

United States District Court, Northern District of Illinois

Name of Assigned Judge or Magistrate Judge	William J. Hibbler	Sitting Judge if Other than Assigned Judge	
CASE NUMBER	02 C 6222	DATE	8/30/2004
CASE TITLE	COMMODITY FUTURES TRADING vs. LOFGREN, et al.		

[In the following box (a) indicate the party filing the motion, e.g., plaintiff, defendant, 3rd party plaintiff, and (b) state briefly the nature of the motion being presented.]

MOTION:

DOCKET ENTRY:

(1) Filed motion of [use listing in "Motion" box above.]

(2) Brief in support of motion due _____.

(3) Answer brief to motion due _____. Reply to answer brief due _____.

(4) Ruling/Hearing on _____ set for _____ at _____.

(5) Status hearing held and continued to 1/10/2005 at 9:30 A.M..

(6) Pretrial conference[held/continued to] [set for/re-set for] on _____ set for _____ at _____.

(7) Trial[set for/re-set for] on _____ at _____.

(8) [Bench/Jury trial] [Hearing] held/continued to _____ at _____.

(9) This case is dismissed [with/without] prejudice and without costs[by/agreement/pursuant to]
 FRCP4(m) Local Rule 41.1 FRCP41(a)(1) FRCP41(a)(2).

(10) [Other docket entry] Enter Consent Order of Permanent Injunction and other ancillary relief against John Martin Lofgren and Melrose Asset Management Corporation.

(11) [For further detail see order attached to the original minute order.]

	No notices required, advised in open court.			Document Number
	No notices required.		number of notices	
	Notices mailed by judge's staff.		date docketed	
	Notified counsel by telephone.		docketing deputy initials	
<input checked="" type="checkbox"/>	Docketing to mail notices.		date mailed notice	
	Mail AO 450 form.		mailing deputy initials	
	Copy to judge/magistrate judge.			
JHC	courtroom deputy's initials	Date/time received in central Clerk's Office		

**In The United States District Court
For The Northern District Of Illinois
Eastern Division**

Commodity Futures Trading Commission, Plaintiff, vs. John Martin Lofgren, and Melrose Asset Management Corporation, Defendants.

Civil Action No: 02C 6222

The Honorable Judge William
J. Hibbler

Magistrate Judge Mason

Consent Order of Permanent
Injunction and Other Ancillary
Relief Against John Martin
Lofgren and Melrose Asset
Management Corporation

Plaintiff, Commodity Futures Trading Commission ("Commission"), filed a Complaint against Defendants John Martin Lofgren ("Lofgren") and Melrose Asset Management Corporation ("Melrose") (collectively "Defendants") on August 30, 2002, seeking injunctive and other equitable relief for violations of the Commodity Exchange Act, as amended ("Act"), 7 U.S.C. §§ 1 et seq. (2002), and Regulations promulgated thereunder, 17 C.F.R. §§ 1 et seq. (2004). The Court entered a Statutory Restraining Order and Order Appointing Receiver the same day. On September 16, 2002, the Court entered a Consent Order of Preliminary Injunction and Other Ancillary Relief Against John Martin Lofgren and Melrose Asset Management Corporation. On March 15, 2004, the Commission filed an Amended Complaint for Injunctive and Other Equitable Relief and Civil Monetary Penalties Under the Commodity Exchange Act.

I. Consents And Agreements

To effect settlement of the matters alleged in the Complaint against Defendants without a trial on the merits or any further judicial proceedings, Defendants:

1. Consent to the entry of this Consent Order of Permanent Injunction and Other Equitable Relief ("Order").

2. Affirm that they have agreed to this Order voluntarily, and that no promise or threat has been made by the Commission or any member, officer, agent or representative thereof, or by any other person, to induce consent to this Order, other than as set forth specifically herein.

3. Acknowledges service of the Summons and Complaint and Amended Complaint.

4. Admits jurisdiction of this Court over them, admits that the Court has subject matter jurisdiction over this action, and admits that venue properly lies with this Court pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1.

5. Waives:

(a) the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, except as set forth below;

(b) all claims which they may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2000) and 28 U.S.C. § 2412 (2000), relating to, or arising from, this action;

(c) any claim of double jeopardy based upon the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief; and

(d) all rights of appeal from this Order.

6. Admits the findings of facts and conclusions of law stated herein. No provision of this Order shall in any way limit or impair the ability of any person, including those third-party beneficiaries designated in Attachment A to this Order, to seek any legal or equitable remedy against the Defendants or any other person in any other proceeding, including any current or subsequent bankruptcy. Furthermore, the allegations of the Complaint and the findings in this Order shall be taken as true and correct and be given preclusive effect, without further proof for the purpose of any current or subsequent bankruptcy proceeding filed by, or on

behalf of, the Defendants, or any proceeding to enforce this Order, or any other proceeding relating to the fitness of the Defendants to act in various capacities governed by the Act.

Defendants shall also provide immediate notice of any bankruptcy filed by, on behalf of, or against them in the manner required by paragraph 8 of Section V of this Order.

7. Agrees that neither they nor any of their agents or employees acting under their authority or control shall take any action or make any public statement denying, directly or indirectly, any allegation in the Amended Complaint or findings or conclusions in this Order, or creating, or tending to create, the impression that the Amended Complaint or this Order is without a factual basis; provided, however, that nothing in this provision shall affect Defendants': i) testimonial obligations; or ii) rights to take legal positions in other proceedings to which the Commission is not a party. The Defendants shall take all necessary steps to ensure that all of their agents and employees understand and comply with this agreement.

8. Consents to the continued jurisdiction of this Court for the purpose of enforcing the terms and conditions of this Order and for any other purposes relevant to this case.

II. Findings of Fact

The Court hereby makes the following findings of fact:

1. This Court has jurisdiction over the subject matter of this action and all parties hereto pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2002).

2. Venue properly lies with this Court pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 in that the Defendants are found in, inhabit, or transact business in this district, and the acts and practices in violation of the Act have occurred, are occurring, or are about to occur within this district, among other places.

3. Defendant Lofgren has been registered as an associated person (“AP”) of various futures commission merchants (“FCMs”) since 1992 and has been registered as an AP of Melrose since April 15, 1998. Lofgren is a principal and chief executive officer of Melrose.

4. Defendant Melrose is an Illinois corporation. It was registered as a commodity pool operator (“CPO”) in April 1999 and a commodity trading advisor (“CTA”) in April 1998.

5. From at least April 1998 to August 2002 (“relevant time period”), Defendants solicited and accepted customer funds from 20 pool participants for use in trading in commodity futures and commodity options in a pool for which Melrose had claimed relief under Commission Regulation 4.7, The Melrose Fund, L.L.C. (“the Fund” or “the pool”). Fourteen of these pool participants still held funds in the Fund at the time of its liquidation shortly after the Complaint was filed.

6. The Defendants began misappropriating funds from the Fund at its inception in 1998 and continued to do so until August 2002, shortly before the Complaint was filed. They misappropriated approximately \$1,845,255 that remained outstanding at the time the Complaint was filed and other funds that have been repaid. These funds were used to pay Lofgren’s personal expenses, operating expenses of Melrose and diverted to other commodity accounts which Defendants managed or in which they participated.

7. In order to conceal their misappropriations, Defendants created a false facsimile purporting to be an investor request for withdrawal of funds, forged the signature of another pool participant on two false letters purporting to confirm the pool participant's withdrawal of funds from the Fund, and sent false account statements to pool participants throughout the life of the Fund. The vast majority of the statements falsely inflated the value of the Fund. The account statements also did not disclose the Defendants' fraudulent withdrawals of pool funds. The pool participants relied on these false statements in maintaining and increasing their investments in the Fund.

8. The Defendants signed and filed false Annual Reports for 2000 and 2001 with the Commission in 2001 and 2002. These Annual Reports contained materially false information because they did not disclose that the misappropriations described above were not customer withdrawals but misappropriations.

9. In order to conceal their misappropriations and false account statements sent to pool participants, the Defendants did not distribute the Annual Reports to Fund pool participants.

III. Conclusions of Law

1. From at least April 1998 to the present, the Defendants cheated or defrauded or attempted to cheat or defraud and willfully deceived or attempted to deceive pool participants by failing to disclose the Defendants' fraudulent withdrawal of funds from the pool, by willfully making or causing to be made false reports and false statements to all of the pool participants who invested money with Defendants to trade commodity futures contracts and options and by misappropriating pool funds entrusted to Defendants for trading commodity futures and commodity options, in violation of Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii)(2002).

2. During the relevant time period, Defendants violated Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Commission Regulations 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c), in that they cheated or defrauded or attempted to cheat or defraud or deceived or attempted to deceive pool participants by failing to disclose their fraudulent withdrawal of funds from the pool, by making false reports and false statements to all of the pool participants who invested money with Defendants to trade commodity futures contracts and options and by misappropriating pool funds entrusted to Defendants for trading commodity futures and commodity options.

3. During the relevant time period, Defendants violated Section 4o(1) of the Act, 7 U.S.C. § 6o(1), in that, while acting as a CPO and CTA or an AP to a CPO and CTA, they directly or indirectly employed a device, scheme, or artifice to defraud commodity pool participants, or engaged in transactions, practices or a course of business which operated as a fraud or deceit upon commodity pool participants by means of the acts and practices described in Section II of this Order.

4. In 2001 and 2002, the Defendants violated Section 6(c) of the Act, 7 U.S.C. § 9, in that they willfully made false and misleading statements of material fact, and willfully omitted to state material facts which were required to be stated in Annual Reports filed with the Commission.

5. In 2001 and 2002, the Defendants violated Commission Regulation 4.7(b)(3), 17 C.F.R. § 4.7(b)(3), in that they failed to distribute Annual Reports to the pool participants.

6. In 2001 and 2002, Lofgren, as chief executive officer of Melrose, signed a statement affirming that to the best of his knowledge and belief, the information contained in the 2000 and 2001 Annual Reports was accurate and complete, when he knew or should have known

that the information in the Annual Reports was neither accurate nor complete, in violation of Commission Regulation 4.22(h), 17 C.F. R. § 4.22.

IV. Order For Permanent Injunction

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. Defendants are permanently restrained, enjoined and prohibited from directly or indirectly
 - A. Cheating, defrauding or deceiving or attempting to cheat, defraud or deceive other persons in or in connection with any order to make, or the making of any contract of sale of any commodity for future delivery, made, or to be made, for or on behalf of any other person, in violation of Section 4b(a)(2)(i) and (iii) of the Act; 7 U.S.C. § 6b(a)(2)(i) and (iii);
 - B. Making or causing to be made to any other person any false report or statement thereof or causing to be entered for any person any false record thereof, in or in connection with any order to make, or the making of any contract of sale of any commodity for future delivery, made, or to be made, for or on behalf of any other person in violation of Section 4b(a)(2)(ii) of the Act, 7 U.S.C. § 6b(a)(2)(ii);
 - C. Cheating, defrauding or deceiving or attempting to cheat, defraud or deceive other persons in or in connection with an offer to enter into, the entry into, the confirmation of the execution of, or the maintenance of, any commodity option transactions, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b) and Commission Regulation 33.10, 17 C.F.R. § 33.10;
 - D. Making or causing to be made to any other person any false report or statement thereof or causing to be entered for any person any false record thereof, in or in connection with an offer to enter into, the entry into, the confirmation of the execution of, or the maintenance of, any commodity option transactions, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b) and Commission Regulation 33.10, 17 C.F.R. § 33.10;
 - E. In the capacity of a commodity pool operator, commodity trading advisor or associated person of a commodity pool operator or commodity trading advisor, employing any device, scheme or artifice to defraud any client or participant or prospective client or participant or engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or participant or prospective client or participant by use of the mails or any means or instrumentality of interstate commerce, in violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1);
 - F. Willfully making any false or misleading statement of material fact, or willfully omitting to state material facts which are required to be stated in any report or application filed with the Commission, in violation of Section 6(c) of the Act, 7 U.S.C. § 9;

- G. Failing to distribute annual reports to pool participants, in violation of Commission Regulation 4.7(b)(3), 17 C.F.R. § 4.7(b)(3);
 - H. Signing any oath or affirmation that, to the best of the knowledge and belief of the individual making the oath or affirmation, the information contained in any account statement or annual report is accurate and complete, when the Defendants know or show know that the information in the account statement is neither accurate nor complete, in violation of Regulation 4.22(h), 17 C.F.R. § 4.22(h).
2. Defendants are further restrained, enjoined and prohibited, until further order of the Court, from directly or indirectly:
- A. Engaging in, controlling directing or accepting funds for the trading for any commodity futures or options accounts for or on behalf of any other person or entity, whether by power of attorney or otherwise;
 - B. Entering into any commodity futures or options transactions for their own accounts, for any accounts in which they have a direct or indirect interest and/or having any commodity futures or options traded on their behalf; and
 - C. Applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration, except as provided for in Commission Regulation 4.14(a)(9), 17 C.F.R § 4.14(a)(9), or acting as a principal, agent, officer or employee of any person registered, exempted from registration, or required to be registered with the Commission unless such exemption is pursuant to Commission Regulation 4.14(a)(9).

V. Order For Other Equitable Relief

IT IS FURTHER ORDERED THAT:

1. Restitution: Defendants shall pay and are jointly and severally liable for restitution to the pool participants listed in Attachment A hereto in the amount of \$1,845,255 plus pre-judgment of \$292,879 and post-judgment interest. Pre-judgment interest is calculated from the date the funds were misappropriated by the Defendants to August 31, 2004 calculated at the underpayment rate established by the Internal Revenue Service, pursuant to 26 U.S.C. § 6621. Interest after the date of this Order until the restitution is paid in full shall be paid at the post-judgment interest rate set forth in 28 U.S.C. § 1961. Listed in Attachment A are the names

of the pool participants to whom restitution shall be made pursuant to this paragraph, together with the total amount of restitution and disgorgement payable by Defendants to each of them (not including required interest) and the pro rata distribution percentage by which each pool participant shall be paid. All payments made pursuant to this Order by Defendants shall first be paid to the Receiver appointed by this Court in this case for further distribution to pool participants and, after the termination of the Receivership, to the pool participants for restitution on a pro rata basis until those amounts (including interest) are fully satisfied. All payments after satisfaction of the restitution shall be applied to the disgorgement amount described below.

2. Disgorgement and Civil Monetary Penalty Amounts: Defendants shall pay, and are jointly and severally liable to the pool participants listed in Attachment A in the same pro rata distribution percentage applied to restitution payments, disgorgement of all management and incentive fees earned from the Fund, for a total of \$3,700,054, plus pre-judgment interest of \$895,525 and post judgment interest. Pre-judgment interest is calculated as of the end of the year in which Defendants earned fees, calculated at the underpayment rate established by the Internal Revenue Service, pursuant to 26 U.S.C. §6621, until August 31, 2004. Such disgorgement payments shall also be paid to the Receiver appointed by this Court in this case for further distribution to pool participants and, after the termination of the Receivership, to the pool participants. Defendants shall also pay and are jointly and severally liable for a civil monetary penalty of \$2,097,533 plus post-judgment interest. Defendants shall receive dollar-for-dollar credit on this civil monetary penalty for any payments of the disgorgement amount. Interest after the date of this Order until the disgorgement amount and the civil monetary penalty are paid in full shall be paid at the post-judgment interest rate set forth in 28 U.S.C. § 1961. Defendants shall pay such civil monetary penalty by electronic funds transfer, or by U.S. postal money order,

certified check, bank cashier's check, or bank money order, made payable to the Commodity Futures Trading Commission, and sent to Dennese Posey, or her successor, Division of Enforcement, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581, under cover of a letter that identifies Defendants and the name and docket number of the proceeding; Defendants shall simultaneously transmit a copy of the cover letter and the form of payment to the Director, Division of Enforcement, Commodity Futures Trading Commission, at the following address: 1155 21st Street, NW, Washington, D.C. 20581.

3. Prior Distribution by the Receiver: The restitution, disgorgement and civil monetary penalty amounts described above are exclusive of the \$3,150,000 distribution made by the Receiver in September 2003.

4. Third-Party Beneficiaries: Pursuant to Rule 71 of the Federal Rules of Civil Procedure, each of the pool participants identified in Attachment A and the Receiver are explicitly made an intended third-party beneficiary of this Order and, after termination of the Receivership, each of the pool participants identified in Attachment A may seek to enforce obedience of this Order to obtain satisfaction of any portion of the restitution or disgorgement amounts which have not been paid by Defendants.

5. Receivership: The Receiver previously appointed in this case shall continue to wind up the affairs of Melrose and the Fund and to administer the assets of the Defendants.

6. Agreement Concerning the Lofgrens' Littleton, New Hampshire Property: John and Katharine Lofgren own in joint tenancy a single family home and property purchased with Melrose funds in February 2000. The property is located at 754 Manns Hill Road, Littleton, NH 03561 ('the Littleton property'). Katharine Lofgren agrees to sign a promissory note, in the

form of Attachment B hereto, in favor of the Receiver appointed by the Court in this case, in the amount of \$100,000 due on April 1, 2005. In exchange for payment in full on the note by April 1, 2005, the Receiver will sign a release of any claim by the receivership estate, in the form of Attachment C hereto. If Katharine Lofgren does not pay the promissory note when due, then the Littleton property will be put on the market on or before April 15, 2005 and promptly thereafter sold, with the net proceeds of the sale split evenly between John and Katharine Lofgren and the Receiver. If the Littleton property has to be sold, Katharine Lofgren and the Receiver will jointly determine issues relating to the marketing and sale of the property, with any disputes to be resolved by the Court. Katharine Lofgren will be responsible for insurance, taxes, maintenance and upkeep of the Littleton property until the property is sold. No charges for insurance, back taxes, maintenance or upkeep, including any mechanic's liens, will be included in the determination of the net sales proceeds payable to the Receiver, with any such charges payable only from the Lofgrens' share of the net sales proceeds.

7. Collateral Agreements: Defendants shall immediately notify the Commission if they make any agreement with any pool participant obligating them to make payments outside of this Order. Defendants shall also provide immediate evidence to the Court and to the Commission of any payments made pursuant to such agreement.

8. Scope of Injunctive Relief: The injunctive provisions of this Order shall be binding on the Defendants, upon any person insofar as he or she is acting in the capacity of officer, agent, servant, employee or attorney of the Defendants, and upon any person who receives actual notice of this Order by personal service, facsimile or otherwise insofar as he or she is acting in active concert or participation with the Defendants.

9. Notices: All notices required to be given by any provision in this Consent Order shall be sent certified mail, return receipt requested, as follows:

Notice to Commission:

Regional Counsel
Division of Enforcement - Central Region
Commodity Futures Trading Commission
525 West Monroe Street, Suite 1100
Chicago, Illinois 60661

Notice to Defendants:

James B. Koch
Gardiner, Koch & Weisberg
53 W. Jackson
Suite 1550
Chicago, IL. 60604
(312) 362-0000

In the event that the Defendants change their residential or business telephone number(s) and/or address(es) at any time, they shall provide written notice of the new number(s) and/or address(es) to the Commission within twenty (20) calendar days thereof.

10. Entire Agreement and Amendments: This Order incorporates all of the terms and conditions of the settlement among the parties hereto. Nothing shall serve to amend or modify this Consent Order in any respect whatsoever, unless: (1) reduced to writing; (2) signed by all parties hereto; and (3) approved by order of this Court.


11. Waiver: The failure of any party hereto at any time or times to require performance of any provision hereof shall in no manner affect the right of such party at a later time to enforce the same or any other provision of this Order. No waiver in one or more instances of the breach of any provision contained in this Order shall be construed as a further or continuing waiver of a breach of any other provision of this Order.

12. The Court enters judgment in the amount of \$6,733,713 plus post-judgment interest, against the Defendants and in favor of the Commission.

13. Jurisdiction: This Court shall retain jurisdiction of this cause to assure compliance with this Consent Order and for all purposes related to this action.

IT IS SO ORDERED.

Dated: 8/30/04

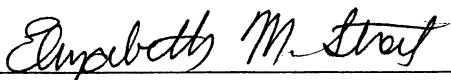

The Honorable Judge William J. Hibbler
UNITED STATES DISTRICT JUDGE

CONSENTED TO AND APPROVED BY:

John M. Lofgren, individually and
on behalf of
Melrose Asset Management Corporation

Katharine Lofgren

James B. Koch
Gardiner Koch & Weisberg
53 West Jackson Blvd.
Chicago, Illinois 60604
Attorney for Defendants and Katharine
Lofgren

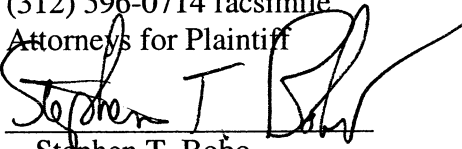


Elizabeth M. Streit
Lead Trial Attorney

Jennifer Diamond
Trial Attorney

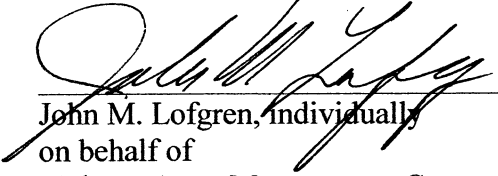
Rosemary Hollinger
Regional Counsel

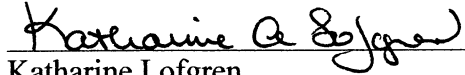
COMMODITY FUTURES TRADING
COMMISSION
525 West Monroe,
Suite 1100
Chicago, IL 60661
(312) 596-0537 (Streit)
(312) 596-0714 facsimile
Attorneys for Plaintiff

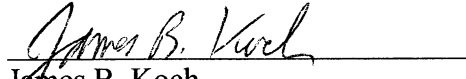


Stephen T. Bobo
Equity Receiver
Sachnoff & Weaver
30 South Wacker Drive
Chicago, Illinois 60606

CONSENTED TO AND APPROVED BY:


John M. Lofgren, individually and
on behalf of
Melrose Asset Management Corporation


Katharine Lofgren


James B. Koch
Gardiner Koch & Weisberg
53 West Jackson Blvd.
Chicago, Illinois 60604
Attorney for Defendants and Katharine
Lofgren

Elizabeth M. Streit
Lead Trial Attorney

Jennifer Diamond
Trial Attorney

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Attorneys for Plaintiff

Stephen T. Bobo
Equity Receiver
Sachnoff & Weaver
30 South Wacker Drive
Chicago, Illinois 60606

Attachment A

Pool Participant	Proposed Distribution¹	Pro Rata
Castagna Trust	\$257,519	4.64%
Joe Coughlin	\$16,095	0.29%
Bryan Cressey	\$1,931,394	34.83%
Florentine/Sienna	\$257,519	4.64%
George C. Madden (Trust)	\$6,438	0.12%
George C. Madden (IRA)	\$37,225	0.67%
Lee Mitchell	\$321,899	5.80%
Marjorie Shaddock	\$32,190	0.58%
Marobe Thigpen	\$64,219	1.16%
Carl Thoma	\$2,497,202	45.03%
John Vitt	\$72,105	1.30%
Waxman/Hershey	\$51,504	0.93%
		100.00%
	\$5,545,309	

¹ These amounts do not include pre-and post-judgment interest to which pool participants are also entitled.

PROMISSORY NOTE

For value received, the undersigned promises to pay the amount of one hundred thousand dollars (\$100,000) to Stephen T. Bobo, not individually, but in his capacity as Equity Receiver for defendants John M. Lofgren and Melrose Asset Management Corporation, on or before April 1, 2005. Payment shall be made at 30 S. Wacker Drive, Suite 2900, Chicago, Illinois 60606. If paid when due, no interest will accrue on the amount due. After April 1, 2005, interest will accrue on all unpaid balances at the rate of ten percent (10%) per annum. This Note may be prepaid in whole or in part at any time without penalty.

Until all obligations under this Note are paid in full, the undersigned promises to pay on a current basis all expenses of maintaining and living in the real property located at 754 Manns Hill Road, Littleton, New Hampshire (the "House"), including, but not limited to, taxes, insurance, utilities, upkeep and repair costs.

It shall be an event of default if payment of all amounts due is not made by April 1, 2005 or if all of the expenses of maintaining and living in the House are not paid on a current basis.

The undersigned submits to the jurisdiction of the United States District Court for the District of Illinois as the exclusive forum for resolving any disputes relating to this Note, including enforcing any obligations due hereunder. The rights of the parties hereunder will be governed by the law of the State of Illinois, without regarding to its conflicts law.

Sworn to and subscribed before me
this _____ day of August, 2004

Katherine Lofgren

Notary Public

RELEASE OF CLAIMS

In exchange for full payment of all sums when due under that certain Promissory Note dated as of August ____, 2004 from Katharine Lofgren payable to Stephen T. Bobo, (the "Receiver") not individually but in his capacity as Equity Receiver of John M. Lofgren and Melrose Asset Management Corporation, the Receiver hereby releases all claims of the receivership estate with respect to the residential real estate commonly known as 754 Manns Hill Road, Littleton, New Hampshire.

Stephen T. Bobo, not individually, but as Equity Receiver for John M. Lofgren and Melrose Asset Management Corporation