

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No.

L&M Specialties, Inc. and Case Financial, Inc.

Plaintiffs,

vs.

South Ocean Development Company, Ltd.,
Canadian Commercial Workers Industry Pension Plan,
Cliff Evans, Eugene Fraser, Allen & Company, and
George Allen

Defendants.

COMPLAINT

Plaintiffs L&M Specialties, Inc. and Case Financial, Inc. ("Plaintiffs"), by and through their undersigned counsel, hereby file this Complaint for declaratory judgment, breach of contract, breach of fiduciary duties and fraudulent inducement against Defendants South Ocean Development Company, Ltd., Canadian Commercial Workers Industry Pension Plan, Cliff Evans, Eugene Fraser, Allen & Company and George Allen ("Defendants"), stating as follows:

The Parties

1. Plaintiff L&M Specialties, Inc. ("L&M") is a California corporation having its principal place of business at 7468 Via de Fortuna, Carlsbad, California 92009.
2. Plaintiff Case Financial, Inc. ("Case Financial") is a Delaware public corporation having its principal place of business at 5950 La Place Court, Suite 155, Carlsbad, California 92008. Case Financial is an affiliate of L&M and an assignee of L&M under the contracts at issue.

3. L&M is owned by Michael Schaffer ("Schaffer") and Lawrence Schaffer. Schaffer is also the Chief Executive Officer and Lawrence Schaffer is the President of Case Financial.

4. Defendant South Ocean Development Company ("South Ocean") is a Bahamian Corporation with a mailing address of P.O. Box N. 8191, Nassau, Bahamas. South Ocean does business in Florida through its agents, George Allen, Allen & Company, Cliff Evans and Eugene Fraser. South Ocean, through its agents, negotiated and entered into a contract with L&M in Florida forming the basis for this dispute.

5. Canadian Commercial Workers Industry Pension Plan ("CCWIPP") is a Canadian pension fund two-thirds of whose beneficiaries are active members of the United Food and Commercial Workers Union in Canada (the "Union"). CCWIPP's administrative offices are located in Toronto, Ontario, Canada. CCWIPP is the parent company of South Ocean whose management is intertwined with that of South Ocean. CCWIPP does business in Florida through agents and meetings of its Board of Directors, its Investment Committee and other committees.

6. Defendant Allen & Company served as an agent of South Ocean and is, on information and belief, a Florida corporation, having its principal place of business at 13621 Deering Bay, Coral Gables, Florida 33158.

7. Defendant George Allen ("Allen") is an agent of South Ocean and officer of Allen & Company. Mr. Allen is a resident of Florida.

8. Cliff Evans ("Evan") is an officer of South Ocean. Evans is an actively retired National Director of the Union, a founder of CCWIPP, a trustee and Chairman of the CCWIPP Investment Committee. Evans effectively controlled the Investment Committee and represented that he held this authority to Plaintiffs. Evans is a resident of Florida and resides at 737 Hunt

Club Trail, Port Orange, Florida. He conducted the business of CCWIP and South Ocean while in Florida, in particular Evans convened and conducted meetings of CCWIPP's Investment Committee in Florida and negotiated the contracts with Plaintiffs directly and through agents which form the basis of this dispute. At all times relevant, Evans presented himself to Plaintiffs as authorized by CCWIPP and South Ocean to negotiate for, and bind, CCWIPP and South Ocean. Through the acts of Evans, CCWIPP breached its fiduciary duties to Case Financial.

9. Defendant Eugene Fraser ("Fraser") is a Director of South Ocean and an officer of CCWIPP. Mr. Fraser is a resident of Ontario, Canada. Fraser is the nephew of Evans. Fraser frequently traveled to Florida on CCWIPP business with Evans and other agents of CCWIPP and South Ocean. Fraser attended CCWIPP Investment Committee meetings in Florida. Fraser negotiated the contracts with Plaintiffs which form the basis of this dispute. Fraser presented himself to Plaintiffs as authorized by CCWIPP and South Ocean to negotiate for and bind CCWIPP and South Ocean. Through the acts of Fraser, CCWIPP breached its fiduciary duties to Case Financial.

Jurisdiction and Venue

10. This Court has jurisdiction pursuant to 28 U.S.C. § 1332(a) in that the action is between citizens of different States and/or different countries, and the amount in controversy exceeds the sum or value of \$75,000, exclusive of interests and costs.

11. CCWIPP, South Ocean and Fraser conducted, engaged in, and carried on substantial and not isolated business in Florida, directly and through agents, and have committed a tortuous acts in Florida. CCWIPP and South Ocean have breached contracts formed with the Plaintiffs in Florida.

12. This Court has the authority to grant declaratory relief pursuant to the Declaratory Judgment Act, 28 U.S.C. §§ 2201 et set

13. Venue is proper in this judicial district pursuant to 28 U.S.C § 1391(a), in that a substantial part of the events or omissions giving rise to Plaintiffs' claims occurred in this district.

Relevant Facts

14. CCWIPP, through Evans and Fraser, have had a business relationship with Case Financial, L&M and Schaffer for many years. In December 2002 CCWIPP invested in Case Financial and is both a substantial shareholder and debenture holder. CCWIPP placed its nominees on Case Financial's Board of Directors. Evans and John Irvine ("Irvine"), a person represented to the Plaintiffs as being a CCWIPP employee and agent for Evans for many years, both served as directors of Case Financial. CCWIPP, at all times relevant, has assumed fiduciary duties to Case Financial, and is acting as a derivative plaintiff for Case Financial in the action styled *Canadian Commercial Workers Industry Pension Plan v. Alden, et al*, Civil Action 1184-N, Delaware Court of Chancery, New Castle Division.

15. CCWIPP through its subsidiary, South Ocean, has invested in a hotel, golf resort and marina, including a gaming license, located on the Island of New Providence, Bahamas (the "Property").

16. The investment activities of CCWIPP, and the activities of Evans and Fraser, among others, have been under a two year investigation by the Financial Services Commission of Ontario ("FSCO") pursuant to the provisions of Ontario's Pension Benefits Act. FSCO issued a report in May 2005 criticizing both CCWIPP's investment in the Property held by South Ocean and its investment in Case Financial, among many other investments. The focus of FSCO's probe is on the practices of the CCWIPP investment committee headed by Evans. Evans resigned from the CCWIPP Investment Committee on October 11, 2005.

17. In early March, 2005 Schaffer, Evans and Irvine met in Daytona Beach, Florida and discussed the sale of the Property. Schaffer agreed to cause Case Financial to undertake the purchase of the Property, acting alone or as the lead investor of a purchasing group to be formed. Due to the pending FSCO investigation Evans, on behalf of himself, South Ocean and CCWIPP, required another Schaffer entity to enter into a letter of intent with South Ocean for the Property.

18. On or about March 21, 2005, South Ocean (and any person acting on its behalf) and L&M (together with its subsidiaries, controlled affiliates and assigns) entered into a Letter of Intent concerning the purchase of the Property. A true and correct copy of the Letter of the Intent ("LOI") is attached hereto and incorporated herein as Exhibit A.

19. Prior to the signing of the LOI, Schaffer on behalf of Plaintiffs met or communicated with Irvine, on behalf of CCWIPP, South Ocean and with Allen, on behalf of CCWIPP, South Ocean and Allen & Company, on several occasions in Daytona Beach, Boca Raton and Orlando, Florida, to discuss the potential transaction and negotiate the LOI. Fraser and Evans participated in these negotiations through instructions to Irvine and Allen.

20. Allen & Company and Allen, as the agent for South Ocean and CCWIPP, drafted and participated in the negotiations of the LOI from his place of business in Coral Gables, Florida. Allen & Company and Allen solicited investors as agents of South Ocean and CCWIPP. Allen, Allen & Company, as agents of South Ocean assumed contractual duties under the LOI. Allen and Allen & Company solicited investors to purchase the Property at the behest of CCWIPP and South Ocean.

21. Allen & Company and Allen forwarded a draft of the LOI to Evans in Florida and Fraser over the wires from Florida.

22. Fraser at the direction of Evans signed the LOI and faxed the LOI to Schaffer in Boca Raton, Florida.

23. CCWIPP, Evans and Fraser intended to, and did, use the LOI in an attempt to deflect the FSCO investigation into the investment by CCWIPP in the Property held by South Ocean. South Ocean, Allen and Allen & Company knew or should have known of this purpose and intent.

24. Pursuant to the LOI, South Ocean was obligated to permit Plaintiffs to perform due diligence. Specifically, the LOI stated that South Ocean was required to allow Plaintiffs to conduct an examination of the financing, accounting and business records of the Property and South Ocean as well as any contracts and other material applicable to the Property, the operations of South Ocean's business, and the gaming and casino agreements.

25. Pursuant to the LOI, Plaintiffs properly performed due diligence, including but not limited to making several business trips to the Bahamas, bringing interested investor groups in April 2005 to visit the Property, expending funds in pursuit of due diligence, and securing financing for the purchase of the Property. Case Financial financed the due diligence. Schaffer and other Case Financial directors personally participated in the due diligence.

26. Plaintiffs marketed the Property to groups of potential investors and created value in the Property.

27. The LOI included an exclusivity period which provided that South Ocean and its agents, including CCWIPP, Evans, Frasier, Allen and Allen & Company would not "initiate, solicit, negotiate, accept or respond to any other offer to acquire the Property" from March 18, 2005 through May 31, 2005 (the "Exclusivity Period"). See Exhibit A.

28. In breach of the LOI, CCWIPP, Evans, Fraser, Allen, South Ocean, through its agents and the agents of CCWIPP, and Allen & Company, initiated, solicited and received offers, letters of intent and understandings from many third parties concerning the Property during the Exclusivity Period.

29. In May 2005 South Ocean, CCWIPP and Allen & Company, through their respective agents, approached the interested investors from Toronto and other interested investors, who had previously met with Schaffer and Plaintiffs and/or were taken to the Property by Schaffer, and falsely informed them that Plaintiffs' LOI had been terminated. Allen, South Ocean, CCWIPP, and Allen & Company, through their respective agents, then proceeded to negotiate an offer for the sale of the Property to the interested investor group from Toronto.

30. Due to the FSCO investigation and impending report, in early May 2005, during the Exclusivity Period, Evans and Irvine requested Schaffer and Plaintiffs to structure an immediate payback of two debentures totaling \$2.5 Million (the "Debentures") on Case Financial held by CCWIPP, through its subsidiary or controlled affiliate, I F. Propco holdings (Ontario) 32 Ltd. In consideration for the payback of the Debentures, Schaffer, on behalf of Plaintiffs, negotiated an agreement with South Ocean for an extension on the LOI until January 31, 2006 (the "Extension Agreement"). The extension of the LOI was agreed to by CCWIPP, South Ocean, Evans and Fraser and communicated through Irvine subject to the condition that Plaintiffs agree to and L&M sign another letter of intent to purchase the Debentures (the "Debentures Agreement").

31. On May 26 and 27, 2005 L&M provided letters to South Ocean to the attention of Fraser and CCWIPP, through I. F. Propco Holdings (Ontario) 32 Ltd to the attention of Evans,

setting forth the terms of the linked Extension Agreement and the Debentures Agreement as orally agreed.

32. On May 30, 2005 Allen and Allen & Company prepared and forwarded to Schaffer and Plaintiffs, through Irvine, a more detailed summary term sheet and LOI between South Ocean and Plaintiffs containing the terms for the Extension Agreement through which Plaintiffs would purchase the Property with the purchase/joint venture agreement to be executed by August 30, 2005 and the Closing to occur by January 31, 2006 as had been orally agreed. Allen and Allen & Company were acting as the agents of South Ocean, CCWIPP, Evans and Fraser.

33. L&M on behalf of itself and Case Financial signed the Debentures Agreement. CCWIPP, South Ocean, Evans and Fraser induced Schaffer to turn over the Debentures Agreement to Irvine, who then gave it to Evans and Fraser, before Schaffer received the fully executed Extension Agreement based upon the representation from Evans and Fraser that it was urgently needed to immediately present it to FSCO in order to deflect its investigation of CCWIPP, Evans and others.

34. The original LOI provided that Plaintiffs had until June 31, 2005 to negotiate and execute a definitive agreement. However, on June 1, 2005 Plaintiffs, through Schaffer, were falsely informed by CCWIPP, South Ocean, Evans and Fraser that Allen had sold the Property and therefore Plaintiffs could not go forward to negotiate and enter into a definitive agreement under the original LOI, that South Ocean would not sign the Extension Agreement prepared and forwarded by Allen and Allen & Company and further that no extension of the LOI would be honored. Plaintiffs, through Schaffer, were later informed by Irvine that CCWIPP, South Ocean,

Evans and Fraser had ordered him to cut off communications with Plaintiffs. The Debentures Agreement was not returned to Plaintiffs.

COUNT I

(Declaratory Judgment Against All Defendants)

35. Plaintiffs repeat and incorporate by reference the allegations in paragraphs 1 through 34.

36. An actual controversy has arisen and now exists between Plaintiffs and Defendants regarding the rights, duties and obligations of the parties with respect to the Property.

37. Plaintiffs and South Ocean (and all persons acting on its behalf) entered into the Extension Agreement and assumed certain contractual obligations.

38. In consideration of the Extension Agreement, South Ocean and its agents, received good and valuable consideration including the Debentures Agreement for the benefit of CCWIPP the parent of South Ocean, Evans and Fraser, officers and agents of South Ocean and CCWIPP.

39. Defendants accepted and received the benefits of their agreements with Plaintiffs.

40. Plaintiffs fulfilled the prerequisites for the Extension Agreement.

41. Therefore, Plaintiffs are entitled to a declaratory judgment that Plaintiffs have a right to purchase the Property and pursuant to the Extension Agreement, the LOI's Exclusivity Period has been extended through January 31, 2006 or such appropriate deadline to be calculated from entry of judgment.

WHEREFORE Plaintiffs demand that the Court enter judgment in their favor declaring the Extension Agreement valid and enforceable and award Plaintiffs their costs, attorneys fees and such other relief as the Court deems proper.

COUNT II

(Breach of Contract - Letter of Intent Against Defendants)

42. Plaintiffs repeat and incorporate by reference the allegations in paragraphs 1 through 34.

43. Plaintiffs properly performed all required duties and obligations and conditions precedent under the LOI.

44. Under the terms of the LOI South Ocean, and its agents CCWIPP, Evans, Fraser, Allen and Allen & Company, undertook to perform the contractual obligations owed to Plaintiffs. Between March 21, 2005 and May 31, 2005, South Ocean, and its agents Evans, Fraser, CCWIPP, Allen and Allen & Company, breached the LOI's Exclusivity Period by soliciting, negotiating with and receiving understandings, offers on letters of intent with respect to the Property as set forth above. South Ocean, and its agents CCWIPP, Evans, Fraser, Allen and Allen & Company, have improperly contracted to sell the Property to others.

45. As a direct and proximate result of the unexcused and wrongful breach of contract by Defendants, Plaintiffs have suffered damages in the amount of \$100,000,000, including lost profits and lost business opportunities or in such additional amount to be proven at trial.

WHEREFORE Plaintiffs demand that the Court enter judgment in their favor in the amount of \$100,000,000, plus interest, costs, attorneys fees and such other relief as the Court deems proper.

COUNT III

(Fraudulent Inducement - Letter of Intent against all Defendants)

46. Plaintiffs repeat and incorporate by reference the allegations in paragraphs 1 through 34.

47. Defendants misrepresented to Plaintiffs that Defendants intended to sell the Property to Plaintiffs. Defendants misrepresented to Plaintiffs that CCWIPP and South Ocean had authorized Evans, Fraser, Allen and Allen & Company to negotiate for and bind South Ocean and CCWIPP to sell the Property to Plaintiffs.

48. Defendants further misrepresented their intention to abide by the Exclusivity Period provision of the LOI.

49. Upon information and belief, Defendants did not intend to sell the Property or abide by the Exclusivity Period at the time they entered into the LOI. Defendants simply wanted a LOI to use for their own interests to divert or mitigate the FSCO investigation of their activities.

50. Defendants knew or should have known of the falsity of their misrepresentations to Plaintiffs.

51. Defendants intended that their misrepresentations would induce Plaintiffs to rely and act on the misrepresentations by entering into the LOI and expending time and resources.

52. Plaintiffs justifiably relied on Defendants' misrepresentations, resulting in damages to Plaintiffs for expenses, lost business opportunity and lost profits of approximately \$1,000,000, or in such additional amount to be proven at trial.

WHEREFORE Plaintiffs demand that the Court enter judgment in its favor in the amount of \$1,000,000 plus interest, costs, attorneys fees and such other relief as the Court deems proper.

COUNT IV

(Breach of Contract - Extension Agreement against South Ocean and CCWIPP)

53. Plaintiffs repeat and incorporate by reference the allegations in paragraphs 1 through 34.

54. On or about May 28, 2005, Plaintiffs, South Ocean and CCWIPP agreed to extend the LOI's Exclusivity Period.

55. Pursuant to the contractual extension of the LOI's Exclusivity Period, Plaintiffs properly performed all material obligations and conditions precedent.

56. South Ocean and CCWIPP materially breached their agreement to extend the LOI's Exclusivity Period.

57. Plaintiffs are entitled to specific performance of the Extension Agreement with deadlines appropriately extended. If specific performance is not ordered then as a direct result of the unexcused and wrongful breach of contract by South Ocean and CCWIPP, Plaintiffs have suffered damages for expenses, lost opportunity and lost profits in the amount of \$100,000,000, or such additional amount to be proven at trial.

WHEREFORE Plaintiffs demand that the Court enter judgment in its favor ordering specific performance of the Extension Agreement extending the Exclusivity Period of the LOI until January 31, 2006 or an appropriate date six months after entry of judgment or alternatively award damages in the amount of \$100,000,000 plus interest, costs, attorneys fees and such other relief as the Court deems proper.

COUNT V

(Fraudulent Inducement - Extension Agreement and Debentures Agreement Against all Defendants)

58. Plaintiffs repeat and incorporate by reference the allegations in paragraphs 1 through 34.

59. Defendants misrepresented to Plaintiffs that South Ocean and CCWIPP intended to sell the Property to Plaintiffs.

60. Defendants further misrepresented that if Plaintiffs gave CCWIPP through one of its subsidiaries or controlling affiliates an executed Debentures Agreement, the Exclusivity Period of the LOI would be extended until January 31, 2006 under the terms of the Extension Agreement.

61. Upon information and belief, Defendants did not intend to sell the Property or abide by the Exclusivity Period at the time Plaintiffs agreed to purchase the Debentures of Case Financial and when Defendants agreed to the Extension Agreement. Defendants simply wished to obtain the agreement to pay the Debentures for their own interest in order to divert and mitigate the FSCO investigation of their activities.

62. Defendants knew or should have known of the falsity of their misrepresentations to Plaintiffs.

63. Defendants intended that their misrepresentations would induce Plaintiffs to rely and act on the misrepresentations by purchasing the \$2.5 Million Debenture from CCWIPP.

64. Plaintiffs justifiably relied on Defendants' misrepresentations, resulting in damage to Plaintiffs in excess of \$75,000.

WHEREFORE, Plaintiffs demand that the Court declare the Debentures Agreement to be void and award their costs, attorneys fees and such other relief that the Court may deem proper.

COUNT VI

(Breach of Fiduciary Duty against CCWIPP)

63. Case Financial realleges and incorporates by reference paragraphs 1 through 34.

64. CCWIPP breached its fiduciary duties owed to Case Financial through wrongfully, fraudulently inducing Case Financial and L&M to enter into the Debentures Agreement without intending to execute and return the Extension Agreement.

65. Case Financial has been damaged thereby in an amount in excess of \$2.5 million or such amount as may be shown at trial.

WHEREFORE Case Financial demands that the Court enter judgment in its favor for \$2,500,000 plus interest, cost, attorneys fees and such other relief as the Court deems proper.

66. Plaintiffs demand trial by jury on all matters triable by right.

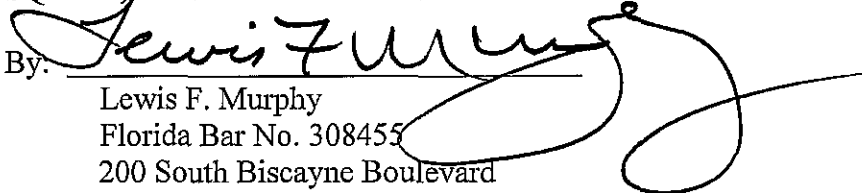
Respectfully submitted,

Of Counsel:

PATTON BOGGS LLP

Benjamin G. Chew (*Pro Hac Vice admission to be filed*)
Catherine Sun
2550 M Street NW
Washington, DC 20037
Telephone: (202) 457-6000
Facsimile (202) 457-6315
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SQUIRE, SANDERS & DEMPSEY L.L.P.

By: 

Lewis F. Murphy
Florida Bar No. 308455
200 South Biscayne Boulevard
Suite 4000
Miami, FL 33131-2398
Telephone: 305 577-2957
Facsimile: 305 577-7001
email: lmurphy@ssd.com

Dated November 8, 2005

Counsel for Plaintiffs L&M Specialties,
Inc. and. Case Financial, Inc.

Exhibit "A"

L&M SPECIALTIES, INC.

CARLSBAD, CA 92008

March 21, 2005

SOUTH OCEAN DEVELOPMENT COMPANY, LTD.
83 Campbell Avenue East
P.O. Box 487
Campbellville, Ontario
L0P 1B0

Attention: Mr. Eugene K. Fraser

Re: South Ocean Golf Resort Properties
Nassau, New Providence, The Bahamas

Ladies and Gentlemen:

This letter confirms the intention of L&M Specialties, Inc. (together with its subsidiaries and controlled affiliates, "Purchaser") and South Ocean Development Company Ltd. (together with any entity or person acting on their behalf, "Seller") to pursue a transaction involving certain property located on the Island of New Providence, Bahamas as more specifically set forth on the Summary Term Sheet attached as Exhibit A to this letter (the "Transaction"). Purchaser and Seller hereby acknowledge and agree that the attached Term Sheet sets forth the principal business terms of the Transaction, and that neither Purchaser nor Seller shall be bound to the other in any way except as provided in this letter agreement and as otherwise provided in the final documentation implementing the Transaction (and then only in accordance with the terms and conditions of such documentation).

Due Diligence

Promptly following the execution of this letter agreement, Seller will permit Purchaser to conduct an examination of the financing, accounting and business records of South Ocean Development Company, Ltd. as well as any contracts and other materials applicable to the South Ocean properties, the operations of its business, the gaming and casino agreements, as contemplated by the Transaction, but limited to such property and rights, and excluding the marina and surrounding residential real estate development.

Exclusivity Period

As an inducement for the time, effort and expense that Purchaser will incur in respect to due diligence, including legal, accounting and other expenses, and provided that Purchaser commences due diligence (i.e., requests materials) as soon as practicable following the execution of this letter agreement, Seller hereby agrees that for the period from the date of this letter agreement through May 31, 2005 (the "Exclusivity Period") Seller, its affiliates, and their respective officers, directors, employees and agents, shall not initiate, solicit, negotiate, accept or

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respond to any offer to acquire the Property, (as defined in the Term Sheet) contemplated by the Transaction, whether any such transaction is structured as a merger or purchase of assets, properties, stock or other interests directly or indirectly held in the properties, and Seller further agrees that it shall not provide any confidential information regarding its assets or business to any person other than Purchaser during the Exclusivity Period (other than in the ordinary course of Seller's business).

Confidentiality

Purchaser and Seller each agrees not to disclose the existence of this letter agreement, the Term Sheet attached hereto, or the fact that any discussions or negotiations related to the Potential Transaction are taking place, except for disclosures (a) that are mutually agreed to by the parties, (b) to each party's respective investors, officers, directors, managers and third party financial, legal and accounting advisors, and (c) that are otherwise required to be made to government or public agencies for purposes of licensing, permitting and related regulations and which are mutually agreed to by the parties.

Expenses

Purchaser and Seller each agrees that it will bear its own expenses related to this letter agreement, the Term Sheet attached hereto and the negotiation and consummation of the Transaction.

Miscellaneous

This letter agreement, together with the attached Term Sheet, represents the entire agreement of the parties with respect to the subject matter hereof and supercedes and replaces any existing oral or written agreements between the parties. This letter agreement may be executed in any number of counterparts, each of which may be deemed an original and all of which together shall be considered one and the same instrument.

[Signature Page Follows.]

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South Ocean Golf Resort Properties
March 18, 2005
Page 3 of 4

Please acknowledge your acceptance of the terms of this letter by signing in the space below and returning one executed original.

We look forward to a mutually successful transaction and relationship.

Very truly yours,

L&M SPECIALTIES, INC.

By: Michelle Thomas
Name: Michelle Thomas
Title: President

ACKNOWLEDGED AND AGREED:

SOUTH OCEAN DEVELOPMENT COMPANY LTD.

By: Eugene Fraser
NAME: EUGENE FRASER
TITLE: DIRECTOR

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SUMMARY TERM SHEET

The parties are L&M Specialties, Inc., as purchaser ("L&M") and South Ocean Development Company Ltd, as Seller ("SODC").

The statement of intent is that L&M, or its subsidiaries or assigns, would enter into a purchase/joint venture agreement with SODC, or its related companies, pursuant to which the joint venture ("Newco") would acquire certain property and interests on the Island of New Providence, The Bahamas, on the following terms and conditions.

The SODC property consists of a golf course which is under lease for 40 years (remaining), several hotel buildings, referred to as the "Great Houses", and the "Main Hotel", a marina, other improvements, such as swimming pools, restaurants, tennis courts, beach, beach pavilion, and developable land.

SODC has certain rights and entitlements with the government, including marina enlargement rights, road closure rights, casino gaming license, hotel, residential and golf club.

L&M would require that Newco acquire the following property ("Property"):

1. The casino gaming license rights;
2. The main hotel and sufficient contiguous land for the casino;
3. A minimum of two Great House buildings.

At the closing of the transaction (the "Closing"), Seller would contribute the Property to a newly formed joint venture company ("Newco") in exchange for the consideration described below.

The purchase price for the Property would be US\$25 million (the "Purchase Price"). SODC would receive at Closing:

- (1) US\$10 million in cash; and
- (2) 25% equity interest in Newco.

Distributions of net cash flow (after debt service) from Newco, at the times and in those amounts to be determined by Newco (subject to the requirements of any third party lenders), would be as follows:

- (i) First, 100% to repay all capital invested or deemed invested by each of L&M, the New Equity and Seller, pro rata in accordance with their percentage interests, which includes (x) for L&M, the Cash Payment, L&M Contributions and (y) for Seller, the remaining \$15 million of allocated property value plus its share (if any) of the New Equity; and

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- (ii) Thereafter, all profits to L&M, the New Equity and Seller, pro rata in accordance with the respective percentage interests in Newco.

In lieu of cash, Seller may, at its option, elect to receive up to 50% of the amount to which it is entitled under clause (i) in the form of units of limited partnership interest, or shares of Newco (or the parent entity in which third parties invest), based on a valuation to be determined at the time of such distribution.

After the Closing, L&M would be responsible for contributing all additional equity required to fund the Potential Development, including pre-development expenses (the "New Equity"). It is contemplated that L&M would contribute the entire amount of New Equity or syndicate a portion thereof to third parties. Seller may, at its option and without obligation, elect to contribute up to 25% of the New Equity.

L&M and Seller shall enter into a letter of intent to be attached to this Summary Term Sheet. Provided that L&M agrees to commence due diligence as soon as reasonably practicable following the execution of the letter of intent, then the letter of intent will provide that the Seller will work with L & M for a period through May 31, 2005 (the "Due Diligence Period")

The Closing would be subject to:

- (1) Completion of financial, legal and due diligence by L&M, to be completed on or before May 31, 2005;
- (2) Preparation, negotiation and execution of definitive documentation pertaining to the transactions contemplated hereby, on or before June 31st, 2005 ("Closing Date");
- (3) L&M and/or Newco's obtaining any required permits or licenses to own and operate the Property after the Closing; and
- (4) The Scotia Bank mortgage in the estimated amount of \$15 Million being in good standing, and Newco's assumption of such mortgage; Seller and L&M shall finalize the details for the servicing of this mortgage.

Each of the parties shall bear its own expenses related to the negotiation and execution of documentation required to consummate the transactions contemplated by this Term Sheet.

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Exhibit "B"

L&M SPECIALTIES, INC.
7468 VIA DE FORTUNA, CARLSBAD, CA 92008

May 30, 2005

I.F. Propco Holdings (Ontario) 32 Ltd.,
83 Campbell Avenue East
P.O. Box 487
Campbellville, Ontario
L0P 1B0

Attention: Mr. Clifford Evans, Director

Re: Letter of Intent to Purchase Debentures Held on Case Financial, Inc.

Dear Mr. Evans

This letter confirms the intention of L&M Specialties, Inc. (together with its subsidiaries, controlled affiliates, and assignees "**Purchaser**") and I. F. Propco Holdings (Ontario) 32 Ltd., ("**Seller**") to pursue a transaction involving 2 debentures held by the seller totaling \$2,500,000 plus accrued interest on the Summary Term Sheet attached as Exhibit A to this letter (the "**Transaction**"). Purchaser and Seller hereby acknowledge and agree that the attached Term Sheet sets forth the principal business terms of the Transaction, and that neither Purchaser nor Seller shall be bound to the other in any way except as provided in this letter of agreement and as otherwise provided in the final documentation implementing the Transaction (and then only in accordance with the terms and conditions of such documentation).

Expenses

Purchaser and Seller each agree that it will bear its own expenses related to this letter agreement, the Term Sheet attached hereto and the negotiation and consummation of the Transaction.

Miscellaneous

This letter agreement, together with the attached Term Sheet, represents the entire agreement of the parties with respect to the subject matter hereof and supercedes and replaces any existing oral or written agreements between the parties. This letter agreement may be executed in any number of counterparts, each of which may be deemed an original and all of which together shall be considered one and the same instrument.

[Signature Page Follows]

Please acknowledge your acceptance of the terms of this letter by signing in the space below and returning one executed original.

We look forward to a mutually successful transaction and relationship.

Very truly yours,

L&M SPECIALTIES, INC.

By: Michelle Thomas
Name: Michelle Thomas
Title: President

ACKNOWLEDGED AND AGREED:

I. F. PROPCO HOLDINGS (ONTARIO) 32 LTD.

By: _____
Name:
Title:

EXIBIT A

**Term Sheet
(attached)**

The Purchaser wishes to purchase the debentures and all the underlying options, warrants, and shares attached to the debentures; all other rights which flow with the debentures and the balance of shares in Case Financial, Inc. which are now owned by CCWIPP, and agree to the following payment schedule:

1. L&M makes payment of \$250,000 September 1, 2005
2. L&M makes payment of \$250,000 November 1, 2005
3. L&M, after payment #2 has the right to sell the 1,000,000 shares attached to the debentures under a trust agreement whereby 100% of the proceeds of any share sale, pay down the balance owing to CCWIPP until such time as the entire shares are sold or the loan has been paid in full.
4. L&M calculate accrued interest up to date and reduce the interest rate to 7% for the accrual and ongoing period and pay the interest on January 31, 2006, if any is outstanding.
5. Seller transfer options on 3,000,000 shares to L&M upon payment #4
6. All payments made shall vest the percentage of the debenture paid with the payor (i.e., upon payment of \$250,000 or 10% of all debt and equity that CCWIPP owns with regard to Case Financial, Inc. will vest with the payor).
7. Seller sells remaining 449,000 shares to L&M at 20 cents per share on September 1, 2005