STATE OF NORTH CAROLINA	IN THE GENERAL COURT OF JUSTICE SUPERIOR COURT DIVISION
WAKE COUNTY	NO. 07 CVS 009006
STATE OF NORTH CAROLINA ex rel.)
ROY COOPER, Attorney General,)
Plaintiff,) }
VS.	ONSENT JUDGMENT AS TO DEFENDANT MICHAEL
PEERLESS REAL ESTATE SERVICES, INC.,) YEOMANS
VILLAGE OF PENLAND, L.L.C., MFSL	Company and Associated Street
LANDHOLDINGS, L.L.C., COMMUNITIES OF	j
PENLAND, L.L.C., COP LAND HOLDINGS,)
L.L.C., PG CAPITAL HOLDINGS, L.L.C.,)
WEST SIDE DEVELOPMENT, L.L,C.,).
ANTHONY PORTER, FRANK AMELUNG,	
RICHARD AMELUNG, J. KEVIN FOSTER,)
NEIL O'ROURKE, MICHAEL YEOMANS,	
GREG ANDERSON, OCEAN INVESTMENTS,	
LLC, THE PENLAND RESERVE TRACT,)
L.L.C., COP PRESERVATION PARTNERS,)
L.L.C., RIVER POINTE, INC., AND F.W., INC.,	2
Defendants.))

This cause coming on to be heard and being heard before the undersigned Superior Court

Judge in Wake County for entry of a Consent Judgment at the joint request of plaintiff State of

North Carolina, by and through Attorney General Roy Cooper, defendant Michael Yeomans, and

Joseph W. Grier, III, the court-appointed Receiver in this action ("Receiver"), and the Court, with
the consent of plaintiff, Michael Yeomans, and the Receiver, makes the following:

FINDINGS OF FACT

Plaintiff is the State of North Carolina, acting on the relation of Roy Cooper,
 Attorney General, pursuant to authority granted in Chapters 75 and 114 of the General Statutes of

North Carolina.

- 2. Defendant Mike Yeomans, a resident of Florida, owned and controlled defendant P.G. Capital Holdings, L.L.C., a North Carolina limited liability company ("PG Capital") prior to the appointment of the Receiver and owns and controls PG Development, LLC, a Florida limited liability company ("PG Development").
- 3. The Receiver was appointed by order of this Court entered on June 6, 2007, (the "Receivership Order") to serve as Receiver for Peerless Real Estate Services, Inc., Village of Penland, L.L.C., MFSL Landholdings, L.L.C., Communities of Penland, L.L.C., COP Land Holdings, L.L.C., PG Capital, and West Side Development, L.L.C. Although not a party to this action, the Receiver has determined that it is in the best interest of the Receivership for the Receiver to enter into this Consent Judgment with Defendant Yeomans.
- 4. As more particularly set forth in the Complaint, incorporated herein by reference, Plaintiff alleges that one or more of the Defendants, in conjunction with the development of a project known as the Village of Penland located in Mitchell County, North Carolina, failed to comply with the requirements of the Interstate Land Sales Full Disclosure Act, 15 U.S.C. § 1701, et seq.; conducted bogus sales to insiders at inflated prices; participated in fraudulent mortgage applications, and in various ways engaged in unfair and deceptive trade practices within the State of North Carolina.
- 5. On May 9, 2008, Defendant Yeomans pled guilty to a Bill of Information for one count of mortgage fraud in Case No. 3:08CR100-W, now pending in the U.S. District Court for the Western District of North Carolina. As set forth in the Bill of Information, Defendant Yeomans was hired by some members of the Peerless conspiracy to serve as the equivalent of a

"white knight" to purportedly rescue the project; Yeomans did not rescue the project; and, between November 2006 and January 2007, Yeomans engaged in mortgage fraud in connection with the development of the Village of Penland by (a) applying for and receiving mortgage loans in Yeomans' name, (b) making false and fraudulent representations in and omitting material facts from the loan packages and HUD-1 Settlement Statements associated with the mortgage loans, and (c) receiving proceeds from such fraudulent loans.

- 6. On May 8, 2008, Defendant Yeomans entered into a Plea Agreement with the United States Attorney for the Western District of North Carolina (the "District Court"). In the Plea Agreement, Defendant Yeomans stipulated and agreed, among other things, that:
 - a. The amount of loss that was known to or reasonably foreseeable by Yeomans was in excess of \$400,000 but less than \$1,000,000.
 - b. Yeomans agreed to be held jointly and severally liable with the members of the Peerless conspiracy for full restitution for the losses arising from the conspiracy on or after October 1, 2006 (and under applicable sentencing guidelines, the definition of "loss" may be different from "restitution").
 - c. Yeomans agreed, on the date of his sentencing, to make an immediate payment of \$400,000 toward such restitution.
 - d. Yeomans agreed to forfeit, if requested, all assets and/or property acquired in any way in connection with his relationship to the Peerless Group.
- 7. On October 9, 2008, this Court entered the "Order Approving Appointment of Joseph Grier, III as Special Master" pursuant to which the Receiver was authorized to serve as Special Master on the terms and conditions set forth in the order so appointing and filed in the

case pending in the District Court.

8. Defendant Yeomans does not object to the entry of this Consent Judgment.

CONCLUSIONS OF LAW

- 1. The court has jurisdiction over the parties and the subject matter.
- 2. Entry of this Judgment is just and proper.
- 3. The complaint states a cause of action against defendant Yeomans pursuant to N.C.G.S. § 75-1.1 in connection with his participation on or after October 16, 2006, in some aspects of the development of the Village of Penland, and the Court finds good and sufficient cause to adopt the agreement of the parties and these findings of fact and conclusions of law as its determination of their respective rights and obligations and for the entry of this Consent Judgment.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

- 1. Defendant Yeomans is permanently enjoined from engaging, either directly or indirectly through agents, representatives, or assigns, in the development, marketing, and sale of real property in North Carolina in which:
 - a. Any appraisal intended to deceive prospective lenders or purchasers, or any appraisal that is prepared in a manner that does not conform to the Uniform Standards of Professional Appraisal Practice is provided to a prospective lender or purchaser;
 - b. Insider sales are used to artificially inflate the value of the real property and such values are used to support appraisals performed on the real property sold;
 - c. The seller or any related entity provides second mortgages or promissory notes to purchasers in connection with the sale of real property;

- d. The down payment for the purchase of real property is not accurately disclosed on the HUD-1 Closing Statement;
- e. Any subdivision, if required by law, is not registered with the United States

 Department of Housing and Urban Development pursuant to the requirements of the

 Interstate Land Sales Full Disclosure Act, 15 U.S.C. § 1701, et seq.;
- f. Sales incentives with a value of more than \$100 are offered to purchasers; provided, however, that this provision does not apply to payment by the seller of closing costs as long as that fact is fully disclosed to any lender extending credit on the sale and on the HUD-1 Closing Statement;
- g. Purchasers are offered sale-leaseback or option contracts for the lease or repurchase of the property by the seller or the seller's agent;
- h. The seller or any individual or entity related to the seller or the seller's agent offers the purchaser the opportunity to postpone one or more mortgage or promissory note payments on the property;
- i. The seller or any individual or entity related to the seller or the seller's agent agrees to make one or more mortgage or promissory note payments for the purchaser; and
- j. The seller or any individual or entity related to the seller or the seller's agent loans the purchaser any portion of the down payment on the purchase.
- 2. Upon final determination of restitution due from Defendant Yeomans (the "Restitution Award") by the District Court, and after credit for any amounts paid to the Receiver by or recovered by the Receiver from Defendant Yeomans prior thereto, the balance of the Restitution Award shall be paid to the Receiver or such other party as the District Court may

designate, and the Receiver may thereafter put any such funds to such uses as may be allowed by the Receivership Order or as otherwise approved by this Court.

3. At the request of the Receiver and subject to approval by the District Court, Defendant Yeomans shall transfer or convey to the Receiver, or cause to be transferred or conveyed to the Receiver, (a) all right, title, or interest defendant Yeomans, PG Development, or any entity in which Yeomans has, directly or indirectly, a controlling interest, may have in PG Capital; and (b) at the election of the Receiver, all right, title or interest defendant Yeomans, PG Development, or any entitiv in which Yeomans has, directly or indirectly, a controlling interest, may have acquired in any asset or property acquired in any way in connection with his relationship to the Peerless Group, including but not limited to any interest in Peerless Real Estate Services, Inc., Village of Penland, LLC, MFSL Landholdings, LLC, Communities of Penland, LLC, COP Land Holdings, LLC, PG Capital Holdings, LLC, West Side Development, LLC, FAA Blowing Rock, LLC, FAA Blue River Ridge, LLC, FAA Property Management, LLC, FAA Orange Hill, LLC, ARP Orange Hill, LLC, ARP Blowing Rock, LLC, ARP Blue River Ridge, LLC, ARP Grandfather Vistas, LLC, Cumberland Development Group, LLC, Daniel Island Holdings, LLC, Seven Farms Development Group, LLC, NW Plaza, LLC, Midtown Development Group, LLC, FAA Properties, LLC, ARP Family Holdings II, LLC, COP Preservation Partners, LLC, Penland Reserve Tract, LLC, F.W. Inc., Beech Thicket Spring, Inc., Ashland Associates, LLC, South Church Holdings, LLC, ARP Enterprises, LP, Bear Ridge, Inc., Pumpkin Patch Mountain, Inc., City Center Management Company, LLC, FAA Cityview, LLC, FAA Investments, LLC, Golden Ridge, Inc., Lady Slipper Ridge, Inc., Silver Rod Ridge, Inc., Wood Sage Ridge, Inc., Wild Hydrangea, Inc., Mock Orange Ridge, Inc., Witch Hazel Ridge, Inc., Wild

Strawberry Ridge, Inc., Thimbleberry Ridge, Inc., Butterfly Ridge, Inc., Sun Drop Valley, Inc., Wild Briar Ridge, Inc., Star Violet Ridge, Inc., Jewel Fields, Inc., Honeysuckle Meadows Tract, Inc, Mountain Holly Ridge, Inc., Butterfly Fields, Inc., Red Bud Fields, Inc., Ginseng Ridge, Inc., Purple Laurel Ridge, Inc., Indigo Ridge, Inc., Shamrock Fields, Inc., Sundrop Meadows, Inc., Tea Berry Meadows, Inc., Blackberry Ridge, Inc., and Ginseng Valley, Inc. Notwithstanding any other provision of this order, any transfer or conveyance by Yeomans to the Receiver of an interest formerly owned by Frank A. Amelung or Richard Amelung shall be subject to the approval of the U.S. Bankruptcy Court for the Southern District of Florida in the respective bankruptcy cases of Frank A. Amelung (case 07-15492-PGH) or Richard L. Amelung (case 07-15493-PGH).

- 4. Defendant Yeomans shall receive a credit against the Restitution Award for the net proceeds, after costs of sale, to the Receiver of any property assigned, transferred or conveyed to the Receiver as contemplated by this Order.
- 5. This Consent Judgment shall not affect the rights of any private party to pursue any remedy or remedies allowed pursuant to the laws of the State of North Carolina.
- This Consent Judgment Agreement shall not bind any other offices, boards, commissions, or agencies of the State of North Carolina.
- 7. Defendant Yeomans shall cooperate with Plaintiff and the Receiver by providing any information Plaintiff or the Receiver requests to assist in the investigation or litigation of Plaintiff's and the Receiver's claims in this matter as to the other defendants.

This the day of	_, 2010.
	Paul Ridgeway Superior Court Judge
WE CONSENT:	
STATE OF NORTH CAROLINA ex rel. ROY COOPER, Attorney General	
Harriet F. Worley Assistant Attorney General	Joseph W. Grier, III, Receiver of Peerless Real Estate Services, Inc., Village of Penland, LLC, MFSI Landholdings, LLC, Communities of Penland, LLC, COP Land Holdings, LLC, PG Capital Holdings, LLC, and West Side Development, LLC
Michael Yeomans Joseph S/no	John A. Northen

Counsel for Michael Yeomans Northen Blue, LLP

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