

... we understand that you may be under stress,  
under stringent terms as shown in this letter, & not be required to be under  
V.C. ... However, due to X's  
(continued below)

[REDACTED]

June 10, 1991

**BY MESSENGER**

Victor Cohen, Esq.

ROOM 301  
6th & Pennsylvania Avenue, N.W.  
Washington, D.C. 20580

Dear Victor:

As we discussed on Thursday, June 6, 1991, a few

of which is attached to this letter as Exhibit A). None of  
the facts described in my earlier letter have changed, except  
that on December 15, 1991 the additional \$3.5 million will  
be provided by Company X in the form of credit enhancement  
and the original \$3 million note will convert to a cash  
flow mortgage having an indefinite term. However, as we  
discussed on June 6, 1991, given the financial condition of  
Company Y (the borrower) conventional loans are not available  
and Company X (the lender) has legitimate concerns regarding  
the future financial performance of Company Y. Accordingly,  
the Loan Agreement provides certain additional veto powers  
for Company X as well as certain affirmative and negative  
covenants regarding the operation of Company Y.

[REDACTED]

First, as part of the Loan Agreement...

[REDACTED]

levels, price list, and sales commissions for Company Y.  
Company Y's management will operate the daily business

[REDACTED]

any deviations of a greater magnitude require Company X's  
approval. In the event that Company X does not approve of a

input in Y's prices a possible antitrust violation under the Sherman + FTC Acts  
may occur. Our legal firm is advised.

Victor Cohen, Esq.  
June 10, 1991  
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requested change in the budget, then the parties agree to submit the issue to an independent third party for resolution.

Second, the Loan Agreement provides that in subsequent years Company Y will prepare an annual budget and submit the budget to Company X for approval. Once again, if

party for resolution.

Third, if Company X provides the additional million credit enhancement on December 15, 1991, then the majority shareholders of Company Y agree to subordinate their loans to Company Y to the Company X loan and/or forgive some of the loans they made to Company Y in order to provide Company X with additional lender protection.

percentage of the net profits of company Y.

Fifth, in the event that any key executive position becomes vacant, Company X would have veto power over any replacements selected by the Company Y management.

Finally, Company Y affirmatively covenants to maintain at a prescribed level the sales volumes, price lists and sales staff commissions of Company Y, subject to change as provided in the budgets.

As we discussed, Company X would not have the right to appoint management or make daily operating decisions. The veto powers over Company Y's management decisions granted to Company X are directed toward assuring the continued

that although this hybrid loan had some of the aspects of "ownership", so long as Company Y's veto rights over

the beneficial ownership of the stock assets of Company Y

Victor Cohen, Esq.  
June 10, 1991  
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Please contact me immediately if I have in any way misunderstood your analysis of this matter. Thank you for your assistance.

Sincerely,

A large, solid black rectangular redaction covering the signature area.A solid black rectangular redaction covering a line of text.

Handwritten initials or mark, possibly "FJ", located in the lower right quadrant of the page.