larry said it was for 8-10 and now will not allow an inspection until 10-2 (I don't know who's right or wrong. At this point it's immaterial) . I am getting worried that the company will cancel and this will cause a great deal of problems in securing further insurance for Greg. Can you help?

I hate to get you involved but I don't know who else can help.

Thank You,

Tim

Tim Gonsior

Partner

Stanton Group

Telephone: [REDACTED]

8/22/2006

0045.0002

Email: [REDACTED]

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[REDACTED]

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[REDACTED]

8/22/2006

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