

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
ANDERSON/GREENWOOD DIVISION**

IN RE:RECEIVER FOR) Civil Action No. 8:12-cv-2078-JMC
RONNIE GENE WILSON AND)
ATLANTIC BULLION & COIN, INC.)

REPLY

Counsel for the Receiver, Beattie B. Ashmore, appointed by this Court pursuant to a July 25, 2012, Order, which was amended and replaced by orders on October 17, 2012, and February 14, 2013 (“Court Order”) submits the following Reply to Small Farmer’s Journal, Inc’s (“SFJ”) response to the Court’s Order to Show Cause (ECF Doc. # 6). Based upon the reasons set forth in the Receiver’s Petition for a Rule to Show Cause (ECF Doc. # 5) as well as those set forth below, the Receiver submits that the Court should order SFJ to immediately disgorge \$586,400.00 in ill gotten funds and return these funds to the Receiver.

On August 31, 2012, the Receiver filed a Petition for a Rule to Show Cause regarding SFJ (ECF Doc. # 5) and on September 5, 2012, the Court issued an Order to Show Cause (ECF Doc. # 6) to which SFJ filed a response on October 4, 2012 (ECF Doc. # 15). Upon review of SFJ’s Response, the Receiver wrote the Court on October 15, 2012, asking the Court to delay any hearing on the matter and to allow the Receiver to conduct discovery regarding the positions set forth in SFJ’s Response.

In an October 23, 2012, letter to then counsel for SFJ, the Receiver requested additional information and documents from SFJ. See Letter to SFJ regarding production of documents/information attached as Exhibit A. After a number of unsuccessful attempts by the Receiver to secure the production of the requested information and after the Motion to

Withdraw as Counsel was filed by local counsel (ECF Doc. # 39), some documents (although incomplete and insufficient in many respects) were produced on January 22, 2013. See List of items produced and items not produced attached as Exhibits B & C.

After review of the limited documents produced and consideration of those documents in light of the positions taken and the arguments made in SFJ's Response, the Receiver is further convinced of its initial impression of the purported "investment" alleged to have occurred with SFJ. In short, the Receiver asserts that SFJ, through its principle Lynn Miller, took over \$500,000.00 in direct payments from Wilson and AB&C and gave nothing of value in return, and later when confronted with the Receiver's claims, attempted to reverse manufacture a legitimate sale of securities, an attempt that fails in every respect. After review of SFJ's Response, the Receiver offers the following factual arguments that support the relief sought herein.

First, SFJ claims that on January 9, 2010 the Board of Directors held a special meeting and voted to issue 1,667 shares, and options to purchase 45,000 shares, to the Wilsons. See Resp. at 1-2. The Board of Director meeting minutes produced by SFJ are unsigned, and therefore the Board of Directors never authorized the issuance of stock to the Wilsons. See Miller Aff. Ex. E. Before a corporation issues shares of stock in Oregon, the board of directors must authorize the issuance of the shares. See ORS § 60.147.¹ SFJ did

¹ SFJ is an Oregon corporation and therefore any attempts to issue stock by SFJ is controlled by Oregon law. See Intarome Fragrance & Flavor Corp. v. Zarkades, 2009 U.S. Dist. LEXIS 25793 (D.N.J. Mar. 27, 2009) ("The internal affairs doctrine is a conflict of laws principle which recognizes that only one state should have the authority to regulate a corporation's internal affairs--matters peculiar to the relationships among or between the corporation and its current officers, directors, and shareholders--because otherwise a corporation could be faced with conflicting demands. Examples of internal affairs which involve primarily a corporation's relationship to its shareholders include: steps taken in the course of the original incorporation, the election or appointment of directors and officers, the adoption of by-laws, the issuance of corporate shares, preemptive rights, the holding of directors' and shareholders' meetings, methods of voting including any requirement for cumulative voting, shareholders' rights to examine corporate records, charter and by-law amendments, mergers, consolidations and reorganizations and the reclassification of shares, the issuance of bonds, the declaration and

obtain signed board resolutions approving the sale of shares to Mr. Larry Brewer and Ms. Susan Tank. However, SFJ only produced one unsigned board resolution relating to the issuance of 1,667 shares to Wilson, and options to purchase 45,000 shares. As these are unsigned, their authenticity is questionable. Further, SFJ has produced **no** evidence that the board of SFJ authorized the issuances of stock corresponding to stock certificate #8 for 15,000 shares and stock certificate #9 for 3,333 shares in the name of Ron and Cassie Wilson. In short, SFJ has no signed board resolution for the issuance of stock to Ron or Cassie Wilson and therefore no stock sale occurred.

Additionally, SFJ claims that from the fall of 2009 until December 2011, the Wilsons purchased 20,000 shares of SFJ. See Resp. at 2. SFJ has failed to produce any Board of Director or shareholder minutes or resolutions authorizing the issuance of such shares, therefore the Board of Directors never authorized the issuance of stock to the Wilsons. See ORS § 60.147.

Further, SFJ claims the \$30 per share price for the shares sold to the Wilsons was based on a pre-recession valuation of SFJ of \$5 million to \$8 million, which valuation was based upon offers to purchase SFJ from, among others, Aurelian Communication. See Resp. at 2. SFJ has produced no document that supports a valuation of SFJ of \$5 million to \$8 million, and the Aurelian Communication letter makes no reference to any valuation whatsoever. Moreover, SFJ contends it sold Wilson approximately 35% of SFJ. At the low end of SFJ's claimed valuation, \$5 million, Wilson's investment would be valued at \$1,750,000, and at the high end of \$8 million, it would be valued at \$2,800,000. However, SFJ contends it sold Wilson 20,000 shares at \$30 per share for \$600,000. SFJ provides no

payment of dividends, loans by the corporation to directors, officers and shareholders, and the purchase and redemption by the corporation of outstanding shares of its own stock.").

explanation for why it would sell 35% of its company for a fraction of its alleged value. The logical conclusion is there was no sale of stock. In fact, failure to obtain fair market value for the SFJ shares could be deemed a breach of fiduciary duty and a waste of corporate assets. See Belova v. Sharp, 2008 U.S. Dist. LEXIS 19880, Fed. Sec. L. Rep. (CCH) P94604 (D. Or. Mar. 13, 2008).

In addition, SFJ never determined the fair value of its shares. Before an Oregon corporation issues shares, the board of directors must determine that the consideration received or to be received for shares to be issued is adequate. See ORS § 60.147(3); Yeoman v. Public Safety Ctr., Inc., 241 Ore. App. 255, 250 P.3d 411, 2011 Ore. App. LEXIS 282 (2011). SFJ could not have determined that the consideration received by Wilson was adequate, as required by Oregon law, if they did not receive fair value. As such, no sale of stock occurred.

SFJ further claims that from the fall of 2009 until December 2011, the Wilsons purchased 20,000 shares of SFJ. SFJ failed to produce any stock subscription agreement for this purchase. In some jurisdictions, a subscription for shares, whether made before or after incorporation, is not enforceable unless in writing and signed by the subscriber. See Fla. Stat. § 607.0620 (2013), Jacob v. Bernatek, 764 So. 2d 874, 2000 Fla. App. LEXIS 10119, 25 Fla. L. Weekly D 1882 (Fla. Dist. Ct. App. 4th Dist. 2000); Camilo v. Nieves, 792 F. Supp. 2d 232, 2011 U.S. Dist. LEXIS 65412 (D.P.R. 2011). It has been noted that the lack of a subscription agreement may call into question the existence of any real, enforceable shareholder relationship. See Holtzman v. Lauder, 1994 U.S. Dist. LEXIS 2837 (S.D.N.Y. Mar. 11, 1994). SFJ has produced no evidence that it entered into a subscription agreement with the Wilsons, or that the Wilsons were shareholders. In this case, a stock subscription

agreement *does* exist for the sale of SFJ stock to Larry Brewer and Susan Tank as evidenced by the signed Subscription Agreement dated June 6, 2004. See Stock Certificate Agreement signed by Larry Brewer and Susan Tank attached as Exhibit D. However, the Wilsons were not given a similar agreement.

Moreover, SFJ did not treat Wilson's money as investor funds and did not use the money it received from Wilson for working capital purposes, but instead used it to satisfy the personal debts and obligations of Miller. This fact demonstrates that no stock sale occurred. When a company raises capital from investors through the sale of its securities, that capital is typically used by the company for corporate purposes. It belongs to the company, and is not the property of the company's management, or other shareholders, for them to use to satisfy personal debts and obligations. In fact, it would be a breach of fiduciary duty for a majority shareholder, director and executive officer to use Wilson's money for personal debts and obligations. Zidell v. Zidell, Inc., 277 Or. 413, 416-17, 560 P.2d 1086, 1088 (1977).

In a November 5, 2011 letter, Miller solicited additional money from Wilson under the guise of an investment in SFJ. See Miller Aff. Ex. F (“All of the monies received from you to date have gone to the capitalizing of the Journal”). However, as evidenced by the SFJ Capital Account, SFJ used the money it received from Wilson to satisfy the personal debts and obligations of Miller and did so quickly. See Miller Aff. Ex. B. Specifically and by way of an example, on December 13, 2011, \$100,000.00 from Ron Wilson was deposited into SFJ’s Capital Account. Thereafter, the following loan payments were made to Lynn Miller: (1) \$10,000.00 on January 10, 2012; (2) \$5,000.00 on January 20, 2012; (3) \$1,500.00 on March 6, 2012; (4) \$25,000.00 on March 15, 2012; and (5) \$5,000.00 on March 15, 2012. See id.

Also, SFJ's claim that it ran advertisements for Wilson as a "form of shareholder compensation" undermines its assertion that there was a sale of stock. When companies return earnings of the company to their shareholder, they usually do so through a corporate dividend. There are many reasons companies prefer this structure, most notably because it is usually advantageous for both parties from a tax standpoint. In an effort to re-characterize Wilson's relationship with SFJ as that of a shareholder, Miller points to two advertisements run by SFJ for Live Oak Farms, and claims this was a "form of shareholder compensation." For Oregon corporations to issue share dividends, the board of directors must authorize the share dividend. See ORS § 60.154. SFJ has failed to produce any evidence that its board of directors declared a dividend, or any form of "shareholder compensation," further demonstrating that SFJ never sold stock to Wilson.

Last, SFJ never sold stock to Wilson as evidenced by the fact that SFJ never sought to register a stock sale with the States of Oregon or South Carolina, nor the federal government, and did not seek to use an exemption from registration. When companies issue shares, they may only do so after registering the shares with their state, the state in which the purchaser resides or with the federal government. See generally ORS 59.049 and 59.055. Alternatively, they may make filings with those states or with the federal government seeking an exemption from the registration requirements of the securities laws. See ORS 59.035. SFJ did none of these things further evidencing the absence of a stock sale.

In addition to the arguments set forth above, there is also a litany of reasons upon which the Receiver could seek a rescission, although such arguments are unnecessary at this juncture as the Receiver maintains that no sale of stock occurred. These include, but are not limited to, arguments under state and federal law that : (1) The securities of SFJ were not

exempt from registration; (2) The transaction was not exempt from registration; (3) Wilson was not an "accredited" investor; (4) The offer of common stock of SFJ was not registered; (5) The offer of common stock of SFJ was not registered and the offer does not fall within the transaction exemption for limited offerings because general solicitation was used; (6) The common stock was not a federal covered security and was not exempt from registration; (7) Even if SFJ had filed notice with the State of Oregon, the sale of common stock would not qualify as a federal covered security; (8) Wilson is entitled to rescission because it was a violation of securities laws for SFJ, through Lynn Miller, to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; (9) SFJ has not made a rescission offer to Wilson, and therefore suit may be commenced for rescission; (10) The issuance of the shares was never authorized, and therefore Wilson is entitled to rescission; and (11) Wilson is entitled to rescission because he was never given the options for which SFJ claims he paid and the consideration for the options was never approved by the Board of Directors of SFJ.

As such, based upon the arguments set forth in the Receiver's Petition for a Rule to Show Cause as well as the arguments set forth above, the Receiver respectfully requests that SFJ be ordered to immediately disgorge \$586,400.00 in ill gotten funds and return those funds to the Receiver.

Respectfully submitted,

THE TOLLISON LAW FIRM, P.A.

/s/L. Walter Tollison, III

L. Walter Tollison, III

Federal Bar No. 4117

Walt.tollison@thetollisonlawfirm.com

/s/Lauren S. Price

Lauren S. Price

Federal Bar No. 10406

Lauren.price@thetollisonlawfirm.com

24 Vardry Street, Suite 203

Greenville, South Carolina 29601

Phone: (864) 451-7038

Fax: (864) 451-7591

Attorneys for the Receiver

February 28, 2013
Greenville, South Carolina

EXHIBIT A

The Tollison Law Firm, P.A.
24 Vardry Street, Suite 203
Greenville, South Carolina 29601
Tel: 864-451-7038 | Fax: 864-451-7591

L. Walter Tollison, III.
walt.tollison@thetollisonlawfirm.com

Lauren S. Price
lauren.price@thetollisonlawfirm.com

October 23, 2012

VIA EMAIL & USPS

Samuel W. Outten
S. Sterling Laney, III
Womble Carlyle Sandridge & Rice, LLP
550 South Main Street, Suite 400
Greenville, SC 29601

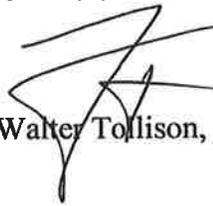
RE: In Re: Receiver for Ronnie Gene Wilson and Atlantic Bullion & Coin, Inc.,
8:12-cv-2078-JMC and Small Farmer's Journal

Dear Sam,

As indicated to the Court in my recent letter, the Receiver wishes to further investigate the matter pending against Small Farmer's Journal. As such, I request that you provide the information on the attached list. I certainly understand that some of the requested documents may not exist and you may have an argument about "why", but at this stage I either need each documents produced or affirmation it does not exist. No further explanation is necessary at this time. Thank you for your attention to this matter.

With kind regards, I remain

Very truly yours,



L. Walter Tollison, III

LWT:lsp

CC: Beattie B. Ashmore
Bo Russell

Enclosures

SMALL FARMER'S JOURNAL, INC. REQUESTED INFORMATION

A. Organization

1. Articles of Incorporation of Small Farmer's Journal, Inc. ("SFJ" or the "Company"), including amendments.
2. Bylaws of SFJ, as amended.
3. Shareholder Agreement of SFJ.
4. Corporate minute books of SFJ including corporate resolutions, minutes and stock register and resolutions of the board of directors as well as minutes, consents and resolutions of the shareholders.
5. A list of all jurisdictions in which SFJ or any subsidiary owns or leases assets (including real property), has employees or is qualified to do business as a foreign corporation.
6. A list of all current and former subsidiaries of SFJ.
7. Strategic partnership- and/or joint venture agreements.
8. List of Officers and Directors of SFJ.

B. Capitalization

1. Stock record books and copies, front and back, of all outstanding stock certificates indicating ownership in SFJ.
2. All agreements relating to the beneficial ownership, voting rights, or pledge of the SFJ's or any subsidiary common or preferred stock.
3. All agreements under which registration or preemptive rights are granted to shareholders of the SFJ or any subsidiary.
4. All agreements, offering circulars, letters of intent, written proposals, or memoranda of any oral proposals for this disposition, acquisition, or distribution of any assets or shares of SFJ or any subsidiary.
5. Trust agreements, if shares are held in a fiduciary capacity.
6. Stock option and other agreements requiring the issuance of SFJ stock.
7. Power of attorney and stock escrow agreements.
8. Corporate resolutions or authorizations with respect to offerings or issuance of stock.

C. Information and Documentation Related to Private Placements of SFJ

1. Description of the offering framework for each offering of securities made by SFJ (e.g. equity, debt, or other securities).
2. Identify the exemption from registration relied upon by SFJ for each offering of securities.
3. Copies of private placement memoranda, offering circulars or substantive disclosure documents, including all attachments or supplements thereto, (collectively referred to as "PPM") for each securities offering of SFJ.
4. List of offerees of each private placement including name and state of residency.
5. List of purchasers of securities of SFJ including name and state of residency.
6. Identify any broker-dealer engaged by SFJ in relation to any of the offerings of SFJ's securities and engagement letters or other agreements between SFJ and the broker-dealer.
7. Identify any person to whom SFJ paid compensation based on the completion of any sale of securities of SFJ and the amounts paid to these persons.
8. Copies of business plans, power point presentations and/or financial statements included with each PPM or provided to offerees.
9. Copies of pro forma financial models included with each PPM or provided to offerees.
10. Copies of any description of the use of proceeds presented to offerees with respect to any of the offerings of SFJ's securities.
11. Copies of each investor questionnaire executed by any offeree or purchaser of securities of SFJ.
12. Copies of each subscription agreement executed by any offeree or purchaser of securities of SFJ.
13. Copies of each Form W-9 executed by any offeree or purchaser of securities of SFJ.
14. Documentation for each offeree or purchaser of securities with respect to any SFJ offering including but not limited to (i) all correspondence with the offeree or purchaser, (ii) inquiries and requests for information from the offeree or purchaser, (iii) documents evidencing that offeree or purchaser was supplied with a PPM, (iv) signed investor suitability questionnaire evidencing offeree's or purchaser's status as accredited or sophisticated investor, (v) subscription

agreement executed by any offeree or purchaser, (vi) documents evidencing payment of amount subscribed to by the offeree or purchaser, (vii) invitation to annual shareholder meetings, (viii) reports on financial performance and dividend allocation, and (iv) copies of documents reflecting allocation/payment of dividends and/or other payments.

15. Copy of receipt of filing of each Form D for each securities offering of SFJ.

D. Financial Statements

1. Year-end financial statements for last 5 fiscal years.
2. Interim financial statements for each month during current fiscal year.
3. Budgets (including capital expenditure budgets) for last 3 fiscal years and any reports comparing actual results versus budget.
4. A description of all indebtedness (other than current trade payables) owed by the Company or any subsidiary, including the name of the lender, the terms of payment, and the amount currently due and owing, including, but not limited to, loans made from (or to) Lynn Miller, Nathan Allington, Jeff Barden, and Ed Joseph.
5. All documents related to any and all indebtedness as set forth in #4 above, including but not limited to all loan documents, all payments made by SFJ toward the loan and the financial records that support each fact.
6. Identification of all bank accounts including account number held or used by SFJ for the last three years.
7. Copies of any work papers for the last three fiscal years developed by external auditors.
8. Gross sales and the discount, price allowance and all other returns and allowances subtracted to arrive at net sales.
9. Description of any material "other" income or expenses (i.e., interest expense, extraordinary items, etc.) for the past four years, including, but not limited to, expenses related to the ranch. On this subject, we need a full description of the ranch including its use and location.
10. Description of intercompany obligations.
11. Detail of prepaid expenses.
12. All management letters, reports or studies on internal controls or other special or regular reports, studies or recommendations produced by external or internal auditors for the last three years, and management's responses thereto.

13. Copy of an unaltered Register for the SFJ Capital Account.

E. Taxes

1. Federal, state, local and foreign tax returns for last 5 fiscal years.
2. A description of all audits by any federal, state, local, or foreign taxing authorities, including the date and a summary of each audit.

F. Information Regarding Offers to Purchase SFJ and the Valuation of SFJ

1. Documentation or summaries of discussions related to any inquiries or proposals made in the past 5 years with respect to any negotiations, discussions or other contacts concerning any agreement, letter of intent, or agreement-in-principle relating to (i) any transaction involving, any acquisition or purchase of all or a material portion of the assets of, or an ownership interest in, the Company, (ii) any business combination involving the Company (whether effected by merger, consolidation, reorganization, recapitalization or otherwise) or (iii) any recapitalization or any sale of any ownership interest in the Company.
2. All documentation related to the offer from Aurelian Communications to purchase SFJ.
3. A summary of the terms of other "pre-recession offers" to purchase the Company made by third parties, such "pre-recession offers" referred to in Paragraph 17 of the Affidavit of Lynn R. Miller dated October 3, 2012.
4. Documentation related to any third party valuation report, calculation of value or assessment of the fair market value of SFJ or of the shares of SFJ.

EXHIBIT B

Relevant Items Received from SFJ

Articles of Incorporation dated September 20, 1976 (the "Articles")

Articles of Amendment to the Articles dated June 27, 1977 (the "June 1977 Articles of Amendment")

SFJ Organizational Meeting Minutes dated November 1, 1976 (the "Org. Minutes")

Articles of Amendment to the Articles dated February 21, 1979 (the "February 1979 Articles of Amendment")

Articles of Amendment to the Articles dated April 2, 1979 (the "April 1979 Articles of Amendment")

Articles of Amendment to the Articles dated February 11, 1984 (the "February 1984 Articles of Amendment")

Undated Minutes of Special Meeting of the Board of Directors regarding the June 2, 2004 issuance of stock and options to Larry Brewer and Susan Tank (the "June BOD Minutes")

Waiver of Notice of Special Meeting of the Shareholders dated June 4, 2004 (the "June 2004 Shareholder Meeting Notice Waiver")

Undated Minutes of Special Meeting of the Shareholders regarding amending the articles of incorporation and issuance of stock and options to Larry Brewer and Susan Tank (the "Undated Shareholder Meeting Minutes")

Stock and Option Offer Letter to Larry Brewer and Susan Tank from SFJ dated June 4, 2004 ("Brewer/Tank Offer Letter")

Stock Subscription Agreement between Larry Brewer and Susan Tank and SFJ for purchase of stock and options, dated June 6, 2004 ("Subscription Agreement")

Letter from Tommy Van Lührte to SFJ dated September 10, 2004 expressing an interest in purchasing SFJ (the "Lührte Letter")

General solicitation letter dated December 28, 2005 from SFJ to Berkery, Noyes & Co. (a private middle-market investment bank based in New York City) soliciting purchasers for SFJ (the "Berkery Letter")

Letter from Aurelian Communications to SFJ dated February 8, 2006 expressing an interest in purchasing SFJ (the "Aurelian Letter")

General solicitation letter dated November 19, 2007 from SFJ to Kevin Searcy soliciting a purchase of SFJ (the "Searcy Letter")

Small Farmer's Journal "Business Plan" dated November 2007 (the "Prospectus/Business Plan")

General solicitation letter from SFJ to Ron Wilson dated November 5, 2011 soliciting an investment in SFJ ("SFJ General Solicitation Letter to Wilson")

Stock certificate #1 for 10,600 shares of SFJ in the name of Lynn R. Miller dated February 17, 1984

Stock certificates #2 through #4 not provided

Stock certificate #5 for 350 shares of SFJ in the name of Larry Brewer and Susan Tank, undated

Stock certificate #6 for 350 shares of SFJ in the name of Larry Brewer and Susan Tank, undated

Stock certificate #7 for 1,667 shares of SFJ in the name of Ron and Cassie Wilson dated April 5, 2010

Stock certificate #8 for 15,000 shares of SFJ in the name of Ron and Cassie Wilson dated April 10, 2011

Stock certificate #9 for 3,333 shares of SFJ in the name of Ron and Cassie Wilson dated March 1, 2012

Check from Wilson to SFJ for \$11,400

Check from Wilson to SFJ for \$25,000

Check from Wilson to SFJ for \$50,000

Check from Wilson to SFJ for \$50,000

Check from Wilson to SFJ for \$150,000

Check from Wilson to SFJ for \$200,000

Check from Wilson to SFJ for \$100,000

SFJ also provided us with numerous documents unrelated to this matter including, for example, a ranch lease dated September 1, 1995, an office lease dated March 1, 1995, a promissory note with Ron and Anita Van Grunsven and promissory notes between SFJ and Lynn Miller and his wife.

EXHIBIT C

Items Requested, but not Produced by SFJ

SFJ was provided with a document entitled "SMALL FARMER'S JOURNAL, INC. REQUESTED INFORMATION." SFJ failed to provide information in response to the following items:

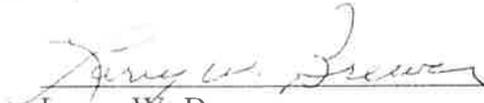
- A.1 requests, among other things, corporate minutes, but SFJ has failed to produce signed and dated minutes or resolutions authorizing any of the stock issuances to the Wilsons.
- B.1 requests, among other things, stock record books and stock certificates, but no stock record book was provided and certificates #2 through #4 have not been provided. Lynn Miller claims in his affidavit that he owns 37,300 shares of SFJ common stock, but the only stock certificate presented in his name is stock certificate #1 for 10,600 shares of SFJ dated February 17, 1984.
- B.4 requests copies of all agreements for, among other things, the sale of shares of SFJ. Wilson indicates in handwriting on this document that this has been "provided," but the records show no record of a stock subscription agreement, private placement memorandum, or any document of that nature, for the sale of stock to Wilson.
- B.6 requests stock option and other agreements requiring the issuance of SFJ stock. Lynn Miller wrote "nothing in writing" next to the request. This is non-responsive. If, in fact, agreements, whether oral or in writing, exist related to the grant or award of options to purchase SFJ stock, SFJ should provide summaries of all oral stock option and other agreements requiring the issuance of SFJ stock.
- C. requests information and documentation related to the private placements of SFJ. Lynn Miller wrote "N/A" next to all of the requests. This is an admission that no documents exist establishing a valid sale of securities and, in fact, that any funds received by SFJ were not related to the sale of stock in exchange for the ill-gotten funds.
- F.1 and F.3 request "summaries of discussions" related to offers to purchase SFJ and the valuation of SFJ. Lynn Miller wrote next to the request "no documents discussions all oral" (in response to F.1) and "no documents all oral" (in response to F.3). As section F.1 and F.3 requested "summaries of discussions," the failure to provide summaries of the oral discussions is non-responsive.

EXHIBIT D

STOCK SUBSCRIPTION AGREEMENT

We, Larry W. Brewer and Susan L. Tank, of Sisters, Oregon, do hereby subscribe to 350 shares of common stock of THE SMALL FARMER'S JOURNAL, INC., an Oregon Corporation. The stated consideration for said shares, which have no par value, is to be the sum of \$100.00 per share, which I agree to pay the Corporation for a total monetary figure of THIRTY-FIVE THOUSAND DOLLARS (\$35,000). Said sum shall be paid in full when called for. As a further part of the Stock Subscription Agreement, the corporation shall also convey to me an Option to purchase an additional 9650 shares of the Corporation at a purchase price of \$100.00 per share. The consideration for said Option is to be the sum of One Dollar (\$1.00), which shall be paid in full upon the conveyance of said Option to me.

DATED this 6th day of June, 2004.



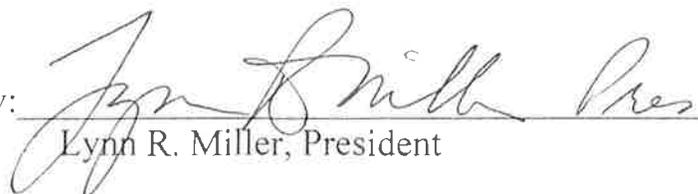
Larry W. Brewer



Susan L. Tank

Received of Brewer/Tank of Sisters, Oregon, the sum of THIRTY-FIVE THOUSAND DOLLARS (\$35,000), which represents the full cash payment portion of the consideration for the purchase of 350 shares of stock of THE SMALL FARMER'S JOURNAL, INC. Pursuant to said Offer and Agreement, I hereby tender Certificate No. 5 of THE SMALL FARMER'S JOURNAL, INC., representing 350 shares of said Corporation's common stock and I also tender herewith to said Brewer/Tank an Option to purchase an additional 9650 shares of the Corporation stock at \$100.00 per share which has been fully executed by a representative of the Corporation duly authorized to do so.

THE SMALL FARMER'S JOURNAL, INC.

By: 

Lynn R. Miller, President