

March 11, 2005

Andrew R. Gifford

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VIA U.S. MAIL

Preferred Capital, Inc.
6860 W. Snowville Road, Suite 110
Brecksville, OH 44141

Re: Royal Links Beverage Caddy Leases

To whom it may concern:

We are writing to you on behalf of golf courses who entered into leases for Royal Links USA, Inc. ("Royal Links") beverage caddies. At least eight golf courses currently have leases with your company for beverage caddies. (See attached lease.) As you are undoubtedly aware, these leases were arranged by Royal Links, through their "Beverage Caddy Express" program.

Royal Links convinced several hundred golf course owners to enter into these Beverage Caddy Express program agreements, which stated that Royal Links would provide the merchandise for the course owners to sell with these caddies. The course owners were required to enter into a separate lease with a Royal Links specified leasing company, such as Preferred Capital, Inc. ("Preferred Capital"), to lease the caddy. Royal Links persuaded the course owners to enter into these agreements by offering free product and, more importantly, by promising to reimburse the course owners for the lease payments for the golf caddies.

These reimbursements were supposedly "profit sharing" arrangements from the money Royal Links was receiving from various advertisements that the course owners displayed on their caddies. The lease reimbursements were contractually guaranteed and not tied to any actual profits. Therefore, Royal Links was required to continue reimbursing the courses for the lease payments regardless of whether the advertising scheme was profitable. As you may be aware, in October 2004 Royal Links breached their obligation to reimburse the course owners for lease payments.

The Preferred Capital leases are fraudulent on their face. The leases were entered into with the express understanding that Royal Links would reimburse the course owners for the lease payments. Preferred Capital was well aware of this fact. From our perspective, the only reason to have two separate documents for the lease and the program agreement was to attempt to deceive the course owners. If Royal Links and Preferred Capital intended to fulfill their obligations, then the lease and reimbursement clause could have been in the same document. This is especially true given that Royal Links was acting as an agent on behalf of Preferred

Capital, often presenting the Preferred Capital lease on Royal Link's own letterhead. Since Royal Links representatives handled both the lease and the program agreement, it is understandable that the course owners viewed the entities as one in the same.

Additionally, the leases fraudulently valued the caddies at several times their actual worth. This overvaluation would only have been necessary if Royal Links and Preferred Capital were planning to renege on their obligation to reimburse the course owners for the lease payments. If Royal Links was actually planning to make the lease payments, Royal Links, as the creator of the lease terms, certainly would have preferred to have the lease payments be in line with the actual value of the caddies. However, since Royal Links knew they would be breaching the agreement, the fraudulent valuation merely translated into a larger profit for both Royal Links and Preferred Capital.

The leasing companies in these arrangements appear to be little more than a front to defraud the course owners when Royal Links decided to renege on its reimbursement obligation. The beverage caddies were produced by a Royal Links affiliated company. By stopping the reimbursements and continuing to collect payments for the caddies through their fronting arrangement with Preferred Capital, both Preferred Capital and Royal Links are being unjustly enriched. The inflated caddy valuation insures that both Preferred Capital and Royal Links make a hefty profit.

Under Ohio law and the law of other applicable jurisdictions, Preferred Capital appears to be subject to substantial liability for conspiracy in this fraudulent scheme. In addition, Preferred Capital appears to have acted in violation of Ohio's consumer protection and unfair trade practices laws.

However, the various courses that have been victimized by this scheme are willing to consider a prompt resolution of this matter as an alternative to costly and time consuming litigation. The course owners who entered into lease agreements with Preferred Capital pursuant to the Beverage Caddy Express programs therefore demand that the beverage caddy leases be cancelled immediately, and that the remaining lease payments for all courses be forgiven. Additionally, all lease payments that have been made since Royal Links breached its contractual obligation to reimburse the course owners should be returned immediately. Please let us know by March 21, 2005 if this will be acceptable.

Please contact me if you have any questions. This letter is offered solely for the purposes of settling a claim and without waiver of any legal rights, and should not be used for any other purpose.

Sincerely,



Andrew R. Gifford

Financing Provided By:

LESSOR ("we", "us")
Preferred Capital, Inc.
 6860 W. Snowville Road., Suite 110
 Brecksville, OH 44141
 Phone: (440) 546-7400 Fax: (440) 546 - 7406

EQUIPMENT LEASE AGREEMENT

DEALER
Royal Links USA, Inc.
 1630 Timber Wolf Drive
 Holland, Ohio 43528
 Phone: (800) 908-6937 Fax: (888) 766-1879

EQUIPMENT

Equipment Model & Description
 ONE (1) ROYAL LINKS EXPRESS HOSPITALITY CENTER

Serial Number
 01783

Equipment Location (if different from Billing Address): 6285 Welch Prairie Rd, New LISBON, WI 53950

TRANSACTION TERMS

Lease Term: 60 Months **Billing Type:** Monthly **Documentation Fee:** \$50.00 **Lease Commencement Date:** 08/16/04

Base Lease Payment: \$290.25
Sales Tax: \$15.96 (applicable taxes included in lease payment)
Total Monthly Payment: \$306.21

Advance Payment: \$356.21 Includes Sales Tax and \$50.00 Documentation Fee. (Advance due when Lease signed.)

PURCHASE OPTION AT END OF TERM

In connection with this Lease Agreement covering the Equipment described above Lessee has the Option To Purchase the Equipment at the end of the Lease term for \$1.00. Said purchase is contingent upon Lessee having complied with all other terms and conditions of this Lease Agreement.

You have selected the Equipment. The dealer and its representatives are not our agents and are not authorized to modify the terms of this Lease. We make no warranties to you express or implied, as to the merchantability, fitness for a particular purpose, suitability, or otherwise, we provide the Equipment to you as is. We shall not be liable for consequential or special damages.

Your payment obligations are absolute and unconditional and are not subject to cancellation, reduction or setoff for any reason whatsoever. Both parties agree to waive all rights to a jury trial. This Lease shall be governed by the laws of Ohio. Any legal action concerning this Lease shall be brought in federal or state court located within or for Summit County, Ohio. You consent to the jurisdiction and venue of federal and state courts in Summit County, Ohio. By signing this Lease, you acknowledge receipt of page 2 of this Lease and agree to terms on both pages 1 and 2. Oral agreements or commitments to loan money, extend credit or to forbear from enforcing and repayment of debt including promises to extend or renew such debt are not enforceable. To protect you and us from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it.

LESSEE ("you")

CASTLE ROCK RECREATION CENTER, INC.
 Full Legal Business Name

6285 WELCH PRAIRIE ROAD P.O. Box 217 NEW LISBON WI 53950
 Billing Address

D/B/A MAUSTON
 City State Zip

39-1463257
 Federal Tax ID#

608-847-4658
 Phone

GARY VAN PEE
 Contact Name

crcc@maust.net
 E-Mail Address

608-847-3228
 Fax

GARY VAN PEE
 By: Signature of Authorized Signor Printed Name

UP-Treas Sec 7/27/04
 Title Date of Signature

LESSOR ("we", "us")

Preferred Capital, Inc.
 6860 W. Snowville Road, Suite 110
 Brecksville, OH 44141

Signature: David Koch
 Printed Name: **DAVID KOCH**

Title: AVP
Date: 08/16/04

UNCONDITIONAL PERSONAL GUARANTY

Consideration of Lessor entering into this Lease is reliant upon this guaranty. The undersigned unconditionally guarantees the Lessor, its successors and assigns, the payment and performance of all existing and future obligations to Lessor including, but not limited to, those described in the Lease and any amendments, modifications, replacements or substitutions thereof. I agree that (a) this is a guaranty of payment and not of collection, and that Lessor can proceed directly against me personally without resorting to any security or seeking to collect from Lessee, (b) I waive all surety ship defenses including impairment of collateral, failure to properly perfect a security interest in the collateral, and all notices, including those of protest, presentment and demand, and (c) I will pay all of Lessor's costs of enforcement and collection, including attorney's fees. This guaranty survives the bankruptcy of Lessee and binds my administrators, successors and assigns. My obligations under this guaranty continue even if Lessee becomes insolvent or bankrupt or is discharged from bankruptcy and I agree not to seek to be repaid by Lessee in that event. My obligation is to pay all amounts owed to Lessor. The guaranty shall be governed by the laws of Ohio. I consent to the personal jurisdiction and venue of federal and state courts in Summit County, Ohio.

By: _____ Individually Printed Name: _____