



**Auditor of State
Betty Montgomery**

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Auditor of State Betty Montgomery

William E. Mabe
Administrator/CEO
Ohio Bureau of Workers' Compensation
30 W. Spring Street
Columbus, Ohio 43215-2256

As you are aware, on May 16, 2005, at the request of the Ohio Inspector General, the Auditor of State's Office (AOS) initiated a special audit of the Ohio Bureau of Workers' Compensation (OBWC) pursuant to its authority under Chapter 117 of the Ohio Revised Code. On June 1, 2005, the AOS announced it had employed two independent auditing firms to conduct select portions of the special audit engagement. Crowe Chizek and Company LLC (Crowe) conducted independent forensic accounting procedures on the fund inventories of Capital Coin Fund Limited and Capital Coin Fund Limited II (collectively "CCF"). Clark, Schaefer, Hackett & Co. (CSH) conducted a review of OBWC's policies, procedures, and practices surrounding the establishment and management of CCF, MDL Capital Management and MDL Active Duration Fund (collectively "MDL"), and OBWC's private equity investments. Both auditing firms were asked to conduct distinct portions of the special audit, which resulted in two, separate reports. The AOS also hired an international auction house (Sotheby's) for the purpose of valuing and inventorying CCF coins and memorabilia. Sotheby's work also resulted in a separate report.

The general scope for each of the three engagements is as follows:

- Crowe Chizek and Company, LLC - Carry-out forensic auditing procedures on the actual fund transactions of CCF for the period March 31, 1998 through May 23, 2005. More specifically, Crowe was hired to perform the following objectives:
 - Participate in the identification and accounting of coin fund assets which, in addition to rare coins, may include collectibles, accounts receivable, agreements relating to real property, and other contracts. Further investigate discrepancies noted.
 - Review transactions and agreements relating to CCF. Transactions reviewed may include, but not be limited to, OBWC capital contributions, asset purchases and sales, and payments for administrative fees. Determine whether discrepancies exist relating to these transactions and agreements.
 - Identify any discrepancy between the value of the CCF's assets and the approximately \$55.4 million principal investment made by the OBWC.

88 E. Broad St. / P.O. Box 1140 / Columbus, OH 43216-1140
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

- Review the results of inquiries by auditors, appraisers, and investigators to determine what, if any, interviews need to be conducted to explain their findings or results. Conduct or participate in these interviews as necessary.
 - Cooperate fully with pending criminal investigative efforts.
- Sotheby's – Inventory, catalogue, and appraise CCF coins and memorabilia. More specifically, Sotheby's was hired to perform the following objectives:
- Review the most updated coin inventory documents for the CCF and determine what the value of the funds should be based on the inventory documents only.
 - Inventory all of the coins that will have been identified by the OBWC to determine whether or not all of the coins listed in the inventory documents are physically present and accounted for.
 - Appraise the market value of all the coins identified by the OBWC.
 - Arrange for appropriate transportation of CCF assets from various locations to the Huntington National Bank in Columbus, Ohio.
- Clark, Schaefer, Hackett & Co. – Review OBWC's policies, procedures, and practices surrounding the establishment and management of its various investment funds for the period on or about March 31, 1998 through September 1, 2005. More specifically, CSH was hired to perform the following objectives:
- Obtain an understanding of the internal controls over the investment function of the OBWC (including an evaluation of administrative rules and investment policies) and evaluate the effectiveness of those internal controls.
 - Determine if the OBWC has complied with applicable laws and regulations in the investment of CCF assets.
 - Obtain an understanding of the CCF and OBWC's other private equity investments as well as MDL to determine if the OBWC followed its internal control policies and procedures related to these investments.
 - Obtain an understanding of the internal controls for monitoring investments and investment advisors including investments in limited partnerships. Evaluate the design and effectiveness of those controls.
 - Determine if the OBWC followed its policies and procedures for monitoring the CCF since the Fund's inception.
 - Determine if the investment reports related to the CCF have been appropriately reviewed by the OBWC.
 - Determine if the OBWC followed its policies and procedures for monitoring its investments in MDL Capital Management.
 - Obtain an understanding of the investment purpose and composition of all limited partnership investments of the OBWC including the nature of the partners.
 - Apply a risk-based analysis of limited partnership investments to determine investments that warrant further review. Factors would include the scope and magnitude of the partnership, OBWC's ownership percentage of the partnership, and availability of audited financial statements.

- For selected limited partnerships, review operating agreements and determine that investment policies and internal controls have been followed for the initial investment and ongoing monitoring.

We have reviewed the reports for each of the three engagements as prepared by the two auditing firms and auction house. Based on that review, we have issued six findings for recovery in the amount of \$13,559,203 and have verified the calculations in support of the findings for recovery. We have also issued four non-compliance citations, which again, were based on our review of the reports. To assist the reader, both reports produced by the auditing firms include either a summary of findings or an executive summary.



Betty Montgomery
Auditor of State

February 22, 2006

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Special Audit Report

Background

In April 2005, the AOS participated in conversations with Ohio Inspector General, Tom Charles, and U.S. Attorney, Greg White, regarding coin investments made by the OBWC. These discussions specifically involved OBWC's private equity investment in the CCF, managed by Mr. Thomas Noe. At that time, the Inspector General's Office began its investigation of OBWC's investment in CCF. After revelations that an associate of fund manager Mr. Noe was a convicted felon, and that CCF was missing as many as 121 coins, the AOS engaged in more detailed discussions with the Inspector General regarding the potential scope of a special audit and the requisite expertise for such an engagement. Subsequent planning discussions were held with Inspector General, Tom Charles and U.S. Attorney, Greg White, to ensure the special audit would not hinder any ongoing investigations that were being conducted by the Inspector General's Office or federal authorities. On May 13, 2005, the Inspector General requested that AOS initiate a special audit of the OBWC. The AOS formally initiated the special audit of the OBWC on May 16, 2005.

To ensure the highest levels of independence, the AOS announced on June 1, 2005, that it had used its authority under Ohio Rev. Code sections 115.56 and 117.11 to contract with the following independent accounting firms to conduct distinct portions of the special audit engagement: Crowe Chizek and Company, LLC. (Crowe); and Clark, Schaefer, Hackett & Co (CSH). The AOS also hired an international auction house, Sotheby's, to assist in appraising and inventorying CCF coins and memorabilia.

Crowe was engaged to perform the forensic audit of the CCF. The review concentrated on all transactions that CCF made with the \$ 50 million capital investment of OBWC. It was necessary for AOS to use its subpoena power to assist Crowe in completing the engagement. Crowe also received data and documents that were obtained by the Task Force, which included various prosecutors and other law enforcement officials. In the fall of 2005, AOS agreed to allow Crowe to work directly with the Task Force, which was responsible for coordinating the criminal investigation into the matter. As such, AOS did not receive the final report from Crowe until the indictments were formally announced on February 13, 2006. All of our findings for recovery are based on the results of the work performed by Crowe.

CSH was engaged to perform the review of the controls, policies, and procedures surrounding the OBWC investment function. Particularly, CSH was asked to review those procedures as they applied to CCF and the other private equity investments. Additionally, AOS requested CSH to review similar procedures for the MDL investment. Similar to Crowe, AOS agreed to withhold the release of the CSH report until the Task Force had completed its work so as not to hinder the criminal investigation. The CSH report is dated September 1, 2005 as that was the date that the firm completed its substantial field work. Further, we are aware that the most recent budget bill (HB 66) as well as policy and procedural changes made by OBWC management addresses a number of the recommendations contained in the CSH report.

On May 13, 2005, AOS's Chief Legal Counsel contacted Sotheby's and requested the auction house to undertake an appraisal of CCF's coins. Neither AOS nor Sotheby's were aware of the extent of the collections, nor how widely dispersed they were. The collections were only described as coins collected for investment. Similar to the auditing firms, Sotheby's report was also delayed as the auction house worked with the Task Force in performing the appraisal work.

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Major Conclusions

The following conclusions are that of the AOS and are derived from the Crowe and CSH reports:

- OBWC did not have adequate policies to govern its private equity investments. Further, where policies did exist, they were not consistently applied and enforced.
- The investment process did not contain adequate internal controls to prevent system and management overrides. For example, investment procedures allowed for the Chief Investment Officer, the Chief Financial Officer or either of the two senior investment officers to sign an authorization to move money out of OBWC's main operating account or from one fund manager to another. As a result, it was possible that fund managers could be funded without the knowledge of the Chief Investment Officer and Administrator. In addition, once a fund manager was approved, the OBWC staff would not go back to the Oversight Commission for authorization/approval of additional funding regardless of purposes.
- OBWC did not exercise sufficient oversight of fund managers in approving, settling, or reconciling transactions and account balances. Additionally, OBWC did not internally track all fund transactions and did not regularly adjust account values.
- With the exception of CCF I & II (Collectively "CCF"), OBWC operating agreements with its fund managers required audited financial statements and other reports. However, OBWC did not monitor fund managers to ensure that audited financial statements were obtained for private equity investments.
- OBWC selected its fund managers through an RFP process but was unable to provide any documentation or evidence that proposals were objectively evaluated prior to selection.
- OBWC's Oversight Commission did not include members with adequate expertise in finance and investment practices to allow them to carry-out their statutorily established monitoring responsibilities.
- The Oversight Commission did not approve the criteria for the selection of fund managers as required by OBWC's investment policy.
- OBWC invested in Capital Coin Fund I in 1998 although such investments were not allowed under OBWC's policy at that time.
- Mr. Thomas Noe did not meet OBWC's criteria to serve as a fund manager per the investment policy.
- Although the RFP required audited financial statements, OBWC did not include such a requirement in its operating agreement with CCF. Further, neither internal OBWC legal counsel nor outside legal counsel was involved during the contract negotiation phase of this investment. In fact, OBWC allowed Mr. Noe's legal counsel to draft the operating agreement, which contained provisions that greatly benefited Mr. Noe. Further, the operating agreement did not enable OBWC to withdraw from the agreement as a limited partner.
- The Chief Investment Officer dismissed concerns raised in 2000 by internal auditors regarding the accounting practices and operations of CCF. Requests for increased auditing procedures, including a requirement for annual audited financial statements, were also dismissed. When inquiries were made by OBWC's internal auditors regarding CCF, the Chief Investment Officer advised Mr. Noe of the nature of those inquiries and provided guidance on how to respond to the inquiries so as to alleviate the internal auditors' concerns.

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- MDL Capital Management and MDL Active Duration Fund with MDL (MDL) began in September 2003 with funds from a fixed income fund from MDL that originated in 1998. The transfer of funds was executed and authorized by the former Chief Financial Officer without any supporting documentation justifying the transfer. It was not apparent if the Administrator or Chief Investment Officer were aware of the transfer. The internal reporting by the OBWC reported MDL as a fixed income investment despite the correspondence from the manager which identified the investment as an alternative investment and hedge fund.

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Findings for Recovery

Capital Coin Fund, Limited (CCFI)

1.1 Unsupported Inventory Purchases from Vintage Coins and Cards: \$5,305,000

The CCFI Operating Agreement ("OA") ¶12.2 states "The purposes of the Company are to buy, sell and otherwise manage rare United States coins and Related Materials..." OA ¶4.7 states Vintage Coins and Cards AKA Vintage Coins and Collectibles ("VCC") and Delaware Valley Rare Coin Co., Inc. ("DVRC"), as fund managers, "...shall cause to be kept full and accurate records of all transactions of the Company." OA ¶15.2b (iv) requires the fund manager to "Maintain complete and accurate records of all assets owned by the Company and complete and accurate books of accounts (containing such information as shall be necessary to record allocations and distributions)..."

On March 31, 1998, OBWC made an initial \$25,000,000 investment in CCFI. On the same day, CCFI allegedly purchased inventory totaling \$1,375,000 from VCC; however, the VCC accounting records showed VCC did not possess the inventory levels necessary to support the sales transaction and the VCC check registers reflected a negative cash balance. Additionally, a review of VCC's accounting records subsequent to the \$1,375,000 transaction revealed payments for a line of credit in the name of Thomas Noe, Inc. (\$446,471), payments to Mr. Noe (\$218,000), payroll for VCC employees (\$4,426), a \$20,000 payment to Mid America Sports, a company in which Mr. Noe has partial ownership interest, and \$686,103 in payments which, on the surface, did not appear to be related parties.

In addition to the \$1,375,000 described above, there were 15 transactions totaling \$3,930,000, characterized as CCFI inventory purchases from VCC, all of which were unsupported. In 12 of the 15 transactions, VCC check registers reflected a negative cash balance at the time the CCFI deposits were recorded by VCC. VCC's accounting records were reviewed after each of these 15 transactions and revealed these payments: \$504,657 to a line of credit and other financial institutions in the name of Thomas Noe, \$227,049 in payments directly to Mr. Noe, \$542,675 to related companies, \$1,020,676 to related individuals, \$176,088 in payments to builders and home appliance vendors for homes in Florida and Ohio, \$3,591 for tents and passes at the 2003 US Senior Open, and \$1,455,264 in other payments which, on the surface, did not appear to be related parties.

There were no contemporaneous business records that evidenced the existence of inventories purchased on the dates of any of the transactions described above. Contemporaneous business documentation includes items such as customer sales slips, shipping records, transaction information (coin serial numbers, purchase date, purchase amount), and agreements between parties with respect to transactions that often address the legalities and ownership of inventory and the like. Such records are expected to be available to support these types of transactions. Such supporting documents were often prepared by VCC personnel for other similar inventory transactions. The unusual absence of such contemporaneous documents and register information regarding transactions between CCFI and VCC, coupled with the analysis of the accounting records, supports the lack of any actual, bona fide transactions consistent with the purpose of the CCFI and that cash distributions were not for a proper purpose.

Standard practice is to verify the accuracy of information provided to the AOS by the Independent Public Accountant (IPA) firm for quality assurance. Review of the IPA's work verified that these calculations were correct.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended and/or illegally converted or misappropriated is hereby issued against Capital Coin Fund, Limited, Vintage Coins and Cards AKA Vintage Coins and Collectibles, Thomas Noe, President of Vintage Coins and Cards AKA Vintage Coins and Collectibles and Principal Officer and co-manager of the Capital Coin Fund, Delaware Valley Rare Coin Co., Inc, and Frank Greenberg, President of Delaware Valley Rare Coin Co., Inc, and Principal Officer and co-manager of the Capital Coin Fund, jointly and severally, and in favor of the Ohio Bureau of Workers' Compensation, in the amount of \$5,305,000.

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A separate criminal action has been filed in Lucas County, Ohio, on February 12, 2005, *The State of Ohio v. Thomas W. Noe*, CR06-01348, related to activities involving the Capital Coin Funds I and II.

1.2 Profits not Allocated Properly: \$95,497

CCFI was incorporated in the state of Ohio in 1998. On March 31, 1998, OBWC contributed \$25,000,000 to CCFI which entitled OBWC to receive 250 units of interest in the company. VCC and DVRC each contributed \$5,000 on March 6, 1998 and May 22, 1998, respectively, which entitled each to receive one unit of interest in the company, resulting in a total of 252 units issued in connection with this fund. OBWC, VCC and DVRC were the exclusive members of CCFI.

According to the CCFI OA, profit and loss allocation amounts varied based on the level of investment in numismatic and related inventories. If less than 80% of the offering proceeds were invested in coins and numismatic materials, then OBWC was allocated 99% of profits and losses and VCC and DVRC were each allocated 0.05% of profits and losses.

If 80% or more of the offering proceeds were invested in coins and numismatic materials, then OBWC was allocated 80% of profits and losses and VCC and DVRC were each allocated 10% of profits and losses.

Crowe Chizek and Company, LLC (Crowe), the IPA firm hired by the Auditor of State to perform the special audit, recalculated the member allocations based on the CCFI OA provisions using the amount of CCFI profits as reported on the US Income Tax Forms for the years 1998 to 2004. Crowe found that in 1998, the profits should have been allocated 99% to OBWC and 1% to VCC and DVRC, collectively, for the seven month period of April through October 1998, and allocated 80% to OBWC and 20% to VCC and DVRC, collectively, for the two-month period ended December 31, 1998.

Based on the results of Crowe's analysis, the 1998 CCFI allocation amounts were incorrectly calculated under the CCFI OA. These 1998 profit allocations were also distributed to members; therefore, the payments were also inaccurate. VCC and DVRC were over-allocated and over-paid \$47,748 and \$47,749, respectively, in profits, and OBWC was under-allocated and under-paid those amounts.

Standard practice is to verify the accuracy of information provided to the AOS by the IPA for quality assurance. Review of the IPA's work verified that these calculations were correct.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but uncollected is hereby issued against Capital Coin Fund, Limited, Vintage Coins and Cards AKA Vintage Coins and Collectibles, Thomas Noe, President of Vintage Coins and Cards AKA Vintage Coins and Collectibles and Principal Officer and co-manager of the Capital Coin Fund, Delaware Valley Rare Coin Co., Inc, and Frank Greenberg, President of Delaware Valley Rare Coin Co., Inc, and Principal Officer and co-manager of the Capital Coin Fund, jointly and severally, and in favor of the Ohio Bureau of Workers' Compensation, in the amount of \$95,497.

1.3 Profit Distributions Owed to OBWC: \$614,332

The CCFI OA ¶7.1, Distribution of Profits, states "The Company's profits shall be distributed to the Members on an annual basis, or more frequently, in the sole discretion of the Managers. Profits shall be distributed to the Members in proportion to their units.." The Members proportionate shares were 99.2% for OBWC, 0.4% for VCC and 0.4% for DVRC.

Monies were not distributed to the members in accordance with the CCFI OA profit distribution provisions. Specifically, OBWC did not receive any monies related to profit distributions from July 1, 2003 through the end of the period, while VCC and DVRC each received \$324,275, or a total of \$648,550, as a 2004 distribution.

Crowe calculated the amounts of the distribution that each member should have received based on the CCFI OA provisions. Applying the distribution methodology described in CCFI OA ¶7.1, Crowe determined the net

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cash available for distribution should have been paid to OBWC, VCC, and DVRC in the amounts of \$614,332, \$17,109, and \$17,109, respectively.

Standard practice is to verify the accuracy of information provided to the AOS by the IPA for quality assurance. Review of the IPA work verified that these calculations were correct.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but uncollected is hereby issued against Capital Coin Fund, Limited, Vintage Coins and Cards AKA Vintage Coins and Collectibles, Thomas Noe, President of Vintage Coins and Cards AKA Vintage Coins and Collectibles and Principal Officer and co-manager of the Capital Coin Fund, Delaware Valley Rare Coin Co., Inc, and Frank Greenberg, President of Delaware Valley Rain Coin Co., Inc, and Principal Officer and co-manager of the Capital Coin Fund, jointly and severally, and in favor of the Ohio Bureau of Workers' Compensation, in the amount of \$614,332.

Capital Coin Fund, Limited II (CCFII)

2.1 Unsupported Inventory Purchases from Vintage Coins and Cards: \$6,871,540

The CCFII Operating Agreement ("OA") ¶2.2 states "The purposes of the Company are to buy, sell and otherwise manage rare United States coins and Related Materials and to make such other alternative investments..." OA ¶4.6 states VCC, as fund manager, "...shall cause to be kept full and accurate records of all transactions of the Company." OA ¶5.2b (iv) requires the fund manager to "Maintain complete and accurate records of all assets owned by the Company and complete and accurate books of accounts (containing such information as shall be necessary to record allocations and distributions)..."

On July 30, 2001, OBWC made an initial \$25,000,000 investment in CCFII. On August 1, 2001, Thomas Noe wrote a \$2,000,000 CCFII check to VCC, which was characterized as an inventory purchase in the CCFII accounting records. There were no contemporaneous business documents for this transaction and Crowe was unable to determine whether VCC held an appropriate amount of inventory to support this transaction. Additionally, the VCC check registers reflected a negative cash balance at the time of this transaction.

A review of VCC's accounting records subsequent to the \$2,000,000 transaction revealed payments as follows: \$799,910 to CCFI (which was followed by CCFI paying a profit distribution in the amount of \$831,000), \$395,470 for a line of credit in the name Thomas Noe, Inc., \$209,740 to Rare Coin Enterprises Limited; a wholly owned subsidiary of CCFI, \$91,100 to Henry Gailliot, with whom Mr. Noe entered into a joint venture agreement related to Rare Coin Alliance (Rare Coin Alliance is 50% owned by CCFI and 50% owned by CCFII), \$10,000 to CCFII, \$9,800 to DVRC, \$3,000 to NRS, a partnership formed by Mr. Noe and others, and \$17,500 for tents and passes to the 2003 US Senior Open, and \$463,480 in other payments which, on the surface, did not appear to be related parties.

In addition to the \$2,000,000 described above, there were 32 transactions totaling \$4,871,540, characterized as CCFII inventory purchases from VCC, all of which were unsupported. Again, there were no contemporaneous business records that evidenced the existence of inventories purchased on the dates of these transactions. In 27 of the 32 transactions, VCC check registers reflected a negative cash balance at the time the CCFII deposits were recorded by VCC.

VCC's accounting records were reviewed after each of these 32 transactions and revealed payments as follows: direct payments to Mr. Noe (\$584,901), to builders and home appliance vendors (\$232,491), to Mr. Noe's line of credit and other financial institutions/loan payments (\$742,188), to related companies (\$847,481), to related individuals (\$319,606), tents and passes to the 2003 US Open (\$26,824), and \$2,118,049, in other payments, which, on the surface, did not appear to be related parties.

As noted in FFR 1.1 above, there were no contemporaneous business records that evidenced the existence of inventories purchased on the dates of any of the transactions described above. Contemporaneous business documentation includes items such as customer sales slips, shipping records, transaction information (coin serial numbers, purchase date, purchase amount), and agreements between parties with respect to transactions that often address the legalities and ownership of inventory and the like. Such records are

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expected to be available to support these types of transactions. Such supporting documents were often prepared by VCC personnel for other similar inventory transactions. The unusual absence of such contemporaneous documents and register information regarding transactions between CCFII and VCC, coupled with the analysis of the accounting records, supports the lack of any actual, bona fide transactions consistent with the purpose of the CCFII and that cash distributions were not for a proper purpose.

Standard practice is to verify the accuracy of information provided to the AOS by the IPA for quality assurance. Review of the IPA's work verified that these calculations were correct.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended and/or illegally converted or misappropriated is hereby issued against Capital Coin Fund II, Limited, Vintage Coins and Cards AKA Vintage Coins and Collectibles, and Thomas Noe President of Vintage Coins and Cards AKA Vintage Coins and Collectibles and Principal Officer and manager of Capital Coin Fund II, Limited, jointly and severally, and in favor of the Ohio Bureau of Workers' Compensation, in the amount of \$6,871,540.

A separate criminal action has been filed in Lucas County, Ohio, on February 12, 2005, *The State of Ohio v. Thomas W. Noe*, CR06-01348 related to activities involving the Capital Coin Funds I and II.

2.2 Profits not Allocated Properly: \$174,826

CCFII was incorporated in the state of Ohio in 2001. On July 30, 2001, OBWC contributed \$25,000,000 to CCFII which entitled OBWC to receive 250 units of interest in the company. VCC contributed \$10,000 on August 1, 2001, which entitled it to receive one unit of interest in the company, resulting in a total of 251 units issued in connection with CCFII. OBWC and VCC were the exclusive members of CCFII.

According to the CCFII OA, profit and loss allocation amounts varied based on the level of investment in numismatic and related inventories. If less than 80% of the offering proceeds were invested in coins and related materials, then OBWC was allocated 90% of profits and losses and VCC was allocated 10% of profits and losses.

If 80% or more of the offering proceeds were invested in coins and related materials, then OBWC was allocated 80% of profits and losses and VCC was allocated 20% of profits and losses.

Crowe recalculated the member allocations based on the CCFII OA provisions using the amount of CCFII profits as reported on the US Income Tax Forms for the years 2001 to 2004. Crowe found that in 2001 and 2002, the profits should have been allocated 90% to OBWC and 10% to VCC.

Standard practice is to verify the accuracy of information provided to the AOS by the IPA for quality assurance. Review of the IPA's work verified that these calculations were correct.

Based on the results of Crowe's analysis, the 2001 and 2002 CCFII allocation amounts were incorrectly calculated under the CCFII OA. These allocations were also distributed to members; therefore, the payments were also inaccurate. VCC was over-allocated and over-paid \$174,826 and OBWC was under-allocated and under-paid the same amount.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but uncollected is hereby issued against Capital Coin Fund II, Limited, Vintage Coins and Cards AKA Vintage Coins and Collectibles, and Thomas Noe President of Vintage Coins and Cards AKA Vintage Coins and Collectibles and Principal Officer and manager of Capital Coin Fund II, Limited, jointly and severally, and in favor of the Ohio Bureau of Workers' Compensation, in the amount of \$174,826.

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2.3 Profit Distributions Owed to OBWC: \$498,008

The CCFII OA ¶7.1, Distribution of Profits, states "...the Company's profits shall be distributed to the Members on an annual basis, or more frequently, in the sole discretion of the Manager. Such profits shall be distributed to the members in proportion to their units." The Members proportionate shares were 99.6% for OBWC and 0.4% for VCC.

Monies were not distributed to the members in accordance with the CCFI OA profit distribution provisions. Specifically, OBWC did not receive any monies related to profit distributions from July 1, 2003 through the end of the period, while VCC received \$500,000.

Crowe calculated the amounts of the distribution that each member should have received based on the CCFII OA provisions. Applying the distribution methodology described in CCFII OA ¶7.1, Crowe determined the net cash available for distribution should have been paid to OBWC and VCC in the amounts of \$498,008, and \$1,992, respectively.

Standard practice is to verify the accuracy of information provided to the AOS by the IPA for quality assurance. Review of the IPA's work verified that these calculations were correct.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but uncollected is hereby issued against Capital Coin Fund II, Limited, Vintage Coins and Cards AKA Vintage Coins and Collectibles, and Thomas Noe President of Vintage Coins and Cards AKA Vintage Coins and Collectibles and Principal Officer and manager of Capital Coin Fund II, Limited,, jointly and severally, and in favor of the Ohio Bureau of Workers' Compensation, in the amount of \$498,008.

TOTAL ALL FINDINGS FOR RECOVERY: \$13,559,203

Referrals to other agencies:

Internal Revenue Service – For US Income Tax forms submitted by CCFI and CCFII

The audit revealed possible inaccuracies in the amounts of profits reported within the US tax return Schedule K-1 for the Capital Coin Funds I and II which may warrant further investigation. This matter will be referred to the Internal Revenue Service.

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Non-compliance Citations

Citation 1 - Ohio Rev. Code Section 4123.44 allows the administrator of workers' compensation, in accordance with the investment objectives, policies, and criteria established by the workers' compensation oversight commission pursuant to Section 4121.12 of the Rev. Code to invest any of the surplus or reserve belonging to the state insurance fund.

Ohio Rev. Code Section 4121.12(A) states there is hereby created the workers' compensation oversight commission consisting of nine members. **Ohio Rev. Code Section 4121.12(F)(6)** states that the commission shall establish objectives, policies, and criteria for the administration of the investment program that includes asset allocation targets and ranges, risk factors, asset class benchmarks, time horizons, total return objectives, and performance evaluation guidelines, and monitor the administrator's progress in implementing the objectives, policies, and criteria on a quarterly basis. The commission shall publish the objectives, policies, and criteria no less than annually and shall make copies available to interested parties. The commission shall prohibit, on a prospective basis, specific investment activity it finds to be contrary to its investment objectives, policies, and criteria.

On March 31, 1998 the Oversight Commission entered into a private equity investment in the amount of \$25,000,000, known as Capital Coin Fund I, which was not permitted under the investment policy that existed on that date.

Citation 2 - The Ohio Bureau of Workers' Compensation, Statement of Investment Policy and Guidelines, Part IV. Manager Selection Procedure, states that the Administrator and the Chief Investment Officer, with the assistance of the Investment Consultants, will select from the list of Approved Fund Managers the appropriate money managers to manage Fund assets. Approved Fund Managers must meet the following minimum criteria:

A Manager must be a bank, insurance company, investment management company, or investment advisor as defined by the Registered Investment Advisors Act of 1940.

On March 31, 1998, at the time of the initial investment of \$25,000,000 with Thomas Noe, there is no evidence that he met the minimum criteria to be a Fund Manager.

Citation 3 – CCFI and CCFII Operating Agreements

The CCFI Operating Agreement ("OA") ¶2.2 states "The purposes of the Company are to buy, sell and otherwise manage rare United States coins and Related Materials..." OA ¶4.7 states Vintage Coins and Cards AKA Vintage Coins and Collectibles ("VCC") and Delaware Valley Rare Coin Co., Inc. ("DVRC"), as fund managers, "...shall cause to be kept full and accurate records of all transactions of the Company." OA ¶5.2b (iv) requires the fund manager to "Maintain complete and accurate records of all assets owned by the Company and complete and accurate books of accounts (containing such information as shall be necessary to record allocations and distributions)..."

The CCFII Operating Agreement ("OA") ¶2.2 states "The purposes of the Company are to buy, sell and otherwise manage rare United States coins and Related Materials and to make such other alternative investments..." OA ¶4.6 states VCC, as fund manager, "...shall cause to be kept full and accurate records of all transactions of the Company." OA ¶5.2b (iv) requires the fund manager to "Maintain complete and accurate records of all assets owned by the Company and complete and accurate books of accounts (containing such information as shall be necessary to record allocations and distributions)..."

VCC and DVRC, as fund managers, did not comply with the above noted provisions of the CCFI and CCFII Operating Agreements. VCC business documents (such as customer sales slips and shipping records), and transaction information (such as unique coin serial numbers, purchase dates and amounts), that were required to be maintained were not available. Full and accurate records of all transactions, all assets owned, and books of accounts were not maintained as required. These supporting documents were also necessary to

Special Audit Report

document whether profit and loss allocations and distributions were properly calculated and recorded.

Citation 4 – Purposes Clause from CCFI and CCFII Operating Agreements

Section 2.2, the Purposes clause of the Capital Coin Fund Limited Operating Agreement states: The purposes of the Company are to buy, sell, and otherwise manage rare United States coins and Related Materials and to take all such actions which may be incidental thereto as determined by the Managers. The Company shall not engage in any other business or activity.

Section 2.2, the Purposes clause of the Capital Coin Fund Limited II Operating Agreement states: The purposes of the Company are to buy, sell, and otherwise manage rare United States coins and Related Materials and to make other such alternative investments and to take all such actions which may be incidental thereto as determined by the Managers. The Company shall not engage in any other business or activity.

Related Materials is defined in both CCFI and CCFII Operating Agreements as: Material such as, but not limited to, bullions, tokens, medals, numismatic literature, and other collectible items that are related to the numismatic field. According to The American Heritage Dictionary, numismatic is defined as, “of or pertaining to coins or currency.”

Both the CCFI and CCFII Operating Agreements include language in Articles 5.2(c) which restrict the authority of the fund manager to permit use of the funds or assets of the Company in any manner except for the benefit of the Company in furtherance of business purposes or to change the Company’s purposes from those set forth in the Agreements.

A review of CCFI and CCFII inventory revealed that monies were invested in inventories that were neither rare coin nor numismatic related materials. These inventories were categorized in the accounting records as collectible inventory, such as campaign pins, sports memorabilia, stamp collections and US historical political documents.

As of June 30, 2004, CCFI monies in the amount of \$247,716 had been expended on collectible inventory. Such expenditures were not in accordance with the terms the CCFI Operating Agreement and as such were an illegal expenditure, contrary to the purpose of the fund.

As of June 30, 2004, CCFII monies in the amount of \$1,403,788 (excluding the purchase of medals) had been expended on collectible inventory. As noted above, the purpose clause of the CCFII Operating Agreement states, in part, that the fund may “buy, sell, and otherwise manage rare United States coins and Related Materials and to make such other alternative investments which may be incidental thereto as determined by the Manager.” Alternative investments are not defined in the agreement.

Sotheby’s Inc, a well known and respected auction house with expertise in numismatic appraisal and sales, was engaged to review, catalogue, and appraise the inventory of Capital Coin Fund I and II. Sotheby’s included a review and appraisal of the collectible inventory maintained by the Funds as of November 11, 2005. Their appraisal indicates that the Funds have assets in collectible inventory in the value range of approximately \$2.1 to \$2.9 million as of November 11, 2005.

The value of the collectible inventory assets exceeds the amount of funds expended contrary to the stated purposes of the CCFI operating agreement, and expenditures that may have been improper under the CCFII operating agreement. In general, a public entity that has received benefits from a bargain may not recover money paid simply because a defect in the contract was discovered, and the Auditor may determine whether a finding for recovery would be appropriate in such circumstances. See 1976 Attorney General Opinion No. 017; *State ex rel. Hunt v. Fronzier* (1907), 77 Ohio St. 7; *Board of Commissioners v. Noyes* (1878) 35 Ohio St.201. *Village of Bethesday v. Mallonee* (1955), 136 N.E.2d 457.



Crowe Chizek and Company LLC
Member Horwath International

70 West Madison Street, Suite 700
Chicago, Illinois 60602-4903
Tel 312.899.7000
Fax 312.899.5300
www.crowechizek.com

October 13, 2005

Ms. Betty Montgomery
Auditor of State
88 East Broad Street
P.O. Box 1140
Columbus, OH 43216-1140

RE: Special Investigation Report - Capital Coin Funds

Dear Ms. Montgomery:

At your request and in connection with the above referenced matter, we have performed certain procedures with respect to the financial and business records, and other documentation of Capital Coin Fund, Limited ("CCFI") and Capital Coin Fund Limited II ("CCFII") (collectively referred to as the "Fund" or "Funds") which were made available to us by the Ohio Auditor of State, the Ohio Inspector General and the Ohio Highway Patrol. Our investigation was predicated upon allegations concerning mismanagement and/or misappropriation of monies invested by the Ohio Bureau of Workers' Compensation's ("BWC") in the Funds and that some of the invested monies had been potentially converted by Fund personnel. The scope of our investigation included the time period from March 31, 1998 through May 23, 2005 ("the relevant period").

Section 1 of this report presents a summary of our findings. Detailed narratives of each finding, including background information and our analyses are presented in Section 3. Our findings are based on various procedures we performed on or before the date of this report.

1. Summary of Findings for Recovery

Our findings for recovery are based upon the criteria described within the following excerpt from the *Ohio Revised Code, Title 1 State Government, Chapter 117 Auditor of State, Section 28 Action to recover public money or property* ("ORC 117.28"):

"Where an audit report sets forth that any public money has been illegally expended, or that any public money collected has not been accounted for, or that any public money due has not been collected, or that any public money has been converted or misappropriated, the officer receiving the certified copy of the report pursuant to section 117.27 of the Revised Code may, within one hundred and twenty days after receiving the report, institute civil action in the proper court in the name of the public office to which the public money is due or the public property belongs for the recovery of the money or property and prosecute the action to final determination..." (emphasis added)

Our findings for recovery include Fund transactions for which the use of BWC's investment (i.e. public money) does not appear to be appropriately accounted for by the Funds (meaning any transactions which could not be verified by or are inconsistent with the Funds' or other related companies financial, business or accounting records).

Our findings for recovery also include monies owed by the Funds to BWC and transactions which appear to be misappropriations (meaning the Funds' monies were used for purposes other than those described within the Funds' Operating Agreements).

As set forth in the following table, at least \$15,210,707 of public monies may be recoverable by BWC as a result of monies not being accounted for by the Funds, monies that are owed to BWC and/or monies that have been potentially misappropriated.

<u>Section Number</u>	<u>Description</u>	<u>Potentially Recoverable Amount</u>
<u>Capital Coin Fund I</u>		
3.1.3.1	Unsupported Inventory Purchases from Vintage Coins	\$ 5,305,000
3.2.3	Profits Not Allocated Properly	95,497
3.3.3	Profit Distributions Owed to BWC	614,332
3.4.3	Investments in Non-numismatic Assets	247,716
	Subtotal	<u>6,262,545</u>
<u>Capital Coin Fund II</u>		
3.1.3.2	Unsupported Inventory Purchases from Vintage Coins	6,871,540
3.5.3	Profits Not Allocated Properly	174,826
3.6.3	Profit Distributions Owed to BWC	498,008
3.7.3	Investments in Non-numismatic Assets	1,403,788
	Subtotal	<u>8,948,162</u>
Total Potentially Recoverable		<u><u>\$ 15,210,707</u></u>

2. The Parties

2.1. Ohio Bureau of Workers' Compensation (BWC)

BWC provides medical and compensation benefits for work-related injuries, diseases and deaths for Ohio workers. Generally, these benefits are funded through monies received by BWC from premiums paid by companies operating in Ohio. BWC invests funds not currently needed for operations and claims in a variety of direct investments and investments managed by several third-party investment managers.

BWC invested a total of \$50 million in the Funds, \$25 million on March 31, 1998 and \$25 million on July 30, 2001 in CCFI and CCFII, respectively. The Funds' investment strategy was to acquire a diversified portfolio of rare United States coins and related materials and to rely on the expertise of the Funds' managers to acquire and resell this portfolio of coins at a profit.

2.2. Mr. Thomas Noe

Mr. Thomas Noe is the President of Vintage Coins and Cards, a division of Thomas Noe Incorporated (TNI). (Effective June 6, 1999, TNI changed the name of Vintage Coins and Cards to Vintage Coins and Collectibles (VCC)).

According to the CCFI and CCFII Confidential Memoranda¹ (a document circulated to potential fund investors), Mr. Noe was described as a principal officer of the Funds who would offer his rare coin expertise to the Funds. He was the VCC representative responsible for managing the Funds.

2.3. Mr. Frank Greenberg

Mr. Frank Greenberg is the President of Delaware Valley Rare Coin Co., Inc. (DVRC).

According to the CCFI Confidential Memorandum, Mr. Greenberg was described as a principal officer of CCFI who would offer his rare coin expertise to CCFI. He was the DVRC representative responsible for managing CCFI.

2.4. Capital Coin Fund, Limited (CCFI)

On March 31, 1998, BWC, VCC, DVRC ("members") formed a limited liability company and entered into the CCFI Operating Agreement² (CCFI OA) which describes the business purpose of the fund, the members' capital contribution amounts, the allocation method of fund profits and losses to the members and the powers, duties, liabilities and compensation of the fund managers.

Pursuant to the CCFI OA, VCC and DVRC were designated as the fund managers ("managers") and BWC was identified as the sole non-manager member.

2.4.1. The CCFI Operating Agreement

Purpose of the fund

CCFI OA ¶2.2 states "the purposes of the Company are to buy, sell and otherwise manage rare United States coins and Related Materials and to take all such actions which may be incidental thereto as determined by the Managers. The Company shall not engage in any other business or activity."

Capital Contributions

¹ Refer to Exhibits 2.4.1.1 and 2.5.1.1 for copies the CCFI and CCFII Confidential Memoranda.

² Refer to Exhibit 2.4.1 for a copy of the CCFI Operating Agreement.

On March 31, 1998, BWC contributed \$25,000,000 to CCFI which entitled BWC to receive 250 units of interest in the company. VCC and DVRC each contributed \$5,000 on March 6, 1998 and May 22, 1998, respectively, which entitled each to receive 1 unit of interest in the company, resulting in a total of 252 units issued in connection with this fund.

Profit and Loss Allocations

VCC and DVRC ("managers") are allocated *up to* 10% of profits and losses of CCFI and BWC is allocated the remaining amount. Determination of the profit and loss allocation percentages are based on levels of investment in numismatic (i.e. the study or collection of coins, tokens, and paper money and sometimes related objects as medals³) materials.

Accounting

CCFI OA ¶4.7 states VCC and DVRC as fund managers "...shall cause to be kept full and accurate records of *all* transactions of the Company..." (emphasis added)

CCFI OA ¶5.2.b (iv) requires that the fund manager will "Maintain complete and accurate records of all assets owned by the Company and complete and accurate books of accounts (containing such information as shall be necessary to record allocations and distributions)..."

2.4.2. CCFI Operations

CCFI was incorporated in the state of Ohio in 1998. Its operations were located in Maumee, OH (the city in which VCC is based) and Broomall, PA (the city in which DVRC is based).

2.4.3. CCFI Subsidiary Companies

CCFI has several subsidiary companies which bought, sold, and managed rare coins, as follows:

- **Rare Coin Enterprises, Ltd. (RCE)** - a wholly owned subsidiary incorporated in the State of Ohio in 1998.
 - **Visionary Rare Coin, Ltd. (VRC)** - 51% owned by RCE and 49% owned by Mr. Mark Chrans; incorporated in the State of Ohio in 1998.
 - **Karl D. Hirtzinger, LLC (KHL)** - a wholly owned subsidiary of RCE; incorporated in the state of Minnesota in 1999.
- **Rare Coin Alliance Limited (RCA)** - 50% owned by CCFI and 50% owned by CCFII; incorporated in the State of Ohio in 2001.

³ Merriam Webster Online Dictionary: <http://www.m-w.com/dictionary/numismatics>

2.5. Capital Coin Fund II, Limited (CCFII)

On July 13, 2001, BWC and VCC ("members") formed a limited liability company and entered into the CCFII Operating Agreement⁴ (CCFII OA) which describes the business purpose of the fund, the members' capital contribution amounts, the allocation method of fund profits and losses to the members and the powers, duties, liabilities and compensation of the fund managers.

Pursuant to the CCFII OA, VCC was designated as the Manager and BWC was identified as the sole non-managing member.

2.5.1. The CCFII Operating Agreement

Purpose of the fund

CCFII OA ¶2.2 states "the purposes of the Company are to buy, sell and otherwise manage rare United States coins and Related Materials and to make such other alternative investments and to take all such actions which may be incidental thereto as determined by the Manager. The Company shall not engage in any other business or activity."

Capital Contributions

On July 30, 2001, BWC contributed \$25,000,000 to CCFII which entitled BWC to receive 250 units of interest in the company. VCC contributed \$10,000 on August 1, 2001 which entitled it to receive 1 unit of interest in the company, resulting in a total of 251 units issued in connection with CCFII.

Profit and Loss Allocations

VCC is allocated *up to* 20% of profits and losses of CCFII and BWC is allocated the remaining amount. Determination of the profit and loss allocation percentages are based on levels of investment in numismatic materials.

Accounting

CCFII OA ¶4.6 states VCC, as manager of the fund, "...shall cause to be kept full and accurate records of *all* transactions of the Company..." (emphasis added)

CCFII OA ¶5.2.b (iv) requires that the fund manager will "Maintain complete and accurate records of all assets owned by the Company and

⁴ Refer to Exhibit 2.5.1 for a copy of the CCFII Operating Agreement.

complete and accurate books of accounts (containing such information as shall be necessary to record allocations and distributions)..."

2.5.2. CCFII Operations

CCFII was incorporated in the state of Ohio in 2001.

2.5.3. CCFII Subsidiary Companies

CCFII has several subsidiary companies which bought, sold, and managed rare coins, as follows:

- **Numismatic Professionals, Ltd. (NPL)** - a wholly owned subsidiary incorporated in the State of Ohio in 2001.
- **Spectrum Fund, Ltd. (SFL)** - A wholly owned subsidiary incorporated in the State of Ohio in 2001.
- **Errors and Oddities Coin Co. (EOC)** - a wholly owned subsidiary incorporated in the State of Ohio in 2001.
- **Rare Coin Alliance (RCA)** - 50% owned by CCFI and 50% owned by CCFII; incorporated in the State of Ohio in 2001.

3. Background, Analysis and Findings

3.1. CCFI and CCFII - Unsupported Inventory Purchases from VCC

3.1.1. Background

Consistent with the purpose of the Funds, CCFI and CCFII participated in purchases and sales of rare coins and other numismatic materials.

Pursuant to the respective operating agreements, Fund managers are responsible for maintaining a complete and accurate set of accounting records of all transactions as well as being responsible for maintaining a complete and accurate book of accounts for the Funds (refer to sections ¶4.7 and ¶5.2 in the CCFI OA and ¶4.6 and ¶5.2 CCFII OA).

The accounting records of both Funds are maintained in QuickBooks™. (QuickBooks™ markets itself as small business financial management software system.) The accounting records, which vary in terms of level of detail, were the basis upon which the financial reports were prepared by fund management. These financial reports were provided to the Funds' external accountant.

CCFI, CCFII and VCC used a proprietary inventory accounting system, the Inventory and Business Management System ("IBMS"). This system was used to track the inventory purchase and sale transactions by

inventory item (both in terms of quantity and dollar value). In addition, IBMS could generate sales invoices and calculate the net profit or loss on inventory transactions. IBMS was also used to generate a list of on-hand inventory items and their dollar values at given points in time.

In addition, VCC personnel manually prepared sales invoices, customer receipts, shipping documents to coin graders, and retained vendor invoices to support inventory transactions. Certain of these transactions appeared to be entered into IBMS.

3.1.2. Analysis

3.1.2.1. We analyzed the CCFI and CCFII accounting records, isolated all transactions characterized as Fund inventory purchases from VCC, and agreed amounts to negotiated checks.

3.1.2.2. We obtained IBMS transaction information, to the extent available, and reviewed these to gain an understanding of the CCFI and CCFII inventory purchase transactions from VCC.

3.1.2.3. We obtained VCC monthly sales documents and records (e.g. sales invoices prepared by VCC personnel and monthly sales registers) and compared specific items from these documents to the CCFI and CCFII inventory purchase transactions from VCC.

3.1.2.4. We obtained the VCC check registers and performed an analysis of how VCC used the monies received from the Funds.

3.1.3. Findings

3.1.3.1. CCFI Unsupported Inventory Purchases from VCC

We determined, from the CCFI QuickBook™ accounting records, the following transactions were characterized as total CCFI inventory purchases over the relevant period:

<u>Vendor Name</u>	<u>Grand Total All Years</u>	<u>Percentage of Total Purchases</u>
VCC	\$ 5,305,000	53%
DVRC	2,700,000	27%
Mastronet	572,917	6%
Duke's D Mint Gold Set	500,000	5%
Dollar Towne	312,625	3%
Other Vendors (total purchases under \$300,000 each)	642,924	6%
Total CCFI Inventory Purchases	\$10,033,466	100%

As shown above, VCC was the largest inventory supplier with 16 CCFI inventory purchases during the relevant period. (Exhibit 3.1.3.1 is a listing of these CCFI VCC inventory purchase transactions.)

Lack of Supporting Documentation

The only records we were able to locate with respect to these checks written to VCC were entries within the CCFI QuickBooks™ accounting records. CCFI personnel entering these transactions selected the transaction description from a standard CCFI account list (such as cash, inventory and sales). The vendor names, transaction amounts and other information, such as check numbers, were also entered by CCFI personnel.

These checks written to VCC were entered into the CCFI QuickBooks™ accounting systems as increases to the CCFI inventory accounts and decreases to the cash account (i.e. inventory purchases). We confirmed VCC received these CCFI monies by agreeing the information recorded within QuickBooks™ to the negotiated checks written to and cashed by VCC.

However, we were unable to locate other contemporaneous VCC business documentation (such as VCC customer sales slips and shipping records) and transaction information within IBMS (such as unique coin serial numbers, purchase date and purchase amounts) that we would expect to find as support for these transactions. These supporting documents were frequently prepared by VCC personnel for other similar inventory transactions. These types of supporting business documents are often prepared by companies to evidence the agreement between the parties with respect to the transaction. In addition, these records generally address the legalities of such transactions, such as transfer of ownership and refund provisions. Without such records an accountant would not know what the transactions represented or the dollar values or how to appropriately characterize the transactions within the company's accounting system.

The absence of such contemporaneous business documents and IBMS information for transactions between CCFI and VCC is unusual (particularly since VCC personnel prepared this type of business documentation and tracked this information in IBMS for similar transactions with other entities). Without such transaction records, CCFI management cannot substantiate that these were actual, bona fide transactions consistent with the purpose of CCFI and are accurately and properly recorded in its accounting records or that they were properly characterized as an inventory purchase within its accounting system. Therefore, these CCFI cash distributions have not been fully and properly accounted for.

In addition, the lack of such supporting contemporaneous business documentation and IBMS accounting records is contrary to the CCFI OA provisions which required the following:

- CCFI OA ¶4.7 states VCC and DVRC as fund managers "...shall cause to be kept *full and accurate records of all transactions of the Company...*" (emphasis added)
- CCFI OA ¶5.2.b (iv) requires that the fund manager will "Maintain *complete and accurate records of all assets owned by the Company and complete and accurate books of accounts (containing such information as shall be necessary to record allocations and distributions)...*" (emphasis added)

Based on the above analysis and procedures, \$5,305,000 may be recoverable by BWC under ORC 117.28 for these unsupported, non-verifiable cash disbursement transactions from CCFI to VCC.

Use of Cash Analyses - General

In addition, we performed an analysis of how VCC used the CCFI monies it received as a result of these unsupported inventory transactions. Our use of cash analyses were based on the information included within the VCC check registers. In order to determine which VCC expenditures were funded with CCFI monies, we relied on the assumption that monies from non-CCFI sources were used (or "applied") to fund the earliest VCC checks or wire transfers and that the CCFI monies would be applied subsequently. For example, if there was a preexisting positive cash balance in the VCC check register when the CCFI deposit was recorded, we assumed that the amount of any preexisting cash balance applied to the first checks written after which the CCFI would be applied to checks written subsequently.

In 13 of these 16 CCFI cash disbursement transactions characterized as inventory purchases, we noted that the VCC check register reflected a *negative* cash balance prior to the CCFI monies being deposited. Therefore, in our "use of cash" analyses for these transactions we applied CCFI monies to VCC checks written prior to the day VCC recorded the CCFI deposit.

Refer to Exhibits 3.1.3.1.1 to 3.1.3.1.16 for the "use of cash" analyses by transaction. Within these analyses, we detail all VCC checks and/or wire transfers greater than \$10,000 which were funded by the CCFI monies and all checks and/or wire transfers, regardless of amount, funded by CCFI and written to Mr. Thomas Noe or other Fund related parties or disbursed as TNI line of credit payments, credit card payments and related party payroll checks. We further segregated the portion of the CCFI monies which funded VCC payments to or on behalf of related parties (meaning individuals or entities that were either part of the Funds' management team or were connected to the Funds through ownership or some other contractual agreement with the Funds). All remaining transactions are classified as "other" within the use of cash analysis.

Below are further details of the results of our CCFI use of cash analysis.

3.1.3.1.1 CCFI \$1,375,000 Inventory Purchase from VCC on March 31, 1998

On March 31, 1998, BWC made an initial \$25,000,000 investment in CCFI (through a wire transfer directly to CCFI's bank account). On this same day, we found two transactions, which were characterized as "inventory purchases" within CCFI accounting records. One transaction was between CCFI and DVRC for \$1,500,000 (this amount is included in the \$2.7 million in ¶4.5 of this report). The second transaction, which is discussed in more detail in this section of the report, was for \$1,375,000 between CCFI and VCC (Mr. Thomas Noe's company).

As discussed in ¶3.1.3.1 above, we were not able to locate contemporaneous business records that evidence the existence of such inventories on the date of this cash disbursement. Furthermore, we noted in VCC accounting records that as of March 30, 1998, VCC's on-hand coin inventory balance was \$150,774. Yet, the following day, VCC sold \$1,375,000 of inventory to CCFI. We did not find this amount of sales recognized within the VCC accounting records for either March 1998 (total sales of \$281,611 were recognized) or April 1998 (total sales of \$410,725 were recognized). Therefore, based on VCC accounting records, VCC did not possess the inventory levels necessary to support the inventory sale transaction to CCFI on March 31, 1998.

Use of Cash Analysis

We obtained VCC check registers for the months of March 1998 and April 1998 and found that VCC's check register reflected a negative cash balance of \$419,761 prior to the recording of the \$1,375,000 deposit. Thus, CCFI money funded VCC checks written prior to the inception of CCFI.

The following table summarizes VCC's use of the \$1,375,000 CCFI monies received. Refer to Exhibit

3.1.3.1.1 for our use of cash analysis of this transaction. Our observations with respect to these payments are in notes following this table.

<u>Payees</u>	<u>Note</u>	<u>Amount</u>
Thomas Noe Inc. Line of Credit	a	\$ 446,471
Mr. Thomas Noe	b	218,000
VCC March 31, 1998 Payroll	c	4,426
Mid America Sports	d	20,000
Total payments to or on behalf of related parties		<u>688,897</u>
Other	e	686,103
Total		<u>\$ 1,375,000</u>

- a. Thomas Noe Inc. (TNI) Line of Credit - We found that on the date of CCFI's inception, March 31, 1998, the bank processed a TNI line of credit payment of \$396,471 which was funded with CCFI monies. In addition, on April 4, 1998, an additional \$50,000 line of credit payment was funded with CCFI monies.
- b. Mr. Thomas Noe - Represents two checks written by Mr. Noe, to himself and funded with CCFI monies: check #3387 dated April 1, 1998 (the day after CCFI inception) for \$135,000 and check #3038 dated April 6, 1998 for \$83,000 (characterized as a VCC coin purchase within the check register).
- c. VCC March 31, 1998 Payroll - Represents CCFI monies used to fund VCC's payroll checks for periods prior to the inception.
- d. Mid America Sports - Mr. Thomas Noe has partial ownership interest in this company. This payment for \$20,000 was characterized as coin purchases in the VCC check register.
- e. Other - This amount includes payments that did not appear to be distributed to related parties or on behalf of related parties.

3.1.3.1.2 Other CCFI Inventory Purchases from VCC Totaling
\$3,930,000 (\$5,305,000 total less \$1,375,000 in ¶3.1.3.1.1)

We performed a use of cash analysis, as described in ¶3.1.3.1, on the remaining 15 transactions characterized as CCFI inventory purchases from VCC and are detailed in Exhibits 3.1.3.1.2 through 3.1.3.1.16.

As previously discussed in ¶3.1.3.1, we did not locate supporting contemporaneous business documentation or IBMS records that evidenced the existence of the inventories purchased on the dates of these cash distributions.

With respect to 12 of these remaining 15 transactions, VCC check registers reflected a negative cash balance at the time CCFI deposits were recorded by VCC. Therefore, we concluded CCFI monies partially funded previously written checks.

The following table summarizes VCC's use of the \$3,930,000 CCFI monies received. Our observations with respect to these payments are in notes following this table.

<u>Payees</u>	Note	Amount
<u>Mr. Thomas Noe</u>		
Mr. Thomas Noe	a	\$211,289
Mr. Thomas Noe Payroll		15,760
Subtotal		<u>227,049</u>
 <u>Builders and Home Appliance Vendors</u>		
Builders		162,772
Home Appliance Vendors		13,316
Subtotal	b	<u>176,088</u>
 <u>Thomas Noe Inc. and VCC Financial Institutions</u>		
Line of Credit		81,005
National City Bank and Old Kent Bank		310,302
Other loan payments		113,350
Subtotal	c	<u>504,657</u>
 <u>Related Companies</u>		
Numismatic Investors Limited Partnership	d	341,619
CCFI		85,467
CCFII		2,200
Texas Numismatic Investments, Inc.		59,475
DVRC		30,550
NRS Partnership	e	12,000
RCE		11,364
Subtotal		<u>542,675</u>
 <u>Related Individuals</u>		
Henry Gailliot	f	945,834
Mike Myers	g	60,000
Employees or Employees' Relatives	h	14,842
Total		<u>1,020,676</u>
 2003 US Senior Open (Tent and Passes)	i	3,591
Total payments to or on behalf of related parties		<u>2,474,736</u>
Other	j	1,455,264
Total		<u>\$3,930,000</u>

- a. Mr. Thomas Noe - Included within this amount are: \$199,207 of checks written to Thomas Noe characterized in the VCC check register as coin purchases; \$8,984 to Thomas Noe characterized as a directors fee and other amounts to Thomas Noe of \$3,098.

- b. Builders and Home Appliance Vendors - The following amounts were all characterized as coin purchases in the VCC check register. However, upon our review of the negotiated checks, these appeared to be disbursements for building construction and home appliance related costs. These payments were funded with the monies VCC received from CCFI.

Payee	Endorsement	Amount
Ed Webb	Webb Brothers Contracting, Key Largo Florida	\$ 83,673
Wally Edwards	Systems and Sounds LLC	9,500
Matt Molnar	Molnar Construction Inc	20,000
Appliance Center	John Oswald	13,316

Additionally, checks to Nick Giovanucci in the amount of \$49,599 were funded with CCFI monies. Mr. Giovanucci owns Nicholas Custom Homes. Nicholas Custom Homes, according to their internet website, is responsible for building Mr. Noe's personal Ohio residence. (In total, Mr. Giovanucci received \$419,000 from VCC.)

- c. Thomas Noe Inc. and VCC Financial Institutions - We determined that CCFI monies funded VCC payments \$504,657 to TNI related financial institutions.
- d. Numismatic Investors Limited Partnership - This company was formed by Mr. Thomas Noe, as General Partner, in 1994 in the state of Ohio.
- e. NRS Partnership - This is a partnership formed by Mr. Thomas Noe, Mr. Kevin Savage, and Mr. John Russ on September 7, 2000.
- f. Henry Gailliot - The amount reflected in the above table represents CCFI's partial funding of payments to Mr. Gailliot based on our assumption with respect to the use of cash as described in ¶3.1.3.1. The total amount of payments to Mr. Gailliot, which occurred on October 1, 2003 and March 1, 2004, was \$1,339,750. These payments were characterized as coin purchases within the VCC check registers. However, the payment dates and amounts agree with a repayment schedule related to a RCA joint venture (JV) agreement with Mr.

Gailliot for the Delre coin collection. (This matter is further described in ¶4.10 in this report.)

By way of background, Mr. Gailliot deposited a total of \$2.0 million into the Funds' cash accounts in June 2003. This deposit date is the same as the date of the RCA JV agreement signed by Mr. Gailliot. This agreement stated that the Funds desired to divest \$2.0 million of their investment in the RCA joint venture. We identified a second document, which appeared to be a repayment plan for Mr. Gailliot, with scheduled principle payments totaling \$2.0 million outstanding as of June 1, 2003 along with interest and profit payments. The VCC payments to Mr. Gailliot (totaling \$1,339,750 for October 1, 2003 and March 1, 2004) are consistent with this repayment schedule of principal and interest.

We found the payments to Mr. Gailliot were partially funded with CCFI and CCFII monies distributed to VCC as part of these unsupported inventory transactions. (Also refer to ¶3.1.3.2.1.f and ¶3.1.3.2.2.g for similar payments to Mr. Gailliot which were included with the repayment schedule.)

In addition, we reviewed the Funds' accounting for the June 2003 receipt of \$2.0 million from Mr. Gailliot. The Funds' QuickBooks™ accounting records characterized this receipt of cash as \$1,804,500 in inventory sales and \$195,500 of "exchange" transactions occurring on June 6, 2003 and June 9, 2003. We also noted the QuickBooks™ accounting records reflected that check number 1141 dated June 12, 2003 was written to VCC in the amount of \$100,000 and was characterized as an "exchange" transaction. We have not been able to determine the business purpose of an "exchange" transaction. Furthermore, the Funds' QuickBooks™ accounting records appear to have mischaracterized this receipt of cash as an inventory sale and exchange transaction rather than proceeds from the divestiture of the Funds' investment in the RCA joint venture.

- g. Mike Meyers - Checks written to Mike Meyers were endorsed by Sandy Cove Marine Sales. We reviewed documentation which indicated that Mr. Noe was an investor in Sandy Cove Marine Sales with Mr. Meyers and Reinaldo M. Diaz.

- h. Employees or Employees Relatives – We noted three checks written to employees or relatives of employees in the following amounts: \$768 to Ms. Priscilla Livingston who was an employee of VCC, \$8,074 to Mr. Timothy LaPointe who held a managerial position for the operations of the Funds and VCC, and \$6,000 to Ms. Beth LaPointe, Mr. LaPointe’s wife (not an employee of the Funds or VCC).
- i. 2003 US Senior Open (Tent and Passes) – CCFI monies were used to fund the payments for admission (tent and entry passes) to the 2003 US Senior Open. Total VCC payments funded by CCFI and CCFII monies for this event was \$47,915 (refer to ¶3.1.3.2.1.e and 3.1.3.2.2.m for additional similar transactions).
- j. Other – This amount includes payments that did not appear to be distributed to related parties or on behalf of related parties.

3.1.3.2. CCFII Unsupported Inventory Purchases from VCC

We determined from the CCFII QuickBooks™ accounting records, the following transactions were characterized as total CCFII inventory purchases over the relevant period:

Vendor Name	<u>Grand Total</u> <u>All Years</u>	<u>Percentage</u> <u>of</u> <u>Total</u> <u>Purchases</u>
VCC	\$6,871,540	58%
Other	2,700,654	23%
MastroNet Inc	1,051,485	9%
Bob Bisanz	650,000	5%
NGE	634,000	5%
Total CCFII Inventory Purchases	\$11,907,679	100%

As shown above, VCC was the largest inventory supplier with 33 CCFII inventory purchases during the relevant period. (Exhibit 3.1.3.2 is a listing of these CCFII VCC inventory purchase transactions.)

Lack of Supporting Documentation

The CCFII QuickBooks™ accounting entries for all 33 transactions reflected these cash payments to VCC as CCFII

inventory purchases. (Please refer to the discussion under ¶3.1.3.1, Lack of Supporting Documentation, for discussion on how QuickBooks™ accounting entries are made by company personnel and the business documentation that is used to support such accounting entries.) Our procedures also included a search for contemporaneous VCC business documents supporting these transactions and a review of IBMS transaction information that may evidence the existence of such inventories on the dates of these CCFII cash payments to VCC.

IBMS Information

We found that of the 33 CCFII cash disbursements characterized as VCC inventory purchases, only the following three transactions had activity we were able to associate with IBMS information:

<u>CCFII</u> <u>Check</u>		
<u>No.</u>	<u>CCFII Check Date</u>	<u>Check Amount</u>
102	August 1, 2001	\$ 2,000,000
1025	December 18, 2001	56,600
1178	March 18, 2004	5,440
		<u>\$ 2,062,040</u>

However, the IBMS information was inconsistent with the CCFII QuickBooks™ accounting records for the \$2.0 million cash disbursement transaction occurring on August 1, 2001. The IBMS information reflected four inventory purchase transactions occurring over the subsequent 10-month timeframe for this CCFII check. Therefore, on the day of the CCFII \$2.0 million cash disbursement to VCC, the IBMS information does not reflect the existence of inventories on that date.

Other Contemporaneous Business Documentation

For all 33 CCFII inventory transactions characterized as inventory purchases from VCC totaling \$6,871,540, we were unable to locate other contemporaneous VCC business documentation (such as VCC customer sales slips and shipping records) that we would expect to find as support for these transactions. As previously explained in ¶3.1.3.1, these supporting documents were frequently prepared by VCC personnel for other similar

inventory transactions. These types of supporting business documents are often prepared by companies to evidence the agreement between the parties with respect to the transaction. In addition, these records generally address the legalities of such transactions, such as transfer of ownership and refund provisions. Without such records an accountant would not know what the transactions represented or the dollar values or how to appropriately characterize the transactions within the company's accounting system.

The absence of such contemporaneous business documents, in addition to the absence and/or inconsistencies of IBMS information, is unusual (particularly since VCC personnel prepared this type of business documentation and tracked this information in IBMS for similar transactions with other entities). Without such transaction records, CCFII management cannot substantiate that these were actual, bona fide transactions consistent with the purpose of the CCFII and are accurately and properly recorded in its accounting records or that they were properly characterized as inventory purchases within its accounting system. Therefore, these CCFII cash distributions have not been fully and properly accounted for.

In addition, the lack of such supporting contemporaneous business documentation and missing or conflicting IBMS data is contrary to the CCFII OA provisions which required the following:

- CCFII OA ¶4.6 states VCC, as manager of the fund, "...shall cause to be kept full and accurate records of *all* transactions of the Company..." (emphasis added)
- CCFII OA ¶5.2.b (iv) requires that the fund manager will "Maintain complete and accurate records of all assets owned by the Company and complete and accurate books of accounts (containing such information as shall be necessary to record allocations and distributions)..."

Based on the above analysis and procedures, \$6,871,540 may be recoverable by BWC under ORC 117.28 for these unsupported, non-verifiable CCFII cash disbursements to VCC.

Use of Cash Analyses - General

Please refer to ¶3.1.3.1, "Use of Cash Analyses-General" section of this report for the assumptions we relied upon in performing our use of cash analyses for 32 of the 33 CCFII transactions characterized as inventory purchases from VCC. (We did not perform an analysis on the \$5,440 disbursement as this was under \$10,000.) Refer to Exhibits 3.1.3.2.1 to 3.1.3.2.32 for the "use of cash" analyses by transaction.

In 27 of the 32 CCFII cash distribution transactions for which a use of cash analysis was prepared, the VCC check register reflected a *negative* cash balance prior to CCFII monies being deposited. Therefore, in our use of cash analyses for these transactions we applied CCFII monies to VCC checks written prior to the day VCC recorded the CCFII deposit.

Below are further details of the results of our CCFII use of cash analysis.

3.1.3.2.1 CCFII \$2,000,000 Inventory Purchase from VCC on August 1, 2001

On July 30, 2001, BWC invested \$25,000,000 in CCFII. On August 1, 2001, Mr. Thomas Noe wrote a \$2,000,000 CCFII check to VCC which was characterized as an inventory purchase in the CCFII accounting records. As previously mentioned in ¶3.1.3.2, we did not locate contemporaneous business documents for this transaction. In addition, while we located IBMS records which appeared to be associated with this transaction, they did not agree with the accounting records regarding the date inventories were potentially purchased. As a result, we could not verify from the IBMS records that inventory existed on the date CCFII monies were paid to VCC.

Use of Cash Analysis

We obtained VCC check registers for the months of July 2001 and August 2001 and found that when VCC personnel recorded the \$2,000,000 deposit, the check register reflected a negative cash balance of \$17,636.

Thus, we concluded that CCFII funded previously written checks.

The following table summarizes VCC's use of the \$2,000,000 CCFII monies received. Refer to Exhibit 3.1.3.2.1 for our use of cash analysis of this transaction. Our observations with respect to these payments are in notes following this table.

Payees	Note	Amount
<u>Related Companies</u>		
CCFII Capital Contribution	a	\$ 10,000
CCFI	b	799,910
RCE		209,740
DVRC		9,800
NRS Partnership	c	3,000
Subtotal		<u>1,032,450</u>
TNI Line of Credit and Interest Payment	d	395,470
2003 US Senior Open (Tents and Passes)	e	17,500
Mr. Henry Gailliot	f	91,100
Total payments to or on behalf of related parties		<u>1,536,520</u>
Other	g	463,480
Total		<u>\$ 2,000,000</u>

- a. CCFII Capital Contribution - We found CCFII monies funded the VCC capital contribution to CCFII. The negative cash balance in the VCC check register of \$17,636 was partially the result of disbursing check #8561, dated July 31, 2001, for \$10,000 to CCFII.
- b. CCFI - Included in this amount is an August 22, 2001 VCC payment to CCFI for \$786,000 which was partially funded with CCFII monies. On this same day, CCFI made profit distributions in the amount of \$831,000. We found as a result of our review of the CCFI check registers, that CCFI did not have sufficient cash balances to fund these profit distributions without the cash received from VCC.
- c. NRS Partnership - NRS Partnership is a partnership formed by Mr. Thomas Noe, Mr. Kevin Savage, and Mr. John Russ on September 7, 2000.
- d. TNI Line of Credit and Interest Payment - We found CCFII monies funded VCC these payments for the TNI line of credit and interest payments.

- e. 2003 US Senior Open (Tents and Passes) - CCFII monies were used to fund the payments for admission (tent and entry passes) to the 2003 US Senior Open. Total VCC payments funded by CCFI and CCFII monies for this event were \$47,915.
- f. Henry Gailliot - This payment to Henry Gailliot is part of the total amount paid with respect to the repayment schedule discussed in ¶3.1.3.1.2.f of this report.
- g. Other - This amount includes payments that did not appear to be distributed to related parties or on behalf of related parties.

3.1.3.2.2 Other CCFII Inventory Purchases from VCC Totaling \$4,871,540 (\$6,871,540 less \$2,000,000 in ¶3.1.3.2.1)

We performed a use of cash analysis, as described in ¶3.1.3.2. for those "other" CCFII transactions with VCC of \$10,000 or more as detailed in Exhibits 3.1.3.2.2 through 3.1.3.2.32.

As discussed in ¶3.1.3.2, we could not locate contemporaneously prepared business records that evidenced existence of such inventories on the cash disbursement dates. In addition, for 30 of the 32 transactions (totaling \$4,747,460 or 97% of the other CCFII transactions) we could not locate any IBMS data that evidenced existence of the inventory related to these transactions.

Our analysis shows that in 26 of the transactions the VCC check registers reflected a negative cash balance at the date of the transactions. Therefore, we concluded that these CCFII monies funded previously written checks.

The following table summarizes VCC's use of the \$4,871,540 CCFII monies VCC received. Our observations with respect to these payments are in notes following this table.

Payees	Note	Amount
<u>Mr. Thomas Noe or Other Checks Deposited to Thomas Noe's Account</u>		
Mr. Thomas Noe	a	\$ 451,497
Mr. Thomas Noe Payroll		73,997
Other checks deposited to Mr. Thomas Noe's Account	b	59,407
Subtotal		<u>584,901</u>
<u>Builders and Home Appliance Vendors</u>		
Builders and Appliance Vendors		221,491
John Kasianowicz (Largo Aluminum)		11,000
Subtotal	c	<u>232,491</u>
<u>Thomas Noe Inc. and VCC Financial Institutions</u>		
Line of Credit		680,349
Commercial Loan Payments		50,295
National City Bank		11,544
Subtotal	d	<u>742,188</u>
<u>Related Companies</u>		
RCE		768,568
RCA		74,029
NRS	e	3,000
NPL	f	1,602
DVRC		282
Subtotal		<u>847,481</u>
<u>Related Individuals</u>		
Henry Gailliot	g	93,260
Schwartz Property Sales, Inc.	h	79,000
Remington Security	i	53,121
Joe Restivo	j	25,000
Mike Myers	k	67,535
Sue Metzger	l	1,690
Subtotal		<u>319,606</u>
2003 US Senior Open (Tent and Passes)	m	26,824
Total payments to or on behalf of related parties		<u>2,753,491</u>
Other		2,118,049
Total		<u>\$4,871,540</u>

- a. Mr. Thomas Noe - Represents nine checks written to Mr. Thomas Noe which were characterized as coin purchases within the VCC check register.

- b. Other checks deposited to Mr. Thomas Noe's Account - These checks were made payable to individuals other than Thomas Noe; however, they were deposited into Mr. Noe's personal bank account. As indicated, all of these checks were either fully or partially funded with CCFII monies:

Payee	Check Amount	Amount Funded with CCFII funds
Don Miller	\$10,000	\$10,000
Jerry Gordon	110,000	33,547
Jim Gideon	52,500	15,860
Total	\$ 172,500	\$ 59,407

- c. Builders and Home Appliance Vendors - The following amounts were all characterized as coin purchases in the VCC check register. However, based upon our review of the negotiated checks, these disbursements appeared to be related to building construction and home appliance costs. These payments were funded with the monies VCC received from CCFII.

Payee	Endorser	Amount
John Kasianowicz	Largo Aluminum Webb Brothers Contracting, Key Largo Florida	\$11,000
Ed Webb	Zoli's Custom Construction, Key Largo Florida	\$63,332
Zoli Bedo	Florida	\$27,583
Matt Molnar	Molnar Construction Inc	\$4,000
John Oswald	Appliance Center	\$7,577

Additionally, VCC payments to Nick Giovaniucci totaling \$118,999 were funded with CCFII monies. Mr. Giovanucci owns Nicholas Custom Homes. Nicholas Custom Homes, according to their internet website, is responsible for building Mr. Noe's Ohio

- personal residence. In total, Mr. Giovanucci received \$419,000 from VCC.
- d. Thomas Noe Inc. and VCC Financial Institutions - CCFII monies funded VCC payments to TNI related financial institutions.
 - e. NRS Partnership - This is a partnership was formed by Mr. Thomas Noe, Mr. Keyin Savage, and Mr. John Russ on September 7, 2000.
 - f. NPL - Numismatic Professionals Limited was formed on July 24, 2001 by Mr. Thomas Noe. NPL is a wholly owned subsidiary of CCFII. The operations of which were located in Evergreen, Colorado.
 - g. Henry Gailliot - This payment to Henry Gailliot is part of the total amounts paid with respect to the repayment schedule described in ¶3.1.3.1.2.f of this report.
 - h. Schwartz Property Sales, Inc. - This company was involved in a real property transaction involving Mr. Paul Vesoulis and Mr. Thomas Noe. We noted Mr. Vesoulis was also involved in coin sales transactions with VCC.
 - i. Remington Security - Based on our review of tax records, Thomas Noe Inc. Profit Sharing Plan is listed as a partner in Remington Security LLC, a business located in Toledo Ohio.
 - j. Joe Restivo - Mr. Restivo is Mr. Thomas Noe's brother-in-law (related through Bernadette Noe, Mr. Thomas Noe's wife). In addition, Mr. Restivo and Mr. Noe have a partnership known as RESNO Investments.
 - k. Mike Meyers - Checks written to Mike Meyers were endorsed by Sandy Cove Marine Sales. We reviewed other documentation which showed that Mr. Noe was an investor in Sandy Cove Marine Sales with Mr. Meyers and Reinaldo M. Diaz.
 - l. Sue Metzger - This check was written to Sue Metzger, an employee of VCC and funded with CCFII monies.
 - m. 2003 US Senior Open (Tents and Passes) - CCFII monies were used to fund the payments for admission (tent and entry passes) to the 2003 US Senior Open. Total VCC payments funded by CCFI and CCFII monies for this event were \$47,915.

3.2 CCFI Profits Not Allocated Properly

3.2.1 Background

General

Fund profits and losses are allocated to the members (i.e. investors) in accordance with the Funds' Operating Agreement ("OA"). Included below are the significant provisions of the OA that describe this profit and loss allocation computation. Annually, the Fund managers oversee the calculation of the profit and loss allocations (as they are responsible for the Funds' accounting processes). The allocated amounts are reported to the members on the Funds' US tax return Schedule K-1.

CCFI Profit and Loss Allocation Calculation

CCFI allocation amounts vary based on its level of investment in numismatic and related inventories.

- If *less than 80%* of the offering proceeds are invested, then BWC is allocated 99% of profits and losses and VCC and DVRC are each allocated 0.05% of profits and losses.
- If *80% or more* of the offering proceeds are invested, then BWC is allocated 80% of profits and losses and VCC and DVRC are each allocated 10% of profits and losses.

Contractual Provisions Regarding CCFI Profit Allocations

Excerpts from the CCFI OA as follows:

"¶4.1 (a) The Shares of the Member Classes. The shares of the Members in the Company, other than to the extent otherwise specified in this Article 4, shall be as follows:

(i.) Profits.

(A) Until the Managers have initially invested at least 80% of the proceeds from the Offering in coins and numismatic materials:

Managers-1%; Investor Members as a class - 99%

(B) Company Profits after at least 80% of Offering proceeds invested: Managers - 20%; Investor Members as a class - 80%"

"¶4.8 Determination of Profit or Loss - Profit and Loss shall be considered to have been earned ratably over the period of the Fiscal Year of the Company."

“¶ 1.3 Definitions... Profit and Loss. The *net income* or net loss of the Company for *Federal income tax purposes* determined from its items of income, gain, loss and deduction for each Fiscal Year, or part thereof.” (emphasis added)

Historical Allocations of Profits

Total profit and loss, as defined within the CCFI OA, is quantified on the CCFI US Tax Return of Partnership Income Form 1065, Schedule M-1, Line 9, for each year. The amount of the allocation to members is reported on the tax return Partner’s Share of Income, Credits, Deductions, etc. Schedule K-1 (to Form 1065).

The historical allocation amounts, by year, as reported to the members were as follows:

Taxable Income/(Loss) Allocations As Historically Reported To Members on Schedule K-1					
<u>Fiscal Year Ended</u>	<u>Note</u>	<u>BWC</u>	<u>VCC</u>	<u>DVRC</u>	<u>Total</u>
December 31, 1998		\$ 1,064,870	\$ 79,717	\$ 79,716	\$ 1,224,303
December 31, 1999		843,389	105,425	105,423	1,054,237
December 31, 2000		796,648	99,581	99,582	995,811
December 31, 2001		675,650	84,456	84,456	844,562
June 30, 2002	(*)	344,341	43,041	43,043	430,425
June 30, 2003		1,049,594	131,199	131,200	1,311,993
June 30, 2004		2,609,348	326,168	326,168	3,261,684
Total		\$ 7,383,840	\$ 869,587	\$ 869,588	\$ 9,123,015

(*) CCFI changed its fiscal year end from December 31st to June 30th effective June 30, 2002.

3.2.2 Analysis

- 3.2.2.1 We reviewed the applicable significant CCFI OA provisions.
- 3.2.2.2 We analyzed investment transactions and calculated the date at which 80% of the offering proceeds would have been invested in numismatic related materials.
- 3.2.2.3 We recalculated the allocation amounts, based on the relevant contractual provisions enumerated above in ¶3.2.1, and agreed the results to the supporting documentation.

3.2.3 Findings

We recalculated the member allocations based on the CCFI OA provisions using the amount of CCFI profits as reported on the US Income Tax Forms for the years 1998 to 2004. (It is important to note, as further discussed in ¶4.2 of this report, we have not been able to reach a conclusion on the accuracy of total CCFI profits reported on the US Tax Forms due to the quantity of CCFI transactions which remain unsupported. This section of the report is based on our recalculation of the allocation of total dollars, as historically reported, for CCFI under the above provisions of the CCFI OA.) For the fiscal year ended December 31, 1998, our calculated results, when compared to those historically reported, reflect that the profits allocated to BWC were under allocated by \$95,497 and VCC and DVRC were each over allocated \$47,748 and \$47,749, respectively.

These differences were primarily the result of adhering to the contractual language in ¶4.1.a.i.(B) that requires 80% of the offering proceeds be invested in numismatic materials in order for the profit allocation percentage to change from 99% BWC and 1% Managers to 80% BWC and 20% managers. We found that the 80% threshold was achieved on November 27, 1998 (refer to Exhibit 3.2.3.1 for details of this calculation). CCFI OA ¶4.8 states that profits are earned ratably over the fiscal year. We assumed the profit allocation percentage changed on the first day of the month in which the 80% investment threshold was achieved. Therefore, in fiscal year 1998 (which included nine months of operations ending on December 31, 1998), the profits should have been allocated 99% to BWC and 1% to Managers for the representative seven month period ended October 31, 1998 and allocated 80% to BWC and 20% to the managers for the representative two month period ended December 31, 1998. The allocation calculation that quantified these differences considers the provisions of CCFI OA ¶4.8 (see above excerpt in ¶3.2.1) by taking the year to date income and dividing it by the number of months of operations within that fiscal year for the fund.

Based on the results of our analysis, the 1998 CCFI allocation amounts as historically reported to members for 1998 were incorrectly calculated under the CCFI OA. These 1998 historical profit allocations were also distributed to members; therefore, the payments were also inaccurate. VCC and DVRC were over allocated and over paid \$47,748 and \$47,749, respectively, in profits and BWC was under allocated and under paid those amounts. *Therefore, we find the total of \$95,497 due to BWC and potentially recoverable under the provisions of*

ORC 117.28. For additional details of this calculation refer to Exhibit 3.2.3.

3.3 CCFI Profit Distributions Owed to BWC

3.3.1 Background

General

At least annually, the Fund managers authorize cash payment of the member profit allocations ("distribution"). The Funds' OAs separately address the allocation of profits (as discussed in ¶3.2 section of this report) and the cash distribution processes.

The Funds' OAs state profit distributions will occur in proportion to the units held by the members.

The following is the 2004 distribution payment history, with check signers:

<u>Check Date</u>	<u>Check No.</u>	<u>Check Signer</u>	<u>Check Amount and Payee</u>	
			<u>VCC/TNI</u>	<u>DVRC</u>
15-Oct-04	1224	Thomas Noe	\$300,000.00	
26-Oct-04	1227	Tim LaPointe		\$ 300,000.00
11-Nov-04	1229, 1230	Thomas Noe	24,274.87	24,274.87
Total 2004 Distributions			<u>\$324,274.87</u>	<u>\$ 324,274.87</u>

Contractual Provisions Regarding CCFI Profit Distributions

Excerpts from the CCFI OA are as follows:

“¶7.1 Distribution of Profits. The Company’s Profits shall be distributed to the Members on an annual basis, or more frequently, in the sole discretion of the Managers. *Profits shall be distributed to the Members in proportion to their Units* according to the allocation provisions of Article IV; provided, however that no distribution shall be made to a Member if such distribution would reduce such Member’s Capital Account to less than zero...” (emphasis added)

The members’ proportionate shares are 99.2% for BWC, 0.4% for VCC and 0.4% for DVRC.

“¶7.3 Reserve. The Managers in their sole discretion may cause the Company to create a reserve account, the monies from which would be used to purchase additional coins. The monies for the reserve

account may be drawn in whole or in part from the Capital Contributions or from Profits.”

“¶1.3 Definitions... Unit(s). Unit of Interest as a Member in the Company. Referred to generally as a Unit or Interest.”

“¶1.3 Definitions...Interest. The percentage of ownership interest of a Member in the Company at any particular time, including all benefits to which such Member may be entitled as provided in this Agreement and in the Ohio Act, together with the obligations of such Member to comply with all the terms and provisions of this Agreement and of the Ohio Act, which percentage Interest for voting and certain other purposes of this Agreement initially shall be as set forth on Exhibit “A” attached hereto, absent documentary proof to the contrary.”

CCFI OA, Schedule A

<u>Member</u>	<u>Units</u>
Vintage Coins and Cards	1
Delaware Valley Rare Coin Co., Inc.	1
Ohio Bureau of Workers' Compensation	250

3.3.2 Analysis

- 3.3.2.1 We reviewed the applicable significant CCFI OA provisions.
- 3.3.2.2 We agreed the profit distribution amounts by year to the CCFI QuickBooks™ accounting records and other supporting documents.
- 3.3.2.3 We recalculated the distribution amounts to members based on the contractual provisions.

3.3.3 Findings

We found that monies were not distributed to the members in accordance with the CCFI OA profit distribution provisions. Specifically, BWC did not receive any monies related to profit distributions from July 1, 2003 through the end of the relevant period, while VCC and DVRC each received approximately \$324,275 or a total of \$648,550 (“2004 Distribution”).

CCFI OA ¶7.1 states that cash distributions should be made based on the members’ proportionate share of units. Clearly the 2004 Distributions were not made proportionately, as required by the CCFI OA, as BWC did not receive any of the monies distributed during this period.

We recalculated the amounts of the 2004 distribution that each member should have received based on the CCFI OA provisions. Our analysis, conservatively, makes each member whole for profit allocations reported and not yet distributed to members predating July 1, 2003. These prior period amounts totaled \$147,085 (\$116,848, \$15,118 and \$15,119 for BWC, VCC and DVRC, respectively) leaving \$501,464 to be distributed for profit allocations for the period from July 1, 2003 forward ("net cash available").

The 2004 profit allocations, as reported on tax Schedule K-1s to members, totaled \$3.2 million which was comprised of approximately \$2.6 million for BWC, \$0.3 million for DVRC and \$0.3 million for VCC. The \$501,464 net cash available would therefore be a partial distribution of the 2004 profits. We applied the distribution methodology described in CCFI OA ¶7.1 and determined that the net cash available of \$501,464 should have been distributed to BWC, VCC and DVRC in the amounts of \$497,484 (representing 99.2% units), \$1,990 (representing 0.4% units) and \$1,990 (representing 0.4% units), respectively.

Adding the prior period amount of \$147,085 and the net cash available amount of \$501,464 together, we calculated that the 2004 Distribution of \$648,550 should have been distributed as follows: \$614,332 to BWC, \$17,109 to VCC and \$17,109 to DVRC. Actual distributions to BWC, VCC and DVRC were \$0, \$324,275 and \$324,275, respectively.

Therefore, we find that \$614,332 to be potentially recoverable by BWC under ORC 117.28 for monies owed to them as a result of the inappropriate accounting and cash disbursements related to the 2004 Distribution. Refer to Exhibit 3.3.3 for details of this calculation.

3.4 CCFI Investment in Non-numismatic Assets

3.4.1 Background

General

The purpose of these Funds was to buy United States rare coins (and other numismatic related inventories) and to sell them at a profit. The OAs prohibits the fund managers from changing the purpose of the Funds as noted in the following OA provision:

"¶5.2 Duties and Restrictions...(c) Without limiting the generality of any provisions in this Agreement, except as otherwise expressly provided in this Agreement, the Managers shall not have the authority to:

... (vi) To employ or permit employment of the funds or assets of the Company in any manner except for the benefit of the Company in furtherance of its business purposes; or (vii) *Change the Company's purposes from those set forth in this Agreement.*" (emphasis added)

3.4.2 Analysis

- 3.4.2.1 We reviewed the applicable significant CCFI OA provisions.
- 3.4.2.2 We reviewed the list of inventory items classified by CCFI "collectible inventory" as of June 30, 2004 and agreed the list total to the amount reported in the June 30, 2004 financial statements.
- 3.4.2.3 We reviewed the collectible inventory transaction history in CCFI's accounting records and agreed amounts to CCFI checks negotiated by the collectible inventory vendors.
- 3.4.2.4 We assessed the "collectible inventory" purchases for appropriateness under the CCFI OA provisions.

3.4.3 Findings

We found monies from CCFI were invested in inventories that were neither rare coins nor numismatic related materials and therefore were inappropriate. ¶2.2 states the Funds' purpose is to invest in rare United States coins and other related materials and will not engage in any other business activity. (Related materials are defined within the OA as medals, rare coins and other items related to the numismatic field.)

These non-numismatic inventories were categorized as "collectible inventory" in the QuickBooks™ accounting records. We obtained the list of collectible inventory items as of June 30, 2004 and found that *all* of the inventory descriptions were for non-numismatic related items (e.g. campaign pins, sports memorabilia, stamp collections and US historical political documents). We noted none of the collectible inventories were purchased from VCC. The collectible inventory list⁵ included the following:

⁵ Refer to Exhibit 3.4.3 for a copy of the CCFI Collectible Inventory List as of June 30, 2004.

<u>Description</u>	<u>Cost</u>
Mickey Mantle Adirondack Used Bat	\$ 14,015
US Issue Stamp Type Collection (74) 1857-189	11,296
Presidential Commissions (14) Cleveland thru	10,013
Bob Gibson 1966 Game Used Victory Balls	1,849
William Henry Harrison Columbia Star China	11,296
Other collectible inventory items	199,247
Total Collectible Inventory as of June 30, 2004	<u>\$ 247,716</u>

Based on our review of the collectible inventory list as of June 30, 2004 and the CCFI OA, we find these items were not numismatic related. Thus, these expenditures would not be allowable under the CCFI OA purpose provisions, including ¶2.2. *Therefore, we find that \$247,716 is potentially recoverable by BWC under ORC 117.28.*

3.5 CCFII Profits Not Allocated Properly

3.5.1 Background

General

Refer to ¶ 3.2.1, General section of this report.

CCFII Profit and Loss Allocation Calculation

The CCFII allocation amounts vary based on the fund's level of investment in numismatic and related inventories.

- If *less than 80%* of the offering proceeds are invested, then BWC is allocated 90% of profits and losses and VCC is allocated 10% of profits and losses.
- If *80% or more* of the offering proceeds are invested, then BWC is allocated 80% of profits and losses and VCC is allocated 20% of profits and losses.

Contractual Provisions Regarding CCFII Profit Allocations

Excerpts from the CCFII OA as follows:

“¶4.1 Allocation of Profits and Losses. Subject to the other provisions of this Article, all Profits and Losses of the Company will be allocated to and borne by the Members as follows:

(a) Until such time as at least 80% of the net proceeds of the Offering have been invested, 90% to the Investors and 10% to the Manager.

From and after such time as at least 80% of the net proceeds of the Offering have been invested in coins and Related Materials, 80% to the Investors and 20% to the Manager.”

“¶4.7 Determination of Profits or Losses – Profits and Losses shall be considered to have been earned ratably over the period of the Fiscal Year of the Company.”

“¶ 1.3 Definitions...Profits. The *net profits* of the Company for federal income tax purposes (or as may otherwise be required to comply with the Regulations) as determined as of the close of the Company’s fiscal year, and, when the context requires, related items of income or gain, provided that Profits shall include income exempt from tax.” (emphasis added)

“¶1.3 Definitions...Manager. The Manager of the Company: Vintage Coins and Collectibles, a Division of Thomas Noe Inc., which is an Ohio corporation and which shall be a Member of the Company.”

“¶1.3 Definitions...Member. The Members who are parties to the Agreement and any other Persons who are admitted to the Company as additional or substituted Members....Unless the context otherwise requires, this definition also shall include the Manager.”

“¶1.3 Definitions...Investor. Purchaser of Units in the Company. Upon execution of the Agreement, sometimes herein also referred to as Member.”

Historical Allocations of Profits

Total profit and loss, as defined within the CCFII OA, is quantified on the CCFII US Tax Return of Partnership Income Form 1065, Schedule M-1, Line 9, for each year. The amount of the allocation to members is reported on the tax return Partner’s Share of Income, Credits, Deductions, etc. Schedule K-1 (to Form 1065).

The historical allocation amounts, by year, reported to the members were as follows:

Fiscal Year Ended	Taxable Income/(Loss) Allocations As Historically Reported To Members on Schedule K-1		
	<u>BWC</u>	<u>VCC</u>	<u>Total</u>
June 30, 2002	\$ 1,232,237	\$ 308,059	\$ 1,540,296
June 30, 2003	1,996,530	499,132	2,495,662
June 30, 2004	2,799,349	699,838	3,499,187

3.5.2 Analysis

- 3.5.2.1 We reviewed the applicable significant CCFII OA provisions .
- 3.5.2.2 We analyzed investment transactions and calculated the date at which 80% of the offering proceeds would have been invested in numismatic related materials.
- 3.5.2.3 We recalculated the allocation amounts, based on the relevant contractual provisions enumerated above in ¶3.5.1, and agreed the results to the supporting documentation.

3.5.3 Findings

We recalculated the member allocations based on the CCFII OA provisions using the amount of CCFII profits as reported on the US Income Tax Forms for the years 2001 through 2004. . (It is important to note, as further discussed in ¶4.2 of this report, we have not been able to reach a conclusion on the accuracy of total CCFII profits reported on the US Tax Forms due to the quantity of CCFII transactions which remain unsupported. This section of the report is based our recalculation of the allocation of total dollars, as historically reported, for CCFII under the above provisions of the CCFII OA.) For the period from fund inception to June 30, 2003, our calculated results, when compared to those historically reported, reflect that the profits allocated to BWC were under allocated by \$174,826 and VCC was over allocated \$174,826.

These differences were primarily the result of adhering to the contractual language in ¶4.1.(a) to the CCFII OA that requires 80% of the offering proceeds be invested in numismatic materials in order for the profit allocation percentage to change from 90% BWC and 10% Manager to 80% BWC and 20% Manager.

We found that the 80% threshold was achieved on August 1, 2002 (refer to Exhibit 3.5.3.1 for details of this calculation). CCFII OA ¶4.7 states that profits are earned ratably over the fiscal year. We assumed the profit allocation percentage changed on the first day of the month in which the 80% investment threshold was achieved. Therefore, for the period from fund inception to July 31, 2002, BWC should have been allocated 90% of profits and VCC should have been allocated 10% of profits. Beginning August 1, 2002 and going forward, the allocation of 80% to BWC and 20% to Manager should have been used.

The allocation calculation that quantified these differences considers the provisions of CCFII OA ¶4.7 by taking the year to date income

and dividing it by the number of months of operations within that fiscal year for the fund.

Based on the results of our analysis, the allocation amounts calculated by CCFII for the period from inception to June 30, 2003 were incorrectly calculated under the CCFII OA. These historical profit allocations were also distributed to members, therefore the payments were also inaccurate. VCC was over allocated and over paid \$174,826 and BWC was under allocated and under paid \$174,826. *Therefore, we find the total of \$174,826 due to BWC and potentially recoverable under the provisions of ORC 117.28.* For additional details of this calculation refer to Exhibit 3.5.3.

3.6 CCFII Profit Distributions Owed to BWC

3.6.3 Background

General

Refer to ¶3.3.1, General section of this report.

The following is the 2004 CCFII profit distributions payment history, with check signers:

<u>Check Date</u>	<u>Check No.</u>	<u>Check Signer</u>	<u>Check Amount and Payee</u>	
				<u>VCC</u>
22-Dec-04	1217	Thomas Noe	\$	300,000.00
17-May-05	1236	(**)		200,000.00
Total 2004 CCFII Distributions			\$	500,000.00

** Information not available.

Contractual Provisions Regarding CCFII Profit Distributions

Excerpts from the CCFII OA as follows:

“¶7.1 Distribution of Profits. (a) Distributions Other Than In Liquidation of the Company. Except in the case of the liquidation of the Company, the Company’s Profits shall be distributed to the Members on an annual basis, or more frequently, in the sole discretion of the Manager. *Such Profits shall be distributed to the Members in proportion to their Units* according to the allocation provisions of Article IV. A Member who knowingly receives a distribution which is in violation of either the Agreement or the Ohio Act is liable to the Company for a return of such distributions for a period of two years after such distribution is made.” (emphasis added)

The members' proportionate shares are 99.6% for BWC and 0.4% for VCC.

"¶7.3 Reserve. The Manager in its sole discretion may cause the Company to create a reserve account, the monies from which would be used to purchase additional coins, Related Materials or alternative investments. The monies for the reserve account may be drawn in whole or in part from the Capital Contributions to the Company or from Profits."

"¶1.3 Definitions...Unit(s). Unit of Interest as a Member in the Company. Referred to generally as a Unit or Interest."

"¶1.3 Definitions...Interest. The percentage of ownership interest of a Member in the Company at any particular time, including all benefits to which such Member may be entitled as provided in this Agreement and in the Ohio Act, together with the obligations of such Member to comply with all the terms and provisions of this Agreement and of the Ohio Act, which percentage Interest for voting and certain other purposes of this Agreement initially shall be as set forth on Exhibit "A" attached hereto, absent documentary proof to the contrary."

CCFII OA, Schedule A

<u>Member</u>	<u>Units</u>
Vintage Coins and Cards	1
Ohio Bureau of Workers' Compensation	250

3.6.4 Analysis

- 3.6.4.1 We reviewed the applicable significant CCFII OA provisions .
- 3.6.4.2 We agreed the profit distribution amounts by year to the CCFII QuickBooks™ accounting records and to other supporting documents.
- 3.6.4.3 We recalculated the distribution amounts to members based on the above contractual provisions.

3.6.5 Findings

We found that monies were not distributed to the members in accordance with the CCFII OA profit distribution provisions. Specifically, BWC received no monies while VCC received \$500,000 for the profit distributions made from July 1, 2003 through the end of the relevant period.

CCFII OA ¶7.1 states that distributions should be made based on the members' proportionate share of units. Clearly, the \$500,000 in cash distributions was not made proportionately as BWC did not receive any of the monies distributed during this period.

We recalculated the amount of the \$500,000 that the members should have received based on the CCFII OA. For fiscal year ended June 30, 2004, the profit allocations reported on BWC's and VCC's Schedule K-1 were approximately \$2.8 million and \$0.7 million, respectively, or a total of \$3.5 million. The \$500,000 should have been distributed to BWC and VCC in the amounts of \$498,008 (representing 99.6% of units) and \$1,992 (representing 0.4% of units), respectively. BWC and VCC actually received \$0 and \$500,000 respectively.

Therefore, we find that \$498,008 to be potentially recoverable by BWC under ORC 117.28 for monies owed as a result of the inappropriate accounting and cash disbursements. Refer to Exhibit 3.6.3 for details of this calculation.

Our procedures included a review of profits previously allocated and distributed amounts. We found for the period ended June 30, 2003, BWC and VCC received \$16,818 and \$4,205, respectively, *in excess* of the profit allocations reported on their respective Schedule K-1s ("over distribution"). ¶7.1 of the CCFII OA states members have up to two years to repay such amounts. As such, these over distributions were excluded from our calculations.

3.7 CCFII Investment in Non-numismatic Assets

3.7.1 Background

General

Refer to ¶3.4.1, General section of this report.

The CCFII OA prohibits the managers from changing the purpose of the fund, as stated in the following excerpt from CCFII OA:

“¶5.2 Duties and Restrictions...(c) Without limiting the generality of any provisions in this Agreement, except as otherwise expressly provided in this Agreement, *the Manager shall not have the authority to:* ...*(vi) To employ or permit employment of the funds or assets of the Company in any manner except for the benefit of the Company in furtherance of its business purposes; or (vii) Change the Company’s purposes from those set forth in this Agreement.*” (emphasis added)

3.7.2 Analysis

3.7.2.1 We reviewed the applicable significant CCFII OA provisions.

3.7.2.2 We reviewed the list of inventory items classified by CCFII “collectible inventory” as of June 30, 2004 and agreed the list total to the amount reported in the June 30, 2004 financial statements.

3.7.2.3 We reviewed the collectible inventory transaction history in CCFII’s QuickBook™ accounting records and agreed amounts to CCFII checks negotiated by the collectible inventory vendors.

3.7.2.4 We assessed the “collectible inventory” purchases for appropriateness under the CCFII OA provisions.

3.7.3 Findings

We found monies from CCFII were invested in inventories that were neither rare coins nor numismatic related materials and therefore were inappropriate. ¶2.2 of the CCFII OA states the Funds’ purpose is to invest in rare United States coins and other related materials and will not engage in any other business activity. (Related materials are defined within the OA as medals, rare coins and other items related to the numismatic field.)

These non-numismatic inventories were categorized as “collectible inventory” in the QuickBooks™ accounting records. We obtained the list of collectible inventory items as of June 30, 2004. We noted none of the collectible inventories were purchased from VCC. We

reviewed the detailed descriptions of \$1,621,754 of total collectible inventory as of June 30, 2004 noting \$217,966 of inventory items were classified as "medals" and \$1,403,788 of the inventory items were classified within non-numismatic inventory categories (e.g. campaign pins, note cards and letters signed by US historical figures, stamp collections and US historical political documents).

The collectible inventory list⁶ included the following:

<u>Description</u>	<u>Cost</u>
Lincoln Banner	\$ 55,000
Lincoln Emancipation Proclamation Banner	123,999
Ty Cobb Signed Personal Checks	54,237
Cox Roosevelt Campaign Pin	27,263
PT Barnum Signed Photo	5,280
Thomas Jefferson Handwritten Letter	56,413
JFK signed 1963 Christmas Card	15,580
Norman Rockwell Original Oil & Pencil for Satur	104,973
Medals - various	217,966
Other collectible inventory items	961,043
Total Collectible Inventory at June 30, 2004	<u>\$ 1,621,754</u>

Based on our review of the collectible inventory list as of June 30, 2004 and the CCFII OA, "medals" are allowable expenditures under the CCFII OA. However the remaining items were not numismatic related and thus the expenditures would not be allowable under the CCFII purpose provisions, including ¶2.2. *Therefore, we find that \$1,403,788 is potentially recoverable by BWC under ORC 117.28.*

4. Other Reportable Observations

While we have not been able to reach conclusion on these matters due to the lack of business documentation and records available, we have additional observations to report to you as a result of our investigation.

4.1. CCFI August 22, 2001 Inventory Sale Transaction

On August 22, 2001, CCFI received \$786,000 from VCC and recorded this amount in QuickBooks™ as an inventory transfer and "commission" transaction. That same day CCFI paid profit distributions totaling \$831,000 to members.

⁶ Refer to Exhibit 3.7.3 for a copy of the CCFII Collectible Inventory List as of June 30, 2004.

We were unable to locate contemporaneous business documentation to support this inventory transfer and commission transaction. In addition, from our review of the CCFI and VCC check registers for the month of August 2001 we determined that CCFII partially funded the \$786,000 VCC payment to CCFI. We also found that without the receipt of the \$786,000 from VCC, CCFI would not have had sufficient funds to fund the profit distribution payments.

4.2. CCFI and CCFII Profits Reported on US Income Tax Forms

We have not reached conclusion on the accuracy of amounts reported within the US tax returns for CCFI and CCFII profits due to the number of CCFI and CCFII transactions which remain unsupported (some of which are described in this report).

4.3. Undistributed CCFI and CCFII Profit Allocations Owed to BWC Totaling \$5,779,051

As discussed in ¶3.3.1 and ¶3.6.1 of this report, the Fund managers had some discretion as to the frequency and amount of distributions of profits allocated to members.

We found (as reflected on Exhibits 3.2.3 and 3.5.3) undistributed BWC profits for CCFI and CCFII were \$2,821,693 and \$2,957,358, respectively, or a total of \$5,779,051.

4.4. CCFI Cash Transactions with Rare Coin Enterprises, Ltd. (RCE)

We noted CCFI had the following transactions with RCE (the transaction descriptions were obtained from the QuickBook™ accounting records). We have not been able to verify the business purpose for these cash transactions.

<u>Transactions</u>	<u>Cash (Disbursed)</u> <u>by CCFI</u>	<u>Cash Received</u> <u>by CCFI</u>	<u>Net</u>
Investment in RCE	\$ (23,386,500)	\$ -	\$ (23,386,500)
Profit Distributions from RCE	-	8,650,000	8,650,000
1998 Management Fee Revenue	-	718,466	718,466
Other	-	153,918	153,918
	<u>\$ (23,386,500)</u>	<u>\$ 9,522,384</u>	<u>\$ (13,864,116)</u>

4.4.1 CCFI December 18, 1998 \$200,000 Payment to RCE funds VCC Loan Payment

The amount reported in the table above as "Investment in RCE" includes a \$200,000 CCFI payment to RCE on December 18, 1998. We found in the RCE accounting records a check was written by RCE to VCC dated the same day in the amount of \$201,395 for a transaction characterized as an inventory purchase. In addition, on December 18, 1998, VCC wrote a check to National City Bank for \$100,000 for payment on the TNI line of credit. Based on our review of the VCC check register, without the incoming deposit from RCE, there would have been insufficient cash to fund the TNI line of credit payment.

4.4.2 RCE Funding of Visionary Rare Coin, Ltd. (VRC) of Approximately \$6,674,000

Based on our review of the RCE QuickBooks™ accounting records, we identified approximately \$6,674,000 in net cash outflows to VRC. As RCE received approximately \$23.4 million from CCFI (see Investment in RCE in the table above), it is possible that RCE payments to VRC were funded by CCFI monies.

4.4.3 CCFI Funding of the RCE Interest Due to CCFI

On July 29, 1998 CCFI wrote a check to RCE for \$70,767, which was characterized as interest expense and is included in the "Other" line item in the above table. On the same day, RCE wrote a check to CCFI for \$70,767, which was recorded as interest income received from RCE which was also included in the above table. It appears CCFI funded its own interest income from RCE.

4.5 **CCFI Inventory Purchases from DVRC of \$2,700,000**

We have not been able to substantiate transactions characterized within the CCFI accounting records as DVRC inventory purchases totaling \$2,700,000. The first inventory purchase transaction was recorded as occurring on March 31, 1998 (the day BWC funded CCFI) in the amount of \$1,500,000.

4.6 CCFII Cash Transactions with Numismatic Professionals, Ltd. (NPL)

We noted the following transactions between CCFII and NPL (the transaction descriptions were obtained from the QuickBook™ accounting records). We have not been able to verify the business purpose for these cash transactions.

<u>Transactions</u>	<u>Cash (Disbursed)</u>	<u>Cash Received</u>	<u>Net</u>
	<u>by CCFII</u>	<u>by CCFII</u>	
Investment in NPL	\$ (4,600,000)	\$ -	\$ (4,600,000)
Distributions from NPL	-	1,815,871	1,815,871
Inventory Transfers	-	280,000	280,000
Coin Sales	-	406,150	406,150
Loan/Loan Repayment and Interest	(310,000)	313,892	3,892
	<u>\$ (4,910,000)</u>	<u>\$ 2,815,913</u>	<u>\$ (2,094,087)</u>

4.7 CCFII Cash Transactions with Rare Coin Alliance (RCA)

We noted the following transactions between CCFII and RCA (the transaction descriptions were obtained from the QuickBooks™ accounting records). We have not been able to verify the business purpose, as described within the CCFII accounting records, for such cash transactions.

<u>Transactions</u>	<u>Cash (Disbursed)</u>	<u>Cash Received</u>	<u>Net</u>
	<u>by CCFII</u>	<u>by CCFII</u>	
Investment in RCA	\$ (3,075,000)	\$ -	\$ (3,075,000)
RCA Joint venture	(2,605,800)	2,605,800	-
Distributions from RCA	-	1,462,363	1,462,363
Coin Sales	-	362,000	362,000
Loan/Loan Repayment and Interest	(500,000)	500,000	-
	<u>\$ (6,180,800)</u>	<u>\$ 4,930,163</u>	<u>\$ (1,250,637)</u>

4.8 CCFII Cash Transactions with Spectrum Fund, Ltd. (SFL)

We noted the following transactions between CCFII and SFL (the transaction descriptions were obtained from the QuickBooks™ accounting records). We have not been able to verify the business purpose, as described within the CCFII accounting records, for such cash transactions.

<u>Transactions</u>	<u>Cash (Disbursed)</u>	<u>Cash Received</u>	<u>Net</u>
	<u>by CCFII</u>	<u>by CCFII</u>	
Investment in SFL	\$ (6,000,000)	\$ -	\$ (6,000,000)
Distributions from SFL	-	1,443,415	1,443,415
	<u>\$ (6,000,000)</u>	<u>\$ 1,443,415</u>	<u>\$ (4,556,585)</u>

4.9 CCFII Cash Transactions with Spectrum Numismatic International (SNI)

We noted the following transactions between CCFII and Spectrum Numismatic International (the transaction descriptions were obtained from the QuickBooks™ accounting records). We have not been able to verify the business purpose, as described within the CCFII accounting records, for such cash transactions.

<u>Transactions</u>	<u>Cash (Disbursed)</u>	<u>Cash Received</u>	<u>Net</u>
	<u>by CCFII</u>	<u>by CCFII</u>	
Loan	\$ (4,300,000)	\$ -	\$ (4,300,000)
Loan Repayments and Interest	-	1,698,102	1,698,102
	<u>\$ (4,300,000)</u>	<u>\$ 1,698,102</u>	<u>\$ (2,601,898)</u>

4.10 CCFI and CCFII Transactions with Mr. Henry Gailliot

We noted on June 9, 2003 and June 6, 2003, CCFI and CCFII each received \$1,000,000 from Mr. Henry Gailliot ("HJG") or a total of \$2,000,000 for both Funds. The QuickBooks™ accounting records characterized these transactions as inventory sales. However, we were unable to locate any accounting or business records that would verify these transactions as inventory sales.

Pursuant to a signed agreement dated June 1, 2003 between RCA and Mr. Gailliot regarding the Frank Delre rare coin collection that stated "...CCFL I [CCFI] and CCFL II [CCFII] would each like to reduce the amount of its investment in the Joint Venture by \$1,000,000 and HJG is willing to invest the requisite \$2,000,000..."

We also located a handwritten note in Mr. Thomas Noe's files that appears to be a repayment schedule related to this agreement with "Henry" (as written on this note) with check dates and amounts. We agreed the October 1, 2003 scheduled principal payment of \$750,000 and the March 1, 2004 scheduled principal payment of \$550,000 to VCC checks that were written to and negotiated by Mr. Henry Gailliot on these same dates. We further noted in ¶3.1.3.1.2.f that these VCC payments to Mr. Gailliot were partially funded with unsupported CCFI and CCFII cash disbursement transactions.

5. Other Matters

This report reflects events and circumstances as they are currently known to us. Through the prosecuting attorneys of Ohio Lucas County, we have requested additional information from banking institutions for the Funds, the Fund's subsidiaries (see ¶2.4.3 and ¶2.5.3 for the names of the subsidiaries), Mr. Thomas Noe and TNI. Should we receive this or additional information, we will update our report accordingly.

Furthermore, the procedures we have performed do not constitute an audit, examination, review or compilation in accordance with generally accepted auditing standards, and accordingly, we are unable to express an opinion or any other form of assurance with respect to the information contained in the report. This report is prepared solely to assist you and is not to be distributed except as required by Federal or State laws. The contents of this report are not intended to and do not constitute legal advice.

We appreciate the opportunity to serve you. If you have any questions relating to any matters presented herein, please do not hesitate to contact us.

Sincerely,



Mari C. Reidy, CPA, CFE
Executive
Crowe Chizek and Company LLC

OPERATING AGREEMENT

OF

CAPITAL COIN FUND LIMITED

(an Ohio Limited Liability Company)

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CAPITAL COIN FUND LIMITED

(A Limited Liability Company)

OPERATING AGREEMENT

THIS OPERATING AGREEMENT is made and entered into as of this 31st day of March 1998 by and among VINTAGE COINS AND CARDS, A DIVISION OF THOMAS NOE, INC., an Ohio corporation, and DELAWARE VALLEY RARE COIN CO., INC., a Pennsylvania corporation, as the Manager/Members, and those persons whose names are listed on Schedule A attached hereto as Investor/Members.

WITNESSETH THAT:

Intending to be legally bound hereby, the parties hereto agree to operate a limited liability company under the laws of the State of Ohio, upon the following terms and conditions:

**ARTICLE I
ORGANIZATION AND DEFINITIONS**

Section 1.1 Formation. The Managers are in the process of forming a limited liability company under the name and style of Capital Coin Fund Limited, pursuant to the provisions of Title 1705 of the Ohio Revised Code (hereinafter referred to as the "Company").

Section 1.2 Articles of Organization. The Managers will file the Articles of Organization of the Company in the offices of the Ohio Secretary of State, in accordance with the Ohio Act. The Company will file under any other applicable provisions of any state statutes of states in which the Company is doing business. The Managers shall also register the Company under all applicable fictitious name statutes or similar laws.

Section 1.3 Definitions. The following terms used in this Agreement shall (unless otherwise expressly provided herein or unless the context otherwise requires) have the following respective meanings:

Accountant. The independent certified public accountant engaged from time to time by the Managers.

Act. Securities Act of 1933, as amended.

Affiliate. An Affiliate of another Person means (a) any Person directly or indirectly owning, controlling, or holding with power to vote ten percent (10%) or more of the outstanding voting securities of such other Person; (b) any Person ten percent (10%) or more of whose

outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other Person; (c) any Person directly controlling, controlled by, or under common control with such other Person; (d) any officer, director or Member of such other Person; and (e) if such other Person is an officer, director or Member, any Co. or Company for which such Person acts in any such capacity.

Agreement. This Operating Agreement of Capital Coin Fund Limited.

Bankruptcy. Admission in writing of the Person's inability to pay its debts generally as they become due; an order for relief entered in any case commenced by or against a Person under the federal bankruptcy laws, as now or hereafter in effect; commencement of a proceeding under any other federal or state bankruptcy, insolvency, reorganization or other similar law, or having such a proceeding commenced against the Person and either an order of insolvency or reorganization entered against the Person or the proceeding remaining undismissed and unstayed for sixty (60) days; an assignment for the benefit of creditors; or appointment of a receiver or trustee for the Person or for the whole or any substantial part of its property.

Capital Account. The account established for each Member pursuant to Section 4.2 of this Agreement.

Capital Contribution. The total amount a Member agrees to contribute to the Company which amounts are set forth on Exhibit "A" hereto.

Cause. Material breach of the Agreement which is not cured within thirty (30) days after notice of such breach or Bankruptcy.

Code. Internal Revenue Code of 1986, as amended, and corresponding provisions of subsequent revenue laws.

Company. Capital Coin Fund Limited, the Ohio limited liability company in which the Investor is investing.

Counsel. Legal counsel to the Company for this Offering - Werner & Blank, Co., L.P.A., 7205 West Central Avenue, Toledo, Ohio 43617.

Delaware Valley. Delaware Valley Rare Coin Co., Inc., a Pennsylvania corporation which is one of the Managers of the Company.

ERISA. Employee Retirement Income Security Act of 1974, and the regulations promulgated thereunder, as amended.

Fiscal Year. The Fiscal Year of the Company which shall be the calendar year.

General and Administrative Expenses. Expenses incurred in the operation of the Company including, but not limited to, certification, marketing, insurance, computer software design and support, postage, and accounting and legal fees.

Interest. The percentage of ownership interest of a Member in the Company at any particular time, including all benefits to which such Member may be entitled as provided in this Agreement and in the Ohio Act, together with the obligations of such Member to comply with all the terms and provisions of this Agreement and of the Ohio Act, which percentage Interest for voting and certain other purposes of this Agreement initially shall be as set forth on Exhibit "A" attached hereto, absent documentary proof to the contrary.

Investor. Purchaser of Units in the Company, other than a manager. Upon execution of the Agreement, sometimes herein also referred to as an Investor Member.

IRS. Internal Revenue Service.

Managers. The Managers of the Company: Vintage Coins and Cards, a Division of Thomas Noe, Inc., which is an Ohio corporation, and Delaware Valley Rare Coin Co., Inc., which is a Pennsylvania corporation, both of which shall be Members of the Company.

Members. The Members who are parties to the Agreement and any other Persons who are admitted to the Company as additional or substituted Members. Reference to a "Member" shall refer to any one of them. Unless the context otherwise requires, this definition also shall include the Managers which are also "Members" of the Company.

Memorandum. The Confidential Memorandum dated December 15, 1997 (to which a copy of this Agreement is an Exhibit) providing for the purchase of Units.

NGC. Numismatic Guaranty Corporation of America, based in Parsippany, New Jersey, which is a grader of rare coins.

Offering. Sale of Units pursuant to the Memorandum in a maximum amount of two hundred fifty (250) Units and in a minimum amount of twenty (20) Units.

Offering Termination Date. March 31, 1998 (subject to extension until not later than May 31, 1998, in the sole discretion of the Company), unless all of the Units of the Offering are sold prior to such date in which event the Offering shall terminate as of the sale of the last such Unit.

Ohio Act. The Ohio Limited Liability Company Act, Chapter 1705 of the Ohio Revised Code, as amended.

PCGS. Professional Coin Grading Service, based in Newport Beach, California, which is a certifier of rare coins.

Person. Any individual, corporation, Company, trust or other entity.

Profit and Loss. The net income or net loss of the Company for Federal income tax purposes determined from its items of income, gain, loss and deduction for each Fiscal Year, or part thereof.

Regulations. Regulations, as may be amended from time to time, promulgated under the Code.

Related Materials. Material such as, but not limited to, bullion, tokens, medals numismatic literature, and other collectible items that are related to the numismatic field.

SEC. The United States Securities and Exchange Commission.

Subscription Agreement. Agreement executed by each Investor agreeing to purchase Units and making representations as to the suitability of the Investor as a purchaser of a Unit.

Unit(s). Unit of Interest as a Member in the Company. Referred to generally as a Unit or Interests.

Vintage. Vintage Coins and Cards, a Division of Thomas Noe, Inc. which will be one of the Managers of the Company.

ARTICLE II NAME, CHARACTER, PLACE OF BUSINESS, AGENT AND TERM OF COMPANY

Section 2.1 Name. The Company shall be conducted under the firm name of Capital Coin Fund Limited.

Section 2.2 Purposes. The purposes of the Company are to buy, sell and otherwise manage rare United States coins and Related Materials and to take all such actions which may be incidental thereto as determined by the Managers. The Company shall not engage in any other business or activity.

Section 2.3 Place Of Business/Agent. The principal office of the Company shall be located c/o Vintage Coins and Cards at 3509 Briarfield Blvd., Maumee, Ohio 43537, or at such other place as the Managers may from time to time determine. The registered agent of the Company at such address shall be Thomas Noe.

Section 2.4 Term. The Company as herein constituted shall continue until March 31, 2009, or until dissolved or terminated pursuant to the Act or any other provision of this Agreement.

ARTICLE III
CAPITAL CONTRIBUTIONS/ADDITIONAL MEMBERS

Section 3.1 Contribution Of Managers. The Manager/Members each shall contribute Five Thousand Dollars (\$5,000) and shall receive one (1) Manager/Member Unit therefor. The Managers have not agreed and have no obligation to contribute or loan additional funds to the Company. The amount of the Capital Contribution by the Managers and the Units represented by such contribution are as set forth in Schedule A attached hereto.

Section 3.2 Contribution Of Investors. The Investor/Members each shall contribute to the capital of the Company an amount of cash equal to One Hundred Thousand Dollars (\$100,000) per Unit with a minimum purchase of one (1) Unit; provided, however, that the Company has the sole discretion to issue one-half (1/2) Units. The amount of the Capital Contribution by each Investor/Member and the Units represented by such contribution are as set forth on Schedule A attached hereto.

Section 3.3 Interest. No interest shall be paid on the Capital Contributions of any Member.

Section 3.4 Acceptance Of Subscription Agreements. Each person desiring to become a Member shall submit a Subscription Agreement and such other documents deemed appropriate by the Managers. Acceptance of the Subscription Agreements to the Company shall be within the sole discretion of the Managers, who may reject any Subscription Agreement for any reason. A Member's subscription to the Company and acceptance thereof shall be evidenced by the execution of a counterpart of the Subscription Agreement by such proposed Member and by one of the Managers.

Section 3.5 Minimum Capital Contributions. This Company shall not commence business unless at least twenty (20) Units have been purchased on or before March 31, 1998, subject to extension at the sole discretion of the Company until not later than May 31, 1998.

Section 3.6 Admission to Membership. From the date of the formation of the Company and until June 30, 1998, any Person acceptable to all of the Managers may become a Member in this Company by the issuance by the Company of Interests for consideration equal to that paid for the original Units. After that date, a Person may become a Member upon the approval of all of the Managers and a majority of the Members, for such consideration as agreed upon by all such parties, subject to the terms and conditions of this Agreement.

No new Members shall be entitled to any retroactive allocation of losses, income, or expense deductions incurred by the Company. The Managers may, at their option, at the time a Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of loss, income, and expenses deductions to a new Member for that portion of the Company's tax year in which a Member was admitted in accordance with the provisions of IRC § 706(d) and the Treasury Regulations promulgated thereunder.

**ARTICLE IV
PROFIT, LOSS AND ACCOUNTS**

Section 4.1 Allocation Of Profit And Loss. Subject to the other provisions of this Article, all Profit and Loss of the Company will be allocated to and borne by the Members as follows:

(a) The Shares of the Member Classes. The shares of the Members in the Company, other than to the extent otherwise specified in this Article 4, shall be as follows:

(i) Profits.

(A) Until the Managers have initially invested at least 80% of the proceeds from the Offering in coins and numismatic materials:

Managers - 1%; Investor Members as a class - 99%.

(B) Company Profits after at least 80% of Offering proceeds invested: Managers - 20%; Investor Members as a class - 80%.

(ii) Losses:

(A) Until the Managers have initially invested at least 80% of the proceeds from the Offering in coins and numismatic materials:

Managers - 1%; Investor Members as a class - 99%.

(B) Company Losses after at least 80% of Offering proceeds invested: Managers - 20%; Investor Members as a class - 80%.

(iii) Limitation on Losses: Notwithstanding the foregoing, Losses shall not be allocated to reduce a Member's Capital Account below zero if at least one other Member has a positive Capital Account; in such a case, the Losses which, but for this Section 4.1(a)(iii), would have been allocated to the Member(s) without a positive Capital Account shall be allocated to the Members which have positive Capital Accounts in proportion to the positive balances in their Capital Accounts. If no Member has a positive Capital Account, Losses shall be allocated as set forth in Section 4.1(a)(ii).

(b) The Share of Each Investor Member in Relation to the Class. Except as otherwise provided in this Article 4, at any particular time, the share of each Member in the allocations of profit, income, gain, loss, expense, deduction and credit made to the class of which

he is a member, shall be determined by dividing (i) the Units held by such Member, by (ii) the total amount of Units held by the Members of that class.

Section 4.2 Capital Accounts. A separate Capital Account shall be maintained by the Company for each Member (both Investors and Managers). The amount initially credited to the Capital Account of each Member shall be an amount equal to his cash contribution as set forth on Schedule A attached hereto. The Capital Account of each Member shall be: (a) credited by any additional Capital Contribution made by such Member; (b) credited by such Member's share of the Company's Profit for each Fiscal Year; (c) debited by such Member's share of the Company's Loss for each Fiscal Year; (d) debited by the amount of cash and the fair market value of property distributions made by the Company to such Member from time to time; and (e) otherwise adjusted in accordance with Section 704(b) and (c) of the Code and Section 1.704-1(b)(2)(iv) of the Regulations.

Section 4.3 Limitation on Loss Allocation. Notwithstanding any provision hereof to the contrary, no allocation of deduction or loss may cause any Member to have a deficit capital account balance in excess of the Member's share of the "minimum gain" (determined in accordance with applicable Treasury Regulations at the end of the Company Fiscal Year to which the allocation relates) and the amount of such deficit which the Member is otherwise required to restore. Any loss allocation limited by this Section shall be reallocated to the Managers. For this purpose, "minimum gain" is the excess of the outstanding principal balance of non-recourse indebtedness of the Company over the adjusted tax basis of the Company assets subject to that indebtedness.

Section 4.4 Qualified Income Offset. If at the end of any Company taxable year any Member has a deficit balance in his capital account and such deficit is caused or increased by an unexpected adjustment, allocation or distribution described in Treasury Regulation §1.704-1(b)(2)(ii)(d)(4), (5) or (6), then, notwithstanding the provisions of Sections 4.1 and 4.2, items of Company income and gain shall be allocated to those Members in the amount and proportion necessary to eliminate such deficit balances as quickly as possible. The amount of Company income or gain allocated pursuant to this Paragraph in any taxable year shall not be taken into account in calculating Profits or Losses under Section 4.1 for that taxable year which is otherwise allocable.

Section 4.5 Curative Allocations. The allocations set forth in Section 4.3 and 4.4 hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the Treasury Regulations. It is in the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 4.5. Therefore, notwithstanding any other provision hereof (other than the Regulatory Allocations), the Manager Members shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner they determine appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Sections 4.1. In

exercising their discretion under this Section 4.5, the Manager Members may take into account future Regulatory Allocations under Sections 4.3 and 4.4 that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 4.3 and 4.4.

Section 4.6 Authority Of Managers To Vary Allocations.

- (a) It is the intent of the Members that each Member's distributive share of Profit, Loss or credit (or item thereof) shall be determined and allocated in accordance with this Agreement to the fullest extent permitted by Section 704(b) of the Code. In order to preserve and protect the determinations and allocations provided for in this Agreement, the Managers are authorized and directed to allocate Profit, Loss or credit (or item thereof) arising in any Fiscal Year differently than otherwise provided for in this Agreement to the extent that allocating Profit, Loss or credit (or item thereof) in the manner provided for in this Agreement would cause the determinations and allocations of each Member's distributive share of Profit, Loss or credit (or item thereof) not to be permitted under section 704(b) of the Code and the Regulations promulgated thereunder. Any allocation made pursuant to this section shall be deemed to be a complete substitute for any allocation otherwise provided for in this Agreement and no amendment of this Agreement or approval of any Member shall be required.
- (b) In making any allocation under the foregoing paragraph ("new allocation"), the Managers are authorized to act only after having been advised by Counsel and/or the Accountant that under Section 704(b) of the Code and the Regulations thereunder: (i) the new allocation is necessary; and (ii) the new allocation is the minimum modification of the allocations otherwise provided for in Article IV necessary in order to assure that, either in the then current Fiscal Year or in any preceding Fiscal Year, each Member's distributive share of Profit, Loss or credit (or item thereof) is determined and allocated in accordance with this Article IV to the fullest extent permitted by Section 704(b) of the Code.
- (c) If the Managers are required by paragraph (a) of this Section to make any new allocation in a manner less favorable to the Investors than is otherwise provided for in this Article IV, the Managers are authorized and directed, insofar as it is advised by Counsel and/or the Accountant that they are permitted by Section 704(b) of the Code, to allocate Profit, Loss or credit (or item thereof) arising in later years in a manner so as to bring the allocations of Profit, Loss or credit (or item thereof) to the Investors as nearly as possible to the allocations thereof otherwise contemplated by this Article IV.
- (d) New allocations made by the Managers under paragraph (a) of this Section in reliance upon the advice of Counsel and/or the Accountant shall be deemed to have been made in the best interest of the Investors and no such allocation shall give rise to any claim or cause of action by any Investor.

Section 4.7 Accounting. The Managers shall cause to be kept full and accurate records of all transactions of the Company. The records and books of account shall be prepared by the Accountant as of the end of each Fiscal Year of the Company. The records shall be maintained in accordance with generally accepted accounting principles. The Company books shall be kept on the cash basis method of accounting unless the Managers, upon the advice of the Accountants, determine that the accrual method of accounting should be used.

Section 4.8 Determination Of Profit Or Loss. Profit and Loss shall be considered to have been earned ratably over the period of the Fiscal Year of the Company.

Section 4.9 Minimum Interest Of Managers. Notwithstanding any provision in this Agreement to the contrary, the Interest of the Managers, in the aggregate, in each material item of income, gain, loss, deduction or credit shall be equal to at least one percent (1%) of each such item at all times.

Section 4.10 Tax Election. In the event of a transfer of all or part of a Unit, the Company may, but shall not be obligated to, elect pursuant to Section 754 of the Code to adjust the basis of the Company's assets. The determination to make such election shall be within the absolute discretion of the Managers in consultation with Counsel and/or the Accountant.

ARTICLE V POWERS, DUTIES, LIABILITIES AND COMPENSATION OF MANAGERS

Section 5.1 Powers. Subject to the limitations imposed by the Ohio Act and this Agreement, the Managers, in their full and exclusive discretion, shall manage and control and make all decisions affecting the business and assets of the Company, including, without limitation, the power to:

- (a) Acquire, invest in, maintain, finance, refinance, own, encumber, sell, exchange and otherwise manage the coins and any other assets of the Company and to enter into other business arrangements with respect to Company assets deemed prudent by the Managers in order to achieve successful operation for the Company.
- (b) Borrow money and to make and issue notes, obligations and evidences of indebtedness of all kinds, whether or not secured and to secure the same by necessary action, including, without limitation, the execution of notes and security agreements in order to secure a loan(s), make, enter into, perform and carry out any arrangements, contracts and/or agreements of every kind for any lawful purpose, without limit as to amount or otherwise, with any party; authorize or approve all actions with respect to distributions from the Company and generally to make and perform agreements and contracts of every kind and description and do any and all things necessary or incidental to the foregoing for the protection and enhancement of the assets of the Company.

- (c) Subject to the transfer restrictions set forth in Article VIII hereof, admit Members (other than a Manager) to the Company and admit Members (other than a Manager) in substitution of Members disposing of their Units as set forth in this Agreement.
- (d) Enter into agreements and contracts with such parties as the Managers deem advisable;
- (e) The Managers in their discretion may cause the Company to create a reserve account whether from Capital Contributions, interest thereon or Profits of the Company, the monies from which may be used to purchase additional coins and for other Company activities. The Managers shall not be required to distribute any Profit in any Fiscal Year;
- (f) Except as provided herein or by law, the Managers may delegate all or any of their duties hereunder and may employ such persons, firms or corporations for the conduct of the business of the Company, including, without limitation, accountants, attorneys, and other consultants on such terms and for such reasonable compensation as it shall determine, notwithstanding the fact that the Managers or any other Member may have a financial interest in such firms or corporations; provided that such compensation shall be no greater than that charged for comparable services by other nonaffiliated firms or persons in that area in which such firms are employed;
- (g) Subject to the provisions of this Agreement, deposit and invest the monies of the Company in savings accounts, certificates of deposits, in any security issued or guaranteed as to principal or interest by the United States or by a person controlled or supervised by and acting as an instrumentality of the government of the United States pursuant to authority granted by the Congress of the United States, in a special bank account established by the Managers solely for the funds of the Company, or in a money market fund or other comparable fund; and to make withdrawals from such accounts upon such signature(s) as the Managers may designate.

Section 5.2 Duties And Restrictions.

- (a) The Managers shall manage the affairs of the Company in a prudent and businesslike manner and shall devote such part of their time to the Company affairs as is reasonably necessary for the conduct of such affairs. Subject to the terms of this Agreement, any Member may engage in or possess an interest in other businesses of every nature and description, independently or with others, regardless of whether such businesses compete with the Company. Neither the Company nor any other Member shall have any right by virtue of this Agreement in and to such businesses or to the income or profits derived therefrom.

- (b) In carrying out its obligations, the Managers shall:
- (i) Furnish, within ninety (90) days after the end of each Fiscal Year, financial statements prepared by the Accountant or the Managers and signed by at least one of the Managers as being accurate to the best of its knowledge;
 - (ii) Obtain and maintain such property and other insurance as may be available to the extent it deems necessary or appropriate;
 - (iii) Deposit all funds of the Company as described in Section 5.1(g) hereof;
 - (iv) Maintain complete and accurate records of all assets owned by the Company and complete and accurate books of accounts (containing such information as shall be necessary to record allocations and distributions), and make such records and books of account and all Company tax returns available for inspection and audit by any Member or his duly authorized representative (at the expense of such Member) during regular business hours at the principal office of the Company;
 - (v) Cause to be filed such certificates and do such other acts as may be required by law to qualify and maintain the Company as a limited liability company in Ohio and all other states in which the Company transacts any business; and
- (c) Without limiting the generality of any provisions in this Agreement, except as otherwise expressly provided in this Agreement, the Managers shall not have the authority to:
- (i) Do any act in contravention of this Agreement;
 - (ii) Do any act which would make it impossible to carry on the ordinary business of the Company;
 - (iii) Possess Company property or assign the rights of the Company in specific Company property for other than a Company purpose;
 - (iv) Admit a Person as a Manager;
 - (v) Knowingly perform any act, other than an act required by this Agreement, that would, at the time such act occurred, subject an Investor to personal liability in any jurisdiction;
 - (vi) To employ or permit employment of the funds or assets of the Company in any manner except for the benefit of the Company in furtherance of its business's purposes; or

(vii) Change the Company's purposes from those set forth in this Agreement.

Section 5.3 Reliance On Act Of Managers. No financial institution or any other person, firm or corporation dealing with the Managers or either one of them shall be required to ascertain whether it is acting in accordance with this Agreement, but such financial institution or such other person, firm or corporation shall be protected in relying solely upon the deed, transfer or assurance of and the execution of such instrument(s) by either one of the Managers.

Section 5.4 Compensation. The Managers shall not receive any fees or other compensation for acting as the Managers of the Company except for their respective Member's Interest in the Profits and Losses of the Company as set forth herein and reimbursement of all expenses reasonably incurred by it on behalf of the Company.

Section 5.5 Return Of Capital Contributions. The Managers shall not be personally liable for the return of all or any part of the Capital Contributions of the Members to the Company. Any such return shall be made solely from the assets of the Company.

Section 5.6 Liability Of Managers. In carrying out their duties hereunder, the Managers shall not be liable to the Company or to any other Member for any actions taken in good faith and reasonably believed to be in the best interests of the Company, or for errors of judgment, neglect or omission, unless any such Manager is adjudged to have been liable for fraud, willful misconduct, gross negligence, material breach of its obligations under this Agreement or material breach of its representations, warranties and covenants in the Agreement.

Section 5.7 Indemnification Of The Managers. The Company shall indemnify and hold the Managers harmless to the fullest extent provided under Section 1705.32 of Ohio Revised Code, as follows:

- (a) In any threatened, pending or completed action, suit or proceeding to which either or both of the Managers was or is a party or is threatened to be made a party by reason of the fact that it is or was a Member of the Company (other than an action by or in the right of the performance of activities relating to management of the Company), the Company shall indemnify such Manager against expenses, including attorneys' fees, judgments and amounts paid in settlement, actually and reasonably incurred by such Manager in connection with such action, suit or proceeding if such Manager acted in good faith and in a manner it reasonably believed to be in, or not opposed to, the best interests of the Company and provided that such Manager's conduct does not constitute an act or failure to act for which Section 5.6 imposes liability upon a Manager. The termination of any action, suit or proceeding by judgment, order or settlement shall not of itself create a presumption that the manager did not act in good faith and in a manner which it reasonably believed to be in the best interests of the Company.

- (b) In any threatened, pending or completed action, suit or proceeding by or in the right of the Company, to which either or both of the Managers was or is a party or is threatened to be made a party, involving an alleged cause of action by one or more Member for damages arising from the activities of such Manager in performance of the management of the internal affairs of the Company as prescribed by this Agreement or the law of the State of Ohio, or both, the Company shall indemnify such Manager against expenses, including attorneys' fees, actually and reasonably incurred by such Manager in connection with the defense or settlement of such action, suit or proceeding if such Manager acted in good faith and in a manner it reasonably believed to be in the best interests of, or not opposed to the best interests of, the Company, except that no indemnification may be made in respect of any claim, issue or matter as to which any such Manager shall have been adjudged to be liable for an act or failure to the extent that the court in which such action, suit or proceeding was brought shall determine, upon application, that despite the adjudication of liability, but in view of all circumstances of the case, such Manager is fairly and reasonably entitled to indemnify for such expenses as such court shall deem proper. Notwithstanding the foregoing, the court shall not authorize indemnification in respect of any claim, issue or matter as to which a Manager shall have been adjudged liable for an act or failure to act for which Section 5.6 imposes liability upon the Managers.
- (c) To the extent that a Manager has been successful on the merits or otherwise in defense of any claim, issue or matter therein, the Company shall indemnify such Manager against the expenses, including attorneys' fees, actually and reasonably incurred by it in connection therewith.
- (d) The indemnification rights set forth in this Section shall be cumulative and in addition to any and all other rights, remedies and resources to which a Manager shall otherwise be entitled, either pursuant to any other provision of this Agreement, at law or in equity.

Section 5.8 Withdrawal of a Manager. A Manager may not withdraw from the Company without the consent of all remaining Members. If all remaining Members consent to such withdrawal, the Company shall be terminated and dissolved unless the remaining Members agree to reconstitute and continue the existence of the Company. In such case, the withdrawing Manager's Membership Interest shall be automatically converted into that of an Investor Membership Interest. Notwithstanding the foregoing, a Manager may not withdraw from the Company unless there shall be a remaining Manager or, if none, a successor Manager who would acquire the withdrawing Manager's Membership Interest. In addition, such withdrawal shall not be allowed until such Manager has restored any deficit in his capital account as required pursuant to Section 9.3(b) hereof. A successor Manager shall be selected by all of the Members. If the business of the Company is continued after the withdrawal of a Manager, the withdrawing Manager or its legal representative shall remain liable for all obligations and liabilities incurred by it while a Manager and for which it was liable as a Manager, but shall be free of any

obligation or liability incurred on account of or arising from the activities of the Company from and after the time the withdrawal of such Manager has become effective.

Section 5.9 Maintenance Of And Access To Company Documents. The Managers shall maintain at the Company's principal office the following documents: (a) a current list of the full name and last known address of each Member set forth in alphabetical order; (b) a copy of the Articles of Organization and all amendments thereto, together with executed copies of any powers of attorney pursuant to which the Articles of Organization or any amendment thereto has been executed; (c) copies of the Company's federal, state and local income tax returns and reports and Financial Statements of the Company, if any, for the three (3) most recent years; and (d) copies of this Agreement as then in effect. Such documents are subject to inspection and copying at the reasonable request and at the expense of any Member during ordinary business hours. In addition, the Company will furnish a list of the names and addresses of all Members, together with their respective Capital Contributions, to any Member who makes a written request therefor to the Company, provided such Member shall pay the cost of reproducing and delivering such list. Except to the extent requested by any Member, the Managers shall have no obligation to deliver or mail a copy of the Company's Articles of Organization or any amendment thereto to the Members.

ARTICLE VI RIGHTS, PROHIBITIONS AND LIABILITIES OF MEMBERS

Section 6.1 Member Liability. Subject to the Ohio Act, and except as specifically set forth in this Agreement, the personal liability of each of the Members arising out of or in any manner relating to the Company shall be limited to and shall not exceed the amount of the initial (and subsequent, if any) Capital Contributions of such Member to the Company.

Section 6.2 Members' Voting Rights. The Members shall have the rights enumerated in the following provisions of this Section 6.2, subject to the following conditions precedent to their existence and exercise: (a) that such rights exist and may be exercised: (b) that the existence and exercise of such rights do not subject the Members to unlimited liability pursuant to state law and/or subject the Company to being treated as an association taxable as a corporation for Federal income tax purposes; and (c) if requested by one or both of the Managers, prior to the exercise thereof, counsel for the Members (other than Counsel for the Managers and as selected by a majority in Interest of the Members) shall have delivered an opinion that neither the grant nor the exercise thereof will so subject the Members or the Company. Such opinion shall be in form and substance satisfactory to a majority in Interest of the Members.

- (a) At a meeting called for the purpose, Members who own at least seventy-five percent (75%) of the Units (exclusive of those owned by the Managers) may remove one or both of the Managers for Cause. Upon such removal, each and every Member must approve the selection of a substitute Manager(s). The

election of the new Manager(s) shall be effective only if and when the following conditions have been satisfied:

- (i) The substitute Manager(s) shall have agreed to accept the responsibilities of the Managers and shall have agreed to assume liability on any Company obligations or guarantees arising from and after the date of substitution;
- (ii) The Manager shall remain liable for any Company obligations or guarantees which arose before such date;
- (iii) This Agreement and the Articles of Organization (to the extent required) shall have been amended to name the substitute(s) as a new Manager; and
- (iv) All the rights and interests of the Manager in respect of any Units it may hold as an Investor shall continue.

A substituted Manager, immediately upon his or its admission as a Manager, shall become the owner of the Manager Units of the replaced Manager(s). The substitute Manager(s) shall immediately pay to the replaced Manager(s), as the purchase price for his or its Units, the fair market value of such Interest as agreed to by the replaced Manager(s) and the substituted Manager(s), or, if no such agreement can be reached within ninety (90) days thereafter, as determined by an independent appraiser to be selected by Members who own at least seventy-five percent (75%) of the aggregate units owned by Members other than the Managers.

- (b) At a meeting called for that purpose, all of the Members may approve the assignment of a Manager's Units pursuant to Section 8.1 or all of the Members may approve a successor Manager(s) in the event a Manager elects to withdraw from the Company, as provided in Section 5.8.
- (c) At a meeting called for that purpose, Members owning at least seventy-five percent (75%) of the Units owned by Members (exclusive of the Managers) may dissolve the Company pursuant to Section 9.1(b), or all of the Members may elect to reconstitute and continue the Company in accordance with Section 9.1(a).
- (d) At a meeting called for that purpose, the Investors owning seventy-five percent (75%) of the Units owned by Investors may amend this Agreement pursuant to Section 10.1(e) hereof.
- (e) Meetings of the Members shall not be held on a regular or annual basis but may be called by the Managers or by Investors holding not less than twenty-five percent (25%) of the Units owned by all Investors. Within fifteen (15) days of receipt by the Managers of a written call for a meeting from such Investors, the Managers shall mail a notice of the meeting to each Member, which meeting shall be held on a date not less than thirty (30) nor more than sixty (60) days after the

transmittal of such notice, at a reasonable time and place. Members may vote either in person or by proxy at any special meeting.

- (f) In connection with any merger or consolidation involving the Company, the Managers shall be deemed the "comparable representatives" as used in §1701.781 of the Ohio Revised Code.

Section 6.3 Other Rights.

- (a) Members shall not in any way be prohibited or restricted from engaging in or owning an interest in any other business venture of any nature including any venture which might be competitive with the business of the Company. The Company may engage Members or persons or firms associated with them for specific purposes and may otherwise deal with such Members on such terms and for compensation to be agreed upon by any such Member and the Company.
- (b) Each Member shall be entitled to have the Company books kept at the principal place of business of the Company, and at all times, during reasonable business hours, inspect and, at such Member's expense, copy any of them and have on demand true and full information of all things affecting the Company. Names and addresses of Members shall be available to Members upon request.

Section 6.4 Prohibitions. the Members shall not have the right:

- (a) To take part in the control of the Company business or to sign for or to bind the Company, such power being vested solely in the Managers;
- (b) To have their Capital Contribution repaid except to the extent provided in this Agreement;
- (c) To sell or assign their Units or to constitute the purchaser or assignee thereunder a substituted Member, except as provided in Article VIII hereof;
- (d) To withdraw from the Company; or.
- (e) To require partition of Company property or to compel any sale or appraisal of Company assets or sale of a deceased Member's interests therein, notwithstanding any provisions of the law to the contrary.

ARTICLE VII DISTRIBUTIONS TO MEMBERS

Section 7.1 Distribution Of Profits. The Company's Profits shall be distributed to the Members on an annual basis, or more frequently, in the sole discretion of the Managers. Profits

shall be distributed to the Members in proportion to their Units according to the allocation provisions of Article IV; provided, however, that no distribution shall be made to a Member if such distribution would reduce such Member's Capital Account to less than zero. A Member who knowingly receives a distribution which is in violation of either the Agreement or the Ohio Act is liable to the Company for a return of such distributions for a period of two years after such distribution is made.

Section 7.2 Withdrawal. No Member shall be entitled to make withdrawals from his individual capital account except to the extent of distributions made under this Article VII. Distributions of Profits will be distributed to those Members who are the owners of record of such Units on each distribution date.

Section 7.3 Reserve. The Managers in their sole discretion may cause the Company to create a reserve account, the monies from which would be used to purchase additional coins. The monies for the reserve account may be drawn in whole or in part from the Capital Contributions to the Company or from Profits.

ARTICLE VIII TRANSFERS OF UNITS

Section 8.1 Managers. Without the prior written consent of all of the Members, the Unit of a Manager shall not be transferable, and any attempted assignment shall be ineffective to transfer such Units. In the event of the Bankruptcy of the Manager or if the Manager shall die, dissolve, or be adjudicated insane or incompetent, and if the remaining Members determine to continue the Company pursuant to Section 9.1(a) hereof, the transferee, or legal fiduciary or representative, as the case may be, of such Manager shall become the assignee of its Unit(s) and subject to the provisions of Section 8.2 hereof with respect to the requirements for admission of a substituted Member, shall become a substituted Member in the Company as of the date of such event and shall receive the rights and benefits it would have been entitled to for its Unit(s) as a Manager consistent with its status as a substituted Member.

Section 8.2 Investors.

- (a) An Investor may only sell, assign, pledge or otherwise transfer (collectively, "transfer") his Interest under the terms and conditions set forth in this Section 8.2. Any transfer not expressly permitted herein shall be null and void. Each Investor may assign his interest in the Company to any person, but such assignee shall not be admitted as a substitute Member except as expressly provided in Section 8.2(b), below.
- (b) No assignee of a Member's Units or Interest may become a substitute Member unless and until:

(i) the Manager Members have approved the form and substance of the written instrument evidencing such assignment;

(ii) the Manger Members, if they so elect in their sole discretion, shall receive an opinion of counsel to the effect that the transfer of such Unit(s), or portion thereof, is in compliance with all applicable federal and state securities laws;

(iii) the assignee has agreed to be bound by the terms of the Articles of Organization of the Company and this Agreement;

(iv) The assignee or assignor has committed to pay the reasonable expense of the Company incurred in connection with the assignee's admission to the Company as a substitute Member; and

(v) all Manger Members have consented to the admission of such proposed assignee as a substitute Member, which consent either or both Manager Members may unreasonably withhold in their complete and total discretion.

(c) A Person who is an assignee of one or more Units but who is not admitted as a substituted Member pursuant to Section 8.2(b) hereof shall be entitled only to allocations and distributions with respect to such Units in accordance with this Agreement and Section 1705.18 of the Act, and shall have no right to any information or accounting of the affairs of the Company, shall not be entitled to inspect the books or records of the Company, and shall not have any of the rights of a Member or Manager under the Act or this Agreement.

(d) A Member may not withdraw from the Company except as provided in this Article VIII. In the event of the Bankruptcy of a Members or if a Member shall die, dissolve, be adjudicated insane or incompetent, the Company shall not terminate but the Member's transferee, or legal fiduciary or representative, shall become an assignee of the Unit(s) of such Member and may, with the written consent of all of the Manager Members, which consent may be unreasonably withheld, become a substituted Member in the Company.

Section 8.3 Transferees. Units transferred pursuant to this Article VIII shall remain subject to all of the provisions of this Agreement. This Company shall be deemed to continue with the remaining Members on the same terms (except as the Members' percentage may thereby be affected) as set forth in this Agreement.

Section 8.4 Absolute Restriction. Notwithstanding any provision of this Agreement to the contrary, the sale or exchange of a Unit will not be permitted if the Unit sought to be sold or exchanged, when added to the total of all other Units sold or exchanged within the period of twelve (12) consecutive months ending with the proposed date of the sale or exchange, would result in the termination of the Company under Section 708 of the Code.

**ARTICLE IX
TERMINATION OF THE COMPANY**

Section 9.1 Termination. The Company shall be dissolved and terminated upon the occurrence of any of the following events:

- (a) Upon the death, removal or expulsion, withdrawal or retirement, dissolution, bankruptcy, insanity of a Manager Member or the occurrence of such other events set forth in Section 1705.15 of the Ohio Revised Code with respect to a Manager Member, unless at least two Members remain and within ninety (90) days thereafter, both (i) the remaining Manager Members (if any) holding a majority of Units held by such remaining Manager Members and (ii) Investors owning a majority of the Units held by all Investors determine to reconstitute and continue the Company, and if necessary or desired at such time, to elect one or more Members as Manager Members;
- (b) By the consent of the Managers and by the approval of Members owning a majority of the Units (exclusive of those owned by Managers);
- (c) Upon the sale of all or substantially all of the assets of the Company; or
- (d) Upon the expiration of the term of the Company as set forth in Section 2.4 hereof.

Upon dissolution of the Company, the Managers will proceed with the winding up of the Company and the Company's assets shall be applied and distributed as herein provided.

Section 9.2 Payment Of Debts. The assets shall first be applied to the payment of the liabilities of the Company (whether to third party creditors or a Member or its Affiliates) and the expenses of liquidation.

Section 9.3 Distribution Upon Termination.

- (a) Upon a distribution of the property of the Company in liquidation of the Company, the net proceeds, or remaining property (after the payment of all debts and obligations of the Company), or the property distributed to a Member in liquidation of the Member's Interest, shall be distributed to the Members in accordance with their positive Capital Account balances (determined after allocation of any Profit or Loss on the sale, or other disposition or foreclosure as well as the Profit or Loss from other Company operations and the hypothetical sale of the Company's remaining property (described below)) by no later than the end of the Fiscal Year in which such liquidation of the Company or of the Member's Interest occurs (or, if later, within ninety (90) days after the date of such liquidation); provided, however, if property of the Company (other than cash) is distributed in kind, in determining the foregoing distributions, the Capital

Accounts of the Members shall be increased or decreased, to the extent supported by a revaluation of the Company's property based upon its then fair market value, and other appropriate adjustments which may be made as required or permitted by Section 1.702-1(b)(2)(iv)(f) of the Regulations so that the Capital Accounts of each Member will be allocated an amount of hypothetical gain or loss which such Member would have been allocated if the Company's property had been sold for cash at its fair market value, and the proceeds distributed; the Capital Account of the Member receiving property shall be debited with the values so determined. For purposes of this paragraph, the Company also shall be deemed liquidated when it ceases to be a going concern and such other events more fully described in Section 1.704-1(b)(2)(ii)(g) of the Regulations.

- (b) No Member shall be obligated to restore any deficit balance in its capital account.
- (c) Notwithstanding any provision herein to the contrary, any provision in the Agreement relating to the liquidation of the Company or of a Member's Interest are intended to comply with Sections 1.704-1(b)(2) and (3) of the Regulations and shall be interpreted and applied in a manner consistent with such Regulations, as amended from time to time. Any final determinations made by the Managers with respect to these items which are consistent with a reasonable interpretation of such Regulations shall be conclusive and binding on all Members.

Section 9.4 Reserve. Notwithstanding the provisions of Sections 9.2 and 9.3, the Managers may retain such amounts as they deem reasonably necessary as a reserve for any contingent liabilities or obligations of the Company, which amount, after the passage of a reasonable period of time, shall be distributed in accordance with the provisions of this Article IX.

Section 9.5 Final Accounting. Each of the Members shall be furnished with a statement provided by the Accountant, which shall set forth the assets and liabilities of the Company as of the date of the complete liquidation. Upon compliance by the Managers with the foregoing distribution plan, the Members shall cease to be such, and the Managers shall execute and cause to be filed a Certificate of Dissolution of the Company and any and all other documents necessary with respect to termination and cancellation.

ARTICLE X AMENDMENTS AND CONSENTS

Section 10.1 Authority.

- (a) This Agreement may be amended by the Managers without the approval of the other Members if in the reasonable judgment of the Managers, such amendment is solely for the purpose of clarification and does not change the substance hereof.

Any amendment made pursuant to this paragraph may be effective as of the date of this Agreement.

- (b) Except as otherwise specifically provided herein, this Agreement may be amended by the Managers without the approval of the other Members if such amendment is for the purpose of admitting or substituting Members or evidencing assignment or transfer of a Unit in accordance with the terms and conditions of this Agreement.
- (c) This Agreement may be amended by the Managers without the approval of the other Members if such amendment is, in the reasonable judgment of the Managers, necessary or appropriate to satisfy requirements of the Code with respect to limited liability companies/partnerships or of any Federal or state securities laws or regulations. Any amendment made pursuant to this paragraph may be made effective as of the date of this Agreement.
- (d) Notwithstanding provisions of this Agreement to the contrary, subject to Article IV and Section 10.1(c), any amendment to this Agreement which would adversely affect the Federal income tax treatment to be afforded Members or any other act which would adversely affect the Federal income tax treatment to be afforded by the Members, adversely affect the liabilities of Members, change the method of allocation of Profit and Loss as provided in Article IV hereof, change the distribution provisions of this Agreement or seek to impose personal liability on the Members, shall require the approval of all the Members.
- (e) This Agreement may be amended with the approval of Members owning greater than fifty percent (50%) of the Units owned by Investors, with the prior written consent of the Managers.

Section 10.2 Notice. The Managers shall have the right to propose amendments to this agreement and the Members owning twenty-five percent (25%) or more of the Units owned by Investors shall have the right to propose amendments to this Agreement. A copy of any amendment to be approved by the Members pursuant to Sections 10.1(d) and 10.1(e) shall be mailed in advance by the Managers to the other Members. Members shall be notified as to the substance of any amendment pursuant to Section 10.1, and upon request shall be furnished a copy thereof.

Section 10.3 Method Of Consent Or Approval. Any consent or approval required by this Agreement may be given as follows:

- (a) By a written consent given by the consenting Member and received by the Managers at or prior to the doing of the act or thing for which the consent is solicited, provided that such consent shall not have been nullified by notice to the Managers of such nullification by the consenting Member prior to the doing of any act or thing, the doing of which is not subject to approval at a meeting called pursuant to this Agreement; by notice to the Managers of such nullification by the

consenting Member prior to the time of any such meeting called to consider the doing of such act or thing; or by the negative vote by such consenting Member at any such meeting called to consider the doing of such act or thing; or

- (b) By the affirmative vote by the consenting Member to the doing of the act or thing for which the consent is solicited at any meeting called pursuant to this Agreement to consider the doing of such act or thing.

Unless otherwise provided in this Agreement, all consents and approvals described in this Agreement shall be given either in writing or given pursuant to a vote as provided for in this Agreement.

ARTICLE XI DOCUMENTS AND ACKNOWLEDGMENTS

Section 11.1 Acknowledgments.

- (a) Each of the Members signatory hereto acknowledges that prior to the date of execution of a counterpart of this Agreement, he has received and reviewed this Agreement, the Memorandum and all other documents relating to this transaction and that all documents relating to this transaction have been and are available for inspection at the office of the Company.
- (b) Each of the parties hereto and each of the substituted Members signatory hereto acknowledges that he has been advised of and hereby approves of the application of the Company funds, as set forth in the Memorandum, to pay all expenses incurred in connection with the organization of the Company and the sale of the Units.

ARTICLE XII POWER OF ATTORNEY

Section 12.1 Power. Each of the Members irrevocably constitutes and appoints Vintage Coins and Cards, a Division of Thomas Noe, Inc. and/or Delaware Valley Rare Coin Co., Inc. and their respective officers his true and lawful attorney-in-fact, in his name, place and stead to make, execute, swear to, acknowledge, deliver and file:

- (a) Any certificates or other instruments which may be required to be filed by the Company under the laws of the State of Ohio, or of any other state or jurisdiction in which the Managers shall deem it advisable to file;
- (b) Any documents, certificates or other instruments, including without limiting the generality of the foregoing, any and all amendments and modifications of this Agreement or of the instruments described in Section 12.1(a) which may be

required or deemed desirable by the Managers to effectuate the provisions of any part of this Agreement, and, by way of extension and not in limitation, to do all such other things as shall be necessary to continue and to carry on the business of the Company; or

- (c) All documents, certificates or other instruments which may be required to effectuate the dissolution and termination of the Company, to the extent such dissolution and termination is authorized hereby.

The power of attorney granted hereby shall not constitute a waiver of, or be used to avoid, the rights of the Members to approve certain amendments to this Agreement pursuant to Sections 10.1(d) and 10.1(e) or be used in any other manner inconsistent with the status of the Company as a limited liability company.

Section 12.2 Survival Of Power. It is expressly intended by each of the Members that the foregoing power of attorney is coupled with an interest, is irrevocable and shall survive the death, incompetence or adjudication of insanity of each such Members. The foregoing power of attorney shall survive the delivery of an assignment of any of the Members of his Unit, except that where an assignee of such Unit has become a substituted Member, then the foregoing power of attorney of the assignor Member shall survive the delivery of such assignment for the sole purpose of enabling the Manager to execute, acknowledge and file any and all instruments necessary to effectuate such substitution.

ARTICLE XIII REGISTRATION

Section 13.1 Private Offering. The Members acknowledge that the Interests of the Company have not been registered under the Act or any state securities laws in reliance upon the exemption of Section 4(2) of the Act and/or Rule 506 of Regulation D under the Act and exemptions from state registration. Each Member hereby covenants that he is acquiring his Interests solely for investment purposes and not with a view to the distribution or resale thereof and that his purchase of his Interests is expressly subject to the conditions and limitations on transferability set forth in the Subscription Agreement and this Agreement.

Section 13.2 Transfers And Securities Statutes. Notwithstanding the statements contained in other Articles in this Agreement, no Unit may be offered or sold and no transfer of any Unit will be made either by the Company or the Members unless the transfer complies with the Act and any applicable state securities laws.

Section 13.3 Indemnity. Each Member shall indemnify, hold and save harmless and defend the Managers, the other Members and the Company from and against any and all actions, causes of actions, claims, demands, liabilities, loss, damage, cost or expense (including reasonable attorney's fees) which the Managers, any Member or the Company may sustain or incur as a result of or in connection with the Subscription Agreement containing any untrue

statement of a material fact or omitting to state any material fact necessary to make the statements made therein not misleading.

ARTICLE XIV TAX MATTERS PARTNER AND DESIGNATED PERSON

Section 14.1 Designation Of Tax Matters Partner. The Managers shall designate one of the Managers as "Tax Matters Partner" of the Company, as provided in Regulations pursuant to Section 6231 of the Code, and the "Designated Person" for purposes of maintaining an investor list as required by the Code. Each Member, by the execution of this Agreement, consents to such designation of the Tax Matters Partner and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such consent.

Section 14.2 Duties Of Tax Matters Partner.

- (a) To the extent and in the manner provided by applicable law and regulations, the Tax Matters Partner shall furnish the name, address, profits interest and taxpayer identification number of each Member, including any successor or additional Member, to the IRS.
- (b) To the extent and in the manner provided by applicable law and regulations, the Tax Matters Partner shall keep each Member informed of the administrative and judicial proceedings for the adjustment at the Company level of any item required to be taken into account by a Member for income tax purposes (such administrative proceedings referred to hereinafter as a "tax audit" and such judicial proceeding referred to hereinafter as "judicial review").
- (c) If the Tax Matters Partner, on behalf of the Company, receives a notice with respect to a Company tax audit from the IRS, the Tax Matters Partner shall, within thirty (30) days of receiving such notice, forward a copy of such notice to the Members who hold or held an Interest (through their Interest in the Company) in the Profits or Losses of the Company for the Fiscal Year to which the notice relates.

Section 14.3 Authority Of Tax Matters Partner. The Tax Matters Partner is hereby authorized, but not required:

- (a) To enter into any settlement with IRS with respect to any tax audit or judicial review, in which agreement the Tax Matters Partner may expressly state that such agreement shall bind the other Members, except that such agreement shall not bind any Member who, within the time period prescribed by the Code and Regulations, files a statement with the IRS stating that the Tax Matters Partner

does not have the authority to enter into a settlement agreement on behalf of the Member;

- (b) In the event that a notice of a final administrative adjustment at the Company level of any item required to be taken into account by a Member for tax purposes (a "final adjustment") is mailed to the Tax Matters Partner, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the United States Tax Court, the District Court of the United States for the district in which the Company's principal place of business is located, or the United States Claims Court;
- (c) To intervene in any action brought by any other Member for judicial review of a final adjustment;
- (d) To file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file a petition for judicial review with respect to such request;
- (e) To enter into an agreement with IRS to extend the period for assessing any tax which is attributable to any item required to be taken into account by a Member for tax purposes, or an item affected by such item; and
- (f) To take any other action on behalf of the Members or the Company in connection with any administrative or judicial tax proceeding to the extent permitted by applicable law or regulations.

Section 14.4 Expenses Of Tax Matters Partner. The Company shall indemnify and reimburse the Tax Matters Partner for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Members. The payment of all such expenses shall be made before any distributions are made by the Managers. Neither the Managers, nor any other person, shall have any obligation to provide funds for such purpose. The taking of any action and the incurring of any expense by the Tax Matters Partner in connection with any such proceeding, shall be subject to the indemnification provisions set forth in this Agreement.

ARTICLE XV REPRESENTATIONS, WARRANTIES AND COVENANTS OF MANAGERS

Section 15.1 Representations And Warranties. The Managers, jointly and severally represent and warrant, which representations and warranties shall survive the execution of this Agreement, as follows:

- (a) The Memorandum, as of its date, did not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. If the Memorandum is amended or supplemented, at the time of each supplement or amendment thereto the Memorandum as amended or supplemented will not, as of such date or dates, include any untrue statement made therein, in the light of the circumstances under which they were made, not misleading.
- (b) The Managers have full legal right, power and authority to enter into this Agreement and to perform its obligations under and as contemplated in this Agreement and the Memorandum.
- (c) The Managers are both corporations, duly organized and validly existing under the laws of the States of Ohio and Pennsylvania, respectively.

Section 15.2 Covenants. The Managers covenant, which covenants shall survive the execution of this agreement, as follows:

- (a) The Managers will not undertake or knowingly consent to any course of action that would or foreseeably could result in the Members' owning, directly or indirectly (under the attribution rules of Section 318 of the Code), individually or in the aggregate more than twenty percent (20%) of any class of stock of either of the Managers or any of their "affiliates" (as such term is defined in Section 1504 of the Code) during the term of the Company, unless prior to undertaking or knowingly consenting to such course of action, it obtains an opinion from Counsel to the effect that neither such action nor the percentage of such outstanding stock ownership by Members foreseeably resulting therefrom will result in the classification of the Company as an association taxable as a corporation under the Code.
- (b) The Managers will cause the Company to take such steps as may be required from time to time by the IRS to cause the Company to be classified as a partnership subject to Subchapter K of the Code and not as an association taxable as a corporation for Federal income tax purposes.

Section 15.3 Beneficiaries Of Representations, Warranties And Covenants. The representations, warranties and covenants made in this Article are for the benefit of the Company and all of its Members.

ARTICLE XVI MISCELLANEOUS

Section 16.1 Governing Law. The Company and this Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

Section 16.2 Agreement For Further Execution. At any time or times upon the request of the Managers, the Members agree to sign, swear to, and acknowledge such further documents as the Managers shall request for the purpose of carrying on the business of the Company as a limited liability company under the laws of the State of Ohio or the laws of other states where the Company does or proposes to do business.

Section 16.3 Entire Agreement. This Agreement contains the entire understanding among the Members, and supersedes any prior understanding and agreement between them respecting the within subject matter. There are no representations, agreements, arrangements or understandings, oral or written, between or among the Members hereto relating to the subject matter of this Agreement which are not fully expressed herein.

Section 16.4 Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations of the jurisdictions in which the Company does business. If any provision of this Agreement or the application thereof to any person or circumstance, shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

Section 16.5 Notices. Notices to Members or to the Company shall be deemed to have been given when hand delivered, mailed, by prepaid U.S. mail, or Federal Express or other overnight mail courier guaranteeing next day delivery, addressed as set forth in this Agreement, or as set forth in any notice of change of address previously given in writing by the addressee to the addresser.

Section 16.6 Counterparts. This Agreement may be executed in one or more counterparts and each such counterpart shall, for all purposes, be deemed to be an original, but all of such counterparts shall constitute one and the same instrument. Each Member hereby agrees that one original of this Agreement, or set of original counterparts, shall be held in the office of the Company and that there shall be distributed to each Member a conformed copy of this Agreement.


Section 16.7 Titles And Captions. All titles and captions are for convenience only, do not form a substantive part of this Agreement, and shall not restrict or enlarge any substantive provisions of this Agreement.

Section 16.8 Pronouns And Numbers. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person(s) may require.

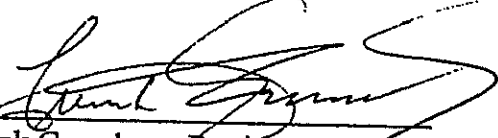
IN WITNESS WHEREOF, the parties have hereunto set their hands as of the day and year above written.

MANAGER/MEMBERS:

VINTAGE COINS AND CARDS, A
DIVISION OF THOMAS NOE, INC., an
Ohio corporation

By: 
Thomas W. Noe, President

DELAWARE VALLEY RARE COIN CO.
INC., a Pennsylvania Corporation

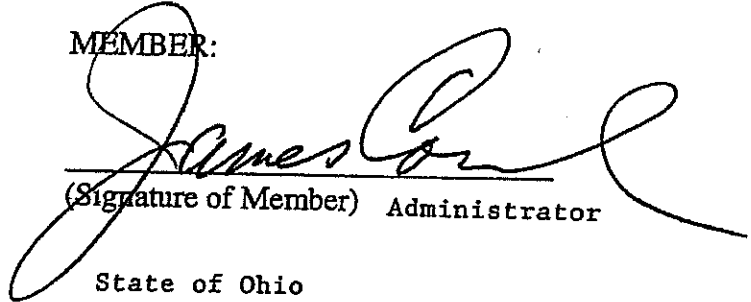
By: 
Frank Greenberg, President

INVESTOR MEMBERS SIGNATURE PAGE

The undersigned, desiring to become a Member of Capital Coin Fund Limited, a limited liability company organized under the laws of the State of Ohio (the "Company"), hereby agrees to all of the terms of the Operating Agreement of the Company (the "Agreement") and agrees to be bound by the terms and provisions thereof.

Executed, acknowledged and sworn to by the undersigned as a Member of the Company.

MEMBER:



(Signature of Member) Administrator

State of Ohio
Bureau of Workers' Compensation


(Name of Member --
Please Print)

30 W. Spring Street

(Street Address)

Columbus, Ohio 43215

(City - State - Zip Code)



(Taxpayer Identification or
Social Security Number)

Operating Agreement
of
Capital Coin Fund Limited

SCHEDULE "A"

Manager/Members

	<u>Units</u>	<u>Interest (%) of Profit/Loss (after 80% initial investment)</u>	<u>Capital Contributions</u>
Vintage Coins and Cards 3509 Briarfield Blvd. Maumee, Ohio 43537	1	10%	\$5,000
Delaware Valley Rare Coin Co., Inc. 2835 West Chester Pike Broomall, PA 19008	1	10%	\$5,000

Investor Members

<u>Name and Address</u>	<u>Units</u>	<u>Interest (%)</u>	<u>Capital Contributions</u>
Ohio Bureau of Workers' Compensation 30 West Spring Street L27 Columbus, Ohio 43215-2256	250	80%	\$25,000,000

Confidential Memorandum

CAPITAL COIN FUND LIMITED

(a Limited Liability Company to be organized
under the laws of Ohio)

\$25,000,000

PLACEMENT OF 250 Units

\$100,000 PER UNIT

MINIMUM PURCHASE - 1 UNIT

THESE SECURITIES ARE SPECULATIVE
AND INVOLVE A HIGH DEGREE OF RISK

MANAGERS

Vintage Coins and Cards
3509 Briarfield Blvd.
Maumee, OH 43537
(419) 865-2646
(800) 295-2646

Delaware Valley Rare Coin Co., Inc.
2835 West Chester Pike
Broomall, PA 19008
(610) 356-3555
(800) 345-8188

The Date of this Confidential Memorandum is December 15, 1997

(This Cover Page is Continued)

No. _____

Name of Offeree

SWCC Bank ...

CAPITAL COIN FUND LIMITED

(A Limited Liability Company Organized
Under The Laws Of Ohio)

PLACEMENT OF 250 Units

\$100,000 PER UNIT
(MINIMUM PURCHASE OF 1 UNIT)

THE UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY, NOR HAS THE COMMISSION OR ANY STATE AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES ("UNITS" OR "SECURITIES") OFFERED HEREIN ARE SUITABLE ONLY FOR PERSONS WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENTS. THESE SECURITIES INVOLVE SUBSTANTIAL RISKS AS SET FORTH HEREIN (SEE "RISK FACTORS") AND THE OPERATION OF THE COMPANY INVOLVES TRANSACTIONS WITH THE MANAGERS OF THE COMPANY AND THEIR AFFILIATES WHICH INVOLVE CONFLICTS OF INTEREST (SEE "CONFLICTS OF INTEREST") AND WHICH WILL RESULT IN SUBSTANTIAL FEES AND PROFITS TO THE MANAGERS AND THEIR AFFILIATES.

THE UNITS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 ("ACT"), AS AMENDED, IN RELIANCE UPON EXEMPTIONS UNDER THE ACT. THE UNITS WILL BE SOLD ONLY TO "ACCREDITED INVESTORS." SEE "SUITABILITY STANDARDS."

UNTIL THE SALE OF A MINIMUM OF TWENTY (20) UNITS, ALL PROCEEDS OF THIS OFFERING WILL BE HELD BY THE MANAGERS IN TRUST FOR THE BENEFIT OF PURCHASERS OF THE UNITS. AFTER THE SALE OF THE FIRST TWENTY (20) UNITS, PROCEEDS WILL BE PAID DIRECTLY TO THE COMPANY. THE PROCEEDS WILL BE USED ONLY FOR THE PURPOSES SET FORTH IN THE SECTION OF THIS CONFIDENTIAL MEMORANDUM ENTITLED "SOURCE AND USE OF FUNDS."

Capital Coin Fund Limited (the "Company") is an Ohio Limited Liability Company in organization, the managers of which will be Vintage Coins and Cards, a Division of Thomas Noe, Inc., and Delaware Valley Rare Coin Co., Inc. The Company intends to acquire a diversified portfolio of rare coins and related material principally, but not limited to, those certified and graded by the Professional Coin Grading Service ("PCGS") and Numismatic Guaranty Corporation of America ("NGC"), and to use the expertise, knowledge and abilities of officers of the Managers to capitalize on the eventual resale of the coins to dealers in the wholesale market and to the general public in the retail market. The Company will distribute all its assets not previously distributed and liquidate within eleven (11) years of formation.

	Offering Price	Selling Commission(2)	Proceeds To Company(3)
Per Unit	\$ 100,000 (1)	\$ -0- (2)	\$ 100,000 (3)
Total Minimum	2,000,000 (1)	-0- (2)	2,000,000 (3)
Total Maximum	25,000,000 (1)	-0- (2)	25,000,000 (3)

Notes:

1. The minimum total number of Units in the Company will be twenty (20) and the maximum will be two hundred fifty (250).
2. The Units will be sold directly by the Managers without commission.
3. Certain additional expenses, estimated at \$25,000 will be payable by the Company from the proceeds of the Offering. These figures for additional expenses are estimates and may be higher or lower. These additional expenses will include, among others, organizational, offering and legal and accounting fees, printing costs and filing fees with federal and/or state securities authorities. See "SOURCE AND APPLICATION OF CAPITAL CONTRIBUTIONS."

INVESTOR NOTICES

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS CONFIDENTIAL MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE MANAGERS.

THIS CONFIDENTIAL MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY BY ANYONE IN ANY STATE OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION, OR TO ANY PERSON OTHER THAN THE PROSPECTIVE INVESTOR NAMED ON THE COVER HEREOF.

THE STATEMENTS IN THIS CONFIDENTIAL MEMORANDUM ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED, AND NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE HEREUNDER SHALL CREATE, UNDER ANY CIRCUMSTANCE, AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS HEREIN SET FORTH SINCE THE DATE HEREOF.

THERE ARE AND WILL CONTINUE TO BE RESTRICTIONS ON THE TRANSFER OF THE UNITS AND THERE WILL BE NO PUBLIC MARKET FOR THE UNITS. THE UNITS MUST BE HELD INDEFINITELY UNLESS SUBSEQUENTLY REGISTERED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION IS DETERMINED BY COUNSEL FOR THE COMPANY TO BE AVAILABLE. SUCH RESTRICTIONS WILL APPLY TO ALL SALES OF THESE SECURITIES, INCLUDING ROUTINE SALES. THE COMPANY IS UNDER NO OBLIGATION, AND HAS NO INTENTION, TO SO REGISTER THESE SECURITIES AND IS UNDER NO OBLIGATION TO ATTEMPT TO SECURE AN EXEMPTION FOR ANY SUBSEQUENT SALE. THE OPERATING AGREEMENT ALSO CONTAINS SIGNIFICANT RESTRICTIONS ON TRANSFER.

NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED OR SHOULD BE INFERRED IN RESPECT OF THE ECONOMIC RETURN OR THE TAX ADVANTAGES WHICH MAY ACCRUE TO THE MEMBERS OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT EXISTING TAX LAWS WILL NOT BE CHANGED OR INTERPRETED ADVERSELY, EITHER OF WHICH MAY DENY THE INVESTOR ALL OR A PORTION OF THE TAX BENEFITS CONSIDERED HEREIN.

PROSPECTIVE INVESTORS ARE WARNED NOT TO CONSTRUE THE CONTENTS OF THIS CONFIDENTIAL MEMORANDUM OR ANY COMMUNICATIONS FROM THE COMPANY OR ITS MANAGERS OR THEIR RESPECTIVE OFFICERS OR EMPLOYEES AS LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT HIS OWN COUNSEL AND ACCOUNTANT AS TO TAX MATTERS AND RELATED MATTERS CONCERNING HIS INVESTMENT. EACH INVESTOR SHOULD BE AWARE THAT THERE HAS BEEN NO INDEPENDENT REVIEW OF THE TERMS OF THIS OFFERING AND THE STRUCTURE OF THE PROGRAM. EACH INVESTOR AND HIS ADVISORS SHOULD REVIEW THIS CONFIDENTIAL MEMORANDUM ON THAT BASIS.

NOTICE TO PENNSYLVANIA INVESTORS

UNDER THE PROVISIONS OF THE PENNSYLVANIA SECURITIES ACT OF 1972, A PENNSYLVANIA RESIDENT MAY TERMINATE A SUBSCRIPTION TO UNITS, WITHOUT LIABILITY TO THE COMPANY OR ANYONE ELSE, WITHIN TWO (2) BUSINESS DAYS AFTER HE ENTERS INTO A BINDING CONTRACT OF PURCHASE, OR MAKES ANY PAYMENT FOR THE SECURITIES BEING OFFERED OR THE EXEMPTION BECOMES EFFECTIVE, WHICHEVER IS LATER. PAYMENTS FOR TERMINATED SUBSCRIPTIONS WILL BE PROMPTLY REFUNDED, WITHOUT INTEREST. THE UNITS OFFERED HEREIN HAVE NOT BEEN REGISTERED UNDER THE PENNSYLVANIA SECURITIES ACT AND MAY NOT BE SOLD OR TRANSFERRED UNLESS THEY ARE SO REGISTERED OR AN EXEMPTION FROM THE REGISTRATION STATEMENT REQUIREMENT OF THE ACT BECOMES AVAILABLE.

TO ACCOMPLISH THE FOREGOING, THE SUBSCRIBER NEED ONLY SEND A LETTER OR TELEGRAM TO THE COMPANY INDICATING HIS INTENTION TO WITHDRAW. THE LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IF THE SUBSCRIBER SENDS A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME WHEN IT WAS MAILED.

BY EXECUTION OF A SUBSCRIPTION AGREEMENT, A PENNSYLVANIA SUBSCRIBER AGREES THAT HE SHALL NOT SELL OR OTHERWISE TRANSFER THE SHARES PURCHASED PURSUANT TO THIS OFFERING FOR A PERIOD OF AT LEAST TWELVE (12) MONTHS FROM THE DATE HEREOF.

By accepting delivery of this Confidential Memorandum, an offeree agrees to return this Confidential Memorandum and all enclosed documents to the Company, if the offeree does not undertake to purchase any of the Units offered hereby. Any reproduction or distribution of this Confidential Memorandum, in whole or in part, or the dissemination or divulgence of any of its contents, except by or through an authorized representative of the Company, is prohibited.

This Offering is being made by the Managers on behalf of the Company on a "best efforts" basis. Subscription payments from purchasers of the Units will be held in a special trust account established by the Company with National City Bank, or another federally insured banking institution in the Toledo, Ohio metropolitan area, prior to receipt of subscriptions for at least Twenty (20) Units. After that time, subscription payments will be made directly to the Company. Such funds will not be released to the Company until the sale of at least twenty (20) Units. If subscriptions for at least twenty (20) Units have not been received by March 31, 1998 (subject to the right of the Company to extend the Offering until not later than May 31, 1998), the Offering will terminate and the Company will return to the subscribers such funds as were paid by them and all documents executed and delivered by the subscribers. Whether or not this offering is consummated, interest earned, if any, on the amounts contributed by the subscribers to the first twenty (20) Units will be paid to such subscribers within thirty (30) days after the earlier to occur of the Offering Termination Date or the breaking of escrow.

FURTHER INFORMATION

Any person receiving this Confidential Memorandum, or his representative, is hereby invited to question the Managers as representatives of the Company concerning the terms and conditions of this Offering at any time during normal business hours by telephone, or personal appearance at the offices of Vintage Coins and Cards, 3509 Briarfield, Maumee, Ohio 43537 (419/865-2646) or Delaware Valley Rare Coin Co., Inc., 2835 West Chester Pike, Broomall, Pennsylvania 19008 (610/356-3555). Moreover, the Company will provide additional information and documents concerning the Company, if available to it, upon request.

The date of this Confidential Memorandum is December 15, 1997.

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DEFINITIONS

Whenever used in this Confidential Memorandum, the following terms will have meanings described below:

Act. Securities Act of 1933, as amended.

Affiliate. An Affiliate of another Person means: (a) any Person directly or indirectly owning, controlling, or holding with power to vote ten percent (10%) or more of the outstanding voting securities of such other Person; (b) any Person ten percent (10%) or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other Person; (c) any Person directly controlling, controlled by, or under common control with such other Person; (d) any officer, director or partner of such other Person; and (e) if such other Person is an officer, director or partner, any company or partnership for which such Person acts in any such capacity.

Agreement. The Operating Agreement of Capital Coin Fund Limited in the form attached hereto as Exhibit A.

ANACS. American Numismatic Association Certification Service, based in Dublin, Ohio, which is a certifier of rare coins.

Bankruptcy. Admission in writing of the Person's inability to pay its debts generally as they become due; an order for relief entered in any case commenced by or against a Person under the federal bankruptcy laws, as now or hereafter in effect; commencement of a proceeding under any other federal or state bankruptcy, insolvency, reorganization or other similar law, or having such a proceeding commenced against the Person and either an order of insolvency or reorganization entered against the Person or the proceeding remaining undismissed and unstayed for sixty (60) days; an assignment for the benefit of creditors; or appointment of a receiver or trustee for the Person or for the whole or any substantial part of its property.

Capital Contribution. The amount of cash paid by a Member (either Manager or Investor) for his Unit(s).

Cause. Material breach of the Agreement which is not cured within thirty (30) days after notice of such breach or Bankruptcy.

Code. Internal Revenue Code of 1986, as amended, and corresponding provisions of subsequent revenue laws.

Company. Capital Coin Fund Limited, the Ohio limited liability company, in organization, in which the Investor is investing.

Counsel. Legal counsel to the Company for this Offering, Werner & Blank, Co., L.P.A., 7205 West Central Avenue, Toledo, Ohio 43617.

Delaware Valley. Delaware Valley Rare Coin Co., Inc., a Pennsylvania corporation, which will be one of the Managers of the Company.

ERISA. Employee Retirement Income Security Act of 1974, and the regulations promulgated thereunder, as amended.

Fiscal Year. The Fiscal Year of the Company which shall be the calendar year.

General and Administrative Expenses. Expenses incurred in the operation of the Company including, but not limited to, certification, marketing, insurance, postage, accounting and legal fees.

Investor. A Purchaser of a Unit(s).

IRS. Internal Revenue Service.

Managers. The Managers of the Limited Liability Company: Vintage Coins and Cards, a Division of Thomas Noe, Inc., an Ohio corporation, and Delaware Valley Rare Coin Co., Inc., a Pennsylvania corporation.

Memorandum. This Confidential Memorandum.

NGC. Numismatic Guaranty Corporation of America, based in Parsippany, New Jersey, which is a certifier of rare coins.

Numismatic. By formal definition, it is the study and collection of rare coins and medals. By informal definition, the term has come to mean "of or related to" old coins in general, but particularly, rare coins.

Offering. Sale of Units pursuant to this Memorandum in a maximum amount of two hundred fifty (250) Units and in a minimum amount of twenty (20) Units.

Offering Termination Date. March 31, 1998 (subject to extension by the Company until not later than May 31, 1998), unless all of the Units of the Offering are sold prior to such date in which event the Offering shall terminate as of the sale of the last such Unit.

Ohio Act. The Ohio Limited Liability Company Statute, Chapter 1705 of the Ohio Revised Code, as amended.

PCGS. Professional Coin Grading Service, based in Newport Beach, California, which is a certifier of rare coins.

Person. Any individual, corporation, partnership, trust or other entity.

Profit and Loss. The net income or net loss of the Company for Federal income tax purposes determined from its items of income, gain, loss and deduction for each Fiscal Year, or part thereof.

Regulations. Regulations, as may be amended from time to time, promulgated under the Code.

Related Materials. Material such as, but not limited to, bullion, tokens, medals, numismatic literature, and other collectible items that are related to the numismatic field.

SEC. The United States Securities and Exchange Commission.

Subscription Agreement. Agreement executed by each Investor agreeing to purchase a Unit(s) and making representations as to the suitability of the Investor as a purchaser of a Unit.

Unit(s). Unit of Interest in the Limited Liability Company. Also referred to generally as a Unit or Interest.

Vintage. Vintage Coins and Cards, a Division of Thomas Noe, Inc., an Ohio corporation, which will be one of the Managers of the Company.

SUITABILITY STANDARDS

An investment in the Company involves a high degree of risk and is suitable only for persons and entities of substantial financial means who have no need for liquidity in respect of their investment. The Company has determined that the Units will be sold only to Persons who are "accredited investors" as that term is defined in Rule 501(a) of Regulation D, promulgated by the SEC, and applicable state securities laws which definition includes, but is not limited to:

- (a) a natural person who by himself or together with his spouse has a net worth in excess of \$1,000,000 at the time of purchase;
- (b) a natural person who has had individual income in excess of \$200,000 in each of the two most recent years or joint income with his spouse in excess of \$300,000 in each of those years and expects to reach the same income level in the current year;
- (c) any organization described in Section 501(c)(3) of the Code, corporation, Massachusetts or similar business trust or partnership not formed for the specific purpose of acquiring the Units, with total assets of greater than \$5,000,000;
- (d) an entity in which all of the equity owners are accredited investors;

- (e) any plan established and maintained by a State, its political subdivisions or any agency or instrumentality of a State or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; or
- (f) any trust (exclusive of any "trust" under ERISA), with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Units, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D.

The fact that a prospective Investor is an "accredited investor" does not necessarily mean that the Units are a suitable investment for such Investor.

If any Units are purchased by a Person in a fiduciary capacity for any other Person who (or for an entity in which such Person) is deemed to be a "purchaser" of the subject Units under standards as promulgated by the SEC, such other Person must be an "accredited investor."

The representations set forth above will be reviewed by the Company to determine the suitability of the prospective Investors. The Company has the right to refuse a subscription for Units if, in its sole discretion, it believes that the prospective Investor does not meet the applicable suitability requirements or that the Units are an otherwise unsuitable investment for the prospective Investor. It is anticipated that comparable suitability standards will be imposed by the Company in connection with any resale of the Units. Any such resale is subject to various restrictions and may result in substantial adverse tax consequences.

The Company will rely upon the veracity of the representations of the Investor in the Subscription Agreement to the effect that such Investor is an accredited investor. The Agreement contains an indemnification of the Company and its Members concerning such representations. Meeting the suitability standards and acceptance by the Company is not conclusive of whether an investment in the Company is suitable for the Investor. Suitability can only be determined by the Investor himself and then only after substantial and thorough discussion with the Investor's tax, legal and investment advisors.

ACCESS TO INFORMATION

Each prospective Investor may inquire about any aspect of this Offering. The Company through the Managers or any person acting on its behalf will answer all inquiries concerning the Company, the Offering and the sale of the Units and the organization and operation of the Company. Prospective Investors will be afforded the opportunity to obtain additional information, to the extent the Company possess such information, or can acquire it without unreasonable effort and expense. Prospective Investors having questions or desiring additional information should contact Thomas W. Noe, President, Vintage Coins and Cards, 3509 Briarfield Blvd., Maumee, Ohio 43537 (419/865-2646) or Frank Greenberg, President of Delaware Valley Rare Coin Co., Inc., 2835 West Chester Pike, Broomall, Pennsylvania 19008 (610/356-3555).

SUMMARY OF THE OFFERING

The following is a very brief summary of certain information contained in this Memorandum and is intended only as a guide and a reference. It is not complete nor should it be relied upon to disclose accurately all aspects of the transaction described in this Memorandum. This summary is qualified in its entirety by reference to the complete text of this Memorandum and its Exhibits which should be read thoroughly by prospective Investors.

OFFERING:

Number of Units: Maximum: two hundred fifty (250); Minimum: twenty (20).

Price Per Unit: \$100,000 payable in cash upon execution of a Subscription Agreement.

Minimum Subscription: One (1) Unit; however, the Company in its sole discretion may sell one-half (1/2) Unit.

Total Offering: Maximum of \$25,000,000 (250 Units) and minimum of \$2,000,000 (20 Units).

Termination: The Offering will terminate on March 31, 1998, subject to extension by the Company until not later May 31, 1998. The Trust Account to be established will be "broken" upon receipt of subscriptions for twenty (20) Units. In the event that the maximum of two hundred fifty (250) Units is subscribed for prior to such date, the Offering will terminate upon the sale of the last Unit.

COMPANY:

Managers: The Managers of the Company will be Vintage Coins and Cards, a Division of Thomas Noe, Inc., and Delaware Valley Rare Coin Co., Inc.

Termination Date: March 31, 2009 or earlier upon the happening of certain events.

Member Investors: In no event shall Units be sold to any Person who is not an "accredited investor," as that term is defined under the Act and applicable state securities laws, and no sales will be made to plans subject to ERISA.

Contributions: The Manager Members each will contribute \$5,000 for which they each will receive one (1) Manager's Unit. Such

units will entitle the Managers, in the aggregate, to twenty percent (20%) of the Profits/Losses to the Members in each Fiscal Year.

Non-Manager Members (Investors), in the aggregate, will contribute \$25,000,000 for two hundred (250) Units and eighty percent (80%) of the Profits/Losses of the Company in each Fiscal Year.

Additional Assessment:

None.

Reserve:

The Company anticipates retaining a significant portion of the monies derived from operations of the Company for the purchase of additional coins. The amount to be retained or distributed shall be at the sole discretion of the Managers. There is no assurance that any cash will be available for distribution.

Purpose and Operation:

The Company will be formed primarily to acquire rare coins and Related Material. A significant portion of the rare coins will be certified and graded by PCGS and NGC. The Company will in turn sell the coins to wholesalers in the coin marketplace; to retailers of coins; and/or to the general public. The Company may also buy and/or sell coins, via public auction. The Company will use the expertise, knowledge, and abilities of the Managers in the buying and selling of coins. The coins purchased, and the decision as to the point in time for resale of such coins, will be in the sole discretion of the Managers. It is anticipated that Thomas W. Noe and Timothy H. LaPointe, President and Executive Vice President, respectively, of Vintage, and Frank Greenberg and Carol Tailby, President and Vice President, respectively, of Delaware Valley, will be the principal decision makers as to the purchase and resale of such coins. The Company will not distribute coins or other numismatic materials to the Members either as regular or customary distributions or upon liquidation.

INTERESTS AND FEES:

Managers: The Managers shall receive no fees for serving as the Managers other than their respective Interest in the Company specified below and reimbursement of General and Administrative Expenses incurred by them.

Company Allocations:

Profit and Loss will be allocated, subject to certain exceptions detailed in the Agreement, 80% to the Investors and 20% to the Managers. However, Profits and Losses will be allocated 99% to the Investors and 1% to the Managers until 80% of the proceeds from the Offering have been initially invested.

For example, in the event that the Profits for the first Fiscal Year of the Company are \$500,000, the Profits would be divided among the Managers and Investors as follows:

	<u>Profits</u>	<u>Percentage</u>	<u>Total</u>
<u>Managers</u> (in the aggregate)	\$500,000	20%	= \$100,000
<u>Investors</u> (in the aggregate)	\$500,000	80%	= \$400,000

Note that even though the above information sets forth the applicable division of Profits, there is no requirement that all or any portion of such Profits be distributed in any Fiscal Year. In such event, a Member's tax liability may exceed distribution of Profits.

INVESTMENT OBJECTIVES

Capital Coin Fund Limited is a Limited Liability Company to be organized under the Ohio Limited Liability Company Statute by Vintage Coins and Cards, a Division of Thomas Noe, Inc., and Delaware Valley Rare Coin Co., Inc., which will act as the Managers of the Company. As of the date of this Confidential Memorandum, the Company has not commenced operations and it will not do so prior to the sale of the minimum Offering of the Units.

The Company will seek to generate capital appreciation through buying, accumulating, investing, trading, and selling rare coins and Related Material. The Managers will direct the Company's operations.

The Company intends to participate in a wide range of different activities relating to the coin market. The Company's proposed strategies will include, among others: (i) purchasing coins that have been certified and graded by PCGS, NGC, or ANACS at prices and price levels

that the Managers believe will be advantageous to the Company; (ii) accessing and purchasing uncertified coins and Related Materials based on the Managers' comprehensive knowledge of uncertified coins and Related Materials; when appropriate, the Company will engage in "grading arbitrage" and will pay for official grading and certification of coins in order to capitalize on what the Managers believe will be the desirability of particular coins being certified; (iii) purchasing and accumulating "positions" and/or a portfolio(s) of coins and/or Related Materials with the intention of holding such coins for either a relatively short period of time or a significant period of time prior to sale; (iv) acting as a wholesale "trader" - i.e., actively buying and selling a wide range of coins, thereby attempting to generate an ongoing stream of income to defray expenses and for reinvestment in coins while also attempting to establish the Company's position in the certified coin market; and (v) aggressively seeking retail outlets for coins purchased by the Company in order to broaden and strength the scope of interest in rare coins, generate greater profits for the Company, and to correct and/or deplete any temporary oversupply of material in the marketplace.

Although a principal aspect of the Company's strategy involves acting as a wholesale market maker for buying and selling of coins, there is no clear-cut distinction between the coins which the Company will use in trading and those which it will hold as part of a short or long-term portfolio or use in "grading arbitrage." Coins purchased with the intention of being used in one aspect of the Company's operations may frequently be put to other uses, as changing market conditions create what the Managers perceive to be desirable profit opportunities.

While the different aspects of the Company's overall strategy are conceptually distinct, in practice they may be interconnected. Furthermore, the different aspects of the Company's operations can serve to promote one another. For example, the Company's market making activities are likely to give it information concerning and access to coins which might be desirable as a part of its short or long-term portfolio. The Company will attempt to maximize both its available capital and the Managers' expertise, while attempting to recognize an ongoing stream of current income available to defray expenses and for reinvestment.

The Company will dissolve, making a final liquidating distribution to Investors, no later than March 31, 2009. The Managers anticipate beginning to liquidate the Company's holdings sometime in advance of such date, in order to attempt to dispose of the Company's coins on the best available terms. Although the Managers may, in their sole discretion, liquidate such portfolio and dissolve the Company substantially prior to such period, they would anticipate doing so only in the event that they predict a substantial decline in the value of the Company. Consequently, Investors should consider the Company as a long-term investment. The Company will not distribute coins or other numismatic materials to the Members as regular and customary Profits of the Company or upon liquidation.

POTENTIAL ADVANTAGES

Investing in Coins. Over the past decade, the coin market has changed dramatically. Many of these changes have resulted in greater ease in investing in coins. With sufficient funds,

substantial capital appreciation can be realized by those with expert knowledge of market cycles. In addition, historically, an investment in coins has offered asset protection during inflationary cycles.

Investment Diversification. An investment in the Company will represent a diversification into an area of economic activity which is generally not represented in a typical portfolio. Further, because the Company will have a minimum capitalization of \$2,000,000, it will be able to gather a diversified base of rare coins.

Timing. The prices for most coins have declined dramatically during the last several years. While it is virtually impossible to purchase coins at the exact bottom of a market cycle, prices now (vs. their historical highs), are generally quite favorable for long-term growth and capital appreciation.

Ability to Purchase at Wholesale. Individual Investors generally would not have access to the wholesale coin prices which will be available to the Company through the Managers.

Comprehensive Knowledge and Flexibility of the Managers. It is quite unusual for two coin companies to combine their strengths and act as managers in a rare coin fund. The combined talents of the Managers in the Company increase the chances of capital appreciation for the Company.

Guaranteed Authenticity and Grading. Prior to the last decade, some of the primary risks of dealing in coins were that there was no standardization of grading amongst the dealers and little protection from a coin proving to be counterfeit or altered. Such risks have decreased substantially due to the grading and authenticity guarantees of PCGS and NGC. Certified coins have gained wide acceptance in the rare coin marketplace. A large portion of the Company's coins will be certified by PCGS or NGC (see "THE AMERICAN RARE COIN MARKET," below).

Insurance Against Loss: Loss Control Policies. The Company intends to obtain comprehensive insurance coverage against theft, destruction, loss or damage of its coins. Such insurance provides generally for the payment of the fair market value of coins lost, destroyed, damaged or stolen, subject to the conditions of the deductible under the policy. Such fair market value is determined as of the date that any such loss, destruction, damage or theft is discovered, not the date of the occurrence. As an extra measure of protection, whenever possible, the Company's coins will be held in safekeeping at a major bank depository. The Company is obligated to use its best efforts to obtain and maintain such insurance. If it is unable to obtain adequate insurance (as determined by the Managers), the Company will be liquidated as promptly as practicable and appropriate distributions of the Company's assets made (all coins having been reduced to cash).

Administrative Convenience. The Company is structured so as to eliminate for Members the administrative burden involved in trading, shipping, insuring and storing coins. The Company will have a state-of-the-art custom designed inventory and business management

computer system which it will use to maintain all transactional records relating to the Company. The Company will prepare and distribute annual financial reports and all tax information relating to the Company necessary for Members to complete their income tax returns.

THE AMERICAN RARE COIN MARKET

Mintages. The term "mintage" refers to the number of coins of any particular denomination that were produced at any given mint during any given year. By definition, the supply of these coins is finite and can not be replenished. While most of the coins purchased by the Company will have relatively high original mintages, some of the coins purchased by the Company will have relatively low original mintages, especially in the case of older coins, and choice examples of these coins are generally considered to be scarce.

Methods of Manufacture. Most coins are minted with the intention of circulating. These coins are sometimes referred to in the trade as "business strikes." The term "uncirculated" refers to a coin which, while produced for use as currency, has never, in fact, seen circulation. Such a coin has little evidence of wear or markings. Uncirculated normal production coins are struck on high speed presses, stored in bags and run through counting machines. As a result, uncirculated coins usually have bag marks and evidence of coin-to-coin contact.

Coins are also minted in "proof" condition. These are struck exclusively for presentation or for collector purposes. A proof coin is made from specially prepared dies that are inspected for perfection and are highly polished and cleaned. The coinage blanks from which proof coins are made are also polished and cleaned to assure high quality when struck. The blanks are then hand-fed into a coinage press one at a time, each blank receiving two blows from the dies. The entire operation is conducted at slow speeds utilizing extra pressure. Finished proofs are individually inspected and are handled with gloves and tongs. These perfect coins display a mirror-like surface, sharp detail, high wire rims and high relief details.

Supply. As stated, the supply of coins is finite. The number of coins that exists in high quality states of preservation also has an influence on what is generally perceived to be the supply. Very few coins ever remain in their original "newly minted" state, and perfect or near-perfect uncirculated coins, particularly older coins, are usually extremely rare.

Although the Company may from time to time acquire "great rarities," in general it will deal in coins that offer greater versatility in terms of supply. "Great rarities" are sometimes less susceptible than more common coins to declining in value during market downturns (due to the fact that the supply is so limited that the demand is ordinarily sufficient to ensure against price drops). The Company's coins will generally not be of a rarity sufficient to withstand market downturns. By the same token, however, such coins will be far more liquid than "great rarities" and will give the Managers more scope to make use of their trading skills.

Demand. Demand is created when insufficient supplies of desirable material are available in the market or when the prices of coins are perceived as favorable. These two factors

are usually interrelated. In recent years, the shift from collecting to investing (or a blend of the two) has served to increase demand. With the introduction of PCGS and NGC, many formerly hesitant individual investors as well as several institutions have taken a stronger interest in rare coins as an investment vehicle.

Certain Aspects of Coin Values. The value of coins, in addition to being affected by the usual forces of supply and demand, is determined in large measure by physical condition. Historically, coins of high quality have appreciated in value at a rate much faster than have pieces of lower quality. Small differences in the grade of a coin can materially affect its value.

In the past, other factors which have had a significant effect on the value of coins has been the prevailing rate of inflation (or expectations concerning what such rate will be in the near future) and the commodity value of the precious metals from which coins are minted (particularly in the case of relatively common gold coins). While factors such as inflation and metal prices have been an influence in the past, there is no guarantee that they will be an influence in the future.

Grading. The importance of the condition of coins to their value has led to the development of a standardized system for evaluating the state of preservation of a coin. Coins are generally graded on a 70 point scale with the top 10 points being the uncirculated or proof grades.

Certified Grading & Encapsulation. Since the value of a coin is determined to a large extent by the condition or "grade" of a coin, the growing need for "third-party" grading and certification became evident in the late 1980's. The difference in value between a coin being graded MS 64 and MS 65, for instance, can sometimes be substantial. While firms such as PCGS and NGC have not been able to solve all of the difficulties associated with the grading of coins, they have made substantial inroads in the standardization of coin grading. Firms such as PCGS and NGC grade and certify the authenticity of coins based upon a uniform set of grading standards. They then sonically seal each coin and its certification tag in plastic, effectively creating a coin "capsule." In addition to providing certification information about the coin, this plastic capsule helps to provide protection from damage and enables relatively safe, long-term storage for the coins. Overall consumer confidence has increased as a result of "third party" grading, certification and encapsulation.

Both PCGS and NGC offer Guarantees of Grade and Authenticity. The Company intends to submit coins for grading and authentication to both PCGS and NGC and to such other grading services as the Managers may deem appropriate.

Population Reports. Both PCGS and NGC publish monthly "population" reports in which they publish a complete census of the number of coins certified by their service at a given grade for each date, denomination, mint mark, and variety. These reports provide useful information when the information is interpreted by parties, such as the Managers, with advanced knowledge of the field.

Electronic Trading Network. There are two electronic trading networks for coins. The dominant one is called The Certified Quote System (otherwise known as "CQS") and its administrative arm, the Certified Coin Exchange (otherwise known as "CCE"). The two networks allow subscribing dealers to trade certified coins such as PCGS and NGC via a computerized trading network that is linked to a satellite. Both networks allow subscribing dealers to post "sight seen" bids and asks and "sight unseen" bids and asks on PCGS, NGC, and ANACS certified coins. To purchase or sell a coin "sight unseen" means that both parties in the transaction agree to accept the coin offered in trade without right of refusal. To purchase or sell a coin on a "sight seen" basis means that both parties in the transaction agree to allow the party purchasing the coin the right to view the coin prior to purchase to determine if the coin is appropriate for their needs. The Company will, at times, participate on these two networks or on any other trading network which may exist in the future, for the purposes of buying and selling coins and obtaining information about current prices.

In addition to the electronic trading networks, there are numerous other price reference materials which the Company will use to obtain further information about current price levels and historical price levels in order to make the most informed decisions possible. The Company has designed a computer program which integrates key price reference information and it will use this system to its advantage in the course of buying and selling coins.

The Dealer Network. Unlike securities, in which numerous stock exchange transactions are effected by brokers on an agency basis for a commission, all transactions in the coin market are effected on a principal basis, with a network of dealers buying and selling coins for their own account and charging "bid"-"ask" spreads rather than a commission. The Company's cost in acquiring coins for its holdings will often times reflect such spreads, but the Managers will attempt to ensure that the purchase prices paid for the Company's coins are, in all cases, fully competitive. Because the Company intends to act as a wholesale supplier of coins, the continued success of the dealer network is important for the success of the Company. In addition to others, it is anticipated that the Managers, in their individual retail capacity will purchase from and, in more limited situations, sell coins to, the Company. It is the objective of the Managers that the Company achieve profitability through the "spread" in the cost paid for coins and the price charged to wholesale or retail brokers upon resale. In addition, the Managers intend to purchase coins for the Company which are readily salable at a profit or are expected to appreciate over the life of the Company.

Trading in Uncertified Coins. While the Company anticipates that a substantial percentage of its coin holdings will consist of certified and readily marketable coins, there is also a substantial market in uncertified coins. Trading in uncertified coins offers "grading arbitrage" profit opportunities i.e., purchasing a coin which is selling at beneath its realizable market value due to mistaken evaluation of its grade. Furthermore, although determining the value of uncertified coins is a subjective process, the Managers believe that the experience of its principal officers will permit them to assign estimated values to the Company's uncertified coins with sufficient accuracy that these coins may return significant profit to the Company. The risks in "grading arbitrage" are, however, substantial.

In most cases, when the Company purchases uncertified coins, it will submit such coins for grading and certification to PCGS, NGC or any other certification service selected by the Managers. However, the Managers may choose to sell such purchases without having them certified if the Managers believe it would be of benefit to that Company to do so.

Auctions. Prior to the creation of electronic trading networks, the primary means of selling coins publicly was at auction, and auctions remain a principal focus of activity in the coin market. Many coins sold at auction are ungraded. Certified coins are sold at auction sometimes for purposes of liquidity and sometimes in order to attain a higher price realized at auction. The Managers believe that in some cases the prices received for coins when auctioned may exceed the price which would have been received for the same items in a negotiated, private transaction or on a trading network. The principal officers of the Managers have many years of experience in participating in coin auctions and in assessing when it would be advantageous to buy or sell particular coins at auction.

When coins are to be sold at auction, they must be consigned to the auction house for some length of time (often as much as two or three months) in advance. The Company will have no control over any of its coins when so consigned and could not, for example, decide to sell any of such coins to a third-party during the interim. Despite the Company's lack of access to coins after consignment to action, the Managers will continue to value such coins for purposes of determining net asset value. However, prospective investors must recognize that, due in part to factors such as those referred to above, the actual value recognized at auction may differ substantially from such estimates.

Dynamics. The evolution of certified grading services such as PCGS and NGC and the use of certified trading networks where "bids" and "asks" are posted for some certified coins has resulted in periods of extreme volatility in the marketplace. It is important to note that the rare coin industry is still evolving. For instance, it is too early to tell what impact the Internet will have on the rare coin industry. However, entities such as the grading services and the trading networks have now been a factor in the marketplace long enough for some measure of stability to have emerged. While the Managers are very cognizant of the fact that the rare coin market involves risk, they believe that the dynamic nature of the coin market creates opportunities for financial rewards for the Company.

RISK FACTORS

Investment in the Units involves certain significant risks, many of which are beyond the control of the Company and the Managers and represent contingencies that cannot be reliably estimated. Investment in the Units is suitably only for Persons of substantial financial means who have no need for liquidity in their investments and who can afford the loss of their entire investment. This summary is qualified in its entirety by the Agreement and the contents of this Memorandum. Among other aspects of this Offering, potential Investors should consider carefully the following factors which discussion is meant to be a brief summary of some, but not all, of the risk factors involved in a purchase of Units.

Dependence on the Services of Messrs. Noe, Greenberg, LaPointe and Ms. Tailby. The Company's success is critically dependent upon the services of Messrs. Noe, Greenberg, LaPointe and Ms. Tailby, the executive officers of the Managers. Were these persons to become unable to manage the Company's assets, the effect on the Company would be material and adverse.

Possible Delay in Becoming Fully Invested. The Managers have not identified any specific coins which they intend to purchase for the Company. Prevailing market conditions and/or a desire to purchase coins and Related Material at favorable prices, may cause the Managers to exercise caution in purchasing coins for the Company. Therefore, it is possible that it will require a considerable period of time before the Company has invested a material portion of its assets in coins. Until invested in coins or Related Material, funds of the Company likely will be held in short term, liquid investments such as money market or bank savings or checking accounts. Until 80% of the proceeds from the Offering have been initially invested, the Profits and Losses of the Company will be allocated 99% to the Investors and 1% to the Managers.

Possible Unavailability of Insurance. The Company expects to obtain an insurance policy which generally covers the fair market value of coins destroyed, lost, stolen or damaged. There can, however, be no assurance that the Company will be able to obtain or renew such policy. If the Company is unable to obtain adequate insurance coverage, the Company may be required to curtail its operations and liquidate.

Possible Market Value Volatility. The coin market is subject to substantial fluctuations, and the value of the coins acquired by the Company could experience significant declines in value. Unlike many forms of investment, there is no assured return on an investment in the Company in the form of dividends or interest.

Unregulated Nature of the Coin Market. The coin market is presently subject to no material regulation. Consequently, the investor protection benefits of the often extensive governmental and self-regulation applicable to other forms of investment will not be available to Investors. Conversely, there can be no assurance that, in the future, regulations which might materially and adversely affect the coin market will not be imposed.

Thinness of Market and Possible Lack of Liquidity. The coin industry is very small in comparison to other investment vehicles such as the stock market. The degree of liquidity of coins will vary according to general market conditions and according to the particular coin involved. For some coins there may be no active market at all at certain points of times. Thus, the market is, and will remain, significantly less liquid than more traditional forms of investment such as stocks and bonds. Trading networks such as CCE do not provide any more liquidity than the wholesale marketplace in general. Market illiquidity could make it difficult for the Company to execute trades which the Managers consider advisable or to dispose of coins at what they consider to be fair value. However, the Managers believe that it is possible that the thinness of the market and/or the lack of liquidity could, at times, be of some benefit when the Company is attempting to buy coins at favorable price levels.

Competition. The buying and selling of coins is a highly competitive business. In doing so, the Company will be in direct competition with other experts, some of which have significantly greater financial resources. Competition in coin trading develops not only from dealers in coins, but also from collectors and investors who acquire coins.

Relationship of Coin Prices to Gold Prices. Historically, the value of some U.S. gold coins has been influenced to a certain degree by the value of gold. In the past, gold prices have been known to be highly volatile.

Hoards. Many hoards of coins and Related Materials still exist in private holdings. It is possible that one or more substantially large hoards exist as well. In the past, hoards of one particular coin or a group of related coins have been known to drive the price of that coin(s) down. If a hoard of sufficient financial magnitude should come on the market, it could have a negative impact on overall prices.

However, there are many opportunities to make money by purchasing hoards that have been off the market for many years. As one of their strategies, the Managers hope to acquire hoards of coins and/or Related Materials for the Company because the profit potential of such material sometimes can be substantial.

Limited Operating History of Coin Certification Services and Trading Networks. NGC, PCGS, ANACS and the resultant trading networks such as CCE have each been formed relatively recently and have limited operating histories. Investor should understand that certification does not guarantee protection against the normal risks associated with potentially volatile markets. There can be no assurance as to continued viability or future operations for these entities. Were these organizations to substantially change their method of operations or curtail operations entirely, it could become difficult for the Company to achieve its profit objectives.

Subjectivity of Grading. While the certification services have made substantial progress in the standardization of coin grading, it is generally accepted that the "art" of coin grading is still subjective. For example, if a coin is submitted to the same grading more than once, it is possible that it could be certified at different grade levels. Bearing in mind that the value of the coin is heavily influenced by the specific grade of the coin, the owner of such a coin could be in a profit or loss situation depending upon what grade the coin received.

Grading and Authenticity of Uncertified Coins. The Managers believe that their expertise will create substantial profit opportunities for the Company in purchasing uncertified coins, and some uncertified coins which the Company purchases may be certified after acquisition. However, there are risks involved in the Company dealing in coins which it intends to have certified and/or coins which it intends to sell in an uncertified state. It should be noted again that even small differences in grading can have a significant impact on their value. Although the Managers are generally adept at determining a coin's authenticity, if a coin's authenticity becomes subject to doubt, it may lose all or substantially all of its value since it is illegal to knowingly sell a counterfeit coin.

Value Differences Between Grading Services. Coins graded by one grading service may not conform to the grading standards as interpreted by another grading service or by the dealers in the industry and the buying public. This can have an impact on the value of a coin.

Lack of Regulation of Trading Network. In their present form, the trading networks have little or no self-regulation with respect to monitoring the legitimacy of bids and asks on the system. This is particularly true of the "sight-seen" bids. The Managers intend to use their years of experience and their expertise in evaluating any and all bids and/or asks on the trading networks in order to judge their viability in the marketplace.

CCE and other trading networks that now exist are primarily useful as a means for the dealers to exchange buy and sell information. A subscriber's trading limit can be quite small. Although the marketplace currently trades coins in relation to the bids and asks as posted on trading networks such as the CCE system, very few trades are actually executed via the network.

Possible Disadvantageous Market Conditions When the Company's Holdings are Liquidated. The Managers will have considerable flexibility in selecting the times at which to liquidate portions of the Company's holdings. Nevertheless, the Company must liquidate the last of its holdings prior to March 31, 2009. In the event that there is a sustained depression in the coin market during the last few years of the life of the Company, the Company could be forced to dispose of its holdings under adverse market conditions and for inadequate prices.

The Managers. The Managers have engaged in the buying and selling of coins since 1994 (Vintage) and 1977 (Delaware Valley). However, neither Vintage nor Delaware Valley has acted as the general partner of a partnership or manager of a limited liability company. The proposed distribution of Profits and Losses has been determined by the Managers as the initial organizers of the Company. Further, the Managers engage in the buying and selling of coins as retail brokers as a regular and customary part of their business and will continue to do so in the future. Specifically, there is no prohibition against the Managers buying coins from and selling coins to the Company. Such transactions will occur at what is deemed to be fair market value, but such relationship creates an inherent conflict of interest.

No Ruling from the IRS Regarding Status as a Partnership. The Company has not sought a ruling from the IRS regarding the treatment of the Company as a Partnership for federal income tax purposes. If it is ultimately determined that the Company should be classified as an association taxable as a corporation, the Company and Members will be adversely affected in that, among other things, (a) Company income would be taxed to the Company at corporate income tax rates, rather than there being no tax on income at the Company level; (b) Company losses (i.e., deductible expenses in excess of taxable income), deductions and other tax benefits would not be passed through to the Members for possible use by the Members in reducing their taxable income from permitted sources other than the Company; and (c) Company distributions to Members would be treated as corporate dividends, resulting effectively in a double tax on the Company's earnings.

Members Will Be Taxed on Profits Whether or Not Distributed. The Company is not required to distribute Profits. If the Company has taxable income for a Fiscal Year, such income will be taxable to Members in accordance with their percentage interest in the Company's Profits, whether or not such Profits have been distributed to them. The tax liability of Members for any Profits of the Company may exceed any distributions received from the Company.

"Passive" Income and Losses. It is likely that a significant portion of the Profits and Losses of the Company will be deemed profits and losses from passive activities, thus limiting the deductibility of any such Losses. Each Member must consult his own tax adviser regarding this issue. In addition, it is likely that a significant portion of the Profits and Losses of the Company will not be profits or losses from a passive activity. Thus, it is possible that the Company may produce Losses from a passive activity which may not be used to offset other Profits of the Company because such Profits are deemed not to be from a passive activity.

Possibility of Tax Audit of Both the Company and Members. There can be no assurance that the Company's tax returns will not be audited by the IRS or that adjustments to such returns will not be made as a result of such an audit. If an audit results in an adjustment, Members may be required to file amended returns (which may themselves also be audited) and to pay additional taxes, plus interest. The IRS currently is authorized to impose an interest penalty on tax deficiencies based upon prevailing rates.

ERISA Accounts. Because of the significant and restrictive nature of the regulations of ERISA as implemented by the Department of Labor, ERISA plans will at no time be allowed to invest in the Interests of the Company.

State and Local Taxes. In addition to the effects of the tax reform legislation on an investment in the Company, state and local taxes may result in an increase in the amount of such taxes applicable to the Company and its Members.

BECAUSE OF THE SIGNIFICANT DIFFERENCES AMONG POTENTIAL INVESTORS, NO ATTEMPT HAS BEEN MADE HEREIN TO SUMMARIZE IN ANY SIGNIFICANT WAY THE TAX MATTERS APPLICABLE TO AN INVESTMENT IN THE COMPANY. PROSPECTIVE INVESTORS IN THE COMPANY ARE URGED TO CONSULT THEIR OWN TAX ADVISERS WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATION UNDER FEDERAL LAW AND THE PROVISIONS OF APPLICABLE STATE AND LOCAL LAWS BEFORE SUBSCRIBING FOR UNITS.

No Public Market for Units. No public market will exist for the Units. A Member may not be able to realize cash upon his investment prior to dissolution of the Company because: (a) the sale of his Unit will be subject to restrictions imposed by the federal securities laws and regulations promulgated by the SEC and applicable state securities laws; (b) Units cannot be assigned without the prior written consent of the Managers and the delivery of certain documents and satisfaction of other requirements as provided in the Agreement; (c) Members have no right to withdraw any part of their investment in the Company; and (d) it may not be possible to find a

buyer for his Unit. If, as a result of some change in circumstances arising from an event not presently contemplated, a Member wishes to transfer his Unit, or any portion thereof, he may find no market for such Unit due to market conditions or the general illiquidity of such Unit.

Non-Registration of Units. The Offering has not been registered under the Act in reliance upon the "private offering" exemption of Section 4(2) of the Act and/or Rule 506 of Regulation D promulgated thereunder. It is anticipated that reliance also will be made upon apparently available exemptions from securities registration under applicable state securities laws. However, there can be no assurance that the Offering presently qualifies or will continue to qualify under such exemptions due to, among other things, the adequacy of disclosure and the manner of distribution of the Offering, the existence of similar offerings conducted by the Managers or their Affiliates in the future, or the retroactive change of any securities law or regulation. If, and to the extent, suits for rescission are brought and successfully concluded for failure to register the Offering or other offerings under the Act or for acts or omissions constituting offenses under the Securities Exchange Act of 1934 or under state securities laws, both the capital and assets of the Company could be affected adversely, thus jeopardizing the ability of the Company to operate successfully.

The Company does not intend at any time in the future to register the Units in the Company with the SEC or, except as may be required in connection with this Offering, with any state securities commission. For this reason, Investors do not and will not enjoy the benefits or security, if any, that may be derived from such a registration and corresponding review by regulatory officials. For that reason, Investors must make their own decision as to a subscription to the Company with the knowledge that federal officials have not passed on the adequacy of the disclosures contained in this Memorandum and that state officials have not passed on the fairness of this Offering.

Indemnification. The Agreement provides that the Managers shall not be liable to the Company or to any Member for actions taken in good faith and reasonably believed to be in the best interest of the Company, or for errors of judgment, neglect or omission unless a Manager is adjudged to have been liable for fraud, willful misconduct, gross negligence, material breach of its obligations under the Agreement or material breach of its representations, warranties and covenants in the Agreement. Moreover, the Agreement provides for the indemnification of the Managers in connection with the foregoing.

TERMS OF THE OFFERING

The escrow account established in connection with the Offering will be broken upon receipt of subscriptions for twenty (20) Units, an aggregate minimum consideration of \$2,000,000 at which time the funds will be released to the Company. The maximum number of Units which will be sold in the Offering is two hundred fifty (250) Units for an aggregate maximum consideration of \$25,000,000.

Offers will be made only to accredited investors (See "SUITABILITY STANDARDS"). The Offering of the Units has not been registered with the SEC. The Units are being offered pursuant to an exemption from registration under Section 4(2) of the Act and/or under Rule 506 of Regulation D promulgated thereunder and other available exemptions. Depending upon in which states the Units are offered, the Units may or may not be offered pursuant to exemptions from registration provided in various state securities laws.

Each Investor must subscribe for a minimum of one (1) Unit. However, the Company, in its sole discretion, may sell one-half (1/2) of a Unit. This Offering will terminate upon the earlier to occur of: (1) March 31, 1998 (subject to extension by the Company in its sole discretion until not later than May 31, 1998); or (2) the sale of all of the Units offered hereunder.

The Managers reserve the right to purchase Units so as to cause the minimum offering standard to be met. In no event shall the Managers purchase more than two (2) Units in the aggregate (\$200,000) and they are under no obligation to purchase any Units.

Purchasers of the Units are required to execute the Subscription Agreement and Signature Page attached hereto as Exhibits A and B, respectively, and such other documents as reasonably may be required by the Company. Purchasers are required to pay in full for subscribed Units upon executing the Subscription Agreement. Checks are to be made payable to "Capital Coin Fund Limited."

The Company has the exclusive right to refuse to accept, for any reason, all or part of the Units which a potential Investor offers to purchase pursuant to his Subscription. In the event that the Company rejects a part but not all of the Units to which any potential Investor subscribed, the potential Investor shall be obligated to purchase the balance of the Units which were accepted by the Company, and the Company will be required to return, or cause to be returned, the excess funds. No interest will be paid on subscription funds returned as a result of the Company's refusal to accept all or a portion of any subscription.

All of the proceeds of this Offering will be deposited in a trust account established and controlled by the Company with National City Bank or another federally insured banking institution in the Toledo, Ohio metropolitan area, and held for the Investors until such time as subscriptions for twenty (20) Units have been received and thereafter such funds, together with additional funds received pursuant to subscriptions, shall be made available to the Company. In the event that the minimum of twenty (20) Units shall not have been sold prior to the Offering Termination Date, this Offering shall terminate and all funds held in trust shall be returned to the respective subscribers. Whether or not this Offering is consummated, interest earned, if any, on the capital contributions of the subscribers, to the first twenty (20) units will be paid to such subscribers within thirty (30) days after the earlier to occur of Offering Termination Date or the breaking of escrow.

**SOURCE AND APPLICATION OF
CAPITAL CONTRIBUTIONS**

In the event this Offering is not completed, then all subscription payments will be refunded to all Investors with interest earned, if any, and without deduction. The proceeds to the Company from the sale of the Units will be utilized for the purposes set forth herein. The Company expects that the total amount of funding will be provided and allocated as follows:

<u>SOURCE OF FUNDS:</u>	<u>MINIMUM</u>		<u>MAXIMUM</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Initial Contributions				
Investors	\$2,000,000	99.5%	\$25,000,000	99.96%
Managers	10,000	0.5%	10,000	0.04%
TOTAL SOURCE OF FUNDS	\$2,010,000	100.0%	\$25,010,000	100.0%
 USE OF FUNDS:				
Organization Expenses: (1) Legal, Accounting, etc.	\$20,000	1.0%	\$20,000	0.08%
Operating Expenses: (1) Printing, filing fees and miscellaneous expenses	5,000	0.25%	5,000	0.02%
Working Capital: For Coin Acquisition	1,985,000	98.75%	24,985,000	99.9%
TOTAL USE OF FUNDS:	\$2,010,000	100.0%	\$20,010,000	100.0%

(1) Organizational and Operating expenses are estimates and may be higher or lower. These expenses will include, among others, organizational, offering and legal and accounting fees, printing costs and filing fees with federal and/or state securities authorities.

COMPENSATION AND FEES

Other than the reimbursement of any necessary General and Administrative Expenses incurred by the Managers on behalf of the Company, the Managers shall receive no compensation in connection with the sale of the Units nor will they receive any fees for services rendered in regard to the operation of the Company. The Managers will, however, have an Interest in the Company which will entitle them to a percentage of the Profits and Losses of the

Company as specified in the following section entitled "PARTICIPATION IN PROFITS AND LOSSES." It should be noted that the percentage interest to which the Managers are entitled is not based on a pro rata cash contribution to the Company.

PARTICIPATION IN PROFIT AND LOSS

The Managers will determine which coins to buy and sell and the terms and conditions for such transaction. The terms of those transactions will have a fundamental effect on the Profits and Losses that will be allocated to the Company and, pursuant to the Agreement, to the Investors.

Profit and Loss will be allocated, subject to certain exceptions detailed in the Agreement, 80% to the Investors and 20% to the Managers. However, Profits will be allocated 99% to the Investors and 1% to the Managers until 80% of the proceeds from the Offering have been initially invested.

For example, in the event that the Profits for the first Fiscal Year of the Company are \$500,000, the Profits would be divided among the Managers and Investors as follows:

	<u>Profits</u>	<u>Percentage</u>		<u>Total</u>
<u>Managers</u> (in the aggregate)	\$500,000	20%	=	\$100,000
<u>Investors</u> (in the aggregate)	\$500,000	80%	=	\$400,000

Note that even though the above information sets forth the applicable division of Profit, there is no requirement that all or any portion of such Profit be distributed in any Fiscal Year. In such event a Member's tax liability may exceed distribution of Profit.

Subject to certain qualifications, net proceeds upon termination (after payment of Company obligations), including those from the sale of all or substantially all of the assets of the Company, will be distributed first to the Members to the extent of their capital account balances (determined after allocation of Profit or Loss on the sale of the assets). The Agreement provides that a Member will not be allocated any Loss (or item thereof) for tax purposes if the allocation of such item to the Member would result in a deficit in his capital account which he is not obligated to restore.

The Managers in their sole discretion may cause the Company to retain otherwise distributable Profits, the monies from which would be used to purchase additional coins. There can be no assurance that the Company will have cash to distribute notwithstanding a Profit or a

Loss to the Company. This could cause the Members to be obligated to pay taxes in respect of Profits for which they do not receive corresponding cash distributions.

The Agreement provides that distributions, if any, will be made to Investors holding Units of record on each distribution date, whereas Company Profit and Loss will be earned ratably over the period of the Fiscal Year of the Company. Accordingly, Investors are advised that if Units are transferred, the transferor and the transferee may not receive distributions in the same ratios that the Profit and Loss giving rise to such distributions have been allocated.

MANAGEMENT

The Company's financial success will be primarily dependent upon the management and operation of the Company which shall be the responsibility of the Managers. The Managers will be Vintage Coins and Cards, a Division of Thomas Noe, Inc., an Ohio corporation, and Delaware Valley Rare Coin Co., Inc., a Pennsylvania corporation. Delaware Valley was incorporated in 1977 and Vintage was organized in 1994. Thomas Noe, Inc. was formed in 1979. Since their respective dates of organization, the corporations have engaged in the purchase and sale of rare coins and Related Materials. The corporations regularly provide advice to customers in connection with the purchase and sale of such coins. As with most coin dealers, the success of Vintage and Delaware Valley has been tied directly to the talents of their principal officers. The principal officers of Vintage and Delaware Valley and a brief biography of each of them follows:

Vintage

Thomas W. Noe. Thomas Noe is the founder and President of Vintage Coins and Cards, located in Maumee, Ohio. He is a native of Bowling Green, Ohio and attended Bowling Green State University. Mr. Noe has been a full-time coin dealer since 1973 during which time he has worked in Greenville, South Carolina; New York; Boston; Miami; and since 1981, Toledo. Mr. Noe has been a member of the American Numismatic Association since 1971. In 1979, Mr. Noe became a member of the Professional Numismatists Guild ("PNG") and served on their Board of Directors from 1991 until 1993. Mr. Noe is a Charter Member of the Professional Coin Grading Service ("PCGS") and the Numismatic Guaranty Corporation ("NGC"). He is past chairman of the Industry Council for Tangible Assets and is an approved probate appraiser in Lucas County, Ohio.

Mr. Noe is also active in civics and the community. He has served on the Board of Regents of the Catholic University of America, Washington, D.C. and the Board of Trustees of Bowling Green State University. He has also served on the Board of Directors of the Central City Ministry of Toledo and the St. Vincent Medical Center Foundation. He is past Chairman of the Board of Trustees of Lourdes College. Currently, he is serving on the Ohio Board of Regents and the Board of Directors of Capital Bank, N.A.; and the Executive Committee of the Bishops Education Council.

Timothy H. LaPointe. Mr. LaPointe is the Executive Vice President of Vintage Coins and Cards. Mr. LaPointe is a native of Chicago, Illinois and grew up in the San Fernando Valley in California. He and his family moved to Japan in 1960 where Mr. LaPointe graduated from Yamato High School in 1965. Mr. LaPointe returned to the United States in 1965 and in the mid to late 1960's, served in the military and attended Los Angeles Pierce College in Los Angeles, California. Mr. LaPointe began his career as a professional numismatist in 1974. He brings a wealth of knowledge and experience to his position as Executive Vice President of Vintage since he has served as Director of Wholesale and/or Retail Sales for some of the largest coin companies in the United States. Mr. LaPointe is currently responsible for the management of several hundred client portfolios at Vintage. Mr. LaPointe is a member of the Florida United Numismatists, the Central States Numismatic Society, as well as being a life member of the American Numismatic Association. Mr. LaPointe is a registered PNG Numismatist.

Delaware Valley

Frank Greenberg. Frank Greenberg is the founder and President of Delaware Valley. Delaware Valley has been in business since 1969, relocating from Springfield, Pennsylvania to its current location in Broomall, Pennsylvania in September, 1991. Mr. Greenberg is a graduate of Upper Darby High School and attended Drexel Institute of Technology (now Drexel University) where he studied economics and finance. Mr. Greenberg became a full-time professional numismatist in 1969. Mr. Greenberg is a life member of numerous numismatic organizations, including the American Numismatic Association. Mr. Greenberg became a member of the Professional Numismatists Guild in 1980 and he served as an Arbitrator for PNG on several occasions. He is a Charter Member of the Numismatic Guaranty Corporation. In addition to Mr. Greenberg's activity dealing in the Numismatic marketplace, he has been retained by various banks, law firms and governmental agencies to provide appraisal of various types of numismatic material as well as expert testimony in regard to such matters.

Carol Tailby. Carol Tailby is the Vice President of Delaware Valley. She graduated from Wellesley High School in Wellesley, Massachusetts and graduated from the University of Massachusetts, *Cum Laude*, in 1970 with a Bachelors of Science Degree. Ms. Tailby commenced her numismatic career in Boston, Massachusetts in 1976 as the Administrative Manager of the Auction Department of New England's largest rare coin company. In 1979, she moved to Los Angeles where she was employed by a rare coin company that was a subsidiary of General Mills, Inc. Ms. Tailby joined Delaware Valley in 1984 as Director of Sales and became Vice President in 1990. Ms. Tailby was instrumental in the design of the state-of -the-art inventory and business management computer system used by Delaware Valley today. In addition to administrative responsibilities for Delaware Valley, Ms. Tailby travels throughout the country assisting in the buying and selling of rare coins for Delaware Valley. Ms. Tailby is a member of the American Numismatic Association and is a registered PNG Numismatist.

The Managers will direct the business of the Company, including supervision of operations and administration of the Company's affairs and other Company activities. All decisions as to the day to day operations of the Company will be made by the Managers. The Managers have exclusive authority in the exercise of such management and supervisory activities.

The Managers are indemnified in the Agreement by the Company against certain liabilities and expenses as a result of their actions as a Manager taken on behalf of the Company. The Managers will devote such time and shall employ and contract with such administrative, accounting, clerical and legal personnel as may be required properly to conduct the business affairs of the Company. In connection with services to be performed by the Managers regarding the operation of the Company, the Managers shall not receive a specified fee other than their respective percentage Interest in the Profits and Losses of the Company. However, the Agreement provides that the Company shall reimburse the Managers for any General and Administrative Expenses incurred in connection with the Company.

CONFLICTS OF INTEREST

In considering the risks and merits of an investment in the Company, prospective Investors should carefully consider the conflicts of interest hereinafter described.

The Company is subject to various conflicts of interest arising out of its relationship with the Managers and their respective affiliates. Conflicts include, but are not limited to, the following:

1. The Managers are engaged, as a regular and customary part of their respective businesses, in the buying and selling of coins. It is anticipated that the Managers will purchase from and sell to the Company, a significant number of coins and Related Materials. Notwithstanding the fact that the Managers would engage in any such transactions based only upon fair market values including such fees and expenses customarily charged to its unaffiliated clients, a conflict of interest in this regard does exist and the Managers potentially could realize a personal benefit in regard to such transactions. It is the intent of the Managers that they will act as a "conduit" in regard to the purchase and sale of certain coins and numismatic materials. In such case, the Managers will charge the Company only their respective costs and expenses and will not be entitled to a profit on such transactions other than their ownership of an Interest in the Company. The terms and conditions in connection with such sales will not be subject to review by any independent third party and it will not be negotiated at arm's length, but will be determined solely by the Managers.

2. The Managers and their Affiliates may engage in other activities in connection with coins for their own account or the accounts of others. They also may engage in activities as part of a joint venture, partnership or limited partnership. The Managers may serve as general partner, manager or member of other ventures, including other rare coin investment limited partnerships. Any such additional entity may have substantially similar roles to that of the

Company and conflicts could arise between the Company, the Managers and any such other entity.

3. The Managers are authorized to designate the Company's "tax matters partner" who will have the authority to take certain actions on behalf of the Company. The possession of such authority by the Managers may involve a conflict of interest to the extent that the Managers' interests differ from the interest of the other Members.

4. The Investors, as a group, have not been represented by counsel. The Company and the Managers are not represented by separate counsel. The attorneys, accountants and other experts who will perform services for the Company all perform services for the Managers and their Affiliates and it is anticipated that such dual representation will continue in the future.

LEGAL

Certain legal matters in connection with the Units will be passed upon by Werner & Blank Co., L.P.A., 7205 West Central Avenue, Toledo, Ohio 43617, as counsel to the Company for this Offering.

REPORTS

On or before ninety (90) days after the end of each Fiscal Year, the Company will mail to each Member:

1. Such information as is necessary for the preparation by each Member of his Federal income tax return; and
2. Financial Statements prepared by the Company or the Accountants for the Company.

CONDITIONS PRECEDENT TO CLOSING OF THE OFFERING

The following are conditions precedent to the closing of this Offering:

1. Receipt of at least \$2,000,000 from the sale of Units.
2. Receipt by the Company of fully executed Subscription Agreements from each Member.

3. Receipt by the Company of fully executed signature pages to the Agreement from each Member and execution of the Acceptance on each by the Managers on behalf of the Company.
4. Receipt by the Company of the Capital Contribution of the Managers.

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**ADDENDUM
to the
OPERATING AGREEMENT
of the
CAPITAL COIN FUND LIMITED**

The following is an Addendum to as entered into by and between the **VINTAGE COINS AND CARDS, A DIVISION OF THOMAS NOE, INC.**, an Ohio corporation, having offices located at 3509 Briarfield, Maumee, Ohio 43537 and **DELAWARE VALLEY RARE COIN CO. INC.** a Pennsylvania corporation, having offices located at 2835 West Chester Pike, Broomall Pennsylvania, 19008 as the **Managers/Members** and the **STATE OF OHIO, BUREAU OF WORKERS' COMPENSATION**, _____ (hereinafter, "Bureau"), as a Member, having offices at 30 West Spring St., Columbus, Ohio 43215-2256.

WHEREAS, it is expressly understood that all contracts to which the Bureau is a party must conform to Ohio statutes and rules; and

WHEREAS, the parties mutually agree and understand that the Bureau, as a state governmental agency, cannot agree to indemnify, hold harmless or legally defend and pay damages for any Manager/Member or other Member pursuant to such indemnification provisions contained in the operating agreement, confidential memorandum or the subscription agreement. Such provisions violate the Ohio Constitution and the Ohio Revised Code, now:

THEREFORE, the parties mutually agree that the following modifications shall be made to the operating agreement, confidential memorandum and the subscription agreement:

Indemnification and Hold Harmless provisions:

Any and all references to indemnification, hold harmless and the payment of legal fees and damages shall be void ab initio: specifically section #16 of the subscription agreement; Article V, section 5.7 (a-d), Indemnification of the Managers, Article XIII, section 13.3, Indemnity and Article XIV, section 14.4, Expenses of Tax Matters Partner, of the operating agreement; and the following sections contained in the operating agreement attached to the confidential memorandum; Article V, section 5:7 (a-d), Indemnification of the Managers ; Article XIII, section 13.3, Indemnity and Article XIV, section 14.4, Expenses of Tax Matters Partner.

It is expressly understood and agreed by the parties that the Bureau, as a state governmental agency, cannot agree to indemnify, hold harmless or pay the legal fees and damages assessed against the Manager/Members, other Members or the Capital Coin Fund Limited. Such provisions are in derogation of Article VIII, Section 3 of the Ohio Constitution and the Ohio Revised Code.

Prior to incurring any debt on behalf of the state of Ohio, the certification of the availability of funds sufficient to meet an any financial obligation is required pursuant to Ohio Revised Code Section 126.07. However, indemnification, hold harmless, the payment of legal fees and damages expose the state to unquantifiable sums which cannot be properly encumbered through the Office of Budget & Management. Additionally, provisions which require indemnification, holding harmless, and the payment of legal fees and damages expose the state of Ohio to a potential deficit, in derogation of Article VIII, Section 3 of the Ohio Constitution.

The following section shall be deleted in its entirety:

Sections #1-3 on page 2 of the subscription agreement which represent, warrants and covenants to the company that the Member's legal advisors and counselors have advised the undersigned member with respect to the legal ramifications of the terms and conditions of the operating agreement, confidential memorandum and subscription agreement as special counsel representing the Bureau was not obtained to advise the Bureau in this matter.

Order of Priorities: The parties mutually agree that if any provisions in the Agreement are in conflict and cannot be reconciled with any provisions of this Addendum, the provisions of this Addendum shall control.

IN WITNESS WHEREOF, the parties hereunto affix their signatures this 31st day of March 1998.

VINTAGE COINS AND CARDS, A DIVISION OF
THOMAS NOE, INC.

TAX ID # [REDACTED]

Thomas W. Noe President

Name

Will

Title

President

STATE OF OHIO
BUREAU OF WORKERS'
COMPENSATION

James Conrad
James Conrad

Administrator

DELAWARE VALLEY RARE COIN CO., INC.

TAX ID # [REDACTED]

Frank Greenberg, President

Name

Frank Greenberg

Title

President

OPERATING AGREEMENT

OF

CAPITAL COIN FUND LIMITED II

(an Ohio Limited Liability Company)

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CAPITAL COIN FUND LIMITED II

(A Limited Liability Company)

OPERATING AGREEMENT

THIS OPERATING AGREEMENT is made and entered into as of this 13th day of July, 2001 by and among VINTAGE COINS AND COLLECTIBLES, A DIVISION OF THOMAS NOE, INC., an Ohio corporation, as the Manager/Member, and those persons whose names are listed on Exhibit "A" attached hereto as Investor/Members.

WITNESSETH THAT:

Intending to be legally bound hereby, the parties hereto agree to operate a limited liability company under the laws of the State of Ohio, upon the following terms and conditions:

**ARTICLE I
ORGANIZATION AND DEFINITIONS**

Section 1.1 Formation. The Manager is in the process of forming a limited liability company under the name and style of Capital Coin Fund Limited II, pursuant to the provisions of the Ohio Act.

Section 1.2 Articles of Organization. The Manager has filed or will file the Articles of Organization of the Company in the offices of the Ohio Secretary of State, in accordance with the Ohio Act. The Company will file under any other applicable provisions of any state statutes of states in which the Company is doing business and required to make such filing. The Manager shall also register the Company under all applicable fictitious name statutes or similar laws.

Section 1.3 Definitions. The following terms used in this Agreement shall (unless otherwise expressly provided herein or unless the context otherwise requires) have the following respective meanings:

Accountant. The independent certified public accountant engaged from time to time by the Manager.

Securities Act. Securities Act of 1933, as amended.

Affiliate. An Affiliate of another Person means (a) any Person directly or indirectly owning, controlling, or holding with power to vote ten percent (10%) or more of the outstanding voting securities of such other Person; (b) any Person ten percent (10%) or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to

vote, by such other Person; (c) any Person directly controlling, controlled by, or under common control with such other Person; (d) any officer, director or member of such other Person; and (e) if such other Person is an officer, director or member, any corporation or other entity for which such Person acts in any such capacity.

Agreement. This Operating Agreement of Capital Coin Fund Limited II.

Bankruptcy. Admission in writing of the Person's inability to pay its debts generally as they become due; an order for relief entered in any case commenced by or against a Person under the federal bankruptcy laws, as now or hereafter in effect; commencement of a proceeding under any other federal or state bankruptcy, insolvency, reorganization or other similar law, or having such a proceeding commenced against the Person and either an order of insolvency or reorganization entered against the Person or the proceeding remaining undismissed and unstayed for sixty (60) days; an assignment for the benefit of creditors; or appointment of a receiver or trustee for the Person or for the whole or any substantial part of its property.

Capital Account. The capital account of each Member, determined in accordance with Section 4.2 of this Agreement and the Regulations.

Capital Contribution means the total amount of cash and/or property contributed to the Company by each Member as shown in Exhibit "A", as such Exhibit "A" may be modified, supplemented or amended from time to time in accordance with this Agreement and applicable law, plus any other contributions to the capital of the Company made by a Member, in his capacity as a Member, pursuant to the terms of this Agreement, in respect of the Interest of such Member in the Company. Any reference in this Agreement to the Capital Contribution of a Member shall include a Capital Contribution previously made by any predecessor Member with respect to the Interest owned by the Member.

Cause. Material breach of the Agreement which is not cured within thirty (30) days after notice of such breach or Bankruptcy.

Code. Internal Revenue Code of 1986, as amended, and corresponding provisions of subsequent revenue laws.

Company. Capital Coin Fund Limited II, the Ohio limited liability company in which the Investor is investing.

Counsel. Legal counsel to the Company for this Offering - Werner & Blank, Co., L.P.A., 7205 West Central Avenue, Toledo, Ohio 43617.

ERISA. Employee Retirement Income Security Act of 1974, and the regulations promulgated thereunder, as amended.

Fiscal Year. The Fiscal Year of the Company which shall be the calendar year.

General and Administrative Expenses. Expenses incurred in the operation of the Company including, but not limited to, certification, marketing, insurance, postage, and accounting and legal fees.

Interest. The percentage of ownership interest of a Member in the Company at any particular time, including all benefits to which such Member may be entitled as provided in this Agreement and in the Ohio Act, together with the obligations of such Member to comply with all the terms and provisions of this Agreement and of the Ohio Act, which percentage Interest for voting and certain other purposes of this Agreement initially shall be as set forth on Exhibit "A" attached hereto, absent documentary proof to the contrary.

Investor. Purchaser of Units in the Company. Upon execution of the Agreement, sometimes herein also referred to as a Member.

IRS. Internal Revenue Service.

Losses. The net losses of the Company for federal income tax purposes (or as may be otherwise required to comply with the Regulations) as determined as of the close of the Company's fiscal year and, when the context requires, related items of deduction or loss, tax preference, credits (except to the extent that including credits within the definition of "Losses" would be contrary to applicable Regulations or this Agreement) and depreciation, provided that "Losses" shall include items described in Code Section 705(a)(2)(B) or required by the Regulations to be treated as so described.

Manager. The Manager of the Company: Vintage Coins and Collectibles, a Division of Thomas Noe, Inc., which is an Ohio corporation and which shall be a Member of the Company.

Members. The Members who are parties to the Agreement and any other Persons who are admitted to the Company as additional or substituted Members. Reference to a "Member" shall refer to any one of them. Unless the context otherwise requires, this definition also shall include the Manager.

Memorandum. The Confidential Memorandum dated April 26, 2001 (to which a copy of this Agreement is an Exhibit) providing for the purchase of Units.

NGC. Numismatic Guaranty Corporation of America, based in Parsippany, New Jersey, which is a grader of rare coins.

Offering. Sale of Units pursuant to the Memorandum in a maximum amount of two hundred fifty (250) Units and in a minimum amount of twenty (20) Units.

Offering Termination Date. May 31, 2001 (subject to extension until not later than July 31, 2001, in the sole discretion of the Company), unless all of the Units of the Offering are sold prior to such date in which event the Offering shall terminate as of the sale of the last such Unit.

Ohio Act. The Ohio Limited Liability Company Act, Chapter 1705 of the Ohio Revised Code, as amended and/or restated from time to time, or the provisions of any successor law.

PCGS. Professional Coin Grading Service, based in Newport Beach, California, which is a certifier of rare coins.

Person. Any individual, corporation, limited liability company, general partnership, limited partnership, trust or other entity.

Profits. The net profits of the Company for federal income tax purposes (or as may otherwise be required to comply with the Regulations) as determined as of the close of the Company's fiscal year, and, when the context requires, related items of income or gain, provided that Profits shall include income exempt from tax.

Regulations. United States Treasury Regulations promulgated under the Code, as such Regulations may be amended and/or restated from time to time.

Related Materials. Material such as, but not limited to, bullion, tokens, medals numismatic literature, and other collectible items that are related to the numismatic field.

Return. The Profits (or Losses) for each fiscal year divided by the Net Capital Contributions as of the close of such fiscal year. For this purpose, Net Capital Contributions means the result of the following calculation determined as of the last day of each fiscal year; the total Capital Contributions from Investors, plus Profits (and minus Losses) allocable to Investors for all prior fiscal years and less all Distributions made to Investors in the current and all prior fiscal years.

SEC. The United States Securities and Exchange Commission.

Subscription Agreement. Agreement executed by each Investor agreeing to purchase Units and making representations as to the suitability of the Investor as a purchaser of a Unit.

Unit(s). Unit of Interest as a Member in the Company. Referred to generally as a Unit or Interests.

Vintage. Vintage Coins and Collectibles, a Division of Thomas Noe, Inc. which will be the Manager of the Company.

ARTICLE II

NAME, CHARACTER, PLACE OF BUSINESS,

AGENT AND TERM OF COMPANY

Section 2.1 Name. The Company shall be conducted under the firm name of Capital Coin Fund Limited II.

Section 2.2 Purposes. The purposes of the Company are to buy, sell and otherwise manage rare United States coins and Related Materials and to make such other alternative investments and to take all such actions which may be incidental thereto as determined by the Manager. The Company shall not engage in any other business or activity.

Section 2.3 Place Of Business/Agent. The principal office of the Company, and the place at which the Company's books and records shall be maintained, shall be c/o Vintage Coins and Collectibles, 3509 Briarfield Blvd., Maumee, Ohio 43537, or at such other place as the Manager may from time to time determine. The registered agent of the Company at such address shall be Thomas Noe.

Section 2.4 Term. The Company as herein constituted shall continue until May 31, 2012, or until dissolved or terminated pursuant to the Ohio Act or any other provision of this Agreement.

ARTICLE III

CAPITAL CONTRIBUTIONS/ADDITIONAL MEMBERS

Section 3.1 Contribution Of Manager. The Manager/Member shall contribute Ten Thousand Dollars (\$10,000) and shall receive one (1) Manager/Member Unit therefor. The Manager has not agreed and has no obligation to contribute or loan additional funds to the Company. The amount of the Capital Contribution by the Manager and the Units represented by such contribution are as set forth in Exhibit "A" attached hereto.

Section 3.2 Contribution Of Investors. The Investor/Members each shall contribute to the capital of the Company an amount of cash equal to One Hundred Thousand Dollars (\$100,000) per Unit with a minimum purchase of one (1) Unit; provided, however, that the Company has the sole discretion to issue less than one full Unit. The amount of the Capital Contribution by each Investor/Member and the Units represented by such contribution are as set forth on Exhibit "A" attached hereto.

Section 3.3 Interest. No interest shall be paid on the Capital Contributions of any Member.

Section 3.4 Acceptance Of Subscription Agreements. Each person desiring to become a Member shall submit a Subscription Agreement and such other documents deemed appropriate by the Manager. Acceptance of the Subscription Agreements to the Company shall be within the sole discretion of the Manager, who may reject any Subscription Agreement for any reason. A Member's subscription to the Company and acceptance thereof shall be evidenced by the execution of a counterpart of the Subscription Agreement by such proposed Member and by the Manager.

Section 3.5 Minimum Capital Contributions. This Company shall not commence business unless at least twenty (20) Units have been purchased on or before May 31, 2001, subject to extension at the sole discretion of the Company until not later than July 31, 2001.

Section 3.6 Admission to Membership. From the date of the formation of the Company and until July 31, 2001, any Person acceptable to the Manager may become a Member in this Company by the issuance by the Company of Interests for consideration equal to that paid for the original Units. After that date, a Person may become a Member upon the approval of the Manager and a majority of the Members, for such consideration as agreed upon by all such parties, subject to the terms and conditions of this Agreement.

No new Members shall be entitled to any retroactive allocation of losses, income, or expense deductions incurred by the Company. The Manager may, at its option, at the time a Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of loss, income, and expenses deductions to a new Member for that portion of the Company's tax year in which a Member was admitted in accordance with the provisions of Code Section 706(d) and the Regulations promulgated thereunder.

ARTICLE IV PROFIT, LOSS AND ACCOUNTS

Section 4.1 Allocation Of Profits And Losses. Subject to the other provisions of this Article, all Profits and Losses of the Company will be allocated to and borne by the Members as follows:

- (a) Until such time as at least 80% of the net proceeds of the Offering have been invested, 90% to the Investors and 10% to the Manager.

From and after such time as at least 80% of the net proceeds of the Offering have been invested in coins and Related Materials, 80% to the Investors and 20% to the Manager.

Note: Even though the above provisions set forth the applicable allocations of Profits and Losses, there is no requirement that all or any portion of any Profits be distributed in any Fiscal Year. (Please see the Confidential Memorandum for discussion of "Certain Federal Income Tax Aspects.")

Section 4.2 Capital Accounts.

- (a) A single Capital Account shall be established, determined and maintained for each Member (whether an Investor or the Manager) on the books and records of the Company in accordance with the provisions of the Regulations governing the determination and maintenance of partnership capital accounts, including, without limitation, the following rules of determination and maintenance:
- (i) Such account shall be credited (A) the amounts of such Member's paid-in cash Capital Contributions and the amount of any other money contributed by him to the Company in accordance with the terms of this Agreement (including the amount of any Company liabilities assumed by such Member, other than liabilities described in the parenthetical language of clause (ii)(B) of this Section 4.2(a)), (B) the fair market value of any property contributed by him to the Company in accordance with the terms of this Agreement (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Section 752 of the Code), and (C) his distributive share of Profits (or items thereof); and
 - (ii) Such Capital Account shall be debited with (A) the amount of money distributed to him (including the amount of such Member's liabilities that are assumed by the Company, other than liabilities described in the parenthetical language of clause (i)(B) of this Section 4.2(a)), (B) the fair market value of property distributed to him (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under Section 752 of the Code), and (C) his distributive share of Losses (or items thereof).
- (b) Each such Capital Account shall reflect all interests in the Company owned by such member. Upon a transfer of all or a part of an Interest in the Company, the Capital Account of the transferor will carry over to the transferee.
- (c) The property of the Company shall be revalued on the books of the Company in any case in which such revaluation is required by the Regulations and may be revalued in any case where such revaluation is permitted by the Regulations and such revaluation is determined to be appropriate by the Manager. In the event that any Company property is revalued on the books of the Company in accordance with the Regulations, the Members' Capital Accounts shall be adjusted in accordance with the Regulations to reflect such revaluation and for allocations to them of Profits and Losses, and items thereof, as computed for book purposes, with respect to such

property. In the event that the property of the Company is revalued on the books of the Company, all Company property shall be valued for such purpose at its fair market value, as determined by the Manager.

- (d) The provisions of this Section 4.2 are intended to comply with the Regulations and shall be interpreted in a manner consistent with such Regulations. If any of the provisions of this Agreement relating directly or indirectly to Capital Account determination and maintenance at any time conflict with the Regulations, such Regulations shall govern Capital Account determination and maintenance.

Section 4.3 Limitation on Loss Allocation. Notwithstanding any provision hereof to the contrary, no allocation of deduction or loss may cause any Member to have a deficit Capital Account balance in excess of the Member's share of the "minimum gain" (determined in accordance with applicable Regulations at the end of the Company Fiscal Year to which the allocation relates) and the amount of such deficit which the Member is otherwise required to restore. Any loss allocation limited by this Section shall be reallocated to those Members, if any, pro rata, for whom such allocation would not create a deficit Capital Account balance. For this purpose, "minimum gain" is the excess of the outstanding principal balance of nonrecourse indebtedness of the Company over the adjusted tax basis of the Company assets subject to that indebtedness. It is further provided that Members with deficit Capital Account balances at the end of any Fiscal Year that exceed their share of minimum gain and any amount of such deficit required to be restored shall, before any other allocation hereunder, be allocated income or gain in an amount no less than such excess.

Section 4.4 Qualified Income Offset.

- (a) If at the end of any Company taxable year any Member has a deficit balance in his Capital Account and such deficit is caused or increased by an unexpected adjustment, allocation or distribution described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), then, notwithstanding the provisions of Sections 4.1 and 4.2, items of Company income and gain shall be allocated to those Members in the amount and proportion necessary to eliminate such deficit balances as quickly as possible. The amount of Company income or gain allocated pursuant to this Paragraph in any taxable year shall not be taken into account in calculating Profits or Losses under Section 4.1 for that taxable year which is otherwise allocable.
- (b) The allocations set forth in Section 4.3 and 4.4(a) hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the Regulations. It is in the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 4.4(b). Therefore, notwithstanding any other provision hereof (other than the Regulatory Allocations), the Manager shall make such offsetting special allocations of Company income, gain, loss or deduction in

whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Sections 4.1. In exercising its discretion under this Section 4.4(b), the Manager may take into account future Regulatory Allocations under Sections 4.3 and 4.4(a) that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 4.3 and 4.4(a).

Section 4.5 Authority Of Manager To Vary Allocations.

- (a) It is the intent of the Members that each Member's distributive share of Profits and Losses (or items thereof) shall be determined and allocated in accordance with this Agreement to the fullest extent permitted by Section 704(b) of the Code. In order to preserve and protect the determinations and allocations provided for in this Agreement, the Manager is authorized and directed to allocate Profits and Losses (or items thereof) arising in any Fiscal Year differently than otherwise provided for in this Agreement to the extent that allocating Profits or Losses (or items thereof) in the manner provided for in this Agreement would cause the determinations and allocations of each Member's distributive share of Profits and Losses (or items thereof) not to be permitted under section 704(b) of the Code and the Regulations promulgated thereunder. Any allocation made pursuant to this section shall be deemed to be a complete substitute for any allocation otherwise provided for in this Agreement and no amendment of this Agreement or approval of any Member shall be required.
- (b) In making any allocation under the foregoing paragraph ("new allocation"), the Manager is authorized to act only after having been advised by Counsel and/or the Accountant that under Section 704(b) of the Code and the Regulations thereunder: (i) the new allocation is necessary; and (ii) the new allocation is the minimum modification of the allocations otherwise provided for in Article IV necessary in order to assure that, either in the then current Fiscal Year or in any preceding Fiscal Year, each Member's distributive share of Profits and Losses (or items thereof) is determined and allocated in accordance with this Article IV to the fullest extent permitted by Section 704(b) of the Code.
- (c) If the Manager is required by paragraph (a) of this Section to make any new allocation in a manner less favorable to the Investors than is otherwise provided for in this Article IV, the Manager is authorized and directed, insofar as it is advised by Counsel and/or the Accountant that it is permitted by Section 704(b) of the Code, to allocate Profit and Losses (or items thereof) arising in later years in a manner so as to bring the allocations of Profits and Losses (or items thereof) to the Investors as nearly as possible to the allocations thereof otherwise contemplated by this Article IV.

- (d) New allocations made by the Manager under paragraph (a) of this Section in reliance upon the advice of Counsel and/or the Accountant shall be deemed to have been made in the best interest of the Investors and no such allocation shall give rise to any claim or cause of action by any Investor.

Section 4.6 Accounting. The Manager shall cause to be kept full and accurate records of all transactions of the Company. The records and books of account shall be prepared by the Accountant as of the end of each Fiscal Year of the Company. The records shall be maintained in accordance with generally accepted accounting principles. The Company books shall be kept on the cash basis method of accounting unless the Manager, upon the advice of the Accountants, determines that the accrual method of accounting should be used.

Section 4.7 Determination Of Profits Or Losses. Profits and Losses shall be considered to have been earned ratably over the period of the Fiscal Year of the Company.

Section 4.8 Tax Election. In the event of a transfer of all or part of a Unit, the Company may, but shall not be obligated to, elect pursuant to Section 754 of the Code to adjust the basis of the Company's assets. The determination to make such election shall be within the absolute discretion of the Manager in consultation with Counsel and/or the Accountant.

ARTICLE V POWERS, DUTIES, LIABILITIES AND COMPENSATION OF MANAGER

Section 5.1 Powers. Subject to the limitations imposed by the Ohio Act and this Agreement, the Manager, in its full and exclusive discretion, shall manage and control and make all decisions affecting the business and assets of the Company, including, without limitation, the power to:

- (a) Acquire, invest in, maintain, finance, refinance, own, encumber, sell, exchange and otherwise manage the coins and any other assets and alternative investments of the Company and to enter into other business arrangements with respect to Company assets deemed prudent by the Manager in order to achieve successful operation for the Company.
- (b) Borrow money and to make and issue notes, obligations and evidences of indebtedness of all kinds, whether or not secured and to secure the same by necessary action, including, without limitation, the execution of notes and security agreements in order to secure a loan(s), make, enter into, perform and carry out any arrangements, contracts and/or agreements of every kind for any lawful purpose, without limit as to amount or otherwise, with any party; authorize or approve all actions with respect to distributions from the Company and generally to make and perform agreements and contracts of every kind and description and

do any and all things necessary or incidental to the foregoing for the protection and enhancement of the assets of the Company.

- (c) Subject to the transfer restrictions set forth in Article VIII hereof, admit Members (other than a Manager) to the Company and admit Members (other than a Manager) in substitution of Members disposing of their Units as set forth in this Agreement.
- (d) Enter into agreements and contracts with such parties as the Manager deems advisable;
- (e) The Manager in its sole discretion may cause the Company to create a reserve account whether from Capital Contributions, interest thereon or Profits of the Company, the monies from which may be used to purchase additional coins and for other Company activities. The Manager shall not be required to distribute any Profits in any Fiscal Year;
- (f) Except as provided herein or by law, the Manager may delegate all or any of its duties hereunder and may employ such persons, firms or corporations for the conduct of the business of the Company, including, without limitation, accountants, attorneys, and other consultants on such terms and for such reasonable compensation as it shall determine, notwithstanding the fact that the Manager or any other Member may have a financial interest in such firms or corporations; provided that such compensation shall be no greater than that charged for comparable services by other nonaffiliated firms or persons in that area in which such firms are employed;
- (g) Subject to the provisions of this Agreement, deposit and invest the monies of the Company in savings accounts, certificates of deposits, in any security issued or guaranteed as to principal or interest by the United States or by a person controlled or supervised by and acting as an instrumentality of the government of the United States pursuant to authority granted by the Congress of the United States, in a special bank account established by the Manager solely for the funds of the Company, in a money market fund or other comparable fund or in other alternative investments reasonably deemed appropriate by the Manager; and to make withdrawals from such accounts upon such signature(s) as the Manager may designate.

Section 5.2 Duties And Restrictions.

- (a) The Manager shall manage the affairs of the Company in a prudent and businesslike manner and shall devote such part of its time to the Company affairs as is reasonably necessary for the conduct of such affairs. Subject to the terms of this Agreement, any Member may engage in or possess an interest in other businesses of every nature and description, independently or with others, regardless of whether such businesses compete with the Company. Neither the Company nor any other Member shall have any right by virtue of this Agreement in and to such businesses or to the income or profits derived therefrom.
- (b) In carrying out its obligations, the Manager shall:
- (i) Furnish, within ninety (90) days after the end of each Fiscal Year, financial statements prepared by the Accountant or the Manager and signed by the Manager as being accurate to the best of its knowledge;
 - (ii) Obtain and maintain such property and other insurance as may be available to the extent it deems necessary or appropriate;
 - (iii) Deposit all funds of the Company as described in Section 5.1(g) hereof;
 - (iv) Maintain complete and accurate records of all assets owned by the Company and complete and accurate books of accounts (containing such information as shall be necessary to record allocations and distributions), and make such records and books of account and all Company tax returns available for inspection and audit by any Member or his duly authorized representative (at the expense of such Member) during regular business hours at the principal office of the Company;
 - (v) Cause to be filed such certificates and do such other acts as may be required by law to qualify and maintain the Company as a limited liability company in Ohio and all other states in which the Company transacts any business; and
- (c) Without limiting the generality of any provisions in this Agreement, except as otherwise expressly provided in this Agreement, the Manager shall not have the authority to:
- (i) Do any act in contravention of this Agreement;
 - (ii) Do any act which would make it impossible to carry on the ordinary business of the Company;
 - (iii) Possess Company property or assign the rights of the Company in specific Company property for other than a Company purpose;

- (iv) Admit a Person as a Manager;
- (v) Knowingly perform any act, other than an act required by this Agreement, that would, at the time such act occurred, subject an Investor to personal liability in any jurisdiction;
- (vi) To employ or permit employment of the funds or assets of the Company in any manner except for the benefit of the Company in furtherance of its business's purposes; or
- (vii) Change the Company's purposes from those set forth in this Agreement.

Section 5.3 Reliance On Act Of Manager. No financial institution or any other person, firm or corporation dealing with the Manager shall be required to ascertain whether it is acting in accordance with this Agreement, but such financial institution or such other person, firm or corporation shall be protected in relying solely upon the deed, transfer or assurance of and the execution of such instrument(s) by the Manager.

Section 5.4 Compensation. The Manager shall not receive any fees or other compensation for acting as the Manager of the Company except for its Interest in the Profits and Losses of the Company as set forth herein and reimbursement of all expenses reasonably incurred by it on behalf of the Company.

Section 5.5 Return Of Capital Contributions. The Manager shall not be personally liable for the return of all or any part of the Capital Contributions of the Members to the Company. Any such return shall be made solely from the assets of the Company.

Section 5.6 Liability Of Manager. In carrying out its duties hereunder, the Manager shall not be liable to the Company or to any other Member for any actions taken in good faith and reasonably believed to be in the best interests of the Company, or for errors of judgment, neglect or omission, unless any the Manager is adjudged to have been liable for fraud, willful misconduct, gross negligence, material breach of its obligations under this Agreement or material breach of its representations, warranties and covenants in the Agreement.

Section 5.7 Indemnification Of The Manager. The Company shall indemnify and hold the Manager harmless to the fullest extent provided under Section 1705.32 of Ohio Revised Code, as follows:

- (a) In any threatened, pending or completed action, suit or proceeding to which the Manager was or is a party or is threatened to be made a party by reason of the fact that it is or was a Member of the Company (other than an action by or in the right of the performance of activities relating to management of the Company), the Company shall indemnify the Manager against expenses, including attorneys' fees, judgments and amounts paid in settlement, actually and reasonably incurred by the Manager in connection with such action, suit or proceeding if the Manager

acted in good faith and in a manner it reasonably believed to be in, or not opposed to, the best interests of the Company and provided that the Manager's conduct does not constitute an act or failure to act for which Section 5.6 imposes liability upon the Manager. The termination of any action, suit or proceeding by judgment, order or settlement shall not of itself create a presumption that the Manager did not act in good faith and in a manner which it reasonably believed to be in the best interests of the Company.

- (b) In any threatened, pending or completed action, suit or proceeding by or in the right of the Company, to which the Manager was or is a party or is threatened to be made a party, involving an alleged cause of action by one or more Member for damages arising from the activities of the Manager in performance of the management of the internal affairs of the Company as prescribed by this Agreement or the law of the State of Ohio, or both, the Company shall indemnify the Manager against expenses, including attorneys' fees, actually and reasonably incurred by the Manager in connection with the defense or settlement of such action, suit or proceeding if the Manager acted in good faith and in a manner it reasonably believed to be in the best interests of, or not opposed to the best interests of, the Company, except that no indemnification may be made in respect of any claim, issue or matter as to which the Manager shall have been adjudged to be liable for an act or failure to the extent that the court in which such action, suit or proceeding was brought shall determine, upon application, that despite the adjudication of liability, but in view of all circumstances of the case, the Manager is fairly and reasonably entitled to indemnify for such expenses as such court shall deem proper. Notwithstanding the foregoing, the court shall not authorize indemnification in respect of any claim, issue or matter as to which the Manager shall have been adjudged liable for an act or failure to act for which Section 5.6 imposes liability upon the Manager.
- (c) To the extent that the Manager has been successful on the merits or otherwise in defense of any claim, issue or matter therein, the Company shall indemnify the Manager against the expenses, including attorneys' fees, actually and reasonably incurred by it in connection therewith.
- (d) The indemnification rights set forth in this Section shall be cumulative and in addition to any and all other rights, remedies and resources to which the Manager shall otherwise be entitled, either pursuant to any other provision of this Agreement, at law or in equity.

Section 5.8 Withdrawal of the Manager. The Manager may not withdraw from the Company without the consent of all remaining Members. If all remaining Members consent to such withdrawal, the Company shall be terminated and dissolved unless the remaining Members agree to reconstitute and continue the existence of the Company. In such case, the withdrawing Manager's Interest shall be automatically converted into that of an Investor Interest. In addition, such withdrawal shall not be allowed until such Manager has restored any deficit in its Capital

Account as required pursuant to Section 9.3(b) hereof. A successor Manager shall be selected by all of the Members. If the business of the Company is continued after the withdrawal of a Manager, the withdrawing Manager or its legal representative shall remain liable for all obligations and liabilities incurred by it while a Manager and for which it was liable as a Manager, but shall be free of any obligation or liability incurred on account of or arising from the activities of the Company from and after the time the withdrawal of the Manager has become effective.

Section 5.9 Maintenance Of And Access To Company Documents. The Manager shall maintain at the Company's principal office the following documents: (a) a current list of the full name and last known address of each Member set forth in alphabetical order; (b) a copy of the Articles of Organization and all amendments thereto, together with executed copies of any powers of attorney pursuant to which the Articles of Organization or any amendment thereto has been executed; (c) copies of the Company's federal, state and local income tax returns and reports and Financial Statements of the Company, if any, for the three (3) most recent years; and (d) copies of this Agreement as then in effect. Such documents are subject to inspection and copying at the reasonable request and at the expense of any Member during ordinary business hours. In addition, the Company will furnish a list of the names and addresses of all Members, together with their respective Capital Contributions, to any Member who makes a written request therefor to the Company, provided such Member shall pay the cost of reproducing and delivering such list. Except to the extent requested by any Member, the Manager shall have no obligation to deliver or mail a copy of the Company's Articles of Organization or any amendment thereto to the Members.

ARTICLE VI RIGHTS, PROHIBITIONS AND LIABILITIES OF MEMBERS

Section 6.1 Member Liability. Subject to the Ohio Act, and except as specifically set forth in this Agreement, the personal liability of each of the Members arising out of or in any manner relating to the Company shall be limited to and shall not exceed the amount of the initial (and subsequent, if any) Capital Contributions of such Member to the Company.

Section 6.2 Members' Voting Rights. The Members shall have the rights enumerated in the following provisions of this Section 6.2, subject to the following conditions precedent to their existence and exercise: (a) that such rights exist and may be exercised; (b) that the existence and exercise of such rights do not subject the Members to unlimited liability pursuant to state law and/or subject the Company to being treated as an association taxable as a corporation for Federal income tax purposes; and (c) if requested by the Manager, prior to the exercise thereof, counsel for the Members (other than Counsel for the Manager and as selected by a majority in Interest of the Members) shall have delivered an opinion that neither the grant nor the exercise thereof will so subject the Members or the Company. Such opinion shall be in form and substance satisfactory to a majority in Interest of the Members.

(a) At a meeting called for the purpose, Members who own at least seventy-five percent (75%) of the Units (exclusive of those owned by the Manager) may remove the Manager for Cause. Upon such removal, each and every Member must approve the selection of a substitute Manager(s). The election of the new Manager(s) shall be effective only if and when the following conditions have been satisfied:

- (i) The substitute Manager(s) shall have agreed to accept the responsibilities of the Manager and shall have agreed to assume liability on any Company obligations or guarantees arising from and after the date of substitution;
- (ii) The Manager shall remain liable for any Company obligations or guarantees which arose before such date;
- (iii) This Agreement and the Articles of Organization (to the extent required) shall have been amended to name the substitute(s) as a new Manager; and
- (iv) All the rights and interests of the Manager in respect of any Units it may hold as an Investor shall continue.

A substituted Manager, immediately upon its admission as a Manager, shall become the owner of the Manager Units of the replaced Manager(s). The substitute Manager(s) shall immediately pay to the replaced Manager(s), as the purchase price for his or its Units, the fair market value of such Interest as agreed to by the replaced Manager(s) and the substituted Manager(s), or, if no such agreement can be reached within ninety (90) days thereafter, as determined by an independent appraiser to be selected by Members who own at least seventy-five percent (75%) of the aggregate units owned by Members other than the Manager.

- (b) At a meeting called for that purpose, all of the Members may approve the assignment of a Manager's Units pursuant to Section 8.1 or all of the Members may approve a successor Manager(s) in the event a Manager elects to withdraw from the Company, as provided in Section 5.8.
- (c) At a meeting called for that purpose, Members owning at least seventy-five percent (75%) of the Units owned by Members (exclusive of the Manager) may dissolve the Company pursuant to Section 9.1(b), or all of the Members may elect to reconstitute and continue the Company in accordance with Section 9.1(a).
- (d) At a meeting called for that purpose, the Investors owning seventy-five percent (75%) of the Units owned by Investors may amend this Agreement pursuant to Section 10.1(e) hereof.
- (e) Meetings of the Members shall not be held on a regular or annual basis but may be called by the Manager or by Investors holding not less than twenty-five percent

(25%) of the Units owned by all Investors. Within fifteen (15) days of receipt by the Manager of a written call for a meeting from such Investors, the Manager shall mail a notice of the meeting to each Member, which meeting shall be held on a date not less than thirty (30) nor more than sixty (60) days after the transmittal of such notice, at a reasonable time and place. Members may vote either in person or by proxy at any special meeting.

- (f) In connection with any merger or consolidation involving the Company, the Manager shall be deemed the "comparable representative" as used in §1701.781 of the Ohio Revised Code.

Section 6.3 Other Rights.

- (a) Members shall not in any way be prohibited or restricted from engaging in or owning an interest in any other business venture of any nature including any venture which might be competitive with the business of the Company. The Company may engage Members or persons or firms associated with them for specific purposes and may otherwise deal with such Members on such terms and for compensation to be agreed upon by any such Member and the Company.
- (b) Each Member shall be entitled to have the Company books kept at the principal place of business of the Company, and at all times, during reasonable business hours, inspect and, at such Member's expense, copy any of them and have on demand true and full information of all things affecting the Company. Names and addresses of Members shall be available to Members upon request.

Section 6.4 Prohibitions. the Members shall not have the right:

- (a) To take part in the control of the Company business or to sign for or to bind the Company, such power being vested solely in the Manager;
- (b) To have their Capital Contribution repaid except to the extent provided in this Agreement;
- (c) To sell or assign their Units or to constitute the purchaser or assignee thereunder a substituted Member, except as provided in Article VIII hereof;
- (d) To withdraw from the Company; or
- (e) To require partition of Company property or to compel any sale or appraisal of Company assets or sale of a deceased Member's interests therein, notwithstanding any provisions of the law to the contrary.

ARTICLE VII
DISTRIBUTIONS TO MEMBERS

Section 7.1 Distributions Of Profits.

- (a) Distributions Other Than In Liquidation of the Company. Except in the case of the liquidation of the Company, the Company's Profits shall be distributed to the Members on an annual basis, or more frequently, in the sole discretion of the Manager. Such Profits shall be distributed to the Members in proportion to their Units according to the allocation provisions of Article IV. A Member who knowingly receives a distribution which is in violation of either the Agreement or the Ohio Act is liable to the Company for a return of such distributions for a period of two years after such distribution is made.
- (b) Distributions in Liquidation of the Company. Distributions upon the liquidation of the Company shall be made in accordance with Section 9.3 of this Agreement.

Section 7.2 Withdrawal. No Member shall be entitled to make withdrawals from his individual Capital Account except to the extent of distributions made under this Article VII. Distributions of Profits will be distributed to those Members who are the owners of record of such Units on each distribution date.

Section 7.3 Reserve. The Manager in its sole discretion may cause the Company to create a reserve account, the monies from which would be used to purchase additional coins, Related Materials or alternative investments. The monies for the reserve account may be drawn in whole or in part from the Capital Contributions to the Company or from Profits.

ARTICLE VIII
TRANSFERS OF UNITS

Section 8.1 Manager. Without the prior written consent of all of the Members, the Unit of the Manager shall not be transferable, and any attempted assignment shall be ineffective to transfer such Unit. In the event of the Bankruptcy of the Manager or if the Manager shall dissolve or liquidate or cease to do business, and if the remaining Members determine to continue the Company pursuant to Section 9.1(a) hereof, the transferee, or legal fiduciary or representative, as the case may be, of the Manager shall become the assignee of its Unit(s) and subject to the provisions of Section 8.2 hereof with respect to the requirements for admission of a substituted Member, shall become a substituted Member in the Company as of the date of such event and shall receive the rights and benefits it would have been entitled to for its Unit(s) as a Manager consistent with its status as a substituted Member.

Section 8.2 Investors.

- (a) An Investor may only sell, assign, pledge or otherwise transfer (collectively, "transfer") his Interest under the terms and conditions set forth in this Section 8.2. Any transfer not expressly permitted herein shall be null and void. Each Investor may assign his interest in the Company to any person, but such assignee shall not be admitted as a substitute Member except as expressly provided in Section 8.2(b), below.
- (b) No assignee of a Member's Units or Interest may become a substitute Member unless and until:
- (i) the Manager has approved the form and substance of the written instrument evidencing such assignment;
 - (ii) the Manger, if it so elects in its sole discretion, shall receive an opinion of counsel to the effect that the transfer of such Unit(s), or portion thereof, is in compliance with all applicable federal and state securities laws;
 - (iii) the assignee has agreed to be bound by the terms of the Articles of Organization of the Company and this Agreement;
 - (iv) the assignee or assignor has committed to pay the reasonable expense of the Company incurred in connection with the assignee's admission to the Company as a substitute Member; and
 - (v) the Manager has consented to the admission of such proposed assignee as a substitute Member, which consent the Manager may unreasonably withhold in the Manager's complete and total discretion.
- (c) A Person who is an assignee of one or more Units but who is not admitted as a substituted Member pursuant to Section 8.2(b) hereof shall be entitled only to allocations and distributions with respect to such Units in accordance with this Agreement and Section 1705.18 of the Ohio Act, and shall have no right to any information or accounting of the affairs of the Company, shall not be entitled to inspect the books or records of the Company, and shall not have any of the rights of a Member or Manager under the Ohio Act or this Agreement.
- (d) A Member may not withdraw from the Company except as provided in this Article VIII. In the event of the Bankruptcy of a Members or if a Member shall die, dissolve, be adjudicated insane or incompetent, the Company shall not terminate but the Member's transferee, or legal fiduciary or representative, shall become an assignee of the Unit(s) of such Member and may, with the written consent of the Manager, which consent may be unreasonably withheld, become a substituted Member in the Company.

Section 8.3 Transferees. Units transferred pursuant to this Article VIII shall remain subject to all of the provisions of this Agreement. This Company shall be deemed to continue with the remaining Members on the same terms (except as the Members' percentage may thereby be affected) as set forth in this Agreement.

Section 8.4 Absolute Restriction. Notwithstanding any provision of this Agreement to the contrary, the sale or exchange of a Unit will not be permitted if the Unit sought to be sold or exchanged, when added to the total of all other Units sold or exchanged within the period of twelve (12) consecutive months ending with the proposed date of the sale or exchange, would result in the termination of the Company under Section 708 of the Code.

ARTICLE IX TERMINATION OF THE COMPANY

Section 9.1 Termination. The Company shall be dissolved and terminated upon the occurrence of any of the following events:

- (a) By the consent of the Manager and by the approval of Members owning a majority of the Units (exclusive of those owned by the Manager);
- (b) Upon the sale of all or substantially all of the assets of the Company; or
- (c) Upon the expiration of the term of the Company as set forth in Section 2.4 hereof.

Upon dissolution of the Company, the Manager will proceed with the winding up of the Company and the Company's assets shall be applied and distributed as herein provided.

Section 9.2 Payment Of Debts. The assets shall first be applied to the payment of the liabilities of the Company (whether to third party creditors or a Member or its Affiliates) and the expenses of liquidation.

Section 9.3 Distribution Upon Termination.

- (a) Upon a distribution of the property of the Company in liquidation of the Company, the net proceeds, or remaining property (after the payment of all debts and obligations of the Company), or the property distributed to a Member in liquidation of the Member's Interest, shall be distributed to the Members in accordance with their positive Capital Account balances (determined after the allocation of Profits or Losses on the sale, other disposition or foreclosure as well as the Profits or Losses from other Company operations) by no later than the end of the Fiscal Year in which such liquidation of the Company or of the Member's Interest occurs (or, if later, within ninety (90) days after the date of such liquidation); provided, however, if property of the Company (other than cash) is distributed in kind, including a liquidation of a Member's Interest, in determining the foregoing distributions, the Capital Accounts of the Members shall be increased or decreased, to the extent supported by a revaluation of the Company's property based upon its then fair market value, and other appropriate adjustments which may be made as required or permitted by Section 1.702-1(b)(2)(iv)(f) of the Regulations so that each Member will receive that distribution which such Member would have received if the Company's property had been sold for cash at its fair market value, and the proceeds distributed. For purposes of this paragraph, the Company also shall be deemed liquidated when it ceases to be a going concern and such other events more fully described in Section 1.704-1(b)(2)(iv)(g) of the Regulations.
- (b) Notwithstanding any provision herein to the contrary, any provision in the Agreement relating to the liquidation of the Company or of a Member's Interest or the restoration by a Member of a deficit Capital Account are intended to comply with Sections 1.704-1(b)(2) and (3) of the Regulations and shall be interpreted and applied in a manner consistent with such Regulations, as amended from time to time. Any final determinations made by the Manager with respect to these items which are consistent with a reasonable interpretation of such Regulations shall be conclusive and binding on all Members. The Manager shall have the right to modify any such adjustment or amend this Agreement retroactively or prospectively in order for the allocation hereunder to have "substantial economic effect" even if such adjustment, modification, or amendment shall have a material effect on amounts distributed to a Member, except if such modification, adjustment or amendment is made in bad faith.

Section 9.4 Reserve. Notwithstanding the provisions of Sections 9.2 and 9.3, the Manager may retain such amounts as they deem reasonably necessary as a reserve for any contingent liabilities or obligations of the Company, which amount, after the passage of a reasonable period of time, shall be distributed in accordance with the provisions of this Article IX.

Section 9.5 Final Accounting. Each of the Members shall be furnished with a statement provided by the Accountant, which shall set forth the assets and liabilities of the Company as of the date of the complete liquidation. Upon compliance by the Manager with the foregoing distribution plan, the Members shall cease to be such, and the Manager shall execute and cause to be filed a Certificate of Dissolution of the Company and any and all other documents necessary with respect to termination and cancellation.

ARTICLE X AMENDMENTS AND CONSENTS

Section 10.1 Authority.

- (a) This Agreement may be amended by the Manager without the approval of the other Members if in the reasonable judgment of the Manager, such amendment is solely for the purpose of clarification and does not change the substance hereof. Any amendment made pursuant to this paragraph may be effective as of the date of this Agreement.
- (b) Except as otherwise specifically provided herein, this Agreement may be amended by the Manager without the approval of the other Members if such amendment is for the purpose of admitting or substituting Members or evidencing assignment or transfer of a Unit in accordance with the terms and conditions of this Agreement.
- (c) This Agreement may be amended by the Manager without the approval of the other Members if such amendment is, in the reasonable judgment of the Manager, necessary or appropriate to satisfy requirements of the Code with respect to limited liability companies/partnerships or of any Federal or state securities laws or regulations. Any amendment made pursuant to this paragraph may be made effective as of the date of this Agreement.
- (d) Notwithstanding provisions of this Agreement to the contrary, subject to Article IV and Section 10.1(c), any amendment to this Agreement which would adversely affect the Federal income tax treatment to be afforded Members or any other act which would adversely affect the Federal income tax treatment to be afforded by the Members, adversely affect the liabilities of Members, change the method of allocation of Profit and Loss as provided in Article IV hereof, change the distribution provisions of this Agreement or seek to impose personal liability on the Members, shall require the approval of all the Members.
- (e) This Agreement may be amended with the approval of Members owning greater than fifty percent (50%) of the Units owned by Investors, with the prior written consent of the Manager.

Section 10.2 Notice. The Manager shall have the right to propose amendments to this agreement and the Members owning twenty-five percent (25%) or more of the Units owned by Investors shall have the right to propose amendments to this Agreement. A copy of any amendment to be approved by the Members pursuant to Sections 10.1(d) and 10.1(e) shall be mailed in advance by the Manager to the other Members. Members shall be notified as to the substance of any amendment pursuant to Section 10.1, and upon request shall be furnished a copy thereof.

Section 10.3 Method Of Consent Or Approval. Any consent or approval required by this Agreement may be given as follows:

- (a) By a written consent given by the consenting Member and received by the Manager at or prior to the doing of the act or thing for which the consent is solicited, provided that such consent shall not have been nullified by notice to the Manager of such nullification by the consenting Member prior to the doing of any act or thing, the doing of which is not subject to approval at a meeting called pursuant to this Agreement; by notice to the Manager of such nullification by the consenting Member prior to the time of any such meeting called to consider the doing of such act or thing; or by the negative vote by such consenting Member at any such meeting called to consider the doing of such act or thing; or
- (b) By the affirmative vote by the consenting Member to the doing of the act or thing for which the consent is solicited at any meeting called pursuant to this Agreement to consider the doing of such act or thing.

Unless otherwise provided in this Agreement, all consents and approvals described in this Agreement shall be given either in writing or given pursuant to a vote as provided for in this Agreement.

ARTICLE XI DOCUMENTS AND ACKNOWLEDGMENTS

Section 11.1 Acknowledgments.

- (a) Each of the Members signatory hereto acknowledges that prior to the date of execution of a counterpart of this Agreement, he has received and reviewed this Agreement, the Memorandum and all other documents relating to this transaction and that all documents relating to this transaction have been and are available for inspection at the office of the Company.
- (b) Each of the parties hereto and each of the substituted Members signatory hereto acknowledges that he has been advised of and hereby approves of the application of the Company funds, as set forth in the Memorandum, to pay all expenses

incurred in connection with the organization of the Company and the sale of the Units.

ARTICLE XII POWER OF ATTORNEY

Section 12.1 Power. Each of the Members irrevocably constitutes and appoints the Manager and its officers his true and lawful attorney-in-fact, in his name, place and stead to make, execute, swear to, acknowledge, deliver and file:

- (a) Any certificates or other instruments which may be required to be filed by the Company under the laws of the State of Ohio, or of any other state or jurisdiction in which the Manager shall deem it advisable to file;
- (b) Any documents, certificates or other instruments, including without limiting the generality of the foregoing, any and all amendments and modifications of this Agreement or of the instruments described in Section 12.1(a) which may be required or deemed desirable by the Manager to effectuate the provisions of any part of this Agreement, and, by way of extension and not in limitation, to do all such other things as shall be necessary to continue and to carry on the business of the Company; or
- (c) All documents, certificates or other instruments which may be required to effectuate the dissolution and termination of the Company, to the extent such dissolution and termination is authorized hereby.

The power of attorney granted hereby shall not constitute a waiver of, or be used to avoid, the rights of the Members to approve certain amendments to this Agreement pursuant to Sections 10.1(d) and 10.1(e) or be used in any other manner inconsistent with the status of the Company as a limited liability company.

Section 12.2 Survival Of Power. It is expressly intended by each of the Members that the foregoing power of attorney is coupled with an interest, is irrevocable and shall survive the death, incompetence or adjudication of insanity of each such Members. The foregoing power of attorney shall survive the delivery of an assignment of any of the Members of his Unit, except that where an assignee of such Unit has become a substituted Member, then the foregoing power of attorney of the assignor Member shall survive the delivery of such assignment for the sole purpose of enabling the Manager to execute, acknowledge and file any and all instruments necessary to effectuate such substitution.

ARTICLE XIII REGISTRATION

Section 13.1 Private Offering. The Members acknowledge that the Interests of the Company have not been registered under the Securities Act or any state securities laws in reliance upon the exemption of Sections 4(2) and 4(6) of the Securities Act and Rule 506 of Regulation D under the Securities Act and exemptions from state registration. Each Member hereby covenants that he is a resident of the State of Ohio and is acquiring his Interests solely for investment purposes and not with a view to the distribution or resale thereof and that his purchase of his Interests is expressly subject to the conditions and limitations on transferability set forth in the Confidential Memorandum, Subscription Agreement and this Agreement.

Section 13.2 Transfers And Securities Statutes. Notwithstanding the statements contained in other Articles in this Agreement, no Unit may be offered or sold and no transfer of any Unit will be made either by the Company or the Members unless the transfer complies with the Securities Act and any applicable state securities laws.

Section 13.3 Indemnity. Each Member shall indemnify, hold and save harmless and defend the Manager, the other Members and the Company from and against any and all actions, causes of actions, claims, demands, liabilities, loss, damage, cost or expense (including reasonable attorney's fees) which the Manager, any Member or the Company may sustain or incur as a result of or in connection with the Subscription Agreement containing any untrue statement of a material fact or omitting to state any material fact necessary to make the statements made therein not misleading.

ARTICLE XIV TAX MATTERS PARTNER AND DESIGNATED PERSON

Section 14.1 Designation Of Tax Matters Partner. The Manager shall be designated as "Tax Matters Partner" of the Company, as provided in Regulations pursuant to Section 6231 of the Code, and the "Designated Person" for purposes of maintaining an investor list as required by the Code. Each Member, by the execution of this Agreement, consents to such designation of the Tax Matters Partner and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such consent.

Section 14.2 Duties Of Tax Matters Partner.

- (a) To the extent and in the manner provided by applicable law and regulations, the Tax Matters Partner shall furnish the name, address, profits interest and taxpayer identification number of each Member, including any successor or additional Member, to the IRS.

- (b) To the extent and in the manner provided by applicable law and regulations, the Tax Matters Partner shall keep each Member informed of the administrative and judicial proceedings for the adjustment at the Company level of any item required to be taken into account by a Member for income tax purposes (such administrative proceedings referred to hereinafter as a "tax audit" and such judicial proceeding referred to hereinafter as "judicial review").
- (c) If the Tax Matters Partner, on behalf of the Company, receives a notice with respect to a Company tax audit from the IRS, the Tax Matters Partner shall, within thirty (30) days of receiving such notice, forward a copy of such notice to the Members who hold or held an Interest (through their Interest in the Company) in the Profits or Losses of the Company for the Fiscal Year to which the notice relates.

Section 14.3 Authority Of Tax Matters Partner. The Tax Matters Partner is hereby authorized, but not required:

- (a) To enter into any settlement with IRS with respect to any tax audit or judicial review, in which agreement the Tax Matters Partner may expressly state that such agreement shall bind the other Members, except that such agreement shall not bind any Member who, within the time period prescribed by the Code and Regulations, files a statement with the IRS stating that the Tax Matters Partner does not have the authority to enter into a settlement agreement on behalf of the Member;
- (b) In the event that a notice of a final administrative adjustment at the Company level of any item required to be taken into account by a Member for tax purposes (a "final adjustment") is mailed to the Tax Matters Partner, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the United States Tax Court, the District Court of the United States for the district in which the Company's principal place of business is located, or the United States Claims Court;
- (c) To intervene in any action brought by any other Member for judicial review of a final adjustment;
- (d) To file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file a petition for judicial review with respect to such request;
- (e) To enter into an agreement with IRS to extend the period for assessing any tax which is attributable to any item required to be taken into account by a Member for tax purposes, or an item affected by such item; and

- (f) To take any other action on behalf of the Members or the Company in connection with any administrative or judicial tax proceeding to the extent permitted by applicable law or regulations.

Section 14.4 Expenses Of Tax Matters Partner. The Company shall indemnify and reimburse the Tax Matters Partner for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Members. The payment of all such expenses shall be made before any distributions are made by the Manager. Neither the Manager, nor any other person, shall have any obligation to provide funds for such purpose. The taking of any action and the incurring of any expense by the Tax Matters Partner in connection with any such proceeding, shall be subject to the indemnification provisions set forth in this Agreement.

ARTICLE XV REPRESENTATIONS, WARRANTIES AND COVENANTS OF MANAGER

Section 15.1 Representations And Warranties. The Manager represents and warrants, which representations and warranties shall survive the execution of this Agreement, as follows:

- (a) The Memorandum, as of its date, did not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. If the Memorandum is amended or supplemented, at the time of each supplement or amendment thereto the Memorandum as amended or supplemented will not, as of such date or dates, include any untrue statement made therein, in the light of the circumstances under which they were made, not misleading.
- (b) The Manager has full legal right, power and authority to enter into this Agreement and to perform its obligations under and as contemplated in this Agreement and the Memorandum.
- (c) The Manager is a corporation, duly organized and validly existing under the laws of the State of Ohio.

Section 15.2 Covenants. The Manager covenants, which covenants shall survive the execution of this agreement, as follows:

- (a) The Manager will not undertake or knowingly consent to any course of action that would or foreseeably could result in the Members' owning, directly or indirectly (under the attribution rules of Section 318 of the Code), individually or in the aggregate more than twenty percent (20%) of any class of stock of the Manager or any of its "affiliates" (as such term is defined in Section 1504 of the Code) during the term of the Company, unless prior to undertaking or knowingly consenting to

such course of action, it obtains an opinion from Counsel to the effect that neither such action nor the percentage of such outstanding stock ownership by Members foreseeably resulting therefrom will result in the classification of the Company as an association taxable as a corporation under the Code.

- (b) The Manager will cause the Company to take such steps as may be required from time to time by the IRS to cause the Company to be classified as a partnership subject to Subchapter K of the Code and not as an association taxable as a corporation for Federal income tax purposes.

Section 15.3 Beneficiaries Of Representations, Warranties And Covenants. The representations, warranties and covenants made in this Article are for the benefit of the Company and all of its Members.

ARTICLE XVI MISCELLANEOUS

Section 16.1 Governing Law. The Company and this Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

Section 16.2 Agreement For Further Execution. At any time or times upon the request of the Manager, the Members agree to sign, swear to, and acknowledge such further documents as the Manager shall request for the purpose of carrying on the business of the Company as a limited liability company under the laws of the State of Ohio or the laws of other states where the Company does or proposes to do business.

Section 16.3 Entire Agreement. This Agreement contains the entire understanding among the Members, and supersedes any prior understanding and agreement between them respecting the within subject matter. There are no representations, agreements, arrangements or understandings, oral or written, between or among the Members hereto relating to the subject matter of this Agreement which are not fully expressed herein.

Section 16.4 Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations of the jurisdictions in which the Company does business. If any provision of this Agreement or the application thereof to any person or circumstance, shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

Section 16.5 Notices. Notices to Members or to the Company shall be deemed to have been given when hand delivered, mailed, by prepaid U.S. mail, or Federal Express or other overnight mail courier guaranteeing next day delivery, addressed as set forth in this Agreement,

or as set forth in any notice of change of address previously given in writing by the addressee to the addressor.

Section 16.6 Counterparts. This Agreement may be executed in one or more counterparts and each such counterpart shall, for all purposes, be deemed to be an original, but all of such counterparts shall constitute one and the same instrument. Each Member hereby agrees that one original of this Agreement, or set of original counterparts, shall be held in the office of the Company and that there shall be distributed to each Member a conformed copy of this Agreement.

Section 16.7 Titles And Captions. All titles and captions are for convenience only, do not form a substantive part of this Agreement, and shall not restrict or enlarge any substantive provisions of this Agreement.

Section 16.8 Pronouns And Numbers. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person(s) may require.

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the day and year above written.

MANAGER/MEMBER:

VINTAGE COINS AND COLLECTIBLES, A
DIVISION OF THOMAS NOE, INC., an
Ohio corporation

By: 

Thomas W. Noe, President

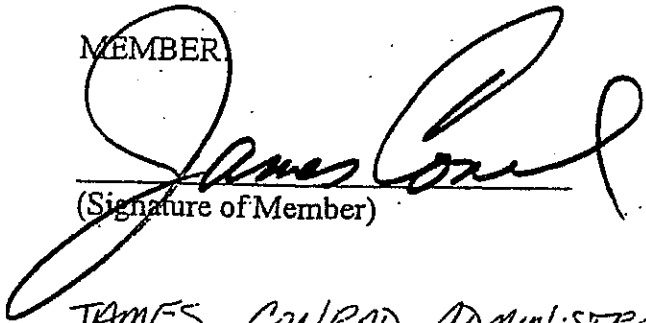
INVESTOR MEMBERS SIGNATURE PAGE

The undersigned, desiring to become a Member of Capital Coin Fund Limited II, a limited liability company organized under the laws of the State of Ohio (the "Company"), hereby agrees to all of the terms of the Operating Agreement of the Company (the "Agreement") and agrees to be bound by the terms and provisions thereof.

Executed, acknowledged and sworn to by the undersigned as a Member of the Company.

Date: July 24, 2001

MEMBER


(Signature of Member)

JAMES CONRAD, ADMINISTRATOR/CEC
(Name of Member --
Please Print)

30 W. SPRING ST, L-27
(Street Address)

Cols Ohio 43215
(City - State - Zip Code)

31-1334187
(Taxpayer Identification or
Social Security Number)

Operating Agreement
of
Capital Coin Fund Limited II

EXHIBIT "A"

Manager/Member

<u>Units</u>	<u>Initial Interest (%) of Profit/Loss</u>	<u>Capital Contributions</u>	
Vintage Coins and Collectibles, A Division of Thomas Noe, Inc. 3509 Briarfield Blvd. Maumee, Ohio 43537	1	10%	\$10,000

Investor Members

<u>Name and Address</u>	<u>Units</u>	<u>Interest (%)</u>	<u>Capital Contributions</u>
U.S. BUREAU OF WORKERS' COMPENSATION	250	90%	\$ 25,000.000
30 W. SPRING ST, L-27 Cohs, Ohio 43215			

Confidential Memorandum

CAPITAL COIN FUND LIMITED II

(a Limited Liability Company to be organized
under the laws of Ohio)

\$25,000,000

PLACEMENT OF 250 Units

\$100,000 PER UNIT

MINIMUM PURCHASE - 1 UNIT

THESE SECURITIES ARE SPECULATIVE
AND INVOLVE A HIGH DEGREE OF RISK

MANAGER

Vintage Coins and Collectibles
3509 Briarfield Blvd.
Maumee, OH 43537
(419) 865-2646
(800) 295-2646

The Date of this Confidential Memorandum is April 26, 2001

(This Cover Page is Continued)

No. 12
T NoE
Name of Offeree

Source: Bank Document's

CAPITAL COIN FUND LIMITED II

(A Limited Liability Company Organized
Under The Laws Of Ohio)
PLACEMENT OF 250 Units
\$100,000 PER UNIT
(MINIMUM PURCHASE OF 1 UNIT)

THE UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY, NOR HAS THE COMMISSION OR ANY STATE AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES ("UNITS" OR "SECURITIES") OFFERED HEREIN ARE SUITABLE ONLY FOR PERSONS WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENTS. THESE SECURITIES INVOLVE SUBSTANTIAL RISKS AS SET FORTH HEREIN (SEE "RISK FACTORS") AND THE OPERATION OF THE COMPANY INVOLVES TRANSACTIONS WITH THE MANAGER OF THE COMPANY AND ITS AFFILIATES WHICH INVOLVE CONFLICTS OF INTEREST (SEE "CONFLICTS OF INTEREST") AND WHICH WILL RESULT IN SUBSTANTIAL FEES AND PROFITS TO THE MANAGER AND ITS AFFILIATES.

THE UNITS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 ("ACT"), AS AMENDED, IN RELIANCE UPON EXEMPTIONS UNDER THE ACT. THE UNITS WILL BE SOLD ONLY TO RESIDENTS OF THE STATE OF OHIO THAT ARE "ACCREDITED INVESTORS" AS DEFINED UNDER THE ACT AND/OR TO RESIDENTS OF THE STATE OF OHIO THAT ARE "INSTITUTIONAL INVESTORS" AS DEFINED UNDER THE OHIO SECURITIES ACT. SEE "SUITABILITY STANDARDS."

UNTIL THE SALE OF A MINIMUM OF TWENTY (20) UNITS, ALL PROCEEDS OF THIS OFFERING WILL BE HELD BY THE MANAGER IN TRUST FOR THE BENEFIT OF PURCHASERS OF THE UNITS. AFTER THE SALE OF THE FIRST TWENTY (20) UNITS, PROCEEDS WILL BE PAID DIRECTLY TO THE COMPANY. THE PROCEEDS WILL BE USED ONLY FOR THE PURPOSES SET FORTH IN THE SECTION OF THIS CONFIDENTIAL MEMORANDUM ENTITLED "SOURCE AND USE OF FUNDS."

Capital Coin Fund Limited II (the "Company") is an Ohio limited liability company in organization, the manager of which will be Vintage Coins and Collectibles, a Division of Thomas Noe, Inc. The Company intends to acquire a diversified portfolio of rare coins and related material principally, but not limited to, those certified and graded by the Professional Coin Grading Service ("PCGS") and Numismatic Guaranty Corporation of America ("NGC"), and to use the expertise, knowledge and abilities of officers of the Manager to capitalize on the eventual resale of the coins to dealers in the wholesale market and to the general public in the retail market. The Company will distribute all its assets not previously distributed and liquidate within eleven (11) years of formation.

	Offering Price	Selling Commission(2)	Proceeds To Company(3)
Per Unit	\$ 100,000 (1)	\$ -0- (2)	\$ 100,000 (3)
Total Minimum	2,000,000 (1)	-0- (2)	2,000,000 (3)
Total Maximum	25,000,000 (1)	-0- (2)	25,000,000 (3)

Notes:

1. The minimum total number of Units in the Company will be twenty (20) and the maximum will be two hundred fifty (250).
2. The Units will be sold directly by the Manager without commission.
3. Certain additional expenses, estimated at \$25,000 will be payable by the Company from the proceeds of the Offering. These figures for additional expenses are estimates and may be higher or lower. These additional expenses will include, among others, legal and accounting fees, organizational, offering and printing costs and filing fees with federal and/or state securities authorities. See "SOURCE AND APPLICATION OF CAPITAL CONTRIBUTIONS."

INVESTOR NOTICES

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS CONFIDENTIAL MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE MANAGER.

THIS CONFIDENTIAL MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY BY ANYONE IN ANY STATE OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION, OR TO ANY PERSON OTHER THAN THE PROSPECTIVE INVESTOR NAMED ON THE COVER HEREOF.

THE STATEMENTS IN THIS CONFIDENTIAL MEMORANDUM ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED, AND NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE HEREUNDER SHALL CREATE, UNDER ANY CIRCUMSTANCE, AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS HEREIN SET FORTH SINCE THE DATE HEREOF.

THERE ARE AND WILL CONTINUE TO BE RESTRICTIONS ON THE TRANSFER OF THE UNITS AND THERE WILL BE NO PUBLIC MARKET FOR THE UNITS. THE UNITS MUST BE HELD INDEFINITELY UNLESS SUBSEQUENTLY REGISTERED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION IS DETERMINED BY COUNSEL FOR THE COMPANY TO BE AVAILABLE. SUCH RESTRICTIONS WILL APPLY TO ALL SALES OF THESE SECURITIES, INCLUDING ROUTINE SALES. THE COMPANY IS UNDER NO OBLIGATION, AND HAS NO INTENTION, TO SO REGISTER THESE SECURITIES AND IS UNDER NO OBLIGATION TO ATTEMPT TO SECURE AN EXEMPTION FOR ANY SUBSEQUENT SALE. THE OPERATING AGREEMENT ALSO CONTAINS SIGNIFICANT RESTRICTIONS ON TRANSFER.

NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED OR SHOULD BE INFERRED IN RESPECT OF THE ECONOMIC RETURN OR THE TAX ADVANTAGES WHICH MAY ACCRUE TO THE MEMBERS OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT EXISTING TAX LAWS WILL NOT BE CHANGED OR INTERPRETED ADVERSELY, EITHER OF WHICH MAY DENY THE INVESTOR ALL OR A PORTION OF THE TAX BENEFITS CONSIDERED HEREIN.

PROSPECTIVE INVESTORS ARE WARNED NOT TO CONSTRUE THE CONTENTS OF THIS CONFIDENTIAL MEMORANDUM OR ANY COMMUNICATIONS FROM THE COMPANY OR ITS MANAGER OR ITS OFFICERS OR EMPLOYEES AS LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT HIS OWN COUNSEL AND ACCOUNTANT AS TO TAX MATTERS AND RELATED MATTERS CONCERNING HIS INVESTMENT. EACH INVESTOR SHOULD BE AWARE THAT THERE HAS BEEN NO INDEPENDENT REVIEW OF THE TERMS OF THIS OFFERING AND THE STRUCTURE OF THE PROGRAM. EACH INVESTOR AND HIS ADVISORS SHOULD REVIEW THIS CONFIDENTIAL MEMORANDUM ON THAT BASIS.

By accepting delivery of this Confidential Memorandum, an offeree agrees to return this Confidential Memorandum and all enclosed documents to the Company, if the offeree does not undertake to purchase any of the Units offered hereby. Any reproduction or distribution of this Confidential Memorandum, in whole or in part, or the dissemination or divulgence of any of its contents, except by or through an authorized representative of the Company, is prohibited.

The Manager on behalf of the Company is making this Offering on a "best efforts" basis. Subscription payments from purchasers of the Units will be held in a special trust account established by the Company with National City Bank, or another federally insured banking institution in the Toledo, Ohio metropolitan area, prior to receipt of subscriptions for at least Twenty (20) Units. After that time, subscription payments will be made directly to the Company. Such funds will not be released to the Company until the sale of at least twenty (20) Units. If subscriptions for at least twenty (20) Units have not been received by May 31, 2001 (subject to the right of the Company to extend the Offering until not later than July 31, 2001), the Offering will terminate and the Company will return to the subscribers such funds as were paid by them and all documents executed and delivered by the subscribers. No interest will be paid on any such funds held in escrow.

FURTHER INFORMATION

Any person receiving this Confidential Memorandum, or his representative, is hereby invited to question the Manager as representative of the Company concerning the terms and conditions of this Offering at any time during normal business hours by telephone, or personal appearance at the offices of Vintage Coins and Collectibles, 3509 Briarfield, Maumee, Ohio 43537 (419/865-2646). Moreover, the Company will provide additional information and documents concerning the Company, if available to it, upon request.

The date of this Confidential Memorandum is April 26, 2001.

DEFINITIONS

Whenever used in this Confidential Memorandum, the following terms will have meanings described below:

Act. Securities Act of 1933, as amended.

Affiliate. An Affiliate of another Person means: (a) any Person directly or indirectly owning, controlling, or holding with power to vote ten percent (10%) or more of the outstanding voting securities of such other Person; (b) any Person ten percent (10%) or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other Person; (c) any Person directly controlling, controlled by, or under common control with such other Person; (d) any officer, director or partner of such other Person; and (e) if such other Person is an officer, director or partner, any company or partnership for which such Person acts in any such capacity.

Agreement. The Operating Agreement of Capital Coin Fund Limited II in the form attached hereto as Exhibit A.

ANACS. American Numismatic Association Certification Service, based in Dublin, Ohio, which is a certifier of rare coins.

Bankruptcy. Admission in writing of the Person's inability to pay its debts generally as they become due; an order for relief entered in any case commenced by or against a Person under the federal bankruptcy laws, as now or hereafter in effect; commencement of a proceeding under any other federal or state bankruptcy, insolvency, reorganization or other similar law, or having such a proceeding commenced against the Person and either an order of insolvency or reorganization entered against the Person or the proceeding remaining undismissed and unstayed for sixty (60) days; an assignment for the benefit of creditors; or appointment of a receiver or trustee for the Person or for the whole or any substantial part of its property.

Capital Contribution. The amount of cash paid by a Member (either Manager or Investor) for his Unit(s).

Cause. Material breach of the Agreement which is not cured within thirty (30) days after notice of such breach or Bankruptcy.

Code. Internal Revenue Code of 1986, as amended, and corresponding provisions of subsequent revenue laws.

Company. Capital Coin Fund Limited II, the Ohio limited liability company, in organization, in which the Investor is investing.

Counsel. Legal counsel to the Company for this Offering, Werner & Blank, Co., L.P.A., 7205 West Central Avenue, Toledo, Ohio 43617.

ERISA. Employee Retirement Income Security Act of 1974, and the regulations promulgated thereunder, as amended.

Fiscal Year. The Fiscal Year of the Company which shall be the calendar year.

General and Administrative Expenses. Expenses incurred in the operation of the Company including, but not limited to, certification, marketing, insurance, postage, accounting and legal fees.

Investor. A Purchaser of a Unit(s).

IRS. Internal Revenue Service.

Manager. The Manager of the Company, Vintage Coins and Collectibles, a Division of Thomas Noe, Inc., an Ohio corporation.

Memorandum. This Confidential Memorandum.

NGC. Numismatic Guaranty Corporation of America, based in Parsippany, New Jersey, which is a certifier of rare coins.

Numismatic. By formal definition, it is the study and collection of rare coins and medals. By informal definition, the term has come to mean "of or related to" old coins in general, but particularly, rare coins.

Offering. Sale of Units pursuant to this Memorandum in a maximum amount of two hundred fifty (250) Units and in a minimum amount of twenty (20) Units.

Offering Termination Date. May 31, 2001 (subject to extension by the Company until not later than July 31, 2001), unless all of the Units of the Offering are sold prior to such date in which event the Offering shall terminate as of the sale of the last such Unit.

Ohio Act. The Ohio Limited Liability Company Act, Chapter 1705 of the Ohio Revised Code, as amended.

Ohio Securities Act. Chapter 1707.01 et. Seq. of the Ohio Revised Code.

PCGS. Professional Coin Grading Service, based in Newport Beach, California, which is a certifier of rare coins.

Person. Any individual, corporation, partnership, limited liability company, trust or other entity.

Profit and Loss. The net income or net loss of the Company for Federal income tax purposes determined from its items of income, gain, loss and deduction for each Fiscal Year, or part thereof.

Regulations. Treasury Regulations, as may be amended from time to time, promulgated under the Code.

Related Materials. Material such as, but not limited to, bullion, tokens, medals, numismatic literature, and other collectible items that are related to the numismatic field.

SEC. The United States Securities and Exchange Commission.

Subscription Agreement. Agreement executed by each Investor agreeing to purchase one or more Unit(s) and making representations as to the suitability of the Investor as a purchaser of a Unit.

Unit(s). Unit of Interest in the Company. Also referred to generally as a Unit or Interest.

Vintage. Vintage Coins and Collectibles, a Division of Thomas Noe, Inc., an Ohio corporation, which will be the Manager of the Company.

SUITABILITY STANDARDS

An investment in the Company involves a high degree of risk and is suitable only for persons and entities of substantial financial means who have no need for liquidity in respect of their investment. The Company has determined that the Units will be sold only to Persons who are residents of the State of Ohio and are "accredited investors" as that term is defined in Rule 501(a) of Regulation D, promulgated by the SEC, and/or are "institutional investors" as defined under Section 1707.01(S) of the Ohio Securities Act, which definitions include, but are not limited to:

- (a) a natural person who by himself or together with his spouse has a net worth in excess of \$1,000,000 at the time of purchase;
- (b) a natural person who has had individual income in excess of \$200,000 in each of the two most recent years or joint income with his spouse in excess of \$300,000 in each of those years and expects to reach the same income level in the current year;
- (c) any organization described in Section 501(c)(3) of the Code, corporation, Massachusetts or similar business trust or partnership not formed for the specific purpose of acquiring the Units, with total assets of greater than \$5,000,000;
- (d) an entity in which all of the equity owners are accredited investors;

- (e) any plan established and maintained by a State, its political subdivisions or any agency or instrumentality of a State or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000;
- (f) any corporation, bank, insurance company, pension fund or pension fund trust, employees' profit-sharing fund or employees' profit-sharing trust, any association engaged, as a substantial part of its business or operations, in purchasing or holding securities, or any trust in respect of which a bank is trustee or cotrustee, but not including any business entity formed for the primary purpose of avoiding the Ohio Securities Act; or
- (g) any trust (exclusive of any "trust" under ERISA), with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Units, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D.

The fact that a prospective Investor is an "accredited investor" or "institutional investor" does not necessarily mean that the Units are a suitable investment for such Investor.

If any Units are purchased by a Person in a fiduciary capacity for any other Person who (or for an entity in which such Person) is deemed to be a "purchaser" of the subject Units under standards as promulgated by the SEC, such other Person must be an "accredited investor" or "institutional investor."

The representations set forth above will be reviewed by the Company to determine the suitability of the prospective Investors. The Company has the right to refuse a subscription for Units if, in its sole discretion, it believes that the prospective Investor does not meet the applicable suitability requirements or that the Units are an otherwise unsuitable investment for the prospective Investor. It is anticipated that comparable suitability standards will be imposed by the Company in connection with any resale of the Units. Any such resale is subject to various restrictions and may result in substantial adverse tax consequences.

The Company will rely upon the veracity of the representations of the Investor in the Subscription Agreement to the effect that such Investor is an accredited investor or institutional investor. The Agreement contains an indemnification of the Company and its Members concerning such representations. Meeting the suitability standards and acceptance by the Company is not conclusive of whether an investment in the Company is suitable for the Investor. Suitability can only be determined by the Investor himself and then only after substantial and thorough discussion with the Investor's tax, legal and investment advisors.

ACCESS TO INFORMATION

Each prospective Investor may inquire about any aspect of this Offering. The Company through the Manager or any person acting on its behalf will answer all inquiries concerning the

Company, the Offering and the sale of the Units and the organization and operation of the Company. Prospective Investors will be afforded the opportunity to obtain additional information, to the extent the Company possesses such information or can acquire it without unreasonable effort and expense. Prospective Investors having questions or desiring additional information should contact Thomas W. Noe, President, Vintage Coins and Collectibles, 3509 Briarfield Blvd., Maumee, Ohio 43537 (419/865-2646).

SUMMARY OF THE OFFERING

The following is a very brief summary of certain information contained in this Memorandum and is intended only as a guide and a reference. It is not complete nor should it be relied upon to disclose accurately all aspects of the transaction described in this Memorandum. This summary is qualified in its entirety by reference to the complete text of this Memorandum and its Exhibits, which should be read thoroughly by prospective Investors.

OFFERING:

Number of Units: Maximum: two hundred fifty (250); Minimum: twenty (20).

Price Per Unit: \$100,000 payable in cash upon execution of a Subscription Agreement.

Minimum Subscription: One (1) Unit; however, the Company in its sole discretion may sell less than a full Unit.

Total Offering: Maximum of \$25,000,000 (250 Units) and minimum of \$2,000,000 (20 Units).

Termination: The Offering will terminate on May 31, 2001, subject to extension by the Company until not later July 31, 2001. The Trust Account to be established will be "broken" upon receipt of subscriptions for twenty (20) Units. In the event that the maximum of two hundred fifty (250) Units is subscribed for prior to such date, the Offering will terminate upon the sale of the last Unit.

COMPANY:

Manager: The Manager of the Company will be Vintage Coins and Collectibles, a Division of Thomas Noe, Inc.

Termination Date: May 31, 2012 or earlier upon the happening of certain events.

Member Investors: In no event shall Units be sold to any Person who is not an Ohio resident and either an "accredited investor," as that term is defined under the Act or an "institutional investor" as defined under the Ohio Securities Act, and no sales will be made to plans subject to ERISA.

Contributions: The Manager Member will contribute \$10,000 for which it each will receive one (1) Manager's Unit. Such Unit will entitle the Manager to ten percent (10%) of the Profits/Losses of the Company in each Fiscal Year until 80% of the net proceeds from the Offering have been invested in coins or Related Materials. After the initial investment of 80% of the net proceeds of the Offering, the Manager shall be entitled to receive twenty percent (20%) of the Profits/Losses of the Company in each Fiscal Year.

Non-Manager Members (Investors), in the aggregate, will contribute \$25,000,000 for two hundred (250) Units. Such Units will entitle the Non-Manager Members to ninety percent (90%) of the Profits/Losses of the Company in each Fiscal Year until 80% of the net proceeds from the Offering have been invested in coins or Related Materials. After the initial investment of 80% of the net proceeds of the Offering, the Non-Manager Members shall be entitled to receive eighty percent (80%) of the Profits/Losses of the Company in each Fiscal Year.

Additional Assessment: None.

Reserve: The Company anticipates retaining a significant portion of the monies derived from operations of the Company for the purchase of additional coins. The amount to be retained or distributed shall be at the sole discretion of the Manager. There is no assurance that any cash will be available for distribution.

Purpose and Operation: The Company will be formed primarily to acquire rare coins and Related Material. A significant portion of the rare coins will be certified and graded by PCGS and NGC. The Company will in turn sell the coins to wholesalers in the coin marketplace; to retailers of coins; and/or to the general public. The Company may also buy and/or sell coins, via public auction. The Company will use the expertise, knowledge, and abilities of the Manager and its officers in the buying and selling of coins. The coins purchased, and

the decision as to the point in time for resale of such coins, will be in the sole discretion of the Manager. It is anticipated that Thomas W. Noe and Timothy H. LaPointe, President and Executive Vice President, respectively, of Vintage, will be the principal decision makers as to the purchase and resale of such coins. The Company will not distribute coins or other numismatic materials to the Members either as regular or customary distributions or upon liquidation. The Manager may also decide to have the Company engage in coin financing (i.e. lending to Persons owning coins or Related Material and taking a security interest in such coins or Related Material, to attempt to protect the Company).

INTERESTS AND FEES:

Manager: The Manager shall receive no fees for serving as the Manager other than its Interest in the Company specified below and reimbursement of General and Administrative Expenses incurred by it on behalf of the Company.

Company Allocations:

Profit and Loss will be allocated, subject to certain exceptions detailed in the Agreement, 80% to the Investors and 20% to the Manager. However, Profits and Losses will be allocated 90% to the Investors and 10% to the Manager until 80% of the net proceeds from the Offering have been initially invested in coins and Related Material.

For example, in the event that the Profits for the first Fiscal Year of the Company are \$500,000 (after at least 80% of the net proceeds from the Offering have been invested), and all such Profits resulted from investment of the assets of the Company in coins, Related Materials and alternative investments, the Profits would be divided among the Manager and Investors as follows:

	<u>Profits</u>	<u>Percentage</u>		<u>Total</u>
<u>Manager</u> (in the aggregate)	\$500,000	20%	=	\$100,000
<u>Investors</u> (in the aggregate)	\$500,000	80%	=	\$400,000

Note that even though the above information sets forth the applicable division of Profits, there is no requirement that all or any portion of such Profits be distributed in any Fiscal Year. In such event, a Member's tax liability may exceed distribution of Profits.

INVESTMENT OBJECTIVES

Capital Coin Fund Limited II is a limited liability company to be organized under the Ohio Limited Liability Company Act by Vintage Coins and Collectibles, a Division of Thomas Noe, Inc. which will act as the Manager of the Company. As of the date of this Confidential Memorandum, the Company has not commenced operations and it will not do so prior to the sale of the minimum Offering of the Units.

The Company will seek to generate capital appreciation through buying, accumulating, investing, trading, and selling rare coins and Related Material. The Manager will direct the Company's operations.

The Company intends to participate in a wide range of different activities relating to the coin market. The Company's proposed strategies will include, among others: (i) purchasing coins that have been certified and graded by PCGS, NGC, or ANACS at prices and price levels that the Manager believes will be advantageous to the Company; (ii) accessing and purchasing uncertified coins and Related Materials based on the Manager's comprehensive knowledge of uncertified coins and Related Materials; when appropriate, the Company will engage in "grading arbitrage" and will pay for official grading and certification of coins in order to capitalize on what the Manager believes will be the desirability of particular coins being certified; (iii) purchasing and accumulating "positions" and/or a portfolio(s) of coins and/or Related Materials with the intention of holding such coins for either a relatively short period of time or a significant period of time prior to sale; (iv) acting as a wholesale "trader" - i.e., actively buying and selling a wide range of coins, thereby attempting to generate an ongoing stream of income to defray expenses and for reinvestment in coins while also attempting to establish the Company's position in the certified coin market; (v) aggressively seeking retail outlets for coins purchased by the Company in order to broaden and strength the scope of interest in rare coins, generate greater profits for the Company, and to correct and/or deplete any temporary oversupply of material in the marketplace; and (vi) engaging in coin financing (i.e. lending to Persons owning coins or Related Material and taking a security interest in such coins or Related Material to attempt to protect the Company).

Although a principal aspect of the Company's strategy involves acting as a wholesale market maker for buying and selling of coins, there is no clear-cut distinction between the coins which the Company will use in trading and those which it will hold as part of a short or long-term portfolio or use in "grading arbitrage." Coins purchased with the intention of being used in one aspect of the Company's operations may frequently be put to other uses, as changing market conditions create what the Manager perceives to be desirable profit opportunities.

While the different aspects of the Company's overall strategy are conceptually distinct, in practice they may be interconnected. Furthermore, the different aspects of the Company's operations can serve to promote one another. For example, the Company's market making activities are likely to give it information concerning and access to coins which might be desirable as a part of its short or long-term portfolio. The Company will attempt to maximize both its available capital and the Manager's expertise, while attempting to recognize an ongoing stream of current income available to defray expenses and for reinvestment.

The Company will dissolve, making a final liquidating distribution to Investors, no later than May 31, 2012. The Manager anticipates beginning to liquidate the Company's holdings sometime in advance of such date, in order to attempt to dispose of the Company's coins on the best available terms. Although the Manager may, in its sole discretion, liquidate such portfolio and dissolve the Company substantially prior to such period, it would anticipate doing so only in the event that it predicts a substantial decline in the value of the Company. Consequently,

Investors should consider the Company as a long-term investment. The Company will not distribute coins or other numismatic materials to the Members as regular and customary Profits of the Company or upon liquidation.

POTENTIAL ADVANTAGES

Investing in Coins. Over the past fifteen years, the coin market has changed dramatically. Many of these changes have resulted in greater ease in investing in coins. With sufficient funds, substantial capital appreciation can be realized by those with expert knowledge of market cycles. In addition, historically, an investment in coins has offered asset protection during inflationary cycles. Returns on investments in coins have tended to be higher during periods of greater inflation and when the securities markets experience significant downturns and uncertainty.

Investment Diversification. An investment in the Company will represent a diversification into an area of economic activity that is generally not represented in a typical portfolio. Further, because the Company will have a minimum capitalization of \$2,000,000, it will be able to gather a diversified base of rare coins.

Timing. The prices for most coins have declined dramatically during the last several years. While it is virtually impossible to purchase coins at the exact bottom of a market cycle, prices now (vs. their historical highs), are generally quite favorable for long-term growth and capital appreciation.

Ability to Purchase at Wholesale. Individual Investors generally would not have access to the wholesale coin prices, which will be available to the Company through the Manager.

Comprehensive Knowledge and Flexibility of the Manager. The combined talents of the officers of the Manager of the Company increase the chances of capital appreciation for the Company.

Guaranteed Authenticity and Grading. Prior to the last fifteen years, one of the primary risks of dealing in coins was that there was no standardization of grading amongst the dealers and little protection from a coin proving to be counterfeit or altered. Such risks have decreased substantially due to the grading and authenticity guarantees of PCGS and NGC. Certified coins have gained wide acceptance in the rare coin marketplace. A large portion of the Company's coins will be certified by PCGS or NGC (see "THE AMERICAN RARE COIN MARKET," below).

Insurance Against Loss: Loss Control Policies. The Company intends to obtain comprehensive insurance coverage against theft, destruction, loss or damage of its coins. Such insurance provides generally for the payment of the fair market value of coins lost, destroyed, damaged or stolen, subject to the conditions of the deductible under the policy. Such fair market value is determined as of the date that any such loss, destruction, damage or theft is discovered, not the date of the occurrence. As an extra measure of protection, whenever possible, the

Company's coins will be held in safekeeping at a major bank depository. The Company is obligated to use its best efforts to obtain and maintain such insurance. If it is unable to obtain adequate insurance (as determined by the Manager), the Company will be liquidated as promptly as practicable and appropriate distributions of the Company's assets made (all coins having been reduced to cash).

Administrative Convenience. The Company is structured so as to eliminate for Members the administrative burden involved in trading, shipping, insuring and storing coins. The Company will have a state-of-the-art inventory and business management computer system which it will use to maintain all transactional records relating to the Company. The Company will prepare and distribute annual financial reports and all tax information relating to the Company necessary for Members to complete their income tax returns.

THE AMERICAN RARE COIN MARKET

Mintages. The term "mintage" refers to the number of coins of any particular denomination that were produced at any given mint during any given year. By definition, the supply of these coins is finite and cannot be replenished. While most of the coins purchased by the Company will have relatively high original mintages, some of the coins purchased by the Company will have relatively low original mintages, especially in the case of older coins, and choice examples of these coins are generally considered to be scarce.

Methods of Manufacture. Most coins are minted with the intention of circulating. These coins are sometimes referred to in the trade as "business strikes." The term "uncirculated" refers to a coin which, while produced for use as currency, has never, in fact, seen circulation. Such a coin has little evidence of wear or markings. Uncirculated normal production coins are struck on high speed presses, stored in bags and run through counting machines. As a result, uncirculated coins usually have bag marks and evidence of coin-to-coin contact.

Coins are also minted in "proof" condition. These are struck exclusively for presentation or for collector purposes. A proof coin is made from specially prepared dies that are inspected for perfection and are highly polished and cleaned. The coinage blanks from which proof coins are made are also polished and cleaned to assure high quality when struck. The blanks are then hand-fed into a coinage press one at a time, each blank receiving two blows from the dies. The entire operation is conducted at slow speeds utilizing extra pressure. Finished proofs are individually inspected and are handled with gloves and tongs. These perfect coins display a mirror-like surface, sharp detail, high wire rims and high relief details.

Supply. As stated above, the supply of coins is finite. The number of coins that exists in high quality states of preservation also has an influence on what is generally perceived to be the supply. Very few coins ever remain in their original "newly minted" state, and perfect or near-perfect uncirculated coins, particularly older coins, are usually extremely rare.

Although the Company may from time to time acquire "great rarities," in general it will deal in coins that offer greater versatility in terms of supply. "Great rarities" are sometimes less susceptible than more common coins to declining in value during market downturns (due to the fact that the supply is so limited that the demand is ordinarily sufficient to ensure against price drops). The Company's coins will generally not be of a rarity sufficient to withstand market downturns. By the same token, however, such coins will be far more liquid than "great rarities" and will give the Manager more scope to make use of their trading skills.

Demand. Demand is created when insufficient supplies of desirable material are available in the market or when the prices of coins are perceived as favorable. These two factors are usually interrelated. In recent years, the shift from collecting to investing (or a blend of the two) has served to increase demand. With the introduction of PCGS and NGC, many formerly hesitant individual investors as well as several institutions have taken a stronger interest in rare coins as an investment vehicle.

Certain Aspects of Coin Values. The value of coins, in addition to being affected by the usual forces of supply and demand, is determined in large measure by physical condition. Historically, coins of high quality have appreciated in value at a rate much faster than have pieces of lower quality. Small differences in the grade of a coin can materially affect its value.

In the past, other factors which have had a significant effect on the value of coins have been the prevailing rate of inflation (or expectations concerning what such rate will be in the near future) and the commodity value of the precious metals from which coins are minted (particularly in the case of relatively common gold coins). While factors such as inflation and metal prices have been an influence in the past, there is no guarantee that they will be an influence in the future.

Grading. The importance of the condition of coins to their value has led to the development of a standardized system for evaluating the state of preservation of a coin. Coins are generally graded on a 70 point scale with the top 10 points being the uncirculated or proof grades.

Certified Grading & Encapsulation. Since the value of a coin is determined to a large extent by the condition or "grade" of a coin, the growing need for "third-party" grading and certification became evident in the late 1980's. The difference in value between a coin being graded MS 64 and MS 65, for instance, can sometimes be substantial. While firms such as PCGS and NGC have not been able to solve all of the difficulties associated with the grading of coins, they have made substantial inroads in the standardization of coin grading. Firms such as PCGS and NGC grade and certify the authenticity of coins based upon a uniform set of grading standards. They then sonically seal each coin and its certification tag in plastic, effectively creating a coin "capsule." In addition to providing certification information about the coin, this plastic capsule helps to provide protection from damage and enables relatively safe, long-term storage for the coins. Overall consumer confidence has increased as a result of "third party" grading, certification and encapsulation.

Both PCGS and NGC offer Guarantees of Grade and Authenticity. The Company intends to submit coins for grading and authentication to both PCGS and NGC and to such other grading services as the Manager may deem appropriate.

Population Reports. Both PCGS and NGC publish monthly "population" reports in which they publish a complete census of the number of coins certified by their service at a given grade for each date, denomination, mint mark, and variety. These reports provide useful information when the information is interpreted by parties, such as the Manager, with advanced knowledge of the field.

Electronic Trading Network. There are two electronic trading networks for coins. The dominant one is called The Certified Quote System (otherwise known as "CQS") and its administrative arm, the Certified Coin Exchange (otherwise known as "CCE"). The two networks allow subscribing dealers to trade certified coins such as PCGS and NGC via a computerized trading network that is linked to a satellite. Both networks allow subscribing dealers to post "sight seen" bids and asks and "sight unseen" bids and asks on PCGS, NGC, and ANACS certified coins. To purchase or sell a coin "sight unseen" means that both parties in the transaction agree to accept the coin offered in trade without right of refusal. To purchase or sell a coin on a "sight seen" basis means that both parties in the transaction agree to allow the party purchasing the coin the right to view the coin prior to purchase to determine if the coin is appropriate for their needs. The Company will, at times, participate on these two networks or on any other trading network which may exist in the future, for the purposes of buying and selling coins and obtaining information about current prices.

In addition to the electronic trading networks, there are numerous other price reference materials which the Company will use to obtain further information about current price levels and historical price levels in order to make the most informed decisions possible. The Company will use a computer program which integrates key price reference information and it will use this system to its advantage in the course of buying and selling coins.

The Dealer Network. Unlike securities, in which numerous stock exchange transactions are effected by brokers on an agency basis for a commission, all transactions in the coin market are effected on a principal basis, with a network of dealers buying and selling coins for their own account and charging "bid"- "ask" spreads rather than a commission. The Company's cost in acquiring coins for its holdings will often times reflect such spreads, but the Manager will attempt to ensure that the purchase prices paid for the Company's coins are, in all cases, fully competitive. Because the Company intends to act as a wholesale supplier of coins, the continued success of the dealer network is important for the success of the Company. In addition to others, it is anticipated that the Manager, in its individual retail capacity will purchase from and, in more limited situations, sell coins to, the Company. It is the objective of the Manager that the Company achieve profitability through the "spread" in the cost paid for coins and the price charged to wholesale or retail brokers upon resale. In addition, the Manager intends to purchase coins for the Company which are readily salable at a profit or are expected to appreciate over the life of the Company.

Trading in Uncertified Coins. While the Company anticipates that a substantial percentage of its coin holdings will consist of certified and readily marketable coins, there is also a substantial market in uncertified coins. Trading in uncertified coins offers "grading arbitrage" profit opportunities i.e., purchasing a coin which is selling at beneath its realizable market value due to mistaken evaluation of its grade. Furthermore, although determining the value of uncertified coins is a subjective process, the Manager believes that the experience of its principal officers will permit it to assign estimated values to the Company's uncertified coins with sufficient accuracy that these coins may return significant profit to the Company. The risks in "grading arbitrage" are, however, substantial.

In most cases, when the Company purchases uncertified coins, it will submit such coins for grading and certification to PCGS, NGC or any other certification service selected by the Manager. However, the Manager may choose to sell such purchases without having them certified if the Manager believes it would be of benefit to that Company to do so.

Auctions. Prior to the creation of electronic trading networks, the primary means of selling coins publicly was at auction, and auctions remain a principal focus of activity in the coin market. Many coins sold at auction are ungraded. Certified coins are sold at auction sometimes for purposes of liquidity and sometimes in order to attain a higher price realized at auction. The Manager believes that in some cases the prices received for coins when auctioned may exceed the price which would have been received for the same items in a negotiated, private transaction or on a trading network. The principal officers of the Manager have many years of experience in participating in coin auctions and in assessing when it would be advantageous to buy or sell particular coins at auction.

When coins are to be sold at auction, they must be consigned to the auction house for some length of time (often as much as two or three months) in advance. The Company will have no control over any of its coins when so consigned and could not, for example, decide to sell any of such coins to a third-party during the interim. Despite the Company's lack of access to coins after consignment to action, the Manager will continue to value such coins for purposes of determining net asset value. However, prospective investors must recognize that, due in part to factors such as those referred to above, the actual value recognized at auction may differ substantially from such estimates.

Dynamics. The evolution of certified grading services such as PCGS and NGC and the use of certified trading networks where "bids" and "asks" are posted for some certified coins has resulted in periods of extreme volatility in the marketplace. It is important to note that the rare coin industry is still evolving. For instance, the Internet has had an impact on the rare coin industry through the availability of websites, internet auctions and internet marketing of coins. Entities such as the grading services and the trading networks have now been a factor in the marketplace long enough for some measure of stability to have emerged. While the Manager is very cognizant of the fact that the rare coin market involves risk, it believes that the dynamic nature of the coin market creates opportunities for financial rewards for the Company.

RISK FACTORS

Investment in the Units involves significant risks, many of which are beyond the control of the Company and the Manager and represent contingencies that cannot be reliably estimated. Investment in the Units is suitable only for Persons of substantial financial means who have no need for liquidity in their investments and who can afford the loss of their entire investment. This summary is qualified in its entirety by the Agreement and the contents of this Memorandum. Among other aspects of this Offering, potential Investors should consider carefully the following factors which discussion is meant to be a brief summary of some, but not all, of the risk factors involved in a purchase of Units.

Dependence on the Services of Messrs. Noe and LaPointe. The Company's success is critically dependent upon the services of Messrs. Noe and LaPointe, the executive officers of the Manager. Were these persons to become unable to manage the Company's assets, the effect on the Company would be material and adverse.

Possible Delay in Becoming Fully Invested. The Manager has not identified any specific coins which it intends to purchase for the Company. Prevailing market conditions and/or a desire to purchase coins and Related Material at favorable prices, may cause the Manager to exercise caution in purchasing coins for the Company. Therefore, it is possible that it will require a considerable period of time before the Company has invested a material portion of its assets in coins. Until invested in coins or Related Material, funds of the Company likely will be held in short term, liquid investments such as money market or bank savings or checking accounts. Until 80% of the proceeds from the Offering have been initially invested, the Profits and Losses of the Company will be allocated 90% to the Investors and 10% to the Manager.

Possible Unavailability of Insurance. The Company expects to obtain an insurance policy which generally covers the fair market value of coins destroyed, lost, stolen or damaged. There can, however, be no assurance that the Company will be able to obtain or renew such policy. If the Company is unable to obtain adequate insurance coverage, the Company may be required to curtail its operations and liquidate.

Possible Market Value Volatility. The coin market is subject to substantial fluctuations, and the value of the coins acquired by the Company could experience significant declines in value. Currently, bullion prices are at historic lows. Unlike many forms of investment, there is no assured return on an investment in the Company in the form of dividends or interest.

Unregulated Nature of the Coin Market. The coin market is presently subject to no material regulation. Consequently, the investor protection benefits of the often extensive governmental and self-regulation applicable to other forms of investment will not be available to Investors. Conversely, there can be no assurance that, in the future, regulations which might materially and adversely affect the coin market will not be imposed.

Thinness of Market and Possible Lack of Liquidity. The coin industry is very small in comparison to other investment vehicles such as the stock market. The degree of liquidity of

coins will vary according to general market conditions and according to the particular coin involved. For some coins there may be no active market at all at certain points of times. Thus, the market is, and will remain, significantly less liquid than more traditional forms of investment such as stocks and bonds. Trading networks such as CCE do not provide any more liquidity than the wholesale marketplace in general. Market illiquidity could make it difficult for the Company to execute trades which the Manager considers advisable or to dispose of coins at what it considers to be fair value. However, the Manager believes that it is possible that the thinness of the market and/or the lack of liquidity could, at times, be of some benefit when the Company is attempting to buy coins at favorable price levels.

Competition. The buying and selling of coins is a highly competitive business. By engaging in this practice, the Company will be in direct competition with other experts, some of which have significantly greater financial resources. Competition in coin trading develops not only from dealers in coins, but also from collectors and investors who acquire coins.

Relationship of Coin Prices to Gold Prices. Historically, the value of some U.S. gold coins has been influenced to a certain degree by the value of gold. In the past, gold prices have been known to be highly volatile. Currently, bullion prices are at historic lows.

Hoards. Many hoards of coins and Related Materials still exist in private holdings. It is possible that one or more substantially large hoards exist as well. In the past, hoards of one particular coin or a group of related coins have been known to drive the price of that coin(s) down. If a hoard of sufficient financial magnitude should come on the market, it could have a negative impact on overall prices.

However, there are many opportunities to make money by purchasing hoards that have been off the market for many years. As one of its strategies, the Manager hopes to acquire hoards of coins and/or Related Materials for the Company because the profit potential of such material sometimes can be substantial.

Limited Operating History of Coin Trading Networks/Certification of Coins No Guarantee. The trading networks for coins such as CCE each have limited operating histories. Investors should understand that certification does not guarantee protection against the normal risks associated with potentially volatile markets. There can be no assurance as to continued viability or future operations for grading services such as NGC, PCGS or ANACS or coin trading networks such as CCE. Were these organizations to substantially change their method of operations or curtail operations entirely, it could become difficult for the Company to achieve its profit objectives.

Subjectivity of Grading. While the certification services have made substantial progress in the standardization of coin grading, it is generally accepted that the "art" of coin grading is still subjective. For example, if a coin is submitted to the same grading more than once, it is possible that it could be certified at different grade levels. Bearing in mind that the value of the coin is heavily influenced by the specific grade of the coin, the owner of such a coin could be in a profit or loss situation depending upon what grade the coin received.

Grading and Authenticity of Uncertified Coins. The Manager believes that its expertise will create substantial profit opportunities for the Company in purchasing uncertified coins, and some uncertified coins which the Company purchases may be certified after acquisition. However, there are risks involved in the Company dealing in coins which it intends to have certified and/or coins which it intends to sell in an uncertified state. It should be noted again that even small differences in grading can have a significant impact on their value. Although the Manager is generally adept at determining a coin's authenticity, if a coin's authenticity becomes subject to doubt, it may lose all or substantially all of its value since it is illegal to knowingly sell a counterfeit coin.

Value Differences Between Grading Services. Coins graded by one grading service may not conform to the grading standards as interpreted by another grading service or by the dealers in the industry and the buying public. This can have an impact on the value of a coin.

Lack of Regulation of Trading Network. In their present form, the trading networks have little or no self-regulation with respect to monitoring the legitimacy of bids and asks on the system. This is particularly true of the "sight-seen" bids. The Manager intends to use its years of experience and its expertise in evaluating any and all bids and/or asks on the trading networks in order to judge their viability in the marketplace.

CCE and other trading networks that now exist are primarily useful as a means for the dealers to exchange buy and sell information. A subscriber's trading limit can be quite small. Although the marketplace currently trades coins in relation to the bids and asks as posted on trading networks such as the CCE system, very few trades are actually executed via the network.

Possible Disadvantageous Market Conditions When the Company's Holdings are Liquidated. The Manager will have considerable flexibility in selecting the times at which to liquidate portions of the Company's holdings. Nevertheless, the Company must liquidate the last of its holdings prior to May 31, 2012. In the event that there is a sustained depression in the coin market during the last few years of the life of the Company, the Company could be forced to dispose of its holdings under adverse market conditions and for inadequate prices.

The Manager. The Manager has engaged in the buying and selling of coins since 1981. The Manager currently is one of two Managers of another coin fund known as Capital Coin Fund Limited, formed in 1998 ("CCF"). CCF has identical purposes as the Company and will be in competition with CCF. This will create a conflict of interest with CCF, the Company and the Manager as noted below. The proposed distribution of Profits and Losses has been determined by the Manager as the initial organizer of the Company. The Manager engages in the buying and selling of coins as a retail broker as a regular and customary part of its business and will continue to do so in the future. Specifically, there is no prohibition against the Manager buying coins from and selling coins to the Company or causing CCF to do so. Such transactions will occur at what is deemed to be fair market value, but such relationship creates an inherent conflict of interest.

Company's Status as a Partnership for Tax Purposes. The Company shall be treated as a partnership for federal and, to the extent permitted by applicable state law, state income tax purposes, in accordance with, among other legal authorities, Sections 301.7701-1, 301.7701-2 and 301.7701-3 of the Regulations and Section 5733.01(F) of the Ohio Revised Code. Accordingly, the Agreement shall be construed in a manner that ensures the Company's classification as a partnership for federal and state income tax purposes at all times, and any provision of the Agreement that would have the effect of preventing the Company from being classified as a partnership for federal and state income tax purposes shall be null and void. The Manager shall take all actions, and execute, acknowledge and deliver all documents, which in the judgment of the Manager, or in the opinion of counsel satisfactory to the Manager, are necessary or desirable to obtain and/or maintain the Company's classification as a partnership for such purposes at all times.

Members Will Be Taxed on Profits Whether or Not Distributed. The Company is not required to distribute Profits. If the Company has taxable income for a Fiscal Year, such income will be taxable to Members in accordance with their percentage interest in the Company's Profits, whether or not such Profits have been distributed to them. The tax liability of Members for any Profits of the Company may exceed any distributions received from the Company.

"Passive" Income and Losses. It is likely that a significant portion of the Profits and Losses of the Company will be deemed profits and losses from passive activities, thus limiting the deductibility of any such Losses. Each Member must consult his own tax adviser regarding this issue. In addition, it is likely that a significant portion of the Profits and Losses of the Company will not be profits or losses from a passive activity. Thus, it is possible that the Company may produce Losses from a passive activity which may not be used to offset other Profits of the Company because such Profits are deemed not to be from a passive activity.

Possibility of Tax Audit of Both the Company and Members. There can be no assurance that the Company's tax returns will not be audited by the IRS or that adjustments to such returns will not be made as a result of such an audit. If an audit results in an adjustment, Members may be required to file amended returns (which may themselves also be audited) and to pay additional taxes, plus interest. The IRS currently is authorized to impose an interest penalty on tax deficiencies based upon prevailing rates.

ERISA Accounts. Because of the significant and restrictive nature of the regulations of ERISA as implemented by the Department of Labor, ERISA Plans will at no time be allowed to invest in the Interests of the Company.

State and Local Taxes. In addition to the effects of the tax reform legislation on an investment in the Company, state and local taxes may result in an increase in the amount of *such* taxes applicable to the Company and its Members.

BECAUSE OF THE SIGNIFICANT DIFFERENCES AMONG POTENTIAL INVESTORS, NO ATTEMPT HAS BEEN MADE HEREIN TO SUMMARIZE IN ANY SIGNIFICANT WAY THE TAX MATTERS APPLICABLE TO AN INVESTMENT IN THE COMPANY.

PROSPECTIVE INVESTORS IN THE COMPANY ARE URGED TO CONSULT THEIR OWN TAX ADVISERS WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATION UNDER FEDERAL LAW AND THE PROVISIONS OF APPLICABLE STATE AND LOCAL LAWS BEFORE SUBSCRIBING FOR UNITS.

No Public Market for Units. No public market will exist for the Units. A Member may not be able to realize cash upon his investment prior to dissolution of the Company because: (a) the sale of his Unit will be subject to restrictions imposed by the federal securities laws and regulations promulgated by the SEC and applicable state securities laws; (b) Units cannot be assigned without the prior written consent of the Manager and the delivery of certain documents and satisfaction of other requirements as provided in the Agreement; (c) Members have no right to withdraw any part of their investment in the Company; and (d) it may not be possible to find a buyer for his Unit. If, as a result of some change in circumstances arising from an event not presently contemplated, a Member wishes to transfer his Unit, or any portion thereof, he may find no market for such Unit due to market conditions or the general illiquidity of such Unit.

Non-Registration of Units. The Offering has not been registered under the Act in reliance upon the "private offering" exemption of Sections 4(2) and /or 4(6) of the Act and/or Rule 506 of Regulation D promulgated thereunder and/or Section 1707.03(D) of the Ohio Securities Act. However, there can be no assurance that the Offering presently qualifies or will continue to qualify under such exemptions due to, among other things, the adequacy of disclosure and the manner of distribution of the Offering, the existence of similar offerings conducted by the Manager or its Affiliates in the future, or the retroactive change of any securities law or regulation. If, and to the extent, suits for rescission are brought and successfully concluded for failure to register the Offering or other offerings under the Act or for acts or omissions constituting offenses under the Securities Exchange Act of 1934 or under state securities laws, both the capital and assets of the Company could be affected adversely, thus jeopardizing the ability of the Company to operate successfully.

The Company does not intend at any time in the future to register the Units in the Company with the SEC or with the Ohio Division of Securities or any other state securities commission. For this reason, Investors do not and will not enjoy the benefits or security, if any, that may be derived from such a registration and corresponding review by regulatory officials. For that reason, Investors must make their own decision as to a subscription to the Company with the knowledge that federal officials have not passed on the adequacy of the disclosures contained in this Memorandum and that state officials have not passed on the fairness of this Offering.

Indemnification. The Agreement provides that the Manager shall not be liable to the Company or to any Member for actions taken in good faith and reasonably believed to be in the best interest of the Company, or for errors of judgment, neglect or omission unless the Manager is adjudged to have been liable for fraud, willful misconduct, gross negligence, material breach of its obligations under the Agreement or material breach of its representations, warranties and covenants in the Agreement. Moreover, the Agreement provides for the indemnification of the Manager in connection with the foregoing.

TERMS OF THE OFFERING

The escrow account established in connection with the Offering will be broken upon receipt of subscriptions for twenty (20) Units, an aggregate minimum consideration of \$2,000,000 at which time the funds will be released to the Company. The maximum number of Units which will be sold in the Offering is two hundred fifty (250) Units for an aggregate maximum consideration of \$25,000,000.

Offers will be made only to Ohio residents which are "accredited investors" or "institutional investors" (See "SUITABILITY STANDARDS"). The Offering of the Units has not been registered with the SEC or the Ohio Division of Securities. The Units are being offered pursuant to an exemption from registration under Sections 4(2) and 4(6) of the Act and/or under Rule 506 of Regulation D promulgated thereunder and Section 1707.03(D) of the Ohio Securities Act and other available exemptions. Depending upon in which states the Units are offered, the Units may or may not be offered pursuant to exemptions from registration provided in various state securities laws.

Each Investor must subscribe for a minimum of one (1) Unit. However, the Company, in its sole discretion, may sell one-half (1/2) of a Unit. This Offering will terminate upon the earlier to occur of: (1) May 31, 2001 (subject to extension by the Company in its sole discretion until not later than July 31, 2001); or (2) the sale of all of the Units offered hereunder.

The Manager reserves the right to purchase Units so as to cause the minimum offering standard to be met. In no event shall the Manager purchase more than five (5) Units (\$500,000) and it is under no obligation to purchase any Units.

Purchasers of the Units are required to execute the Subscription Agreement and Signature Page attached hereto as Exhibits A and B, respectively, and such other documents as reasonably may be required by the Company. Purchasers are required to pay in full for subscribed Units upon executing the Subscription Agreement. Checks are to be made payable to "Capital Coin Fund Limited II."

The Company has the exclusive right to refuse to accept, for any reason, all or part of the Units which a potential Investor offers to purchase pursuant to his Subscription. In the event that the Company rejects a part but not all of the Units to which any potential Investor subscribed, the potential Investor shall be obligated to purchase the balance of the Units which were accepted by the Company, and the Company will be required to return, or cause to be returned, the excess funds. No interest will be paid on subscription funds returned as a result of the Company's refusal to accept all or a portion of any subscription.

All of the proceeds of this Offering will be deposited in a trust account established and controlled by the Company with National City Bank or another federally insured banking institution in the Toledo, Ohio metropolitan area, and held for the Investors until such time as

subscriptions for twenty (20) Units have been received and thereafter such funds, together with additional funds received pursuant to subscriptions, shall be made available to the Company. In the event that the minimum of twenty (20) Units shall not have been sold prior to the Offering Termination Date, this Offering shall terminate and all funds held in trust shall be returned to the respective subscribers. No interest will be paid on any such funds held in escrow.

**SOURCE AND APPLICATION OF
CAPITAL CONTRIBUTIONS**

In the event this Offering is not completed, then all subscription payments will be refunded to all Investors, without interest, and without deduction. The proceeds to the Company from the sale of the Units will be utilized for the purposes set forth herein. The Company expects that the total amount of funding will be provided and allocated as follows:

<u>SOURCE OF FUNDS:</u>	<u>MINIMUM</u>		<u>MAXIMUM</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Initial Contributions				
Investors	\$2,000,000	99.5%	\$25,000,000	99.96%
Manager	10,000	0.5%	10,000	0.04%
TOTAL SOURCE OF FUNDS	\$2,010,000	100.0%	\$25,010,000	100.0%
USE OF FUNDS:				
Organization Expenses ⁽¹⁾ : Legal, Accounting, etc.	\$20,000	1.0%	\$20,000	0.08%
Operating Expenses ⁽¹⁾ : Printing, filing fees and miscellaneous expenses	5,000	0.25%	5,000	0.02%
Working Capital: For Coin Acquisition	1,985,000	98.75%	24,985,000	99.9%
TOTAL USE OF FUNDS:	\$2,010,000	100.0%	\$25,010,000	100.0%

⁽¹⁾ Organizational and Operating expenses are estimates and may be higher or lower. These expenses will include, among others, organizational, offering and legal and accounting fees, printing costs and filing fees with federal and/or state securities authorities.

COMPENSATION AND FEES

Other than the reimbursement of any necessary General and Administrative Expenses incurred by the Manager on behalf of the Company, the Manager shall receive no compensation in connection with the sale of the Units nor will it receive any fees for services rendered in regard to the operation of the Company. The Manager will, however, have an Interest in the Company which will entitle it to a percentage of the Profits and Losses of the Company as specified in the following section entitled "PARTICIPATION IN PROFITS AND LOSSES." It should be noted that the percentage interest to which the Manager is entitled is not based on a pro rata cash contribution to the Company.

PARTICIPATION IN PROFIT AND LOSS

The Manager will determine which coins to buy and sell and the terms and conditions for such transaction. The terms of those transactions will have a fundamental effect on the Profits and Losses that will be allocated to the Company and, pursuant to the Agreement, to the Investors.

Profit and Loss will be allocated, subject to certain exceptions detailed in the Agreement, 80% to the Investors and 20% to the Manager. However, Profits and Losses will be allocated 90% to the Investors and 10% to the Manager until 80% of the net proceeds from the Offering have been initially invested in coins and Related Material.

For example, in the event that the Profits for the first Fiscal Year of the Company are \$500,000 (after at least 80% of the net proceeds from the Offering have been invested in coins and Related Material), the Profits would be divided among the Manager and Investors as follows:

	<u>Profits</u>	<u>Percentage</u>	<u>Total</u>
<u>Manager</u>	\$500,000	20%	= \$100,000
<u>Investors</u> (in the aggregate)	\$500,000	80%	= \$400,000

Note that even though the above information sets forth the applicable division of Profit and Loss, there is no requirement that all or any portion of any Profit be distributed in any Fiscal Year. In such event a Member's tax liability may exceed distribution of Profit.

Subject to certain qualifications, net proceeds upon termination (after payment of Company obligations), including those from the sale of all or substantially all of the assets of the Company, will be distributed first to the Members to the extent of their capital account balances (determined after allocation of Profit or Loss on the sale of the assets). The Agreement provides

that a Member will not be allocated any Loss (or item thereof) for tax purposes if the allocation of such item to the Member would result in a deficit in his capital account which he is not obligated to restore.

The Manager in its sole discretion may cause the Company to retain otherwise distributable Profits, the monies from which would be used to purchase additional coins. There can be no assurance that the Company will have cash to distribute notwithstanding a Profit or a Loss to the Company. This could cause the Members to be obligated to pay taxes in respect of Profits for which they do not receive corresponding cash distributions.

The Agreement provides that distributions, if any, will be made to Investors holding Units of record on each distribution date, whereas Company Profit and Loss will be earned ratably over the period of the Fiscal Year of the Company. Accordingly, Investors are advised that if Units are transferred, the transferor and the transferee may not receive distributions in the same ratios that the Profit and Loss giving rise to such distributions have been allocated.

MANAGEMENT

The Company's financial success will be primarily dependent upon the management and operation of the Company which shall be the responsibility of the Manager. The Manager will be Vintage Coins and Collectibles, a Division of Thomas Noe, Inc., an Ohio corporation. Thomas Noe, Inc. was formed in 1979. Since its date of organization, Thomas Noe, Inc. has engaged in the purchase and sale of rare coins and Related Materials. Vintage regularly provides advice to customers in connection with the purchase and sale of such coins. As with most coin dealers, the success of Vintage has been tied directly to the talents of its principal officers. The principal officers of Vintage and a brief biography of each of them follows:

Thomas W. Noe. Thomas Noe is the founder and President of Vintage Coins and Collectibles, located in Maumee, Ohio. He is a native of Bowling Green, Ohio and attended Bowling Green State University. Mr. Noe has been a full-time coin dealer since 1973 during which time he has worked in Greenville, South Carolina; New York; Boston; Miami; and since 1981, Toledo. Mr. Noe has been a member of the American Numismatic Association since 1971. In 1979, Mr. Noe became a member of the Professional Numismatists Guild ("PNG") and served on its Board of Directors from 1991 until 1993. Mr. Noe is a Charter Member of the Professional Coin Grading Service ("PCGS") and the Numismatic Guaranty Corporation ("NGC"). He is past chairman of the Industry Council for Tangible Assets and is an approved probate appraiser in Lucas County, Ohio.

Mr. Noe is also active in civics and the community. He has served on the Board of Regents of the Catholic University of America, Washington, D.C. and the Board of Trustees of Bowling Green State University. He has also served on the Board of Directors of Capital Bank, N.A., the Central City Ministry of Toledo, the St. Vincent Medical Center Foundation and the Executive Committee of the Bishop's Education

Council. He is past Chairman of the Board of Trustees of Lourdes College. Currently, he is serving on the Ohio Board of Regents and is a member of the Lucas County Board of Elections.

Timothy H. LaPointe. Mr. LaPointe is the Executive Vice President of Vintage Coins and Collectibles. Mr. LaPointe is a native of Chicago, Illinois and grew up in the San Fernando Valley in California. He and his family moved to Japan in 1960 where Mr. LaPointe graduated from Yamato High School in 1965. Mr. LaPointe returned to the United States in 1965 and in the mid to late 1960's, served in the military and attended Los Angeles Pierce College in Los Angeles, California. Mr. LaPointe began his career as a professional numismatist in 1974. He brings a wealth of knowledge and experience to his position as Executive Vice President of Vintage since he has served as Director of Wholesale and/or Retail Sales for some of the largest coin companies in the United States. Mr. LaPointe is currently responsible for the management of several hundred client portfolios at Vintage. Mr. LaPointe is a member of the Florida United Numismatists, the Central States Numismatic Society, as well as being a life member of the American Numismatic Association. Mr. LaPointe is a registered PNG Numismatist.

The Manager will direct the business of the Company, including supervision of operations and administration of the Company's affairs and other Company activities. All decisions as to the day to day operations of the Company will be made by the Manager. The Manager has exclusive authority in the exercise of such management and supervisory activities.

The Manager and its officers, directors and agents are indemnified in the Agreement by the Company against certain liabilities and expenses as a result of its actions taken as a Manager on behalf of the Company. The Manager will devote such time and shall employ and contract with such administrative, accounting, clerical, consulting and legal personnel as may be required properly to conduct the business affairs of the Company. In connection with services to be performed by the Manager regarding the operation of the Company, the Manager shall not receive a specified fee other than its percentage interest in the Profits and Losses of the Company. However, the Agreement provides that the Company shall reimburse the Manager for any General and Administrative Expenses incurred in connection with the Company.

PRIOR PERFORMANCE

As is mentioned elsewhere in this Confidential Memorandum, Vintage is one of the managers of Capital Coin Fund Limited, an Ohio limited liability company ("CCF"). The other manager of CCF is Delaware Valley Rare Coin Co., Inc. of Broomall, Pennsylvania. CCF was established in 1998 and was formed to engage in the same types of transactions as the Company.

Set forth below is information regarding the financial performance of CCF. It should be noted that CCF commenced operations as of April 1, 1998 and the information provided for that year has been provided on both an absolute and annualized basis. It also is important to note that to date CCF has distributed approximately 100% of its Profits in each year of operations such that the total assets of CCF have remained approximately \$25,000,000 as of the end of each fiscal year of operations. The Company has not yet received final reviewed financial information for 2000 from the accountants serving the Company and the information set forth below for 2000 is based upon internal financial statements.

Even though the intended business plan of the Company is similar to that of CCF, the returns for investors of CCF will not be the same as that for the Investors in the Company because of the different investments that will be made by the Company and the current and future economic conditions that will effect the Company differently than past conditions effected CCF.

<u>Year</u>	<u>Total Profits</u>	<u>Rate of Return</u>
1998 (Actual 4/1-12/31)	\$1,231,585	4.93%
<i>1998 (Annualized)</i>	<i>\$1,642,113</i>	<i>6.57%</i>
1999	\$1,015,844	4.06%
2000	\$1,053,606	4.21%

CONFLICTS OF INTEREST

In considering the risks and merits of an investment in the Company, prospective Investors should carefully consider the conflicts of interest hereinafter described.

The Company is subject to various conflicts of interest arising out of its relationship with the Manager and its respective Affiliates. Conflicts include, but are not limited to, the following:

1. The Manager is engaged, as a regular and customary part of its business, in the buying and selling of coins. It is anticipated that the Manager will purchase from and sell to the Company, a significant number of coins and Related Materials. Notwithstanding the fact that the Manager would engage in any such transactions based only upon fair market values including such fees and expenses customarily charged to its unaffiliated clients, a conflict of interest in this regard does exist and the Manager potentially could realize a personal benefit in regard to such transactions. It is the intent of the Manager that it will act as a "conduit" in regard to the purchase and sale of certain coins and numismatic materials. In such case, the Manager will charge the Company only its costs and expenses and will not be entitled to a profit on such transactions other than as a consequence of its ownership of an Interest in the Company. The terms and conditions in connection with such sales will not be subject to review by any independent third party and it will not be negotiated at arm's length, but will be determined solely by the Manager.
2. The Manager and its Affiliates may engage in other activities in connection with coins for their own account or the accounts of others. It also may engage in activities as part of a joint venture, limited liability company, general partnership or limited partnership. The Manager may serve as general partner, manager or member of other ventures, including other rare coin investment limited partnerships. Any such additional entity may have substantially similar roles to that of the Company and conflicts could arise between the Company, the Manager and any such other entity. Vintage and Delaware Valley Rare Coin Co., Inc. of Broomall, Pennsylvania currently are managers of Capital Coin Fund Limited, an Ohio limited liability company ("CCF"). CCF was established in 1998 and was formed to engage in the same types of transactions as the Company. Because of the similar business objectives of the Company and CCF, and the fact that each of these entities is managed, at least in part, by Vintage, conflicts of interest will exist which conflicts could be detrimental to the Company.
3. The Manager is authorized to designate the Company's "tax matters partner" who will have the authority to take certain actions on behalf of the Company. The possession of such authority by the Manager may involve a conflict of interest to the extent that the Manager's interests differs from the interest of the other Members.
4. The Investors, as a group, have not been represented by counsel. The Company and the Manager are not represented by separate counsel. The attorneys, accountants and other experts who will perform services for the Company all perform services for the Manager and their Affiliates and it is anticipated that such dual representation will continue in the future.

LEGAL

Certain legal matters in connection with the Units will be passed upon by Werner & Blank Co., L.P.A., 7205 West Central Avenue, Toledo, Ohio 43617, as counsel to the Company for this Offering.

REPORTS

On or before ninety (90) days after the end of each Fiscal Year, the Company will mail to each Member:

1. Such information as is necessary for the preparation by each Member of his Federal income tax return; and
2. Financial Statements prepared by the Company or the Accountants for the Company.

CONDITIONS PRECEDENT TO CLOSING OF THE OFFERING

The following are conditions precedent to the closing of this Offering:

1. Receipt of at least \$2,000,000 from the sale of Units.
2. Receipt by the Company of fully executed Subscription Agreements from each Member.
3. Receipt by the Company of fully executed signature pages to the Agreement from each Member and execution of the Acceptance on each by the Manager on behalf of the Company.
4. Receipt by the Company of the Capital Contribution of the Manager.

Capital Coin Fund Ltd.
 CCFI Inventory Purchases from VCC
 From March 1998 through May 2005
 Exhibit 3.1.3.1

CCFI Bank Acct.	Trans. No.	Type	Date	Chk No.	Memo	Use of Cash Analysis	
						Cash In/(Out)	Exhibit Nos.
1005 · National City Bank	5	General Journal	03/31/1998		Transfer	(\$ 1,375,000.00)	3.1.3.1.1
1005 · National City Bank	11	General Journal	04/10/1998		Transfer	(625,000.00)	3.1.3.1.2
1005 · National City Bank	40	General Journal	05/12/1998		Transfer	(250,000.00)	3.1.3.1.3
1005 · National City Bank	44	General Journal	06/23/1998		Transfer	(500,000.00)	3.1.3.1.4
1005 · National City Bank	426	Check	03/27/2003	1132		(60,000.00)	3.1.3.1.5
1005 · National City Bank	428	Check	04/11/2003	1133		(75,000.00)	3.1.3.1.6
1005 · National City Bank	457	Check	06/04/2003	1139		(300,000.00)	3.1.3.1.7
1005 · National City Bank	505	Check	08/15/2003	1149		(100,000.00)	3.1.3.1.8
1005 · National City Bank	532	Check	10/07/2003	1163		(800,000.00)	3.1.3.1.9
1005 · National City Bank	629	Check	03/12/2004	1187		(300,000.00)	3.1.3.1.10
1005 · National City Bank	655	Check	04/26/2004	1192		(100,000.00)	3.1.3.1.11
1005 · National City Bank	661	Check	05/04/2004	1194		(200,000.00)	3.1.3.1.12
1005 · National City Bank	663	Check	05/18/2004	1199		(160,000.00)	3.1.3.1.13
1005 · National City Bank	679	Check	06/01/2004	1205		(100,000.00)	3.1.3.1.14
1005 · National City Bank	733	Check	10/06/2004	1222		(60,000.00)	3.1.3.1.15
1005 · National City Bank	785	Check	12/23/2004	1238		(300,000.00)	3.1.3.1.16
Total VCC Inventory Purchases						<u>\$ (5,305,000.00)</u>	

Information source: CCFI Quickbook™ accounting records.

VCC Cash Receipt for March 31, 1998
 \$1,375,000 Inventory Purchase Transaction
 Use of Cash Analysis

Date Per. Check Register	Check #	Name	SOURCE/USE		
			Transaction Amount	Other Expenditures	To or On Behalf of Related Parties
			Total		Total Expenditures
3/25/98	3004	Dollar Towne	(62,600.00)	(62,600.00)	(62,600.00)
3/30/98	3380	Dillon Cage	(31,230.15)	(31,230.15)	(31,230.15)
3/30/98	3384	Darrel Breymaier	(56,400.00)	(56,400.00)	(56,400.00)
3/31/98	22338	David K. Carr II	(11,285.75)	(11,285.75)	(11,285.75)
3/31/98	22339	Priscilla A. Livingston	(658.42)	(658.42)	(658.42)
3/31/98	22340	Tom Noe	(665.06)	(665.06)	(665.06)
3/31/98	22341	Tim LaPointe	(2,097.62)	(2,097.62)	(2,097.62)
4/1/1998	3387	Thomas Noe	(1,662.97)	(1,662.97)	(1,662.97)
4/1/1998	3388	Paul Vesoulis	(135,000.00)	(135,000.00)	(135,000.00)
		Other Checks and Debits (less than \$10k)	(50,000.00)	(50,000.00)	(50,000.00)
			(68,071.57)	(68,071.57)	(68,071.57)
			(419,671.54)	(139,425.65)	(419,671.54)

Check Register Balance Prior to Deposit (419,671.54)
 Deposit 1,375,000.00
 Net Balance 955,328.46

Listing Scope: From Check Register - All activity > \$10k prior to deposit; and any Thomas Noe related checks; any payroll; any credit card payments clearing during this period.

Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks; any payroll; any credit card payments clearing during this period.

Date Per.	Check Register	Check #	Name	Transaction Amount	Other Expenditures	To or On Behalf of Related Parties	Total Expenditures
4/1/1998	3323	Nick Kinstle		(20,000.00)			(20,000.00)
4/1/1998	3389	Bill Dodge		(10,352.00)			(10,352.00)
4/1/1998	3391	NGE		(20,000.00)			(20,000.00)
4/1/1998	3393	Worldwide Ventures		(10,792.05)			(10,792.05)
4/1/1998	3394	Paul Vesoulis		(20,000.00)			(20,000.00)
4/1/1998	3395	Paul Vesoulis		(25,000.00)			(25,000.00)
4/1/1998	3398	Dollar Towne		(36,237.50)			(36,237.50)
4/1/1998		Debit Memo LOC Payment		(396,470.66)	(396,470.66)		(396,470.66)
4/2/1998	3014	NGE		(25,500.00)			(25,500.00)
4/2/1998	3015	NGE		(14,100.00)			(14,100.00)
4/2/1998	3325	NGE		(11,210.00)			(11,210.00)
4/3/1998	3020	Jim Bremer		(5,000.00)			(5,000.00)
4/3/1998	3021	John Bremer		(5,000.00)			(5,000.00)
4/3/1998	3022	Jim Bremer		(5,500.00)			(5,500.00)
4/3/1998	3023	John Bremer		(5,500.00)			(5,500.00)
4/3/1998	3028	Mid America Sports		(20,000.00)	(20,000.00)		(20,000.00)
4/3/1998		Wire Chris Knighton Village Bank of Florida		(116,648.69)	(116,648.69)		(116,648.69)
4/4/1998		Debit Memo LOC Payment		(50,000.00)			(50,000.00)
4/6/1998	3038	Thomas Noe		(83,000.00)	(83,000.00)		(83,000.00)
4/6/1998	3039	Shindler Neff		(2,757.63)	(2,757.63)		(2,757.63)
		Other Checks and Debits (less than \$10k)		(72,259.93)	(72,259.93)		(72,259.93)
				(405,857.80)	(549,470.66)		(955,328.46)
				(686,103.69)	(686,896.31)		(1,375,000.00)
				49.9%	50.1%		100.0%

Net (955,328.46)

Legend:	Other Expenditures	To or On Behalf of Related Parties
	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund, Ltd.
VCC Cash Receipt for April 10, 1998
\$625,000 Inventory Purchase Transaction
Use of Cash Analysis

Date Per- Check Register	Check #	Name	Other Comments	SOURCE/USE			
				Transaction Amount	Total	To or On Behalf of Related Parties	Total Expenditures
<i>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period.</i>							
4/8/1998	3062	Dollar Towne		(56,520.86)			(56,520.86)
4/8/1998	3062	NGE	(64,350.00) Partial Allocation	(27,850.00)			(27,850.00)
4/9/1998	3066	Mary Lee Stroh		(27,800.00)			(27,800.00)
		Other Checks and Debits (less than \$10k)		(11,361.00)			(11,361.00)
				(123,531.86)			(123,531.86)
4/10/1998	Transfer	CCFI	Check Register Balance Prior to Deposit	(123,531.86)			
			Deposit	625,000.00			
			Net		501,468.14		
<i>Listing Scope: From Check Register Activity > \$10k after deposit, and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period.</i>							
4/10/1998	3070	DVRC		(30,550.00)		(30,550.00)	(30,550.00)
4/10/1998	3072	National City Bank - interest		(3,232.79)		(3,232.79)	(3,232.79)
4/13/1998	3077	NRS Partnership		(3,000.00)		(3,000.00)	(3,000.00)
4/13/1998	3081	Old Kent Bank		(25,000.00)		(25,000.00)	(25,000.00)
4/13/1998	3082	Doug Donnell		(10,000.00)		(10,000.00)	(10,000.00)
4/14/1998	3090	National City Bank		(553.13)		(553.13)	(553.13)
4/14/1998	3092	Gil Bucholz		(50,000.00)		(50,000.00)	(50,000.00)
4/14/1998	3097	Schwab Institutional		(85,000.00)		(85,000.00)	(85,000.00)
4/14/1998	3100	NGE		(26,000.00)		(26,000.00)	(26,000.00)
4/15/1998	3101	Tom Noe		(6,000.00)		(6,000.00)	(6,000.00)
4/15/1998	3102	Tim LaPointe		(6,000.00)		(6,000.00)	(6,000.00)
4/15/1998	3103	Beth LaPointe		(6,165.42)		(6,165.42)	(6,165.42)
4/15/1998	22385	National City Bank		(3,097.94)		(3,097.94)	(3,097.94)
4/15/1998	22389	Tom Noe		(2,074.62)		(2,074.62)	(2,074.62)
4/15/1998	22390	Tim LaPointe		(548.03)		(548.03)	(548.03)
4/15/1998	22394	Vorys, Sater, Seymour & Pease, LLP		(1,979.00)		(1,979.00)	(1,979.00)
4/15/1998	22397	David K. Carr II		(16,500.00)		(16,500.00)	(16,500.00)
4/16/1998	3106	ASI		(768.32)		(768.32)	(768.32)
4/16/1998	22388	Priscilla A. Livingston		(134,609.42)		(134,609.42)	(134,609.42)
4/20/1998	3113	Numismatic Investors Limited Partnership		(42,389.47)		(42,389.47)	(42,389.47)
		Other Checks and Debits (less than \$10k)	(200,000.00) Partial Allocation				
				(232,416.50)		(232,416.50)	(232,416.50)
			Net		(501,468.14)		
				(355,948.36)		(269,051.64)	(625,000.00)
				57.0%		43.0%	100.0%

Legend:	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
Other Expenditures	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund, Ltd.
VCC Cash Receipt for May 12, 1998
\$250,000 Inventory Purchase Transaction
Use of Cash Analysis

Exhibit 3.1.3.1.3

		SOURCE / (USE)				
Date Per Check Register	Check #	Name	Transaction Amount	Total	To or On Behalf of Related Parties	Total Expenditures
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
		Other Checks and Debits (less than \$10k)	(2,016.16)	(2,016.16)		(2,016.16)
		Check Register Balance Prior to Deposit	(2,016.16)			(2,016.16)
		Deposit	250,000.00			(2,016.16)
		Net Balance		247,983.84		
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
5/19/1998	3248	American Express	(2,937.79)			(2,937.79)
5/13/1998	Wire	Dollar Towne	(62,500.00)			(62,500.00)
5/13/1998	3233	National City Term Loan	(8,510.92)			(8,510.92)
5/15/1998	Other	Net Payroll 4/30/1998	(8,872.06)		(8,510.92)	(8,872.06)
5/15/1998	Other	Gross Payroll 5/15/1998	(21,869.87)			(21,869.87)
5/19/1998	3249	American Express	(2,939.79)			(2,939.79)
5/21/1998	3258	Capital Coin Fund	(5,000.00)		(5,000.00)	(5,000.00)
5/26/1998	3267	National City Loan 9810100389	(1,112.57)		(1,112.57)	(1,112.57)
5/26/1998	3268	National City Loan 005-00-6048-2	(409.03)		(409.03)	(409.03)
5/27/1998	3272	George Urschel Jr.	(15,000.00)			(15,000.00)
5/27/1998	3275	J Management	(12,000.00)			(12,000.00)
5/30/1998	Other	Payroll 5/30/1998	(16,442.75)			(16,442.75)
		Other Checks and Debits (less than \$10k)	(90,389.06)			(90,389.06)
		Net		(247,983.84)		
					(15,032.52)	(250,000.00)
					94.0%	100.0%
					6.0%	

<u>Legend:</u>	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
Other Expenditures	
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund, Ltd.
VCC Cash Receipt for June 23, 1998
\$500,000 Inventory Purchase Transaction
Use of Cash Analysis

Exhibit 3.1.3.1.4

		SOURCE/(USE)						
Date Per Check Register	Check #	Name	Other Comments	Transaction Amount	Total	Other Expenditures	To or On Behalf of Related Parties	Total Expenditures
6/23/1998			Check Register Balance Prior to Deposit	843.64	42,990.77			
				42,147.13				
					500,000.00			
6/23/1998	Transfer	CCFI	Deposit		542,990.77			
			Net Balance					
<p><u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u></p>								
6/23/1998	3417	Numismatic Invest LP		(207,009.23)	(207,009.23)		(207,009.23)	(207,009.23)
6/25/1998	3433	National City Bank	Loan Payoff	(275,350.16)	(275,350.16)		(275,350.16)	(275,350.16)
		Other Checks and Debits (less than \$10k)		(17,640.61)	(17,640.61)	(17,640.61)	(482,359.39)	(17,640.61)
					(500,000.00)		(482,359.39)	(500,000.00)
			Net		42,990.77	3.5%	96.5%	100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund, Ltd.
 VCC Cash Receipt for March 27, 2003
 \$60,000 Inventory Payment Transaction
 Use of Cash Analysis

			SOURCE / (USE)			
<u>Date Per Check Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction Amount</u>	<u>Other Expenditures</u>	<u>To or On Behalf of Related Parties</u>	<u>Total Expenditures</u>
3/27/2003	1132	CCFI	4,975.94			
		Check Register Balance Prior to Deposit	60,000.00			
		Deposit				
		Net Balance	64,975.94			
3/27/2003	11040	Sid Music	(5,024.06)	(5,024.06)		(5,024.06)
3/28/2003	11042	Dollar Towne	(21,198.00)	(21,198.00)		(21,198.00)
3/31/2003	11062	American Express	(7,311.45)	(7,311.45)		(7,311.45)
3/31/2003	Other	Payroll	(7,810.94)	(7,810.94)		(7,810.94)
		(16,543.34) Partial Allocation				
		Other Checks and Debits (less than \$10k)	(18,655.55)	(18,655.55)	-	(18,655.55)
				(60,000.00)		(60,000.00)
				(60,000.00)		(60,000.00)
				100.0%	0.0%	100.0%

Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund, Ltd.
 VCC Cash Receipt for April 11, 2003
 \$75,000 Inventory Payment Transaction
 Use of Cash Analysis

Exhibit 3.1.3.1.6

		SOURCE / (USE)					
Date Per- Check Register	Check #	Name	Transaction Amount	Total	Other Expenditures	To or On Behalf of Related Parties	Total Expenditures
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit, and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period.</u>							
4/11/2003	11103	Nick Giovanucci	(6,451.65)			(6,451.65)	(6,451.65)
4/11/2003	11104	T Noe	(25,000.00)			(25,000.00)	(25,000.00)
		Other Checks and Debits (less than \$10k)	-	(31,451.65)		-	(31,451.65)
<u>Check Register Balance Prior to Deposit</u>							
4/11/2003	1133	CCFI	(31,451.65)				
		Deposit	75,000.00				
		Net Balance		43,548.35			
<u>Listing Scope: From Check Register Activity > \$10k after deposit, and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period.</u>							
4/11/2003	11108	Dollar Towne	(20,220.00)		(20,220.00)		(20,220.00)
4/14/2003	11111	NRS	(3,000.00)			(3,000.00)	(3,000.00)
4/14/2003	11123	US Senior Open	(3,591.35)			(3,591.35)	(3,591.35)
		(41,875.00) Partial Allocation					
		Other Checks and Debits (less than \$10k)	(16,737.00)		(16,737.00)		(16,737.00)
		Net		(43,548.35)	(36,957.00)	(6,591.35)	(43,548.35)
				-	(36,957.00)	(38,043.00)	(75,000.00)
					49.3%	50.7%	100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund, Ltd.
 VCC Cash Receipt for June 4, 2003
 \$300,000 Inventory Payment Transaction
 Use of Cash Analysis

Date Per. Check Register	Check #	Name	SOURCE / (USE)		
			Transaction Amount	Other Expenditures	To or On Behalf of Related Parties
			<u>Total</u>		<u>Total Expenditures</u>
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit, and</u>					
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>					
5/30/2003	11322	John Brener	(7,500.00)	(7,500.00)	(7,500.00)
5/30/2003	11323	Jim Brener	(7,500.00)	(7,500.00)	(7,500.00)
5/30/2003	11324	John Brener	(7,500.00)	(7,500.00)	(7,500.00)
5/30/2003	11325	Jun Brener	(7,500.00)	(7,500.00)	(7,500.00)
5/30/2003	11326	Wally Edwards	(9,500.00)	(9,500.00)	(9,500.00)
6/2/2003	11328	Ray Miller	(17,010.00)	(17,010.00)	(17,010.00)
6/2/2003	11332	NCS	(20,000.00)	(20,000.00)	(20,000.00)
6/3/2003	11342	Mike Myers	(60,000.00)	(60,000.00)	(60,000.00)
6/3/2003	11343	Matt Molnar	(20,000.00)	(20,000.00)	(20,000.00)
6/3/2003	11351	Manera, Tordella, & Brooks	(13,355.00)	(13,355.00)	(13,355.00)
		Other Checks and Debits (less than \$10k)	(20,169.97)	(20,169.97)	(20,169.97)
			(190,034.97)	(100,534.97)	(190,034.97)
6/4/2003	1139	CCFI	(190,034.97)		
		Check Register Balance Prior to Deposit	300,000.00		
		Deposit			
		Net Balance	109,965.03		
<u>Listing Scope: From Check Register Activity > \$10k after deposit, and</u>					
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>					
6/5/2003	11362	T Noe	(25,000.00)	(25,000.00)	(25,000.00)
6/5/2003	Other	LOC Paydown	(81,005.03)	(81,005.03)	(81,005.03)
		Other Checks and Debits (less than \$10k)	(3,960.00)	(3,960.00)	(3,960.00)
			(109,965.03)	(106,005.03)	(109,965.03)
			(104,494.97)	(195,505.03)	(300,000.00)
			34.8%	65.2%	100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund, Ltd.
 VCC Cash Receipt for August 15, 2003
 \$100,000 Inventory Payment Transaction
 Use of Cash Analysis

Exhibits 3.1.3.1.8

Date Per Check Register	Check #	Name	SOURCE / (USE)					
			Transaction Amount	Total	Other Expenditures	To or On Behalf of Related Parties	Total Expenditures	
8/15/2003	1149	Check Register Balance Prior to Deposit	45,074.21					
		CCFI Deposit	100,000.00					
		Net Deposit		145,074.21				
8/15/2003	11688	CCF	(80,466.83)		(80,466.83)			(80,466.83)
8/25/2003	11700	Appliance Center	(13,315.72)		(13,315.72)			(13,315.72)
		Other Checks and Debits (less than \$10k)	(6,217.45)		(6,217.45)	(6,217.45)		(6,217.45)
				(100,000.00)		(6,217.45)	(93,782.55)	(100,000.00)
				45,074.21		(6,217.45)	(93,782.55)	(100,000.00)
						6.2%	93.8%	100.0%

Listing Scope: From Check Register Activity > \$10k after deposit, and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund, Ltd.
 VCC Cash Receipt for October 7, 2003
 \$800,000 Inventory Payment Transaction
 Use of Cash Analysis

Exhibit 3.1.3.1.9

<u>Date Per</u> <u>Check</u> <u>Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction</u> <u>Amount</u>	<u>SOURCE / (USE)</u>		
				<u>Other</u> <u>Expenditures</u>	<u>To or On Behalf</u> <u>of Related</u> <u>Parties</u>	<u>Total</u> <u>Expenditures</u>
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and</u>						
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
10/1/2003	11922	Henry Gailliot	(735,185.61)		(735,185.61)	(735,185.61)
10/1/2003	11923	Henry Gailliot	(15,000.00)		(15,000.00)	(15,000.00)
		Other Checks and Debits (less than \$10k)	(5,200.00)	(5,200.00)		(5,200.00)
				(5,200.00)	(755,185.61)	(755,385.61)
10/7/2003	1163	CCFI	(755,385.61)			(755,385.61)
		Check Register Balance Prior to Deposit	800,000.00			
		Deposit				44,614.39
		Net Balance				
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and</u>						
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
10/7/2003	11932	T Noe	(15,000.00)		(15,000.00)	(15,000.00)
10/10/2003	11941	NRS	(3,000.00)		(3,000.00)	(3,000.00)
10/10/2003	11955	T Noe	(10,477.97)		(10,477.97)	(10,477.97)
		Other Checks and Debits (less than \$10k)	(16,136.42)	(16,136.42)		(16,136.42)
				(16,136.42)	(28,477.97)	(44,614.39)
				(21,336.42)	(778,663.58)	(800,000.00)
				2.7%	97.3%	100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund, Ltd.
 VCC Cash Receipt for March 12, 2004
 \$300,000 Inventory Purchase Transaction
 Use of Cash Analysis

		SOURCE/(USE)								
<u>Date Per</u>	<u>Check</u>	<u>Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction</u>	<u>Amount</u>	<u>Total</u>	<u>Other</u>	<u>To or On Behalf</u>	<u>Total</u>
								<u>Expenditures</u>	<u>of Related</u>	<u>Expenditures</u>
									<u>Parties</u>	<u>Expenditures</u>
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and</u>										
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>										
3/1/2004	12674			Henry Gailliot	(550,000.00) Partial Allocation	(170,898.50)			(170,898.50)	(170,898.50)
3/1/2004	12675			Henry Gailliot		(24,750.00)			(24,750.00)	(24,750.00)
3/10/2004	12686			NRS Partnership		(3,000.00)			(3,000.00)	(3,000.00)
3/10/2004	12687			NGE		(10,000.00)		(10,000.00)		(10,000.00)
3/10/2004	12688			NGE		(9,600.00)		(9,600.00)		(9,600.00)
3/10/2004	12689			NGE		(10,000.00)		(10,000.00)		(10,000.00)
3/10/2004	12690			NGE		(10,000.00)		(10,000.00)		(10,000.00)
3/10/2004	12691			NGE		(10,000.00)		(10,000.00)		(10,000.00)
3/10/2004	12692			NGE		(9,400.00)		(9,400.00)		(9,400.00)
3/10/2004	12693			NGE		(14,750.00)		(14,750.00)		(14,750.00)
3/10/2004	12696			Tom Noe		(20,000.00)			(20,000.00)	(20,000.00)
				Other uses Checks less (than \$10K)		(7,601.50)		(7,601.50)	(20,000.00)	(27,601.50)
							(300,000.00)	(81,351.50)	(218,648.50)	(300,000.00)
3/12/2004	1187			CCFI	Deposit	300,000.00				300,000.00
3/12/2004	Other			Deposit	Check Register Balance Prior to Deposit	13,169.65				13,169.65
						(324,268.14)				(324,268.14)
						(11,098.49)				(11,098.49)
				Net					27.1%	72.9%
										100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have otherwise not been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund, Ltd.
VCC Cash Receipt for April 26, 2004
\$100,000 Inventory Purchase Transaction
Use of Cash Analysis

Exhibit 3.1.3.1.11

SOURCE/(USE)

<u>Date Per</u> <u>Check</u> <u>Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction</u> <u>Amount</u>	<u>Total</u>	<u>Other</u> <u>Expenditures</u>	<u>To or On</u> <u>Behalf of</u> <u>Related Parties</u>	<u>Total</u> <u>Expenditures</u>
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and</u> any Thomas Noe related checks, any payroll, any credit card payments clearing during this period							
4/21/2004	Wire	Texas Numismatic Investments, Inc.	(59,475.01)			(59,475.01)	(59,475.01)
4/23/2004	12920	Nick Giovanucci	(20,000.00)			(20,000.00)	(20,000.00)
4/23/2004	12925	T. Noe	(15,000.00)			(15,000.00)	(15,000.00)
		Other Checks and Debits (less than \$10k)	(5,524.99)		(5,524.99)		(5,524.99)
				(100,000.00)		(94,475.01)	(100,000.00)
4/26/2004	1192	CCFI		(111,056.91)			
		Check Register Balance Prior to Deposit		100,000.00			
		Deposit		(11,056.91)			
		Net Balance					
		Net		(11,056.91)	(5,524.99)	(94,475.01)	(100,000.00)
					5.5%	94.5%	100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Exhibit 3.1.3.1.12
 Capital Coin Fund, Ltd.
 VCC Cash Receipt for May 4, 2004
 \$200,000 Inventory Purchase Transaction
 Use of Cash Analysis

Date Per Check Register	Check #	Name	SOURCE/(USE)			
			Transaction Amount	Total	Other Expenditures	To or On Behalf of Related Parties
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
4/28/2004	12957	Jim Badertscher	(7,101.00)	(7,101.00)	(7,101.00)	(7,101.00)
4/29/2004	Other	Precision Payroll	(16,910.62)	(16,910.62)	(11,812.14)	(5,098.48)
4/30/2004	12961	Jim Badertscher	(12,000.00)	(12,000.00)	(12,000.00)	(12,000.00)
4/30/2004	12966	Nick Gio	(15,000.00)	(15,000.00)	(15,000.00)	(15,000.00)
5/3/2004	12979	Jim Badertscher	(7,800.00)	(7,800.00)	(7,800.00)	(7,800.00)
Other Checks and Debits (less than \$10k)			(11,623.01)	(11,623.01)	(11,623.01)	(11,623.01)
			(70,434.63)	(70,434.63)	(50,336.15)	(20,098.48)
5/4/2004	1194	CCFI	(70,434.63)	(70,434.63)	(70,434.63)	(70,434.63)
Check Register Balance Prior to Deposit			200,000.00	200,000.00		
Net Balance				129,565.37		
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
5/1/2004	12983	Ed Webb	(83,673.25)	(83,673.25)	(83,673.25)	(83,673.25)
5/4/2004	12984	Jim Badertscher	(11,700.00)	(11,700.00)	(11,700.00)	(11,700.00)
5/6/2004	13004	Jim Badertscher	(13,126.00)	(13,126.00)	(13,126.00)	(13,126.00)
5/10/2004	13011	Nick Gio	(8,147.12)	(8,147.12)	(8,147.12)	(8,147.12)
Other Checks and Debits (less than \$10k)			(12,919.00)	(12,919.00)	(12,919.00)	(12,919.00)
			(129,565.37)	(129,565.37)	(37,745.00)	(91,820.37)
Net				-	(88,081.15)	(111,918.85)
				44.0%	56.0%	100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund, Ltd.
VCC Cash Receipt for May 18, 2004
\$160,000 Inventory Purchase Transaction
Use of Cash Analysis

Exhibit 3.1.3.1.13

SOURCE/USE

<u>Date Per. Check Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction Amount</u>	<u>Total</u>	<u>Other Expenditures</u>	<u>To or On Behalf of Related Parties</u>	<u>Total Expenditures</u>
<u>Listing Scope: From Check Register.- All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
5/3/2004	13035	Betty Gordon	(11,895.55)		(11,895.55)		(11,895.55)
5/3/2004	13036	Betty Gordon	(69,700.00)		(69,700.00)		(69,700.00)
5/17/2004	13039	MastroNet	(25,000.00)		(25,000.00)		(25,000.00)
5/17/2004	13051	American Express	(5,840.70)		(5,840.70)		(5,840.70)
		Other Checks and Debits (less than \$10k)	(16,456.77)	(128,893.02)	(16,456.77)	-	(16,456.77)
					(128,893.02)		(128,893.02)
5/18/2004	1199	CCFI	(128,893.02)				
			160,000.00	31,106.98			
							Net Balance
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
5/18/2004	13061	Tom Noe	(8,000.00)			(8,000.00)	(8,000.00)
5/20/2004	13070	Phil Herres	(7,201.65)		(7,201.65)		(7,201.65)
							(11,674.00) Partial Allocation
		Other Checks and Debits (less than \$10k)	(15,905.33)		(15,905.33)		(15,905.33)
				(31,106.98)	(23,106.98)	(8,000.00)	(31,106.98)
		Net		-	(152,000.00)	(8,000.00)	(160,000.00)
					95.0%	5.0%	100.0%

<u>Legend:</u>	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund, Ltd.
 VCC Cash Receipt for June 1, 2004
 \$100,000 Inventory Purchase Transaction
 Use of Cash Analysis

Date Per Check Register	Check #	Name	SOURCE/(USE)			
			Transaction Amount	Total	Other Expenditures	To or On Behalf of Related Parties
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and</u> any Thomas Noe related checks, any payroll, any credit card payments clearing during this period						
5/26/2004	13104	MastroNet	(23,251.37)	(23,251.37)	(23,251.37)	(23,251.37)
5/27/2004	Other	Precision Payroll	(16,899.22)	(16,899.22)	(11,800.74)	(5,098.48)
5/28/2004	13114	Tom Noe	(32,729.15)	(32,729.15)	(32,729.15)	(32,729.15)
		Other Checks and Debits (less than \$10k)	(17,768.32)	(17,768.32)	(17,768.32)	(17,768.32)
			(90,648.06)	(90,648.06)	(52,820.43)	(37,827.63)
6/1/2004		Check Register Balance Prior to Deposit	(90,648.06)			
6/1/2004	1205	CCFI Deposit	100,000.00			
		Net Balance		9,351.94		
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and</u> any Thomas Noe related checks, any payroll, any credit card payments clearing during this period						
6/1/2004	13115	Michael Szabo	(1,576.00)		(1,576.00)	(1,576.00)
6/1/2004	Other	National City Commercial Loan	(1,506.94)		(1,506.94)	(1,506.94)
6/1/2004	13117	CCFII	(2,200.00)		(2,200.00)	(2,200.00)
6/1/2004	13123	DL II, Inc.	(1,140.16)		(1,140.16)	(1,140.16)
		Other Checks and Debits (less than \$10k)	(2,928.84)		(2,928.84)	(2,928.84)
		Net	(9,351.94)	(9,351.94)	(5,645.00)	(3,706.94)
					(58,465.43)	(41,534.57)
					58.5%	41.5%
						100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund, Ltd.
VCC Cash Receipt for October 6, 2004
\$60,000 Inventory Purchase Transaction
Use of Cash Analysis

Exhibit 3.1.3.1.15

SOURCE/USE

<u>Date Per.</u>	<u>Check</u>	<u>Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction</u>	<u>Amount</u>	<u>Total</u>	<u>Other</u>	<u>Expenditures</u>	<u>To or On</u>	<u>Behalf of</u>	<u>Related</u>	<u>Parties</u>	<u>Total</u>	
								<u>Expenditures</u>		<u>Parties</u>		<u>Expenditures</u>		<u>Expenditures</u>	
<u>Listing Scope: From Check Register- All activity > \$10k prior to deposit; and</u>															
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>															
9/28/2004			13736	Gary Sallee	(2,771.47) Partial Allocation	(654.27)		(654.27)						(654.27)	
9/30/2004			Other	Precision Payroll		(16,456.00)		(10,892.52)		(5,563.48)				(16,456.00)	
10/1/2004			Other	National City Commercial Loan		(1,810.42)				(1,810.42)				(1,810.42)	
10/1/2004			13752	RCE		(1,475.41)				(1,475.41)				(1,475.41)	
10/4/2004			13758	NGE		(4,000.00)		(4,000.00)						(4,000.00)	
10/4/2004			13759	NGE		(4,000.00)		(4,000.00)						(4,000.00)	
10/4/2004			13760	NGE		(3,400.00)		(3,400.00)						(3,400.00)	
10/5/2004			13764	RCE		(1,000.00)				(1,000.00)				(1,000.00)	
10/5/2004			13765	RCE	(10,000.00) Partial Allocation	(8,888.22)				(8,888.22)				(8,888.22)	
				Other Checks and Debits (less than \$10k)		(18,315.68)		(18,315.68)						(18,315.68)	
							(60,000.00)							(60,000.00)	
10/6/2004				Check Register Balance Prior to Deposit			(121,367.93)								
				Deposit			35.00								
10/6/2004			1222	CCFI			60,000.00								
				Net Balance			(61,332.93)								
				Net			(61,332.93)								
								68.8%							
														31.2%	
														100.0%	

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund, Ltd. & Capital Coin Fund II, Ltd.
VCC Cash Receipt for December 22-23, 2004
\$300,000 Inventory Sale Transaction, \$300,000 Profit Distribution
Use of Cash Analysis

Exhibit 3.1.3.1.16

SOURCE/USE

<u>Date Per.</u> <u>Check</u> <u>Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction</u> <u>Amount</u>	<u>Total</u>	<u>Other</u> <u>Expenditures</u>	<u>To or On</u> <u>Behalf of</u> <u>Related</u> <u>Parties</u>	<u>Total</u> <u>Expenditures</u>
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and</u> any Thomas Noe related checks, any payroll, any credit card payments clearing during this period							
12/21/2004	14174	Tom Noe - Directors Fee	(8,983.78)	(8,983.78)	-	(8,983.78)	(8,983.78)
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and</u> any Thomas Noe related checks, any payroll, any credit card payments clearing during this period							
12/22/2004	1217	CCFH	(8,983.78)	(8,983.78)			
12/23/2004		Check Register Balance Prior to Deposit	300,000.00				
12/23/2004	1238	CCFI	300,000.00	591,016.22			
		Net Balance					
12/23/2004	14178	Duane Spangler	(15,000.00)		(15,000.00)		(15,000.00)
12/23/2004	14183	Presidential Coin	(12,552.25)		(12,552.25)		(12,552.25)
12/23/2004	14184	Craig A. Whitford	(11,557.50)		(11,557.50)		(11,557.50)
12/23/2004	14185	MastroNet	(29,495.20)		(29,495.20)		(29,495.20)
12/24/2004	Wire	Assets Strategies International, Inc.	(311,875.14)		(311,875.14)		(311,875.14)
12/27/2004	Other	Commercial Loan Payment	(100,000.00)		(100,000.00)		(100,000.00)
12/29/2004	Other	Precision Payroll	(61,124.15)		(61,124.15)		(61,124.15)
		Other Checks and Debits (less than \$10k)	(49,411.98)		(49,411.98)		(49,411.98)
				(591,016.22)		(478,463.97)	(591,016.22)
		Net		-		(478,463.97)	(600,000.00)
						79.7%	100.0%
						20.3%	

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties"
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Limited
 CCFII Inventory Purchases from VCC
 From July 2001 through May 2005
 Exhibit 3.1.3.2

CCFII Cash Acct	Trans. No.	Type	Date	Chk No.	Memo	Other Acct	Cash In/(Out)	Use of Cash Analysis Exhibit Nos.
1005 - National City Bank	3	Check	08/01/2001	102		Coin Purchases	(2,000,000.00)	3.1.3.2.1
1005 - National City Bank	38	Check	10/15/2001	1009		Coin Purchases	(200,000.00)	3.1.3.2.2
1005 - National City Bank	63	Check	11/14/2001	1018		Coin Purchases	(150,000.00)	3.1.3.2.3
1005 - National City Bank	89	Check	12/18/2001	1025		Coin Purchases	(56,600.00)	3.1.3.2.4
1005 - National City Bank	102	Check	12/31/2001	1028		Coin Purchases	(700,000.00)	3.1.3.2.5
1005 - National City Bank	126	Check	01/31/2002	1034		Advance Purchases	(100,000.00)	3.1.3.2.6
1005 - National City Bank	142	Check	02/14/2002	1037		Advance Purchases	(100,000.00)	3.1.3.2.7
1005 - National City Bank	151	General Journal	02/27/2002		Transfer to Vintage per Jeanne	Advance Purchases	(342,000.00)	3.1.3.2.8
1005 - National City Bank	205	Check	05/01/2002	1047		Advance Purchases	(150,000.00)	3.1.3.2.9
1005 - National City Bank	231	Check	05/22/2002	1052		Advance Purchases	(75,000.00)	3.1.3.2.10
1005 - National City Bank	341	Check	08/29/2002	1069		Coin Purchases	(100,000.00)	3.1.3.2.11
1005 - National City Bank	422	Check	12/19/2002	1091		Coin Purchases	(120,000.00)	3.1.3.2.12
1005 - National City Bank	431	Check	12/30/2002	1095		Advance Purchases	(50,000.00)	3.1.3.2.13
1005 - National City Bank	434	Check	12/31/2002	1096		Coin Purchases	(200,000.00)	3.1.3.2.14
1005 - National City Bank	453	Check	01/31/2003	1102		Coin Purchases	(100,000.00)	3.1.3.2.15
1005 - National City Bank	468	Check	02/21/2003	1107		Coin Purchases	(97,500.00)	3.1.3.2.16
1005 - National City Bank	476	Check	03/03/2003	1109		Coin Purchases	(500,000.00)	3.1.3.2.17
1005 - National City Bank	491	Check	03/17/2003	1113		Coin Purchases	(50,000.00)	3.1.3.2.18
1005 - National City Bank	498	Check	04/07/2003	1117		Coin Purchases	(150,000.00)	3.1.3.2.19
1005 - National City Bank	505	Check	04/16/2003	1119		Coin Purchases	(75,000.00)	3.1.3.2.20
1005 - National City Bank	518	Check	05/12/2003	1121		Coin Purchases	(100,000.00)	3.1.3.2.21
1005 - National City Bank	526	Check	05/29/2003	1126		Coin Purchases	(150,000.00)	3.1.3.2.22
1005 - National City Bank	563	Check	06/30/2003	1134		Coin Purchases	(125,000.00)	3.1.3.2.23
1005 - National City Bank	573	Check	07/15/2003	1136		Coin Purchases	(200,000.00)	3.1.3.2.24
1005 - National City Bank	618	Check	09/10/2003	1143		Coin Purchases	(200,000.00)	3.1.3.2.25
1005 - National City Bank	729	Check	02/10/2004	1173		Coin Purchases	(100,000.00)	3.1.3.2.26
1005 - National City Bank	742	Check	02/26/2004	1177		Coin Purchases	(200,000.00)	3.1.3.2.27
1005 - National City Bank	747	Check	03/08/2004	1178		Coin Purchases	(5,440.00)	Under \$10,000,
								Not Scheduled
1005 - National City Bank	767	Check	04/15/2004	1183		Coin Purchases	(125,000.00)	3.1.3.2.28
1005 - National City Bank	813	Check	07/19/2004	1194		Coin Purchases	(50,000.00)	3.1.3.2.29
1005 - National City Bank	838	Check	09/20/2004	1198		Coin Purchases	(100,000.00)	3.1.3.2.30
1005 - National City Bank	861	Check	11/03/2004	1207		Coin Purchases	(100,000.00)	3.1.3.2.31
1005 - National City Bank	880	Check	12/09/2004	1216		Coin Purchases	(100,000.00)	3.1.3.2.32
					Total Inventory Purchases from VCC		<u>\$ (6,871,540.00)</u>	

Information source: CCFII Quickbook™ accounting records.

VCC Cash Receipt for August 1, 2001
 \$2,000,000 Inventory Purchase Transaction
 Use of Cash Analysis

Date Per Check Register	Check #	Name	Other Comments	Transaction Amount	SOURCE / USE		Total
					Other Expenditures	To or On Behalf of Related Parties	
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit, and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period.</u>							
7/31/2001	8561	CCFII	THIS IS THE VCC CAPITAL CONTRIBUTION TO CFII	(10,000.00)		(10,000.00)	(10,000.00)
7/31/2001			Other Checks and Debits (less than \$10k)	(7,636.56)		(7,636.56)	(7,636.56)
8/1/2001	102	CCFII	Check Register Balance Prior to Deposit	2,000,000.00		(10,000.00)	(7,636.56)
<u>Listing Scope: From Check Register. Activity > \$10k after deposit, and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period.</u>							
8/1/2001	8566	CCF		(162,000.00)		(162,000.00)	(162,000.00)
8/1/2001	8567	RCE		(26,000.00)		(26,000.00)	(26,000.00)
8/1/2001	8568	RCE		(175,000.00)		(175,000.00)	(175,000.00)
8/1/2001	8569	2003 US Senior Open		(17,500.00)		(17,500.00)	(17,500.00)
8/1/2001			Debit Memo National City Bank Line of Credit	(393,000.00)		(393,000.00)	(393,000.00)
8/2/2001	8573	Doug Donnell		(17,850.00)		(17,850.00)	(17,850.00)
8/2/2001	8574	Ron June		(4,500.00)		(4,500.00)	(4,500.00)
8/2/2001	8575	Beth June		(4,500.00)		(4,500.00)	(4,500.00)
8/4/2001	8710	Frank J. Gralak, Jr.		(4,005.00)		(4,005.00)	(4,005.00)
8/7/2001	8616	National City Bank		(2,470.48)		(2,470.48)	(2,470.48)
8/7/2001	8619	Bridgette Jones		(2,096.00)		(2,096.00)	(2,096.00)
8/7/2001	8620	Arrnie Jones		(2,096.00)		(2,096.00)	(2,096.00)
8/8/2001	8621	Murray Seantner		(15,000.00)		(15,000.00)	(15,000.00)
8/9/2001	8584	Harry E. Jones		(11,510.00)		(11,510.00)	(11,510.00)
8/9/2001	8586	NGE		(18,750.00)		(18,750.00)	(18,750.00)
8/9/2001	8587	NGE		(12,000.00)		(12,000.00)	(12,000.00)
8/9/2001	8588	NGE		(12,000.00)		(12,000.00)	(12,000.00)
8/9/2001	8589	NGE		(13,300.00)		(13,300.00)	(13,300.00)
8/10/2001	8591	Robert B. Lecce Numismatist Inc		(16,000.00)		(16,000.00)	(16,000.00)
8/10/2001	8593	Robert B. Lecce Numismatist Inc		(11,400.00)		(11,400.00)	(11,400.00)
8/10/2001	8594	Robert B. Lecce Numismatist Inc		(5,250.00)		(5,250.00)	(5,250.00)
8/10/2001	8595	DVRC		(9,800.00)		(9,800.00)	(9,800.00)
8/10/2001	8597	Robert B. Lecce Numismatist Inc		(19,000.00)		(19,000.00)	(19,000.00)
8/13/2001	8598	Dillon Gage		(37,368.10)		(37,368.10)	(37,368.10)
8/13/2001	8627	NRS Partnership		(3,000.00)		(3,000.00)	(3,000.00)
8/15/2001	8602	RCE		(8,740.00)		(8,740.00)	(8,740.00)
8/20/2001	8630	Laura E. Panichi		(32,000.00)		(32,000.00)	(32,000.00)
8/20/2001	8638	Moulton Gas		(72,635.00)		(72,635.00)	(72,635.00)
8/20/2001	8659	McMaster Investment LTD Partnership		(97,500.00)		(97,500.00)	(97,500.00)
8/20/2001	8660	Henry Gailliot		(37,000.00)		(37,000.00)	(37,000.00)
8/20/2001	8661	Henry Gailliot		(54,100.00)		(54,100.00)	(54,100.00)
8/22/2001	8662	CCF		(637,909.72)		(637,909.72)	(637,909.72)
			Other Checks and Debits (less than \$10k)	(47,083.14)		(47,083.14)	(47,083.14)
Net				(1,982,363.44)		(1,526,520.20)	(1,982,363.44)
				(463,479.80)		(1,536,520.20)	(2,000,000.00)
				23.2%		76.8%	100.0%

Legend:	Net
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related	Expenditures benefiting parties that have a management, business or contractual relationship

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for October 15, 2001
 \$200,000 Inventory Purchase Transaction
 Use of Cash Analysis

SOURCE/(USE)

Date Per Check Register	Check #	Name	Transaction Amount	Total	Other Expenditures	To or On Behalf of Related Parties	Total Expenditures
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
10/15/2001	8881	T. Noe	(110,000.00)			(110,000.00)	(110,000.00)
		Other Checks and Debits (less than \$10k)	(8,052.39)		(8,052.39)		(8,052.39)
		Check Register Balance Prior to Deposit		(118,052.39)		(110,000.00)	(118,052.39)
10/15/2001	1009	CCFII		200,000.00			
		Deposit		81,947.61			
		Net Balance					
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
10/17/2001	8888	American Express	(634.89)		(634.89)		(634.89)
10/22/2001	Other	National City	(4,151.67)			(4,151.67)	(4,151.67)
10/29/2001	8923	National City	(885.24)			(885.24)	(885.24)
10/30/2001	Other	Precision Payroll	(11,680.75)		(7,929.15)	(3,751.60)	(11,680.75)
10/30/2001	8925	John Kasianowicz	(11,000.00)			(11,000.00)	(11,000.00)
		Other Checks and Debits (less than \$10k)	(53,595.06)		(53,595.06)		(53,595.06)
		Net		(81,947.61)		(19,788.51)	(81,947.61)
		Net		-	(70,211.49)	(129,788.51)	(200,000.00)
					35.1%	64.9%	100.0%

Legend:	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for November 14, 2001
 \$150,000 Inventory Purchase Transaction
 Use of Cash Analysis

SOURCE/(USE)

Date Per. Check Register	Check #	Name	Transaction Amount	Total	SOURCE/(USE)		Total Expenditures	To or On Behalf of Related Parties	Total Expenditures
					Other Expenditures				
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>									
11/9/2001	8966	Early American History Auctions	(434.79)	(434.79)	(434.79)				(434.79)
11/12/2001	8967	Dollar Towne	(19,215.00)	(19,215.00)	(19,215.00)				(19,215.00)
		Other Checks and Debits (less than \$10k)	(16,719.82)	(16,719.82)	(16,719.82)				(16,719.82)
		Check Register Balance Prior to Deposit		(36,369.61)	(36,369.61)				(36,369.61)
11/14/2001	1018	CCFII Deposit		150,000.00	150,000.00				
		Net Balance		113,630.39	113,630.39				

<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>									
11/15/2001	Other	Precision Payroll	(11,603.81)	(11,603.81)	(11,603.81)				(11,603.81)
11/14/2001	8974	Dollar Towne	(12,779.00)	(12,779.00)	(12,779.00)				(12,779.00)
11/14/2001	8976	Tom Noe	(40,000.00)	(40,000.00)	(40,000.00)				(40,000.00)
11/14/2001	8977	Don Miller	(10,000.00)	(10,000.00)	(10,000.00)				(10,000.00)
11/16/2001	8978	Larry Tekamp	(10,808.00)	(10,808.00)	(10,808.00)				(10,808.00)
11/19/2001	8986	American Express	(6,586.42)	(6,586.42)	(6,586.42)				(6,586.42)
11/21/2001	Other	National City	(4,151.67)	(4,151.67)	(4,151.67)				(4,151.67)
11/26/2001	8999	National City	(1,601.16)	(1,601.16)	(1,601.16)				(1,601.16)
		Other Checks and Debits (less than \$10k)	(16,100.33)	(16,100.33)	(16,100.33)				(16,100.33)
		Net		(113,630.39)	(113,630.39)				(113,630.39)
		Net		-	-				-
		Net		60.3%	60.3%				39.7%
		Net		100.0%	100.0%				100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for December 18, 2001
 \$56,600 Inventory Purchase Transaction
 Use of Cash Analysis

		SOURCE/USE						
<u>Date Per</u>	<u>Check Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction Amount</u>	<u>Total</u>	<u>Other Expenditures</u>	<u>To or On Behalf of Related Parties</u>	<u>Total Expenditures</u>
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>								
12/17/2001	9092		Nick Kinstle	(9,900.00) Partial Allocation	(1,337.53)	(1,337.53)		(1,337.53)
12/18/2001	9097		Mary Breex		(21,600.00)	(21,600.00)		(21,600.00)
			Other Checks and Debits (less than \$10k)		(5,723.98)	(5,723.98)		(5,723.98)
			Check Register Balance Prior to Deposit		(28,661.51)	(28,661.51)	-	(28,661.51)
12/18/2001	1025	CCFII	Deposit		56,600.00			
			Net Balance		27,938.49			
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>								
12/19/2001	9099		Zoli Bedo	(50,000.00) Partial Allocation	(27,583.49)	(27,583.49)		(27,583.49)
			Other Checks and Debits (less than \$10k)		(355.00)	(355.00)		(355.00)
			Net		(29,016.51)	(29,016.51)	51.3%	(29,016.51)
							48.7%	(27,583.49)
								(56,600.00)
								100.0%

Legend:	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
Other Expenditures	Expenditures benefiting parties that have a management, business or contractual relationship of Related Parties with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for December 31, 2001
 \$700,000 Inventory Purchase Transaction
 Use of Cash Analysis

Exhibit 3.1.3.2.5

SOURCE/USE		Transaction Amount	Total	Other Expenditures	To or On Behalf of Related Parties	Total Expenditures
<u>Listing Scope: From Check Register- All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
12/31/2001	9156 RCE	(650,000.00) Partial Allocation	(642,916.89)		(642,916.89)	(642,916.89)
		Other Checks and Debits (less than \$10k) Check Register Balance Prior to Deposit	(3,324.00)	(3,324.00)	(642,916.89)	(3,324.00) (646,240.89)
12/31/2001	1028 CCFII	Deposit	700,000.00			53,759.11
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
12/31/2001	Other	Precision Payroll	(11,672.81)	(7,921.21)	(3,751.60)	(11,672.81)
12/31/2001	9159	Anthony Nowak	(23,074.00)	(23,074.00)	(23,074.00)	(23,074.00)
1/3/2002	9186	Early American History Auctions	(13,915.75) Partial Allocation	(10,942.52)	(10,942.52)	(10,942.52)
		Other Checks and Debits (less than \$10k)	(8,069.78)	(8,069.78)	(8,069.78)	(8,069.78)
		Net	(53,759.11)	(53,007.51)	(3,751.60)	(53,759.11)
		Legend:		(53,331.51)	(646,668.49)	(700,000.00)
		Other Expenditures		7.6%	92.4%	100.0%
		To or On Behalf of Related Parties				

Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
 Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for January 31, 2002
 \$100,000 Inventory Prepaid Transaction
 Use of Cash Analysis

Date Per Check Register	Check #	Name	SOURCE/(USE)		
			Transaction Amount	Other Expenditures	To or On Behalf of Related Parties
			<u>16,765.73</u>		
			<u>399.45</u>		
			<u>17,165.18</u>		
		Check Register Balance Prior to Deposit			
		Deposit			
1/31/2002	1034	CCFH	100,000.00		
		Net Balance			117,165.18
<u>Listing Scope: From Check Register Activity > \$10k after deposit, and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>					
2/1/2002	9292	Dollar Towne	(11,434.82)	(11,434.82)	(11,434.82)
2/1/2002	Other	National City Commercial Loan	(1,461.46)	(1,461.46)	(1,461.46)
2/7/2002	9297	Gary Johnson	(13,500.00)	(13,500.00)	(13,500.00)
2/7/2002	Other	National City Commercial Loan	(1,305.70)	(1,305.70)	(1,305.70)
2/6/2002	9302	Dave Johnson	(22,778.54)	(22,778.54)	(22,778.54)
		Other Checks and Debits (less than \$10k)	(49,519.48)	(49,519.48)	(49,519.48)
		Net	(100,000.00)	(97,232.84)	(2,767.16)
			<u>17,165.18</u>	<u>(97,232.84)</u>	<u>(2,767.16)</u>
				97.2%	2.8%
					100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for February 14, 2002
 \$100,000 Inventory Prepaid Transaction
 Use of Cash Analysis

Exhibit 3.1.3.2.7

SOURCE/(USE)

<u>Date Per Check Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction Amount</u>	<u>Total</u>	<u>Other Expenditures</u>	<u>To or On Behalf of Related Parties</u>	<u>Total Expenditures</u>
		Check Register Balance Prior to Deposit	21,456.03				
		Deposit	13,947.55				
			35,403.58				
2/14/2002	1037	CCFII	100,000.00	135,403.58			
		Net Balance					
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks; any payroll; any credit card payments clearing during this period</u>							
2/15/2002	Other	Commercial Loan Payment	(39,596.42)			(39,596.42)	(39,596.42)
2/15/2002	Other	Payroll	(12,198.52)		(8,756.92)	(3,441.60)	(12,198.52)
2/19/2002	Other	B&K Dec Adj	(28,600.00)		(28,600.00)		(28,600.00)
2/19/2002	9343	Mike Lantz	(1,229.79)		(1,229.79)		(1,229.79)
		Other Checks and Debits (less than \$10k)	(18,375.27)		(18,375.27)		(18,375.27)
				(100,000.00)	(56,961.98)	(43,038.02)	(100,000.00)
		Net		35,403.58	57.0%	43.0%	100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for February 27, 2002
 \$342,000 Inventory Prepaid Transaction
 Use of Cash Analysis

		SOURCE/(USE)				
<u>Date Per</u> <u>Check</u> <u>Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction</u> <u>Amount</u>	<u>Other</u> <u>Expenditures</u>	<u>To or On</u> <u>Behalf of</u> <u>Related</u> <u>Parties</u>	<u>Total</u> <u>Expenditures</u>
		Check Register Balance Prior to Deposit	34,077.52			
		Deposit	53.45			
			<u>34,130.97</u>			
2/27/2002	Transfer	CCFII	342,000.00			
		Deposit				376,130.97
		Net Balance				
<u>Listing Scope: From Check Register Activity > \$10k after deposit, and</u>						
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
2/27/2002	Wire	Merrill Lynch - A/C 1011730	(306,501.03)	(306,501.03)		(306,501.03)
2/27/2002	Debit	Precision Payroll	(12,760.82)	(9,319.22)	(3,441.60)	(12,760.82)
3/1/2002	9381	Dollar Towne	(20,653.91)	(20,653.91)		(20,653.91)
		Other Checks and Debits (less than \$10k)	(2,084.24)	(2,084.24)		(2,084.24)
				(338,558.40)	(3,441.60)	(342,000.00)
		Net				
						<u>34,130.97</u>
						<u>(342,000.00)</u>
						<u>(338,558.40)</u>
						<u>99.0%</u>
						<u>1.0%</u>
						<u>100.0%</u>

<u>Legend:</u>	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for April 30, 2002
 \$150,000 Inventory Prepaid Transaction
 Use of Cash Analysis

Exhibit 3.1.3.2.9

SOURCE/(USE)

<u>Date Per Check Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction Amount</u>	<u>Total</u>	<u>Other Expenditures</u>	<u>To or On Behalf of Related Parties</u>	<u>Total Expenditures</u>
		Check Register Balance Prior to Deposit	46,878.57				
		Deposit	150,000.00	196,878.57			
		Net Balance					
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
4/30/2002	9615	Mark Katko - Remington	(53,121.43)			(53,121.43)	(53,121.43)
4/30/2002	9616	Joe Restivo	(25,000.00)			(25,000.00)	(25,000.00)
4/30/2002	Other	Precision Payroll	(12,677.23)		(9,235.63)	(3,441.60)	(12,677.23)
4/30/2002	9626	Jerry Gordon	(33,547.34)			(33,547.34)	(33,547.34)
		Other Checks and Debits (less than \$10k)	(25,654.00)	(150,000.00)	(25,654.00)	(115,110.37)	(150,000.00)
		Net		<u>46,878.57</u>	<u>23.3%</u>	<u>(115,110.37)</u>	<u>76.7%</u>
						<u>100.0%</u>	

<u>Legend:</u>	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
VCC Cash Receipt for May 22, 2002
\$75,000 Inventory Prepaid Transaction
Use of Cash Analysis

Exhibit 3.1.3.2.10

SOURCE/(USE)

<u>Date Per</u> <u>Check</u> <u>Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction</u> <u>Amount</u>	<u>Total</u>	<u>Other</u> <u>Expenditures</u>	<u>To or On</u> <u>Behalf of</u> <u>Related</u> <u>Parties</u>	<u>Total</u> <u>Expenditures</u>
<u>Listing Scope: From Check Register- All activity > \$10k prior to deposit; and</u>							
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
5/20/2002	9710	Early American History Auctions	(15,954.37)	(15,954.37)	(15,954.37)		(15,954.37)
5/20/2002	9711	American Express	(7,699.48)	(7,699.48)	(7,699.48)		(7,699.48)
5/21/2002	Other	National City Commercial Loan	(4,151.67)	(4,151.67)	(4,151.67)		(4,151.67)
5/20/2002	9718	Dollar Towne	(12,778.00)	(12,778.00)	(12,778.00)		(12,778.00)
		Other Checks and Debits (less than \$10k)	(4,451.25)	(4,451.25)	(4,451.25)		(4,451.25)
				(45,034.77)	(40,883.10)	(4,151.67)	(45,034.77)
5/22/2002		Check Register Balance Prior to Deposit	(45,511.77)				
		Deposit	477.00				
			(45,034.77)				
5/22/2002	1052	CCFII	75,000.00				
		Net Balance		29,965.23			

Listing Scope: From Check Register Activity > \$10k after deposit; and
any Thomas Noe related checks, any payroll, any credit card payments clearing during this period

5/23/2002	9719	T. Noe	(8,500.00)		(8,500.00)		(8,500.00)
5/23/2002	9726	Larry Tekamp	(5,830.10)		(5,830.10)		(5,830.10)
		Other Checks and Debits (less than \$10k)	(15,635.13)		(15,635.13)		(15,635.13)
				(29,965.23)	(21,465.23)	(8,500.00)	(29,965.23)
		Net		-	(62,348.33)	(12,651.67)	(75,000.00)
					83.1%	16.9%	100.0%

<u>Legend:</u>	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
VCC Cash Receipt for August 29, 2002
\$100,000 Inventory Purchase Transaction
Use of Cash Analysis

Exhibit 3.1.3.2.11

SOURCE/(USE)

<u>Date Per</u> <u>Check Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction</u> <u>Amount</u>	<u>Total</u>	<u>Other</u> <u>Expenditures</u>	<u>To or On</u> <u>Behalf of</u> <u>Related</u> <u>Parties</u>	<u>Total</u> <u>Expenditures</u>
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
8/30/2002	10144	Larry Schottenstein	(35,000.00)		(35,000.00)		(35,000.00)
8/30/2002	Other	Payroll	(13,429.75)		(8,015.07)	(5,414.68)	(13,429.75)
		Other Checks and Debits (less than \$10k)	(12,489.77)		(12,489.77)		(12,489.77)
		Check Register Balance Prior to Deposit	(64,141.52)	(60,919.52)	(55,504.84)	(5,414.68)	(60,919.52)
		Deposit	3,222.00				
			(60,919.52)				
8/29/2002	1069	CCFII	100,000.00				
		Net Balance		39,080.48			
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
8/30/2002	10147	NGE	(11,040.00)		(11,040.00)		(11,040.00)
9/3/2002	Other	National City Commercial Loan	(415.28)		(415.28)	(415.28)	(415.28)
9/5/2002	10163	NGE	(10,585.85)		(10,585.85)		(10,585.85)
		(20,800.00) Partial Allocation					
		Other Checks and Debits (less than \$10k)	(17,039.35)		(17,039.35)		(17,039.35)
		Net		(39,080.48)	(38,665.20)	(415.28)	(39,080.48)
					(94,170.04)	(5,829.96)	(100,000.00)
					94.2%	5.8%	100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for December 19, 2002
 \$120,000 Inventory Purchase Transaction
 Use of Cash Analysis

SOURCE/(USE)

<u>Date Per</u> <u>Check Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction</u> <u>Amount</u>	<u>Total</u>	<u>Other</u> <u>Expenditures</u>	<u>To or On</u> <u>Behalf of</u> <u>Related</u> <u>Parties</u>	<u>Total</u> <u>Expenditures</u>
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
12/19/2002	10598	Dollar Towne	(12,784.50) Partial Allocation	(10,670.23)	(10,670.23)		(10,670.23)
		Other Checks and Debits (less than \$10k)	(6,175.00)	(6,175.00)	(6,175.00)		(6,175.00)
			(16,845.23)	(16,845.23)	(16,845.23)		(16,845.23)
12/20/2002	1091	CCFII	Check Register Balance Prior to Deposit Deposit	120,000.00			
		Net Balance		103,154.77			
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
12/19/2002	10602	T. Noe	(120,000.00) Partial Allocation	(97,904.77)	(97,904.77)		(97,904.77)
		Other Checks and Debits (less than \$10k)		(5,250.00)	(5,250.00)		(5,250.00)
		Net		(103,154.77)	(103,154.77)		(103,154.77)
				-	(22,095.23)		(120,000.00)
					18.4%	81.6%	100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
VCC Cash Receipt for December 24, 2002
\$50,000 Inventory Prepaid Transaction
Use of Cash Analysis

Exhibit 3.1.3.2.13

SOURCE/(USE)

Date Per. Check Register	Check #	Name	Transaction Amount	Total	SOURCE/(USE)		
					Other Expenditures	To or On Behalf of Related Parties	
<u>Listing Scope: From Check Register- All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
12/19/2002	10602	T. Noe	(7,243.16)	(7,243.16)		(7,243.16)	(7,243.16)
12/20/2002	10603	Craig A. Whitford, N.A.	(10,591.50)	(10,591.50)			(10,591.50)
12/23/2002	10615	American Express	(14,392.79)	(14,392.79)			(14,392.79)
		Other Checks and Debits (less than \$10k)	(17,772.55)	(17,772.55)			(17,772.55)
				(50,000.00)			(50,000.00)
		Check Register Balance Prior to Deposit	(62,219.56)				
		Deposit	4,676.31				
		Net		(57,543.25)			
12/24/2002	1095	CCEII		50,000.00			
		Net Balance		(7,543.25)			
					85.5%	(7,243.16)	(50,000.00)
					14.5%		100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for December 31, 2002
 \$200,000 Inventory Purchase Transaction
 Use of Cash Analysis

Exhibit 3.1.3.2.14

SOURCE/USE

Date Per Check Register	Check #	Name	Transaction Amount	Total	SOURCE/USE	
					Other Expenditures	To or On Behalf of Related Parties
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
		Other Checks and Debits (less than \$10k)	(2,715.45)	(2,715.45)	(2,715.45)	(2,715.45)
		Check Register Balance Prior to Deposit	(52,777.30)			
		Deposit	50,061.85			
			(2,715.45)			
12/31/2002	1096	CCFII	200,000.00			
		Net Balance		197,284.55		
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
12/31/2002		LOC payment	(190,349.13)		(190,349.13)	(190,349.13)
		Other Checks and Debits (less than \$10k)	(6,935.42)		(6,935.42)	(6,935.42)
			(6,935.42)		(6,935.42)	(197,284.55)
		Net			(9,650.87)	(200,000.00)
					4.8%	100.0%
					95.2%	

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
VCC Cash Receipt for January 31, 2003
\$100,000 Inventory Purchase Transaction
Use of Cash Analysis

Exhibit 3.1.3.2.15

Date Per Check Register		Check #	Name	Transaction Amount	Total	Other Expenditures	To or On Behalf of Related Parties	Total Expenditures
<u>Listing Scope: From Check Register Activity > \$10k after deposit, and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>								
1/31/2003		10806	T Noe	(95,870.00)	(100,000.00)	(4,130.00)	(95,870.00)	(95,870.00)
			Other Checks and Debits (less than \$10k)					(4,130.00)
								(100,000.00)
1/31/2003		1102	CCFII	(122,654.77)	100,000.00			(22,654.77)
			Check Register Balance Prior to Deposit					
			Deposit					
			Net					
				(22,654.77)	(22,654.77)	(4,130.00)	(95,870.00)	(100,000.00)
								4.1%
								95.9%
								100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for February 21, 2003
 \$97,500 Inventory Purchase Transaction
 Use of Cash Analysis

Exhibit 3.1.3.2.16

SOURCE / (USE)	
Transaction Amount	Total

Transaction Amount	Total	Other Expenditures	To or On Behalf of Related Parties	Total Expenditures
(10,727.09)			(10,727.09)	(10,727.09)
(16,461.78)		(11,363.30)	(5,098.48)	(16,461.78)
(14,880.00)		(14,880.00)		(14,880.00)
(10,000.00)		(10,000.00)		(10,000.00)
(7,456.40)		(7,456.40)		(7,456.40)
(15,283.24)	(74,808.51)	(15,283.24)	(15,825.57)	(74,808.51)

Listing Scope: From Check Register - All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period

Date Per Check Register	Check #	Name	Amount
2/12/2003	10860	Nick Giovanucci	(10,727.09)
2/15/2003	Other	Payroll (50,000.00) Partial Allocation	(16,461.78)
2/19/2003	10880	Paul Vesoulis	(14,880.00)
2/18/2003	10874	Sid Muse	(10,000.00)
2/21/2003	10885	American Express	(7,456.40)
		Other Checks and Debits (less than \$10k)	(15,283.24)
			(74,808.51)

Check Register Balance Prior to Deposit

(74,808.51)
97,500.00
22,691.49

Net Balance

Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period

2/21/2003	10891	Nick Gio	(22,691.49)
		Other Checks and Debits (less than \$10k) (30,000.00) Partial Allocation	-
			(22,691.49)

-	-	-	-	-
(58,982.94)	-	-	(22,691.49)	(22,691.49)
60.5%	-	-	(38,517.06)	(97,500.00)
			39.5%	100.0%

Legend:	To or On Behalf of Related Parties
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
VCC Cash Receipt for March 3, 2003
\$500,000 Inventory Purchase Transaction
Use of Cash Analysis

Exhibit 3.1.3.2.17

Date Per Check Register	Check #	Name	SOURCE / (USE)			
			Transaction Amount	Total	Other Expenditures	To or On Behalf of Related Parties
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
2/24/2003	10905	US Senior Open	(4,200.00)			(4,200.00)
2/27/2003	Other	Payroll	(16,465.56)		(11,367.08)	(16,465.56)
2/28/2003	10932	Dollar Towne	(22,170.00)		(22,170.00)	(22,170.00)
2/26/2003	10922	NGE	(4,170.00)		(4,170.00)	(4,170.00)
		Other Checks and Debits (less than \$10k)	(13,969.29)	(60,974.85)	(13,969.29)	(13,969.29)
					(51,676.37)	(60,974.85)
3/3/2003	1109	CCFII	(60,974.85)			
		Check Register Balance Prior to Deposit	500,000.00			
		Deposit		439,025.15		
		Net Balance				
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
3/4/2003	10945	Sid Muse	(10,000.00)		(10,000.00)	(10,000.00)
3/5/2003	Other	Line of Credit	(340,000.00)			(340,000.00)
3/7/2006	10972	Nick Kinsetle or RCE	(58,657.16)		(58,657.16)	(58,657.16)
		(94,000.00) Partial Allocation				
		Other Checks and Debits (less than \$10k)	(30,367.99)	(439,025.15)	(30,367.99)	(30,367.99)
					(40,367.99)	(439,025.15)
					(92,044.36)	(500,000.00)
					18.4%	100.0%
					(407,955.64)	(500,000.00)
					81.6%	100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for March 17, 2003
 \$50,000 Inventory Purchase Transaction
 Use of Cash Analysis

SOURCE / (USE)

<u>Date Per Check Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction Amount</u>	<u>Total</u>	<u>Other Expenditures</u>	<u>To or On Behalf of Related Parties</u>	<u>Total Expenditures</u>
<u>Listing Scope: From Check Register- All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
3/18/2003	10991	RCE	(1,061.77)			(1,061.77)	(1,061.77)
3/12/2003	10996	Dollar Towne	(8,498.50)		(8,498.50)		(8,498.50)
3/14/2003	11001	Dollar Towne	(22,020.00)		(22,020.00)		(22,020.00)
			(10,634.74)	(42,215.01)	(10,634.74)		(10,634.74)
				(42,215.01)	(41,153.24)	(1,061.77)	(42,215.01)
3/17/2003	1113	CCFII	(42,215.01)				
			50,000.00	7,784.99			
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
3/15/2003	Other	Payroll	(7,784.99)	(7,784.99)	(7,784.99)	-	(7,784.99)
			(16,385.77)	(16,385.77)	(16,385.77)		(16,385.77)
					(48,938.23)	(1,061.77)	(50,000.00)
					97.9%	2.1%	100.0%

Check Register Balance Prior to Deposit
 Deposit
 Net Balance

<u>Legend:</u>	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
VCC Cash Receipt for April 7, 2003
\$150,000 Inventory Purchase Transaction
Use of Cash Analysis

Exhibit 3.1.3.2.19

		SOURCE / (USE)				
Date Per. Check Register	Check #	Name	Transaction Amount	Other Expenditures	To or On Behalf of Related Parties	Total Expenditures
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and</u>						
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
4/4/2003	11080	ASI	(9,097.35)	(9,097.35)		(9,097.35)
4/4/2003	11083	Dave Johnson	(50,250.00)	(50,250.00)		(50,250.00)
4/4/2003	11084	Henry Gailliot	(4,200.00)		(4,200.00)	(4,200.00)
4/4/2003	11085	Henry Gailliot	(65,000.00)	\$	(65,000.00)	(65,000.00)
		Other Checks and Debits (less than \$10k)	(454.77)	(454.77)	(69,200.00)	(454.77)
			(129,002.12)	(59,802.12)	(69,200.00)	(129,002.12)
4/7/2003	1117	CCFH	(129,002.12)			(129,002.12)
		Check Register Balance Prior to Deposit	150,000.00			20,997.88
		Deposit				
		Net Balance				
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and</u>						
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
4/7/2003	11091	Tom Noe	(5,000.00)	(4,675.00)	(5,000.00)	(5,000.00)
4/10/2003	11097	ASI	(4,675.00)		(4,675.00)	(4,675.00)
4/11/2003	11103	Nick Giovanucci	(7,300.51)		(7,300.51)	(7,300.51)
		Other Checks and Debits (less than \$10k)	(4,022.37)	(4,022.37)	(12,300.51)	(4,022.37)
			(20,997.88)	(8,697.37)	(12,300.51)	(20,997.88)
			(68,499.49)	(81,500.51)	(81,500.51)	(150,000.00)
			45.7%	54.3%	54.3%	100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
VCC Cash Receipt for April 16, 2003
\$75,000 Inventory Purchase Transaction
Use of Cash Analysis

Exhibit 3.1.3.2.20

		SOURCE / (USE)					
<u>Date Per Check Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction Amount</u>	<u>Total</u>	<u>Other Expenditures</u>	<u>To or On Behalf of Related Parties</u>	<u>Total Expenditures</u>
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit, and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
4/14/2003	11123	US Senior Open	(22,624.01)				(22,624.01)
4/15/2003	11135	Sue Metzger	(1,690.00)				(1,690.00)
4/14/2003	Other	Payroll	(16,365.97)		(11,267.49)	(5,098.48)	(16,365.97)
		Other Checks and Debits (less than \$10k)	(21,819.27)	(62,499.25)	(21,819.27)	(29,412.49)	(21,819.27)
					(33,086.76)		(62,499.25)
4/16/2003	11119	CCFII	(62,499.25)				
		Check Register Balance Prior to Deposit	75,000.00				
		Deposit		12,500.75			
		Net Balance					
<u>Listing Scope: From Check Register Activity > \$10k after deposit, and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
4/21/2003	11143	American Express	(9,734.95)		(9,734.95)		(9,734.95)
		Other Checks and Debits (less than \$10k)	(2,765.80)		(2,765.80)		(2,765.80)
				(12,500.75)	(12,500.75)		(12,500.75)
					(45,587.51)	(29,412.49)	(75,000.00)
					60.8%	39.2%	100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for May 12, 2003
 \$100,000 Inventory Purchase Transaction
 Use of Cash Analysis

Date Per Check Register	Check #	Name	Transaction Amount	Total	SOURCE / (USE)		
					Other Expenditures	To or On Behalf of Related Parties	Total Expenditures
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period.</u>							
5/9/2003	11236	Nick Gio	(8,279.53)		\$ (8,279.53)		(8,279.53)
5/7/2003	Wire	Schwartz Property Sales Inc - A/C 402407817-06	(79,000.00)		\$ (79,000.00)		(79,000.00)
		Other Checks and Debits (less than \$10k)	(5,523.21)	(92,802.74)	(5,523.21)	(87,279.53)	(5,523.21)
5/12/2003	1121	CCFII	(92,802.74)			(87,279.53)	(92,802.74)
		Check Register Balance Prior to Deposit	100,000.00				
		Deposit		7,197.26			
		Net Balance					
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period.</u>							
5/13/2003	Other	Payroll	(4,074.89)				(4,074.89)
		Other Checks and Debits (less than \$10k)	(3,122.37)	(7,197.26)	(4,074.89)		(3,122.37)
		Net			(12,720.47)	(87,279.53)	(100,000.00)
					14.6%	87.3%	0.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
VCC Cash Receipt for May 29, 2003
\$150,000 Inventory Purchase Transaction
Use of Cash Analysis

Exhibit 3.1.3.2.22

SOURCE / (USE)				
Date Per Check Register	Check #	Name	Transaction Amount	Total
			Other Expenditures	To or On Behalf of Related Parties
			Expenditures	Total Expenditures

Listing Scope: From Check Register - All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period

5/30/2003	11288	Henry G	(8,370.84)	(8,370.84)	(8,370.84)
6/2/2003	11289	Larry Tekamp	(14,530.00)	\$ (14,530.00)	(14,530.00)
5/22/2003	11290	Mastronet	(21,756.85)	(21,756.85)	(21,756.85)
Other Checks and Debits (less than \$10k)			(35,256.39)	(35,256.39)	(35,256.39)
			(79,914.08)	(79,914.08)	(79,914.08)

Check Register Balance Prior to Deposit
Deposit
Net Balance

(79,914.08)	70,085.92
150,000.00	70,085.92

Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period

5/28/2003	11316	Dollar Towne	(23,023.00)	(23,023.00)	(23,023.00)
5/28/2003	11317	Nick Giovanucci	(25,000.00)	(25,000.00)	(25,000.00)
5/28/2003	Other	Payroll	(16,351.71)	(11,253.23)	(5,098.48)
5/28/2003	11318	Phyllis Steele	(5,711.21)	(5,711.21)	(5,711.21)
(7,500.00) Partial Allocation			(39,987.44)	(30,098.48)	(70,085.92)
			(111,530.68)	(38,469.32)	(150,000.00)
			74.4%	25.6%	100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for June 30, 2003
 \$125,000 Inventory Purchase Transaction
 Use of Cash Analysis

Exhibit 3.1.3.2.23

		SOURCE / (USE)				
<u>Date Per</u> <u>Check</u> <u>Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction</u> <u>Amount</u>	<u>Other</u> <u>Expenditures</u>	<u>To or On Behalf</u> <u>of Related Parties</u>	<u>Total</u> <u>Expenditures</u>
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
6/25/2003	11455	Estate of Emilie Kryder	(11,756.23)	(11,756.23)		(11,756.23)
6/27/2003	11456	Early AM Num	(21,513.65)	(21,513.65)		(21,513.65)
6/30/2003	Other	Payroll	(16,167.31)	(10,882.83)	(5,284.48)	(16,167.31)
		Other Checks and Debits (less than \$10k)	(9,630.23)	(9,630.23)		(9,630.23)
			(59,067.42)	(53,782.94)	(5,284.48)	(59,067.42)
6/30/2003	1134	CCFII	(59,067.42)			
		Check Register Balance Prior to Deposit	125,000.00			
		Deposit				65,932.58
		Net Balance				
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
6/30/2003	11466	Nick Kinstle or RCE	(65,932.58)		(65,932.58)	(65,932.58)
		Other Checks and Debits (less than \$10k)	-	-		-
			(65,932.58)	-	(65,932.58)	(65,932.58)
			-	(53,782.94)	(71,217.06)	(125,000.00)
				43.0%	57.0%	100.0%

Legend:	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
Other Expenditures	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.
To or On Behalf of Related Parties	

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for July 15, 2003
 \$200,000 Inventory Purchase Transaction
 Use of Cash Analysis

			SOURCE / (USE)			
<u>Date Per</u> <u>Check</u> <u>Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction</u> <u>Amount</u>	<u>Other</u> <u>Expenditures</u>	<u>To or On Behalf</u> <u>of Related Parties</u>	<u>Total</u> <u>Expenditures</u>
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and</u>						
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
7/10/2003	11503	John Oswald	(7,577.38)		(7,577.38)	(7,577.38)
7/7/2003	11475	RCA	(1,750.00)		(1,750.00)	(1,750.00)
7/7/2003	11476	NPL	(1,602.00)		(1,602.00)	(1,602.00)
7/14/2003	11512	NRS	(3,000.00)		(3,000.00)	(3,000.00)
7/14/2003	Other	Payroll	(17,153.92)	(11,590.44)	(5,563.48)	(17,153.92)
7/15/2003	11526	Paul Vesoulis	(14,000.00)	(14,000.00)		(14,000.00)
		Other Checks and Debits (less than \$10k)	(20,210.35)	(20,210.35)		(20,210.35)
			(65,293.65)	(45,800.79)	(19,492.86)	(65,293.65)
7/15/2003	1136	CCFII	(65,293.65)			(65,293.65)
		Check Register Balance Prior to Deposit	200,000.00			200,000.00
		Net Balance				134,706.35
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and</u>						
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>						
7/15/2003	11528	DVRC	(282.30)		(282.30)	(282.30)
7/16/2003	Other	Line of Credit	(100,000.00)		(100,000.00)	(100,000.00)
7/17/2003	11537	Nick Gio	(15,000.00)		(15,000.00)	(15,000.00)
7/21/2003	11557	American Express	(1,974.95)	(1,974.95)		(1,974.95)
		Other Checks and Debits (less than \$10k)	(17,449.10)	(17,449.10)		(17,449.10)
			(134,706.35)	(19,424.05)	(115,282.30)	(134,706.35)
				(65,224.84)	(134,775.16)	(200,000.00)
				32.6%	67.4%	100.0%

<u>Legend:</u>	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
VCC Cash Receipt for September 10, 2003
\$200,000 Inventory Purchase Transaction
Use of Cash Analysis

Exhibit 3.1.3.2.25

		SOURCE / (USE)				
Date Per Check Register	Check #	Name	Transaction Amount	Total	Other Expenditures of Related Parties	To or On Behalf of Related Parties Total Expenditures
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and</u>						
any Thomas Noe related checks, any payroll, any credit card payments clearing during this period						
9/4/2003	11766	Presidential Coin	(3,961.76)		(3,961.76)	(3,961.76)
9/10/2003	11787	Marvin C. Yarger	(16,960.00)		(16,960.00)	(16,960.00)
		Other Checks and Debits (less than \$10k)	(26,402.76)	(47,324.52)	(26,402.76)	(26,402.76)
			(47,324.52)	(47,324.52)	(47,324.52)	(47,324.52)
9/10/2003	1143	Check Register Balance Prior to Deposit CCFII Deposit	(47,324.52) 200,000.00	152,675.48		
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and</u>						
any Thomas Noe related checks, any payroll, any credit card payments clearing during this period						
9/10/2003	11789	Nick Giovanucci	(30,000.00)			(30,000.00)
9/10/2003	11792	T Noe	(20,000.00)			(20,000.00)
9/11/2003	Other	Line of Credit	(50,000.00)			(50,000.00)
9/11/2003	1179	Petty Cash	(7,500.00)		(7,500.00)	(7,500.00)
9/12/2003	Other	Payroll	(15,827.61)		(10,264.13)	(5,563.48)
		Other Checks and Debits (less than \$10k)	(29,347.87)	(152,675.48)	(29,347.87)	(29,347.87)
				(152,675.48)	(47,112.00)	(105,563.48)
				-	(94,436.52)	(200,000.00)
					47.2%	52.8%
						100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for February 10, 2004
 \$100,000 Inventory Purchase Transaction
 Use of Cash Analysis

Exhibit 3.1.3.2.26

SOURCE/(USE)

<u>Date Per</u> <u>Check</u> <u>Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction</u> <u>Amount</u>	<u>Total</u>	<u>Other</u> <u>Expenditures</u>	<u>To or On</u> <u>Behalf of</u> <u>Related Parties</u>	<u>Total</u> <u>Expenditures</u>
<u>Listing Scope: From Check Register- All activity > \$10k prior to deposit; and</u>							
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
2/4/2004	12486	Ed Webb	(54,531.41)			(54,531.41)	(54,531.41)
2/10/2004	12530	NGE	(11,010.00)		(11,010.00)		(11,010.00)
2/10/2004	12531	NGE	(10,000.00)		(10,000.00)		(10,000.00)
		Other Checks and Debits (less than \$10k)	(8,598.71)	(84,140.12)	(8,598.71)	(54,531.41)	(8,598.71)
		Check Register Balance Prior to Deposit	(84,140.12)		(29,608.71)	(54,531.41)	(84,140.12)
2/10/2004	1173	CCFH	100,000.00	15,859.88			
		Net Balance					
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and</u>							
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
2/10/2004	12533	Jim Gideon	(15,859.88)			(15,859.88)	(15,859.88)
		Other Checks and Debits (less than \$10k)	-	(15,859.88)	-		-
		Total					
					(29,608.71)	(70,391.29)	(100,000.00)
					29.6%	70.4%	100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that not have otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for February 26, 2004
 \$200,000 Inventory Purchase Transaction
 Use of Cash Analysis

		SOURCE/USE					
Date Per Check Register	Check #	Name	Transaction Amount	Total	Other Expenditures of Related Parties	To or On Behalf of Related Parties	Total Expenditures
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit, and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period.</u>							
2/18/2004	12583	Don Fox	(3,385.32)		(3,385.32)		(3,385.32)
2/23/2004	12591	National City Bank	(754.64)			(754.64)	(754.64)
2/24/2004	12619	Jeff Jacobs	(23,000.00)		(23,000.00)		(23,000.00)
2/24/2004	12621	NGE	(940.00)		(940.00)		(940.00)
2/24/2004	12622	NGE	(8,225.00)		(8,225.00)		(8,225.00)
2/24/2004	12623	NGE	(4,140.00)		(4,140.00)		(4,140.00)
		Other Checks and Debits (less than \$10k)	(21,241.47)	(61,686.43)	(21,241.47)	(754.64)	(21,241.47)
			(61,686.43)				(61,686.43)
2/26/2004	1177	CCFH	200,000.00	138,313.57			
<u>Listing Scope: From Check Register Activity > \$10k after deposit, and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period.</u>							
2/26/2004	Wire	Mike Myers	(50,000.00)			(50,000.00)	(50,000.00)
2/26/2004	Payroll	Payroll	(16,971.66)		(16,971.66)		(16,971.66)
2/26/2004	Other	Commercial Loan	(1,381.95)		(11,873.18)	(5,098.48)	(16,971.66)
2/27/2004	12637	Toledo Club	(381.56)			(1,381.95)	(1,381.95)
3/3/2004	12663	Tom Noe	(25,000.00)		(381.56)		(381.56)
3/1/2004	12674	Henry Galliot	(15,688.80)			(25,000.00)	(25,000.00)
		Other Checks and Debits (less than \$10k)	(28,889.60)	(138,313.57)	(28,889.60)	(97,169.23)	(28,889.60)
			(28,889.60)		(41,144.34)		(41,144.34)
					(102,076.13)	(97,923.87)	(200,000.00)
					51.0%	49.0%	100.0%

Legend:	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
 VCC Cash Receipt for April 15, 2004
 \$125,000 Inventory Purchase Transaction
 Use of Cash Analysis

Exhibit 3.1.3.2.28

		SOURCE/USE							
<u>Date Per</u>	<u>Check</u>	<u>Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction Amount</u>	<u>Total</u>	<u>Other Expenditures</u>	<u>To or On Behalf of Related Parties</u>	<u>Total Expenditures</u>

Listing Scope: From Check Register - All activity > \$10k prior to deposit, and any Thomas Noe related checks, any payroll, any credit card payments clearing during this period

4/8/2004	12848	NGE	(10,000.00)	Partial Allocation	(4,016.43)		(4,016.43)		(4,016.43)
4/8/2004	12849	NGE			(10,000.00)		(10,000.00)		(10,000.00)
4/8/2004	12850	NGE			(10,000.00)		(10,000.00)		(10,000.00)
4/8/2004	12851	NGE			(10,000.00)		(10,000.00)		(10,000.00)
4/8/2004	12852	NGE			(10,000.00)		(10,000.00)		(10,000.00)
4/8/2004	12853	NGE			(10,000.00)		(10,000.00)		(10,000.00)
4/8/2004	12854	NGE			(10,000.00)		(10,000.00)		(10,000.00)
4/8/2004	12855	NGE			(14,000.00)		(14,000.00)		(14,000.00)
4/14/2004	Other	Payroll			(16,864.65)		(11,766.17)	(5,098.48)	(16,864.65)
		Other Checks and Debits (less than \$10k)			(30,118.92)	(125,000.00)	(30,118.92)	(5,098.48)	(30,118.92)
							(119,901.52)		(125,000.00)

<u>4/15/2004</u>	<u>1183</u>	<u>CCFII</u>	<u>Deposit</u>	<u>Check Register Balance Prior to Deposit</u>
			Net Balance	(125,524.81)
				125,000.00
				(524.81)

Net	(119,901.52)	95.9%	(5,098.48)	4.1%	(125,000.00)	100.0%
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<u>Legend:</u>	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
VCC Cash Receipt for July 19, 2004
\$50,000 Inventory Purchase Transaction
Use of Cash Analysis

Exhibit 3.1.3.2.29

SOURCE/USE

<u>Date Per</u> <u>Check</u> <u>Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction</u> <u>Amount</u>	<u>Total</u>	<u>Other</u> <u>Expenditures of Related Parties</u>	<u>To or On Behalf</u> <u>of Related Parties</u>	<u>Total</u> <u>Expenditures</u>
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and</u>							
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
7/13/2004	13336	Greg Thomas	(1,677.18)		(1,677.18)		(1,677.18)
7/19/2004	13341	American Express	(9,417.99)		(9,417.99)		(9,417.99)
		Other Checks and Debits (less than \$10k)	(11,076.88)	(22,172.05)	(11,076.88)	-	(11,076.88)
					(22,172.05)		(22,172.05)
7/19/2004	1194	CCFII	(22,172.05)				
		Check Register Balance Prior to Deposit	50,000.00				
		Deposit		27,827.95			
		Net Balance					

Listing Scope: From Check Register Activity > \$10k after deposit; and
any Thomas Noe related checks, any payroll, any credit card payments clearing during this period

7/20/2004	13356	NGE	(4,445.00)		(4,445.00)		(4,445.00)
7/20/2004	13357	NGE	(5,000.00)		(5,000.00)		(5,000.00)
7/20/2004	13358	NGE	(5,000.00)		(5,000.00)		(5,000.00)
7/20/2004	13359	NGE	(5,000.00)		(5,000.00)		(5,000.00)
7/20/2004	13360	NGE	(5,090.00)		(5,090.00)		(5,090.00)
		Other Checks and Debits (less than \$10k)	(3,292.95)		(3,292.95)		(3,292.95)
		Net		(27,827.95)	(27,827.95)	-	(27,827.95)
					(50,000.00)	-	(50,000.00)
					100.0%	0.0%	100.0%

<u>Legend:</u>	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
VCC Cash Receipt for September 20, 2004
\$100,000 Inventory Purchase Transaction
Use of Cash Analysis

Exhibit 3.1.3.2.30

Date Per Check Register	Check #	Name	Transaction Amount	Total	SOURCE/USE		
					Other Expenditures	To or On Behalf of Related Parties	Total Expenditures
<u>Listing Scope: From Check Register - All activity > \$10k prior to deposit; and</u>							
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
9/15/2004	13650	Thomas Noe, Inc. Profit Sharing Plan	(31,979.39)			(31,979.39)	
9/16/2004	13653	NGE	(7,500.00)			(7,500.00)	
9/16/2004	13654	NGE	(5,000.00)			(5,000.00)	
9/16/2004	13655	NGE	(5,000.00)			(5,000.00)	
9/16/2004	13656	NGE	(5,000.00)			(5,000.00)	
9/16/2004	13657	NGE	(5,000.00)			(5,000.00)	
9/17/2004	13666	Tom Noe	(10,000.00)			(10,000.00)	
9/20/2004	13675	American Express	(9,490.06)			(9,490.06)	
		Other Checks and Debits (less than \$10k)	(21,030.55)	(100,000.00)		(21,030.55)	(21,030.55)
9/20/2004	1198	CCFII		(114,880.11)			(114,880.11)
		Check Register Balance Prior to Deposit		100,000.00			100,000.00
		Deposit		(14,880.11)			(14,880.11)
		Net Balance					
		Net		(58,020.61)		(41,979.39)	(100,000.00)
					58.0%	42.0%	100.0%

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund II, Ltd.
VCC Cash Receipt for November 3, 2004
\$100,000 Inventory Purchase Transaction
Use of Cash Analysis

Exhibit 3.1.3.2.31

SOURCE/USE

Date Per Check Register	Check #	Name	Transaction Amount	Total	SOURCE/USE		
					Other Expenditures	To or On Behalf of Related Parties	Total Expenditures
<u>Listing Scope: From Check Register.- All activity > \$10k prior to deposit; and</u>							
any Thomas Noe related checks, any payroll, any credit card payments clearing during this period							
10/28/2004	13896	Mike Myers	(17,535.13)			(17,535.13)	(17,535.13)
11/1/2004	Other	National City Commercial Loan	(1,983.23)			(1,983.23)	(1,983.23)
		Other Checks and Debits (less than \$10k)	(34,787.12)	(34,787.12)		(34,787.12)	(34,787.12)
				(54,305.48)		(19,518.36)	(54,305.48)
11/3/2004	1207	CCFII	(54,305.48)				
		Check Register Balance Prior to Deposit	100,000.00				
		Deposit		45,694.52			
		Net Balance					

Listing Scope: From Check Register Activity > \$10k after deposit; and
any Thomas Noe related checks, any payroll, any credit card payments clearing during this period

11/3/2004	13917	NGE	(10,000.00)		(10,000.00)	(10,000.00)	
11/5/2004	13929	Matt Molnar	(4,000.00)		(4,000.00)	(4,000.00)	
11/9/2004	13930	Ed Webb	(8,800.31)		(8,800.31)	(8,800.31)	
11/10/2004	13941	Dennis Haas	(877.14)	(877.14)		(877.14)	
		Other Checks and Debits (less than \$10k)	(22,017.07)	(22,017.07)		(22,017.07)	
				(32,894.21)		(12,800.31)	(45,694.52)
		Net				(67,681.33)	(100,000.00)
						67.7%	100.0%
						32.3%	

Legend:	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

VCC Cash Receipt for December 9, 2004
 \$100,000 Inventory Purchase Transaction
 Use of Cash Analysis

SOURCE/(USE)

<u>Date Per</u> <u>Check</u> <u>Register</u>	<u>Check #</u>	<u>Name</u>	<u>Transaction</u> <u>Amount</u>	<u>Total</u>	<u>Other</u> <u>Expenditures</u>	<u>To or On</u> <u>Behalf of</u> <u>Related Parties</u>	<u>Total</u> <u>Expenditures</u>
		Check Register Balance Prior to Deposit	39,417.76				
		Deposit	983.16				
			40,400.92				
12/9/2004	1216	CCFII Deposit	100,000.00				
		Net Balance		140,400.92			
<u>Listing Scope: From Check Register Activity > \$10k after deposit; and</u>							
<u>any Thomas Noe related checks, any payroll, any credit card payments clearing during this period</u>							
12/10/2004	14097	RCA	(72,279.08)			(72,279.08)	(72,279.08)
12/13/2004	14120	NGE	(9,600.00)		(9,600.00)		(9,600.00)
12/13/2004	14121	NGE	(433.06)		(433.06)		(433.06)
		Other Checks and Debits (less than \$10k)	(17,687.86)		(17,687.86)		(17,687.86)
		Net		(100,000.00)	(27,720.92)	(72,279.08)	(100,000.00)
				40,400.92	(27,720.92)	(72,279.08)	(100,000.00)
					27.7%	72.3%	100.0%

<u>Legend:</u>	
Other Expenditures	Transactions greater than \$10,000 or transactions that have not otherwise been identified as "To or On Behalf of Related Parties" transactions.
To or On Behalf of Related Parties	Expenditures benefiting parties that have a management, business or contractual relationship with the Funds.

Capital Coin Fund Ltd.
80% Capital Investment Analysis
Exhibit 3.2.3.1

<u>Capital Contributions - 1998</u>	
Ohio Bureau of Workers' Compensation (BWC)	\$ 25,000,000
Vintage Coins and Collectibles	5,000
Delaware Valley Rare Coins	5,000
Total Proceeds from Offering	<u>\$ 25,010,000</u>

Allocation of Profit and Losses - Contractual Provisions (See Section 4.1)

80% Of Offering - Threshold Computed	\$ 20,008,000
--------------------------------------	---------------

80% or less of offering proceeds invested in coins and Related Materials, profits and losses shared as follows:

BWC	99.0%
VCC	0.5%
DVRCC	0.5%

Greater than 80% of offering proceeds invested in coins and Related Materials, profits and losses shared as follows:

BWC	80.0%
VCC	10.0%
DVRCC	10.0%

Investment Transaction History

Trans #	Date	Check #	Name	Offsetting GL Acct	Amount	Description
4	03/31/1998			1035 - Broomall	(1,500,000.00)	Inventory Purchase-DVRC
5	03/31/1998		Vintage Coins & Collectibles	1030 - Maumee	(1,375,000.00)	Inventory Purchase-VCC
31	04/01/1998			1030 - Maumee	(300,000.00)	Inventory Purchase - Dollar Towne
32	04/03/1998			1030 - Maumee	(12,625.00)	Inventory Purchase - Dollar Towne
33	04/08/1998			1110 - Rare Coin Enterprise	(2,000,000.00)	Investment - RCE
11	04/10/1998		Vintage Coins & Collectibles	1030 - Maumee	(625,000.00)	Inventory Purchase-VCC
34	04/10/1998			1110 - Rare Coin Enterprise	(500,000.00)	Inventory Purchase-DVRC
39	05/04/1998			1035 - Broomall	(250,000.00)	Investment - RCE
40	05/12/1998		Vintage Coins & Collectibles	1030 - Maumee	(1,500,000.00)	Inventory Purchase-VCC
38	05/26/1998	1151	Rare Coin Enterprises	1110 - Rare Coin Enterprise	(2,000,000.00)	Investment - RCE
43	06/23/1998			1035 - Broomall	(500,000.00)	Inventory Purchase
44	06/23/1998		Vintage Coins & Collectibles	1030 - Maumee	(500,000.00)	Inventory Purchase
48	07/06/1998	1003	Rare Coin Enterprises	1110 - Rare Coin Enterprise	(100,000.00)	Investment - RCE
49	07/14/1998	1004	Rare Coin Enterprises	1110 - Rare Coin Enterprise	(500,000.00)	Investment - RCE
51	07/24/1998	1006	Rare Coin Enterprises	1110 - Rare Coin Enterprise	(1,000,000.00)	Investment - RCE
61	08/04/1998	1011	LNB/Escrow Agent for IREC	1040 - Inland R.E.C.	(1,000,000.00)	Investment - Inland
18	09/08/1998			1110 - Rare Coin Enterprise	(5,000,000.00)	Investment - RCE
69	09/16/1998			1110 - Rare Coin Enterprise	(500,000.00)	Investment - RCE
94	10/19/1998	1014	Rare Coin Enterprises	1110 - Rare Coin Enterprise	(500,000.00)	Investment - RCE
25	11/27/1998	1001	Rare Coin Enterprises	1110 - Rare Coin Enterprise	(500,000.00)	Investment - RCE
			Total investments through 11/27/98		\$ (20,162,625.00)	

Conclusion:

CCFI met the 80% threshold for investment of the offering proceeds on Nov. 27, 1998.

Based on the above analysis and contractual provisions, the following should be the Profit and Loss allocation percentages for the investors in this fund:

Dates	BWC	Vintage Coins and Collectibles	Delaware Valley Rare Coin
March 31, 1998 to November 30, 1998 Profit and Loss	99.0%	0.5%	0.5%
Month ending December 31, 1998	80.0%	10.0%	10.0%
January 1, 1999 and forward	80.0%	10.0%	10.0%

Capital Coin Fund, Limited
 Profit Distributions Owed to BWC
 Exhibit 3.3.3

A B C D E F G= D+E+F H I I I K=H+I+I L=H+D M=E N=F O=L+M+N

K-1 Amounts owed to/(due from) Members

Taxable Income/(Loss) Allocations per K-1s and 1065s

Profits Distributed- History

Year	Payment Dates	Bureau of Workers Compensation (BWC)	Delaware Valley Rare Coin Co (DVRC)	Vintage Coins & Collectibles and Titanium New Inc. (VCCI)	Total	BWC	DVRC	VCCI	Total	BWC	DVRC	VCCI	Total
1	Nine Mos. Jan-Feb 1999 12/31/98	\$ 1,071,514	\$ 80,036	\$ 80,036	\$ 1,231,585	\$ 1,064,870	\$ 79,716	\$ 79,717	\$ 1,224,303	\$ (6,644)	\$ (320)	\$ (319)	\$ (7,282)
3	12/31/1999	804,607	100,576	100,576	1,005,759	843,389	105,423	105,425	1,054,237	38,782	4,847	4,849	48,478
4	12/31/2000	776,839	97,105	97,105	971,049	796,648	99,582	99,581	995,811	19,809	2,477	2,476	24,762
5	Apr. 22, 2001 Apr. 29, 2002 & June 26, 2002	668,860	83,607	83,607	836,074	675,650	84,456	84,456	844,562	6,790	849	849	8,488
6	6 Mos. Nov. 13, 2002 6/30/2002	350,426	43,803	43,803	438,032	344,341	43,043	43,041	430,425	(6,085)	(760)	(762)	(7,607)
7	6/30/2003	985,398	123,174	123,174	1,231,746	1,049,594	131,200	131,199	1,311,993	64,196	8,026	8,025	80,247
8	Oct. & Nov. 2004	-	324,275	324,275	648,550	2,609,348	326,168	326,168	3,261,684	2,609,348	1,893	1,893	2,613,134
9	Total	\$ 4,657,644	\$ 852,576	\$ 852,576	\$ 6,362,795	\$ 7,383,840	\$ 869,588	\$ 869,587	\$ 9,123,015	\$ 2,726,196	\$ 17,012	\$ 17,011	\$ 2,760,220

Balance Due to Members at 6/30/2003

Member	Units	Percentage	Total
10	Number		
11	1	0.40%	147,086
12	1	0.40%	147,086
13	250	99.21%	648,550
14	252	100.00%	648,550
15	BWC		15,118
16	DVRC		15,118
17	Total		147,086
18	Distribution Amounts Per Crowe Chizek:		
19	Cash Distributions For Profits - From July 1, 2003 forward		\$ 648,550
20	Distribution for prior amounts owed		\$ (147,086)
20=18+19	Net Cash Available		\$ 501,464
21	Distribution of net cash balance - based on propo	99.2%	648,550
22=20*21	Distribution for FY 2004 Profits	0.4%	(501,464)
23=19+22	Calculated Distribution Amounts 2004		\$ (648,550)
24	Over/(Under) Distribution History		\$ 648,550
25=23 + 24	Over/(Under) Distribution		\$ -

CCF I end of FY 2003

Date
9/10/04
PBC

collectible inventory
6/10/04

Charged to....	Purchased Fro	Auction Date	Short Description	Total Cost - All	Location
CCF I	Early America	04/17/2004	Ulysses S Grant letter	2,336.50	SR-009-0001
CCF I	Early America	04/17/2004	Ulysses S Grant Ship's papers	2,875.00	SR-002-0017
CCF I	Early America	04/17/2004	James Madison Land Grant	1,725.00	SR-002-0018
CCF I	Early America	04/17/2004	Abraham Lincoln/Hannibal Hamlin Ferrottype	805.00	SR-012-0008
CCF I	Early America	04/17/2004	Lincoln/Hamlin campaign ferrottype	1,092.50	SR-012-0008
CCF I	Early America	04/17/2004	Abraham Lincoln/Andrew Johnson ferrottype	3,737.50	SR-012-0008
CCF I	Mastronet	12/20/2003	Political/Entertainment Autograph Collection (9)	3,607.94	
CCF I	Mastronet	12/20/2003	James Madison signed Proclamation	892.42	
CCF I	Mastronet	12/20/2003	Presidential Paperweight Collection (51)	7,272.66	
CCF I	Mastronet	12/20/2003	Liverpool Pitcher Depicting G Washington	3,729.63	
CCF I	Mastronet	12/20/2003	George Washington Inaugural Button	2,010.85	
CCF I	Mastronet	12/20/2003	William Henry Harrison Columbia Star China	11,295.52	
CCF I	Mastronet	12/20/2003	McKinley Factory Pin	3,565.05	
CCF I	Mastronet	12/20/2003	Pair of McKinley/Roosevelt & Bryan Stevenson	1,029.18	
CCF I	Mastronet	12/20/2003	Woodrow Wilson "Our Next President" Campai	340.74	
CCF I	Mastronet	12/20/2003	Roosevelt/Fairbanks Campaign Pin	811.29	
CCF I	Mastronet	12/20/2003	Bryan/Kern Jugate Campaign Pennant	1,464.96	
CCF I	Mastronet	12/20/2003	Cox/Roosevelt "League of Nations" Campaign	7,521.85	
CCF I	Mastronet	12/20/2003	John Adams Signed Ships papers	7,820.86	
CCF I	Mastronet	12/20/2003	James Monroe/John Quincy Adams presidentia	1,509.00	
CCF I	Mastronet	12/20/2003	John Tyler Signed Naval Appointment	907.49	
CCF I	Mastronet	12/20/2003	James Polk Signed "Certificate of Merit"	1,099.88	
CCF I	Mastronet	12/20/2003	Frankline Pierce Signed Naval Appointment	999.05	
CCF I	Mastronet	12/20/2003	James Buchanan	907.49	
CCF I	Mastronet	12/20/2003	Andrew Johnson Signed Pardon Document	935.30	
CCF I	Mastronet	12/20/2003	Woodrow Wilson Signed Postmaster Appointm	501.84	
CCF I	Mastronet	12/20/2003	Presidential Commissions (14) Cleveland thru	10,012.51	
CCF I	Mastronet	12/20/2003	JFKk/Robert Kennedy Signed Pardon Docume	12,116.08	
CCF I	Mastronet	12/20/2003	US Issue Stamp Type collection (74) 1857-189	11,295.52	
CCF I	Mastronet	12/20/2003	John Hancock/Samuel Adams Signed Petition	3,857.12	
CCF I	Mastronet	12/20/2003	Alexander Hamilton 4-page Treasury Circular	4,855.01	
CCF I	Mastronet	12/20/2003	James Monroe Nad John Quincy Adams Signe	2,010.85	
CCF I	Mastronet	12/20/2003	Abraham Lincoln Signed Endorsement/Appoint	7,521.85	
CCF I	Mastronet	12/20/2003	Ulysses S Grant Signed Document as PReside	1,245.91	
CCF I	Mastronet	12/20/2003	FDR Original Landslide Electoral Vote Certificat	12,425.53	
CCF I	Mastronet	12/20/2003	Cox/Roosevelt and Harding/Coolidge jugate ca	8,274.03	
CCF I	Mastronet	12/20/2003	Hall of Fame plaques collection (29)	16,541.11	
CCF I	Mastronet	12/20/2003	Signed Gateway Cachets	5,222.41	
CCF I	Mastronet	12/20/2003	BOB Gibson Early Career victory balls (27)	2,546.30	
CCF I	Mastronet	12/20/2003	Bob Gibson Gams used victory balls	1,680.54	
CCF I	Mastronet	12/20/2003	Bob Gibson 1966 Game Used Victory Balls (15)	1,848.59	

1/2
9/10/04
PBC

Collectible Inventory

6/30/04

CCF I end of FY 2003

Charged to....	Purchased Fro	Auction Date	Short Description	Total Cost - All	Location
CCF I	Mastronet	12/20/2003	Champions of Al Smith Campaign Poster	4,413.43	
CCF I	Mastronet	12/20/2003	Mickey Mantle Adirondack used bat	14,014.51	
CCF I	Mastronet	12/20/2003	Hockey Photo Hoard (174)	4,190.91	
CCF I	Mastronet	12/20/2003	Sandy Koufax World Chapms keychain hoard (892.42	
CCF I	Mastronet	12/20/2003	Ted Williams Signed Bat Collection	4,367.07	
CCF I	Mastronet	12/20/2003	Autographed baseball envelop hoard (1450+)	4,747.22	
CCF I	Mastronet	12/20/2003	Autographed baseball card hoard (10,000)	8,603.18	
CCF I	Mastronet	12/20/2003	Autographed Baseball 8x 10 photo collection (1	4,117.89	
CCF I	Mastronet	12/20/2003	Multi-signed baseballs collection (28)	3,809.60	
CCF I	Mastronet	12/20/2003	Crane's Football disc set hoard (512 Sets)	4,747.22	
CCF I	Mastronet	12/20/2003	Armour Coins mini-hoard (94)	2,811.71	
CCF I	Mastronet	12/20/2003	Football, basketball & Hockey autographed car	3,809.60	
CCF I	Presidential C	04/23/2004	Lot fo Wilson Plaques (9 pieces)	2,951.65	
CCF I	Presidential C	04/23/2004	Plaques (3)	911.67	
CCF I	Presidential C	04/22/2004	Willson Collection (3 boxes)	11,080.39	
Totals:				247,716.33	TB 1037

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Capital Coin Fund II, Limited
Profits Not Allocated Properly
Exhibit 3.5.3

A	B	C	D	E	F=D+E	G	H	I=J+K+H	L	M	N	Crowe Profit Allocation		R=O+G	S=T+H	T=U+O	V=W+U
												O=O+P	Q=Q+R				
Profits Distributed - History (1)																	
			Benefit of Waiver			Taxable Income/(Loss) Allocations per K-1s and 1063 (2)			Profits Not Allocated Properly			Crowe Profit Allocation			Profits Distributions Owed to/From Investors		
Filed Year	Ended Year	Payment Date	Amount	WVC	VCC	Total	BWC	VCC	Total	Item 6	Item 7	Item 8	Item 9	Item 10	Item 11	Item 12	Item 13
2002	2002	11/19/02	\$ 1,255,589	\$ 313,847	\$ 1,569,236	\$ 1,232,237	\$ 308,059	\$ 1,540,296	\$ 1,232,237	\$ 1,569,236	\$ 1,540,000	\$ 1,540,296	\$ 154,000	\$ 1,540,296	\$ 154,000	\$ 1,540,296	\$ 154,000
2003	2003	10/31/03	\$ 1,990,196	\$ 497,549	\$ 2,487,746	\$ 1,996,530	\$ 499,132	\$ 2,495,662	\$ 2,487,747	\$ 2,487,747	\$ 2,487,747	\$ 2,487,747	\$ 2,487,747	\$ 2,487,747	\$ 2,487,747	\$ 2,487,747	\$ 2,487,747
2004	2004	12/22/04	\$ 500,000	\$ 500,000	\$ 500,000	\$ 2,799,549	\$ 699,538	\$ 3,499,187	\$ 3,487,585	\$ 3,487,585	\$ 3,487,585	\$ 3,487,585	\$ 3,487,585	\$ 3,487,585	\$ 3,487,585	\$ 3,487,585	\$ 3,487,585
Total	Total		\$ 3,245,885	\$ 1,311,396	\$ 4,556,982	\$ 6,028,316	\$ 1,507,029	\$ 7,535,345	\$ 7,544,368	\$ 7,544,368	\$ 7,544,368	\$ 7,544,368	\$ 7,544,368	\$ 7,544,368	\$ 7,544,368	\$ 7,544,368	\$ 7,544,368

Investment in CCF II - July 2001	Investment as a % of Total
\$ 25,000,000	10.00%
\$ 25,010,000	99.96%
\$ 313,847	6.27%
\$ 497,549	9.95%
\$ 500,000	2.00%
\$ 1,311,396	13.13%
\$ 4,556,982	18.22%

Notes:

- Represents the cash distributions to the Investors for the respective fiscal year indicated above.
- See CCFII Operating Agreement definition of Profits, which states "net profits of the Company for federal income tax purposes as determined as of the close of the Company's fiscal year..." As such, for purposes of assessing the profit distribution amounts allocated to the Investors, Crowe agreed amounts to the CCFII tax returns and the K-1s issued to the Investors.
- Refer to the "80% Capital Investment Analysis" for CCFII for added support. The CCFII Operating Agreement states that the Profits of the Company will be allocated on a sliding scale based on the levels of investment in non-allocable materials. Based on our investment analysis, we noted CCFII had invested 80% of the offering proceeds on August 1, 2002. As such, the allocation percentages of profits to investors changed on that day. Refer to the "Crowe Profit Distribution % Allocation" for the contractual allocation percentages that should be in effect for the number of months of the fiscal year listed in this column. We note the CCFII Operating Agreement states in Section 4.7 that Profit and Loss shall be considered to have been earned ratably over the period of the Fiscal year of the Company. Therefore for purposes of assessing the allocation of profits, we will base this on the fiscal year's income divided by the months the company was in operations for the year.

Capital Coin Fund Ltd. II
80% Capital Investment Analysis
Exhibit 3.5.3.1

2001 Capital Contributions

Ohio Bureau of Workers' Compensation (BWC)	\$	25,000,000
Vintage Coins and Collectibles (VCC)	\$	10,000
Total Offering Proceeds	\$	25,010,000

Allocation of Profit and Losses - Provisions per Operating Agreement (Section 4.1)

80% Of Offering - Computed Threshold \$ 20,008,000

80% or less of offering proceeds invested in coins and Related Materials, profits and losses shared as follows:

- BWC 90%
- VCC 10%

Greater than 80% of offering proceeds invested in coins and Related Materials, profits and losses shared as follows:

- BWC 80%
- VCC 20%

Investment Transaction History

<u>Trans. #</u>	<u>Date</u>	<u>Chk No.</u>	<u>Name</u>	<u>Memo</u>	<u>Other Acct</u>	<u>Cash In/(Out)</u>	<u>Description</u>
2	08/01/2001	101	Engle's Coin Shop		Coin Purchases	(80,400.00)	Inventory Purchase - Engle's Coin
3	08/01/2001	102	Vintage Coins & Collectibles		Coin Purchases	(2,000,000.00)	Inventory Purchase - VCC
7	08/01/2001	1004	Engle's Coin Shop		Coin Purchases	(54,500.00)	Inventory Purchase - Engle's Coin
8	08/01/2001	1005	National Gold Exchange		Coin Purchases	(136,000.00)	Inventory Purchase - NGE
14	08/01/2001				1053 - Spectrum Fund I LTD	(3,000,000.00)	Investment - Spectrum Fund I Ltd
16	08/01/2001				1051 - Numismatic Profession	(1,000,000.00)	Investment - Numismatic Professionals LTD
10	08/10/2001				Coin Purchases	(67,500.00)	Inventory Purchase - Robert Lecce Numismatic
17	08/28/2001	1007	Robert Lecce Numismatic		Coin Purchases	(500,000.00)	Investment - Numismatic Professionals LTD
24	09/05/2001				1051 - Numismatic Profession	(5,000.00)	Investment - RC Alliance
25	09/14/2001				1052 - Rare Coin Alliance	(20,000.00)	Investment - RC Alliance
27	09/21/2001				1052 - Rare Coin Alliance	(10,000.00)	Investment - RC Alliance
26	09/27/2001				Wire Transfer - To C	(20,000.00)	Investment - RC Alliance
29	09/28/2001				Advance for RCA - Rare Coin Alliance		
32	10/01/2001				Wire Transfer	(2,000,000.00)	JV - RC Alliance
33	10/01/2001				Wire Transfer	(1,000,000.00)	Investment - Spectrum Fund I Ltd
39	10/12/2001				Wire Transfer	(2,445,000.00)	Investment - RC Alliance
38	10/15/2001				Delaware Valley Rare Coin Co		
63	11/14/2001				Coin Purchases	(97,500.00)	JV - DVRCC
66	11/16/2001				Coin Purchases	(200,000.00)	Inventory Purchase - VCC
89	12/18/2001				Wire Transfer to Pat	(150,000.00)	Inventory Purchase - VCC
93	12/20/2001				Coin Purchases	(1,500,000.00)	Investment - Numismatic Professionals LTD
95	12/24/2001				Lee Minshull R C I	(56,600.00)	Inventory Purchase - VCC
102	12/31/2001				Wire Transfer - Inv	(210,000.00)	Inventory Purchase - Lee Minshull
111	01/14/2002				Bob Bisanz	(500,000.00)	Inventory Purchase - Bob Bisanz
113	01/14/2002				Vintage Coins & Collectibles	(700,000.00)	Inventory Purchase - VCC
					Lou Rasera	(62,900.00)	JV - RC Alliance
					Commission on cur	(230,000.00)	Investment - Greg Manning Auctions Inc
					20,000 shares @ \$1.11		

Capital Coin Fund Ltd. II
80% Capital Investment Analysis
Exhibit 3.5.3.1

CCFII met the 80% threshold for investment of the offering proceeds on Aug. 1, 2002.

Based on the above analysis and contractual provisions, the following should be the Profit and Loss allocation percentages for the investors in this fund:

<u>Dates</u>	<u>BWC</u>	<u>VCC</u>
July 31, 2001 through July 31, 2002	90.0%	10.0%
August 1, 2002 and forward	80.0%	20.0%

Capital Coin Fund II, Limited
 Profit Distributions Owed to BWC
 Exhibit 3.6.3

A	B	C	D	E	F=D+E	G	H	I=G+H	I	K	L=F+K
	<u>Profits Distributed - History (1)</u>										
	<u>Fiscal Year</u>	<u>Bureau of</u>	<u>Vintage</u>	<u>Coins &</u>	<u>Total</u>	<u>BWC</u>	<u>VCC</u>	<u>Total</u>	<u>BWC</u>	<u>VCC</u>	<u>Total</u>
	<u>Ended June 30th</u>	<u>Workers</u>	<u>Compensatio</u>	<u>n (BWC)</u>	<u>n (VCC)</u>						
		<u>Payment Date</u>									
1	2002	BWC 11/13/02 & VCC - 11/6/02	\$ 1,255,389	\$ 313,847	\$ 1,569,236	\$ 1,232,237	\$ 308,059	\$ 1,540,296	\$ (23,152)	\$ (5,788)	\$ (28,940)
2	2003	BWC 11/10/03 & VCC - 10/31/03	1,990,196	497,549	2,487,746	1,996,530	499,132	2,495,662	6,334	1,583	7,916
		\$300k; 11/13/03 \$13k									
		\$100k; 11/10/03 \$397k									
4	2004	12/22/04 \$300k; 5/17/05 \$200k	-	500,000	500,000	2,799,349	699,838	3,499,187	2,799,349	199,838	2,999,187
5	Total		\$ 3,245,585	\$ 1,311,396	\$ 4,556,982	\$ 6,028,116	\$ 1,507,029	\$ 7,535,145	\$ (16,818)	\$ (4,205)	\$ (21,024)
6	<u>Member</u>	<u>Units</u>									
7	Vintage Coins and Collectibles		<u>Number</u>	<u>Percentage</u>							
8	Ohio Bureau of Workers' Compensation		1	0.40%							
9			251	99.60%							
			251	100.00%							
10			<u>BWC</u>	<u>VCC</u>	<u>Total</u>						
11	Due From Members at June 30, 2003		\$ (16,818)	\$ (4,205)	\$ (21,024)						
12	<u>Distribution Amounts Per Crowe Chizek</u>										
13	Cash Distributions For Profits - From July 1, 2003 forward				\$ 500,000						
14	Distribution of net cash balance - based on proportionate share of Un		99.6%	0.4%	100.0%						
15=13*14	Calculated Distribution Amounts 2004		\$ 498,008	\$ 1,992	\$ 500,000						
16=Line 4, column F	Actual Distribution History		\$ -	\$ 500,000	\$ 500,000						
17=15-16	Over/(Under) Distribution		\$ (498,008)	\$ 498,008	\$ -						

CCF II end of FY2003

Exhibits 3.7.3

19/9/04
PXC

F-2.1

Charged to....	Purchased Fro	Auction Date	Item Number	Short Description	Total Cost - All	Location
CCF II	Presidential C	10/10/2003			1,500.00	
CCF II	LaBarre Galler	07/30/2003		Lincoln To Smith	5,500.00	Item Not Found
CCF II	LaBarre Galler	07/30/2003		Jefferson	6,000.00	SR-001-0027
CCF II	LaBarre Galler	07/30/2003		WH Vanderbilt	900.00	SR-001-0025
CCF II	LaBarre Galler	07/30/2003		Edison Minutes	900.00	SR-001-0025
CCF II	LaBarre Galler	07/30/2003		Wells-Fargo Blue	1,000.00	SR-001-0025
CCF II	LaBarre Galler	07/30/2003		James C & James F Fargo	600.00	SR-001-0025
CCF II	LaBarre Galler	07/30/2003		Edison Phonograph	2,500.00	Item Not Found
CCF II	LaBarre Galler	07/30/2003		Fillmore	1,000.00	SR-001-0025
CCF II	LaBarre Galler	07/30/2003		Getty	1,700.00	SR-001-0025
CCF II	LaBarre Galler	07/30/2003		SOT #A774	2,000.00	SR-019-0001
CCF II	LaBarre Galler	07/30/2003		STOT *A1205	2,000.00	SR-019-0001
CCF II	LaBarre Galler	07/30/2003		JD Rockefeller A5364	6,000.00	SR-001-0026
CCF II	LaBarre Galler	07/30/2003		Pullman	350.00	SR-001-0026
CCF II	LaBarre Galler	07/30/2003		Morgan	800.00	SR-001-0027
CCF II	LaBarre Galler	07/30/2003		Santa Ana	900.00	SR-001-0027
CCF II	LaBarre Galler	07/30/2003		NB Forrest	2,000.00	SR-001-0028
CCF II	Mastronet	08/19/2003		Lincoln Banner	55,000.00	
CCF II	Craig A. Whitf	11/28/2003		Lincoln Pin	5,462.50	
CCF II	Craig A. Whitf	11/28/2003		Lot 1707	4,887.50	
CCF II	Craig A. Whitf	11/28/2003		Lot 1788	2,587.50	
CCF II	Craig A. Whitf	11/28/2003		Lot 1789	2,415.00	
CCF II	Craig A. Whitf	11/28/2003		Lot 1790	2,875.00	
CCF II	Craig A. Whitf	11/28/2003		Lot 1791	1,610.00	
CCF II	Slater's Ameri	07/02/2003		William Harrison Columbia Star Pitcher	2,732.85	
CCF II	Slater's Ameri	07/02/2003		William Harrison Columbian Star Chamber Pot	2,056.66	
CCF II	Slater's Ameri	07/02/2003		Ful plate tintype of Lincoln	4,243.55	
CCF II	Slater's Ameri	07/02/2003		Parker-Davis Editorial Conf Pin	3,974.40	
CCF II	Slater's Ameri	07/02/2003		Bodacious Bryan-Kern Jugate	1,760.65	
CCF II	Slater's Ameri	07/02/2003		Bryan Kern Miss Liberty Jugate	742.90	
CCF II	Slater's Ameri	07/02/2003		Clean Sweep for Democracy	1,091.35	
CCF II	Slater's Ameri	07/02/2003		Hoover Curtis Jugate	2,390.85	
CCF II	Slater's Ameri	07/02/2003		Franklin Roosevelt Tire Cover	1,410.35	
CCF II	Slater's Ameri	07/02/2003		Landon Banner	1,539.50	
CCF II	Slater's Ameri	07/02/2003		Harrison & Morton Jugate display piece	240.00	
CCF II	Slater's Ameri	07/02/2003		Henry Clay Display piece	7,678.27	
CCF II	Slater's Ameri	07/02/2003		1820s Andrew Jackson Ceramic Plate	2,249.36	
CCF II	Slater's Ameri	07/02/2003		Mckinley 1896 Cartoon Poster	297.50	
CCF II	Slater's Ameri	07/02/2003		Teddy Roosevelt Autographed portrait	4,414.20	
CCF II	Slater's Ameri	07/02/2003		Folk Art 1896 Election Cane	524.90	
CCF II	Slater's Ameri	07/02/2003		Matched set of 1896 McKinley Jugs in 4 sizes	1,445.65	

CCF II end of FY2003

11/2/04
PBC

Charged to....	Purchased Fro	Auction Date	Item Number	Short Description	Total Cost - All	Location
CCF II	Slater's Ameri	07/02/2003		Lincoln Emancipation Proclamation Banner	123,998.77	
CCF II	Slater's Ameri	07/02/2003		Roosevelt-Fairbanks Miss Liberty Jugate	1,236.25	
CCF II	Slater's Ameri	07/02/2003		Roosevelt Fairbanks Dinner Bucket Jugate	1,497.30	
CCF II	Classic Coin C	06/24/2003		Abraham Lincoln ambrotype campaign badge	15,535.00	SR-017-0011
CCF II	Early America	12/13/2003	AUTO-1782-0025	John Hancock elevates a Colonial Minuteman	6,340.02	SR-005-0002
CCF II	Mastronet	05/20/2002	AUTO-1933-0008	Large Political Signature Collection	742.90	
CCF II	Mastronet	04/28/2003	AUTO-1965-0019	Mickey Mantle Autograph Collection (19)	8,011.83	SR-001 TOP OF CABI
CCF II	Mastronet	05/20/2002	AUTO-1968-0007	1968-1975 Mike Douglas Show Autograph Albu	18,111.35	SR-005-0002
CCF II	Mastronet	11/15/2002	AUTO-vary-0001	"Captains of Industry" Autographs (19)	2,315.76	SR-001-0006
CCF II	Mastronet	05/20/2002	AUTO-vary-0006	Eclectic Autograph Collection (5,000 pieces)	14,994.91	Warehouse
CCF II	Mastronet	05/20/2002	AUTO-vary-0009	Autograph Collection (2,500+)	41,589.13	Warehouse
CCF II	Mastronet	12/12/2002	BASE-vary-0001	Ted Williams Single Signed Baseballs (100)	29,078.90	SR-009-0004
CCF II	Mastronet	05/20/2002	BNNR-1896-0007	McKinley/Hobart Campaign Paper Flag	372.60	SR-017-0006
CCF II	Mastronet	11/15/2002	BNNR-1936-0003	Landon/Knox Jugate Campaign Pennant	1,369.77	SR-001 TOP OF CABI
CCF II	Mastronet	11/15/2002	BNNR-1952-0001	Eisenhower/Nixon Campaign Banner	1,244.72	SR-011-0001
CCF II	Mastronet	11/15/2002	BNNR-1952-0002	Stevenson/Sparkman Campaign Banner	1,244.72	SR-011-0001
CCF II	Mastronet	11/15/2002	BOTT-1848-0002	Zachary Taylor Flask Collection (7)	2,032.08	SR-005-0001
CCF II	Mastronet	11/15/2002	BOTT-1896-0001	McKinley/Bryan Campaign Bottles (2)	1,659.24	SR-004-0005
CCF II	Mastronet	05/20/2002	BTTN-1789-0004	1789 George Washington Inaugural Button	3,215.40	SR-012-0008
CCF II	Mastronet	11/15/2002	BTTN-1840-0002	1840's Brass Buffons (6)	1,806.29	SR-012-0004
CCF II	Mastronet	11/15/2002	BTTN-1880-0003	Campaign Lapel Stud Collection (55)	2,146.71	SR-012-0004
CCF II	Mastronet	11/15/2002	BTTN-1912-0001	Wilson/Marshall Jugate Campaign Fob	1,610.61	SR-012-0004
CCF II	Slater's Ameri	10/01/2003	CANE-unkn-0002	Harrison Folk Art Cane	2,810.01	Sue's Office Corner
CCF II	Mastronet	04/28/2003	CANE-vary-0001	Premier Presidential Cane Collection (96)	65,313.29	SR-001 TOP OF CABI
CCF II	Mastronet	11/15/2002	CARD-1892-0001	"Iron Clad" Advertising Trade Card	252.42	SR-001-0004
CCF II	Presidential C	05/25/2004	CARD-1931-0059	Hoover 1931 Christmas Card	2,912.75	SR-002-0016
CCF II	Presidential C	10/10/2003	CARD-1932-0064	Hoover 1932 Christmas Card	2,776.62	SR-019-0001
CCF II	Presidential C	05/25/2004	CARD-1941-0060	FDR 1941 Christmas Card	2,030.00	SR-002-0016
CCF II	Presidential C	05/25/2004	CARD-1946-0061	Harry S Truman 1946 Christmas Card	640.00	SR-002-0016
CCF II	Presidential C	05/19/2004	CARD-1946-0062	Harry S Truman 1946 Christmas Card	1,963.63	SR-002-0017
CCF II	Presidential C	04/23/2003	CARD-1950-0037	Harry Truman 1950 Large Christmas Card	1,350.00	SR-001-0019
CCF II	Presidential C	04/23/2003	CARD-1952-0038	Harry Truman 1950 Large Christmas Card	1,350.00	SR-004-0002
CCF II	Presidential C	05/01/2003	CARD-1958-0020	Dwight D. Eisenhower 1958 Official Christmas	723.60	SR-001-0018
CCF II	Presidential C	05/01/2003	CARD-1958-0021	Dwight D. Eisenhower 1958 Personal Christmas	600.30	SR-001-0018
CCF II	Presidential C	05/01/2003	CARD-1959-0022	Dwight D. Eisenhower 1959 Official Christmas	415.80	SR-001-0018
CCF II	Presidential C	05/01/2003	CARD-1959-0024	Dwight D. Eisenhower 1959 Official Christmas	166.05	SR-001-0018
CCF II	Presidential C	04/17/2003	CARD-1959-0035	John F. Kennedy 1959 Christmas Card	150.00	SR-001-0019
CCF II	Presidential C	05/01/2003	CARD-1960-0023	Dwight D. Eisenhower 1960 Official Christmas	630.00	SR-001-0018
CCF II	Presidential C	05/01/2003	CARD-1960-0025	Dwight D. Eisenhower 1960 Enclosure Christm	160.51	SR-001-0018
CCF II	Presidential C	04/01/2003	CARD-1961-0036	John F. Kennedy 1961 (2) and 1962 (2) Christ	10,000.00	SR-001-0019
CCF II	Presidential C	04/23/2003	CARD-1961-0039	John F. Kennedy 1961 & 1962 Small Christmas	4,500.00	SR-001-0019

CCF II end of FY2003

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Charged to....	Purchased Fro	Auction Date	Item Number	Short Description	Total Cost - All	Location
CCF II	Mastronet	11/15/2002	CARD-1963-0002	JFK Signed 1963 Christmas Card	15,580.43	SR-001-0006
CCF II	Presidential C	05/01/2003	CARD-1964-0026	Lyndon B. Johnson 1964 Christmas Card	616.50	SR-001-0018
CCF II	Presidential C	05/01/2003	CARD-1964-0027	Lyndon B. Johnson 1964 Response Christmas	172.24	SR-001-0018
CCF II	Presidential C	05/01/2003	CARD-1964-0027	Lyndon B. Johnson 1964 Response Christmas	585.00	SR-001-0018
CCF II	Presidential C	05/01/2003	CARD-1965-0028	Lyndon B. Johnson 1965 Christmas Card	883.80	SR-001-0018
CCF II	Presidential C	05/01/2003	CARD-1965-0029	Lyndon B. Johnson 1965 Response Christmas	122.74	SR-001-0018
CCF II	Presidential C	05/01/2003	CARD-1966-0030	Lyndon B. Johnson 1966 Christmas Card	639.90	SR-001-0018
CCF II	Mastronet	04/28/2003	CARD-1969-0052	Baseball Centennial First Day Collection (51)	2,437.37	SR-008-0004
CCF II	Presidential C	05/01/2003	CARD-1970-0031	Richard Nixon 1970 Christmas Card	31.50	SR-001-0018
CCF II	Presidential C	05/01/2003	CARD-1978-0033	Jimmy Human 1978 Christmas Book	400.00	SR-001-0009
CCF II	Mastronet	05/20/2002	CARD-1982-0019	Princess Diana & Prince Charles Christmas Ca	3,254.50	CR-SE Corner
CCF II	Presidential C	04/17/2003	CARD-1990-0034	George Bush 1990 Christmas Cards (2)	700.00	SR-001-0019
CCF II	Mastronet	11/15/2002	CARD-vary-0003	White House Signed Place Cards	4,850.36	SR-001-0006
CCF II	Presidential C	11/09/2002	CERT-1890-0002	Certificate of Contribution to Republican Party	287.50	SR-001-0008
CCF II	Presidential C	11/09/2002	CERT-1901-0001	Certification to Walk in McKinley Inauguration P	287.50	SR-001-0008
CCF II	Mastronet	04/28/2003	CHEK-1803-0014	Thomas Jefferson Signed Check	10,026.77	SR-017-0018
CCF II	Mastronet	11/15/2002	CHEK-1833-0001	Andrew Jackson U.S. Bank Check	2,910.91	SR-001-0004
CCF II	Mastronet	04/28/2002	CHEK-1860-0015	Abraham Lincoln Signed Bank Check	11,029.47	SR-017-0019
CCF II	Mastronet	11/15/2002	CHEK-1868-0002	Andrew Johnson Bank Check	3,876.58	SR-001-0004
CCF II	Mastronet	11/15/2002	CHEK-1873-0003	Ulysses S. Grant Bank Check	1,463.56	SR-001-0004
CCF II	Mastronet	11/15/2002	CHEK-1874-0004	James A. Garfield Bank Check	998.09	SR-001-0005
CCF II	Mastronet	11/15/2002	CHEK-1882-0005	William McKinley Bank Check	747.99	SR-001-0005
CCF II	Mastronet	11/15/2002	CHEK-1889-0006	Benjamin Harrison Bank Check	736.41	SR-001-0005
CCF II	Mastronet	11/15/2002	CHEK-1909-0007	Warren Harding Bank Check	552.31	SR-001-0005
CCF II	Mastronet	11/15/2002	CHEK-1929-0008	Calvin Coolidge Personal Check	546.52	SR-001-0005
CCF II	Mastronet	11/15/2002	CHEK-1934-0008	Franklin D. Roosevelt Endorsed Check	3,876.58	SR-001-0005
CCF II	Mastronet	04/28/2003	CHEK-1974-0016	Gerald R. Ford Signed Check	5,348.18	SR-017-0019
CCF II	Mastronet	12/12/2002	CHEK-vary-0009	Ty Cobb Signed Personal Checks	54,237.45	SR-009-0002
CCF II	Mastronet	04/28/2003	CLOK-1896-0001	McKinley 1896 Campaign Clock	1,511.14	SR-007-0002
CCF II	Mastronet	04/28/2003	CORR-vary-0014	Presidential Letters to B. Baru (5)	3,613.04	SR-017-0019
CCF II	Early America	06/10/2003	DOCU-1784-0052	George Washington/Henry Knox Signed Docu	31,000.00	SR-017-0020
CCF II	Mastronet	08/27/2003	DOCU-1792-0061	Thomas Jefferson Signed Act of Congress	13,729.16	SR-012-0024
CCF II	Early America	02/14/2004	DOCU-1798-0073	John Adams 4-Language Ship's Paper	6,344.36	SR-002-0021
CCF II	Early America	02/14/2004	DOCU-1799-0077	George Washington Autographed Letter	27,708.00	CR-SE Corner
CCF II	Mastronet	08/27/2003	DOCU-1802-0060	Jefferson/Madison Signed Land Grant	6,639.91	CR-SE Corner
CCF II	Early America	02/14/2004	DOCU-1810-0075	James Madison Ship's Paper	1,499.71	CR-SE Corner
CCF II	Mastronet	11/15/2002	DOCU-1820-0006	John Quincy Adams & James Monroe Signed S	2,460.50	SR-002-0010
CCF II	Mastronet	05/20/2002	DOCU-1823-0023	James Monroe Signed Land Grant	842.95	SR-017-0008
CCF II	Mastronet	11/15/2002	DOCU-1830-0007	Andrew Jackson & Martin Van Buren Signed S	3,604.48	SR-002-0010
CCF II	Mastronet	04/28/2003	DOCU-1833-0045	Andrew Jackson Signed Patent Papers	2,985.14	SR-007-0001
CCF II	Early America	10/11/2003	DOCU-1843-0059	Declaration of Independence 1843 Force printin	20,241.55	

CCF II end of FY2003

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Date 9/8/2004

Charged to....	Purchased From	Auction Date	Item Number	Short Description	Total Cost - All	Location
CCF II	Mastronet	11/15/2002	DOCU-1848-0005	Abraham Lincoln Signature on Zachary Taylor	24,196.22	SR-004-0001
CCF II	Early America	02/14/2004	DOCU-1857-0076	Franklin Pierce 4-Language Ship's Paper	2,537.96	SR-002-0022
CCF II	Mastronet	11/15/2002	DOCU-1858-0002	US Mint Steamer Receipt	455.05	SR-001-0003
CCF II	Early America	02/14/2004	DOCU-1865-0074	Andrew Johnson Signed Document	2,307.24	CR-SE Corner
CCF II	Mastronet	04/28/2003	DOCU-1941-0046	FDR "Infamy" Quote Display	11,311.50	SR-017-0019
CCF II	Mastronet	04/28/2003	DOCU-1947-0047	Cleveland Indians Contracts (157)	11,469.35	SR-008-0004
CCF II	Mastronet	05/20/2002	DRAW-1905-0006	Annie Oakley Signed Illustration	4,926.60	SR-017-0005
CCF II	Mastronet	11/15/2002	DRAW-1948-0002	Norman Rockwell Original Oil & Pencil for Satur	104,972.85	Vault
CCF II	Mastronet	05/20/2002	DRAW-1955-0007	Einer Edward Larsen Illustration	452.60	SR-017-0007
CCF II	Mastronet	04/28/2003	FOOT-1954-0001	Walter Payton Signed NFL Footballs (12)	4,016.94	SR-008-0002
CCF II	Mastronet	05/20/2002	GLAS-1900-0005	McKinley and Bryan Campaign Condiment Jars	598.00	SR-005-0003
CCF II	Presidential C	11/09/2002	INVT-1881-0001	James Garfield Invitation to Inaugural Receptio	402.50	SR-001-0008
CCF II	Presidential C	11/09/2002	INVT-1881-0002	James Garfield Invitation to Inaugural Receptio	402.50	SR-001-0008
CCF II	Presidential C	11/09/2002	INVT-1917-0003	Woodrow Wilson Inaugural Invitation	402.50	SR-001-0008
CCF II	Mastronet	11/15/2002	MEDL-1805-0002	George Washington "Eccleston" Medal	402.50	SR-001-0008
CCF II	Presidential C	01/31/2004	MEDL-1828-0224	JQA 1828-2	1,641.87	SR-012-0004
CCF II	Presidential C	11/09/2002	MEDL-1829-0040	Andrew Jackson Presidential Medal	2,345.10	SR-002-0016
CCF II	Presidential C	12/06/2003	MEDL-1832-0162	The Union Must ... Be Preserved Medal	517.50	SR-012-0003
CCF II	Presidential C	12/06/2003	MEDL-1834-0163	Whig Victory	6,909.78	SR-012-0006
CCF II	Presidential C	12/06/2003	MEDL-1834-0164	The Glorious Whig Victory	748.14	SR-012-0006
CCF II	Presidential C	11/09/2002	MEDL-1844-0036	Polk/Dallas Campaign Medal	3,452.94	SR-012-0006
CCF II	Presidential C	12/06/2003	MEDL-1854-0165	Declaration of Independence medallion	805.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1857-0037	James Buchanan Inauguration Medal	2,877.48	SR-011-0004
CCF II	Presidential C	12/06/2003	MEDL-1868-0172	Grant Campaign Medal - the rarest	989.00	SR-012-0003
CCF II	Mastronet	08/27/2003	MEDL-1872-0153	Horace Greeley Cmapagin Medal	2,186.86	SR-012-0006
CCF II	Presidential C	12/06/2003	MEDL-1876-0181	1876 Centennial Official Medal	253.77	SR-012-0004
CCF II	Presidential C	12/06/2003	MEDL-1880-0166	Cincinnati Industrial Exposition	5,754.95	SR-012-0004
CCF II	Presidential C	11/09/2002	MEDL-1897-0005	William McKinley Inauguration Medal	1,899.13	SR-012-0006
CCF II	Presidential C	04/17/2003	MEDL-1897-0075	Grover Cleveland Inaugural Executive Badge	460.00	SR-012-0008
CCF II	Presidential C	11/09/2002	MEDL-1901-0008	William McKinley Inauguration Medal	6,000.00	SR-012-0008
CCF II	Presidential C	11/09/2002	MEDL-1905-0009	Theodore Roosevelt Inauguration Medal	2,300.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1905-0028	Theodore Roosevelt Inauguration Medal	442.75	SR-012-0003
CCF II	Mastronet	05/20/2002	MEDL-1905-0070	Theodore Roosevelt Inaugural Medal	345.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1909-0038	William Howard Taft Inauguration Medal	11,364.30	SR-012-0008
CCF II	Presidential C	11/09/2002	MEDL-1913-0010	Woodrow Wilson Inauguration Medal	316.25	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1917-0011	Woodrow Wilson Inauguration Medal	661.25	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1921-0012	Warren G. Harding Inauguration Medal	2,300.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1925-0006	Calvin Coolidge Inauguration Medal	14,375.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1933-0013	Franklin Roosevelt Inauguration Medal	1,035.00	SR-012-0003
CCF II	Presidential C	12/06/2003	MEDL-1933-0182	Howland Wood NY Numismatic galvano	2,990.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1937-0014	Franklin Roosevelt Inauguration Medal	776.92	SR-011-0003
CCF II	Presidential C	11/09/2002	MEDL-1937-0014	Franklin Roosevelt Inauguration Medal	747.50	SR-012-0003

CCF II end of FY2003

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Charged to....	Purchased Fro	Auction Date	Item Number	Short Description	Total Cost - All	Location
CCF II	Presidential C	12/06/2003	MEDL-1938-0183	Henry Ford/Clara Bryant 50th Anniv Galvano	1,841.58	
CCF II	Presidential C	11/09/2002	MEDL-1941-0007	Franklin Roosevelt Second Inauguration Medal	17,250.00	SR-012-0004
CCF II	Presidential C	11/09/2002	MEDL-1941-0015	Franklin Roosevelt Third Inauguration Medal	431.25	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1941-0016	Franklin Roosevelt Third Inauguration Medal	373.75	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1941-0017	Franklin Roosevelt Third Inauguration Medal Di	1,150.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1953-0018	Dwight David Eisenhower Inauguration Medal	690.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1957-0019	Dwight D. Eisenhower Second Inauguration Me	575.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1961-0020	John F. Kennedy Inauguration Medal	1,265.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1961-0021	Lyndon Baines Johnson VP Inauguration Medal	310.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1961-0043	John F. Kennedy Inaugural Medal Process Set	2,300.00	SR-012-0003
CCF II	Presidential C	12/06/2003	MEDL-1964-0184	Pieta by Michelangelo galvano	978.34	SR-019-0001
CCF II	Presidential C	11/09/2002	MEDL-1969-0004	Richard M. Nixon Inauguration Medallion	885.50	SR-008-0003
CCF II	Presidential C	11/09/2002	MEDL-1969-0044	Richard Nixon Inaugural Medal	287.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1973-0022	Richard M. Nixon Second Inauguration Medal	1,840.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1973-0023	Gerald R. Ford VP Inaugural Medal	833.75	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1973-0024	Gerald R. Ford VP Inaugural Medal	1,782.50	SR-012-0004
CCF II	Presidential C	11/09/2002	MEDL-1973-0025	Gerald R. Ford VP Inauguration Medal	833.75	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1973-0026	Gerald Ford VP Inauguration Medal	833.75	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1973-0045	Gerald Ford VP Inaugural Medal Die Cast	345.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1974-0027	Gerald Ford Inauguration Medal	920.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1974-0029	Nelson Rockefeller VP Inauguration Medal	2,185.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1974-0030	Nelson Rockefeller VP Inauguration Medal	862.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1974-0046	Gerald Ford Inaugural Medal	316.25	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1974-0047	Gerald Ford Inaugural Medal	2,242.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1974-0048	Nelson Rockefeller VP Inaugural Medal	402.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1974-0063	Ford 1974 Galvanos	1,063.75	Item Not Found
CCF II	Presidential C	11/09/2002	MEDL-1977-0049	Jimmy Carter Inaugural Medal	287.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1981-0031	George Bush VP Inauguration Medals (2)	517.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1981-0050	Ronald Reagan Inaugural Medal	2,587.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1981-0051	Ronald Reagan Inaugural Medal	805.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1981-0056	Ronald Reagan Inaugural Medal	805.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1985-0032	Ronald Reagan Second Inauguration Medal	2,012.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1985-0033	Ronald Reagan Second Inauguration Medal	1,178.75	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1985-0041	Ronald Reagan Inaugural Medal Process Set	287.50	SR-008-0003
CCF II	Presidential C	11/09/2002	MEDL-1985-0055	Ronald Reagan Second Inaugural Medal	517.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1985-0058	Ronald Reagan Second Inaugural Medal	2,012.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1985-0059	Ronald Reagan Second Inaugural Medal	3,565.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1985-0061	Ronald Reagan Second Inaugural Medal	546.25	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1985-0064	Reagan Obverse & Reverse Galvanos	1,495.00	SR-004-0003
CCF II	Presidential C	11/09/2002	MEDL-1989-0003	Danford Quayle Vice Presidential Inauguration	833.75	SR-008-0003
CCF II	Presidential C	11/09/2002	MEDL-1989-0034	George Bush Inauguration Medal	2,070.00	SR-012-0003

CCF II end of FY2003

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Charged to....	Purchased Fro	Auction Date	Item Number	Short Description	Total Cost - All	Location
CCF II	Presidential C	11/09/2002	MEDL-1989-0054	George H.W. Bush Silver Committee Medal	2,070.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1989-0062	George H.W. Bush Inaugural Medal	632.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1993-0057	William J. Clinton Inaugural Medal	2,012.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1993-0060	William J. Clinton Inaugural Medal	632.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1997-0040	William J. Clinton Second Inaugural Medal Set	6,325.00	SR-008-0004
CCF II	Presidential C	11/09/2002	MEDL-1997-0052	William J. Clinton Second Inaugural Medal	632.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-1997-0053	William J. Clinton Second Inaugural Medal	1,035.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-2001-0042	George Bush Inaugural Medal	575.00	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-unkn-0035	Temperance Society Medal	540.50	SR-012-0003
CCF II	Presidential C	11/09/2002	MEDL-unkn-0039	Bart & Hickcox Commercial Medal	316.25	SR-012-0003
CCF II	Presidential C	12/06/2003	MEDL-unkn-0179	Thomas Jefferson Indian Peace Medal	1,726.49	SR-012-0006
CCF II	Presidential C		MEDL-unkn-0223	Low 57	0.00	SR-012-0006
CCF II	Presidential C	12/23/2003	MEDL-unkn-0227	Reagan Galvano	1,100.00	Item Not Found
CCF II	Presidential C	12/23/2003	MEDL-unkn-0229	Lindbergh Galvanos	2,521.25	Item Not Found
CCF II	Presidential C	12/18/2003	MEDL-unkn-0231	Low 57	3,000.00	
CCF II	Mastronet	11/15/2002	MEDL-vary-0001	Indian Peace Medals -Washington to Lincoln (1	12,727.42	SR-012-0004
CCF II	Presidential C	04/01/2004	MEDL-vary-0230	Lot of Large Wilson Medals	3,805.77	Item Not Found
CCF II	Early America	12/13/2003	MEDL-vary-0232	German States/Bavaria	41,497.20	SR-011-0008
CCF II	Mastronet	11/15/2002	NOTE-1794-0003	William Henry Harrison Signed Note	2,210.39	SR-004-0002
CCF II	Harlan J. Berk,	07/29/2003	NOTE-1794-0024	Wm Henry Harrison Note	1,250.00	SR-002-0005
CCF II	Mastronet	11/15/2002	NOTE-1804-0002	Thomas Jefferson Handwritten Letter	56,413.07	SR-001-0004
CCF II	Harlan J. Berk,	07/29/2003	NOTE-1810-0025	William Clark signed purchase document	2,750.00	SR-002-0005
CCF II	Mastronet	11/15/2002	NOTE-1856-0004	Linus Yale Jr. Handwritten Letter	2,487.13	SR-SW Corner
CCF II	Mastronet	05/20/2002	NOTE-1864-0012	Lincoln, Grant, Sheridan Signed Collection	10,189.00	SR-009-0002
CCF II	Mastronet	11/15/2002	NOTE-1912-0006	Jean Paul Getty Writing to His Father	8,266.11	SR-SW Corner
CCF II	Mastronet	04/28/2003	NOTE-1938-0021	Albert Einstein 1938 Handwritten Letter	3,089.60	SR-007-0001
CCF II	Mastronet	08/27/2003	PENS-vary-0002	Presidential Pins Collection	26,758.71	
CCF II	Mastronet	04/28/2003	PHOT-0437-0050	White House Vignettes (7)	3,097.72	SR-017-0019
CCF II	Mastronet	11/15/2002	PHOT-1885-0002	PT Barnum Signed Photo	5,279.93	SR-001-0003
CCF II	Mastronet	04/28/2003	PHOT-1894-0049	Grover Cleveland Signed Cabinet Photo	1,211.70	SR-017-0019
CCF II	Harlan J. Berk,	07/29/2003	PHOT-1896-0052	Johann Strauss, JR Signed Sepia Photo	3,000.00	SR-002-0005
CCF II	Mastronet	11/15/2002	PHOT-1898-0009	Theodore Roosevelt "Rough Rider" Engraving -	2,235.87	SR-004-0003
CCF II	Mastronet	05/20/2002	PHOT-1908-0030	Eugene Debs Oval Stand Up Portrait	4,766.75	SR-012-0008
CCF II	Mastronet	11/15/2002	PHOT-1910-0010	Eugene Debs Autograph display	679.68	SR-004-0002
CCF II	Mastronet	05/20/2002	PHOT-1932-0029	Presidential Invitation and Photograph Collectio	4,158.40	SR-004-0001
CCF II	Mastronet	05/20/2002	PHOT-1937-0031	FDR Signed Inaugural Print to Daughter	2,304.60	SR-006-0002
CCF II	Mastronet	04/28/2003	PHOT-1950-0051	Mickey Mantle Signed Photos (20)	6,404.41	SR-008-0004
CCF II	Mastronet	11/15/2002	PHOT-1951-0013	Harry Truman Cabinet Signed Photo	2,460.50	SR-002-0011
CCF II	Early America	02/14/2004	PHOT-1981-0056	Presidentis Reagan, Carter, Ford, Nixon	2,307.24	SR-019-0001
CCF II	Mastronet	05/20/2002	PHOT-unkn-0028	William Howard Taft Signed Photograph	991.30	SR-017-0006
CCF II	Mastronet	11/15/2002	PHOT-vary-0005	Vintage Signed Hollywood Stars Photos (18)	1,526.09	SR-011-0004

CCF II end of FY2003

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Charged to....	Purchased Fro	Auction Date	Item Number	Short Description	Total Cost - All	Location
CCF II	Mastronet	11/15/2002	PHOT-vary-0006	Autographed Television Cast Photos	3,918.27	SR-001-0006
CCF II	Mastronet	11/15/2002	PHOT-vary-0014	Stereoviews of Presidents, with viewer (5)	413.36	SR-004-0005
CCF II	Mastronet	05/20/2002	PHOT-vary-0027	Vintage Hollywood Signed Photo Collection (16)	2,390.85	Warehouse
CCF II	Mastronet	11/15/2002	PINS-1860-0001	Presidential Campaign Ferrotypes	3,604.48	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1860-0015	Bell/Everett Jumbo Doughnut Ferrotypes	4,007.42	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1860-0016	Jumbo Oval Stephen A. Douglas Campaign Sti	3,604.48	SR-012-0004
CCF II	Mastronet	05/20/2002	PINS-1860-0090	Abraham Lincoln Ambrotype Campaign Badge	29,078.90	SR-012-0008
CCF II	Mastronet	04/28/2003	PINS-1860-0109	Presidential Campaign Ferrotypes Set of Four	4,373.25	SR-012-0006
CCF II	Mastronet	08/27/2003	PINS-1864-0123	Lincoln/Johnson ferrotypes pin	4,825.11	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1868-0017	Seymour/Blair Stickpin Ferrotypes	891.57	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1868-0018	Grant/Seymour Jugate Campaign Ferrotypes	4,850.36	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1876-0019	Hayes/Tilden Pair of Ferro Stickpins	1,634.93	SR-012-0004
CCF II	Mastronet	05/20/2002	PINS-1876-0085	1876 Ferrotypes Jugate Slick Pin Pairing	1,760.65	SR-012-0008
CCF II	Mastronet	11/15/2002	PINS-1896-0020	McKinley Caricature Campaign Pin	920.51	SR-012-0004
CCF II	Mastronet	05/20/2002	PINS-1896-0077	1896 "National Wheelmen's Club" McKinley/Ho	1,071.80	SR-012-0008
CCF II	Mastronet	05/20/2002	PINS-1896-0078	William Jennings Bryan Seashell Slick Pin	1,071.80	SR-012-0008
CCF II	Mastronet	05/20/2002	PINS-1896-0083	1896 McKinley/Bryan Mechanical Campaign Pi	1,572.05	SR-012-0008
CCF II	Mastronet	11/15/2002	PINS-1900-0001	McKinley "Eclipse" Campaign Pin	5,739.61	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1900-0021	McKinley/Roosevelt Jugate Hanger Pin	552.31	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1900-0022	McKinley/Roosevelt & Bryan/Stevenson Mecha	1,772.71	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1900-0023	Teddy Roosevelt Campaign Collection (4)	998.09	SR-012-0004
CCF II	Mastronet	05/20/2002	PINS-1900-0069	McKinley/Roosevelt Campaign Advertising Pin	227.70	SR-012-0008
CCF II	Mastronet	05/20/2002	PINS-1900-0073	Bryan "Free Silver" Campaign Pin	493.35	SR-012-0008
CCF II	Mastronet	05/20/2002	PINS-1900-0079	McKinley/T. Roosevelt Campaign Jugate	1,071.80	SR-012-0008
CCF II	Mastronet	05/20/2002	PINS-1900-0081	William Jennings Bryan "16 to 1 Clock Face" C	1,091.35	SR-012-0008
CCF II	Mastronet	05/20/2002	PINS-1900-0086	Debs/Socialist Party Celluloid Collection	1,794.00	SR-012-0008
CCF II	Mastronet	08/27/2003	PINS-1900-0124	McKinley Eclipse Campaign Pin	2,721.62	SR-012-0004
CCF II	Mastronet	08/27/2003	PINS-1900-0125	McKinley/Roosevelt jugate campaign pin	814.86	SR-012-0004
CCF II	Mastronet	08/27/2003	PINS-1900-0126	Bryan/Stevenson jugate convention pinback	314.30	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1904-0024	Roosevelt & Parker Pair of Real Photo Campai	1,330.40	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1904-0025	Teddy Roosevelt & Alton Parker Patriotic Pairin	810.52	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1904-0026	"Lady Liberty" Campaign Jugate Collection (6)	2,008.92	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1904-0027	Roosevelt/Fairbanks & Parker/Davis Jugate Ca	980.72	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1904-0028	"Lady Liberty" Roosevelt & Parker/Davis Juage	980.72	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1904-0029	Collection of "Lady Liberty" Campaign Jugates (3,636.90	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1904-0030	Parker/Davis & Roosevelt/Fairbanks pair of jug	1,330.40	SR-012-0004
CCF II	Mastronet	05/20/2002	PINS-1904-0071	Roosevelt/Fairbanks "Lady Liberty" Jugate Ca	407.10	SR-012-0008
CCF II	Mastronet	05/20/2002	PINS-1904-0074	Roosevelt/Fairbanks Jugate "Our Choice" Pin	501.40	SR-012-0008
CCF II	Mastronet	05/20/2002	PINS-1904-0076	Debs/Hanford "Socialist Candidates" Presidenti	742.90	SR-012-0008
CCF II	Mastronet	08/27/2003	PINS-1904-0127	Baltimore baggage Co pairing 1904 Pres electi	611.14	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1908-0006	Bryan/Kern Patriotic Campaign Jugate	413.36	SR-012-0004

CCF II end of FY2003

9/9/04
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Charged to....	Purchased From	Auction Date	Item Number	Short Description	Total Cost - All	Location
CCF II	Mastronet	11/15/2002	PINS-1908-0031	Debs/Hanford Presidential Campaign Pin	1,659.24	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1908-0032	Bryan "Commoner" Campaign Pin	371.68	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1908-0033	Cartoon Campaign Buttons (2)	3,965.74	SR-012-0004
CCF II	Mastronet	05/20/2002	PINS-1908-0082	Taft "Empty Dinner Pail" Celluloid with Hanger	1,428.30	SR-012-0008
CCF II	Mastronet	05/20/2002	PINS-1908-0084	Taft/Roosevelt "U-N-I-TED" Campaign Pin	1,729.60	SR-012-0008
CCF II	Mastronet	11/15/2002	PINS-1910-0046	Warren G. Harding for Governor Pinback	6,604.55	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1912-0034	Woodrow Wilson Blue Tint Campaign Pin	409.89	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1912-0035	Teddy Roosevelt "The Winner" Large Campaign	891.57	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1912-0036	Wilson/Taft Portrait Campaign Flag Stickpins (2)	1,227.35	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1914-0037	Bryan Sunflower Pin w/ Ribbon	891.57	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1916-0040	Woodrow Wilson "The Man of the Hour" Pin	1,330.40	SR-012-0004
CCF II	Mastronet	05/20/2002	PINS-1916-0072	Charles E. Hughes Presidential Campaign Pin	465.75	SR-012-0008
CCF II	Mastronet	08/27/2003	PINS-1916-0128	Wilson Man of the Hour campaign pin	571.56	SR-012-0004
CCF II	Mastronet	08/27/2003	PINS-1916-0129	Hughes for President campaign pin	1,003.44	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1920-0005	Cox-Roosevelt Campaign Pin	27,263.44	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1920-0038	Harding/Coolidge Campaign Jugate	2,731.44	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1920-0039	Warren Harding Pinback	1,951.03	SR-012-0004
CCF II	Mastronet	05/20/2002	PINS-1920-0080	"Cox for President" Portrait Pin	1,071.80	SR-012-0008
CCF II	Mastronet	05/20/2002	PINS-1920-0087	Harding/Coolidge Campaign Jugate	2,220.65	SR-012-0008
CCF II	Mastronet	05/20/2002	PINS-1920-0091	"Cox-Roosevelt Club" Jugate Campaign Pinbac	32,765.80	SR-012-0008
CCF II	Mastronet	04/28/2003	PINS-1920-0110	James Cox 1920 Campaign Pins (2)	893.69	SR-012-0007
CCF II	Mastronet	04/28/2003	PINS-1920-0111	Harding/Coolidge 1920 Pinback	2,985.14	SR-012-0007
CCF II	Mastronet	05/20/2002	PINS-1924-0088	John J. Davis Jumbo Campaign Display Badge	2,688.70	SR-012-0008
CCF II	Mastronet	05/20/2002	PINS-1928-0075	Al Smith Figural Derby Campaign Pin	607.20	SR-012-0008
CCF II	Mastronet	05/20/2002	PINS-1928-0089	Al Smith "Liberty" Campaign Pin	5,419.95	SR-012-0008
CCF II	Mastronet	08/27/2003	PINS-1928-0130	Al Smith campaign hanger	683.31	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1932-0042	"OK America - Play Safe with Hoover" Campaign	2,431.55	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1936-0041	FDR Campaign Pin	607.89	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1948-0043	Dewey Campaign Pin w/ Figural Elephant Hang	611.36	SR-012-0004
CCF II	Mastronet	08/27/2003	PINS-1948-0131	Truman campaign pin	2,222.23	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1952-0044	Eisenhower/Nixon Jugate Campaign Pin	736.41	SR-012-0004
CCF II	Mastronet	05/20/2002	PINS-1952-0070	Eisenhower "OK like Club" Campaign Pins	255.30	SR-012-0008
CCF II	Mastronet	11/15/2002	PINS-1960-0004	Nebraska "One State" JFK Campaign Pin	546.52	SR-012-0004
CCF II	Mastronet	11/15/2002	PINS-1960-0045	"Our Next President" JFK Jumbo Campaign Pi	611.36	SR-012-0004
CCF II	Mastronet	08/27/2003	PINS-1960-0132	Nebraskans for Kennedy campaign button	314.50	SR-012-0004
CCF II	Presidential C	11/09/2002	PINS-unkn-0047	Hayes-Wheeler Cardboard Jugate Campaign P	575.00	SR-012-0003
CCF II	Mastronet	10/21/2003	PINS-unkn-0125	Teddy Roosevelt Button (pin)	5,000.00	
CCF II	Mastronet	11/15/2002	PINS-vary-0007	Campaign Pin Collection (14)	2,362.08	SR-004-0005
CCF II	Presidential C	11/09/2002	PLAQ-1907-0001	Lincoln Bronze on Marble Mount by VD Brenne	1,437.50	SR-008-0003
CCF II	Presidential C	12/06/2003	PLAQ-1907-0007	Victor Brenner Plaque of Abraham Lincoln	1,266.08	SR-009-0002
CCF II	Presidential C	11/09/2002	PLAQ-1967-0002	Kennedy Fine Art Silver Plaque #28	2,645.00	SR-008-0003

F-2.1
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CCF II end of FY2003

Charged to....	Purchased From	Auction Date	Item Number	Short Description	Total Cost - All	Location
CCF II	Mastronet	08/27/2003	PLAT-1700-0008	Liverpool Bowl with Washington/Franklin	4,876.33	
CCF II	Mastronet	05/20/2002	PLAT-1880-0005	1880-1908 Campaign Plate Collection (18)	1,647.95	SR-006-0001
CCF II	Mastronet	08/27/2003	PLAT-1936-0007	FDR campaign license plate attachment	428.38	SR-012-0004
CCF II	Presidential C	11/09/2002	PLAT-1974-0003	Gerald Ford Inaugural Plate	299.00	SR-008-0004
CCF II	Presidential C	11/09/2002	PLAT-1977-0002	Jimmy Carter Inaugural Plate	316.25	SR-008-0004
CCF II	Mastronet	11/15/2002	PLAT-vary-0001	Campaign Plates (28)	4,007.42	SR-009-0003
CCF II	Mastronet	11/15/2002	POST-1864-0001	Lincoln/Johnson Jugate Poster	1,187.98	SR-002-0007
CCF II	Mastronet	11/15/2002	POST-1884-0002	Blaine/Logan Campaign Poster	1,330.40	SR-002-0008
CCF II	Mastronet	11/15/2002	POST-1884-0005	Cleveland/Hendricks Campaign Poster	1,208.83	SR-002-0009
CCF II	Mastronet	11/15/2002	POST-1888-0003	Harrison/Morton Campaign Poster	1,772.71	SR-002-0006
CCF II	Mastronet	11/15/2002	POST-1896-0007	McKinley Campaign Poster	4,409.21	SR-004 TOP OF CABI
CCF II	Mastronet	05/20/2002	POST-1896-0018	McKinley/Hobart "Home Defenders" Campaign	900.45	SR-017-0008
CCF II	Mastronet	04/28/2003	POST-1896-0025	McKinley/Cleveland Strobidge Poster	15,058.01	CR-SE Corner
CCF II	Mastronet	05/20/2002	POST-1916-0019	Hughes/Fairbanks Jugate Campaign Sign	334.65	SR-006-0002
CCF II	Mastronet	11/15/2002	POST-1920-0004	Cox/Roosevelt & Harding/Coolidge Jugate Post	1,208.83	SR-004-0004
CCF II	Mastronet	04/28/2003	POST-1956-0026	John F. Kennedy Senatorial Campaign Poster	2,949.24	SR-004 TOP OF CABI
CCF II	Mastronet	05/20/2002	POST-1960-0016	John F. Kennedy and Richard Nixon Cardboard	2,535.75	SR-002-0004
CCF II	Mastronet	11/15/2002	PRWT-1904-0001	Teddy Roosevelt/Fairbanks Jugate Paperweight	552.31	SR-011-0004
CCF II	Presidential C	11/09/2002	PRWT-1969-0003	Richard Nixon Paperweight	230.00	SR-008-0004
CCF II	Presidential C	11/09/2002	PRWT-1969-0004	Richard M. Nixon Inaugural Medal Paperweight	316.25	SR-012-0003
CCF II	Presidential C	11/09/2002	PRWT-1973-0002	Richard M. Nixon Paperweight (2)	862.50	SR-008-0004
CCF II	Mastronet	05/20/2002	PUBL-1952-0006	"Bwana Devil" Signed Premiere Program	724.50	SR-017-0006
CCF II	Mastronet	11/15/2002	RIBN-1860-0001	Bell/Everett "Brady" Jugate Campaign Ribbon	3,604.48	SR-001-0002
CCF II	Mastronet	11/15/2002	RIBN-1860-0002	Lincoln Portrait Campaign Ribbon	5,335.51	SR-001-0001
CCF II	Mastronet	08/27/2003	RIBN-1860-0025	Lincoln/Hamlin Campaign Ribbon	3,623.78	
CCF II	Mastronet	08/27/2003	RIBN-1860-0026	Abraham Lincoln Campaign Ribbon	2,721.62	SR-002-0025
CCF II	Presidential C	11/09/2002	RIBN-1885-0005	Grover Cleveland Inaugural Ribbon - General	201.25	SR-001-0008
CCF II	Presidential C	11/09/2002	RIBN-1885-0006	Grover Cleveland Inaugural Ribbon- Reception	201.25	SR-001-0008
CCF II	Mastronet	05/20/2002	RIBN-1888-0013	1888 Cleveland/Thurman Jugate Campaign Ri	885.50	SR-017-0007
CCF II	Mastronet	11/15/2002	SIGN-1928-0001	"This is a Hoover House" Campaign Signs (13)	501.36	SR-001-0006
CCF II	Mastronet	11/15/2002	STAT-1860-0001	Pictorial Campaign Envelope Collection (10)	1,098.83	SR-001-0004
CCF II	Mastronet	05/20/2002	STMP-1930-0003	1930 High Grade Graf Zeppelin Stamp Set (3)	1,760.65	SR-012-0007
CCF II	Mastronet	11/15/2002	TICK-1776-0001	US Congress Lottery Ticket	810.52	SR-001-0001
CCF II	Presidential C	04/17/2003	TICK-1999-0012	Set of Clinton Impeachment Trial Tickets	2,600.00	SR-001-0019
CCF II	Mastronet	11/15/2002	TRAY-1900-0001	McKinley/TR Oval Tin Campaign Tray	1,187.98	SR-004-0005
CCF II	Mastronet	11/15/2002	TXTL-1790-0001	"The Apotheosis of Franklin" With Geo Was	5,457.09	SR-SW Corner
Totals:					1,621,754.39	73-1025

Mudala
217,966.29
1,403,788.10

Σ of all MEDL : 217,966.29
Σ of all others : 1,403,788.10

13 February 2006

The Honorable Betty Montgomery
Auditor of State
88 E. Broad Street, P.O. 1140
Columbus, Ohio 43215-1140

Dear Ms. Montgomery,

Please find attached a narrative description of the work performed by Sotheby's for the Auditor's Office and the people of Ohio. Like a traveler encountering a succession of mountain ranges we found the scope of our project seeming to expand with every step we took. None of us anticipated literally hundreds of thousands of coins, many of extremely low value. Nor did we expect to journey back and forth across America in search of the next cache of coins. The unhelpfulness of some of Mr. Noe's former partners was deeply frustrating. Among other things, that caused a fruitless trip to Florida over Memorial Day Weekend and a missed plane in Colorado. Inventories were often chaotic or non-existent. While hours are frequently long in urgent appraisal situations, working for 24 hours at a stretch, as we did in Maumee, was a first. The Scope of Services never included that requirement!

In fact, Sotheby's went well beyond the agreed upon Scope of Services. Even though the Scope was amended twice it never caught up with the reality of the work; never caught up with additional coin locations such as Wilmington, DE and Los Angeles, CA; never caught up with the requirement that many of the coins discovered in diverse locations be sent directly to Sotheby's in New York and from there to Columbus.

Our staff even found themselves in the midst of a police raid when state troopers seized Mr. Noe's premises in Maumee. The presence of at least one gun in the shop made that adventure slightly nerve wracking!

While the work was hard for Sotheby's, it was equally so for an amazing group of Ohioans. Helpful, efficient, and hard-working, the remarkable men and women of the Auditor's Office, the Bureau of Workers' Compensation, the State Highway Patrol and the Inspector General's Office were more than a pleasure to work with. We formed a team that, with a well developed sense of humor, was capable of dealing with every eventuality.

Yours sincerely,



cc: Ms. Pamela Vest

Sotheby's Appraisal of the Ohio Coin Funds

On May 13, 2005 the Chief Legal Counsel for the Auditor of State's Office contacted Sotheby's. The Auditor's Office asked us to undertake an appraisal of the Coin Fund coins. Neither the Auditor's Office nor Sotheby's were aware of the extent of the collections, nor how widely dispersed they were. The collections were only described as coins collected for investment. On the assumption that an investor would only buy high-grade high value coins (the general standard for investing is to only buy the best), Sotheby's anticipated a relatively short and straightforward appraisal, and therefore offered to do the appraisal gratis.

This offer was made on the specific understanding that if the Coin Fund coins were liquidated Sotheby's would have an opportunity to bid on the sale (with no guarantee of getting such a sale).

On or about May 20th Sotheby's and the Auditor's Office entered into an agreement. We were engaged to perform the following scope of services:

- A. *Review the most updated coin inventory documents for the Capital Coin Funds and determine what the value of the funds should be based on the inventory documents only.*
- B. *Inventory all of the coins that will have been identified for the Consultant by the BWC to determine whether or not all of the coins listed in the inventory documents are physically present and accounted for.*
- C. *Appraise the market value of all the coins identified by the BWC. The appraisal, including without limitation, all copies, summaries and drafts thereof: (i) represent Consultant's best judgment and opinion as to the current fair market value and any other matters covered therein, and is not a statement or representation of fact; (ii) is not to be deemed as a representation or warranty with respect to the authenticity of authorship, provenance, title or condition of the appraised property and to the extent that any item of appraised property is appraised from a photograph, it is presumed in providing a value that the item is in good condition; (iii) is not to be deemed a representation or warranty that the appraised property will bring the appraised value if offered for sale at public auction or otherwise; (iv) except as stated in (v) below, is not furnished and will not be used or relied upon, by the Auditor or any third party in connection with any transaction involving the appraised property, including but not limited to any purchase, sale, loan, donation, or exchange; and (v) is requested by the Auditor for collection valuation purposes to be used or referenced for purposes of the special audit.*

May 22-27, 2005

The Auditor's Office described the Coin Fund situation as extremely urgent and asked us to move with great speed. Sotheby's was asked to inventory and arrange for transport of coins to Columbus, Ohio, and to re-inventory the coins on arrival, in addition to appraising the property.

On two day's notice we arranged for teams to be sent to Maumee, Ohio and Wilmington, Delaware / Broomall, Pennsylvania.

The Ohio team, consisting of David Tripp and Debbie Moerschell, arrived in Maumee on one day's notice to inventory property at Tom Noe's shop. Tripp and Moerschell met Monday morning near the Noe store with BWC and Auditor's Office staff. However, they were not allowed to enter the Noe premises. The Auditor's Office asked Tripp and Moerschell to stand by while negotiations took place. In the event, they were unable to enter the premises that Monday or the Tuesday following. Nevertheless they were prepared to await developments. Finally on Wednesday, May 25th Tripp and Moerschell were allowed a brief (approximately 5 ½ hours) inspection of a very small portion of the Noe inventory. They were shown no coins, only low-value collectibles. The arrangements agreed upon at this point only allowed Tripp and Moerschell to see property brought to them. The low-value collectibles shown to them were mixed in boxes with property that did not belong to the Ohio Coin Funds.

It was clear this procedure was not going to work. However, Tripp and Moerschell continued this extremely slow and unfruitful process through Thursday afternoon. Finally on Thursday afternoon they were shown a few coins.

At roughly 4 P.M. Thursday the situation changed dramatically. The Ohio State Police and BWC, pursuant to a warrant, entered the premises and proceeded to seize the contents.

At this point, BWC and State Police felt it was imperative to immediately inventory as much of the shop's contents as possible. Therefore Tripp and Moerschell, who had begun work at 8 A.M. that morning, continued to work, non-stop, through the evening, then through the night and only at 7 A.M. did they return to their hotel to change and for breakfast. They then returned to the Noe shop where they continued to work until 2 P.M.

Maumee, OH - Thursday, May 26. The Sotheby's/Ohio state representatives returned and again asked to see the coins. Another attorney for Mr. Noe indicated the coins would be made available when the inventorying of the 'historical collectibles' was completed. This was later amended to 2pm. At that time the coins were presented with three inventory lists, representing fewer than 200 coins. A number of the coins did not match the descriptions as provided; one coin and some bank notes were not listed on the inventory; and a single coin which was listed as having been purchased by a fund for \$610,000 was discovered to be missing.

Tripp and Moerschell return to New York that evening.

Amended Scope of Services

By late May it had become clear the Coin Fun property was very widely dispersed. The Scope of Services was amended to include four sites around the U.S. where Sotheby's would be asked to review and inventory Coin Fund property and arrange for that property to be transported to Columbus, as follows:

In addition to the services set forth in paragraphs A. to C. of the Agreement, Consultant agrees to inventory assets at the four enumerated sites listed below and to reinventory the assets at the Huntington National Bank site, and to perform the following additional services:

Consultant agrees to arrange for appropriate transportation of the assets of the Capital Coin Funds I and II, including coins, memorabilia, and all other tangible property, from the locations listed below, with the exception for location 3 listed below, to the Huntington National Bank, 7 Easton Oval, Columbus, Ohio 43219, and to coordinate the deliveries with Brinks or another appropriate secured shipper.

Location 1: Bromall PA

*Delaware Valley
2835 Westchester Pike
Broomall, PA 19008*

Location 2: Evergreen CO

*Numismatic Professionals
2922 Evergreen Parkway, Suite 203
Evergreen CO, 80439*

Location 3: Maumee, OH

*Capital Coin/Vintage Coin
3509 Briarfield Blvd
Maumee, OH 43537*

Location 4: Sarasota, FL

*NGC Coins
1500 Industrial Parkway, Suite 220
Sarasota, FL*

Consultant will verify that the shipper has intransit insurance, with the exception for the property located at location 3 above, covering loss or damage to the property. Consultant is not responsible for intransit loss or damage. Auditor will not hold Consultant responsible for loss or damage to the property.

At this time, too, the Auditor's Office and Sotheby's entered into an agreement whereby Sotheby's would be paid for its work and its expenses would be reimbursed.

May 23-25, 2005

Meanwhile, on the morning of the 23rd of May, a second team consisting of Carly Krum and Scott Mitchell had been directed to Rare Coin Alliance in Wilmington, Delaware. Upon arrival in Wilmington, the team was re-directed to Delaware Valley Rare Coin Company in Broomall, Pennsylvania where another group of property had been located. In Broomall they met a team of BWC and Auditor's Office staff.

The team waited near the Broomall store all day, May 23rd, without being allowed admittance. They spent the night in Philadelphia and returned again the next day. They were finally allowed inside the shop the next day, but the shop owner, Frank Greenberg, refused to supply any inventories of Coin Fund coins.

Unable even to begin the work, the team left Broomall that evening, having wasted two days and accomplishing nothing.

Memorial Day Weekend, 2005

A few days later BWC came to an understanding with Mr. Greenberg. A Sotheby's team, consisting of Marcus Fox and Mitchell, returned to Broomall on the Memorial Day Weekend - May 28th, where they inventoried and packed coins and supervised a pick-up by Brinks. This inventory consisted of 1,183 line items comprising many thousands of coins.

At the same time as the successful Broomall pick-up, a team, consisting of Miles Bingham and Vicken Yegparian, at Ohio's instruction, was sent to Sarasota, Florida. It is worth noting again, this was Memorial Day Weekend. Well after the team had left for Florida, Sotheby's was informed by Ohio that the holder of the coins, a coin grading service in Florida was not cooperating with Ohio. Nevertheless Ohio was hopeful some arrangement would be made. However, as the team sat in the south, it became apparent that no persuasion from Ohio was going to allow a pick-up of the coins. Sotheby's asked if at least the team could examine the property. Sotheby's was informed that their team would not even be allowed inside the building. The team returned to New York having accomplished nothing over Memorial Day Weekend.

May 31 - June 1, 2005

On May 31st, Krum and Yegparian, returned to Wilmington, Delaware, where they inventoried and packed 2,127 line items of Coin Fund coins on June 1st, and supervised a Brinks pick-up.

June 1-3, 2005

Meanwhile, also on June 1st, Tripp and Moerschell returned to Ohio, this time to Columbus, to re-inventory the coins coming from Broomall, Pennsylvania, and Wilmington, Delaware. The Auditor's Office coin inventorying protocol required that a re-inventory never be conducted by the team that had initially inventoried the property. This re-inventory (and examination for appraisal) continued until June 3rd.

June 6-8, 2005

On instruction from the Auditor's Office, on June 6th, Krum and Yegparian flew to Colorado to inventory 3,461 line items of coins at Numismatic Professionals. NPL made a point of photographing the Sotheby's team as they packed the coins. Krum and Yegparian were forced to take "mandatory" 75 minute lunch breaks despite a huge volume of coins and highly confusing inventories. NPL kept "discovering" more coins, changing inventories, describing inventories as inaccurate and supplying coins in non-inventory order. Literally buckets of coins, as well as bags of loose coins were handed over to the team.

On June 7th the Sotheby's team was required to stop work at 6 P.M. However on June 8th they were able to begin work at 6 A.M. although again being required to take a mandatory and extremely frustrating 75 minute lunch break which delayed the Brinks pick-up. At the last minute, despite protocols developed by the Auditor's Office, NPL refused to release the coins to Brinks without a written statement from Sotheby's that Sotheby's would assume all responsibility for the coins thereafter, including a guarantee that the NPL inventories were accurate and correct. This was finally resolved in accordance with the Auditor's Office protocol but too late to prevent one of the Sotheby's team from missing his flight home.

June 8-10, 2005

On June 8th a team consisting of Moerschell and Arthur Blumenthal flew to Columbus. They spent three days at the Huntington Bank where they re-inventoried and appraised coins transported from NPL in Colorado.

June 13-15, 2005

The Sotheby's team, this time consisting of Krum and Bob Entlich, returned to Florida with more success than the last visit over Memorial Day Weekend. The team was admitted to Numismatic Guarantee Corporation (NGC) where they spent two days inventorying and valuing 1,395 line items of coins before having the coins packed up and shipped by Brinks to Columbus.

June 19-24, 2005

Tripp and Moerschell returned to Columbus for two days at the Huntington Bank, where they completed work on the NPL Colorado coins and re-inventoried the newly arrived NGC coins from Florida.

On the 22nd Tripp and Moerschell were joined by Selby Kiffer from New York. The team spent two days at the Ohio State Highway Patrol Facility where they inventoried coins and memorabilia seized from Noe's shop in Maumee. The property inventoried

and valued preliminarily included both 169 line items of Coin Fund property and 655 line items of non-Coin Fund property seized from Noe.

The team also assisted the State Highway Patrol in photographing the Maumee property.

July 1, 2005

On July 1, 2005 a new agreement was signed with Sotheby's. The Scope of Services which was again altered, ran as follows:

Consultant agrees to perform the following tasks:

- A. *Review the most updated coin inventory documents for the Capital Coin Funds and determine what the value of the funds should be based on the inventory documents only.*
- B. *Inventory all of the coins that will have been identified for the Consultant by the BWC to determine whether or not all of the coins listed in the inventory documents are physically present and accounted for.*
- C. *Appraise the market value of all the coins and collectables as identified by the BWC. The appraisal, including without limitation, all copies, summaries and drafts thereof: (i) represent Consultant's best judgment and opinion as to the current fair market value and any other matters covered therein, and is not a statement or representation of fact; (ii) is not to be deemed as a representation or warranty with respect to the authenticity of authorship, provenance, title or condition of the appraised property and to the extent that any item of appraised property is appraised from a photograph, it is presumed in providing a value that the item is in good condition; (iii) is not to be deemed a representation or warranty that the appraised property will bring the appraised value if offered for sale at public auction or otherwise; (iv) except as stated in (v) below, is not furnished and will not be used or relied upon, by the Auditor or any third party in connection with any transaction involving the appraised property, including but not limited to any purchase, sale, loan, donation, or exchange; and (v) is requested by the Auditor for collection valuation purposes to be used or referenced for purposes of the special audit.*

In addition to the services set forth in paragraphs A. to C. above, Consultant agrees to inventory assets at the four enumerated sites listed below and to reinventory the assets at the Huntington National Bank site, and to perform the following additional services:

Consultant agrees to arrange for appropriate transportation of the assets of the Capital Coin Funds I and II, including coins, memorabilia, and all other tangible property, from the locations listed below to the Huntington National Bank, Columbus, Ohio, and to coordinate the deliveries with Brinks or another appropriate secured shipper.

Location 1: Bromall PA

Delaware Valley
2835 Westchester Pike
Broomall, PA 19008

Location 2: Evergreen CO

Numismatic Professionals
2922 Evergreen Parkway, Suite 203
Evergreen CO, 80439

Location 3: Maumee, OH

Capital Coin/Vintage Coin
3509 Briarfield Blvd
Maumee, OH 43537

Location 4: Sarasota, FL

NGC Coins
1500 Industrial Parkway, Suite 220
Sarasota, FL

Consultant will verify that the shipper has intransit insurance covering loss or damage to the property. Consultant is not responsible for intransit loss or damage. Auditor will not hold Consultant responsible for loss or damage to the property.

July 12-13, 2005

On the 12th Krum and Blumenthal flew to Los Angeles where they inventoried, packed and arranged for the pick-up of 3,464 line items of Coin Fund coins from Spectrum Numismatics.

Again there were problems with the coin shop agreeing to the Auditor's Office protocol. Much negotiation took place between Spectrum and BWC, before Brinks was allowed to remove the coins. The team returned to New York on an overnight flight.

July 17-21, 2005

Moerschell and Jack McNamara flew to Columbus to re-inventory and value the coins sent from California.

On the 19th they were joined by Marsha Malinowski from New York. Two days were spent at the Ohio State Highway Patrol Facility where the inventory of the Maumee coins was completed and an inventory was begun of the Maumee historical memorabilia.

July 31-August 3, 2005

Moerschell and Malinowski flew back to Columbus on July 31st. Over the next two days they completed the 3,507 line items of inventory of the Maumee historical memorabilia seized by the Highway Patrol.

This completed Sotheby's on-site work.

July 27 - September 28, 2005

Additional Coin Fund coin shipments arrive at Sotheby's (from DVRCC in PA, NPL in CO, Spectrum in CA, RCA in DE) for inventory and evaluation. The additional coins arrived in eight different shipments and consisted of 1,123 line items.

July 27 - September 28, 2005

Five weeks were spent at Sotheby's New York in refining the valuations and cleaning up the inventory. On September 7 Sotheby's submitted appraisal of BWC Coin Funds I and II:

Inventory	Low Estimate	High Estimate
California	\$5,249,320	\$6,860,560
Colorado	\$2,046,312	\$2,567,531
Delaware	\$6,584,055	\$8,167,370
Florida	\$ 281,970	\$ 329,483
Maumee	\$ 504,095	\$ 625,560
Pennsylvania	\$ 2,492,625	\$3,165,100
Additional coins	\$1,019,165	\$1,269,405
Total	\$18,177,542	\$22,985,009
12,904 total line items		

September 28, 2005

Further minor coins consisting of 18 line items arrived from Colorado. The appraisal which amounts to \$2,150 to \$2,870 is sent to the Auditor's Office on October 17, 2005.

October 25, 2005

A further 97 line items of coins located in Broomall, PA were valued at \$169,200 to \$189,500 for the BWC.

November 11, 2005

After fourteen weeks of work the Historical Memorabilia valuation was completed as well as a valuation of further non-Coin Fund coins. The two valuations consisted of 4,161 line items, and amounted to \$425,031 to \$533,047 for non-coin fund coins and \$2,101,250 to \$2,960,750 for the collectible memorabilia.

November 17, 2005

Further minor coins were discovered in Broomall, PA. These 284 line items of coins were valued at \$42,458 to \$50,713 on the basis of descriptions. This completed the valuation.

Total Items Valued and Final Valuation Estimates

The total number of line items in the valuation for the Coin Fund was 17,464.

The actual number of objects valued was well over 500,000.

The final valuation totaled Low Estimate: \$20,917,671 to High Estimate: \$26,721,889.



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Betty Montgomery
Auditor of State of Ohio

Oversight Commission
Ohio Bureau of Workers' Compensation:

We were engaged to provide assistance related to allegations concerning mismanagement and/or misappropriation of funds invested by the Ohio Bureau of Workers' Compensation ("OBWC"). The primary objectives of our engagement were to obtain an understanding of the internal controls over the investment function of the OBWC and evaluate the effectiveness of those internal controls. Also, we had a specific objective to obtain an understanding of the OBWC's private equity investments and determine if the OBWC followed its internal control policies and procedures related to investments in the Capital Coin Fund Limited and Capital Coin Fund Limited II (collectively "CCF") and MDL Capital Management and MDL Active Duration Fund (collectively "MDL").

Our services were performed in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Consulting Services and Rules 201 and 202 of the AICPA Code of Professional Conduct.

Our approach consisted primarily of interviewing OBWC staff and examining documents related to the investment function. In addition, we examined the written policies and procedures of the OBWC as well as statutory requirements provided by the Ohio Revised Code. We examined minutes of the Oversight Commission and internal memorandums and documents relevant to discussions of both CCF and MDL.

We were not engaged to and did not conduct an examination, the objectives of which would be the expression of an opinion related to the fair value, completeness or existence of specific investments. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Our report has been divided into two sections: Review of Regulations, Policies and Procedures and Investment Funds which includes three subsections: Capital Coin Funds; MDL Funds; and Private Equity Investments. We have also prepared an Executive Summary to highlight the results of our work. However, we would encourage users of the report to read it in its entirety.

Executive Summary

Review of Regulations, Policies and Procedures

Scope and Methodology

- We gained an understanding of the two state statutes that deal with the OBWC and its investment activities. ORC 4123.44 allows the OBWC and its Administrator to invest the surplus in the state insurance fund. ORC 4121.12 creates the Oversight Commission and specifically defines its responsibilities relating to the OBWC's investment activities as to establish the objectives, policies, and criteria for the administration of the investment program.
- We gained an understanding of the investment policies of the OBWC including the responsibilities of the Oversight Commission, Administrator, Chief Investment Officer, Investment Managers, and Investment Consultants.
- We gained an understanding of the OBWC investment department and evaluated its effectiveness.

Summary of Results

1. The investment policy was changed in August 2004 to allow managers exempt from registering as investment advisors to manage funds under a private equity or hedge fund mandate. However, during the period from 2000 to August 2004, the OBWC was using such managers for its private equity investments. Thus, managers used by the OBWC for its private equity investments did not meet the criteria for a manager as outlined in the investment policy.
2. Since 2000, the OBWC has been involved in three different hedge fund investments. These were entered into in May 2000, September 2003, and March 2004, respectively. The investment policy was not revised until August 2004 to include hedging investments in the asset allocation and to allow the use of leverage types of securities by the managers. Thus, the three hedge fund investments entered into by the OBWC prior to August 2004 were contrary to the investment policy at the time of the investment.
3. The OBWC uses an RFP process to solicit proposals to invest funds. The OBWC was unable to provide documentation or other evidence of a rating or scoring system used to evaluate the proposals which led us to conclude that the selection process was subjective. Based on our review of the minutes, it appears the lists of managers presented by the Chief Investment Officer to the Oversight Commission were approved without significant discussion, questions or eliminations of managers.

4. Once managers were approved, the Chief Investment Officer was able to determine the allocations to each manager and determine which manager would be funded. Furthermore, the Chief Investment Officer determined the timing of funding with each manager. Again, due to lack of documentation, we were unable to determine the rationale as to which managers were funded and the timing of that funding.
5. We concluded the OBWC staff does not approve and execute all transactions of the managers nor affirm, settle, and reconcile all transactions and balances. The OBWC staff also does not account for all fund transactions within its internal tracking system and in some cases, adjusts account values on a monthly basis to values provided by the managers. Specifically in regards to the private equity investments, it appeared the OBWC staff tracked the investment activities of the managers on a limited basis.
6. Investment procedures allowed for the Chief Investment Officer, the Chief Financial Officer or either of the two senior investment officers to sign an authorization to move money out of the main operating account or from one manager to another. Thus, it was possible that managers could be funded without the knowledge of the Chief Investment Officer and Administrator. Therefore, this system lacks necessary checks and balances and creates an environment where system and management overrides are possible. This environment is exacerbated by the fact that once a manager was on the approved list, the OBWC staff assumed this authorized the staff to determine all current and future funding with that specified manager. Once a manager was approved, the OBWC staff would not go back to the Oversight Commission for authorization/approval of additional funding regardless of purposes.
7. Per the investment policy, each manager is required to provide the OBWC with quarterly financial information and correspondence regarding the status of the fund. Due to the lack of a formalized process and documentation of such a review, we could not determine if quarterly submissions were analyzed or reviews of investment performance were being performed on a regular basis by the Chief Investment Officer and the two senior investment officers.
8. The investment policy requires the Chief Investment Officer to meet annually with each manager to discuss the status and future of the investment. A formalized procedure did not exist to ensure these meetings occurred and a system was not in place to document any meetings held. Due to lack of documentation, we were unable to conclude that these meetings required by policy occurred on a regular basis.

9. ORC 4121.12 requires the Oversight Commission to monitor the Administrator's progress in implementing the investment policy on at least a quarterly basis and prohibits manager investment activities that the Oversight Commission finds to be contrary to investment policy. It did not appear the information provided to the Oversight Commission was sufficient to satisfy this requirement.
10. ORC 4121.12 and the investment policy call for the Oversight Commission to establish investment objectives and guidelines and to monitor the performance of the fund. No one on the Oversight Commission had a background in finance or investing that would provide the expertise to the Oversight Commission to adequately satisfy this requirement.
11. The investment policy calls for the Oversight Commission to approve the criteria that is used to select managers and brokers. The OBWC was unable to provide documentation to illustrate that such standards were developed.
12. The investment policy requires investment managers to notify the Administrator and the Chief Investment Officer in writing of any changes in the firm's investment strategy, organization, or personnel. Based upon the review of OBWC files, no such documentation existed pertaining to the hedge fund investments that were started from a pre-existing approved fund.

Recommendations

- The OBWC should establish written criteria for the selection of managers as part of its Request for Proposal process including a scoring or evaluation system. Written documentation regarding the evaluation and selection of managers should be retained.
- The OBWC staff should approve and execute all transactions of the managers and affirm, settle, and reconcile all transactions and balances.
- The OBWC staff should obtain the authorization of the Oversight Commission for additional funding of an investment manager.
- The OBWC should implement a formal process to perform and document the quarterly performance evaluation of each manager as required by its investment policy.
- The OBWC should implement a formal process to ensure that annual meetings with managers are performed and documented.
- The Oversight Commission should include an individual with a background in finance and/or investing.

- The Oversight Commission should increase its monitoring of investments as required by policy and the ORC by establishing procedures that assure review of the activities and strategies of each manager.
- The Oversight Commission should adopt policies that assure the Oversight Commission is notified of any changes in funding levels with a manager.
- The Oversight Commission should receive quarterly reports that contain adequate detail to assess the performance of each manager including information on private equity investment transactions.
- The OBWC should implement controls for monitoring investment managers consistent with the adopted investment policy and reporting the results of that monitoring to management and the Oversight Commission on a regular basis.
- The Chief Investment Officer and others designated to review proposals from fund managers should establish specific procedures to document their evaluation of proposals prior to acceptance.
- The Chief Investment Officer should adhere to the policy of quarterly consultations with managers and an annual meeting to discuss the status of the investment. These meetings should be documented with formalized agendas and meeting minutes or other types of written documentation.
- We recommend the OBWC evaluate the need for the continued use of investment consultants. If OBWC continues to use investment consultants, procedures should be implemented which ensure the consultants are providing adequate information for management and the Oversight Commission to evaluate the performance of all individual managers. This would include requiring each consultant to make a judgment regarding the manager's performance.
- The OBWC should implement a process which documents the utilization and review of the consultants' reports by management and the Oversight Commission.
- The Administrator and Chief Investment Officer must obtain any change in a manager's strategy in writing and seek Oversight Commission approval prior to a change in the asset allocation.

Investment Funds

Scope and Methodology

- We gained an understanding of the CCF investment and evaluated for compliance with OBWC policies.
- We gained an understanding of the MDL investment and evaluated for compliance with OBWC policies.
- We gained an understanding of the private equity investments currently included in OBWC's portfolio.
- We reviewed the operating agreement and private placement memorandums for all 66 private equity investments currently in the OBWC portfolio.

Summary of Results

1. CCF was started in March 1998 and had a structure that mirrored a private equity investment which was not permitted under the investment policy until 2000. We also believe that the CCF manager did not meet the criteria for a manager under the investment policy at the time of initial investments. CCF financial statements were not audited despite a requirement contained in the RFP. Although the RFP required audited financial statements, the operating agreement with CCF lacked such a requirement. Further, neither internal OBWC legal counsel nor outside legal counsel was involved during the contract negotiation phase of this investment. Due to a lack of documentation, we could not determine if financial statements were reviewed by OBWC to determine if the manager's actions were consistent with the operating agreement. In 2000, OBWC internal auditors raised issues relating to the accounting and practices of CCF. The internal auditors experienced resistance from the Chief Investment Officer relating to the enhanced audit procedures they suggested for CCF.
2. MDL started in September 2003 and was started with funds from a fixed income fund from MDL that originated in 1998. The transfer of funds was executed and authorized by the former Chief Financial Officer without any supporting documentation justifying the transfer. It was not apparent if the Administrator or Chief Investment Officer were aware of the transfer. The internal reporting by the OBWC reported MDL as a fixed income investment despite the correspondence from the manager which identified the investment as an alternative investment and hedge fund.

3. Private equity appears to be a catch-all allocation for all investments that do not fit into the traditional securities. There are three hedge funds currently invested in by the OBWC. Both the hedge funds and CCF were reported by OBWC as private equity. Due to a lack of documentation of a monitoring process, it appears very little was done by the OBWC staff relating to the monitoring and tracking of these investments. Further, there is no one on the OBWC staff that has the expertise in private equity to effectively manage this portion of the portfolio.
4. In reviewing the OBWC files, we noted no additional hedge funds other than the three previously mentioned but noted that within those three files there was correspondence from managers identifying it as a hedge fund.
5. The fair values of the investments were determined by the general partners.
6. The majority of OBWC's private equity investments are in the unrealized stage as they have not been sold or disposed as of yet. Because of the volatility of the fair value, there may be significant difference in what is reported as unrealized and actual returns realized.
7. A number of private equity investments had not submitted audited financial statements and, in some cases, no quarterly performance information was documented.
8. In several investments, the OBWC is the only limited partner or holds a super majority. Based upon the review of the other investments in the private equity portfolio, these investments are atypical.
9. There are currently four different investment funds with the same manager with total commitments of approximately \$55,000,000. Based upon the review of the other investments in the private equity portfolio, it is atypical for this many funds with one manager.

Recommendations

- The OBWC should never enter into an agreement for an investment that is not permissible under its current investment policy.
- We recommend that internal audit reports related to investment managers are responded to by the Chief Investment Officer and reported to the Oversight Commission.
- All private equity investment managers should be required to submit audited financial statements annually and a process should be implemented to review each audit report and discuss any audit issues with the investment manager.

- All agreements with private equity investment managers should be reviewed by internal and/or external legal counsel prior to execution.
- The OBWC should implement procedures to strengthen its monitoring of its private equity investments as well as a process to document its monitoring activities.
- The OBWC should review its current private equity investments to determine if they are consistent with its investment strategies and objectives.
- When OBWC enters into private equity investments the level of risk should be disclosed to the Oversight Commission prior to its approval.

Section I: Review of Regulations, Policies and Procedures

Two state statutes discuss the OBWC and specifically reference the OBWC and its investment activities: Ohio Revised Code (“ORC”) Section 4123.44 and ORC Section 4121.12.

ORC Section 4123.44

ORC Section 4123.44 allows for the Administrator of the OBWC to invest the surplus or reserve of the state insurance fund. This section indicates the Administrator and other fiduciaries shall perform their duties with respect to the funds and investments with the care, skill, prudence, and diligence that a prudent person would use in similar conduct.

When reporting on the performance of investments, the ORC indicates the Administrator shall comply with the performance presentation standards established by the Association for Investment Management and Research (“AIMR”). These standards indicate that the following should be reported:

- At a minimum, ten years of performance history or since inception.
- Annual returns for all years.
- The number of portfolios and amounts of assets in the composite and the percentage of the entity’s total assets represented by the composite at the end of each period. A composite is defined as an aggregation of portfolios into a single group that represents a particular investment strategy.
- The following disclosures are mandatory:
 - a) Total assets for each period
 - b) The availability of a complete list and description of all of the entity’s composites.
 - c) The presence, use, and extent of leverage or derivatives, including a description of the use, frequency, and characteristics of the instruments sufficient to identify risks.
 - d) Whether performance is reported gross or net of management and other fees.

The ORC also stipulates investments shall be purchased at current market prices and the evidence of the title to the investments shall be placed in the custody of the Treasurer of State, who is defined as the custodian, or in the custody of the Treasurer of State’s authorized agent. The ORC indicates that no purchase or sale of any investments shall be made except as authorized by the Administrator. The Administrator may also secure investment information services, consulting services, and other like services to facilitate the investment of the surplus and reserve belonging to the state insurance fund.

ORC Section 4121.12

ORC Section 4121.12 establishes the Oversight Commission and the composition of the nine members, the terms of their appointment, and the nomination process. The ORC defines the Oversight Commission's duties as being both a supervisor and aide to the Administrator and Governor relating to the OBWC's activities and specifically defines the Oversight Commission's duties as it relates to the investment activities of the OBWC. The Oversight Commission is responsible for establishing the objectives, policies, and criteria for the administration of the investment program that includes asset allocation targets and ranges, risk factors, asset class benchmarks, time horizons, total return objectives, and performance evaluation guidelines. The Oversight Commission is also responsible for monitoring the Administrator's progress in implementing the objectives, policies, and criteria on a quarterly basis. The Oversight Commission is required to publish the objectives, policies, and criteria no less than annually. Finally, the Oversight Commission is required to prohibit, on a prospective basis, specific investment activity it finds to be contrary to its investment objectives, policies, and criteria.

Investment Policy

To satisfy its obligations under ORC Section 4121.12, the Oversight Commission adopted a formal investment policy, based on consultation with management and outside consultants. The policy is reviewed annually and was last updated in August 2004.

The August 2004 investment policy provides for:

1. The investment objectives for the Fund:
 - a) To safeguard assets of the Fund.
 - b) To maximize returns within acceptable risk parameters.
 - c) To maintain the purchasing power of the current assets and all future contributions by producing positive real rates of return on Fund assets.
 - d) Preserve the ability of the OBWC to pay all disability benefits and expense obligations.
 - e) Achieve a total annualized average rate of return during each rolling five year period which equals or exceeds the average discount rate used by the OBWC actuarial consultant to compute reserves for compensation for each such rolling five year period.
 - f) Achieve an aggregate rate of return during each rolling five year period that exceeds generally accepted and broadly recognized conventional indicators of the overall rate of inflation, the Gross Domestic Product deflator, for such periods.
 - g) Minimize the costs of administering the Fund and managing the investments.

2. Defines the responsibilities for the Oversight Commission:

- a) Establish the strategic investment policy for the Fund and periodically review such policy in light of any changes in actuarial variables, market conditions, or other evolving facts or situations relevant to the appropriate character of that policy.
- b) Monitor and review the investment performance of the Fund to determine achievement of goals and compliance with the investment policy.
- c) Approve the selection of all consultants.
- d) Approve, based upon the criteria and procedures established pursuant to the investment policy, the list of qualified fund managers and brokers prepared by the Administrator and Chief Investment Officer of the OBWC.
- e) Approve the scope of investment activities that may be undertaken by each approved fund manager.
- f) Approve the criteria and procedures developed by the Administrator and Chief Investment Officer to select approved fund managers and brokers.
- g) Prohibit on a prospective basis any investment activity that it finds to be contrary to the investment policy.

3. Defines the responsibilities for the OBWC staff/Investment Managers/Consultants:

- a) The Chief Investment Officer shall be employed by the Administrator and shall be the senior member of the OBWC staff with primary responsibility to implement the investment policy. Subject to the supervision and control of the Administrator, the Chief Investment Officer shall:
 - Supervise the management of all the Fund assets in accordance with the investment policy and its objectives and guidelines.
 - Develop the criteria and procedures to be utilized to select approved fund managers and brokers.
 - Select, subject to Oversight Commission approval, qualified investment consultants.
 - Select from the list of approved fund managers investment fund managers to invest Fund's assets.
 - Report to the Oversight Commission on at least a quarterly basis regarding the status of the portfolio and its performance.
 - Consult with approved fund managers on at least a quarterly basis to discuss account progress.
 - Cause all trades dictated by the approved fund manager through the services of an approved broker.
 - Provide the Oversight Commission with a report on at least a quarterly basis on the trading activities of the Fund, including the volume of trades and related commissions executed by each broker.

b) The Investment Manager shall:

- Manage the plan assets under its care, custody, and/or control in accordance with the investment policy objectives and guidelines.
- Exercise full investment discretion over the assets in their care within the investment policy guidelines subject that all trades shall be executed under the supervision and control of the Administrator and Chief Investment Officer by approved brokers.
- Employ the use of financial derivatives, leverage, options or other types of securities and/or investment strategies only to compensate for the risk of securities already held in the portfolio.
- Promptly inform the Administrator and Chief Investment Officer in writing of all changes of material nature pertaining to the investment strategy, firm's organization, and professional staff.
- Report to the Administrator and Chief Investment Officer on at least a quarterly basis on the status of the portfolio and its performance for various time periods and meet with the staff at least semi-annually.
- Shall acknowledge and agree in writing to their fiduciary responsibility to fully comply with the investment policy.

c) Investment Consultants shall:

- Provide independent and unbiased information to the Oversight Commission and OBWC staff.
- Assist in the development and amendment of the investment policy.
- Assist in the development of strategic asset allocation targets.
- Assist in the development of performance measurement standards.
- Monitor and evaluate fund manager performance on an ongoing basis.
- Conduct due diligence when a manager fails to meet standards.
- Establish a procedural due diligence search process.
- Assist in the development of criteria and procedures to be utilized for the selection of all fund managers.

4. Asset allocation and securities guidelines for:

- a) Large capitalization domestic equities
- b) Small/mid capitalization equities
- c) International equity securities
- d) Domestic fixed income securities
- e) Private equity
- f) Hedge funds

5. Defines the criteria for manager selection:

A manager must be a bank, insurance company, investment management company, or investment advisor as defined by the Investment Advisors Act of 1940 or be exempt from having to register as an investment advisor if managing funds under a private equity or hedge fund mandate.

The investment activities of the OBWC, as they are today, began in 1997 with the passage of Senate Bill 82 which amended ORC 4123.44. Overall, the investment policy developed by the Oversight Commission did not change much between 1997 and the August 2004 policy described above with one exception. The policy was changed in 2000 to include private equity investments as part of the asset allocation and security guidelines. However, the 2004 policy does contain several revisions that were significant and not present in previous years. The 2004 policy was the first policy to include hedging investments in the asset allocation. It also allowed the use of leveraged types of securities to compensate for the risk of securities already in the portfolio as part of the responsibilities of the investment managers. Finally, it modified the criteria of a manager to include firms that are exempt from registering as investment advisors because they are managing funds under a private equity or hedge fund mandate.

From 2000 to 2004, the OBWC was using managers for its private equity investments. The investment policy was not changed until 2004 to include managers exempt from registering as an investment advisor if managing funds under a private equity or hedge fund mandate. Thus, it appears that managers used by the OBWC for its private equity investments did not meet the criteria for a manager as outlined in the investment policy until the August 2004 revision.

Since 2000, the OBWC has been involved in three different hedge fund investments. These were entered into in May 2000, September 2003, and March 2004 respectively. The investment policy was not revised until August 2004 to include hedging investments in the asset allocation and to allow the use of leverage types of securities by the managers. Thus, the three hedge fund investments entered into by the OBWC prior to August 2004 were contrary to the investment policy at the time of the investment.

Review of Investment Department's Controls and Procedures

As indicated in the investment policy, the responsibility for the implementation and compliance with the investment policy was delegated by the Administrator to the Chief Investment Officer. To carry out these responsibilities, the Chief Investment Officer has assembled an investment department within the OBWC and also uses outside consultants.

The process which was used in 1997 to select the initial fund managers and is currently still used to select new fund managers starts with the OBWC issuing a Request for Proposals (RFP). The initial 1997 RFP was limited to domestic equities and fixed income managers. Subsequently, a RFP was issued for both international equities and emerging managers. The RFP issued by the OBWC indicated that special consideration would be given to Ohio and minority-led firms and that each proposal would be evaluated on a point system based on specified criteria. Based on meeting those specified criteria, a fund manager's proposal would be further evaluated for approval and final funding.

Based on our discussions with OBWC personnel, the proposals received were reviewed by the Chief Investment Officer, and fund managers were selected for in-person meetings with the Chief Investment Officer. The OBWC was unable to provide documentation or other evidence of a rating or scoring system used to evaluate the proposals, which led us to conclude that the selection process was subjective. During our engagement, we were unable to speak with two most recent Chief Investment Officers of the OBWC due to the ongoing criminal investigations and thus, could not gain a verbal understanding of the methodology used to select managers.

After selection, the chosen fund managers had an in-person meeting with the Chief Investment Officer to present their capabilities and strategy. For these meetings, the Chief Investment Officer often included the former Chief Financial Officer as well as investment department senior staff of the OBWC and outside consultants. After these meetings, the Chief Investment Officer formulated an approved manager list for presentation to the Administrator. Again, without supporting documentation, it is difficult to determine the criteria and rationale for which specific managers were selected.

After approval by the Administrator, the manager lists were presented to the Oversight Commission for approval. We reviewed the Oversight Commission minutes from 1997 through July 2005 and based on that review, it appears the Oversight Commission approved the list without significant discussion, questions or elimination of managers.

Once managers were approved, the Chief Investment Officer was able to determine the allocation of dollar amounts between each manager and determine which manager would be funded based in part upon the dollar amount allocated to the specific investment purposes. Furthermore, the Chief Investment Officer determined the timing of funding with each manager. Again, due to lack of documentation, we were unable to determine the rationale as to which managers were funded and the timing of that funding. Once a manager was on the approved list, they could be funded and allocated funds at anytime. Once a manager was funded, they were provided with notification and a letter that indicated their responsibilities for providing their daily trade information and quarterly financial statements of the fund.

To account for the investments internally, the Chief Investment Officer formulated an investment department staff which primarily consisted of two senior investment officers, two equity traders, two trade settlers, and two staff members for reconciliations. Each of these groups had specific responsibilities related to the investment function. The senior investment officers were responsible for account setup, manager relationships, performance reporting and evaluation. The equity traders received trade requests from managers, placed trades with approved brokers and entered trades into the OBWC's internal accounting system, QED. The trade settlers matched the information entered into QED with various supporting documentation from the trade. This settling process is also referred to as affirming and provided a verification of each transaction in substance and in value based upon supporting documentation. The reconciliations staff would ensure on a daily basis that cash levels/transactions were all accounted for. The staff would also verify the market prices of funds at the end of each month. Regular reconciliations are important to ensure that all transactions have been captured and reported values can be supported.

Per the procedures of the OBWC, the daily activities of the investment department's traders, settlers, and reconciliations staff is intended to serve as a control over each manager's activities. However, we noted that the procedures applied to investments were inconsistent between different segments of the portfolio. For example, as it relates to domestic equities and fixed income investments, the investment staff executes most trades and affirm/settle/reconcile all transactions and all are tracked in QED. Yet, as it relates to international equities investments, all transactions are affirmed and settled but not tracked in QED. The QED values for international equity investments are updated only on a monthly basis. Finally, for private equity investments, the investment staff accounted only for initial funding and any subsequent funding and updated balances in QED at the end of each month.

Based on the above, we concluded the OBWC staff does not approve and execute all transactions of the managers nor affirm, settle, and reconcile all transactions and balances. The OBWC staff also does not account for all fund transactions within the QED system and in some cases, adjusts account values on a monthly basis to values provided by the managers. Specifically in regards to the private equity investments, it appears the OBWC staff was providing limited tracking of the investment activities of the managers. Thus, performance measurement of these investments was primarily based on the representations of the managers. Based on our conversations with staff, this was attributed primarily to a lack of resources to track the number of managers used by the OBWC.

The OBWC investment procedures allowed for the Chief Investment Officer, the Chief Financial Officer or either of the two senior investment officers to sign an authorization to move money out of the main operating account or from one manager to another. Under this system, it was possible that managers could be funded without the knowledge of the Chief Investment Officer and Administrator. This system lacks necessary checks and balances and creates an environment where system and management overrides are possible. This environment is exacerbated by the fact that once a manager was on the approved list, the OBWC staff assumed this authorized the staff to determine all current and future funding with that specified manager. Once a manager was approved, the OBWC staff would not go back to the Oversight Commission for authorization/approval of additional funding regardless of purposes.

The monitoring and evaluation of each manager is the responsibility of the Chief Investment Officer. Per the investment policy, each manager is required to provide the OBWC with quarterly financial information and correspondence regarding the status of the fund. This information is originally provided to the senior investment officer responsible for the entry of the information into the internal performance reporting database used by the OBWC. Copies are also provided to the Chief Investment Officer and the other senior investment officer. This information is entered into the performance reporting database which is used to summarize the monthly values and transactions of the fund. This database is used primarily to track compliance information related to the use of Ohio and minority brokers. Again, it should be noted that not all investments are tracked by OBWC staff in this database. Investments classified by the OBWC as private equity investments do not have their balances or transactions tracked monthly or quarterly by the OBWC staff. In fact, due to the lack of a formalized process and documentation of such a review, we could not determine if quarterly submissions were analyzed or reviews of investment performance were even being performed on a regular basis by the Chief Investment Officer and the two senior investment officers.

The performance database, along with the QED system, is used by the outside consultants and the OBWC staff for the preparation of the quarterly reports that are provided to the Oversight Commission and the OBWC investment staff. On a quarterly basis, the Chief Investment Officer assembles a performance report for the investment fund and presents it to the Oversight Commission. This report illustrates the breakdown of the fund between the different asset allocations and the overall returns of the entire fund and each allocation for the periods presented. The report also indicates which managers were not in compliance with the OBWC's standards.

Between the Chief Investment Officer and the two senior investment officers, there is also supposed to be an annual in-person meeting with each fund manager to discuss the status and future of the investment. A formalized procedure did not exist to ensure these meetings occurred and a system was not in place to document any meetings held. Due to lack of documentation of such meetings, we were unable to conclude that these meetings required by policy occurred on a regular basis.

Recommendations:

- **The OBWC should establish written criteria for the selection of managers as part of its Request for Proposal process including a scoring or evaluation system. Written documentation regarding the evaluation and selection of managers should be retained.**
- **The OBWC staff should approve and execute all transactions of the managers and affirm, settle, and reconcile all transactions and balances.**
- **The OBWC staff should obtain the authorization of the Oversight Commission for additional funding of an investment manager.**
- **The OBWC should implement a formal process to perform and document the quarterly performance evaluation of each manager as required by its investment policy.**
- **The OBWC should implement a formal process to ensure that annual meetings with managers are performed and documented.**

The OBWC's investment policies and procedures were not always followed by the individuals or groups as required by the investment policy. We have summarized several issues related to noncompliance with the investment policy.

Oversight Commission

The Oversight Commission has overall responsibility over the investment activities of the OBWC. However, it appears the Oversight Commission has relied solely on the Chief Investment Officer to carry these activities. ORC 4121.12 calls for the Oversight Commission to establish the objectives, policies, and criteria for the administration of the investment program which includes performance evaluation guidelines. ORC 4121.12 also calls for the Oversight Commission to monitor the Administrator's progress in the implementation of the investment policy on at least a quarterly basis and prohibit activities of a manager it finds to be contrary. It appears that the information provided to the Oversight Commission was not adequate for the Oversight Commission to carry out its responsibilities under ORC 4121.12. Furthermore, the investment policy defines the Oversight Commission's responsibilities as follows:

- Establish the strategic investment policy for the Fund and periodically review such policy in light of any changes in actuarial variables, market conditions, or other evolving facts or situations relevant to the appropriate character of that policy.
- Monitor and review the investment performance of the Fund to determine achievement of goals and compliance with the investment policy.
- Approve the selection of all consultants.
- Approve, based upon the criteria and procedures established pursuant to the investment policy, the list of qualified fund managers and brokers prepared by the Administrator and Chief Investment Officer of the OBWC.
- Approve the scope of investment activities that may be undertaken by each approved fund manager.
- Approve the criteria and procedures developed by the Administrator and Chief Investment Officer to select approved fund managers and brokers.
- Prohibit on a prospective basis any investment activity that it finds to be contrary to the investment policy.

The Oversight Commission does not include an individual with a background in finance and/or investing. Such an individual would add expertise in the formulation of the investment objectives and guidelines for the investment fund as well as monitoring the Administrator's progress relating to implementation of the investment policy.

The investment policies indicate that the Oversight Commission is responsible for approving the criteria and procedures used for the selection of managers and brokers. However, because the OBWC was unable to provide documentation to illustrate such criteria, we have concluded that no such criteria exist. Thus, we have further concluded the Oversight Commission has not fulfilled its investment policy responsibility of approving the criteria and procedures used to select managers.

The Oversight Commission also has approval responsibilities and prohibitive powers over each manager's activities. However, per the review of minutes and reports provided to the Oversight Commission, it did not appear the Oversight Commission was informed of the specific activities and strategies of each manager nor notified of any changes. It appears as if once a manager was included on the recommended list by the Chief Investment Officer, the managers and their activities were viewed to be acceptable.

The investment policy does not call for each fund manager to be evaluated based upon performance. Rather, the policy requires the Oversight Commission to monitor and review the investment performance of the Fund and compliance with the investment policy. ORC 4121.12 additionally calls for the Oversight Commission to monitor the Administrator's progress in implementing the investment policy on a quarterly basis. It appears, based on our review of documents, that the Oversight Commission relied on the quarterly reports prepared by the investment department to fulfill these responsibilities. The information provided to the Oversight Commission to assess performance of the fund consisted of data for the investment fund as a whole and for each asset allocation. The report did not indicate the performance by individual managers. The only time managers were discussed specifically were instances when the portfolio was not in compliance with respect to the minimum percentage of Ohio and minority brokers used. The reports provided by the Chief Investment Officer, along with the investment policy itself, appear to be centrally focused on the total returns of the entire portfolio and not the individual components. Furthermore, the investment policy required the Chief Financial Officer to provide the Oversight Commission a quarterly report detailing the volume of trades and the related commissions for that period. The transaction log that accompanied the report was not complete as it only included transactions related to domestic and fixed income securities and did not include private equity investment transactions.

Recommendations:

- **The Oversight Commission should include an individual with a background in finance and/or investing.**
- **The Oversight Commission should increase its monitoring of investments as required by policy and the ORC by establishing procedures that assure review of the activities and strategies of each manager.**
- **The Oversight Commission should adopt policies that assure the Oversight Commission is notified of any changes in funding levels with a manager.**
- **The Oversight Commission should receive quarterly reports that contain adequate detail to assess the performance of each manager including information on private equity investment transactions.**

OBWC Administrator/Chief Investment Officer

As stated previously, the investment policy defines the responsibilities of the Chief Investment Officer as follows:

The Chief Investment Officer shall be employed by the Administrator and shall be the senior member of the OBWC staff with primary responsibility to implement the investment policy. Subject to the supervision and control of the Administrator, the Chief Investment Officer shall:

- Supervise the management of all the Fund assets in accordance with the investment policy and its objectives and guidelines.
- Develop the criteria and procedures to be utilized to select approved fund managers and brokers.
- Select, subject to Oversight Commission approval, qualified investment consultants.
- Select from the list of approved fund managers investment fund managers to invest Fund's assets.
- Report to the Oversight Commission on at least a quarterly basis regarding the status of the portfolio and its performance.
- Consult with approved fund managers on at least a quarterly basis to discuss account progress.
- Cause all trades dictated by the approved fund manager through the services of an approved broker.
- Provide the Oversight Commission with a report on at least a quarterly basis on the trading activities of the Fund, including the volume of trades and related commissions executed by each broker.

The Administrator has placed the major responsibility for carrying out the investment policy on the Chief Investment Officer. The investment policy indicates that the Chief Investment Officer is to supervise all fund assets. However, it appears that application and enforcement of investment policies is selective. As previously noted, certain investments and allocations within the OBWC investment portfolio funds have little or no oversight performed by OBWC staff. The OBWC investment staff appears to use a materiality assessment by determining the particular investment's significance to OBWC's total portfolio. The investment staff uses the results from the materiality assessment to determine where it will devote its resources and efforts.

By policy, the Chief Investment Officer is responsible for developing the criteria and procedures used for the selection of managers. However, as mentioned previously, it appears that this has not occurred and the selection process has been subjective. It also appears this process could have been influenced by the Administrator, Oversight Commission and former Chief Financial Officer. Our conclusion is based on conversations with OBWC investment staff as well as the lack of documentation of manager selection.

The investment policy requires the Chief Investment Officer to monitor all managed assets. One of the means to accomplish this monitoring is the requirement for an annual meeting with each manager to discuss the status and future of the investment. However, procedures have not been formalized to ensure such consultation occurred and that meetings were adequately documented. It also does not appear this requirement was enforced for each fund manager. Furthermore, we could not conclude the investment department was monitoring and reviewing the financial performance of the managers due to a lack of documentation of such reviews and lack of enforcement of the requirement for each manager to submit quarterly financial statements and annual audited financial statements.

Recommendations:

- **The OBWC should implement controls for monitoring investment managers consistent with the adopted investment policy and reporting the results of that monitoring to management and the Oversight Commission on a regular basis.**
- **The Chief Investment Officer and others designated to review proposals from fund managers should establish specific procedures to document their evaluation of proposals prior to acceptance.**
- **The Chief Investment Officer should adhere to the policy of quarterly consultations with managers and an annual meeting to discuss the status of the investment. These meetings should be documented with formalized agendas and meeting minutes or other types of written documentation.**

Independent Consultants

The investment policy calls for consultants to assist the Chief Investment Officer and Oversight Commission with the evaluation of each fund manager. The policy states that investment consultants shall:

- Provide independent and unbiased information to the Oversight Commission and OBWC staff.
- Assist in the development and amendment of the investment policy.
- Assist in the development of strategic asset allocation targets.
- Assist in the development of performance measurement standards.
- Monitor and evaluate fund manager performance on an ongoing basis.
- Conduct due diligence when a manager fails to meet standards.
- Establish a procedural due diligence search process.
- Assist in the development of criteria and procedures to be utilized for the selection of all fund managers.

However, an evaluation to ensure compliance with this policy is not performed for all fund managers. The OBWC used three consultants with one each for the domestic equity, fixed income, and minority-led firm segments. Thus, if a manager and its activities did not fit into one of these categories, they were not included in the quarterly reports provided by the consultants to OBWC staff. We could not find evidence that the consultants reports were even provided to the Administrator or Oversight Commission. Furthermore, in reviewing the reports, the reports do not appear to make judgments on performance. Finally, we could not find any documentation of how the Chief Investment Officer used these reports to formulate an evaluation of managers. Therefore, we question the value of the use of independent consultants as the process was structured.

Recommendations:

- **We recommend the OBWC evaluate the need for the continued use of investment consultants. If OBWC continues to use investment consultants, procedures should be implemented which ensure the consultants are providing adequate information for management and the Oversight Commission to evaluate the performance of all individual managers. This would include requiring each consultant to make a judgment regarding the manager's performance.**
- **The OBWC should implement a process which documents the utilization and review of the consultants' reports by management and the Oversight Commission.**

Investment Managers

As previously stated, investment managers have the following requirements as defined by the investment policy:

- Manage the plan assets under its care, custody, and/or control in accordance with the investment policy objectives and guidelines.
- Exercise full investment discretion over the assets in their care within the investment policy guidelines subject that all trades shall be executed under the supervision and control of the Administrator and Chief Investment Officer by approved brokers.
- Employ the use of financial derivatives, leverage, options or other types of securities and/or investment strategies only to compensate for the risk of securities already held in the portfolio.
- Promptly inform the Administrator and Chief Investment Officer in writing of all changes of material nature pertaining to the investment strategy, firm's organization, and professional staff.
- Report to the Administrator and Chief Investment Officer on at least a quarterly basis on the status of the portfolio and its performance for various time periods and meet with the staff at least semi-annually.

By agreement, each manager is to inform the Administrator and Chief Investment Officer in writing of any changes in the firm's strategy or personnel. Two of OBWC's hedge funds managers initially made investments in a different type asset allocation that was accepted and approved by the Oversight Commission but were later switched to hedge funds. The investment policy requires any change in an approved manager's strategy to be provided in writing to the Administrator and the Chief Investment Officer. Furthermore, by policy, the Oversight Commission is required to approve all manager activities. Thus, the Oversight Commission should have been informed of these changes and given its approval. However, these required steps did not occur. No documentation existed in OBWC's files to support the change by the manager. Also, we could find no communication or correspondence between management and the Oversight Commission regarding these changes.

Recommendation:

- **The Administrator and Chief Investment Officer must obtain any change in a manager's strategy in writing and seek Oversight Commission approval prior to a change in the asset allocation.**

Section II: Investments Funds

A. Capital Coin Funds

CCF was funded in March 1998 with an initial allocation of \$25 million as an emerging manager. The structure of CCF is more like a private equity partnership in which the OBWC possesses an ownership percentage. CCF was a partnership with a General Partner, Mr. Thomas Noe, in an entity in the business of buying and selling rare coins. However, prior to 2000, private equity investments were not part of the investment policy and asset allocation. Thus, the investment in CCF, at the time of initial funding, violated the investment policy in place.

CCF and its manager did not appear to fit the criteria for an acceptable manager under the investment policy definition at the time of initial investment. In 1998, the investment policy indicated that a manager must be a bank, insurance company, investment management company, or investment advisor as defined by the Investment Advisors Act of 1940. The manager of CCF did not fit these criteria.

The investment policy also indicates the Oversight Commission has overall responsibility over the investment activities of the OBWC and indicates that the Oversight Commission must specifically approve the business activities/purposes of all managers. Based upon the review of the meeting minutes, we could not conclude the Oversight Commission was aware of the specific business activity/purpose of CCF.

The OBWC's RFP indicates that proposals will be received and evaluated on a point system based upon predetermined criteria. As discussed previously, we could find no evidence of such a scoring system for any of the funded managers and this particular investment was no exception. There was no documentation to support that an evaluation of the CCF was performed and thus, we are unable to determine the rationale used to select this particular investment. No documentation was available to support the merits of investing in rare coins and the justification of the selection of this unusual business purpose for investment.

The RFP also indicates that managers are to provide both quarterly financial statements and annual audited financial statements. While CCF typically provided sporadic quarterly statements and assessments, the annual financial statements were not audited. The manager of CCF did not provide audited financial statements and OBWC did not enforce this requirement as stated in the RFP. Further the operating agreement did not require CCF to submit audited financial statements, contrary to the requirements of the RFP.

Based on lack of documentation regarding performance evaluations and discussions with staff, it appears the OBWC investment staff was not reviewing the financial information provided to evaluate performance and determine whether or not the activities of the general partner were in accordance with the operating agreement. The June 30, 2004 financial statements for the Capital Coin Fund Limited II included a contingency disclosure related to misappropriation of assets which indicated a number of coins in the partnership's inventory were missing. We could not find any evidence that OBWC investment staff followed up on this issue. CCF's transactions were also neither affirmed by OBWC staff nor were they tracked into their QED system. Instead, CCF was adjusted on a monthly basis in QED to the values provided by the manager. In other words, it appears OBWC accepted CCF's value without any method to determine its validity.

As to the operating agreement with CCF, neither internal OBWC legal counsel nor outside legal counsel was involved during the contract negotiation phase of this investment. The operating agreement was drafted by the legal counsel of the manager, CCF. In reviewing the agreement, it appears to heavily favor Mr. Thomas Noe, the General Partner, of CCF. In fact, it does not appear to provide for the exit of the OBWC as a limited partner.

In 2000, OBWC internal auditors raised issues relating to the accounting and practices of CCF. The OBWC internal auditors typically did not perform procedures related to an individual investment. However, the internal auditors asked to perform a control review of CCF because of the unusual nature of the investment, lack of audit, and lack of custody of the assets by the manager. In May 2000, the Manager of Internal Audit wrote a memorandum to the Administrator, Chief Investment Officer, and Chief Financial Officer expressing concerns on issues such as the lack of audited financial statements, the inability to support inventory values with independent sources, a related party note receivable from the former fund manager and non-related party notes receivable for loans unrelated to coin deals. Internal Audit also questioned the profit retention and collateral for joint ventures which had been established as well as the investment in real estate investment trust. Internal Audit was also concerned the manager's actions were not consistent with the operating agreement.

Based on internal emails, the Chief Investment Officer disagreed with the proposed scope of Internal Audit's review from the outset. Internal Audit recommended a detailed audit of CCF but the Chief Investment Officer argued for a reduction of the procedures. In an email to the Chief Legal Counsel, the Chief Investment Officer indicated that some aspects of the recommended audit (such as a review of the computer systems and related party issues) were appropriate. However, the email stated, "...the audit goes into great detail tracking transaction, checks, bank accounts etc. which I feel is too much." The Chief Investment Officer expressed concern over how the audit would affect his relationship with the manager. Ultimately, Internal Audit was directed to perform the reduced audit as requested by the Chief Investment Officer.

Based on our review of documents, the Chief Investment Officer took the step of drafting a letter for the CCF and its General Partner, Mr. Thomas Noe to respond to the document requests of Internal Audit. The letter was faxed to Mr. Noe with the Chief Investment Officer's indication that it should be put on the CCF letterhead and sent to Internal Audit. The letter basically outlined which documents would be made available to Internal Audit and also answered questions/requests from Internal Audit. Ultimately, the letter sent by Mr. Noe to Internal Audit was identical to the letter faxed by the Chief Investment Officer to Mr. Noe.

At the conclusion of the audit, we believe the issues raised by Internal Audit were virtually dismissed by the Chief Investment Officer who drafted a memorandum to the Chief Financial Officer and Chief Legal Counsel on August 24, 2000 which discussed the CCF. The memorandum ended in a summary which included the following:

Besides the letters from the mortgagor saying the notes are collectible on demand, having their joint ventures partners and all future joint venture partners sign their agreements, and expanding the quarterly report I do not think Mr. Noe needs to do anything else. The majority of the other issues are at the full discretion of the General Partner as I feel they should be.

CCF appears to violate ORC Section 4123.44 under the Administrator's responsibility to report the performance of the investments in accordance with the AIMR standards. AIMR requires that portfolios be presented in group composites (segments) in which the investments share the same objective/strategy. CCF was an investment in an operating, "for profit" business. This purpose was unlike any other investment in 1998 at the start of fund and more like private equity which began in July 2000. After 2000, CCF was grouped with the private equity asset allocation in its quarterly reports. However, prior to that point, it was grouped with domestic equities which did not share the same objective/strategy.

Under ORC Section 4123.44, the Administrator is supposed to approve all transactions of the investment managers. Although the Administrator has delegated this responsibility to the Chief Investment Officer, the Chief Investment Officer did not approve all transactions entered into by the CCF manager.

As it relates to ORC Section 4121.12, it could be argued the Oversight Commission should have prohibited the CCF investment activity because the investment was contrary to its investment objectives, policies and criteria. CCF did not fit in the established investment allocation or meet the criteria of a manager. Further performance evaluations were hampered because audited financial statements were not provided despite being a requirement of the RFP. However, it is difficult to determine if the Oversight Commission was provided adequate information to make such a decision.

B. MDL Funds

MDL Capital Management was first used by the OBWC as a core fixed income manager in 1998. In September 2003, a new alternative bond fund was started, MDL Active Duration Fund. This new fund was started using funds from the original MDL fund. The alternative bond fund was a leveraged fund that took the short position on U.S. Treasury securities. This is a dramatic strategy change from the original fund which substantially increased the risk of the investment. The investment policy calls for investment managers to notify the Administrator and Chief Investment Officer in writing of any changes in its firm's strategy or organization. We found no such evidence of such communication from MDL to discuss and/or request the change from fixed income to the hedge fund. This change and movement of funds should have been presented to and approved by the Oversight Commission. However, this did not occur and the operating agreement and transfer was signed by the Chief Financial Officer under a power of attorney from the Administrator. As the transaction was executed by the Chief Financial Officer,

it is unclear whether the Administrator and/or Chief Investment Officer were even notified and/or approved of the change. As we were unable to speak with the Administrator, it is not clear why a power of attorney was granted to the Chief Financial Officer.

No documentation was presented to support that the monitoring and performance review of the hedge fund required by the investment policy was performed by OBWC investment staff. Despite illustrating that the fund would be audited in the operating agreement, there was never an audit received from MDL Active Duration Fund. Until February 2004, the holdings of MDL Active Duration Fund were included in the original MDL Capital Management in the reporting provided by the manager. The OBWC presented MDL in its fixed income allocation. However, if one were to look at the MDL information carefully, one would note the unusual nature of this investment. MDL's communication to the OBWC for the fund specifically identifies the fund as an alternative investment and hedge fund. The OBWC staff did not affirm/settle any MDL Active Duration Fund transactions nor did it track their activity in their QED system. Rather, MDL was adjusted on a monthly basis to its value. MDL Active Duration Fund is a Bermuda partnership. OBWC in-house and outside legal counsel were not involved during the operating agreement drafting and funding. There is no evidence that annual meetings with the manager were held or documented.

C. Private Equity Investments

Private equity investments are generally investments in a partnership formed for the purpose of providing venture capital to private companies or other venture capital funds for the purposes of investing in equity or equity related securities issued in conjunction with privately negotiated acquisitions, recapitalizations, financing of private companies.

In all private equity investments, OBWC serves the role of a limited partner that has responded to a private placement memorandum requesting investors made by the general partner. Private equity investments are a small allocation of OBWC's total investment portfolio. However, it also appears to be the area that is most susceptible to irregularities and favoritism. The essence of these investments is OBWC investing money into a partnership that invests into another company with a chance for a large upside. These activities are run by the general partners and funded by the limited partners. Once commitment levels have been made by the limited partners to the general partners, there is generally no way out of the investment. There is little in the way of downside for the general partners. They put very little cash up; collect a management fee based upon a percentage of capital subscriptions, and will receive approximately 20% of remaining profits after initial capital contributions are repaid.

Private equity investments are also an area of investing that is unique and requires a lot of expertise. The OBWC investment staff does not have an individual with a background in venture capital and private equity.

Beginning in 2000 RFP's were sent out requesting proposals from private equity firms. From these proposals, the Chief Investment Officer determined the firms selected for an in-person meeting and ultimately decided who to submit as an approved manager. Private equity started as an asset allocation in 2000 and is catch-all for all non-security, non-fixed income investments. There is one investment currently accounted for as a private equity investment with a business purpose of mezzanine funding that was actually started and funded in 1998 as one of the emerging managers. In 1998, private equity was not part of the investment policy which indicates the initial investment was contrary to investment policy.

The OBWC currently includes both the CCF and its three hedge funds in its private equity portfolio. These hedge funds, like MDL, had a general partner that was already approved in the domestic equity allocation. Funds were transferred out of these funds into newly created funds that had the business purpose of investing on margin and taking the long and short positions in equities.

Very little is done by the OBWC staff relating to private equity investments due to the relative significance of these investments to the total portfolio. The OBWC signs an original subscription which is the initial capital commitment. There is no one on staff that ensures that capital calls (i.e., requests to increase the capital investment) do not exceed the original, signed subscriptions. In some cases, there have been commitments made that are in excess of the subscribed amounts that are not supported by additional subscriptions made by the OBWC. Private equity transactions are not accounted for at all by the OBWC staff other than the accounting for the movement of cash. Private equity values are merely adjusted in QED on a monthly basis. The enforcement of the receipt of the quarterly and annual financial statements is relatively non-existent because private equity investments are not tracked in the performance reporting database. The required annual meetings between OBWC staff and private equity managers are also not emphasized and enforced due to lack of time and resources. Thus, it appears that private equity investments were generally not monitored.

We reviewed the operating agreements of the 66 active private equity investments. The premise and business purposes for all of the investments are very similar. The OBWC's rights as a limited partner in all of the investment are very similar in that they have no power or control over the investments. In some investments, the OBWC is the only limited partner or the majority partner; but the general partner still possesses complete control and the limited partners can not participate in management. In all cases, the limited partners have no ability to withdraw from the partnership and failure to comply with a capital call is considered default which possesses legal remedies for the general partner. The general partner's rights are unlimited to carry out the intended business purpose. There are often restrictions on what investments can be made and restrictions on related party transactions. The terms relating to the management fees paid and the determination of how distributions were to be made and profits split were rather consistent between all investments.

After reviewing the operating agreements of all private equity investments, we performed the following additional procedures:

- Reviewed the subscription agreements noting who signed the agreements.
- Reviewed the private placement memorandums to determine business purpose and management personnel of the general partner.
- Reviewed the make up of limited partners to determine the significance of the OBWC investment and the sophistication of the other limited partners.
- Performed research for each private equity investment for the general partner and key management to look for any illegalities or irregularities.
- Examined the financial statements available for each investment to provide a subjective view of the performance of each investment.
- Reviewed the OBWC files to determine what correspondence existed between manager and OBWC staff and to determine what information existed to perform evaluations.

As a result of our review of the operating agreements and our other procedures relating to the private equity investments of the OBWC, we noted the following:

- Since no one on the OBWC staff has expertise in private equity investing, the determination of which firms to fund appears subjective. The OBWC has placed a weighted importance to both Ohio and minority led firms. However, we were unable to determine the criteria used for selection and no documentation was available to support the manager selections.
- The fair values that are reported by the private equity investments in their financial statements are determined by the general partners. The movement of fair values within specific investments can be significant, and unrealized gains or losses reported for specific investments could significantly change prior to them materializing.
- There are currently three hedge funds that the OBWC is currently invested in that are accounted for in the private equity umbrella. While we saw no additional investments of this type in our review of the other investments, it is important to note that in each of the investment's files maintained at the OBWC, there is correspondence from the manager to either specifically identify the fund as a hedge fund or there was information that the investment staff could have determined that the fund was a hedge fund. Through the course of our procedures, we were informed by OBWC staff that they were unaware that they were involved in any hedge funds. Thus, we would conclude that a thorough review of correspondence was not being performed by OBWC staff.
- A number of the private equity investment files had no audited financials and, in some cases, no quarterly performance information for a specific investment. The lack of audited statements raises concerns over the values of those investments. This also illustrates the lack of monitoring and enforcement of the OBWC staff relating to these investments.
- In reviewing the financial statements and results of the specific investments, we noted some large fluctuations of both realized and unrealized gains and losses for the investments. The majority of the OBWC's private equity portfolio is in the unrealized stage as the funds take three to five years to start turning their investments. It is only when these investments are turned that the actual returns are realized. Actual results of each investment could greatly change from the unrealized recorded amounts.

- Neither in-house nor outside legal counsel of the OBWC had been involved in the preparation of some of these operating agreements. OBWC's outside counsel had been involved in some of the agreements due to the presence of other limited partners and the need for side letters. Side letters are letters of agreement/understanding between the limited partners.
- In many cases, the general partner is limited in the types of investments that it can be involved in and related party transactions. In all cases when such limitations exist, the general partner needs a majority approval of its limited partner to enter into such prohibited transactions. There are instances that are noted in the financial statements of some private equity investments that indicate that prohibited investments have been made. During our review of certain OBWC's files, no documentation existed to indicate that the OBWC was notified and/or approved of those transactions. Most importantly no one is currently reviewing the financial statements to ensure that the general partner is complying with the operating agreement.
- There are several investments in which the OBWC is the only limited partner or it holds a super majority of the ownership interests. When looking at the remainder of OBWC's private equity portfolio, it is atypical for the OBWC to be the only and/or majority investor of a fund. These types of investments may be indicative of greater risk for OBWC.
- The OBWC currently has four different funds with the same investment fund manager with aggregate commitments of approximately \$55,000,000. Based on the composition of the remainder of the portfolio, it is atypical for this many funds with one manager.
- During our review of the background of each fund manager, we noted one current private equity fund manager that is currently under investigation with the Securities Exchange Commission for fraud.

Recommendations:

- **The OBWC should never enter into an agreement for an investment that is not permissible under its current investment policy.**
- **We recommend that internal audit reports related to investment managers are responded to by the Chief Investment Officer and reported to the Oversight Commission.**
- **All private equity investment managers should be required to submit audited financial statements annually and a process should be implemented to review each audit report and discuss any audit issues with the investment manager.**
- **All agreements with private equity investment managers should be reviewed by internal and/or external legal counsel prior to execution.**
- **The OBWC should implement procedures to strengthen its monitoring of its private equity investments as well as a process to document its monitoring activities.**

- **The OBWC should review its current private equity investments to determine if they are consistent with its investment strategies and objectives.**
- **When OBWC enters into private equity investments the level of risk should be disclosed to the Oversight Commission prior to its approval.**

This report is intended solely for the information and use of the Auditor of State of Ohio and the OBWC and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
September 1, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

**OHIO BUREAU OF WORKERS' COMPENSATION
FRANKLIN COUNTY**

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 22, 2006**