BANKING, COMMERCE AND INSURANCE COMMITTEE

OF THE

NEBRASKA LEGISLATURE

Report on the Investigation

of

State Security Savings Company, Lincoln, Nebraska

CONCLUSIONS

COMMITTEE APPROVAL

The following conclusions were approved and adopted by the Banking, Commerce and Insurance Committee of the Nebraska Legislature on January 6, 1987:

Voting Yes - Senators John DeCamp, Rex Haberman, Emil Beyer, Bill Harris, Jim Pappas, and Loran Schmit

Voting No - None

Absent - Senators Marge Higgins and Bernice Labedz

GENERAL CONCLUSIONS CONCERNING STATE SECURITY SAVINGS COMPANY AND COMMONWEALTH SAVINGS COMPANY

PRELIMINARY STATEMENT

These conclusions are based on information compiled in the Banking Committee's report relating to State Security Savings and also all information included within the following sources, which are hereby made a part of the Committee's report by reference:

1. Newspaper articles in the Lincoln Journal, Lincoln Star and Omaha World-Herald from the beginning of the Commonwealth/State Securities controversy on November 1, 1983 to the present;

2. The Commonwealth report completed by the Special Commonwealth Committee; and

3. The State Patrol Study and Report, along with other supporting documents, which are attached hereto.

The conclusions are further based upon more than three years of experience in the Commonwealth/State Security matters. This is not intended as a

legal brief, nor is it intended to thread that complicated and confusing path between legal liability and fine legal points. In short, it is the "bottom line" as the Committee sees it, that is, those who have been involved in the Commonwealth/State Security experience from its opening day to the present.

CONCLUSIONS

1. Commonwealth and State Security are part and parcel of the same package, and discussion of one is impossible without discussion of the other. Had all information now available been considered--particularly that information which has been uncovered in the Committee's State Security investigation and in the State Patrol investigation--it is the belief of this Committee that the conclusion of the original Commonwealth Committee would have been significantly different. We believe the conclusion of that Commonwealth Committee would have to be simply this: That State Security and Commonwealth were financial institutions that were milked and drained of their capital and reserves by their owners, and that milking or draining ultimately played a major part in the collapse of both of these financial institutions. In the case of Commonwealth, a very old man both actively and passively milked and drained the institution for the benefit of his family.

In the case of State Security, the same milking and draining of capital for the benefit of the owners occurred. State Security was simply done in

a far more sophisticated and skillful fashion than with Commonwealth. But again, it was done by owners for the benefit of themselves at the expense of the public who had put their money in the institution.

In the case of both institutions, the milking and draining placed the institutions in such precarious positions that when critical times hit, they were rendered unable to survive adversity.

2. The Co-op Credit Act (LB 948, 1976), sponsored by the Banking Committee before the present members of the Committee were involved, which set up a so-called insurance system for uninsured state-chartered financial institutions, and its subsequent expansion into an entity called the Nebraska Depository Institutions Guaranty Corporation (NDIGC) (LB 291, 1977), were wrong in their conception. Furthermore, it should never have been passed by the Legislature, it was horribly administered by the State once it was put into existence, it was motivated and used improperly by all members of the NDIGC themselves, and it was essentially doomed to failure from the beginning.
The results were inevitable.

3. By the end of 1977, Commonwealth had put itself on a course of self-destruction through the greed of its owners, by inappropriate juggling of funds, and through the subsequent cover-up by S.E. Copple of loans to family members. Commonwealth was losing money at a rate so rapid that the ultimate demise of the institution was predictable and certain if

nothing was done to stop it. Adequate warnings and indications screamed out to the State Banking Department for something to be done immediately to stop the draining and destruction of the institution.

Relationships had already been established with State Security and Commonwealth in loan transactions to further establish that both institutions were taking inappropriate risks with the public's money. Hindsight now shows that Commonwealth should have been taken over by the state, or that very strong action should have been taken in 1977 to stop the course toward destruction on which its owners had embarked. Commonwealth profits were artificial, and the success of its so-called "self-contained-real-estate economy" was based upon the ability to influence the city council for favorable zoning and other action. However, the self-contained real estate economy and the various other things repeatedly cited as the causes of Commonwealth's collapse, were in fact nothing more than symptoms of the mismanagement being conducted at the institution. Although the economy and high interest rates ultimately exacerbated and contributed to the collapse of Commonwealth, the hard facts are that both Commonwealth and State Security were destroyed by their owners.

4. Although the owner-inflicted wounds of both State Security and Commonwealth were significant, and even fatal on November 1, 1983, when Commonwealth was closed, the mishandling at the State level from November 1, 1983 onward of all facets relating to Nebraska's industrials, including Commonwealth and State Security, contributed dramatically to what today appears to be guaranteed and substantial losses for thousands of individuals who had money in Commonwealth and State Security.

For example, hindsight would now suggest that, at a minimum, failure to completely suspend withdrawals from all industrials after the collapse of Commonwealth until stability could be reestablished, was wrong; that failure to immediately have a special legislative session or a clear-cut plan dealing with the stability of the institutions, rather than directing almost all resources of government towards catching the "bad guys," simply guaranteed further damage to the "depositors" who were already damaged and at risk; that a philosophy was developed by the administration, by the Legislature, by the news media and by the depositors themselves, that "if only the bad guy could be found, then all the hurt would go away and all the money would be restored to the depositors." But since almost all early attention and effort was put into "catching the bad guy," virtually no effort and support was available to solve the problem of the depositors.

5. In the initial days of the investigations by various parties of government, Senator Loran Schmit of Bellwood made the public statement to the effect that: "Right now we should be taking care of the depositors rather than chasing each other. When all is said and done, there will probably be enough blame to go around for everyone." It is time that the truth of Senator Schmit's statement be admitted by everyone in government. There will probably never be such a thing as a "smoking gun" or the "one guilty party" or the "magic solution" on which to affix blame for the damage resulting at Commonwealth and State Security.

6. Recovery of damages and assets should be sought through whatever means are available, including criminal and civil proceedings in federal and state courts to recover from the principals of both State Security and Commonwealth as much resources as are available to mitigate the loss. This action should be done by the State Attorney General's Office in conjunction with the State Banking Department and with assistance from the State Legislature and the new administration.

7. The only truly innocent parties in the industrial collapse debacle were the members of the public who had invested money in these institutions. It can be honestly and accurately argued that: (a) the NDIGC was a private corporation and not a government entity; (b) deposits in Commonwealth and State Security were really not "deposits" but were in fact "certificates of indebtedness," which made the holders thereof actually investors in the institutions; (c) some transactions conducted by

the owners of the institutions which ultimately resulted in the institution being milked were in fact "legal"; (d) the depositors/creditors of Commonwealth and State Security were offered higher interest rates than that given by local banks, which should have been a warning of the additional risk; (e) what was offered by the NDIGC was a guarantee and not insurance and that distinction should have been understood by the public; and (f) the state has legal immunity and is not technically liable, even though the state may have committed actions which ultimately worked to the prejudice of the depositors.

Nevertheless, the simple, hard truth is that thousands of Nebraskans reasonably believed they were dealing with an institution that was state-insured and state-regulated, and with owners/stock-holders who were accountable because they were being watched and regulated by the State. These citizens were in every sense of the word victims, just as such as the elderly citizen who gets mugged, robbed or raped on the street is a victim.

8. Laws have now been passed which may make it more difficult to do the same milking and destruction of a financial institution as was done by the owners of Commonwealth and State Security, but the effect of the new laws are minor compared to what has occurred in the marketplace for all financial institutions. Leveraged buy-outs, such as occurred in the case of State Security, are impossible now from the market standpoint because no lender would go along with the types of loans and lack of security that

various banks in Nebraska and others allowed. In short, tough times in the marketplace have effectively helped accomplish the needed regulation that was lacking during the critical periods of Commonwealth and State Security. But, lest history be tempted in any way to repeat itself 50 years from now, just as the NDIGC was itself a repeat of history 50 years earlier, legislation should be passed which specifically repeals the NDIGC Act.

CONCLUSIONS SPECIFICALLY CONCERNING STATE SECURITY SAVINGS COMPANY

1. The acquisition of State Security Savings by Wright, Hake, and Olson in 1978 was a very highly leveraged takeover of the institution. In fact, the purchasers' provided only about 7 percent of the total price from their own personal contributions. This left 93 percent of the acquisition cost as debt, which they chose to retire and service with funds generated by State Security.

While the leveraging of the acquisition was high, based on the reputation and experience of the new owners and decades of steadily-rising real estate values, and because State Security had demonstrated consistent earning potential through the years, City Bank, First National Bank of Lincoln, and the former stockholders undoubtedly felt comfortable in their financing arrangements with Security Financial Corporation. Subsequent events, of course, demonstrated the lenders' judgement to be faulty. Moreover, the institution's highly-leveraged position, by itself, contributed to its eventual downfall, and was exacerbated by the lack of personal guarantees on the debt. But should such leveraged buy-outs of financial institutions be restricted in some way in order to prevent a similar misjudgement? After all, not only the lenders, but also the "depositors" have something at stake in such a situation.

In State Security's case, the owners, through their personally-owned

holding company, removed millions of dollars of capital from the institution in order to retire and service their tremendous acquisition debt. This "bleeding" of State Security Savings was not determined by the Banking Department or law enforcement authorities to deserve criminal prosecution--whether right or wrong. Nevertheless, it was the institution's creditors who finally picked up the tab.

Are such "leveraged buy-outs" a problem which the Nebraska legislature needs to address immediately? Probably not. Presently, financial institutions will not lend funds for the acquisition of another financial institution unless the purchasers/borrowers have at least 25 to 30 percent equity in the institution--if not more. In addition, federal regulatory authorities have now adopted strict standards governing the leveraging of banks and other stock-owned financial institutions. All financial institutions doing business in Nebraska at this time (with the exception of a single savings and loan association in Omaha) have federal insurance of some sort, and are thereby subject to such leveraging restrictions.

2. While the Banking Department examiners cannot be faulted for their complete and accurate examination reports regarding the operation and condition of State Security Savings, the actions of Department decision-makers warrant some criticism. Specifically:

A. The Department should have been more aggressive and forceful in the enforcement of the statutes and

Department regulations which State Security routinely violated. Admittedly, the possible sanctions available to the Department were limited at that time (until significantly broadened by the legislature through LB 1039 in 1984). Nevertheless, if enforcement of the relevant statutes was impossible or impractical, then the Department should have wasted no time or effort in advising the Governor and the Legislature of that fact long before disaster struck.

B. The Department's partial freeze of accounts following Commonwealth's failure did not go far enough. The Department should have prohibited all withdrawals until the crisis had passed, federal insurance had been obtained, or until some other resolution had been formulated and implemented. The partial freeze only deleted the assets ultimately available for all account-holders, postponed State Security's inevitable insolvency, and rendered the institution even less likely to survive. Furthermore, the Department had all the necessary tools at hand to deal with the situation through LB 241 (the "Failing Bank Act"), sponsored by the Banking Committee, adopted by the Legislature and signed by the Governor, in 1983.

C. Following the Department's investigation of Shoppers Fair, the Department should have ordered Security Financial Corporation to reimburse State Security Savings for the $200,000 it received in fees from State Security's involvement in the Shoppers Fair/Pioneer Plaza transaction.

3. There was no single cause responsible for the bankruptcy of State Security Savings. The institution's downfall resulted from the combined effect of several factors:

A. The institution's heavy reliance on large residential real estate development loans as a source of income, most of which were concentrated in the hands of a small number of borrowers.

B. Skyrocketing interest rates, beginning in 1979-1980, which caused a severe slump in residential real estate sales, thereby undermining State Security's ability to receive earnings from its real estate-related loans.

C. The highly leveraged condition of State Security's owners, which resulted in a serious depletion of the institution's capital in order to retire and service the acquisition debt. This left State Security

in an even more vulnerable position with little possibility, in its precarious condition, of surviving any major adversity.

D. The creation and the operation of the Nebraska Depository Institution's Guarantee Corporation, which caused unjustified complacency (by public and government alike) concerning the soundness of Nebraska's industrial loan and investment companies.

E. The failure of Commonwealth Savings Company and the NDIGC, which merely forced an already weak and vulnerable institution into a tailspin which would undoubtedly be fatal.

EXHIBITS

NEBRASKA STATE PATROL
DIVISION OF INVESTIGATIVE SERVICES

NAME: COMMONWEALTH SAVINGS COMPANY (S)
FRAUD, LANCASTER COUNTY

FILE: #2607-24797
INV. L. E. WILLIAMS

INTRODUCTION

On November 18, 1985, the Governor's office requested Investigator L. E. Williams and Trooper B. R. Papstein to review the Lincoln Police Department's investigation of COMMONWEALTH SAVINGS COMPANY.

A report summarizing this review was to be presented to the Attorney General for evaluation of possible criminal activity by officers of COMMONWEALTH SAVINGS COMPANY and their associates which may have contributed to its insolvency.

Pursuant to that directive, these officers interviewed Dr. Michael A. Breiner, M.D. who has been designated by the Governor to inquire into the same matter. The officers also interviewed Investigators John Cripe and Curtis Hibdon of the Lincoln Police Department who conducted the initial investigation; Janet Keiser, Counsel for the Receiver of COMMONWEALTH SAVINGS COMPANY, and John E. Queen, Special Deputy Receiver.

Most of the substantive matters in the following report are derived from these interviews and an examination of copies of certain documents in possession of these individuals which are a completion of some of their effort.

Additional interviews of several other persons were conducted to determine the status and effect of plea bargains which had been reached during earlier prosecutions.

S. E. COPPLE was convicted of making false entries in connection with the purported sale of lots to Michael P. Wilson in June, 1982. A plea bargain

reached incident to that conviction granted S. E. COPPLE immunity from any further prosecution arising from the management of COMMONWEALTH SAVINGS COMPANY.

MARVIN COPPLE was convicted of two counts of felony theft in connection with unearned commissions taken in January and April of 1981. MARVIN COPPLE was granted immunity from any further prosecutions arising from the management of COMMONWEALTH SAVINGS COMPANY in exchange for testimony in litigation involving PAUL DOUGLAS.

Throughout this report a number of terms have been used, the significance of which may not be readily apparent. Some familiarities with the accounting structure is essential for the understanding of this report. Refer to appendix for a brief summary of the account terms and practices used in this report.

The investigation revealed that numerous transactions involved land contracts, purchase agreements, notes, or similarly titled documents which purported to reflect sales of real estate. The common scenario involved builders wishing to reserve lots on which to build houses. Upon execution of these documents, S. E. COPPLE entered the transaction on the books of COMMONWEALTH as though there had been cash received in the full amount of the purported sale. Those entries were then used to generate cash for distribution of purported profits to COPPLE and his associates and to falsely improve the financial postion of the company.

An examination of these purported sales discloses that the so called contracts were, in fact, unenforceable as such.

The purported buyer had no obligation to perform, nor to pay, nor was such an obligation intended. The documents comprised, at best, an option to buy. The report should be read with this observation in mind.

Original documents and interview reports which substantiate the allegations contained in the following report are in the possession of the Lincoln Police Department.

These officers wish to emphasize the limitations of the following report. It is, in substance, a summary of the earlier investigation.

It is based upon the above-mentioned interviews and an examination of relatively few documents. This report is intended, for the most part, per the request, as a summary of the investigation completed by the police department. The report sets forth allegations supported by that earlier investigation.

It should also be noted that the investigation of the Lincoln Police Department was performed chronologically. The police department investigation began with the earliest available documents which substantiate transactions in 1976 and included transactions up to the date of closing.

END

Investigator: Larry E. Williams

Trooper: Bruce R. Papstein

Date: 1-8-85

xc: Colonel Tagg
Major Niemann
Attorney General
Chief of Police Leitner
Lancaster County Attorney
Janet Keiser
Officer John Cripe
Trooper Papstein
Investigator Williams

lmb 1-8-85

NEBRASKA STATE PATROL
DIVISION OF INVESTIGATIVE SERVICES

NAME: COMMONWEALTH SAVINGS COMPANY (S)
FRAUD, LANCASTER COUNTY

FILE: #2607-24797
INV. L. E. WILLIAMS

INVESTIGATIVE MEMO

NARRATIVE OF INVESTIGATION:

In order to understand the circumstances surrounding the closing of COMMONWEALTH SAVINGS COMPANY on November 1, 1983, it is necessary to be aware of the totality of events. It has been determined that forgeries, various thefts, excessive profits, straw man loans, insider loans, and falsification of records had occurred.

Industrials were first authorized by statute in 1941. At the time the industry was created, there was no requirement to prove need or convenience nor were the creators of such a company required to show proof of their capability to manage a financial institution. Companies such as COMMONWEALTH SAVINGS COMPANY had complete freedom to engage in real estate developments. Most of these institutions had invested heavily.

Changes in regulatory legislation affected operations and can be seen to have had an effect on the manner of conducting transactions. Most notably, the limitations on insider loans adopted in 1979, and false entry legislation of 1983, can be seen to have impacted practices at COMMONWEALTH SAVINGS COMPANY.

In the early to mid 1970's, the industrial savings and loans were doing very well because of the increases in the price of real estate and in providing funds for real estate projects and developments. These institutions were engaged in investments of a more speculative nature then other institutions such as banks, savings and loans, and credit unions.

Prior to the peak of the real estate boom in 1979, the industrials enjoyed a period of stability and growth. However, with the advent of the high interest rates and the decline in the real estate market, serious problems began to develop. However, the investigation into COMMONWEALTH SAVINGS COMPANY determined that serious financial problems had developed prior to the end of 1978. S. E. COPPLE was the president and principal share holder of COMMONWEALTH SAVINGS COMPANY from the time it began operating as an industrial in 1941 until its closing.

During the investigation of COMMONWEALTH SAVINGS COMPANY by the Lincoln Police Department, the scope was limited to post 1975 due to poor record keeping practices and unavailability of records. It was in 1976 that COMMONWEALTH SAVINGS COMPANY initiated computer record keeping.

In 1976, COMMONWEALTH SAVINGS COMPANY entered into an agreement with Hub Hall Company through it's President Hubert Hall to purchase, develop and sell three major subdivisions. These were identified as Coddington Mill, Green Prairie, and Southern Hills all in Lancaster County.

The purchase price and expenses of these developments including taxes were to be paid by COMMONWEALTH SAVINGS COMPANY. The title of the property was to be taken in the name of Hall and the development of the property was to be performed by Hall. Hall was to execute promissory notes to COMMONWEALTH SAVINGS COMPANY or other evidences of indebtedness in amounts equal to 1/2 of the purchase price and expenses of development of the property without interest.

The sale of all or any portion of the property was to be approved by both parties and the proceeds from the sale was to be paid to COMMONWEALTH SAVINGS COMPANY to reimburse the purchase price and expenses of the development and to discharge the promissory notes from Hall to COMMONWEALTH SAVINGS COMPANY. The

net profits from the sale of the properties were to be divided equally by both parties.

During this same time period, S. E. COPPLE through COMMONWEALTH SAVINGS COMPANY entered into a joint venture with NEWTON COPPLE, his son, to purchase and develop another subdivision known as Westbrook.

Each of the four subdivisions, Coddington Mills, Green Prairie, Southern Hills and Westbrook, will be examined in detail in the following sections. However, they do not constitute the only subdivisions in which COMMONWEALTH was actively involved. COMMONWEALTH was involved in developing Fox Hollow, Arlingdale Heights, Airport Heights, Olympic Heights, Lamont 1st, 2nd and 3rd, Pioneer Estates, Chez Ami Knolls 5th, Heritage Heights, Colonial Hills, Capital Beach 2nd and 3rd, Blue Stem, and large tracts of land at 40th and Old Cheney.

Southern Hills - located 1/2 mile south of 27th and Old Cheney Road.

In reference to the Southern Hills development, the first expenditures occurred in August of 1976. It should be noted that Southern Hills remains in the very early and preliminary stages of development. Some preliminary grading has been done and some water and sewer lines have been installed. These improvements were done by using COMMONWEALTH SAVINGS COMPANY money. Even after the sale of some of the lots, there was some discussion by the principals about planting wheat to generate some income from the property.

As of December 1978, approximately $440,000.00 had been disbursed to Hub Hall from COMMONWEALTH SAVINGS COMPANY for this development. Hub Hall had received loans from COMMONWEALTH SAVINGS COMPANY for 1/2 of this amount or approximately $220,000.00. The remaining $220,000.00 was COMMONWEALTH's share of the cost of the development.

On October 23, 1978, David Griffith signed note number 102504 in the amount of $320,000.00 for 32 lots. At this time, check number 31260 in the amount of $320,000.00 was issued and this amount was deposited in S. E. COPPLE's and Hub Hall's joint savings account number 44313 at COMMONWEALTH SAVINGS COMPANY. Immediately following this deposit, check number 31261 in the amount of $75,000.00 was issued to S. E. COPPLE which he deposited in his personal checking account. $150,000.00 went to reduce Hub Hall's loans at COMMONWEALTH SAVINGS COMPANY and $75,000.00 was credited to other miscellaneous accounts. The remaining $20,000.00 was left in the savings account and on January 30, 1979, it was transferred to Land Asset Account number 181 079. No payments had been made on this note, and the principal amount of $344,675.18 was transferred to a Land Asset Account number 181 039 on January 18, 1980.

The institution received none of the purported income from the Griffith transaction and no deed was ever delivered to Griffith.

On January 5, 1979, two certificates of deposits were purchased for Hub Hall totalling $446,716.19. The CD's were numbered 34589 and 34590. These were the projected profit for Hall on this development, however, at that time there wasn't any profit on this development. The CDs were later cashed with interest received in the amount of $49,886.20.

In January of 1979, COMMONWEALTH SAVINGS COMPANY loaned the sum of $495,000.00 to Wajer Corporation through its officers, Wayne E. and Jerry Call. The loan number was 102754 and collateral was 55 lots in Southern Hills. The loan was renewed a number of times and as of November 1, 1983, the balance was $831,461.34.

On January 9, 1979, S. E. COPPLE received check number 32437 from the proceeds of loan number 102754 in the amount of $150,000.00 as projected

profits from this development. $150,000.00 went to the Gain and Loss on Real Estate account on COMMONWEALTH SAVINGS COMPANY books and $195,000.00 was credited to Asset Account number 181 079 which is the Land Asset Account for the Southern Hills development.

It is alleged that the institution and it's depositors were victims of a fraud because S. E. COPPLE received $150,000.00 and Wajer Corporation did not have the financial resources to pay back the loan.

It was suggested by S. E. COPPLE that if they wanted to borrow more funds from COMMONWEALTH SAVINGS COMPANY, they would be required to form some additional corporations because they were at their corporate lending limit.

The Call brothers, Wayne and Jerry, formed five different corporations for the purpose of signing notes and borrowing money. These corporations were Call Brothers, Inc., Jactrax, Inc., Macs LTD, Sundance Development LTD and Wajer Corporation. At the time of closing, the Call Brothers and their various corporations owed COMMONWEALTH SAVINGS COMPANY approximately 5.6 million dollars. On July 8, 1983, S. E. COPPLE, acting as president of COMMONWEALTH SAVINGS COMPANY, released the Call brothers and their wives from any personal liabilities on all corporate loans.

On February 2, 1979, the Call brothers, through two of their corporations, Wajer Corporation and Macs LTD, signed six notes totalling $567,000.00. $317,000.00 of the proceeds of these notes was credited to Land Asset Account number 181 079 which is the Southern Hills Development account on the books at COMMONWEALTH SAVINGS COMPANY. Other miscellaneous COMMONWEALTH accounts were credited for the remaining $250,000.00.

An independent realtor identified as Carl Bartlett wanted to list some properties in Southern Hills. He had no intention of buying them. However, in January of 1979, and again in January of 1980, in order to be the listing

agent, he was required to sign loans 102833 and 104109 for the properties as if he were buying them rather than simply listing them for sale. Bartlett did not believe he was responsible for these loans.

The January, 1979 loan, number 102833, was in the amount of $473,000.00. From the proceeds of this loan, Land Asset Account number 181 079 was credited for $451,796.83 which cleared that account. Miscellaneous income account 302 000 within COMMONWEALTH SAVINGS COMPANY was credited for $21,203.17. As of closing, the outstanding loan balance was $725,224.79

On January 18, 1980, check #38438 was issued to Hub Hall in the amount of $100,000.00 as projected profit on Southern Hills. This amount was transferred out of Land Asset Account number 181 039 which is a land asset account for Southern Hills.

The January, 1980, loan number was 104109 in the amount of $596,717.49. From the proceeds of this loan, $464,675.18 was credited to Land Asset Account number 181 039 leaving a balance of $108,000.00 which was later cleared by a fraudulent loan to Thomas Soukup and $102,494.14 was credited to Gain and Loss on Real Estate. The remaining $29,548.17 was credited to miscellaneous accounts within COMMONWEALTH SAVINGS COMPANY. The balance of this loan as of November 1, 1983, was $909,216.65.

On January 23, 1980, check number 38496 was issued to S. E. COPPLE in the amount of $50,000.00 as projected profit on Southern Hills. This amount was transferred out of Gain and Loss on Real Estate Account.

On March 8, 1979, check number 33451 was issued to S. E. COPPLE in the amount of $223,358.09 for projected profits on Southern Hills. This amount was also transferred out of Gain and Loss on Real Estate Account.

As a result of the Southern Hills development, S. E. COPPLE received $450,000.00 and Hub Hall received approximately $550,000.00. All of this

money came from COMMONWEALTH SAVINGS COMPANY and for the most part, the notes used to generate this money were either outstanding at the time of closing or had been written off.

Coddington Mill - located on the Northwest corner of Coddington and West A Street.

In reference to the Coddington Mill Development, the first expenditures occurred in February of 1976. Again, this development is only in the early stages of home development. Two major streets have been installed and the utilities are in place. In the early 1980's, a request was made and received for a zoning change permitting a mobile home park to be developed. Eight homes have been built in this subdivision.

The initial investment in this development was shared equally between COMMONWEALTH SAVINGS COMPANY and Hub Hall. Hall took out no interest loans at COMMONWEALTH for approximately $235,000.00 and COMMONWEALTH SAVINGS COMPANY expended the amount of $235,000.00 for this development.

Gary Butts, doing business as Equity Homes, did a large portion of the development in this subdivision. He was obtaining notes at COMMONWEALTH SAVINGS COMPANY and some of these were being used to pay subcontractors for installing roads and utilities.

On February 21, 1979, Butts signed a note, loan number 102915 in the amount of $200,000.00. Of this amount, $100,000.00 was credited to S. E. COPPLE's checking account at COMMONWEALTH and $100,000.00 was credited to the Gain and Loss on Real Estate Account. This activity is considered a theft because there hadn't been any sales of lots and the agreement was between COMMONWEALTH SAVINGS COMPANY and Hall.

On April 15, 1980, all the Equity Home loans were written off to a Land Asset Account number 181 090 in the amount of $872,692.29.

On May 15, 1980, COMMONWEALTH SAVINGS COMPANY purchased four Certificates of Deposit numbers 38526, 38527, 38528, and 38534 for Hub Hall. Each was in the amount of $50,000.00. These were later cashed on their various maturity dates and totalled $245,041.79.

On September 6, 1980, Hall's original notes were written off to Land Asset Account number 181 091. The total was $235,000.00.

On October 6, 1980, Roger Yant, doing business as Nebraskaland Homes, entered into a land contract with COMMONWEALTH SAVINGS COMPANY in the amount of $1,724,000.00, the full amount of which was entered on the books of COMMONWEALTH SAVINGS COMPANY as if received which cleared Land Asset Accounts 181 090 and 181 091. This contract was for the purchase of 134 lots and the only money actually received was the sum of $34,019.04.

As a result of the Coddington Mill development, Hub Hall received $245,041.79, a write off of his notes in the amount of $235,000.00, and S. E. COPPLE received $100,000.00. COMMONWEALTH SAVINGS COMPANY received a land contract in the amount of $1,724,000.00 on which COMMONWEALTH SAVINGS COMPANY only received $34,019.04. The balance of this land contract remained on the books of COMMONWEALTH SAVINGS COMPANY at the time of closing.

Green Prairie - located west of N.W. 57th St. and W. Adams

In reference to the Green Prairie Subdivision, the first expenditure occurred on May 17, 1976. Again, this subdivision has not passed the preliminary development stage. Only one street approximately three blocks in length has been constructed and utilities have been installed on only one side of the street. The second half has no development and is still being used as farm land. Out of the subdivision, only 36 lots are buildable and three homes have been built.

Starting in 1976, Hub Hall and COMMONWEALTH SAVINGS COMPANY agreed to participate in this development. They proceeded in this manner into 1980 and a total of $502,053.05 was spent. During the course of this development, Hub Hall signed notes at no interest totalling $236,407.68 for his share of the cost.

On July 24, 1979, check number 32364 in the amount of $14,577.14 was made out to Hub Hall Company and deposited in S. E. COPPLE's personal checking account at Union Bank. This was entered into COMMONWEALTH SAVINGS COMPANY books as a "loan".

On April 14, 1980, COMMONWEALTH paid $50,000.00 to MARVIN COPPLE, a son of S. E. COPPLE, as a commission for the sale of lots in Green Prairie. MARVIN COPPLE did not hold a real estate license and it is alleged that this was totally unearned. This amount was taken out of Gain and Loss on Real Estate Account.

On February 27, 1980, COMMONWEALTH SAVINGS COMPANY entered into a purported purchase agreement with N M S Investments Inc., through C. G. Smith, for the purchase of 200 lots in Green Prairie Heights First Addition and 66 lots in Green Prairie Heights. The amount of the agreement was $1,423,050.00 and was placed on the books as an asset account on June 5, 1980. The total amount actually received under the agreement was $4,500.00, however, $1,423,050.00 was entered as a gain in the Gain and Loss on Real Estate Account.

At the time of closing, C. G. Smith, doing business as NMS Investments Inc., Construction Sciences, Inc. and Landco, Inc. had outstanding contracts on the books at COMMONWEALTH SAVINGS COMPANY of approximately $4,000,000.00 including the unpaid $1,418,550.00.

On October 22, 1980, COMMONWEALTH SAVINGS COMPANY and Wallace B. Collingsworth entered into a purchase agreement for 100 lots in Green Prairie. The amount of this agreement was $450,000.00 and was placed on the books alternately as a loan and an asset account. Of this amount, $150,000.00 was credited to Land Asset Account number 181 072 and $300,000.00 was credited to Gain and Loss on Real Estate Account. At the time of closing, Wallace B. Collingsworth, doing business as Qualitone Paint Manufacturing, Inc. had outstanding contracts and notes on the books at COMMONWEALTH SAVINGS COMPANY totalling approximately 2.8 million dollars.

On October 6, 1980, COMMONWEALTH SAVINGS COMPANY entered into a purported purchase agreement with Roger Yant, doing business as Nebraskaland Homes, for the purchase of 100 lots in Olympic Heights and 200 lots in Green Prairie. The amount of this purchase agreement was $900,000.00 for the Green Prairie lots and $600,000.00 for the Olympic Heights lots for a total of $1,500,000.00. The full amount was placed on the books as an asset and no amounts were ever received. The total amount of this agreement was still on the books at closing time.

On March 31, 1981, Hub Hall's loans on Green Prairie real estate were partially paid off by decreasing Gain and Loss on Real Estate Account by $197,857.14.

In May of 1981, S. E. COPPLE and Hub Hall entered into an agreement involving Belmont Plaza Shopping Center and Green Prairie. The agreement stated that COPPLE would exchange Belmont Plaza Shopping Center and the lots in and around the shopping center that he owned for Hall's interest in the original 160 acres that comprise Green Prairie Heights plus an additional 25 acres that was acquired later.

S. E. COPPLE was to assume Hall's notes on the 185 acres and Hall would keep the 110 acres which gave access to Adams Street and continue to develop and pay for that tract of ground. S. E. COPPLE would deed Belmont Plaza Shopping Center and assign the existing leases to Hall. Hub Hall was to obtain a mortgage for $1,000,000.00 on Belmont Plaza and give the proceeds to S. E. COPPLE.

The money invested in the purchase and development of Green Prairie was all COMMONWEALTH money, however, S. E. COPPLE gave Hub Hall $500,000.00 consideration for his interest in Green Prairie. According to Hub Hall, S. E. COPPLE valued Belmont Plaza Shopping Center at 1.5 million dollars.

In summation of the Green Prairie subdivision, COMMONWEALTH SAVINGS COMPANY disbursed $582,053.05 for acquisition and development. COMMONWEALTH SAVINGS COMPANY booked $2,773,050.00 in land contracts of which it actually received $4,500.00. S. E. COPPLE received $14,577.14. MARVIN COPPLE received $50,000.00 and Hub Hall received $500,000.00 consideration for his interest in Green Prairie.

Westbrook - located at the South West corner of Coddington and West A Street

In 1976, S. E. COPPLE and NEWTON COPPLE decided they wanted to buy the property now known as Westbrook Subdivision.

Edward Schwartzkopf originally owned this property and S. E. COPPLE and NEWT COPPLE used COMMONWEALTH SAVINGS COMPANY funds to purchase other Lincoln area properties that Schwartzkopf showed an interest in and then they traded those properties for the land which is now known as Westbrook. This agreement was worked out between these parties for tax purposes.

In order to buy and develop this property, S. E. COPPLE created three land asset accounts and a NEWTON COPPLE (Schwartzkopf) saving account #035378.

The three asset account numbers 181 075, 181 076, 181 081 were used to purchase the properties that Schwartzkopf wanted.

Starting in October of 1976, expenditures were made using COMMONWEALTH SAVINGS COMPANY money to buy these different properties. COMMONWEALTH funds were expended up until December 31, 1977 toward the purchase of this property and the development of Westbrook.

On August 7, 1977, NEWT COPPLE and S. E. COPPLE took out a loan from First Federal Lincoln in the amount of $439,182.23, and pledged the Westbrook properties as collateral. This amount was deposited in COMMONWEALTH SAVINGS COMPANY. It was credited to the Land Asset Account number 181 075.

On December 31, 1977, Land Asset Account number 181 075 had a balance of $123,419.07; Land Asset Account number 181 076 had a balance of $16,168.54; and Land Asset Account number 181 081 had a balance of $191,565.11. NEWT COPPLE was getting the deeds to this property while using COMMONWEALTH SAVINGS COMPANY money.

During the fall of 1977, S. E. COPPLE contacted several Lincoln area builders identified as David Penix, Donald Neuharth, Phillip Neuharth, James Baker, Larry Field, David Griffith and Burgess Hester. S. E. COPPLE approached these people and advised that Westbrook was going to be very successful and he agreed to reserve lots for each of them, however, they needed to sign notes.

S. E. COPPLE advised them that they didn't have to pay on these notes until they sold the lots and if things didn't work out they could contact him and he would take the lots back and they wouldn't owe COMMONWEALTH SAVINGS COMPANY anything. They signed the notes and the notes were placed in S. E. COPPLE's desk drawer. They were not entered on the company books.

On September 14, 1977, the IRS had contacted S. E. COPPLE and advised that COMMONWEALTH SAVINGS COMPANY would be classified as a holding company because COMMONWEALTH had excessive family loans. At that time, the COPPLE family owed COMMONWEALTH approximately 3.8 million.

As a result of this, S. E. COPPLE became concerned and in December of 1977, he concluded that he needed some money to cover the family loans. The notes laying in his desk drawer that were signed by the builders to reserve lots were entered in the books and the following checks were issued in the amount of the notes on December 30, 1977. Check number 24994 to Ffordable Enterprises, Inc., owned by Phillip Neuharth, in the amount of $383,145.00; check number 24995 to Larry Field in the amount of $109,470.00; check number 24996 to James T. Baker in the amount of $218,940.00; check number 24997 to Donald D. Neuharth in the amount of $109,470.00 and check number 24999 to David Penix in the amount of $311,457.00.

COMMONWEALTH SAVINGS COMPANY check number 24994 drawn on the First National Bank and Trust Company in Lincoln, Nebraska made payable to the order of Ffordable Enterprises in the amount of $383,145.00 and signed by J. E. Sundling, a COMMONWEALTH SAVINGS COMPANY employee, was issued. The endorsement was forged by S. E. COPPLE and deposited in his personal checking account at Union Bank.

When Phillip Neuharth was interviewed by the Lincoln Police Department reference this check, he advised that S. E. COPPLE had told him about the development and he was instructed to talk to NEWT. Neuharth had decided to reserve 30 or 35 lots and was told by S. E. COPPLE to pick out what he wanted. S. E. COPPLE had agreed to take back the lots he didn't want and told him not to worry about the money.

Neuharth told them that he had signed loan number 101199 on October 6, 1977. In reference to the check, Neuharth advised that he had never seen it before, didn't receive any money and that the endorsement was not made by him.

On December 30, 1977, COMMONWEALTH SAVINGS COMPANY check number 24995, drawn on the First National Bank and Trust Company in Lincoln, Nebraska, made payable to the order of Larry W. Field in the amount of $109,470.00 and signed by J. E. Sundling, a COMMONWEALTH SAVINGS COMPANY employee, was issued. The endorsement was forged by S. E. COPPLE and deposited in his personal checking account at Union Bank.

The Lincoln Police Department exhausted all investigative leads in attempting to locate Field, however, they were unsuccessful.

On December 30, 1977, COMMONWEALTH SAVINGS COMPANY check number 24996, drawn on the First National Bank and Trust Company in Lincoln, Nebraska, made payable to the order of James T. Baker in the amount of $218,940.00 and signed by J. E. Sundling, a COMMONWEALTH SAVINGS COMPANY employee, was issued.

When Baker was interviewed by the Lincoln Police Department, he advised he thought he was dealing with COMMONWEALTH SAVINGS COMPANY. He recalled signing the note, however, he was under the impression he was only reserving the lots.

In reference to this check, Baker advised he had never seen it and wasn't even aware it had been issued. The endorsement was not written by him and he had not given S. E. COPPLE permission to endorse it.

This check was forged by S. E. COPPLE and deposited in his personal checking account at Union Bank.

On December 30, 1977, COMMONWEALTH SAVINGS COMPANY check number 24997, drawn on the First National Bank and Trust Company in Lincoln, Nebraska, made

payable to the order of Donald D. Neuharth in the amount of $109,470.00 and signed by J. E. Sundling, a COMMONWEALTH SAVINGS COMPANY employee, was issued. The endorsement was forged by S. E. COPPLE and deposited in his personal checking account at Union Bank.

Mr. Neuharth was interviewed by Deputy Lancaster County Attorney John Colburn. Neuharth related basically the same information as the others and recalled that the lots could be returned at anytime without any loss.

On December 30, 1977, COMMONWEALTH SAVINGS COMPANY check number 24999, drawn on the First National Bank and Trust Company in Lincoln, Nebraska, made payable to the order of David Penix in the amount of $311,457.00 signed by J. E. Sundling, a COMMONWEALTH SAVINGS COMPANY employee, was issued. The endorsement was forged by S. E. COPPLE and deposited in his personal checking account at Union Bank.

When Penix was interviewed in San Antonio, Texas by the Lincoln Police Department, he advised that NEWT COPPLE had called him in the fall of 1977 and offered him the opportunity to get in on the ground floor of Westbrook. He was offered an agreement that they would finance 100% and if anything went wrong they would take the lots back and he would not owe COMMONWEALTH SAVINGS COMPANY anything.

Penix never entered into any detailed agreement and only had a verbal agreement with NEWT COPPLE. He stated no check was ever issued to him.

In reference to the check, he advised he had never seen it before and the endorsement was not his. He denied receiving any money as a result of this document.

Detective Sgt. Gene Rauscher of the Lincoln Police Department conducted the handwriting examination on all of these alleged forged checks that were

dated December 30, 1977. Detective Rauscher concluded that all of these endorsement signatures were written by S. E. COPPLE.

After issuing these checks, S. E. COPPLE came to the conclusion he still needed more money so he contacted State Security Savings.

S. E. COPPLE then purchased a $600,000.00 Certificate of Deposit from State Security Savings in the name of COMMONWEALTH SAVINGS COMPANY using COMMONWEALTH funds. MARVIN COPPLE then went to State Security Savings and drew a $600,000.00 signature loan in his own name and received a check. He returned to COMMONWEALTH SAVINGS COMPANY and endorsed the check over to S. E. COPPLE. S. E. COPPLE then deposited this amount in his personal checking account at Union Bank.

S. E. COPPLE still needed more money so he contacted Dorothy Gartner, a long time business associate, and asked her to sign a signature loan for $600,000.00 which she did. Gartner received the check and she gave it to S. E. COPPLE and it went directly to his personal checking account.

S. E. COPPLE still needed more money so he utilized note number 101194 signed by W. B. Collingsworth in the amount of $994,700.00. Collingsworth had signed note 101194 in September to reserve lots. However, S. E. COPPLE only needed $600,000.00 so he wrote the check for that amount. Collingsworth endorsed the check and gave it to S. E. COPPLE and it was deposited in his personal checking account at Union Bank.

S. E. COPPLE then wrote checks to COMMONWEALTH SAVINGS COMPANY from his personal account to pay off Land Asset Account number 181 075 in the amount of $123,419.07. He also paid off all of NEWT COPPLE's loans at COMMONWEALTH SAVINGS COMPANY on that day and all loans of JIM GILLETTE and family, a son-in-law of MARVIN COPPLE, on that day. S. E. COPPLE also paid off loans in the name of Caroline Weiner at COMMONWEALTH. (Caroline Weiner is the widow of

a business associate of NEWTON COPPLE's). These loans totalled approximately $2,650,000.00. This may not constitute all of the transactions that occurred on December 30, 1977 and the possibilities exist that additional transactions may have occurred.

During 1977, additional contractors signed notes reserving lots in Westbrook. The proceeds of these notes were deposited in Westbrook Savings Account number 37531 which was owned jointly by S. E. COPPLE and NEWT COPPLE. Additional funds were drawn from First Federal Lincoln by S. E. COPPLE and NEWT COPPLE in the amount of $360,164.00 and this money was also deposited in the Westbrook Savings Account.

On November 14, 1977, Charles Humann signed a note in the amount of $109,470.00 for the purpose of reserving lots. The proceeds of this note were paid out in the form of check number 24004 which was received by S. E. COPPLE. On the same day, check number 24006 in the amount of $200,000.00 was issued to COMMONWEALTH SAVINGS COMPANY. The Westbrook Savings Account was reduced by this amount and Gain and Loss on Real Estate was increased by $200,000.00.

During 1977, NEWT COPPLE received $307,563.00 from COMMONWEALTH SAVINGS COMPANY. Of this amount, $200,000.00 came from the Westbrook Savings Account and $107,563.00 came from a debit to Land Asset Account 181 075.

In 1978, COMMONWEALTH SAVINGS COMPANY continued to make expenditures for the development of Westbrook. From COMMONWEALTH SAVINGS COMPANY funds, during 1978, NEWT COPPLE received approximately $427,000.00. This ended NEWT's involvement in Westbrook.

On February 8, 1978, S. E. COPPLE sold the Caroline Weiner loans, which he had purchased, back to COMMONWEALTH SAVINGS COMPANY and received $1,032,158.30. This money was deposited in his personal account at Union Bank.

On February 8, 1978, the Collingsworth note (number 101194) in the amount of $600,000.00 plus $10,350.00 in interest was paid off by S. E. COPPLE's personal check number 6126 drawn on the Union Bank. He also paid off the Charles Humann note in the amount of $109,470.00 plus interest of $4,050.76 with personal check number 6127 drawn on the Union Bank.

On September 15, 1978, COMMONWEALTH SAVINGS COMPANY loaned to Wallace B. and Gloria G. Collingsworth the sum of $308,804.47. The loan number was 102314 and collateral was 29 lots in Westbrook. Of this amount, S. E. COPPLE received $294,018.10 which was deposited in the Westbrook Savings Account. As of November 1, 1983, the balance due on this loan was $318,710.24.

At this time, S. E. COPPLE discharged the notes from some of the builders and took the lots back and Westbrook Land Asset Accounts were started. He also gave COMMONWEALTH SAVINGS COMPANY the deeds to the Westbrook property. He then wrote Dorothy Gartner a check for the principal and interest on her loan and she deposited it in her personal account at West Gate Bank. Gartner then wrote a check to COMMONWEALTH SAVINGS COMPANY in the amount of $612,666.35 to pay off her note. S. E. COPPLE also gave MARVIN COPPLE a check for the principal and interest for his loan at State Security Savings and it was paid off. S. E. COPPLE also cashed the $600,000.00 Certificate of Deposit.

S. E. COPPLE proceeded to rollover the various builders loans and booked these loans back onto the books as land asset accounts.

To summarize the alleged forgeries, the Ffordable Enterprises, Inc., Larry Field, Donald Neuharth, and David Penix loans were transferred to Land Asset Accounts. The James T. Baker loan had a balance of $313,899.01 as of November 1, 1983.

On March 30, 1979, COMMONWEALTH SAVINGS COMPANY made loan number 103058 to Charles Humann in the amount of $99,539.12. Check number 33670 was issued

as a result and S. E. COPPLE received this check. This loan was made for lots in Westbrook.

On December 28, 1979, S. E. COPPLE issued personal checks to COMMONWEALTH SAVINGS COMPANY to pay off the following Land Asset Accounts: Number 181 075, number 181 076, and number 181 081. The total amount of this transaction was $345,454.83.

In the Spring of 1980, the Nebraska Department of Banking and Finance directed a reduction of land asset accounts at COMMONWEALTH SAVINGS COMPANY.

In May, 1980, Keith B. Johnson, doing business as Sunrise Homes, entered COMMONWEALTH SAVINGS COMPANY wanting to reserve some select lots in Westbrook. On May 15, 1980, Johnson executed a promissory note to COMMONWEALTH SAVINGS COMPANY in the amount of $1,050,000.00. This note was on a generic note form rather than on the customary COMMONWEALTH printed form.

Johnson had no intention of buying the lots securing the note and understood he was not obligated to pay on the note. On June 5, 1980, check number 40753 in the amount of $1,050,000.00 was issued to "Westbrook Addition" and deposited in the Westbrook Savings Account which was used exclusively by S. E. COPPLE.

The proceeds of this transaction were then disbursed from the savings account to the following land asset accounts:

DESCRIPTION	ACCOUNT NUMBERS	AMOUNTS
Lots Arlingdale	181 056	$ 8,885.00
10 lots Westbrook (Neuharth Forgery)	181 052	79,039.10
6 lots Westbrook (Charles Humann)	181 054	82,229.93
10 lots Westbrook (Larry Field Forgery)	181 194	98,066.65
Lamont lots	181 059	231,000.00
28 lots Westbrook (Ffordable Enterprises Forgery)	181 055	258,054.89
26 lots Westbrook (Penix Forgery)	181 053	329,565.48
		$1,086,841.05

All of these accounts were brought to a zero balance after this transaction except account 181 059.

On September 3, 1982, Johnson signed a note as an extension of the previous note in the amount of $806,960.00. However, the amount shown on COMMONWEALTH SAVINGS COMPANY books was $892,427.06 because the signed note did not include interest.

On December 31, 1982, the loan was written off and the sum of $925,000.00 was transferred to a real estate account number 180 115. The interest of $142,140.49 was charged off as a loss.

Prior to this in 1981, Johnson was considering declaring bankruptcy. He approached S. E. COPPLE and inquired how he should handle these loans. He was told by S. E. COPPLE not to worry about the Westbrook loans.

When Johnson did declare bankruptcy, this $1,050,000.00 loan was not included because he claimed he didn't even have it. His other loans at COMMONWEALTH SAVINGS COMPANY were included in the bankruptcy.

On November 24, 1980, a transfer of $150,000.00 was made from a Gain and Loss Real Estate Account by check number 43162 payable to COMMONWEALTH SAVINGS COMPANY, Westbrook Addition Savings Account number 037531.

On December 31, 1980, another transfer of $150,000.00 was made from a Gain and Loss Real Estate Account by check number 43825 payable to COMMONWEALTH SAVINGS COMPANY, Westbrook Savings Account number 037531. This savings account is used exclusively by S. E. COPPLE.

Also on December 31, 1980, COMMONWEALTH SAVINGS COMPANY loaned the sum of $664,565.50 to Qualitone Paint Manufacturing, Inc., through it's agent Wallace B. Collingsworth. Of this amount, S. E. COPPLE received check number 43772 in the amount of $555,016.76 and this was deposited in Westbrook Savings Account number 037531. The loan number was 105492 and collateral was 50 lots in

Westbrook. No payments had been made on this loan and the balance due on November 1, 1983 was $772,754.88.

In summation of the Westbrook development, COMMONWEALTH SAVINGS COMPANY books indicate that the institution lost approximately $143,000.00. This amount does not take into consideration the adverse loans including those made to Baker, Collingsworth, and Johnson.. NEWT COPPLE took approximately $735,000.00 and S. E. COPPLE took approximately $785,000.00 from this development.

It has been determined that the funds from all the contracts went into S. E. COPPLE's savings account and the loans taken out at First Federal Lincoln were paid from this savings account.

Additional Forgeries

The following two alleged forgeries were also located during the Lincoln Police Department investigation, however, they were not associated with the previously mentioned subdivisions.

On May 16, 1977, COMMONWEALTH SAVINGS COMPANY loaned Phillip G. and Audrey L. Neuharth the sum of $104,000.00. The loan number was 908539 and collateral was 13 lots unknown development. Check number 20261 was issued on this date to the Neuharth's and the endorsement was forged by S. E. COPPLE.

A corresponding check number 20277 was issued the following day to S. E. COPPLE and this check was exchanged for a cashiers check at the First National Bank. The cashiers check was then cashed at Union Bank and the proceeds were deposited in S. E. COPPLE's personal checking account.

On November 1, 1983, there was $29,099.29 in principal and $2,466.97 in interest due on this loan. A false credit of $31,500.00 was made on the account resulting in a loss of $63,066.23. This check was located after the

Neuharth's had been interviewed reference another check so no other information is available.

Lt. Harold Moon of the Nebraska State Patrol made an examination of this document and advised that S. E. COPPLE had forged the endorsement.

On May 20, 1977, COMMONWEALTH SAVINGS COMPANY loaned Phillip Neuharth the sum of $114,360.00. The loan number was 909350 and no record of collateral could be located.

The amount of this check remained in the institution and was credited to a General Ledger Real Estate Account on June 15, 1977.

The handwriting analysis of the endorsement was conducted by Lt. Harold Moon and he advised the handwriting was that of S. E. COPPLE.

Straw Man Loans

During the investigation conducted by the Lincoln Police Department, several straw man loans were discovered. These loans had been obtained by Judith Driscoll, Dana Roxann Saylor Robinson, Hub Hall and Richard Shoemaker. All of these loans were used to funnel money to the COPPLE family. (Driscoll was MARVIN COPPLE's secretary and Robinson was a business associate of NEWT's).

On August 20, 1979, COMMONWEALTH SAVINGS COMPANY loaned $54,029.02 to Judith Driscoll. This was loan number 103470 and collateral was 4 blocks in the Fox Hollow Subdivision. No payments were made on the loan and the balance due as of November 1, 1983 was $88,375.57.

Check number 36046 was made payable to her and deposited in her account outside the COMMONWEALTH SAVINGS COMPANY. The proceeds of this loan then went directly to MARVIN COPPLE's account outside COMMONWEALTH SAVINGS COMPANY.

It is alleged that the primary purpose for this loan was to funnel money to the COPPLE family without regard to any repayment and that MARVIN COPPLE received the proceeds when Driscoll wrote him a check in the same amount.

On April 14, 1981, COMMONWEALTH SAVINGS COMPANY loaned the sum of $385,000.00 to Dana Saylor Robinson. The loan number was 105859 and collateral was listed as real estate in Lancaster County. It is alleged that the primary purpose of this loan was to funnel money to the COPPLE family without regard to any repayment.

On April 10, 1981, check number 45415 in the amount of $85,000.00 was made payable to NEWT COPPLE and this amount was deposited in his account at National Bank of Commerce. (The note was dated after this check was issued).

On April 14, 1981, check number 45481 in the amount of $300,000.00 was made payable to Dana Saylor Robinson. This check was endorsed by her and paid to NEWT COPPLE. This amount was deposited in his personal account at City Bank on April 15, 1981. No payments have been made on the loan and on November 1, 1983, there was a total due of $552,491.32.

During an interview with Dana Saylor Robinson conducted by the Lincoln Police Department investigators, she indicated she was prepared to sign one note in the amount of $385,000.00, however, she was presented with a second note to sign in the amount of $739,433.83. She was told by S. E. COPPLE that she would not be held responsible.

On the same date, April 14, 1981, COMMONWEALTH SAVINGS COMPANY loaned the sum of $739,433.83 to Dana Saylor Robinson. The loan number was 106608 and collateral was again listed as real estate in Lancaster County. No amount has been paid on the loan and on November 1, 1983, there was a total due of $1,061,118.89.

It is alleged that the proceeds of this loan were received by S. E. COPPLE and the primary purpose of the loan was to funnel money to the COPPLE family without regard to any repayment.

The proceeds of this loan were disbursed by check number 48581 in the amount of $739,433.83 made payable to S. E. COPPLE on November 30, 1981. This check was deposited into S. E. COPPLE's personal savings account number 14563 on November 30, 1981 which is referred to as the Landon Account.

Of this amount, $138,072.31 plus $28,649.66 were deposited in S. E. COPPLE's Draft Account number 202 304 at COMMONWEALTH SAVINGS COMPANY on December 4, 1981. The remaining $572,637.03 remained in the Landon Account.

The $138,072.31 was then removed from the Draft Account and transferred to the Omaha National Bank to pay off a loan for NEWT COPPLE.

The $28,649.66 was then removed from the Draft Account and transferred to NEWT COPPLE's personal checking account on December 4, 1981.

Of these two Dana Saylor Robinson loans, NEWT COPPLE received a total of $551,721.97.

On February 2, 1982, the $572,637.03 that had been deposited in the Landon Account was used as follows. A Hub Hall loan in the amount of $15,000.00, a Hub Hall loan in the amount of $71,201.55 which were both Green Prairie obligations, an A & S Loan in the amount of $456,790.78 and interest on the A & S Loan in the amount of $23,144.70 were paid off. (The A & S Loan is another alleged straw man loan and is discussed below). The balance left from the $572,637.03 was $6,500.00 and that remained in the Landon Account.

On February 6, 1979, COMMONWEALTH SAVINGS COMPANY loaned the sum of $397,408.79 to Richard and Alice Shoemaker, doing business as A & S, Inc. The loan number was 102868 and collateral was 64 lots in Olympic Heights, 6 repossessed automobiles, one repossessed mobile home, inventory of a car care

center, and eleven promissory notes made by four different individuals which were all substandard.

The proceeds of this loan were used to reduce Land Asset Account entitled "Olympic Heights - Woods Brothers by $160,000.00" (64 lots in Olympic Heights). The remaining balance was used to take the above nonperforming loans off of the books and show an improvement in the financial position of the COMMONWEALTH SAVINGS COMPANY. This loan took a number of nonperforming loans and made it appear to be a performing loan.

During an interview, Richard Shoemaker advised the Lincoln Police Department investigators that sometime after signing the note he met S. E. COPPLE on the street and asked him about his loan. S. E. COPPLE told him that it didn't work and he took care of it.

This loan remained on the books until February 2, 1982 when it was paid by the Dana Saylor Robinson straw man loan.

On November 1, 1981, COMMONWEALTH SAVINGS COMPANY loaned Hub Hall Company, through it's President Hubert H. Hall, the sum of $307,098.00. The loan number was 106522 and collateral was listed as real estate. It is alleged that the primary purpose of this loan was to funnel money to the COPPLE family without regard to any repayment.

On October 31, 1981, COMMONWEALTH SAVINGS COMPANY issued check numbers 48192 and 48193 totalling $100,000.00 to NEWT COPPLE. (Note that the checks were issued prior to the date of the Hub Hall loan number 106522).

The remaining $207,088.00 created a credit to Asset Account number 181 090 and gave the account a negative balance. Within a month, the account was at a zero balance. No payments have been made on the loan and the balance as of November 1, 1983 was $383,365.66.

During a meeting with Robert Kirchner, Associate Deputy Receiver, Hub Hall related that he signed the note because S. E. COPPLE had called him and said he needed the money. During an interview with the Lincoln Police Department investigators, Hub Hall indicated that the note was brought to his office for his signature.

In two letters exchanged between Hub Hall and S. E. COPPLE during July of 1983, they refer to an agreement which was made at the time of the loan. S. E. COPPLE wrote that if the property "cannot be zoned for a business classification, we agreed to take the property back and cancel the note including accumulated interest".

Thefts and False Bank Entries

On May 3, 1980, COMMONWEALTH SAVINGS COMPANY entered into a purchase agreement with Phil Stettinger whereby COMMONWEALTH SAVINGS COMPANY would purchase his real estate for the total sum of $600,000.00.

Later COMMONWEALTH SAVINGS COMPANY entered into a land contract for the sale of the Stettinger properties to C. G. Smith, doing business as Landco, Inc., for a total $1,637,500.00. COMMONWEALTH SAVINGS COMPANY was to receive payments on the contract as lots were sold and houses built. COMMONWEALTH SAVINGS COMPANY was responsible for the development of the land including streets and utilities.

If Landco decided not to fulfill it's part of the contract, at anytime it could do so without penalty.

At the time the contract was entered into, the total contract amount was booked as an asset. Projected expenses for the development and the cost of the land were entered on the books as expenses and projected gain on this project was also booked. Among these projected expenses, a commission to

MARVIN COPPLE in the amount of $250,000.00 was also entered on the books. This commission was paid on January 15, 1981 by check number 44033.

The projected gain on March 19, 1981 was $746,924.20. On April 3, 1981, this projected gain was reduced by $250,000.00 by a second commission paid to MARVIN COPPLE. This commission was paid by check number 45305. The new projected profit at this time was $496,924.20 and the total cash overrun was $378,779.95. The only amount received on this contract at this time was an earnest deposit of $2,000.00.

In summary, COMMONWEALTH SAVINGS COMPANY invested $2,128,068.45 in this development. In return, they received a land contract in the amount of $1,637,500.00 which could be voided at anytime. As a result, MARVIN COPPLE received two commissions totalling $500,000.00 which is 30% of the total contract price. MARVIN did not hold a realtors license and this commission was totally unearned. He was convicted of two counts of theft of $250,000.00 each and is currently under appeal.

On June 29, 1982, COMMONWEALTH SAVINGS COMPANY and Michael P. Wilson entered into an agreement whereby Wilson was to list fourteen properties for sale that were owned by COMMONWEALTH SAVINGS COMPANY. Wilson was an independent Lincoln realtor that had sold several properties for S. E. COPPLE in the past. However, loans were signed by Wilson evidencing that he was actually buying the property rather than just listing it for sale.

The loan number was 107272 in the amount of $481,000.00. The proceeds of this loan were used to pay off a number of nonperforming loans. These nonperforming loans were incorporated into the Wilson loan to make it appear to be a performing loan.

At the same time the loan was made Wilson received a letter stating that he was not obligated to pay this loan. After closing on November 1, 1983, a

copy of this letter was found in a file under Phyllis Thorton's desk rather than in the credit file for this loan.

The Michael Wilson loan number 107272 was outstanding on the books of COMMONWEALTH SAVINGS COMPANY and the balance due as of November 1, 1983 was $419,001.26. In booking agreements to list property as a loan, false entries of income to accounts were made. The entire intent of this loan was to deceive the Department of Banking to move substandard assets to performing assets.

S. E. COPPLE pled no contest to the charge of false bank entries surrounding the Michael Wilson loan. He was found guilty and sentenced to the Nebraska Penal and Correctional Complex.

In 1976, COMMONWEALTH SAVINGS COMPANY loaned the sum of $196,569.37 to Wallace B. Collingsworth. The loan number was 889409 and collateral was listed as lots in Colonial Hills. Of this amount, S. E. COPPLE received check number 15016 in the amount of $48,000.00 and $48,000.00 was credited to Gain and Loss on Real Estate. The balance of $100,569.37 was credited to Land Asset Account number 181 088.

In October of 1976, COMMONWEALTH SAVINGS COMPANY loaned $250,000.00 to Robert and Audrey J. Gilliam. This loan originated with a 9% interest rate and no collateral. It was subsequently renewed seven times at 0% interest. The loan number was 892852 and on the second loan extension collateral was 25 lots in Blue Stem Heights Subdivision located near Crete, Nebraska. The balance due on this loan on November 1, 1983, was $129,687.41.

It is alleged that the primary purpose of this loan was to funnel money to the COPPLE family without regard to any payment and S. E. COPPLE personally received the sum of $250,000.00 from this loan. The check number was 15804.

Blue Stem Heights was purchased with COMMONWEALTH SAVINGS COMPANY funds and S. E. COPPLE was not entitled to this amount.

On November 21, 1979, COMMONWEALTH SAVINGS COMPANY made two loans to Gary Rush in the amounts of $56,000.00 and $14,000.00. The loan numbers were 103849 and 103853 and collateral was unplatted property at Capitol Beach.

It is alleged that the primary purpose of these loans was to funnel money to the COPPLE family without regard to any repayment. Capitol Beach, Inc. a COPPLE corporation received proceeds from this loan in the amount of $65,023.00. The property listed as collateral did not exist. There were no deeds, no mortgages and no plats.

On January 2, 1980, COMMONWEALTH SAVINGS COMPANY paid $25,000.00 to MARVIN COPPLE for the sale of lots in Olympic Heights. This check number was 38069 and it is alleged that at the time he received this commission he did not hold a real estate license and the commission was totally unearned.

On January 7, 1980, MARVIN COPPLE also received check number 39168 in the amount of $25,000.00 as commission on Olympic Heights lots. This amount was transferred from Gain and Loss on Real Estate Account number 302020. It is alleged that this commission was also totally unearned.

Again, on December 31, 1980, MARVIN COPPLE received check number 43757 in the amount of $15,000.00 as a commission. This amount was transferred from Gain and Loss on Real Estate Account number 302020 and this was also totally unearned.

On January 2, 1980, COMMONWEALTH SAVINGS COMPANY paid $25,000.00 to S. E. COPPLE as a commission for the sale of lots in Olympic Heights. This check number was 38070 and it is alleged that this commission was totally unearned.

Starting in January of 1980 through 1983, Dorothy Gartner received prepaid real estate commissions totalling $33,400.00. During this time

period, according to another employee, she only had one valid sale which is not included in this amount.

END

Investigator: Larry E. Williams

Trooper: Bruce R. Papstein

Date: 1-8-86

xc: Colonel Tagg
Major Niemann
Attorney General
Chief of Police Leitner
Lancaster County Attorney
Janet Keiser
Officer John Cripe
Trooper Papstein
Investigator Williams

lmb 1-8-85

NEBRASKA STATE PATROL
DIVISION OF INVESTIGATIVE SERVICES

NAME: COMMONWEALTH SAVINGS COMPANY (S)
FRAUD, LANCASTER COUNTY

FILE: #2607-24797
INV. L. E. WILLIAMS

APPENDIX

Properties owned by a business are called assets. The rights to the properties are called equities and equities may be divided into two principle types, the rights of creditors and the rights of owners. The equities of creditors represent debts of the business and are called liabilities. The equity of the owners is called capital. This yields the following accounting equation.

Assets - Liabilities = Capital (+ Revenue - Expense)

All business transactions can be stated in terms of their effect on the three basic elements of the accounting equation. The transactions completed by an enterprise during a fiscal period may affect increases and decreases in a great many different asset, liability, capital, revenue and expense items.

It is necessary to maintain a separate record of each different item. The form traditionally used for this purpose is called an account. A group of related accounts that comprise a complete unit such as all of the accounts of a specific business enterprise is referred to as a ledger. The system of recording increases and decreases in the accounts is known as double entry accounting. Under this system, increases and decreases in accounts are recorded by debits and credits to the accounts effected by the transactions. Every business transaction effects a minimum of two accounts. The sum of the debits always equals the sum of the credits. The debit side of an account is the left side and the credit side of an account is the right side.

A debit may signify either an increase or a decrease depending on the nature of the account and a credit may likewise signify either an increase or

a decrease depending on the nature of the account. Asset accounts are debited for increases and credited for decreases. Liability accounts are credited for increases and debited for decreases. Capital accounts are credited for increases and debited for decreases.

The net income or the net loss for a period is the net increase or the net decrease in capital resulting from operations. Revenue increases capital and just as increases in capital are recorded as credits increases in revenues during an accounting period are regarded as credits. Expenses have the affect of decreasing capital so increases in expense accounts are recorded as debits.

Assets are any physical thing (tangible or right (intangible) owned that has a money value. Assets normally carry debit balances. Liabilities are amounts owed to outsiders and carry a credit balance. Capital is the residual claim against the assets of the business after the total liabilities are deducted. Capital accounts carry a credit balance.

The account numbers at COMMONWEALTH SAVINGS COMPANY consist of six digits. The general ledger of accounts for COMMONWEALTH SAVINGS COMPANY are broken down into four major divisions. The first digit of the account number indicates what major division it goes to. Example 1 = assets, 2 = liabilities, 3 = capital, 4 = revenue and expense. The next two digits indicate what subdivision of the major division the account belongs to. For example, 181 is for land asset accounts and 320 is for gain and loss real estate which is a capital account. The last three digits specifically identify an account.

Land asset accounts mentioned in the report are accounts used to record and summarize expenditures for the purchase and development of real estate. A debit to a land asset account increases the account and a credit decreases this account. Asset accounts normally carry a debit balance. When land is sold, the sellers cost of the land is credited to the account.

The gain and loss on real estate accounts talked about in this report are capital accounts (+ revenue - expense) and normally have a credit balance. The debit to a gain and loss on real estate account is a decrease in the account and a credit to the gain and loss on real estate account increases the account. When an asset is sold, the difference between the sale price and the cost of the asset is either debited or credited to the account.

END

Investigator: Larry E. Williams

Trooper: Bruce R. Papstein

Date: 1-8-86

xc: Colonel Tagg
Major Niemann
Attorney General
Chief of Police Leitner
Lancaster County Attorney
Janet Keiser
Officer John Cripe
Trooper Papstein
Investigator Williams

lmb 1-8-85

COPY

DR. BREINER

NEBRASKA DEPARTMENT OF BANKING & FINANCE
RECEIVER FOR COMMONWEALTH SAVINGS CO., INSOLVENT
126 NORTH 11TH STREET · P.O. BOX 83049
LINCOLN NEBRASKA 68501-3049
(402) 475-7803

February 11, 1986

Mr. A. Eugene Crump
Deputy Attorney General
Department of Justice
State Capitol
Lincoln, Nebraska 68509

RE: Commonwealth Contracts

Dear Mr. Crump:

At the request of Dr. Michael Breiner, I am writing this letter which discusses the real estate "contracts" that Commonwealth held. Attached to this letter are five of the seven purchase agreements that Commonwealth Savings Company entered into with various home builders. Most all of the contracts were dated during 1980, and by November 1, 1983, virtually none of the agreements had any performance through lot sales on them.

At the time of the signing of the agreements, Commonwealth booked the total value of the contract (sale price) into an asset considered to be a "Real Estate Contract" and more importantly, recorded a profit into the capital section of the company's balance sheet. The total effect of the seven contracts resulted in Commonwealth reflecting that it had earned $3,411,388 profit, when in reality, these instruments were truely purchase options in which the buyer was not contractually obligated to perform. Little, if any, down payment was collected on these agreements.

Another interesting point is that the Banking Department allowed Commonwealth to "book" the profits on these contracts, which falsely strengthened Commonwealths net worth by $3,411,388. Commonwealths tax accountants, Peat, Marwick, & Mitchell, however, did not consider these agreements to be sales, and did not list the profits as income for tax purposes. They, Peat, Marwick, & Mitchell, took the position that the profit (income) should be recognized only on the number of lots actually bought and paid for during each year.

Today I had a discussion with Milt Willnerd from Peat, Marwick, who prepared the tax returns. I asked him to explain the tax treatment of the contracts. His reply was that since Commonwealth had "booked" approximately $3.4 million in profits on these contracts, but did not receive any cash, then certain tax planning was necessary. Peat Marwick's recommendation was to elect to consider these contracts as "Installment Sales Contracts" which was acceptable to do so. By doing so, Commonwealth would only have an income tax liability for the number of lots paid for in cash during each year.

I conclude that these "contracts" were another way in which a loss has occurred to the depositors through the booking of erroneous "paper profits" and overstating assets. Since the closing on November 1, 1982 we have voided all of the "contracts" and simply own the land that was re-presented as being sold. An analysis of our valuation is listed below:

11/01/83	Balance of 7 Real Estate Contracts	$ 7,500,858
	Current appraised value of land	2,387,500
	Loss WRITE DOWN	$ (5,113,358)

If you have any questions, or desire additional information pertaining to this matter, please feel free to call me at 475-7803.

Sincerely,

RECEIVER FOR COMMONWEALTH SAVINGS CO., INSOLVENT

Kent C. Johnson
Assistant Special Deputy Receiver
and Controller

Attachment

KCJ:lea

160-003
+
160-004

PURCHASE AGREEMENT

This Purchase Agreement is made and entered into as of the ~~19th~~ 6th day of ~~September~~ October, 1980, by and between Commonwealth Savings Company, a Nebraska corporation, hereinafter referred to as "Seller" and Nebraskaland Homes, Inc., a Nebraska corporation, hereinafter referred to as "Buyer",

WITNESSETH:

For and in consideration of the mutual promises and covenants herein contained, the parties hereby contract and agree as follows:

1. Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to purchase and buy from Seller, the following real estate, to-wit:

a) A total of 100 lots located in Olympic Heights First Addition to Lincoln, Lancaster County, Nebraska, and Airport Heights Addition to Lincoln, Lancaster County, Nebraska, which lots are more particularly described in Exhibit "A", attached hereto, and made a part hereof by this reference. 160-00-00

b) Two hundred lots located in Green Prairie Second Addition to Lincoln, Lancaster County, Nebraska, which lots are more particularly described in Exhibit "B", attached hereto, and made a part hereof by this reference. 160-00-003

together with all improvements thereon and appurtenances thereto including all water and mineral rights.

2. The total purchase price to be paid to Seller by Buyer shall be the sum of $1,500,000.00. The total purchase price is based on the following price per lot:

a) $6,000.00 per lot for each of the 100 lots in Olympic Heights First Addition and Airport Heights Addition.

b) $4,500.00 per lot for each of the 200 lots in Green Prairie Second Addition.

3. The purchase price of $1,500,000.00, plus interest thereon at the rate of 10% per annum, (such interest to commence as of the date of this Agreement) shall be paid as follows:

a) At such time as Seller conveys title to each lot by Deed, the remaining balance owing for each lot, plus 10% interest owing for such lot, shall be paid in full.

4. Buyer agrees to assume the cost of the installation of all water service, paving, sanitary and storm sewers and ornamental lighting in connection with the 300 lots purchased.

5. For all real estate covered by this Agreement, Seller shall pay all ad valorem real estate taxes for the year 1979 and prior years. Such taxes will be prorated between the parties for the year 1980 as of the effective date of this Agreement.

6. Buyer shall be entitled to possession of said real estate as of the date of this Agreement.

7. Buyer may not assign this Purchase Agreement without first obtaining the written consent of Seller. Should Buyer sell any lot pursuant to an installment contract or a deferred payment contract, then the purchase price for such lot shall be paid, in full, within ten (10) days from and after the execution of such contract.

8. Seller shall have the right to sell, assign, pledge, encumber or hypothecate this Purchase Agreement.

9. Notices and payments shall be sent to Seller, at: 126 North 11th Street, Lincoln, Nebraska 68508 or such other adress as Seller may designate in writing. Notices shall be sent to Buyer at: 2300 South 7th Street, Lincoln, Nebraska 68502.

10. Time shall be of the essence of this Agreement and it is agreed these lots will be built on within twenty-four (24) months, approximately half each twelve (12) months.

11. This entire agreement is subject to qualification of all real estate sold hereunder for F.H.A. financing. In the event such real estate does not qualify for F.H.A. financing, then Buyer may, at its option, cancel this Agreement and shall then be entitled to repayment of all amounts advanced hereunder. Notice of cancellation shall be given, in writing, within five days from and after the date it becomes known that such real estate shall not qualify for F.H.A. financing.

12. This agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

Dated at Lincoln, Nebraska as of the day and year first above written.

COMMONWEALTH SAVINGS COMPANY,
a Corporation, Seller,

By: S E Copple
President

NEBRASKALAND HOMES, INC.,
a Corporation, Buyer,

By: Roger V. Grant
President

STATE OF NEBRASKA)
) ss.
LANCASTER COUNTY)

Now on this ___ day of September, 1980, there personally appeared before me, the undersigned Notary Public in and for said county, S. E. Copple, known to me to be the President of Commonwealth Savings Company, Seller herein, who acknowledged the execution of the foregoing Purchase Agreement to be his voluntary act and deed, both individually and as an officer of said corporation, and to be the voluntary act and deed of said corporation.

GENERAL NOTARY - State of Nebraska
PHYLLIS L. ROUSE
My Comm. Exp. Jan. 19, 1981

Phyllis L. Rouse
Notary Public

STATE OF NEBRASKA)
) ss.
LANCASTER COUNTY)

Now on this 6th day of ~~September~~ October, 1980, there personally appeared before me, the undersigned Notary Public in and for said county, Roger V. Grant, known to me to be the President of Nebraskaland Homes, Inc., Buyer herein, who acknowledged the execution of the foregoing Purchase Agreement to be his voluntary act and deed, both individually and as an officer of said corporation, and to be the voluntary act and deed of said corporation.

GENERAL NOTARY - State of Nebraska
PHYLLIS L. ROUSE
My Comm. Exp. Jan. 19, 1981

Phyllis L. Rouse
Notary Public

Green Prairie Heights

PURCHASE AGREEMENT

005

This Agreement made this 27th day of February, 1980, by and between COMMONWEALTH SAVINGS, (hereinafter referred to as "Seller"), and NS INVESTMENTS, INC., (hereinafter referred to as "BUYER").

W I T N E S S E T H :

FOR AND IN CONSIDERATION of the mutual covenants hereinafter set forth and of the payments hereinafter provided to be made, the parties hereto agree by and between themselves as follows:

1. Seller hereby agrees to sell and/or option and Buyer hereby agrees to purchase, upon the terms and conditions herein set forth, all those single family lots described on Exhibit "A" attached hereto and incorporated herein by this reference.

2. The purchase price of Four Thousand Five Hundred ($4,500.00) Dollars per lot shall be paid as follows:

a. Earnest deposit of Twenty Six Thousand Six Hundred ($26,600.00) Dollars, (One Hundred Dollars per lot), which shall be paid as follows:

(i) $2,000.00 at the date of execution of this Agreement and $4,600.00 upon the satisfactory completion of conditions listed in Paragraph 9 below on the sixty-six (66) lots listed on Exhibit "A", Section I. The remaining $20,000.00 shall be paid upon the satisfactory completion of conditions listed in Paragraph 9 below, on the Two Hundred (200) lots listed on Exhibit "A", Section II, Said sum shall be applied to the closing of each lot at the rate of One Hundred ($100.00) Dollars per lot.

b. The balance of Four Thousand Four Hundred ($4,400.00) Dollars plus interest at closing. On the lots described in Exhibit "A", Section I, the interest shall accrue at the rate of eight (8%) percent per annum beginning six (6) months after the date the lots are certified as buildable lots as defined hereinafter in Paragraph 9. On the lots described in Exhibit "A", Section II, the interest shall accrue at the rate of eight (8%) percent per annum from the date the lots are certified as buildable lots as defined in Paragraph 9.

c. In addition to the purchase price on the lots described in Exhibit "A", Section I, Buyer shall pay for assessments for public improvements (excluding ornamental street lighting assessments) levied against the property in an amount not to exceed Three Thousand Four Hundred Twenty-five ($3,425.00) Dollars per lot. In the event the special assessments as levied exceed said amount then Seller shall, upon demand of Buyer reimburse and pay over to Buyer such excess amount on those lots which have closed. In addition to the purchase price on the lots described in Exhibit "A", Section II, Buyer shall assume assessments for public improvements levied against the property.

3. Buyer may select and close on any of the lots above described in any increment of one (1) or more upon fifteen (15) days written notice provided all lots described in Exhibit "A", Section I, are closed within two years of the date first written above and further provided that all of the lots described in Exhibit "A", Section II are closed within two (2) years of the date the lots are certified as buildable lots as defined hereinafter in Paragraph 9.

4. Seller shall convey said property to Buyer by warranty deed and shall provide Buyer on or before date of closing a title insurance commitment showing marketable title in Seller. If Seller is unable to provide marketable title free and clear of all liens and encumbrances except real estate taxes both general and special and easements and restrictions of record then Seller shall refund Buyer's earnest deposit. The failure of marketable title or the failure to satisfy any of the conditions enumerated in this contract may be waived by Buyer. Such waiver shall be by written notice only.

5. Closing costs, including real estate taxes, shall be borne by each party in accordance with the standard practices of the Lincoln Real Estate Board.

6. Seller in executing this Agreement acknowledges that it has not relied upon statements or representations of any other person, party or entity whatsoever and will look solely to Buyer in the event of default hereunder.

7. Buyer warrants that the houses to be constructed by it shall meet minimum H.U.D. property requirements. Attached hereto are fourteen (14) house plans which Seller agrees meet said requirements and any and all covenants and subdivision requirements as set by any applicable agency or body.

8. Buyer may, at its option, take possession of and commence construction of said lots prior to closing provided only that closing take place on or before any closing by Buyer with any thrid party.

9. The lots shall be considered buildable when the following conditions have been met.

a. The water mains, gas mains, sanitary sewer lines, storm sewers, base paving, curbing, electrical and telephone lines have been installed improving the lots as certified by the Sellers engineer.

b. When the City of Lincoln shall issue building permits and hookup and use all applicable utilities for the construction of a house and issuance of a Certificate of Occupancy.

c. And when the Seller shall have received and complied with all of the conditions of the Federal Housing Administration Document designated as ASP-9 and said lots approved for insuring of houses by FHA.

10. As an inducement to and in consideration of Buyer's entering into this Purchase Agreement, Seller hereby grants to Buyer a first right of refusal to purchase any and all other lots in the above described subdivision whether now or hereafter owned by Seller. Seller shall, prior to consummating any bona fide offer, offer said property to Buyer on the same terms and conditions as contained therein. Said offer to Buyer shall be in writing and allow Buyer fifteen (15) days to exercise said right of first refusal.

11. All lots shall be approved by FHA and VA for construction of single family homes.

SELLER: COMMONWEALTH SAVINGS

By _____

BUYER: N'S INVESTMENTS, INC.

By _____

STATE OF NEBRASKA)
) ss.
COUNTY OF)

Before me, a notary public, in and for said county and state, personally came S. E. Copple, known to me to be the identical person who executed the above instrument and acknowledged the execution thereof to be his voluntary act and deed.

Witness my hand and Notarial Seal this 27th day of February, 1980.

GENERAL NOTARY—State of Nebraska
PHYLLIS L. DOUBE
My Comm. Exp. Jan. 12, 1981

Notary Public

STATE OF NEBRASKA)
) ss.
COUNTY OF Sarpy)

Before me, a notary public, in and for said county and state, personally came Charles G. Frith, President of NMS INVESTMENTS, INC., known to me to be the identical person who executed the above instrument and acknowledged the execution thereof to be his voluntary act and deed and the voluntary act and deed of said corporation.

Witness my hand and Notarial Seal this 29th day of February, 1980.

GENERAL NOTARY - State of Nebraska
L. B. LUDWIG
My Comm. Exp. Aug. 12, 1980

Notary Public

Green Prairie Heights

EXHIBIT "A"

SECTION I
GREEN PRAIRIE HEIGHTS ADDITION

Block 1, Lots 1 through 3 inclusive and Lots 6 through 30 inclusive;

Block 2, Lots 1 through 4 inclusive and Lots 11 through 27 inclusive;

Block 3, Lots 1 through 3 inclusive, and Lots 6 through 18 inclusive;

Block 4, Lot 1

SECTION II
GREEN PRAIRIE HEIGHTS FIRST ADDITION

Block 1, Lots 1 through 10 inclusive;

Block 2, Lots 1 through 33 inclusive;

Block 3, Lots 1 through 13 inclusive;

Block 4, Lots 1 through 13 inclusive;

Block 5, Lots 1 through 91 inclusive;

Block 6, Lots 1 through 24 inclusive;

Block 7, Lots 1 through 16 inclusive.

160.002

PURCHASE AGREEMENT

This Purchase Agreement is made and entered into as of the 22nd day of October, 1980, by and between Commonwealth Savings Company, a Nebraska corporation, hereinafter referred to as "Seller" and Wallace B. Collingsworth, hereinafter referred to as "Buyer".

WITNESSETH:

For and in consideration of the mutual promises and covenants herein contained, the parties hereby contract and agree as follows:

1. Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to purchase and buy from Seller, the following real estate, to-wit:

a) One hundred lots located in Green Prairie Second Addition to Lincoln, Lancaster County, Nebraska, which lots are more particularly described in Exhibit "B", attached hereto, and made a part hereof by this reference.

together with all improvements thereon and appurtenances thereto.

2. The total purchase price to be paid to Seller by Buyer shall be the sum of $450,000.00. The total purchase price is based on the following price per lot:

a) $4,500.00 per lot for each of the 100 lots in Green Prairie Second Addition.

3. The purchase price of $450,000.00, plus interest thereon at the rate of 10% per annum, (such interest to commence as of the date of this Agreement) shall be paid as follows:

a) At such time as Seller conveys title to each lot by Deed, the amount owing for each lot plus 10% interest on it shall be paid in full.

4. Buyer agrees to assume the cost of the installation of all water service, paving, sanitary and storm sewers and ornamental lighting in connection with the 100 lots purchased.

5. For all real estate covered by this Agreement, Seller shall pay all ad valorem real estate taxes for the year 1979 and prior years. Such taxes will be prorated between the parties for the year 1980 as of the effective date of this Agreement.

6. Buyer shall be entitled to possession of said real estate as of the date of this Agreement.

7. Buyer may not assign this Purchase Agreement without first obtaining the written consent of Seller. Should Buyer sell any lot pursuant to an installment contract or a deferred payment contract, then the purchase price for such lot shall be paid, in full, within ten (10) days from and after the execution of such contract.

8. Seller shall have the right to sell, assign, pledge, encumber or hypothecate this Purchase Agreement.

9. Notices and payments shall be sent to Seller, at: 126 North 11th Street, Lincoln, Nebraska 68508 or such other address as Seller may designate in writing. Notices shall be sent to Buyer at: 6431 Tanglewood Lane, Lincoln, Nebraska 68516.

10. Time shall be of the essence of this Agreement and it is agreed these lots will be built on within twenty-four (24) months, approximately half each, twelve (12) months, or sooner.

11. This entire Agreement is subject to qualification of all real estate sold hereunder for F.H.A. financing. In the event such real estate does not qualify for F.H.A. financing, then Buyer may, at its option, cancel this Agreement and shall then be entitled to repayment of all amounts advanced hereunder. Notice of cancellation shall be given, in writing, within five days from and after the date it becomes known that such real estate shall not qualify for F.H.A. financing.

12. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

Dated at Lincoln, Nebraska as of the day and year first above written.

COMMONWEALTH SAVINGS COMPANY,
a Corporation, Seller,

By: _____
President

Wallace B. Collingsworth,
Buyer

By: _____

STATE OF NEBRASKA)
LANCASTER COUNTY) ss.

Now on this___day of October, 1980, there personally appeared before me, the undersigned Notary Public in and for said county, S. E. Copple, known to me to be the President of Commonwealth Savings Company, Seller herein, who acknowledged the execution of the foregoing Purchase Agreement to be his voluntary act and deed, both individually and as an officer of said corporation, and to be the voluntary act and deed of said corporation.

W. N. Stevenson
GENERAL NOTARIAL
SEAL
STATE OF NEBRASKA
COMMISSION EXPIRES
July 26, 1982

W. N. Stevenson
Notary Public

STATE OF NEBRASKA)
LANCASTER COUNTY) ss.

Now on this___day of October, 1980, there personally appeared before me, the undersigned Notary Public in and for said county, Wallace B. Collingsworth, Buyer herein, who acknowledged the execution of the foregoing Purchase Agreement to be his voluntary act and deed.

W. N. Stevenson
GENERAL NOTARIAL
SEAL
STATE OF NEBRASKA
COMMISSION EXPIRES
July 26, 1982

W. N. Stevenson
Notary Public

PEAT MARWICK

Peat, Marwick, Mitchell & Co.
Certified Public Accountants
1600 First National Bank Building
Lincoln, Nebraska 68508
402-476-1216

1977

RRG Corp | Personal Holding Co.

July 11, 1983

PRIVATE

Mr. S. E. Copple, President
Commonwealth Savings Co.
140 North 11th Street
Lincoln, Nebraska 68508

Dear Mr. Copple:

We enclose, in duplicate, the Federal and Nebraska corporate income tax returns for Commonwealth Savings Co. for the year ended December 31, 1982 which were prepared by us.

The original Federal return should be signed by a duly authorized officer and filed with the Internal Revenue Service Center, Ogden, Utah 84201, in time to be postmarked on or before September 15, 1983.

Attached to the original Federal return is an election consenting to the allocation of the surtax exemption, minimum tax limitation and the investment credit limitation. This election should be signed and dated by an officer of each corporation prior to filing the return.

The Nebraska return should be signed by a duly qualified officer and filed with the Nebraska Department of Revenue, Box 94818, Lincoln, Nebraska 68509, in time to be postmarked on or before September 15, 1983.

No tax is due on the returns and no estimated tax payments are required for 1983.

The following carryovers are available to be used in future tax periods:

	Amount	Year originated	Year expires
	Loss 15,127	29	
Net operating loss	$ 1,406,341.00	12-31-80	12-31-95
Net operating loss	1,483,882.00	12-31-81	12-31-96
Net operating loss	1,881,884.00	12-31-82	12-31-97
Total	$ 4,772,107.00		

		Amount	Year originated	Year expires
Investment tax credit	$	1,549.00	12-31-80	12-31-95
Investment tax credit		515.00	12-31-81	12-31-96
Investment tax credit		829.00	12-31-82	12-31-97
Total	$	2,893.00		
Contributions	$	403.00	12-31-80	12-31-85
Capital loss	$	274,945.00	12-31-82	12-31-87

This letter and the copies of the returns are for your permanent files.

Very truly yours,

PEAT, MARWICK, MITCHELL & CO.

Milton A. Willnerd

Milton A. Willnerd, Manager

MAW:mmg
Enc.

COMMONWEALTH FEDERAL TAX RETURN INFORMATION

1976

Line 28—Taxable income before nol deductions	$ 875,581
Line 29(b)—Special deductions	73,992
Line 30—Taxable income	801,589

1977

Line 28—Taxable income before nol deductions	68,377
Line 29(b)—Special deductions	58,120
Line 30—Taxable income	10,257

1978

Line 28—Taxable income before nol deductions	<599>
Line 29(b)—Special deductions	58,509
Line 30—Taxable income	<59,108>

1979

Line 28—Taxable income before nol deductions	34,806
Line 29(b)—Special deductions	49,977
Line 30—Taxable income	<15,171>

1980

Line 28—Taxable income before nol deductions	<1,301,390>
Line 29(b)—Special deductions	29,439
Line 30—Taxable income	<1,330,829>

1981

Line 28—Taxable income before nol deductions	<1,464,174>
Line 29(a)—Net operating loss deduction	1,406,341
Line 29(b)—Special deductions	19,708
Line 30—Taxable income	<2,890,223>

1982

Line 28—Taxable income before nol deductions	<1,865,843>
Line 29(a)—Net operating loss deduction	2,890,223
Line 29(b)—Special deductions	16,041
Line 30—Taxable income	<4,772,107>

1983

Line 28—Taxable income before nol deductions	<6,749,978>
Line 29(a)—Net operating loss deduction	3,671,287
Line 29(b)—Special deductions	5,783
Line 30—Taxable income	<10,427,048>

EXTENSION TO 9-15-81

Form **1120** Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 1980 or other tax year beginning ..... 1980, ending ..... 19 .....

1980

Check if a— A. Consolidated return ☐ B. Personal Holding Co. ☒ C. Business Code No. (See page 8 of instructions) 6090

Use IRS label. Otherwise please print or type.

Name: COMMONWEALTH SAVINGS COMPANY

Number and street: 140 NORTH 11TH ST

City or town, State, and ZIP code: LINCOLN NE 68508

D. Employer identification number (see Specific Instructions): 47-0221970

E. Date incorporated: 6-23-33

F. Total assets (see Specific Instructions): $ 63341377

Gross Income	1 (a) Gross receipts or sales $..... (b) Less returns and allowances $..... Balance ▶		1(c)	
	2 Cost of goods sold (Schedule A) and/or operations (attach schedule)		2	
	3 Gross profit (subtract line 2 from line 1(c))		3	
	4 Dividends (Schedule C)		4	34634
	5 Interest on obligations of the United States and U.S. instrumentalities		5	
	6 Other interest		6	5193625
	7 Gross rents		7	372851
	8 Gross royalties		8	
	9 (a) Capital gain net income (attach separate Schedule D)		9(a)	
	(b) Net gain or (loss) from Form 4797, line 11(a), Part II (attach Form 4797)		9(b)	
	10 Other income (see instructions—attach schedule)		10	(355564)
	11 TOTAL income—Add lines 3 through 10		11	5245546
Deductions	12 Compensation of officers (Schedule E)		12	82829
	13 (a) Salaries and wages 145332 13(b) Less WIN and jobs credit(s) — Balance ▶		13(c)	145332
	14 Repairs (see instructions)		14	60115
	15 Bad debts (Schedule F if reserve method is used)		15	206379
	16 Rents		16	16800
	17 Taxes		17	194417
	18 Interest		18	5275430
	19 Contributions (not over 5% of line 30 adjusted per instructions—attach schedule)		19	
	20 Amortization (attach schedule)		20	
	21 Depreciation from Form 4562 (attach Form 4562) 112296, less depreciation claimed in Schedule A and elsewhere on return, Balance ▶		21	112296
	22 Depletion		22	
	23 Advertising		23	151282
	24 Pension, profit-sharing, etc. plans (see instructions)		24	11526
	25 Employee benefit programs (see instructions)		25	
	26 Other deductions (attach schedule)		26	290530
	27 TOTAL deductions—Add lines 12 through 26		27	6546936
	28 Taxable income before net operating loss deduction and special deductions (subtract line 27 from line 11)		28	(1301390)
	29 Less: (a) Net operating loss deduction (see instructions—attach schedule)	29(a)		
	(b) Special deductions (Schedule I)	29(b) 29439	29	29439
	30 Taxable income (subtract line 29 from line 28)		30	(1330829)
Tax	31 TOTAL TAX (Schedule J)		31	NONE
	32 Credits: (a) Overpayment from 1979 allowed as a credit			
	(b) 1980 estimated tax payments			
	(c) Less refund of 1980 estimated tax applied for on Form 4466			
	(d) Tax deposited: Form 7004 ..... Form 7005 (attach) ..... Total ▶			
	(e) Credit from regulated investment companies (attach Form 2439)			
	(f) Federal tax on special fuels and oils (attach Form 4136 or 4136-T)		32	
	33 TAX DUE (subtract line 32 from line 31). See instruction C3 for depositary method of payment. (Check ▶ ☐ if Form 2220 is attached. See instruction D.) ▶ $.....		33	NONE
	34 OVERPAYMENT (subtract line 31 from line 32)		34	
	35 Enter amount of line 34 you want: Credited to 1981 estimated tax ▶ Refunded ▶		35	

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer ..... Date ..... ▶ Title .....

Paid Preparer's Use Only

Preparer's signature and date ▶ EARL W. HANNUM, JR., CPA 192-34-3441 SEP 11 '81

Check if self-employed ▶ ☐

Preparer's social security no.

Firm's name (or yours, if self-employed) and address ▶ Peat, Marwick, Mitchell & Co. 1600 FNB Bldg., Lincoln, NE

E.I. No. ▶ 13 5565207

ZIP code ▶ 68508