

Mountain Adventure Property Investments, LLC
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Steamboat Springs, Colorado 80477

Mr. Michael Curzon, Investigator
Routt County Sheriff's Office
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January 12, 2008

Dear Mr. Curzon:

My name is Roger Johnson and I am the manager of Grassy Creek Holding Company, LLC (GCHC) and also a manager of Mountain Adventure Property Investments, LLC located here in Steamboat Springs. Grassy Creek Holding Company currently owns approximately 3200 acres of land along the Yampa River in Routt County between Steamboat and Hayden in Routt County.

Ron Sills, my partner, controls 4S Development, Ltd. (4S) which currently owns approximately 1365 acres in and near the City of Hayden in Routt County. Ron is the current President and CEO for Mountain Adventure Property Investments, LLC.

We are both in the land development business.

In April of 2006, Ron and I agreed to a joint-venture with the subsidiary of an Oklahoma Bank...First State Bank Altus. The bank subsidiary is called Altus Ventures, LLC. Together with Altus Ventures, LLC, 4S and GCHC formed a new company called Mountain Adventure Property Investments, LLC (MAPI).

The agreement with Altus Ventures was that 4S and GCHC would incrementally contribute land to MAPI, and Altus Ventures would provide the capital and debt financing for MAPI to develop and sell that land (contained within three different developments) as finished homes and home-sites.

Further, Altus Ventures would, in cooperation with FSB Altus, handle accounting, on-going financing, tax reporting and all other fiscal matters of MAPI by utilizing their own resources and the services of their own in-house CPA, Bill Grissom, and Bill's staff.

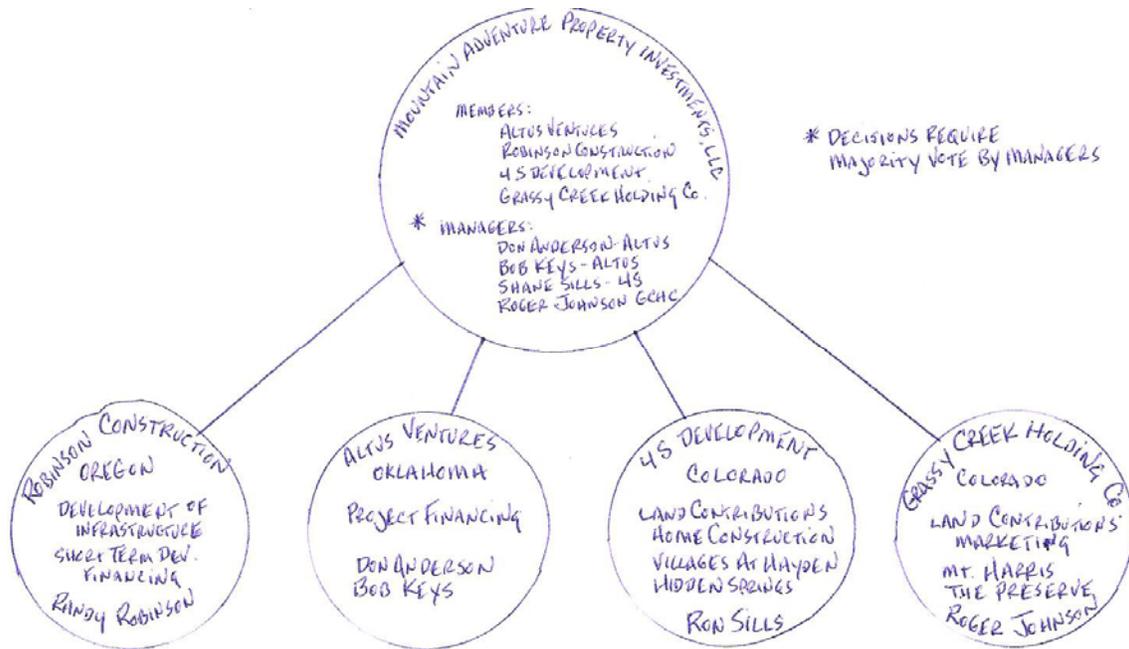
Altus Ventures, at our first company meeting in April, immediately proposed that Robinson Construction be engaged as our heavy equipment contractor, and should receive an ownership interest in MAPI in exchange for carrying short-term development financing through Robinson's credit lines, and by providing services at reduced cost.

Already we were being asked to give up more ownership interest in exchange for financing that Altus Ventures was supposed to provide.

Nonetheless, GCHC and 4S elected to go forward, and in July of 2006 MAPI began operations.

Robinson Construction began earth-work at the Hidden Springs Ranch, The Villages at Hayden, and Mt. Harris projects on land owned and partially improved by GCHC and 4S. The acreage contributed to MAPI at this point was approximately 805 acres by GCHC and 775 acres by 4S.

The ownership configuration of MAPI and responsibilities of owner are as follows:



Sales of finished lots at the Mt. Harris and Hidden Springs Ranch projects began in October of 2006 in order to generate capital. 18 thirty-five acre lots at Mt. Harris were sold over the following 8 months at an average price of about \$675,000 for a total of approximately \$12,150,000. 5 five-acre lots at Hidden Springs Ranch lots were sold at an average of about \$185,500 for a total of approximately \$927,000. 10 Villages at Hayden lots were sold at an average of about \$50,000 for a total of approximately \$500,000. Combined gross sales over the three projects totaled approximately \$13,577,000.

In addition to proceeds from these sales, another \$13,500,000 (approximately) was taken in by MAPI, 4S and GCHC in loans from Vectra Bank and FSB Altus with which to pay

off underlying debt and pay project expenses. The total cash thus generated between sales and loans was approximately \$27,000,000 from July 2006 thru July 2007.

Altus Ventures and FSB Altus, having taken responsibility for bookkeeping, accounting, payroll, and taxes, had invoices and receipts for development expense sent directly to Bill Grissom's office in Altus, Oklahoma from Robinson Construction. While 4S and GCHC repeatedly asked for summaries of project expenses, we were continually assured that we would receive records that never arrived.

It was apparent by July 2007 to 4S and GCHC that Altus Ventures had made numerous management decisions without approval of the managers, had very probably misappropriated MAPI funds, and was incapable of honoring their commitment to provide funding. Some of this information surfaced as a result of information received by 4S and GCHC from an investor associated with Altus Ventures. 4S and GCHC were directed by this source to review information available by searching "Altus Ventures" on the internet.

On August 2, 2007, 4S and GCHC (being majority owners of MAPI) convened a MAPI member meeting at which time additional managers were elected by the members. A manager's meeting including the new managers was then held and a resolution made to initiate a full audit of the MAPI books, and to review all documents, contracts, transactions, invoices, and financial records previously not disclosed to 4S and GCHC. The purpose of these actions was to determine if there had been mismanagement of funds by Altus Ventures, and if so, the nature, scale, scope and probable effect of any such mismanagement.

Within 7 days after the appointment of additional managers, 4S and GCHC secured the MAPI offices in Steamboat Springs used by Altus Ventures and Bill Grissom, and obtained control of the computer server containing company records (which had been password-coded) not previously available to 4S and GCHC.

Within 2 weeks after the appointment of additional managers, Don Anderson and Bob Keys of Altus Ventures resigned as managers of MAPI. Within 3 weeks after the appointment of additional managers, Robinson Construction filed construction liens on all three projects in the aggregate amount of approximately \$5,000,000...\$1.4 million against the Villages at Hayden, \$700,000 against the Hidden Springs Ranch, and \$3.0 million against Mt. Harris.

Having a computer expert access the server enabled 4S and GCHC to review hundreds of documents and pages of correspondence between the principals of Altus Ventures, FSB Altus, Bill Grissom and others associated with the project. Over the last 4 months, (September thru January) additional documents have been obtained, including bank records, bank statements and checks; promissory notes, e-mails; and title company closing documents which indicate some, if not all, of the following may have occurred:

1. Bank Fraud. Investors/buyers, associated with Altus Ventures, bought Mt. Harris lots making 10% down-payments (ranging from \$63,000 to \$72,500). MAPI carried back second mortgages at closing for an additional 10% of the purchase price. Bank financing (primarily through FSB Altus) was obtained for 80% of the purchase price. After obtaining bank records, 4S and GCHC discovered that these investor/buyers were rebated their down-payments without MAPI managers knowledge or consent. Buyers introduced to Mt. Harris project through 4S or GCHC did not receive a “rebate”. This aggregate “rebate” amount totaled some \$720,000. This money belonged to MAPI and was not authorized as a rebate.

2. Bank Default/Fraud/Predatory Lending. On April 26, 2006, FSB Altus made a loan to 4S in the amount of \$9,000,000 of which only \$4.8 was dispersed. The collateral value of this land parcel which secures this loan (by appraisal) is currently \$22,000,000. This created three problems...by design (we believe):
 - A. Not only was the balance (\$4.2 million) of the loan not funded by FSB Altus as agreed, thus hindering efforts to develop, build and deliver marketable product and thereby generate revenue (at one time we had numerous purchase reservations in The Lake Village, 15 of which had been converted to contract and the majority have since been canceled), also;

 - B. The FSB Altus loan tied up the collateral that would have otherwise been available to obtain financing elsewhere, and;

 - C. If the balance of the FSB Altus loan had been funded, it is reasonable to assume that even without closed sales, funds would be available to pay vendors; make interest payments; retire Vectra Bank debt, pay off liens (bogus or not) and otherwise remove obstacles to delivering finished product to our customers.

It is the contention of 4S and GCHC that FSB Altus, Altus Ventures, and Robinson Construction conspired to create a default position by withholding loan proceeds and filing fraudulent liens in order to take over the assets of 4S and GCHC. It is common knowledge that a default position makes it very difficult to obtain replacement financing. GCHC and 4S do have written communication between the aforementioned members of MAPI that provides evidence of such a conspiracy.

3. Unauthorized Accounts/Embezzlement. While we cannot be certain as to the exact status of these accounts at this time, it appears that an account was established at FSB Altus in Oklahoma under the name of “Grassy Creek Development” (which company does not exist) to which deposits were made from MAPI land sales but which were used by Altus Ventures without knowledge or consent of GCHC, whose only account is at Alpine Bank in Steamboat Springs, Colo. A MAPI bank account was apparently established at FSB Altus and used by the principals of Altus Ventures without the knowledge or consent of the

managers. A 4S account was established at the FSB Altus in Oklahoma from which both Bill Grissom and Don Anderson signed checks even though they were not authorized signatories on any 4S account.

4. Unauthorized Expenditures/Activities Examples:

Don Anderson wrote \$35,000 in MAPI checks (without manager approval) for deposits on a \$1.5 million+ luxury condominium as well as a fractional ownership condo unit for his own use. After the appointment of additional managers in August, he abandoned that contract. The managers would never have agreed to this.

In March 2006, Don Anderson signed an employment agreement without manager approval giving David Bruni 10% of the gross profits of the company. The managers would never have agreed to this.

- \$35,000 to Don Anderson (luxury condo deposit)
- \$100,000 to Global Industrial Management (for Dave Bruni as a signing bonus which was not approved by managers).
- \$157,080.05 to Oasis (an Altus Ventures/FSB related company)
- \$50,480 over-funding from financing for Lot #8 Mount Harris
- \$260,000 to Don Anderson for consulting fees not recorded in MAPI Vectra Account.
- \$62,985 to Bill Grissom for consulting fees not recorded in MAPI Vectra Account.
- \$20,000 unknown
- \$561,366 lot #30 Mount Harris proceeds directly to FSB Development Capital instead of MAPI (Note and payoff statement missing from records).
- \$126,782 to Altus Ventures (unknown).
- \$83,551.73 to Altus Ventures (Bruni payroll MAPI??)
- Etc.

5. Predatory Lending. Altus Ventures/FSB Altus were in control of the finances for MAPI which included payment of the Robinson Construction invoices. After the appointment of additional managers in August 2007, even though by then some \$27,000,000 in sales and loan proceeds had been generated (not including the \$4.2 million portion of the loan mentioned above that was withheld) FSB Altus and Altus Ventures apparently encouraged the filing of liens on Villages of Hayden, Hidden Springs Ranch and Mt. Harris by Robinson Construction on all of MAPI's finished product, thereby eliminating MAPI's ability to generate sales revenue.

FSB Altus and Altus Ventures knew that all of the Robinson Construction cost had been paid for at The Villages at Hayden. It was the responsibility of FSB

Altus and Altus Ventures to pay these invoices and they had the payment records at the time the liens were filed.

4S and GCHC have recently been able to obtain (and provide to legal counsel and lenders), copies of all cancelled checks, lien waivers and other evidence that the Robinson account was paid in full, and more (since some of the work paid for was not completed). Since Altus Ventures hired Robinson and was adamant that Robinson be made a partner in the Venture; and since Altus Ventures/FSB Altus controlled the financing and distribution of funds and proceeds, this begs the question...why would the Robinson account not be paid in full, and if not, why would Robinson, a partner in the Venture, damage his own company by filing liens? The answer (in the opinion of 4S and GCHC) is that this action was a transparent attempt to force 4S and GCHC to transfer another 1000 acres (4S) and 3200 acres (GCHC) into MAPI and forgive the FSB Altus/Altus Ventures indiscretions. By eliminating MAPI's ability to sell lots (numerous homes and lots were under contract), obtain construction financing, or refinance development loans, Altus Ventures/FSB Altus effectively crippled a perfectly viable business forcing loan defaults.

In the last 3 days, GCHC and 4S were told by 2 different lender/investors (who had represented they were able to provide replacement financing for MAPI, 4S and GCHC to pay off the liens and bank loans) that Altus Ventures had communicated with them that "MAPI, 4S and GCHC were down the tubes and Altus Ventures would be taking over the projects," and further insinuated that for these lender/investor to get involved with MAPI, 4S, or GCHC would mire them in legal actions.

Up until the first week in January, it was represented by FSB Altus, that the bank was fully behind the refinance efforts by GCHC and 4S on behalf of MAPI and its members, when in fact, FSB Altus, Altus Ventures and Robinson Construction have (in the opinion of 4S and GCHC) taken extreme efforts to hinder production and sales, to force loan defaults, and to obtain MAPI, GCHC and 4S assets for their own enrichment. Further, the purpose of these actions seems to be to prevent their other (unethical/illegal practices and actions) from coming to light under GCHC and 4S management and third-party oversight.

Thank you for taking the time to review this information. Please let me know how I might be of service in providing additional information and documentation.

Sincerely,

Roger A. Johnson II
970-846-8851
Manager, Mountain Adventure Property Investments, LLC
Manager, Grassy Creek Holding Company, LLC