

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN
GREEN BAY DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

Civil Action No.: 09-C-506

WEALTH MANAGEMENT LLC;
JAMES PUTMAN; and SIMONE FEVOLA,

Defendants, and

WML GRYPHON FUND LLC;
WML WATCH STONE PARTNERS, L.P.;
WML PANTERA PARTNERS, L.P.; WML
PALISADE PARTNERS, L.P.; WML L3, LLC; and
WML QUETZAL PARTNERS, L.P.,

Relief Defendants.

**OBJECTION OF BLC COMMUNITY BANK TO RECEIVER'S PROPOSED PLAN
FOR THE ALLOCATION OF THE ASSETS**

Pursuant to the Court's Order herein dated September 11, 2009, BLC Community Bank, 206 East Main Street, P.O. Box 28, Little Chute, WI 54140 (hereinafter BLC), hereby objects to that portion of the Receiver's Proposed Plan for the Allocation of the Assets, dated September 8, 2009, which relates to the distribution of the assets of WML L3, LLC.

As grounds for this motion, BLC says that it is a creditor of WML L3, LLC (hereinafter WML). WML has given BLC a Continuing Guaranty, guarantying partial payment of a loan made by BLC to Factory Conversions, LLC. A true and correct

copy of the Business Note evidencing the loan from BLC to Factory Conversions, LLC, is attached hereto as Exhibit A. WML's limited guaranty of that business note is attached hereto as Exhibit B. The amount of BLC's claim is \$233,040.00.

As further grounds for this motion, BLC says that the Receiver, in her Proposed Plan, acknowledges that creditors of Wealth Management LLC and the relief defendants must be paid before any of the assets of those entities distributed to shareholders. Proposed Plan, Subsection V.A., Pages 17-19. However, the Receiver, in her Proposed Plan, makes the erroneous assumption that WML has no creditors but only investors. Proposed Plan, Subsection V.B., see also Proposed Plan, Subsection V.C., Page 22; paragraph V.C.1. Therefore, her Proposed Plan creates no classes of claims and one class of investors for the estate of WML. Proposed Plan, Subparagraph V.C.1.(e)., Pages 23.

As demonstrated above, BLC is a creditor of WML. The Proposed Plan fails to provide for the payment of BLC's claim against the estate of WML. BLC therefore objects to those portions of the Proposed Plan relating to the distribution of the assets of the estate of WML.

Dated at Neenah, Wisconsin, this 28th day of September, 2009.

By: /s/ PHILIP A. MUNROE
Philip A. Munroe
Wisconsin State Bar No. 1016366
Attorneys for BLC Community Bank
Two Neenah Center, Suite 701
P.O. Box 788
Neenah, WI 54957-0788
Telephone: 1-920-725-8464
Facsimile: 1-920-486-4136
E-Mail: pmunroe@direzollc.com

BUSINESS NOTE
(Use only for business purpose loans)

Some checks are applicable.
Boxes not checked are inapplicable.

FACTORY CONVERSIONS, LLC (MAKER) August 7, 2007 (DATE) \$2,330,400.00

1. Promise to Pay and Payment Schedule. The undersigned ("Maker," whether one or more) promises to pay to the order of BLC COMMUNITY BANK ("Lender") at 205 E MAIN ST, PO BOX 28, Wisconsin, the sum of \$2,330,400.00, plus interest on the unpaid principal balance, according to the following schedule:

LITTLE CHUTE, Wisconsin, the sum of \$2,330,400.00, plus interest on the unpaid principal balance, according to the following schedule:

23 equal payment(s) consisting of principal and interest in the amount of \$17,208.78 each, beginning on September 7, 2007 and continuing monthly thereafter, and one (1) final payment consisting of the unpaid principal and all accrued interest remaining due on August 7, 2009.

2. Interest Calculation. This Note bears interest on the unpaid principal balance before maturity:
[Check (a), (b) or (c); only one shall apply.]

- (a) Fixed Rate. At the rate of 7.950 % per year.
- (b) Stepped Fixed Rate. At the rate ("Note Rate") of n/a % per year until n/a and n/a % per year thereafter.
- (c) Variable Rate. At the annual rate ("Note Rate") which shall equal the Index Rate (as defined below), plus minus n/a percentage points. However, the Note Rate shall not exceed n/a % per year and shall not be less than n/a % per year, and until the first change date described below the Note Rate shall be n/a % per year. The Note Rate shall be adjusted as provided below. The Index Rate is: n/a

The Index Rate may or may not be the lowest rate charged by Lender. The Note Rate shall be adjusted only on the following change dates: n/a

- If the Index Rate ceases to be made available to Lender during the term of this Note, Lender may substitute a comparable index.
- (d) If box (b) or (c) is checked, an adjustment in the Note Rate will result in an increase or decrease in (1) the amount of each payment of interest, (2) the amount of the final payment, (3) the number of scheduled periodic payments sufficient to repay this Note in substantially equal payments, (4) the amount of each remaining payment of principal and interest so that those remaining payments will be substantially equal and sufficient to repay this Note by its scheduled maturity date, (5) the amount of each remaining payment of principal and interest (other than the final payment) so that those remaining payments will be substantially equal and sufficient to repay this Note by its scheduled maturity date based on the original amortization schedule used by Lender, plus the final payment of principal and interest, or (6) n/a.

In addition, Lender is authorized to change the amount of periodic payments if and to the extent necessary to pay in full all accrued interest owing on this Note. The Maker agrees to pay any resulting payments or amounts.

Interest is computed:
(e) For the actual number of days principal is unpaid on the basis of a 360 day year (which means that the stated interest rate will be divided by 360 days to arrive at a daily interest rate, and the daily interest rate will be applied to the unpaid principal for the actual number of days principal is unpaid up to 365 days in a calendar year and 366 days in a leap year) a 365 day year.

(f) For the number of days principal is unpaid on the basis of a 360 day year, counting each day as 1/30th of a month and disregarding differences in lengths of months and years.

(g) Past due interest shall bear interest from its due date until paid at the interest rate then in effect for this Note. Unpaid principal and interest bear interest after maturity until paid (whether by acceleration or lapse of time) at the rate(s) stated under 2(b) or (c) above, as applicable, plus n/a percentage points of 12.000 % per year, computed on the same basis as the interest rate before maturity. All payments shall be applied first to accrued and unpaid interest, second to other charges payable by Maker to Lender and third to unpaid principal.

3. Other Charges. If any payment (other than the final payment) is not made on or before the 10th day after its due date, Lender may collect a delinquency charge of 5.00 % of the unpaid amount \$ n/a. Maker agrees to pay a charge of \$ 15.00 for each check presented for payment under this Note which is returned unsatisfied.

4. Prepayment. Full or partial prepayment of this Note is permitted at any time without penalty n/a.

All prepayments shall be applied first to accrued and unpaid interest, second to other charges payable by Maker to Lender and third to principal.
THIS NOTE INCLUDES ADDITIONAL PROVISIONS ON PAGE 2.

OTHER PROVISIONS:

FACTORY CONVERSIONS, LLC (SEAL)

A Wisconsin Limited Liability Company (Type of Organization)

By: John A. Hoffensperger (SEAL)
JOHN HOFFENSPERGER, Managing Member

By: _____ (SEAL)

By: _____ (SEAL)

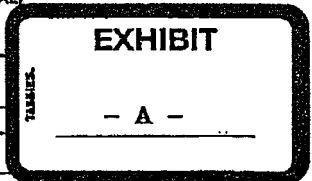
By: _____ (SEAL)

1240 MAIN ST SUITE 1

GREEN BAY, WI 54302 (ADDRESS) (820) 430-1480 (PHONE)

FOR LENDER CLERICAL USE ONLY

MATTHEW A WILCOX/KE
LOAN OFFICER





CONTINUING GUARANTY (Limited)
(For Consumer or Business Transactions)

Dated February 7, 2005

GUARANTY. For value received, and to induce BLC COMMUNITY BANK of
206 E MAIN ST, PO BOX 28, LITTLE CHUTE, WI ("Lender"), to extend credit or to grant or continue other credit accommodations to
FACTORY CONVERSIONS, LLC ("Debtor"),

subject to the limitations set forth below, the undersigned ("Guarantor," whether one or more) jointly and severally guarantees payment of the Obligations defined below when due or, to the extent not prohibited by law, at the time any Debtor becomes the subject of bankruptcy or other insolvency proceedings. "Obligations" means all loans, drafts, overdrafts, checks, notes, and all other debts, obligations and liabilities of every kind and description, whether of the same or a different nature, arising out of credit previously granted, credit contemporaneously granted or credit granted in the future by Lender to Debtor, to Debtor and another, or to another guaranteed or endorsed by Debtor. Obligations include interest and charges and the amount of payments made to Lender or another by or on behalf of Debtor which are recovered from Lender by a trustee, receiver, creditor or other party pursuant to applicable federal or state law, and to the extent not prohibited by law, all costs, expenses and attorneys' fees at any time paid or incurred before and after judgment in endeavoring to collect all or part of any of the above, or to realize upon this Guaranty, or any collateral securing any of the above, including those incurred in successful defense or settlement of any counterclaim brought by Debtor or Guarantor or incident to any action or proceeding brought pursuant to the United States Bankruptcy Code ("costs of collection"). Unless a lien would be prohibited by law or would render a nontaxable account taxable, the Guarantor grants to Lender a security interest and lien in any deposit account Guarantor may at any time have with Lender. Lender may, at any time after the occurrence of an event of default with respect to any Obligation and notice and opportunity to cure, if required by §425.105, Wis. Stats., set-off any amount unpaid on such Obligation against any deposit balances Guarantor may at any time have with Lender, or other money now or hereafter owed Guarantor by Lender. This Guaranty is also secured (to the extent not prohibited by law) by all existing and future security agreements between Lender and Guarantor and by any mortgage stating it secures guaranties of Guarantor. This Guaranty is valid and enforceable against Guarantor even though any Obligation is invalid or unenforceable against Debtor.

WAIVER. To the extent not prohibited by applicable law, including, without limitation, the Wisconsin Consumer Act, if applicable, Guarantor expressly waives (a) notice of the acceptance of this Guaranty, the creation of any present or future Obligation, default under any Obligation, proceedings to collect from Debtor or anyone else; (b) all diligence of collection and presentment, demand, notice and protest; (c) any right to disclosures from Lender regarding the financial condition of any Debtor or guarantor of the Obligations or the enforceability of the Obligations; and (d) all other legal and equitable surety defenses. No claim, including a claim for reimbursement, subrogation, contribution or indemnification which Guarantor may, as a guarantor of the Obligations, have against a co-guarantor of any of the Obligations or against Debtor shall be enforced nor any payment accepted until the Obligations are paid in full and no payments to or collections by Lender are subject to any right of recovery.

CONSENT. To the extent not prohibited by applicable law, including, without limitation, the Wisconsin Consumer Act, with respect to any of the Obligations, Lender may from time to time before or after revocation of this Guaranty without notice to Guarantor and without affecting the liability of Guarantor (a) surrender, release, impair, sell or otherwise dispose of any security or collateral, (b) release or agree not to sue any guarantor or surety, (c) fail to perfect its security interest in or realize upon any security or collateral, (d) fail to realize upon any of the Obligations or to proceed against the Debtor or any guarantor or surety, (e) renew or extend the time of payment, (f) increase or decrease the rate of interest, (g) accept additional security or collateral, (h) determine the allocation and application of payments and credits and accept partial payments, (i) apply the proceeds of disposition of any collateral for the Obligations to any obligation of Debtor secured by such collateral in such order and amounts as it elects, (j) determine what, if anything, may at any time be done with reference to any security or collateral, and (k) settle or compromise the amount due or owing or claimed to be due or owing from any Debtor, guarantor or surety, which settlement or compromise shall not affect Guarantor's liability for the full amount of the Obligations except as expressly limited by this Guaranty. Guarantor expressly consents to and waives notice of all of the above. To the extent not prohibited by law, Guarantor consents that venue for any legal proceeding relating to the collection of this Guaranty shall be, at Lender's option, the county in which Lender has its principal office in this state, the county in which any Guarantor resides or the county in which this Guaranty was executed by the Guarantor. Guarantor consents to and authorizes Lender or its agents to obtain information concerning Guarantor's financial condition, including credit reports.

PERSONS BOUND. This Guaranty benefits Lender, its successors and assigns, and binds Guarantor, and Guarantor's respective heirs, personal representatives, successors and assigns. This Guaranty shall continue in full force and effect notwithstanding any change in structure or status of Debtor, whether by merger, consolidation, reorganization or otherwise.

ENTIRE AGREEMENT. This Guaranty is intended by Guarantor and Lender as a final expression of this Guaranty and as a complete and exclusive statement of its terms, there being no conditions to the full effectiveness of this Guaranty. This Guaranty may not be supplemented or amended except in writing. This Guaranty includes additional provisions on the reverse side.

NOTICE TO GUARANTOR

You are being asked to guarantee a limited amount of the past, present and future Obligations of Debtor. If Debtor does not pay, you will have to. You may also have to pay collection costs. Lender can collect the Obligations from you without first trying to collect from Debtor or another guarantor.

LIMITATIONS. The amount of liability under this Guaranty is limited to \$ 233,040.00, plus costs of collection to the extent not prohibited by applicable law, including, without limitation, the Wisconsin Consumer Act.

WML L3, LLC (SEAL)

A Wisconsin Limited Liability Company
(Type of Organization)

By: [Signature] (SEAL)
JAMES E. BOTMAN, President

(SEAL)

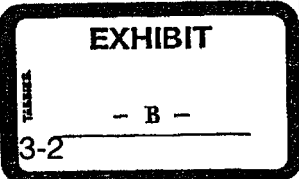
W6272 COMMUNICATION CT, APPLETON, WI 54914
(Address)

For Wisconsin Married Residents Only: Each guarantor who signs above represents that this obligation is incurred in the interest of his or her marriage or family.

FOR LENDER CLERICAL USE ONLY

If any transaction guaranteed is a consumer transaction or subject to the Federal Reserve Regulation AA ("Reg AA"), each guarantor should also sign a Consumer WBA 156 "Explanation of Personal Obligation." Alternatively, if the guaranty is not subject to Reg AA, the guarantor may receive copies of documents which evidence the customer's obligations.
Acknowledgment of signature on reverse side

Copies of documents or WBA 156 may be required.....



ADDITIONAL PROVISIONS

REPRESENTATIONS. Guarantor acknowledges and agrees that Lender (a) has not made any representations or warranties with respect to, (b) does not assume any responsibility to Guarantor for, and (c) has no duty to provide information to Guarantor regarding, the enforceability of any of the Obligations or the financial condition of any Debtor or guarantor. Guarantor has independently determined the creditworthiness of Debtor and enforceability of the Obligations and until the Obligations are paid in full will independently and without reliance on Lender continue to make such determinations.

REVOCATION. This is a continuing guaranty and shall remain in full force and effect until Lender receives written notice of its revocation signed by Guarantor or actual notice of the death of Guarantor. Upon revocation by written notice or actual notice of death, this Guaranty shall continue in full force and effect as to all Obligations contracted for or incurred before revocation, and as to them Lender shall have the rights provided by this Guaranty as if no revocation had occurred. Any renewal, extension or increase in the interest rate of any such Obligation, whether made before or after revocation, shall constitute an Obligation contracted for or incurred before revocation. Obligations contracted for or incurred before revocation shall also include credit extended after revocation pursuant to commitments made before revocation. Revocation by one Guarantor shall not affect any of the liabilities or obligations of any other Guarantor and this Guaranty shall continue in full force and effect with respect to them.

ACKNOWLEDGEMENT

STATE OF WISCONSIN

COUNTY OF Outagamie

} ss.

This instrument was acknowledged before me on February 7, 2005, by JAMES E PUTMAN

(Name(s) of person(s)) (as President
(If not signing in individual capacity, indicate type of authority: e.g., officer, trustee, etc.,

of WML 13, LLC
(and name of corporation, partnership or other party on behalf of whom guaranty was executed.)

Matthew A. Wilcox
MATTHEW A WILCOX (Notary Signature)
Notary Public, Outagamie County, Wis.

My Commission (Expires) April 10, 2005