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June 7, 1995

Mr. David R. Maltz  
David R. Maltz & Co., Inc.  
155 Terminal Drive  
Plainview, New York 11803

RE: North Fork Bank v. William Brueckner, et al.  
JBL Sound Studios, Inc.

Dear Dave:

Enclosed please find a copy of the Order of Justice Henry of the Supreme Court pertaining to the above referenced matter granting North Fork Bank summary judgment against the guarantors of the JBL Sound Studios' loan.

Thank you for all of your assistance in this matter and I look forward to working with you again in the future.

With respect to the commercial reasonableness of the auction sale, the plaintiff produces a voluminous set of documents from David R. Maltz & Co., Inc., including an affidavit from its President, a licensed and bonded auctioneer and appraiser and a member of the panel of qualified auctioneers and appraisers for the United States Bankruptcy Courts for the Eastern and Southern Districts of New York. This evidence establishes conclusively the commercial reasonableness of the auction sale.

With respect to JBL's furtive assignment of its accounts receivable and the erosion of defendants' collateral, JBL's misconduct, if any, does not excuse the guarantors' obligation to the Bank. Moreover, even though the Bank apparently had notice of this situation, it had no duty, in any event, to protect its debtor's collateral or to look to the collateral before it looked to the guarantors.

The plaintiff may settle judgement in the amount of \$458, 852.89, with interest in the sum of \$1,712.47 and late charges of \$5,501.09, against defendants Dillinger and Studio Management.

The plaintiff may settle a separate judgement for counsel fees, as permitted by the notes and guarantees, supported by a sworn statement of legal services and a proposed fee calculated in quantum meruit.

DATED: May 31, 1995

  
J.S.C.