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*Counsel to the Official Committee of Unsecured Creditors*

**UNITED STATES BANKRUPTCY COURT**

**NORTHERN DISTRICT OF CALIFORNIA**

**SANTA ROSA DIVISION**

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|---|---|
| In re:<br><br>LEFEVER MATTSON,<br><br>Consolidated Debtor. | Case No.: 24-10545 (CN)<br><br>(Substantively Consolidated)<br><br>Chapter 11<br><br>**DECLARATION OF STEVEN W. GOLDEN IN SUPPORT OF CONFIRMATION OF THE THIRD AMENDED CHAPTER 11 PLAN OF LIQUIDATION, AS MODIFIED**<br><br>**Hearing**<br>Date: April 14, 2026 at 10:00 a.m.<br>Place: United States Bankruptcy Court<br>1300 Clay Street, Courtroom 215<br>Oakland, CA 94612<br>Judge: Hon. Charles Novack |

I, Steven W. Golden, declare as follows:

1. I am a partner with Pachulski Stang Ziehl & Jones LLP, counsel to the Official Committee of Unsecured Creditors of LeFever Mattson, a California corporation, and its affiliated debtors and debtors in possession in the above-referenced case number 24-10545 (CN). I submit this Declaration pursuant to 28 U.S.C. § 1746, in support of in support of confirmation of the *Third*

*Amended Chapter 11 Plan of Liquidation, As Modified* (as may be amended, modified, and supplemented from time to time, the "Plan"),[1] filed contemporaneously herewith.

2. I have personal knowledge of the facts set forth in this Declaration. If called as a witness, I could and would competently testify to the matters stated in this Declaration.

**The Committee Investigation**

3. Pursuant to both formal document discovery, obtained pursuant to 30 subpoenas issued by the Committee pursuant to the Court's various orders authorizing discovery pursuant to Bankruptcy Rule 2004,[2] and informal discovery obtained by the Committee from various parties (including the LFM Debtors) (collectively, the "Third-Party Discovery"), as of the date hereof, the Committee has obtained over 1,056,890 documents (consisting of more than 4,074,048 pages).

| Producing Party | No. of Documents | No. of Pages |
|---|---|---|
| LFM Debtors | 668,852 | 2,033,890 |
| Mattson Parties[3] | 127,912 | 757,805 |
| Tim LeFever | 149,025 | 651,729 |
| BMO | 362 | 24,941 |
| California Bank of Commerce | 7 | 85 |
| Citizens Business Bank | 18 | 1,063 |
| Comerica Bank | 41 | 393 |
| Fidelity National Title Co. | 468 | 5,369 |
| First American Exchange Co. | 879 | 8,196 |
| First American Title Co. | 363 | 10,876 |
| Freddie Mac | 8 | 178 |
| Greystone | 167 | 2,881 |
| IPX | 2,086 | 19,078 |
| JMBM Parties | 7 | 74 |
| JPMorgan Chase | 30 | 527 |
| Madison Trust | 26,533 | 92,083 |
| Mr. Cooper | 4,745 | 16,756 |
| Pacific Premier | 1,977 | 5,033 |
| PHH | 7 | 806 |
| Provident | 12,705 | 43,262 |
| Select Portfolio Services | 4,954 | 21,811 |

[1] Capitalized terms used but not defined herein have the meanings given to them in the Plan.

[2] *See* Docket Nos. 396, 398, 501, 604-12, 805, 827-32, 835, 1004, 1008-09, 1170, 1224, 1372-73.

[3] The "Mattson Parties", as such term is used herein, are KS Mattson Company, LLC; Perris Freeway Plaza, LP; Specialty Sales Classics, Inc.; Specialty Properties Partners, LP; Specialty Sales Global, Inc.; Treehouse Investments LP; Kenneth Mattson; Stacy Mattson; and KS Mattson Partners, LP.

| Producing Party | No. of Documents | No. of Pages |
|---|---|---|
| Socotra | 30,832 | 187,240 |
| Stewart Title | 24,888 | 187,495 |
| Wilmington Trust | 14 | 546 |
| Wells Fargo | 10 | 1,931 |

4. Among the Third-Party Discovery that the Committee obtained were documents from BMO Bank, N.A. ("BMO") in response to the subpoena served upon BMO (the "BMO Subpoena") in accordance with the *Order Authorizing Service of a Subpoena for Production of Documents by BMO Bank, N.A. Pursuant to Bankruptcy Rule 2004* [Docket No. 501]. Pursuant to the BMO Subpoena, BMO was required to produce, among other things, all documents concerning the 1059 Account, including all monthly statements, cancelled checks, wire transfer confirmations, and debit and credit advices (collectively, the "1059 Account Documents") from January 1, 2010 onward. BMO worked cooperatively with the Committee to produce all 1059 Account Documents within its possession, custody, and control. However, BMO confirmed to PSZJ that its retention period is seven years and accordingly could not produce any 1059 Account Documents dated prior to 2017.[4]

5. Similarly, I understand that BMO produced all documents concerning the 1380 Account, including all monthly statements, cancelled checks, wire transfer confirmations, and debit and credit advices (the "1380 Account Documents") to KSMP, through the Responsible Individual. KSMP's counsel, Hogan Lovells US LLP, produced the 1380 Account Documents to the Committee upon their receipt by KSMP.[5]

**The LeFever Daily Journals and Other Correspondence**

6. As noted above, Timothy LeFever ("Mr. LeFever") produced approximately 150,000 documents to the Committee. Included in those documents are Mr. LeFever's handwritten daily notes and journals (the "LeFever Daily Journals") from 2010 to 2024. Attached hereto as **Exhibit C** are excerpts from certain of the LeFever Daily Journals.

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[4] Specifically, BMO produced monthly statements, checks, and deposits from and after May 1, 2017 and wire transfer confirmations from and after January 1, 2017.

[5] The 1380 Account Documents are listed on Attachment A to the *Notice of Filing of Witness and Exhibit Lists in Connection with Confirmation of Third Amended Chapter 11 Plan of Liquidation, As Modified* (the "Confirmation Exhibit List") as Exhibits 926 – 931.

7. In the course of the Committee Investigation, Mr. LeFever's counsel informed me that Mr. LeFever was in possession of approximately 100 organized and labeled boxes of the LFM Debtors' records (the "LeFever Boxes") that he was storing at his personal residence. The Committee collected and scanned the contents of the LeFever Boxes; the Third-Party Discovery numbers from the LFM Debtors include those documents. Included in a box that was labeled "Emails, Buyouts, Defaults" is what appears to be correspondence from Mr. LeFever to Mr. Mattson from approximately 2009 (the "2009 Letter"). Attached hereto as **Exhibit A** is a true and correct copy of the 2009 Letter, which bears Bates number LM_01989454 and is included in the Confirmation Exhibit List as Exhibit 1619.

8. Attached hereto as **Exhibit B** is a letter from Mr. LeFever to Mr. Mattson (the "March 2023 Letter"), which bears Bates number LM_00383077 and is included in the Confirmation Exhibit List as Exhibit 1620. Although the March 2023 Letter is not dated, the metadata indicates that it was created by Mr. LeFever on March 12, 2023. Further, based on a text message sent by Mr. LeFever to Mr. Mattson on March 13, 2023, it appears that Mr. LeFever dropped the March 2023 Letter off on Mr. Mattson's desk on March 13, 2023.[6]

9. Attached hereto as **Exhibit D** is an email from David Hanks to Jenn Borges, which email Ms. Borges forwarded to Mr. LeFever and Mr. Mattson, dated November 27, 2018, which bears Bates number LM_01161290 and is included on the Confirmation Exhibit List as Exhibit 1668. In this email, among other things, Mr. Hanks states that "[t]his property has underperformed its projected returns, which were approximately 6%, and to my knowledge has never produced a profit in the over 10 years we have owned it. I have requested a copy of a balance sheet for this property so that I can see the total amount currently owed on the property both to a lender and the interproperty loans. It appears to me in the absence of a beginning balance sheet and a current one, that since we purchased this property we have not really retired any of the debt on this property and perhaps have even increased the debt so that the monthly owner distributions could continue. Essentially it appears that the owner contributions have been entirely funded with borrowed money

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[6] *See* TLEFEVER-LMBK0605125 ("I just dropped an envelope on your desk in Cordelia. It contains a rather long letter from me to you marked confidential and privileged . . .").

since the property has never produced a net income. Because the property has never produced a profit and has borrowed all the money it has distributed to owners it would appear that this is a form of pyramid scheme rather than a bonifide [sic] investment in income property."

10. Attached hereto as **Exhibit E** is an email from Sandy Lui to, among other people, Mr. Mattson, which bears Bates number LM_00294226 and is included on the Confirmation Exhibit List as Exhibit 1669. In this email, Ms. Lui states: "Sadly we had joined the partnership of the Sacramento property since 2019!- For this property, there have been No communication/transparency, no updates, no qtrly reports, no returned calls ..whatsoever since the purchase had been made. It's Just like another 'Ponzi Scheme' that I had experienced twice in the past."

11. Attached hereto as **Exhibit F** is an email from Dick Treakle to Mr. LeFever, dated March 28, 2014, which bears Bates number TLEFEVER-LMBK0089381 and is included on the Confirmation Exhibit List as Exhibit 1671. In this email, Mr. Treakle states, among other things: "I've always wondered why there has never been a single variance in the monthly distributions from any of the four properties, neither up nor down. I've also never seen so much as a single narrative paragraph describing how any of the properties did during a year. Am I the only investor that wonders how the various markets are doing, have major capital improvements been needed, what's the vacancy rate, etc?"

I declare under penalty of perjury that the foregoing is true and correct. Executed on this 7th day of April, 2026, at Wilmington, Delaware.

*/s/ Steven W. Golden*
Steven W. Golden


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**Exhibit A**

2009 Letter

CONFIDENTIAL-ATTORNEY CLIENT PRIVILEDGE

Ken:

This is an update of where we are on a number of issues that need your attention:

1. Willowbrook—we are waiting for you to provide the breakdown for the $210,000 that came into that account. As you recall, we are going to show this as coming in post tax reporting. We need to square the account up and produce a deed that will be in Citrus Heights but not recorded so as not to create a lending issue.
2. Willow Glen and Norman Brooks—similar issue to that above. We need you to clarify investments into this account so we can square up this account. We have shown Norman's $160,000 contribution, but this was $10,000 more than what was originally showing on this account.
3. SHORT TERM—URGENT NEEDS:
   a. This month's shortage (Mark to provide)
   b. Payables (Mark to provide)
   c. 7575 Power Inn property tax--$46,566.67 by 6/30/2009 I have attached the statements including the "Notice of Potential Judicial Foreclosure Proceedings"
   d. Boulders property tax--$ WAMU is requiring payment by 6/28.
   e. Sterling Pointe--$
   f. Spring Glenn--$

4. LONG TERM PLAN:
   We have discussed our strategy for dealing with the cash flow shortage several times a week for quite awhile. I want to summarize some of where we are and where we are going.

   Our investment strategy assumed an ability to transfer properties in a period of 3-5 years. At that time our reserves would be exhausted. But with even a minor increase in value, we would be able to cover debt, equity, the reserves exhausted in operations and owner withdrawals with a profit. And it has worked many times over.

   That strategy has been frustrated by the current restrictions on lending. This has meant that we are holding properties longer than normal and have exhausted reserves at many properties. While the ownership agreements allow us to cut back the owner withdrawals and even make capital calls, we have chosen not to do this. The assumption is that we can weather this cash shortage and come out all right when lending and sales return without having to cause financial disruption to so many investors.

To do this, we have relied on interproperty loans as provided for in the management agreement, the management company deferring collections, and in some cases new capital coming in or loans. We have even

We are again making some assumptions about the future. New capital will dilute equity. But, we are doing so in properties that have increased in value since purchase. Portfolio wide we are paying down principal at approximately $320,000 per month and increasing due to the nature of the predominant index used. Our goal right now is to remain roughly stable portfolio wide. New capital coming in and new loans should be roughly balanced out by principal decrease and small gains in value in the relative short term. If this does not occur, we have various means of adjusting the results including forgiving funds owed to the management company and credit back from LeFever Mattson from brokerage fees upon transfer and/or from our equity.

But we have a number of issues that we need to pay attention to for this to work. Most important is the need to increase the pace of new funds coming in. Additionally, we need to finalize the terms for Sienna loans and gain the approval of the limited partners if necessary. I have attached the papers from Hanson Bridgette.

**Exhibit B**

March 2023 Letter

**CONFIDENTIAL PRIVILEGES APPLY**

Ken,

For some time, I have advocated that our various companies need to evolve from being separate, entrepreneurial ventures to being a singular enterprise that is procedure driven, even bureaucratic. Much of the recent tension with Stacy came out of my insistence that she operate within the established authority and accountability structure of SBHG and that she treat others in a certain way. Here I want to expand the dialogue to address our (Ken and Tim's) relationship as equal owners, officers, and directors of SBHG, but also as owners, officers, and directors of LeFever Mattson for more than three decades.

I write this with some trepidation. I have felt the heat for my position on issues related to Stacy. And I have at times also felt abandoned by you. This has been true in my dealings with Casey, where you and I seemed to agree moving forward, with you even urging that I make certain changes sooner, changes you now seem to oppose.

At this point, I have opened the discussion of what I believe needs to be fixed. Having experienced some heat, I am resolved not to back down, but to lay everything on the table and press for discussion and resolution. I will let you know up front that in conclusion I will not suggest specific outcomes as much as a process. But I will note that we need a serious course correction.

In the following pages I will detail what I think ails our companies and I expect you will have many responses, clarifying or even directly disagreeing with my analysis. I mean it as a compliment when I say that I truly admire your ability to calmly minimize some situations. It has allowed us to defy the odds for longevity of our partnership, and to have little noticeable disagreement. But candidly, it has also led to us becoming comfortable with some bad habits that might ultimately compromise our partnership as well as our friendship. So, I will lay out matters here, holding very little back, and we can discuss and address these problems in a process I will suggest in conclusion.

There is another side to our seeming agreement on issues. If you recall, when we met with Todd several weeks ago, he asked if we agree. The question very early in the meeting seemed quite insightful. My answer was that we agree in words but not necessarily in action. But it is deeper than that. We agree on the things that we talk about, but we do not talk about a whole lot of what matters most to our business. Often without regard to what we have agreed, or in absence of us discussing, you take the lead and cut a path for both of us, sometimes contrary to what we have agreed to or what would be expected from our past practices. I am complicit in this as I have often allowed you to take the lead and have tolerated little accountability. For me, the positive results of your actions overshadowed the problems with the process. I have praised you as "the rainmaker" and have joked that you have a crystal ball hidden away that predicts the economy. But that masks the fact that we rarely sit together in the same

room to discuss our current business matters, much less the future, an exit strategy, or the contingencies should one or both of us become disabled or die.

The result of this is that you oversee our finances through much of our business enterprises. You make the crucial decisions on the assets purchased after our significant sales of multi-family properties. You decide what employees we will hire in Sonoma. You decide what projects will be funded and when vendors and contractors will be paid. Of course, this list is by no means exhaustive.

Too often I find myself trying to catch up on what it is we are doing, especially in regard to Sonoma, as there is no regular reporting or financial statements on these activities. I have only recently found out that we have permits on some projects where I thought we were still waiting. This means that at least part of the public criticism of us not moving projects along is correct. I also recently found out the estimated cost of some of these projects (+$8m for Harrow Cellars, +$2m for Cocoa Planet, etc.). There has been no discussion between us as to how we can finance these build outs. As I know we have recently not paid minor bills timely, that Robert has been warned that "payroll will be tight", and that we are weeks past when you said you would pay Jimmy Hamlin, I must assume that we do not have funds secreted away that will cover these projects.

All too often you bypass LMPM, our management company to casually handle management yourself or through employees that are not working directly under LMPM. You make decisions about financing, neither gaining my approval nor even disclosing the terms of these loans. And often, through KS Mattson, you authorize and sign for both sides of a transaction, buyer and seller, borrower and lender. Coincidentally, as I write this, I am seeing for the first time a grant deed signed by you for the RT Capitol Mall entity deeding a property to KS Mattson. This practice, so susceptible to accusations of conflict and self-dealing, resulted in me gaining your signature on a corporate resolution last year prohibiting such unilateral actions. But much damage had already been done, and I am not sure that the practice has stopped.

Even where these transactions involving KS Mattson are not questionable on their face (more of which will be discussed later) I am too often left in the dark on what we have purchased, how we have financed it, what plans we are making for improvements and gaining a tenant, and how we are paying distributions to investors in the interim. Our PR team recently asked me about a transaction discussed in a newspaper article. The article listed the property, what partnership made the purchase, how much was paid, and noted that the debt was financed by KS Mattson, LP. I was unaware of the purchase as well as the terms of the sale and financing. An article a few days before accused us of overpaying for a property and implied an inappropriate arrangement with the seller. Again, I knew nothing of the transaction.

It is not just that I am left in the dark, decisions are being made that I do not agree with. For example, you have unilaterally decided not to pay to LeFever Mattson the "commission" (required by our partnership agreements) on tens of millions of dollars of

transactions. And some of the decisions being made by you directly or by those who believe they are acting with your authority, go over the line in terms of legality and morality. It is no secret that events at the end of last October prompted my even greater involvement in Sonoma. In one significant day a team of our employees was dispatched to try once again to secure funds and gain an accounting for cash receipts not properly handled or accounted for by an employee. And later that same day we had the events that are referred to by some employees as "Meatgate", followed by pushback against those employees who tried to bring our actions into conformity with the law and health and safety practices.

To this day there has been no resolution to the missing cash that is apparently more than $20,000.00. You first noted that you were unaware that any cash was being collected at this restaurant, and then offered that you believe you know where at least some of the missing funds went. This many months later you have not shared that theory or anything that would explain this situation. And nobody has been held accountable for attempting to violate the lawful order of a health department official which could have resulted in danger to our customers, as well as severe economic and legal consequences to our companies. Beyond issues of authority and accountability, those few days at the end of October demonstrated an abandonment of the integrity that we claim is a prized value for each of us personally and in our joint ventures. I will discuss more about the issue of integrity later.

While there is much more that needs to be said about our lack of communication, as well as the appearance versus the reality of our authority structure, I should point out the consequences to our clients of some of our current practices. Originally the commercial projects purchased in Sonoma had no investors outside of you and I and our wholly owned companies and partnerships. Now many limited partnerships that previously had significant equity in multi-family properties, have traded that position for a riskier position of ownership in Sonoma commercial properties without tenants, in need of costly remodeling, and unable without assistance to pay the expected distributions. This area is one where I will not limit my comments to a discussion of process. I believe that the eventual outcome should be that our investors are taken out of all Sonoma commercial properties that have significant vacancy, and that these properties be transferred to LeFever Mattson, where we alone will deal with the consequences of the current lack of income, costs of improvements, and community scrutiny. LM should exchange its ownership interest in other properties in our portfolio or buyout investors in these Sonoma properties. And LM should put together a plan to liquidate assets or otherwise come up with the cash needed to finish the permitted improvements and occupy these Sonoma properties as soon as possible.

Below I will detail how I believe our businesses and business relationship got to the situation I am detailing here, but first I want to discuss a specific and significant factor in our business history, KS Mattson, LP.

In addition to our jointly owned properties, each of us have always had some individually held assets. Eventually, your portfolio included some businesses where you

were essentially landlord and tenant such as Specialty Sales and Sonoma's Best Mercantile. Over time, and especially as LM and our investor partnerships began to invest in Sonoma, and as LM gave birth to SBHG, certain distinctions as to what is ours and what is yours started to blur. I acknowledge that we do not have between us a non-compete agreement, but there are certain expectations, professional and legal, that dictate treatment of our joint circumstances and assets for private gain.

I would also acknowledge that you brought in most of our investors and you maintain communication with them. But more and more, over a period of years, investors in LM investments were placed by you into investments where LM was not involved, and where these investments were not managed by our management company, nor with the same procedures and integrity as those run by LMPM. The most recent example of this would be the lawsuit recently settled with the Cabacugnans where they allege in the complaint their satisfaction with the previous LM investments and then contrast those with the KS Mattson investment that was the subject of the complaint, where their funds were unaccounted for over several years.

But even the investment that was the subject of the Cabacugnan complaint did not resemble the commingling that seems to be taking place in Sonoma, where there is a mix of properties owned by others that are often treated like your properties, properties that were once KS Mattson properties now sold to our investor partnerships without independent verification of value, the reverse as noted above where a partnership (for a reason that is not clear) sells to KS Mattson, KS Mattson businesses that occupy space at partnership owned properties without a lease, and a random sharing of employees and assets between KS Mattson, LM and these partnerships.

Primal Cuts is a noteworthy example. The back and forth between Stacy and me last November concerning PC, related health department complaints and DBAs, highlighted that I along with many on our staff had some confusion over who owned this entity. Primal Cuts had been marketed and promoted as part of SBHG (as are other KS Mattson independently owned businesses), SBHG funds were spent in the development and marketing of PC, SBHG employees were involved at all levels with this enterprise, and Stacy had confirmed in an email (apparently after discussing with you) that Primal Cuts was indeed owned by Pineapple Bear (dba SBHG). In November you confirmed in a phone call with me that the KS Mattson owned Cheese Factory would be a landlord to PC, but PC itself was a SBHG entity. Notwithstanding those multiple assurances of ownership of PC, you recently called to let me know that going forward Primal Cuts would be a KS Mattson entity. This was a unilateral transfer, but this one without even transfer documents.

When the FT kiosk was unexpectedly emptied in early February, assets that had been purchased by Pineapple Bear were moved by our employees to KS Mattson properties. Employees of our LM owned companies are routinely involved in the design, development, and maintenance of KS Mattson projects. Dan Crowley, our employee, has a footer that aside from the email address makes no reference to our companies. It only shows him as Project Manager for KS Mattson, LP. I know that I run

the risk of sounding petty. Am I really upset that Dan communicates to all that he is your employee? But this is part of something much bigger. Your private businesses are being built up in a way that uses and affects our joint interests.

Just before Mark left for his recent vacation, he was given a proposal for the summer concerts at Cornerstone. I have not seen the proposal, but I am told that it requests that Primal Cuts use the outdoor kitchen on some weekends to sell food. This is not the old PC that was owned by Pineapple Bear, but the current PC now owned by KS Mattson. And I believe that in this arrangement many of the employees that resigned rather than work within the accountability structure of SBHG and Folktable would now be working for Primal Cuts. (This current PC will only be advertised as part of SBHG but not actually be within the control or accountable to SBHG). And Folktable, the previous weekend vendor at the outdoor kitchen and an actual part of SBHG, is being asked to defer to this current version of Primal Cuts.

In just the last several days I learned that you have directed the head of farming to make produce grown by Tankhouse Farms (a division of SBHG) available first to two KS Mattson owned entities and then to SBHG restaurants thereafter. I also learned that the chicken restaurant to be developed in the Springs will be a KS Mattson entity. I realize this is a project long championed by Stacy, but will it be truly independent of SBHG, or will SBHG be used to develop, staff or maintain it? We need to discuss how this will all work. I am sure that you can detail the benefits of SBHG associating with your privately held businesses, but all the commingling issues I note above have a downside also. It seems that at least at the level of hospitality providers or businesses, we should be all together or truly separate.

One final comment on the chicken restaurant: I do not want to be associated with this restaurant if it will bear the name Mother Cluckers. While that may have gained a laugh at the dinner table, it does not help in our quest to demonstrate integrity or provide a spiritual witness. I cannot imagine asking my pastor to announce that the congregation is invited to the grand opening of our new restaurant, Mother Cluckers.

In this odd relationship of KS Mattson and SBHG, our SBHG decisions apparently need to consider how these might affect KS Mattson businesses. You no doubt recall that I relayed to you Casey's request to develop a menu and concept for a sandwich shop at Cocoa Planet. You told me that this would not go over well with Stacy because it would compete with her two sandwich shops. I had to think about this for a minute because I do not think of either Cheese Factory or the Mercantile as sandwich shops. And in any case, a food destination town cannot have too many sandwich shops. The Cocoa Planet sandwich shop proposal apparently went to Stacy right away, as she embedded a comment in her next email to Casey, noting that we already have two sandwich shops in the company. But to be clear, KS Mattson, not "the company", has two "sandwich shops". (Like PC, these two KS Mattson sandwich shops are promoted as part of SBHG.) It was clear from that discussion that SBHG should not open a sandwich shop because of the effect it might have on KS Mattson businesses.

As these examples show, it is impossible to imagine how you can play fair between your private, KS Mattson investments and our joint investments. This is also true in regard to the transfer of partnership interests. We have discussed in the past how you alone make the decision whether an investor wishing to sell their interest in a partnership is to sell it to KS Mattson or to LM. (Such a sale must be approved by LM as the general partner, but you routinely give this approval without even disclosure to me.) The future value to LM of these purchases (the eventual buyout of much of the remaining investor pool) is huge as a limited partner almost always sells at a significant discount to the value to the general partner. As you know, the value to the GP is greater because the GP alone can sell the entire asset. Yet you often take these investor sales at a discount for yourself. I have long argued that LM should be liquidating and doing other things to raise cash for these purchases that you otherwise take.

How did we get to the point where I feel it is necessary to criticize the lack of disclosure, the disregard for our established procedures, and concerns about the operations of KS Mattson, LP? This part is going to sting a bit. I believe for a long time your actions were casual and secretive, but more recently your actions have become reckless and defiant.

As we built our real estate investments and our management company, even our real estate brokerage operations and our development activities, we established certain procedures. Some of these were dictated by law, such as the use of trust accounts for our clients' funds. Others were best practices, such as producing a pro forma prior to a major investment. Still others were the demands of third parties; lenders require title and escrow be used for purchase and sale transactions. Over time, a certain casualness crept into our transactions, and some of the formalities, in certain transactions, went by the wayside.

Some of the breakdown of procedure came by the way we were doing business. Decades ago, everything we purchased with our investor partners was purchased as a tenancy in common. We needed multiple signatures from each partner to proceed. Then changes in the lending market enabled the conversion of these TICs to partnerships. And as the general partner, we have taken the role of sole decision maker. While I am certainly glad that our investor partners no longer have arbitrary veto power in transactions, I am troubled by the casualness with which we now do these deals. And as we have discussed, I now believe we are at a level that is sometimes better described as reckless.

With no pro forma and no value established by appraisal, we are routinely using our investors' money to buy properties, where we are often on both sides (KS Mattson selling a property to an investor group), with no immediate tenant, and needing improvements without a ready source of funding. In many cases the financing is non-traditional, the management is often done casually (not using our management company), with rents collected and mortgages paid by you.

This is far different than the procedures we established early on, but also different than anything that would be allowed in our historical businesses. (A lot more disclosure and authorization are required in law, stock and real estate brokerage.)

I grant that our partnership operating agreements provides a great deal of authority for the general partner to act without further authorization or even disclosure of each action to limited partners. But as I lay out above, as your business partner, I too am often left in the dark. I believe that tolerance for you doing transactions quickly on your own terms has allowed you to do deals that look bad and may be bad. We must commit again to following procedures and best practices so that our dealings exhibit integrity and protect all parties.

Allow me to comment further on authority and accountability. Our equal ownership in our businesses has financial implications but it also sets up issues of authority. In theory we share equally in authority and decision making because we share equally in ownership of the companies. But formally or informally we have given over authority to each other for certain things, in some cases consistent with our talents and time, and in other cases for reasons less clear. I have noted above that you have control over most of our finances, taking in revenue, covering expenses, and even preparing our tax returns and financial reporting to lenders and other parties. We have disagreed over how much money we should have in ready reserve. I have suggested that we should have sufficient funds to assure that we never pay bills late and that we can meet all current commitments and any we foresee in the future. You are much more comfortable with, and it has become our practice to never let funds be idle. We are to find money as it is needed.

This practice has led to justified criticism concerning lack of timely payment and I believe it has compromised the reputation for integrity that we desire. But with the clearing of the kiosk in early February I saw another, and very ugly result of your control of our joint finances. While she later backed down from this position, after removing the coffee machine from the kiosk, Stacy reportedly told Mark that Ken was "cutting the purse strings" and Tim would need to buy a coffee machine for that space.

Our businesses generate a significant amount of revenue each year. This income is sufficient to cover our non-discretionary expenses, compensate each of us quite well, and leave a good amount for discretionary purchases, property improvements and other things. If this was not the case, in addition we have significant assets that can be liquidated to gain extra cash. The concept of you "cutting the purse strings" only makes sense if we have committed to projects and purchases that exceed our extra cash flow and you are personally financing expenses. To assure that no individual could ever again speak for you in suggesting that I would have to meet a capital call for a relatively minor expense, we need to commit to our companies generating sufficient cash to meet our real and likely expenses. If this means a rearranging of our finances, a re-prioritizing of our expenses or a sale of some assets, then we should discuss such plans right away.

When I incorporated Pineapple Bear, we did not discuss what roles each of us would take on in terms of officers of the corporation. Last year I asked that we agree that I am president and CEO of Pineapple Bear, dba SBHG. I did so because of a widespread perception that I either had no role with SBHG or that I was merely your employee. (One of our mutual friends of more than four decades who is also an investor recently commented that he thought all of the Sonoma investments were yours. And I routinely had been delayed in getting requested information or action because an employee needed to check first with you or Stacy.) My desire was to have the visible authority to turn over a few stones in Sonoma and see what was underneath. Within a matter of weeks of the president making occasional visits to Sonoma, Karin resigned. I think in some cases Karin was not given her due, but her departure has generally been regarded as necessary. Soon after this I investigated why Casey had been given a time out from her role with our restaurants, and we agreed to make changes. And as noted above, I have spent more time in Sonoma following inappropriate actions in October.

I think there may be some confusion about the authority and role I desire and the role I believe you play in Sonoma. If I understood you correctly at the meeting with Todd, you noted that I had some problem with your move to Sonoma. That is not correct. Candidly, I have long thought you should get away from the urban environment that is at your doorstep in Piedmont. But proximity is not a substitute for authority. While I appreciate that you are on the ground in Sonoma, and I understand that practicality if nothing else dictates that you should make many decisions, I have noted my uneasiness with the current situation. The media, through ignorance or a desire to promote a specific narrative, regularly declares that you are owner of assets that are not in your complete control. But much of your actions lend credence to this belief.

To be clear, I am only looking for enough understanding of our joint ownership of certain assets as to allow for me to have a level of authority with our employees and to avoid embarrassment when client or public members wonder what my connection is to all of this. And that leads to a broader discussion of our roles in Sonoma.

I do not have any desire or even the capacity to micromanage Sonoma investments or businesses. But I do not believe you are the appropriate person to micromanage there either. Remember our initial discussions about purchasing Cornerstone, Ramekins and General's Daughter. I said that we did not have the bandwidth to manage the businesses. You assured me that each of the businesses we were purchasing had staff that would remain. We would not be doing any of the day-to-day operations. But our footprint grew and much changed. We soon needed someone to oversee all aspects of the hospitality company and Karin was hired. With Karin’s exit we again need someone in that position. We have asked Mark to fill Karin's role the best he can while still filling his role with LMPM.

As I have noted before, I would like to empower Mark to run the hospitality company and report to me as he has done with great success at LMPM. And as we have

discussed, I believe that LMPM should evolve into a company that manages properties but also formally and for compensation manages the investor partnerships. In that role, I believe that LMPM should be an investor and partnership advocate that can freely challenge actions of LM as general partner in these investments.

I would like to continue in the role of turning over stones, fine tuning what we are doing, urge the evolution from entrepreneurial to procedural, and promote collaboration between and empowerment of our employees.

My position as to Stacy's role is as discussed at the meeting with Todd. After she stated in writing that she was not my subordinate, I had no choice but to ask that she acknowledge our authority and accountability structure. If she was to have a role with SBHG, she needed to agree that she is subordinate to the president of SBHG. But once that matter is cleared up, I am open to a discussion of what specific role she wishes to have, and I look forward to her being empowered to do it. I have noted often, and I will repeat here that "I believe Stacy brings a lot to the table" (pun intended).

We need to discuss further the situation regarding certain employees. I still have concerns about Nicole Murray. Her last day with the restaurants was February 4. A month later she was still on the payroll, but this may have been accurate if she was merely transferred to another part of SBHG. While it seemed unwise given unresolved HR issues, I agreed with your request to ask her to stay on in sales. But her recent correspondence with restaurant staff discusses future restaurant work while lamenting that due to management changes Depot is “not the ol’ party house it once was”. It is not clear to me if she will still be under the SBHG umbrella or if she will be working for KS Mattson. While I am perhaps too willing to give employees second chances, it is difficult to look the other way with Nicole because she seems so comfortable telling lies. I am not alone in noting this, but my experience with her dishonesty is also not just second or third hand. At your request, I met personally with Nicole in early January. She noted in that meeting that she wished others had been present, and I now concur. She told tales of what happened in that rather short and benign meeting to the employees that chose to leave with her. But in addition, her resignation letter, while very short, was riddled with inaccuracies. As noted, this was not an isolated situation.

Sadly, I believe we also need to talk further about Nicole Parrish. Her hiring still puzzles me and troubling talk concerning her and you persist among employees that admittedly are prone to gossip.

Mark and Todd have asked about our company values. I have focused on integrity, honesty, collaboration, and empowerment. In the meeting with Todd, you noted that our corporate task in Sonoma has public policy and even a spiritual goals in addition to the assumed business mission. You know that talk like that will always get applause from me. But the punishing length of this letter should convince you that I do not believe we have been living up to those goals. The hardest part of writing this is that I am pointing a finger at you. So, before I go further, let me make explicit what should be implicit. I know I have my faults and I am sure I have disappointed you many times in our

business relationship. Please feel free to come back at me hard with your assessment of where I am falling short. Let's describe the ideal and let's figure out what both of us needs to do to get there.

Recently I had two figurative slaps in the face relative to honesty and integrity issues involving you. I had noted to Mark that I often have to tell a client or a contractor that I must have misunderstood you (that I thought you had called someone or made payment, etc.). Mark let me know that he will not do that. Then in a discussion with Jenn, she let me know something that I was certainly not aware of and I assume that this will be the first that you hear about it. Apparently at some point when Jenn was still living in California, she was involved in prayer sessions with some of our other employees, praying for your honesty. I know that it is possible to explain away what both Mark and Jenn think is a problem with truthfulness. I know this because I often come to your defense and do my best to explain it away. But the fact that I do so often have to explain how you have been misunderstood, or that the situation is dynamic and despite your best intentions, you could not fulfill your commitment, is a sign that there might be a problem.

A good starting point for our commitment to always show integrity is how we treat our investors. As discussed at length above, I believe we need to review our practices and make certain changes, and that we need to empower LMPM to monitor our transactions and interactions.

If we are truly committed to being an example of integrity in all that we do, we need to look at what the public thinks about us. Even where they are misguided and blinded by bias, we need to evaluate our actions to make clear our value system. Things as small as your determination not to replace the E at Cheese Factory may reinforce a negative stereotype.

We must be prepared to show our integrity to our employees also. On the negative side, we are still feeling the effects of the" Meatgate" incidents. We cannot undo those days in October. But we can strive to interact with our employees in a way that is respectful and honors their contributions to our enterprise. In the meeting with Todd you indicated that Stacy had made a change in how she communicates with our employees. I responded that this had not gone unnoticed as an employee had pointed it out to me.

Finally, you and I need to look back at some past actions. I have never felt totally at peace with the breakdown of your relationship with Tony Deluca and with Mike Dethlefsen. I am pretty good at convincing people that the fight may not be worth it even if they are right. I still believe that the fault in each of these situations did not totally lie with the other guy. You bore some fault for the situation. Nonetheless, I remember the long meeting I had with the Dethlefsens in Berkeley, and the multiple phone calls with Tony to reach settlements. I think in terms of the Dethlefsens you continue to hold the Buck property with the loan in their name. While I know that the purchase was 'subject to', perhaps it is time to clear that loan for their sake and the sake of taking the high road.

In a sense, much of this discussion has an unstated, implicit theme of "where we go in the future". But I believe it is important that we address that issue directly. On many occasions I have noted, at the risk of being morbid, that we need to discuss what we do if one or both of us becomes disabled or dies. I have candidly noted that the issue is more important to me than to you. Should the unexpected happen to me, you should be able to secure somebody with a real estate brokerage license without too much problem. Mark is quite capable of running LMPM and California Investment Properties without me looking over his shoulder. And Scott possesses much of the institutional knowledge of our companies, and he can guide future transactions. In contrast, largely because you do not wish to let excess cash sit idle, and you have a greater capacity for leverage and risk than I, and because you have the ongoing relationship with our investors, I fear a very rocky road if you did not "come into the office" one day. Although we agreed to let mine lapse at my recent birthday, we have a large life insurance policy on you, payable at least in part to LM. (Although I do not have the information of who that policy is with.) But we could not easily replace your contributions to the day-to-day enterprise. And our obligations to our investors, even where these are by tradition more than legal or as part of our partnership agreement, might suffer at least in the short term.

We need to spend time laying out operational agreements for our current business and for contingencies in the future. I have broached the issue with Scott, and he is ready to sit down with us and suggest the issues that need to be decided and the documents that need to follow.

Related to all of this is the need for an exit plan both for each of us in the short term and possibly for the company in the long term (although I believe both of us would like to see a way that the company persists even when we are not its custodians). But that requires that we set things up so that operations move forward even if we are not in the pilot and co-pilot seats.

I also want to discuss the more immediate future. The dollar value of our companies is significant, even when split in half between us. I am content to pass much of this on to the next generation. But I also want to enjoy some of that net worth now and in the coming years. We move our real estate equity and spend our cash flow so efficiently that there is not a lot extra to distribute or seek new ventures. If I am being blunt and honest, I would note that in the coming years I want to spend less time on business and more time with my wife, children, grandchildren, as well as sitting on my tractor and guiding charity through the Laurel Wreath Foundation. And I want to have more money in my pocket for all of this even though that will mean less net worth when I die.

I noted that in conclusion I would suggest more process than desired outcome. I believe that process should have three stages: React, Resolve, and Reconcile.

You may recall that late last year I asked for at least a half a day, but preferably a full day when you and I could sit face to face. The plan was to discuss many of the items

detailed above. We managed to squeeze in a much shorter meeting just before the SBHG Christmas party. The timing of and time allotted for that meeting did not allow for the discussion needed. In early February of this year, you and I met with Todd. That meeting was good, but it was not the same as a meeting just between us. I have said some strong things in this very long letter. I would like to have you React in that face to face meeting previously requested. If I am incorrect on any or all of what I have written, then I need to deal with that. But if I have identified problems that need to be resolved, if these are matters that require both of us to change, then I want us to detail concrete steps to Resolve.

As we seek to Resolve these matters, we should pull Todd and Mark back in. We should go through the book that Mark has suggested, identify our values and assure that we have the right people in the right places moving forward. We should also have meetings with Scott to put on paper a contingency plan to address the future "what ifs".

Finally, we need to go through the process of Reconciliation. I am open to doing what we need to do to restore relationships that have been challenged. Me, you, Stacy and probably even Amy should be part of this process.

You should know that this long letter has been treated as confidential. While some such as Mark and Todd will know that I have written to you, only Amy (as accountability partner and editor) will have seen the contents of this letter. I am calling it out as privileged because I discuss some of these matters wearing the hat of general counsel to all of our corporations. But I am also labeling it as confidential, because in all of it I am acting as a friend. We have been friends for more than 50 years. We have shared adventures in business, real estate, politics and enjoyed the challenges and the rewards that come from our diligence. I am confident that our friendship and common sense will get us through this rough patch. If we need anything more than that, I suggest we each look in the mirror and use my increasingly common admonition, "We're a hospitality company. Now act like it."

**Exhibit C**

Excerpts from LeFever Daily Journals

**Exhibit 1103: January 24, 2013 LeFever Daily Journal (TL-BOX004-00000006)**

I asked for more details on the seven interests of Chase. It appears that some of these are LM interests, sold to Chase, $ taken in by KWM, deeds not recorded, management office not informed, & Ken was paying out $ until recorded.

I told Ken that this could look like a scam. We have a formal structure – broker, mgmt. co, trust accounts, escrow in many cases. But he is bypassing this with principal to principal transactions, taking in $, failing to transfer prpt.s, & paying distributions out of pocket. KWM countered that there is no benefit other than speed of the transaction to him doing this. I questioned if any of the interests were oversold – that clearly could be a benefit. No – KWM or LM controlled everything sold & could have done it properly but would have taken longer. I also questioned if he sold anybody else's interests. No. He knows he can not do that. Ken noted that there are perhaps a dozen such transactions like this. He meets with John once per yr. to clean up at tax time.

I said that we have to have a strict rule – no more of those kind of transactions. Need to go through the formalities – use Sherry, Jen, the Sac office. May need more lead time.

**Exhibit 1103: January 29, 2013 LeFever Daily Journal (TL-BOX004-00000007)**

If info not given to mgmt. co. how can we say tax info. was accurate? / Ken said he divided it out to provide proper tax reporting. / But he had implied that these were oversites [sic] that he lost track of. How? If he was paying out distributions monthly & correcting tax info., he was not / could not forget about these. He said he knew but it just built up. He could not get it done efficiently at office. But, he has a staff of 130, a full time CPA, a partner that is an atty, & atty.s for hire. He admitted he screwed up. But will others think it was more than a screw up? Did he gain from this? I pointed out that this probably means elements of our financial statmt./ownership %s in REO are inaccurate. / Some questions went to $ put into these propt.s as LM funds – show me that it is legit & not somehow funds of others.

**Exhibit 1103: April 5, 2013 LeFever Daily Journal (TL-BOX004-00000010)**

. . . Called Ken. Biggest question was how we got here. As Chase apparently had not been contacted about the conversion of Autumn Wd & Willow Glen – this indicates that he is not on the sched. A. Why not? According to Ken – during '09 – '10 he was so rushed & did not want to deal w/ mgmt. co. in getting these recorded. But what about monthly pmts? Ken paid. But this was more $ out of pocket. No. Ken was putting money into office that would be paid through.

**Exhibit 1679: August 18, 2014 LeFever Daily Journal (TLEFEVER-LMBK0000298)**

- Joanne Bell . . . I explained it is not an "account" (her term) where he can make w/drawals./ 'Ken said 30-45 days'

**Exhibit 1104: August 20, 2014 LeFever Daily Journal (TLEFEVER-LMBK0000300)**

Con Suhones – Redwood being sold / Corrected him – no being refinanced. 'No – Ken told me being sold. Pushed for a price. He told me $20M. I am satisfied w/ where I am. / Formerly investments were formal – paperwork done etc. Now, disappointed b/c investments I am not in – just KWM and paperwork not done. Comstock ds not even know %. Greenhaven (deed?) . . .

**Exhibit 1105: September 12, 2014 LeFever Daily Journal (TLEFEVER-LMBK0000318)**

Sherry[1] from airport – wanted to come see me to discuss / persuaded her to talk now

Concern re: KWM not flwg. formalities. Not new or specific. Agreed / noted I discuss it w/ KWM regularly . . .

**Exhibit 1105: September 13, 2014 LeFever Daily Journal (TLEFEVER-LMBK0000318)**

KWM – Sherry's call. / Discusn. of failure to observe formalities, some push back, but also some acknwlgmt . . .

**Exhibit 1680: December 5, 2014 LeFever Daily Journal (TLEFEVER-LMBK0000468)**

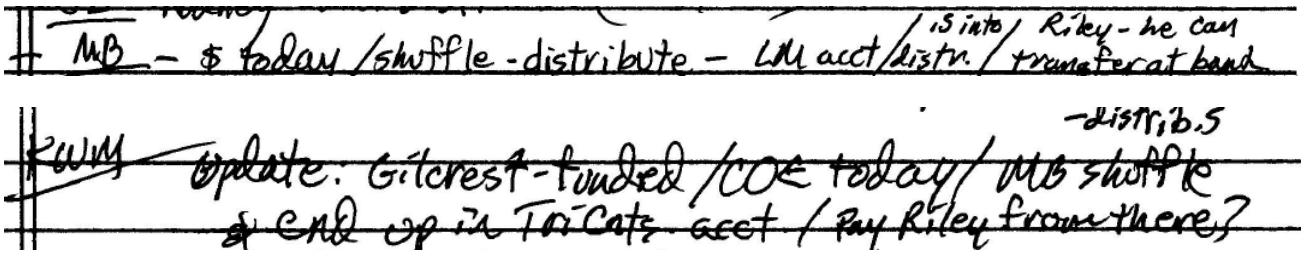



**Exhibit 1681: December 31, 2014 LeFever Daily Journal (TLEFEVER-LMBK0000486)**

MB – Pushing around cash / will hv. $ for me Fri, then again Wed.

**Exhibit 1107: September 12, 2018 LeFever Daily Journal (TLEFEVER-LMBK0001398)**

- But I have had prob.s w/ getting the details straight:
  - -XΔ agrmt Jenn & Brenda have shows you did intend to transfer Bates %, 902 908 Enterprise %, & Sterling %
  - -you had previously said Enterprise transfer was recorded by mistake
  - +Sterling – not owner of it

-Ken responded: Enterprise is being switched – He gave them some of Allison & (?) (He couldn't remember) . . .

-Emphasized again – this is a big transfer of LM propt interests but for KS Mattson – I don't resent his wealth & he has been the rainmaker, but I do want to compensate for some . . .

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[1] "Sherry" is understood to be Sherry Schroyer, Mr. Mattson's then-assistant.

+ let's get more formal on what is owed to him & what is in KSMattson name but is LM really – he said again much has been done that way but is being switched to LM

**Exhibit 1107: September 13, 2018 LeFever Daily Journal (TLEFEVER-LMBK0001399)**

KWM – Golden Tree – prtnrship transfer agreement for various parties – 2 not executed (?) / 2 sig pages w/o rest of agrmt. (?) – but no propt. noted in agrmt (just $ & %). Are these for Allison? I though everybody that is in ownership is on title (w/ plan to go into entity – GT – after waiting period.) It does not appear that GT is on title. What do these ind.s own? / Ken will look into it. He ds not remember anybody signing a prtnrshp transfer agrmt. into GT. He thought only KSM Partners owned GT & it did not own anything yet . . .

**Exhibit 1109: March 4, 2019 LeFever Daily Journal (TLEFEVER-LMBK0609270)**

Call to KWM : . . . Concern for multiple things – looseness in recording formalities - ✓ on this – any others? All probs fixed w/ Golden Tree? – Yes. / Only 'unrecorded deeds – those for Sharis/WO in process now. . . . This represents large transfers to KS Mattson benefit from LM assets . . . When do we make it more formal – know exact amount we/LM owes KSM? KWM says he ds not look at it that way as mine & his. / 'I know you are the rainmaker & you hv. made both of us enormously wealthy – but I would like it more formal . . .

**Exhibit 1110: October 13, 2022 LeFever Daily Journal (TLEFEVER-LMBK0001747)**

- Sonoma Portfolio – MB – must do the management & all else formally

Brenda – Socotra knows of assignmt. / Ken tells her to do it this way / No more . . .

KWM . . . We need to be more formal

**Exhibit 1111: October 27, 2022 LeFever Daily Journal (TLEFEVER-LMBK0001757)**

MB – He received many documents from Brenda showing transfer to & from prtnrships involving KS Mattson, LP & LM

-Ali, Dena, MB are overwhelmed by the amt. of paperwork that has not been forwarded bfr. . . .

-He will send a rspns to KWM / We will again emphasize this must be done formally

**Exhibit 1112: April 25, 2023 LeFever Daily Journal (TLEFEVER-LMBK0001994)**

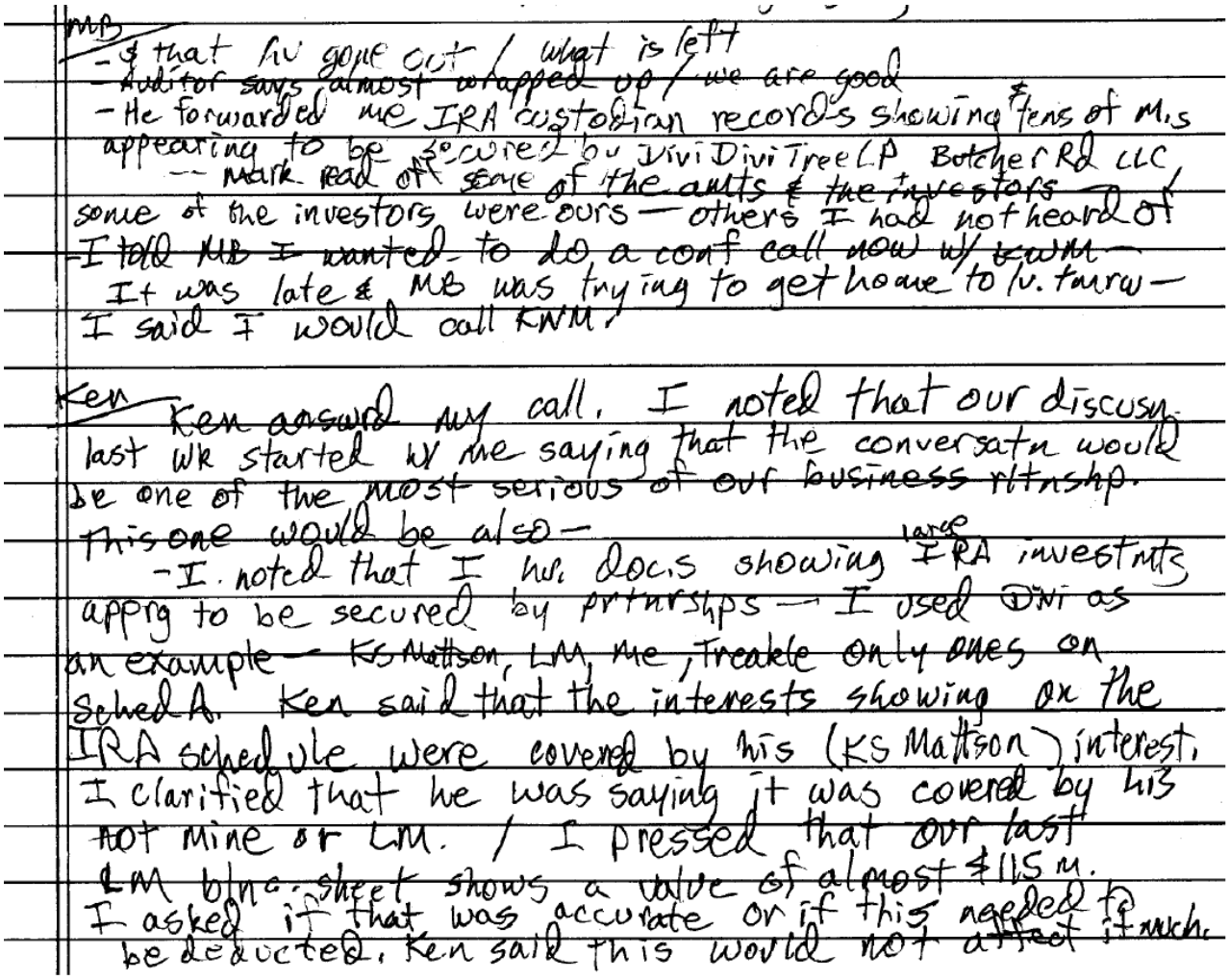
MB - . . . He spoke w/ Brenda. She was questioning whether she needed to give details of KS Mattson transactions 'Ken said she did not have no'. Mark insisted- she works for LMPM/ Tim is Pres – MB is CFO – she must tell us what she is doing. / Brenda indicates that Ken is selling interests/retiremt acct into our prtnrshps/ $1m/mo in Socotra paymts (?) /49m shares? of Divi Divi sold (?)

**Exhibit 1113: October 10, 2023 LeFever Daily Journal (TLEFEVER-LMBK0002079)**

I described how we got here – formal structure of companies – TICs, everyone signing, ↑ in distr. w/ each xΔ, title, escrow, formal loans, propt mgmt, ltgal, CPAs

NOW, KWM – informal – casual & secretive to reckless & defiant

**Exhibit 1114: October 26, 2023 LeFever Daily Journal (TLEFEVER-LMBK0002243)**



MB
- $ that hv gone out / what is left
- Auditor says almost wrapped up / we are good
- He forwarded me IRA custodian records showing $ tens of M.s appearing to be secured by Divi Divi Tree LP Butcher Rd LLC, — Mark read off some of the auths & the investors — some of the investors were ours — others I had not heard of
I told MB I wanted to do a conf call now w/ Kwm — It was late & MB was trying to get home to lv. tmrw — I said I would call KWM.

Ken
Ken answrd my call. I noted that our discusn last wk started w/ me saying that the conversatn would be one of the most serious of our business rltnshp. this one would be also —
- I noted that I hv. docs showing large IRA investmts appng to be secured by prtnrshps — I used DVI as an example — KS Mattson, LM, me, Trenkle only ones on Sched A. Ken said that the interests showing on the IRA schedule were covered by his (KS Mattson) interest. I clarified that he was saying it was covered by his not mine or LM. / I pressed that our last LM b/s sheet shows a value of almost $115 M. I asked if that was accurate or if this needed to be deducted. Ken said this would not affect it much.

Ken emphasized that this interest (Ks Mattson in JIVI) ds not show on his blnc. sheet.
- I also asked where did the $ go — but Ken was vague 'investments over the years'
- but I noted the $ did not go to these partnerships.
- Ken also said that there is a $4m note to Butcher LLC (I had noted that the LLC ds not own anything) - I marked - but if something pend to him — how would I show where those $ went?
I told Ken that I was troubled by his explanth. & wanted Mark to hear it — I called Mark & merged the calls. We went over much of the above & Mark questioned the lack of K-1s — not nec. on IRAs, but apparently some of the $ do not come from IRAs. How can he have a K1 showing 100% ownership in these inds & then hv. others that need a K1 that are not on that list.

**Exhibit 1115: November 9, 2023 LeFever Daily Journal (TLEFEVER-LMBK0002258)**

IRA (I)

- Ken reaffirmed that this is his responsibility
- Q of how much is actually owed (FMV, buyout at less than value, $ in v. w/ interest) v. what is in Divi, Spelty, Butcher Rd LLC
  Ken continues to stress that the interests of the IRA holders are covered by his % interest in these 5 entities
- I noted that the agreement for their interest is distinct from the partnership transfer agrmt. that he uses regularly – for Divi, he bought out Weid. & Rice (examples) w/ the partnership transfer agrmt prepd by HB, then communicated this to LMPM to Δ the Sched A. But, w/ IRA investors, dift form, not disclosed to LMPM, Sched A not Δd. / Ken notes that the IRA process is dift.
- I noted that when we previously knew about IRA $, it was debt not equity. In the era around 2009, Ken as a stockbroker had access to IRA $, loaned to LM as a conduit (LM showed as lender & the partnerships showed as debtor on LMPM) & we assumed these loans could be converted to equity if needed. Ken confirmed that in the current era, these are equity. But there are no %s associated w/ these.
- Ken will clarify the amount of IRA investor equity there is in the 3 entities, compare that to his share, he will add in KSMattson assets to the entities if needed – but he blvs that is unnec. –
  Ken said he will stand behind the #s
- I noted that as it stands, doc.s that are signed as LM GP, no sched As that show these ind.s – this could be a prob if he died. / For integrity & to avoid this risk it needs to properly documented now –

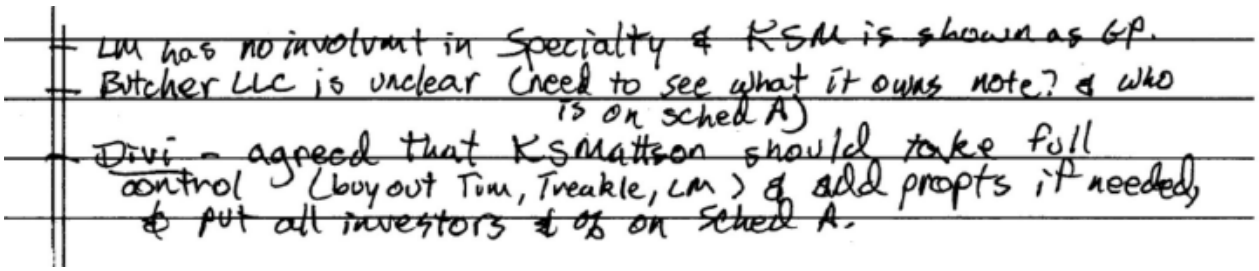



**Exhibit 1116: November 15, 2023 LeFever Daily Journal (TLEFEVER-LMBK0002265)**

Regina Clyde[2] – called her to discuss ①s in Sonoma & Ken
-Problem of Ken not paying bills, not rtrng calls, now accusatn.s of fraud (but Ø specific) . . .

-History of TICs – formality → LPs . . .

Ken signing on both sides & buying non-productive assets → growth & comp. of KS Mattson → our bills not being paid . . .

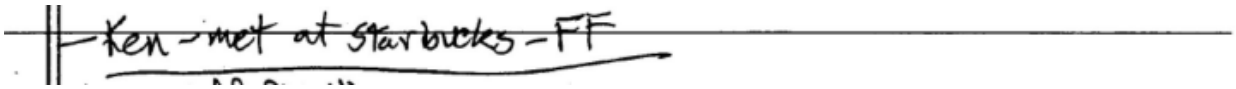
-Casual & reckless but I blv it can be fixed . . .

-She says Ken is addicted to buying & she feels like a drug dlr

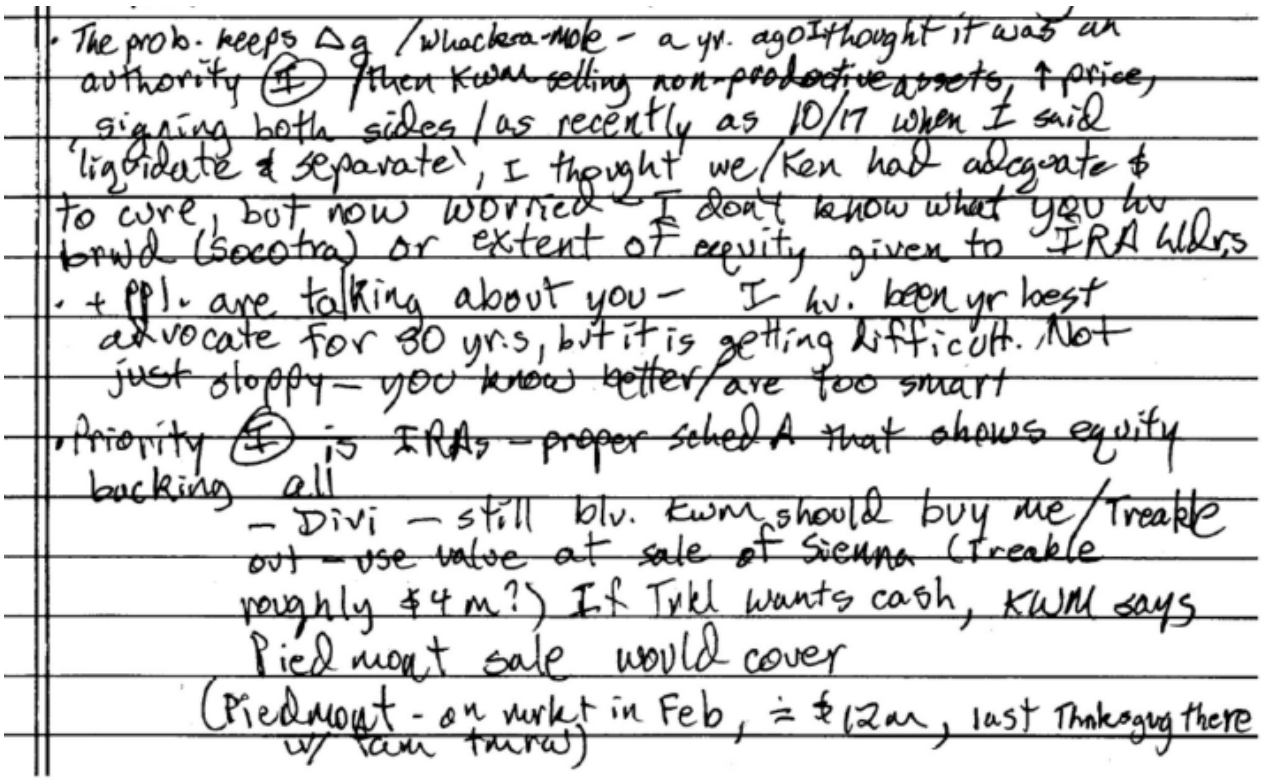
**Exhibit 1116: November 15, 2023 LeFever Daily Journal (TLEFEVER-LMBK0002267)**

Call from Todd H . . . Ken self dlg – distressed assets, not paying comm.s, taking $ allocated for other things, bypassing the mgmt co./title-escrow/traditnl lending/secrecy-non-disclosure . . .

**Exhibit 1117: November 22, 2023 LeFever Daily Journal (TLEFEVER-LMBK0002274)**

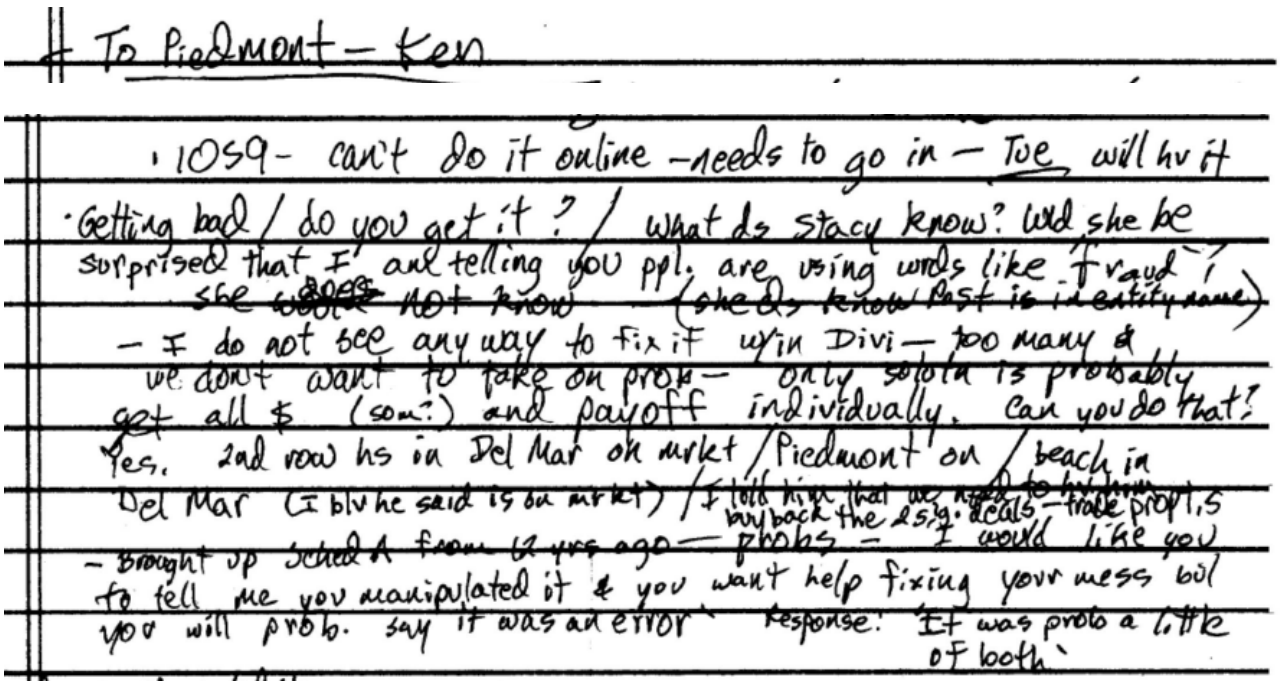



[2] Regina Clyde is a real estate agent in Sonoma who is also an investor.



- The prob. keeps Δg / whackes-mole - a yr. ago I thought it was an authority (I) then KWM selling non-productive assets, ↑ price, signing both sides / as recently as 10/17 when I said 'liquidate & separate', I thought we/Ken had adequate $ to cure, but now worried I don't know what you hv brwd (Socotra) or extent of equity given to IRA Hldrs + ppl. are talking about you - I hv. been yr best advocate for 30 yrs, but it is getting difficult. Not just sloppy - you know better/are too smart
- Priority (I) is IRAs - proper sched A that shows equity backing all
  - Divi - still blv. KWM should buy me/Treakle out - use value at sale of Sienna (Treakle roughly $4 m?) If Tykl wants cash, KWM says Piedmont sale would cover
  (Piedmont - on mrkt in Feb, ≈ $12m, last Thnksgvg there w/ rain turns)

**Exhibit 1118: March 15, 2024 LeFever Daily Journal (TLEFEVER-LMBK0001853)**



# To Piedmont - Ken

- 1059- can't do it online - needs to go in - Tue will hv it
- Getting bad / do you get it? / what ds Stacy know? Wld she be surprised that I am telling you ppl. are using wrds like fraud / she would not know (she ds know Post is identity name)
  - I do not see any way to fix it w/in Divi - too many & we don't want to take on prob - only solution is probably get all $ (some) and payoff individually. Can you do that? Yes. 2nd row hs in Del Mar on mrkt / Piedmont on / beach in Del Mar (I blv he said is on mrkt) / I told him that we need to buy back the 25.g. deals - trade prop 1.5
  - Brought up sched A from 12 yrs ago - probs - I would like you to tell me you manipulated it & you want help fixing your mess b/c you will prob. say it was an error response: It was prob a little of both

**Exhibit 1120: May 6, 2024 LeFever Daily Journal (TLEFEVER-LMBK0001813)**

'I know I wove done wrong'

Call from Ken. He said he was sorry & that there was no explanation for what he has done. He admitted to falsifying documents, & not showing ownership interest but still said he thought he was (doing what needed to be done") including K1s He says it started with trying to bring $ into the profits in 2009 – I pushed back that it appears this started prior to that, it was not necessary to use fraud to do that (show them as actual owners / I had suggested selling my vacation home & cutting distributions), & this continued on for long past when $ were repaid w/ interest – apparently to finance a lavish lifestyle.

(Asking for time, is he aware we have gone to the authorities?)

Ken said that he was just trying to make everyone happy. Ken says that his life is over, he will liquidate everything, he is asking for the ability to sit w/ each person to say what he has done & that he will make it right. He blvs he will have about $20m right away but $60 (or 65?) m eventually. I noted that this was not a lot from a net worth of $250m. He noted that this does not include his share of CM that he does not have access to. I asked why he called me now – he said for the last 10 hours he was feeling pushed (by God) to call me. He noted that he will likely go to jail. When asked directly if he falsified K1s, he said yes. Stacy has been good through this & she will stay w/ him. Will you stay in Sonoma? 'In a trailer. We won't have anywhere to stay.' He is selling things to one discreet buyer. That buyer has capacity & interest in other (entity owned) properties. He said that there were 2 mtgs w/ family yesterday. He is meeting w/ a pastor that is helping him to communicate. / Maffei – he will sign assmt. / Comerica – he will sign the guarantees. / He told Dave Renaud he would buy him out, but he disputes that he told him all is OK. / He does not have counsel.

(Asked by God – was he telling me what he thought I wanted to hear?)

(said he was driving from Sacramento but sounded stationary; Noise was loud & he said he was shuffling papers.) (Also said 'nice' in response to ...) (Did someone at family mtg. tell him to call me & apologize?)

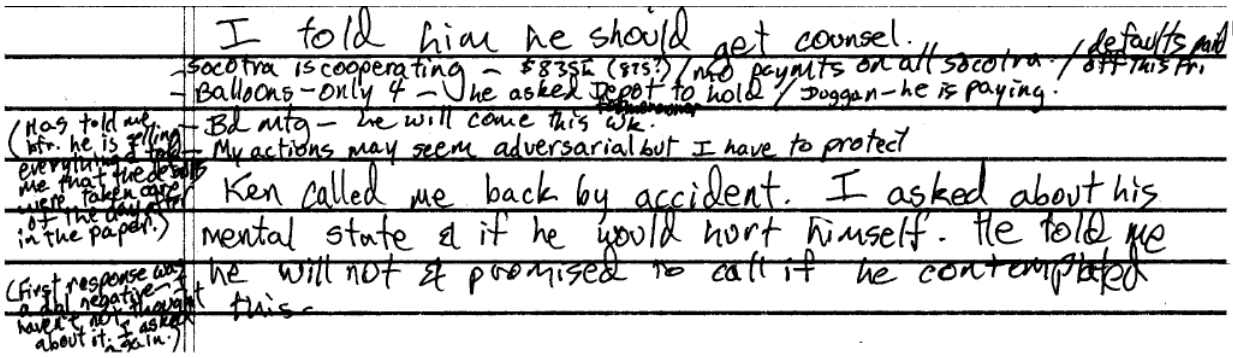

I told him he should get counsel.
- Socotra is cooperating - $835k ($75?) / no payouts on all socotra - / defaults and off this Fri.
- Balloons - only 4 - he asked Depot to hold / Joggan - he is paying.
- Bd mtg - he will come this wk.
- My actions may seem adversarial but I have to protect
Ken called me back by accident. I asked about his mental state & if he would hurt himself. He told me he will not & promised to call if he contemplated this.
(Has told me, bfr. he is filing everything I told me that the deeds were taken care of the day after in the paper.)
(First response was a dbl negative - I don't think I have to, not thought about it; I asked again.)

**Exhibit 1682: June 22, 2024 LeFever Daily Journal (TLEFEVER-LMBK0001966)**

Brad Van't Hul - . . . He blvs Ken indicated 6% distrib as guarantee

**Exhibit D**

Email Dated November 27, 2018

**From:** Jenn Borges <jborges@lefevermattson.com>
**To:** mrskwm@hotmail.com, lefever96@aol.com
**Subject:** Fwd: RE: Refinance of Camelia Square Apartments please call David Hanks
**Date:** Tue, 27 Nov 2018 13:08:57 -0800
**Importance:** High

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see below. I believe the best number is: [redacted]

---

_____
Jenn Borges/#01473253
[redacted]cell
916 242-6126 fax

California Investment Properties/#01468453
LeFever Mattson/#01082413
6359 Auburn Blvd. Ste. B
Citrus Heights, CA 95621

-------- Original Message --------
Subject: RE: Refinance of Camelia Square Apartments signature required
Hanks
Date: 2018-11-27 10:32
From: David Hanks <[redacted]>
To: Jenn Borges <jborges@lefevermattson.com>
Cc: David Hermelin <dh@hermelinlaw.com>

Jenn,

I believe that we spoke on the phone about these documents that you were sending to me. When we spoke you mentioned that there was a refinance underway on this property but you did not communicate that a new partnership had to be formed in order to achieve this refinance. I told you that I have been trying to talk to Tim Lefever and/or Ken Mattson about this Camielia Square property for quite some time but we have been unable to connect. I have read through the partnership agreement and have some serious concerns about this document not the least of which is that it is incomplete. There are several references in the document to an exhibit A that is entirely blank. I am not in the habit of signing documents that are incomplete. I also have concerns about the agreement clauses that say that the General Partner can make a mandatory capital call on the partners. This property has underperformed it's projected returns, which were approximately 6%, and to my knowledge has never produced a profit in the over 10 years we have owned it. I have requested a copy of a balance sheet for this property so that I can see the total amount currently owed on the property both to a lender and the interproperty loans. It appears to me in the absence of a beginning balance sheet and a current one, that since we purchased this property we have not really retired any of the debt on this property and perhaps have even increased the debt so that the monthly owner distributions could continue. Essentially it appears that

the owner contributions have been entirely funded with borrowed money since the property has never produced a net income.

Because the property has never produced a profit and has borrowed all the money it has distributed to owners it would appear that this is a form of pyramid scheme rather than a bonifide investment in income property.

I am interested in selling my interest in this property either to other owners, to Lefever-Matson or to a new owner rather than entering into a new partnership agreement that will expose me to an unknown number of years of increases in indebtedness and no real return on investment.

I will be forwarding this agreement to my real estate attorney for review and I do not intend to execute this partnership agreement without his approval, without a copy of beginning and current balance sheet for the property and after a satisfactory meeting with Mr. Lefever and/or Mr. Mattson where I can get questions answered. I would think that after ten years or more of ownership in this building that a meeting of the owners could be scheduled to get our questions answered and not simply be emailed a new incomplete agreement with a request to have it signed and notarized.

Sincerely,

David L Hanks

The information contained in this message may be CONFIDENTIAL and is for the intended addressee only.
Any unauthorized use, dissemination of the information, or copying of this message is prohibited.
If you are not the intended addressee, please notify the sender immediately and delete this message.

-----Original Message-----
From: Jenn Borges <jborges@lefevermattson.com>
Sent: Tuesday, November 20, 2018 5:20 PM
To: ncf2006@sbcglobal.net; David Hanks <[redacted]>
Subject: Refinance of Camelia Square Apartments signature required Hanks

Hello,

I am contacting you relative to your ownership interest as a tenant in common in the Camelia Square Apartments, Sacramento, CA.

We are currently arranging for a refinance of this property. For this process to take place the lender requires the tenants in common to deed into an entity, such as a limited partnership. We have created the new limited partnership: Cambria Pine, LP.

By signing and returning the attached Contribution Agreement you are authorizing LeFever Mattson to fill in the date noted on page 2 when we are ready to proceed to closing.

Please contact Ken at 707 486-6874 or Tim LeFever at 707 330-5001 for questions related to the new LP Agreement.

1) THE FIRST SCAN CONTAINS A GRANT DEED, DEED INSTRUCTIONS, AND CERTIFICATION OF TRUST/INSTRUCTIONS IF APPLICABLE.
* PLEASE PRINT THE DOCUMENTS IN THE FIRST SCAN AND BRING TO A NOTARY AND SIGN WITH A NOTARY PRESENT BY 11/27/Tuesday. PLEASE NOTIFY JENN BORGES AT 707 372-3228 IF THAT IS NOT POSSIBLE.
* Any questions related to these forms should be directed to:
* Deana Curtis, Stewart Title of Sacramento
* Sr. Escrow Officer / Branch Manager
* Phone:(916)962-1400 * Fax: (916)967-5691
* deana@stewartsac.com
* Return notarized documents to Deana at: 5729 Sunrise Blvd. Citrus Heights, CA 95610

2) THE SECOND SCAN CONTAINS SIGNATURE PAGES RELATED TO THE DISCLOSURES, CONTRIBUTION AGREEMENT, AND LIMITED PARTNERSHIP AGREEMENT
* No notary is required for these signature pages. Please EITHER print the second scan, sign where indicated, and return by scan/email to jborges@lefevermattson.com OR provide current email addresses for each investor and the signature pages can be sent via DocuSign for an electronic signature. No printing required for this option.
* PLEASE NOTIFY JENN BORGES AT 707 372-3228 IF YOU ARE NOT ABLE TO RETURN THIS SIGNATURE PAGE BY 11/27/Tuesday.

3) THE THIRD SCAN CONTAINS A COPY OF THE DISCLOSURE. Please keep for your records.

4) THE FOURTH SCAN CONTAINS A COPY OF THE CONTRIBUTION AGREEMENT. Please keep for your records.

5) THE FIFTH SCAN CONTAINS A COPY OF THE LIMITED PARTNERSHIP AGREEMENT. Please keep for your records.

6) THE SIXTH SCANS CONTAINS A COPY OF EXHIBIT A TO THE LIMITED PARTNERSHIP AGREEMENT: Please keep the Schedule A for your records.

7) THE SEVENTH SCAN CONTAINS A COPY OF EXHIBIT B TO THE LIMITED PARTNERSHIP AGREEMENT: Please keep the Property Management Agreement for your records.

Thank you for your help. Enjoy the Holidays

--

Jenn Borges/#01473253
[redacted]cell
916 242-6126 fax

California Investment Properties/#01468453 LeFever Mattson/#01082413
6359 Auburn Blvd. Ste. B
Citrus Heights, CA 95621

**Exhibit E**

Email from S. Lui

**From:** Sandy Lui <[redacted]>
**To:** Ken Mattson <mrskwm@hotmail.com>, "bcomfort@lefma.com" <bcomfort@lefma.com>, "TLeFever@LeFeverMattson.com" <TLeFever@LeFeverMattson.com>, Ali Raisdana <araisdana@lefma.com>
**Cc:** Sherman Luk <[redacted]>, Oliver Garrett <ogarrett@lefma.com>
**Subject:** Re: Property addresses -Sacramento K1 2022 please
**Date:** Thu, 22 Jun 2023 17:39:34 -0700
**Importance:** Normal
**Inline-Images:** image001.png

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Thanks Ali! However, we need the Sacramento one - 520 Capital Mall, Sacramento NOT Nut Pine.
Ken, Brenda or Ali, Pls help and **we need the K1 asap !**

Sadly we had joined the partnership of Sacramento property since 2019! - For this property, there have been No communication /transparency, no updates, no qtrly reports, no returned calls ..whatsoever since the purchase had made. It's Just like another "Ponzi Scheme" that I had experienced twice 😟 in the past.

Per Ken, it's "Very prestigious address and running low on space" by the time we make the investment (see email below).

**We're seriously considering our shares to be brought out. Pls advise how it works**

Thanks
Sandy

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**From:** Ali Raisdana <araisdana@lefma.com>
**Sent:** Wednesday, June 21, 2023 4:29 PM
**To:** Sandy Lui <[redacted]>; Ken Mattson <mrskwm@hotmail.com>; Oliver Garrett <ogarrett@lefma.com>
**Cc:** Sherman Luk <[redacted]>
**Subject:** RE: Property addresses -Sacramento K1 2022 please

Hello Sandy and Sherman, please see attached for a copy of your K-1 from Nut Pine LP.

Oliver, would you be so kind to please send the latest quarterly report for Bates to Ms Lui and Mr Luk.
Thank you,

*Ali Raisdana, CPA · Accounting Manager*
LeFever Mattson
Property Management
916.723.5111 x123 | Fax 866.733.0391
6359 Auburn Blvd., Citrus Heights, CA 95621
araisdana@lefma.com | www.LeFeverMattson.com

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**From:** Sandy Lui <[redacted]>
**Sent:** Wednesday, June 21, 2023 3:10 PM
**To:** Ken Mattson <mrskwm@hotmail.com>; Ali Raisdana <araisdana@lefma.com>; Oliver Garrett

<ogarrett@lefma.com>
**Cc:** Sherman Luk <[redacted]>
**Subject:** Re: Property addresses -Sacramento K1 2022 please

Hi Ken,

Hope you're doing well. It's extremely hard to get hold with you. Would you please send us 2022 K-1 schedule asap.
We have texted you several message and vm as well but no response ...

Thanks
Sandy & Sherman

On Tuesday, May 21, 2019, 2:37:17 PM PDT, k <mrskwm@hotmail.com> wrote:

Sherman

I just wanted to touch base on these. We are running a little low on space in the Sacramento property and wanted to make sure you decided not to do before we let the last bit go. Give me a call when you have a chance if you still have some questions or are interested in moving forward. Thx, Ken

---

**From:** Sherman Luk <[redacted]>
**Sent:** Sunday, April 14, 2019 10:31 PM
**To:** k
**Subject:** Re: Property addresses

Hi Ken,

Good seeing you again last Friday. We have a question about the 2 properties we are interested in (Sacramento, and Concord mixed retail/office). You mentioned the properties are already purchased by your firm. Can you tell us when the properties were purchased, and if we are interested to invest, how is the value and ownership % computed (based on purchase price or today's value ?? or ??)

Thanks
- Sandy and Sherman

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**From:** k <mrskwm@hotmail.com>
**Sent:** Sunday, March 24, 2019 10:09 PM
**To:** [redacted]
**Subject:** Property addresses

Sandy

Thanks for taking the time to do a conference call with you and your husband. Per our conversation, Here are the addresses of the available properties:

520 Capital Mall, Sacramento, Ca  80,000 sq ft office building on 8 stories in downtown Sacramento. Very prestigious address.
951 Alamo Dr, Vacaville, Ca 75,000 sq ft retail center. Anchor is Walmart grocery store.
2280 Bates, Concord, Ca 40,000 2-story office building overlooking a reservoir giving very nice water views.
2151 Salvio St, Concord, Ca 100,000 sq ft street level retail/2nd,3rd story office combo overlooking the town square park in downtown Concord.

If you have any questions or any further interest in getting together to discuss, give me a call 707-486-6874. Ken

**Exhibit F**

Email Dated March 28, 2014

**From:** R V Treakle [redacted]
on behalf of R V Treakle <[redacted]> [redacted]
**Sent:** 3/28/2014 5:15:58 PM
**To:** Lefever, Tim [lefever96@aol.com]
**Subject:** Treakle investments

Tim,

Hope you & yours are doing well these days.

You and I have been friends for many years now and I hope I can speak candidly. I received a copy of John Eckle's March 27th e-mail to my CPA, Dave Tobkin. I know everyone is busy but we have made no progress on the Willow Glen matter after over a year of "trying." Once again we received nothing from Lefever-Mattson but "I'm guessing neither of us is really ready of (sic) capable of resolving this anytime in the next few weeks. I believe to effectively answer your questions, we need to set up one more meeting, as soon as possible after the end of tax season..."

For months we have requested work papers, been told there's a "correction deed," etc. and nothing has been forthcoming. Dave Tobkin has recommended that I hire an attorney. He thinks something is wrong here and is very concerned.

You may recall that I'm an investor in four properties. I went into them because of our friendship and our CRI association over the years. I've always wondered why there has never been a single variance in the monthly distributions from any of the four properties, neither up nor down. I've also never seen so much as a single narrative paragraph describing how any of the properties did during a year. Am I the only investor that wonders how the various markets are doing, have major capital improvements been needed, what's the vacancy rate, etc?

For example, I look at the 2013 Willow Glen income statement and see where there was $136,959 in interest income during 2013. That figure dwarfs the interest income for the previous years. Something significant must have happened.

I would appreciate your help in getting the Willow Glen issue resolved forthwith.

Sincerely,

Dick