

ATTORNEY GENERAL OF THE STATE OF NEW YORK  
CHARITIES BUREAU AND PUBLIC INTEGRITY UNIT

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In the Matter of the :  
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Investigation by Eliot Spitzer, :  
Attorney General of the State of New York, of :

Lewis County Opportunities, Inc. :  
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ASSURANCE OF  
DISCONTINUANCE  
PURSUANT TO N.Y.  
EXECUTIVE LAW § 63(15)

WHEREAS, Eliot Spitzer, Attorney General of the State of New York (the "Attorney General"), pursuant to his statutory powers under § 63(12) of New York's Executive Law, Not-for-Profit Corporation Law ("N-PCL"), Article 8 of the Estates, Powers and Trusts Law ("EPTL"), and pursuant to his common law power as the representative of unnamed charitable beneficiaries, has initiated an investigation of the activities of Lewis County Opportunities, Inc. ("LCO"), located at 8265 State Route 812, Lowville, New York 13367;

WHEREAS, LCO is a Type B not-for-profit corporation incorporated in the State of New York and registered with the Attorney General's Charities Bureau;

WHEREAS, the Attorney General inquired into LCO's disposition and oversight of a \$500,000 grant received from Lewis County (the "County grant") to fund the development of the "Almost Mile Track" (the "AIS project"), which is located at the Adirondack International Speedway ("AIS"), a corporation located in Beaver Falls, New York and owned and operated by Paul Lyndaker ("Lyndaker");

WHEREAS, LCO'S Executive Director, Karl Reutling ("Reutling"), without obtaining appropriate comparative bids or estimates, permitted Lyndaker Excavating & Trucking, Co., a company which is wholly owned and operated by Lyndaker, to perform the development work of the AIS project;

WHEREAS, the Attorney General believes that Reutling breached the duty of care owed to LCO in administering the County grant in violation of N-PCL § 717, which requires directors and officers of a not-for-profit corporation to act with diligence, care, and skill, by, for example, failing to adequately supervise the AIS project and insure appropriate billing practices;

WHEREAS, Reutling's breach of the duty of care contributed to the AIS project being at least twice over budget and not as near to completion as originally estimated;

WHEREAS, LCO and the Attorney General are entering into this Assurance because each believes that the obligations it imposes are prudent and appropriate;

WHEREAS, this Assurance does not constitute a finding of wrongdoing by the Attorney General or admission of wrongdoing on the part of LCO or any individuals currently serving as its directors and officers; and

WHEREAS, upon the terms and conditions of this Assurance, the Attorney General has decided to conclude his investigation of LCO;

IT IS HEREBY STIPULATED AND AGREED, by Eliot Spitzer, Attorney General of the State of New York and LCO, that:

1. The term of this Assurance shall be five (5) years.
2. The Board of Directors of LCO have discussed and passed a Resolution (the "Resolution"), which provides, *inter alia*, that (i) LCO has repudiated the Memorandum of Understanding between LCO and AIS, dated August, 2002; (ii) LCO will not help or assist AIS in making any future grant applications to obtain government or private funding for the development of the Almost Mile Track; (iii) LCO will not obtain or administer any grants for AIS; and (iv) all business dealings between LCO and AIS will cease as of the date of the Resolution, with the exception that LCO will continue to monitor and report as to AIS' progress with respect to the 2002 USDA Rural Business

Enterprise Grant. A copy of the Resolution, dated November 3 2004, is annexed hereto and made apart hereof with the same force and effect as if fully set forth herein.

3. LCO agrees that if it learns of any grant application made by or on behalf of AIS or of any grants received by AIS for the purpose of further developing the Almost Mile Track, it shall so notify the Attorney General.

4. LCO agrees to provide the Attorney General with semi-annual reports summarizing its program services and grant activity, including pending grant applications, grants received and made, internal controls for monitoring grants, and any monitoring and reporting requirements imposed by any granting organizations. In addition to the semi-annual reports, LCO agrees to provide the Attorney General with copies of any reports made to its granting organizations as well as minutes of the meetings of LCO's Board of Directors. The first semi-annual report shall be filed with the Attorney General six (6) months after the date of this Assurance.

5. All notices, reports, requests and other communications to any party pursuant to this Assurance shall be in writing and shall be directed as follows:

If to LCO, to:

Ned Merrell, Esq.  
Merrell and Merrell  
7624 North State Street  
P.O. Box 151  
Lowville, New York 13367-0151  
Facsimile (315) 376-8214

If to the Attorney General, to:

New York State Attorney General  
Charities Bureau  
Third Floor  
120 Broadway  
New York, NY 10271  
Attn: Sally G. Blinken, Esq.  
Facsimile: (212) 416-8393

or to such other address or facsimile number as such party may hereafter specify by written notice to the other parties to this Assurance. Each such notice, request or other communication shall be effective (i) if delivered in person, when such delivery is made; (ii) if delivered by overnight courier, the next business day after such delivery is sent; (iii) if delivered by certified mail return receipt requested, as of the date noted as the date of delivery on the return receipt; or (iv) if delivered by facsimile, when such facsimile is transmitted and the appropriate confirmation is received.

6. This Assurance may not be amended except by an instrument in writing signed on behalf of all the parties to this Assurance.

7. This Assurance shall be binding on and inure to the benefit of the parties to this Assurance and their respective successors and assigns, provided that no party, other than the Attorney General, may assign, delegate or otherwise transfer any of its rights or obligations under this Assurance without the prior written consent of the Attorney General.

8. This Assurance may be executed in counterparts, each of which shall be considered the same as if a single document shall have been executed, but shall become effective when such counterparts have been signed by each of the parties hereto.

9. This Assurance constitutes the entire agreement, and supersedes all prior Assurances, agreements and understandings, both written and oral, among the parties with respect to the subject

matter of this Assurance. No representation, inducement, promise, understanding, condition or warranty not set forth in this Assurance has been made or relied upon by any party to this Assurance.

10. In the event that any one or more of the provisions contained in this Assurance shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Assurance.

11. The Attorney General retains the right under New York Executive Law § 63(15) to compel compliance with this Assurance.

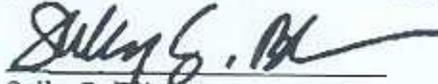
12. Should it be determined that a breach of this Assurance by LCO has occurred, LCO shall pay to the Attorney General the cost, if any, of such determination and of enforcing this

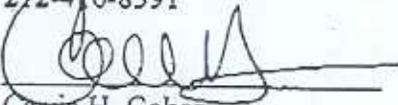
Assurance, including, without limitation, legal fees, expenses and court costs.

Dated: New York, New York  
November 9, 2004

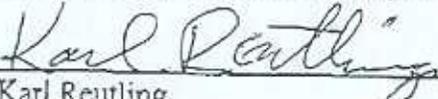
*OK* December 7, 2004

ELIOT SPITZER  
Attorney General of the State of New York

By:   
Sally G. Blinken  
Assistant Attorney General  
Charities Bureau  
120 Broadway  
New York, NY 10271  
212-416-8391

By:   
Carrie H. Cohen  
Assistant Attorney General in Charge  
Public Integrity Unit  
120 Broadway  
New York, New York 10271  
212-416-8242

LEWIS COUNTY OPPORTUNITIES, INC..

By:   
Karl Reutling  
Chief Executive Officer

By:   
Floyd Martin  
Chairman of the Board of Directors