

EXHIBIT 154



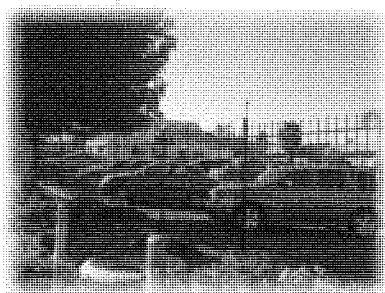
For the period covering April, 2012

The Economy

The “recovery” continues in slow motion. Stock markets have been up for the past few weeks, while business spending on items like equipment and computer software has slowed down. Consumer spending is up about 3.5% over last year, which is about the pace of inflation, so indicates that there’s not likely a “real” increase going on, as opposed to an “indexed” increase.

Investors Prime Fund

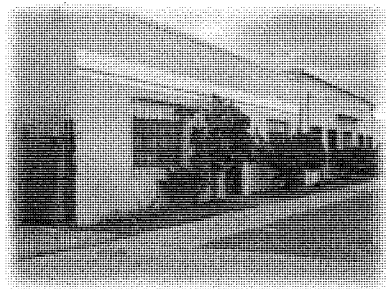
The fund had four SBA loan fundings this past month. We also added a new loan officer in Oregon and a second loan officer in Arizona. Attached is a map which shows our SBA funding activity around the country over the past two years.



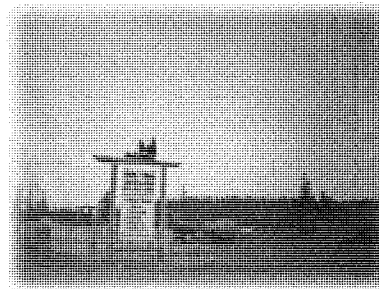
Pre-Owned Auto Sales
\$.3M Refinance
San Marcos, CA



Fine Dining Restaurant
\$1.4M Refinance
Anaheim, CA



Manufacturing Business
\$.64M Purchase Financing
Los Angeles, CA



Contractor's Yard & Facilities
\$.32M Purchase Financing
Rainier, WA

Included in this month’s newsletter is a copy of an SBA lender ranking published recently in the Silicon Valley Business Journal. The rankings were based on lender loan volume through a year ago, so the information is a bit dated. However, we’ve highlighted where our SBA lending entity “Small Business Capital, LLC” has made the rankings locally. We lend all around California and the U.S., and this is a local ranking, but we’re passing this along to investors to show that we’re gaining local name recognition and market share.

‘Til Next Month,

Mark Feathers, CEO, SB Capital

*The past performance of Investors Prime Fund is no guarantee of future fund performance. Monthly fund distributions to members are based upon *unaudited* earnings from fund interest, servicing, loan fee, and other revenues. Distributions may not be the same as taxable fund earnings (“yield”), which are determined annually after a CPA audit.

EXHIBIT 155



For May 2012

The Economy

The nation's unemployment rate continues to stay over 8% for years now. As bad as that is, in most of Europe the unemployment rate is 10%, and in Spain it is over 20%. The European financial crisis is behind a continued "flight to safety", and domestic and international investors are buying so many US Treasuries that the yield on a 10 year treasury is now at an historic low – less than 1.75%. Substantial federal spending cuts mandated by law are scheduled to take effect in less than a year. There is substantial debate going on now about the potential drag this will have on gross domestic product, with some economist predicting that it will lead to a recession (would that even be noticeable now?).

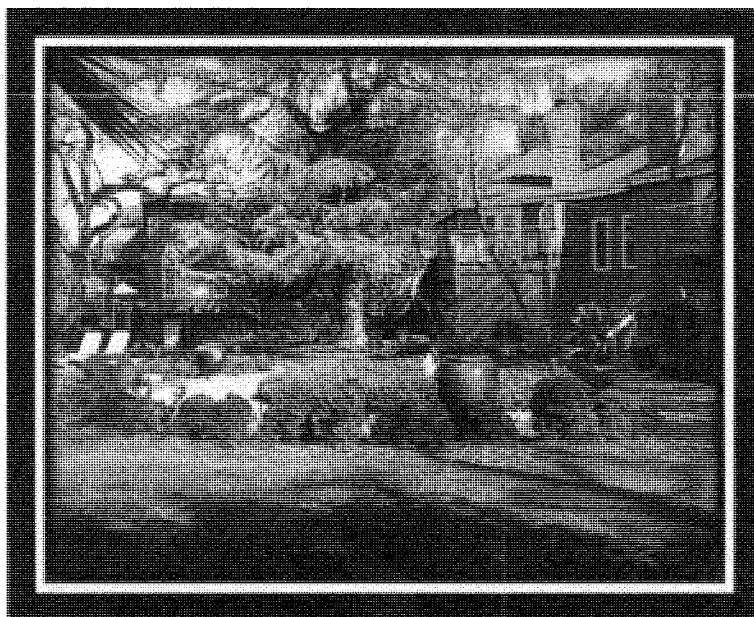
Stocks fell steeply to start June, mostly due to a bad jobs report, and most indexes are at, or below, the level that they started the year at. As hyped up as the initial public offering of Facebook was, which is a local public company, in just a few weeks the company has now already lost \$25B in market value because it may have been overpriced and oversubscribed. Even so, it is now worth over \$50B, which is a remarkable accomplishment for a company started in a college dorm room less than a decade ago. With the presidential election now less than six months away, the state of the economy is sure to be a dominant theme in the press for a while.

I have read that one-half of last year's college graduates are still looking for full time work, almost a year after graduating. Additionally, I have read that federally guaranteed student loan debt now exceeds all credit card debt - \$1 trillion and climbing. Something out there is broken. It's too easy, to begin with, for students to borrow money, and when they graduate, there aren't enough jobs for them to earn money to pay back their loans. The federal government is doing a poor job of monitoring the guidelines required to become a student loan lender.

Fund Activities

The funds had over \$10M in SBA note originations or note purchases over the past month, which increased our SBA loan funding totals to over \$60M for the past year. To put this number into perspective, this is more small business SBA loan fundings than more than 90% of the banks and credit unions in the country made over the past year.

We are providing financing on a Holiday Inn Express franchised hotel in Salt Lake City, and for an upscale bed and breakfast in Napa. Both loans were at only 50% of the appraised value of the property, with government loans behind our first mortgage. Our staff is quite busy, and we anticipate as many as four or five new fundings this month.



Bed & Breakfast \$3.5M Loan
Napa, CA

BM00052
Exhibit 155-1

The small fund bank investment (for Investors Prime Fund) from last summer, less than 5% of fund capital, that was made last summer performs less than optimally. I have taken a Vice Chair, Executive Committee, and Loan committee positions with the bank to protect the fund's investment. The bank is now positioning itself for additional capital or for a merger. On a positive note, the fund has sold more than \$2M in SBA loan participations (partial loan sales) to the bank, which will allow for the fund to originate more than \$8M of new SBA loans, benefit for several years from the revenue stream created by the new loan originations, and offset potentially any, or all, of the value decrease in the stock. However, I have also indicated to the bank's board members that I hold them accountable for the performance of the investment and representations made prior to the investment.

In Closing.

Don't forget that we live in one of the most interesting areas of the country. I recently had family visit, so this was a good excuse to take them to the Santa Cruz Mystery Spot. I have been meaning to go there for years – last time we drove by there a few years ago, it was too busy and we didn't stay. This time we picked a weekday and had more luck. It's an interesting hour spent there...if you go, I highly recommend that you wear non-slip rubber soled shoes. Also, since the summer season has now officially begun (I consider Memorial Day weekend the kick off, don't you?), I took my twins for an overnight camping getaway this past weekend to Memorial Park in San Mateo County.

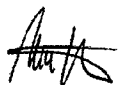
The drive to the Mystery Spot and the Park are both less than an hour, and well worth the effort. Also, a few weeks ago we had a late day solar eclipse. I was in San Francisco at the time, in the Lighthouse at "Forbes Island", and I snapped a picture of the sun undergoing a solar eclipse (which is what caused the oval shape) as it was going down over the Marin Headlands. In the background of the picture you might be able to make out the Golden Gate Bridge and the Liberty Boat Jeremy O'Brien.

Within a few days, members will be receiving a request to a modification of IPF's operating agreement. We appreciate your sending back consents at your earliest convenience, and call if you have any questions.

We expect the period in which compounding is not allowed in the funds to be brief, and apologize for any inconvenience to investors. We are making solid progress in updating our offering documents and in the conversion of IPF to a national fund, to match the national lending abilities of our federal SBA license, and we appreciate investor's patience on this matter.

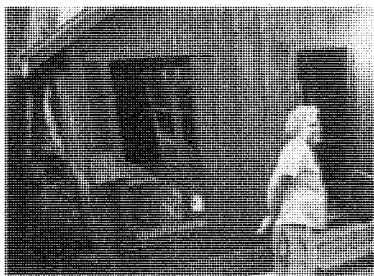
Our annual summer dinner will be held sometime in late July at the Murphy House Museum in Sunnyvale. We look forward to seeing members at the event.

'Til Next Month,

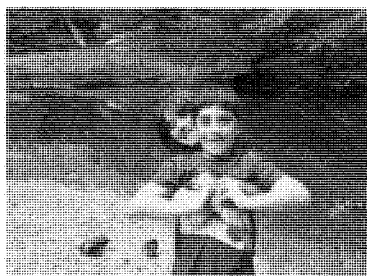


Mark Feathers, CEO, SB Capital

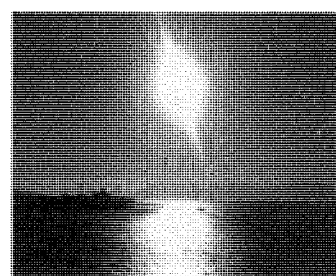
*The past performance of Investors Prime Fund is no guarantee of future fund performance. Monthly fund distributions to members are based upon **unaudited** earnings from fund interest, servicing, loan fee, and other revenues. Distributions may not be the same as taxable fund earnings ("yield"), which are determined annually after a CPA audit.



Tour Guide and sloping house structure
Santa Cruz Mystery Spot



Twins next to Gazos Creek
San Mateo Memorial Park



Solar eclipse over the Marin Headlands
San Francisco Bay

EXHIBIT 156

Dear Member,

I apologize to you for the long delay in your hearing from me. This has been due to extraordinary circumstances which, in the short run, have been temporarily beyond my control.

There are times, unfortunately not that uncommon, when government and its employees act in bad faith, and against the best interests of some, or all, of its citizens. Such is the situation that we have all faced over the past several months when our investment of capital into, and our income, from Investors Prime Fund, LLC, SBC Portfolio Fund, LLC, and SBC Senior Commercial Mortgage Fund, LLC, was suddenly, and without warning, frozen by the unlawful actions of the federal government.

The federal government, in this instance the Securities and Exchange Commission, has presented to the court information which was illusory, and not based in fact, all to assist itself in its own causes of rehabilitating its image, and its standing, with Congress and the President, and the public, from the damages to its image caused by the Madoff, Stanford, Enron, and MCI events, etc. The SEC has been assisted, in fact it has been very visibly aided, by the receiver, Thomas Seaman Company, in carrying out their efforts to make defunct the funds, and SB Capital. **These unlawful actions, which included 1st Amendment violations against the funds, cannot be allowed to continue.** The SEC and the receiver have violated many laws, and they have violated many constitutional rights afforded to fund members, both individually, and as a group of common investors in the funds.

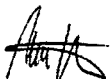
It is not easy to challenge, by one's self, an opponent that has vast resources, and that is not afraid to deploy these resources in illusory, unconstitutional, and unlawful means. Through courts of law common citizens, such as you and I, challenges these unlawful actions, and important rights are then established, or constitutional restrictions are placed upon government, or existing laws are more soundly enforced, which then provide benefits to all citizens.

Within the past week, I have filed approximately six court motions with the United States District Court, Northern District of California. These motions are to dismiss the lawsuit, to discharge the receiver, to establish a basis of seeking legal damages against these parties and their employees, and to put the funds and SB Capital back into, and under, SB Capital's lawfully authorized management.

These motions, which are available at www.sbcapital.com, list in substantial detail the constitutional violations, violations of legal due process, and transgressions which have occurred from the actions of the SEC and the actions of the receiver. Although the wheels of justice turn slowly, with our filing of these motions the court has awarded early hearing dates on these matters just a few weeks from now, in mid-December.

Natalie and I wrote these motions through the efforts of our own legal research. We are not attorneys, and I caution you that you will see occasionally typos and grammatical errors, due to our efforts to file this with the court as soon as we could, and put a halt to the unlawful actions of the SEC and the receiver. Despite these typos, I believe that you will be able to see that we have demonstrated many factual instances of violations and unlawful actions, and that we have established well the legal basis for our motions, all done to protect your interests, and ours.

Very Sincerely, and on Your Behalf,



Mark Feathers

EXHIBIT 157

Dear Member

It is my intention to write members periodically, as time allows, and as issues develop that are worth discussing.

Court Matters

As you know, approximately two weeks ago I submitted motions to the court to:

- (A) Dismiss the lawsuit and the receiver, (B) Recognize constitutional violations of the SEC and the receiver, (C) Impose all allowable sanctions and penalties against the SEC and the Receiver

Last week I submitted a number of new motions to the court. One of these was a request for the court to issue a Restraining Order and an Injunction against the SEC for its use of the wording "Ponzi-like" in its lawsuit and in its postings (press releases), which are violations of the First Amendment to the Bill of Rights of the Constitution, and has caused substantial harm, and continues to cause substantial harm, to all fund members by harming the enterprise value of their fund investment, and the current and future cash flows streams of their fund investment.

These written motions, which have substantial supporting detail, should be reflected by now on the Receiver's home page for SB Capital (www.sbcapital.com). If they are not, and you would like to see them, please contact the receiver at: Tom@thomasseaman.com or (949) 265-8403. You can also register with the court at www.pacer.org to review court documents.

Member Activity

Recently it has been brought to my attention that members have received a letter from another fund member. Upon my first review, it appears that this letter has within it a number of substantial inaccuracies and representations of the author, in fact, the letter appears to be "piggy-backing" upon the errors of the receiver's reports, many of which I have outlined within my court motions.

The letter also appears to improperly imply that the author has my support in certain matters, by subtly suggesting my concurrence on the agenda of the sender. I caution all members that any individual who is trying to further their own cause, by representing that they are acting in the interests of all other members, may be possibly causing substantial harm to the interest of all members, instead of benefitting them.

It is important for all members to adhere to the court's instructions in these matters, and, although I am not an attorney, I believe that this party may be in violation of the court's orders, as well as others who might join this individual on any "committee" that this person is trying to form, if its intentions run counter to any of the instructions of the court.

I always have, and I will continue to, strongly advocate all members look out for their interest, but do so within legal allowances. We are all looking, as soon as possible, to enjoy the benefits of our fund investments, and to have control, again, over our own monies.

FBI Questionnaire

Some, or all of you, may have received recently an FBI questionnaire. I believe this may have been an act of retaliation on the part of the SEC in return for the motions that I filed with the court, and for a letter that I wrote to the Chairman of the SEC. If this is accurate, it would be a violation against me for

exercising my First Amendment Rights. It would also be in violation of numerous provisions of the Civil Rights Act of 1983.

I am troubled by the act, itself, of the distribution of the questionnaire, as well as by the contents. The questionnaire asks questions such as "are you happy with your fund investment"? I ask - how would one tend to answer this question after their fund investment, and income from the investment, has been frozen for five months? I believe that there might a natural basis to not be happy right now, and an answer to such a question could indicate such.

Perhaps even more troubling - the questionnaire lists a company and an individual with no connection to SB Capital, Mark Feathers, or the funds. An internet search, and reports in the media, demonstrate past, or current, mail and wire fraud charges against this person and company, and the wrong inferences can easily be drawn by this major error of the FBI.

- a. If you received any return on your investment, how did Donald Herman and Sandlot Venture Group return the money? (wire, check through mail, cash hand delivered, etc.)

- b. If you received any return on your investment, did Donald Herman and Sandlot Venture Group ask you to invest/lend him more money after such return on your investment/loan?

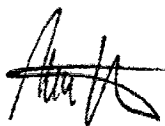
The FBI questionnaire has introduced a foreign element, and likely violated the Constitutional and Civil Rights protections of fund members, SB Capital, and myself, as well as the other individuals, unknowingly, listed within the questionnaire. I believe that most, if not all, courts in the United States, would throw out this questionnaire, or information gained from it, the same way they would throw out a contaminated blood specimen from a medical lab. However, one cannot throw out the lingering and harmful impact to the funds, and their enterprise value, from any inferences caused by such faulty work.

Closing

I wrote to you in the last letter that it is not easy to challenge, by one's self, an opponent that has vast resources, and that is not afraid to deploy these resources in illusory, unconstitutional, and unlawful means. However, this is a fight worth fighting, as it may have a beneficial impact on many, many citizens in the future who could be harmed similarly by the bad faith actions of the government. I ask for your patience and understanding while these matters work their way through the court. You have my committed and unwavering efforts to protect our collective interests.

Also, I remind you that I have been writing these motions on my own, and with no legal assistance. I am just an ordinary citizen, like you, and no better than a "country lawyer" in these matters. You will continue to see in my court filings and letters typos and grammatical errors, or that I go "off topic" a bit while expressing my opinions, which are charged with my passion on these issues. Despite these typos, and occasional episodes of rambling on my part, I believe that you will be able to see that I have demonstrated many factual instances of violations and unlawful actions, and that I continue to establish the legal basis for these motions, all done to protect our common interests.

Very Sincerely, and On All of Our Behalf,



Mark Feathers

1520 Grant Rd., Los Altos, CA 94024

(650) 776-2496

BM00056
Exhibit 157-2

EXHIBIT 158

Dear Investor,

1-29-13

It has been a while since I last wrote you, for which I apologize. You should know that three months ago I submitted a Motion to the Court to dismiss the SEC's lawsuit. I did this right away upon convincing myself that I could prove to a court of law what I have known all along - that the SEC had provided falsely misleading information to the court. Through my own forensic audit of the SEC's and the receiver's submissions to the court, I have now irrefutably demonstrated, and without question, and to which the SEC could not deny, that they employed a formula which never should have been used. SEC did not deny in their reply to my motion that they knew, or should have known what they did was incorrect. Either way, it has led to SEC's over-statement, by more than fifty percent, the true amounts of fund distributions, and which are already properly reflected in the fund's CPA prepared tax returns. The higher amount, which is grossly inaccurate, and therefore is also grossly misleading, should never have been reflected in court documents. Further, the method SEC employed is so unacceptable, that it is not, and never will be, recognized by any other governmental agencies, or by the American Institute of Certified Public Accountants, or by the Financial Accounting Standards Board (or math teachers). It's not even accepted by SEC, but apparently some persons with the SEC choose to make up their own rules as they go along.

In my motion to the court to challenge SEC's formula and calculations, I outlined how my own research (and I'm not even an accountant) demonstrated, irrefutably, that the SEC had fully misled the court on the income distributions of the funds to fund members. They did this by using a formula which has no basis in either accounting, or even in very basic math. My motion illustrates to the court how SEC used the following highly improper formula in its calculations of fund distributions. I also told the court that SEC knew they did this, or certainly should have known (SEC has hundreds, if not thousands, of accountants and lawyers) and that their lawsuit was based on a false pretense. Their formula to calculate the member distributions for the funds, and which I found and identified, was:

$$\text{(Distributions)} = \text{(Distributions + Capital Reinvestments)}$$

Perhaps, as you look at this formula, you are shocked, amazed, or even dismayed to see that employees with the federal government would do this kind of thing. I wasn't too surprised to be validated, but I'm as dismayed as anybody else, of course. As every school child learns at a young age, a formula like this doesn't work (unless "B" = "0", which it did not). Buried within the SEC's lengthy reply to my motion, very hard to find for most people, including a Judge, and which they only admitted to because I have challenged them in a court of law with facts that they cannot dispute, is the SEC's admission that they DID use this highly misleading formula. This formula CANNOT EVER produce accurate results of the financial performance of a company, which they knew. They did not, however, acknowledge that their formula also allowed them to falsely overstate the historical distributions of IPF and SPF by more than fifty percent. Fortunately, my motion does show this, so the court can see it for itself.

Using this formula, invalid and nowhere else to be found in the financial services industry or employed anywhere else by any government agency - whether federal, state, or local, is also how they built their false claim that the funds were a "Ponzi-like" scheme, and needed "new member capital". Again, I repeat to you, they did not overstate fund distributions by just 1% or 2%, it was **by more than 50% percent:**

The Commission does not dispute that in calculating member returns in the Complaint, it added together the line items "distributions" and "re-invested distributions" to arrive at the total distributions alleged in the Complaint.

SEC knew of this matter when they filed the lawsuit. Despite this, they illustrated to the court wholly invalid and misleading numbers. They also did this in such a way as to hide their formula. SEC only acknowledged that this formula when they were confronted with my irrefutable challenge in the motion. They did not comment on the false and unreliable numbers which they presented to a court of law, and as

false pretense to a lawsuit. However, my motion shows it. There can be no doubt about their knowledge of what they did - they are the SEC - a government agency with thousands of employees, and the government agency that is the expert on accounting matters, and who regulates trillions of dollars in market investments.

I hope you agree with me that this math error (?) is not excusable, because it was not an error on their part. The SEC had to reply to my motion, and admitted that they did, indeed, use this formula. They had to, because my work could not be refuted. This formula allowed them to falsely illustrate, to a federal court of law and within their legal documents, fund distributions which they overstated by more than 50%. The table below from my motion shows how they over-stated IPF distributions in a two year period **by MORE THAN \$1,000,000**. The SEC did this with a formula did not work, and could not work, ever. They knew this - they're all CPAs and attorneys, but they still used it. Here is the table from the motion I filed, and which clearly illustrates IPF's actual income distributions, vs. what the SEC falsely illustrated in the lawsuit by using their special, and hidden, formula:

For Investors Prime Fund, LLC			
	Year	2010	2011
23			
24			
25	Boudreau's Falsely Illustrated Distributions from his Declarations	\$1,284,874	\$2,146,299
26	Actual Distributions from Company Financial Statements	<u>\$850,514</u>	<u>\$1,390,853</u>
27	Boudreau's Fraudulent Percentage Increase to distributions:	51%	54%

We have all been very severely impacted by this matter, but to some employees of the federal government we're just anonymous people they don't know or care much about, apparently. This is a matter of at least a few bad apples who have severely misrepresented financial information to a federal court of law. I hope that, as you read, this, you are as outraged as I was when I finally, and factually, confirmed my suspicions about exactly how the SEC had gone about deceiving a federal court of law.

This matter of SEC's false illustrations **which it presented in a federal court of law**, are affecting four hundred investors who were deprived of this knowledge, like the court was when the lawsuit was submitted. The receiver - who the SEC recommended to the court - has known about this motion for three months. Has he bothered to let you know? His so called "forensic reports" and "court reports" are a travesty to all of us. Clearly, the SEC knowingly used false and misleading illustrations as the basis of all they have done. This includes presenting to the court fraud accusations against me, in order to convince the court to decline my legal fees... ***which would have allowed me to show these matters to the court right away, and to get this lawsuit discharged, instead of causing a four month delay while I painstakingly put the pieces together through thousands of pages of the SEC's materials in which it hid these matters, and which I only discovered four months into a lawsuit by reconstructing what they had done.*** The receiver knew just how to aid the SEC's cause. He took all of the books and records for the funds right away, and changed the locks on the doors, and fired ninety percent of the staff - in other words, most anybody who knew anything. By this, he helped the SEC to make sure no investors, myself, or anybody else would ever find out about the truth of what they had done in time for it to matter.

I suggest that you even show this letter to your tax accountant, and your lawyer, and get their opinion on how wrong SEC's actions and false financial illustrations are. Please, I ask you, let the court hear your voice by February 15th, because the hearing for this is on the 22nd. Write the Judge before it's too late for your opinion about the SEC to be heard. Put in the subject line: **"SEC v. Small Business Capital Corp."**

Hon. Judge Edward J. Davila
United States District Court
280 S. 1st. St., 4th Floor
San Jose, CA 95113

Regards,  Mark Feathers

BM00058
Exhibit 158-2

EXHIBIT 159

Dear Investor,

January 30th, 2013

As I told you in my last letter, senior accountants and lawyers of the SEC knowingly used a false basis to seize your money for the past seven months, and from 400 other investment accounts. They did this to lawfully operating businesses. They lied to a court of law in order to do this, and kept hidden from the court the formula that they had employed. This is called "false pretense" and courts throw out lawsuits from plaintiff's who use a false basis to make their claims - **if they find out about it in time.** That time is now, and you must help to control your own destiny. I have shown that the SEC lied. Now you must help me. The SEC's lie has been shown to the court in my motion with irrefutable facts, and they had to admit it **only because they could not deny it.** If you are Roger Boudreau, the agency's CPA who used the formula, it's now probably your worst dream come true - to be "outed" by somebody that you allowed the SEC to call a Ponzi in nationwide press releases and internet postings, and for a defendant to turn around and ask the court to sanction you under the Federal Rules of Civil Procedure. In court, the SEC's lawyer, John Bulgozdy, who now, along with Roger Boudreau, may be facing his own disciplinary actions for due process violations and Constitutional and civil rights violations, said a few weeks ago to the Judge "These are very serious matters". No kidding, Mr. Bulgozdi, and when did you first figure that out? Was it after you called me a Ponzi, and took \$45,000,000 of invested capital from 400 investors, or before you called me a Ponzi?

WHEN YOU ARE THE SEC, AND YOU ARE A VERY POWERFUL FEDERAL AGENCY, AND EVERYBODY IS SCARED OF YOU, AND YOU KNOW THIS, YOU CAN USE FALSE FORMULAS DELIBERATELY AGAINST SMALL COMPANIES WITH LIMITED RESOURCES TO PROVE THEM OTHERWISE. THIS WORKS ESPECIALLY WELL IF YOU CALL THEM A PONZI AND IMMEDIATELY TAKE AWAY THEIR CREDIBILITY, AND SUGGEST YOUR OWN SPECIAL RECEIVER TO A COURT, WHO CAN THEN CHANGE LOCKS AND FIRE EVERYBODY, AND TAKE AWAY ALL OF THE COMPANYS BOOKS AND RECORDS SO YOU CAN'T PROVE WHAT THEY DID. YOU CAN USE THESE FALSE RESULTS AS BASIS TO MAKE OUTRAGEOUS LIES, AND DESTROY PEOPLE'S LIVES, AND TAKE THEIR MONEY UNLAWFULLY, ALL BECAUSE YOU'RE THE SEC - AND EVERY BUSINESS AND EVERY BUSINESS PROFESSIONAL IS SCARED OF YOU, AND, BECAUSE YOU'RE THE SEC, YOU KNOW EVERYBODY'S SCARED OF YOU.

The SEC had made a grave error, here, though. People who know me well say that I'm tenacious, and I have a lot of resolve in the things that I believe in. I've been the underdog here, clearly, but **I'm not scared of the SEC.** This has truly been a **David vs. Goliath situation - an army of ONE PERSON against an army of their thousands of employees.** **The real truth** doesn't care about how big their army is, though. I've wrestled down bank robbers until the police came, pulled people out of cars about to explode several times, and served my country on Navy ships in hostile areas during times of war and campaigns. So, like David who had his slingshot, I have my prior experiences and my mettle to bring into this battle - along with my best weapon of all- **the real truth.** The SEC didn't know these things about me before this lawsuit. They didn't know that I just don't care who they are, if they are the ones who have chosen to become liars. I have respect for authority, but not when the authority uses lies. **I've submitted my court motion despite the SEC providing lies to the FBI, just to intimidate me.** Now I've proved that the SEC lied, what are they going to do now? **Lie some more, of course.** That's what liars do most of the time when they are caught. That's why you must write the Judge - let him know that you think their lie was outrageous, and that no federal agency should be able to get away with this. Consider having your own accountant look at their formula and write the judge about what they think, as well.

I have found out the hard way that very few people, groups, or professional trade organizations are willing to stand up the SEC. I have talked to several CPAs that I know and have worked with to get a written statement that this formula does not meet any accepted accounting principles of the government and the Financial Accounting Standards Board. Even the fund's own licensed public accountant is staying quiet - and he knows the fund's true finances better than anybody else. They all say that - very clearly - the formula does not work, and could never work, and they shake their heads in full disbelief when they hear about it. Every one of them has told me that they do not wish to become a target, themselves, of the SEC by saying this in public and on the record. The SEC's intimidation on the financial services world is very much like the same intimidation that the mafia and gangs use if you think about it. They use their intimidation, and their knowledge that they know it works, to their benefit. It's like the school bully who holds you by the shirt in front of everybody, and tells you to agree with him when he says that

BM00659

Exhibit 159-1

"one plus one equals one", and if you don't agree, you know that you're going to get punched in the eye, and everybody else knows it too, because they're all afraid of the bully, so they keep their mouths shut too.

What choice have I had in this matter, though, but to take them head-on? I am charged with protecting your money – even now it is my duty, and I feel very strongly about it. For seven months people have been telling me "you can't fight the government". Well guess what, I've never backed down – and I've shown now irrefutably from my own work the SEC's lie – and despite being labeled a Ponzi and facing the biggest challenges of my life – that have made me want to duck into a cave or a hole at times – and embarrassed to drive my kids to school because the school staff and parents have read the stories. I can't even walk into my local Starbucks out of embarrassment right now, so I've been going to one a few miles away to do my legal work. Let me show you again the admission of their lie, because the government and its employees will never say in a court of law "I lied to the court by using a formula which I know should have never been used".

The Commission does not dispute that in calculating member returns in the Complaint, it added together the line items "distributions" and "re-invested distributions" to arrive at the total distributions

The government lied, and it used a formula that even an elementary school student could see was wrong - never mind the CPAs of the government agency charged with expertise in accounting. The SEC didn't tell the court how it lied to produce its false numbers, though. You know the truth, and you need to let the court know the truth, so that they believe it when they see it from scores of people – and not just from me. In my motion, I was so outraged when I finally realized what the SEC had done to ALL of us, that I not only asked the court to dismiss the lawsuit, I asked for special sanctions from the Court, applied under Rule 9(b) of the Federal Code of Civil, against Roger Boudreau, who is the SEC CPA with more than twenty years of experience and who used his special formula to lie to the court, and which SEC used as the basis to call the funds a Ponzi-like scheme, and that we needed new member capital to pay distributions. If you haven't already, I urge you to show Boudreau's formula to your CPA now, for an opinion as to how this could not have been anything but deliberate. Don't forget - the SEC did not tell the Court what formula they used - I did.

Ask yourself why the receiver, Thomas Seaman, who is also a CPA, has not posted my motions on his site, or let you know that my motion forced SEC to admit they used a formula which has no validity, ever, anywhere, and not just in a court of law. It is because Seaman is the guy that the SEC recommended to the court, and he has made millions of dollars in revenues from working SEC's actions - he's like their outside family syndicate "capo". SEC is still looking to reform their image from the Madoff and Mortgage Meltdown spectacles they failed to stop, the latter which crippled our economy. The SEC has gotten away with this so far, but **they shouldn't be allowed to ride on our backs to fix their image**. If you or I lie on our income on a mortgage application, we pay very heavy penalties - including the possibility of going to jail. The SEC cannot be allowed to overstate the fund's financial information – by more than 50% in fact, and get away with it. I showed without question in my motion that the SEC used a false formula in order to grossly overstate the fund's distributions, **and they had to admit it**. It's only when somebody is facing an irrefutable truth, and which they know a court will recognize also, that they finally admit to it. But the SEC didn't admit to the lies, only to the formula. That's how they work. They overstated the income of both fund's by huge amounts by doing this – more than \$1,000,000 for IPF in two years. This is the SEC, with hundreds of CPA's. They don't make accidental mistakes like this. Here again is the table that I put together with our true CPA-prepared distributions, and the numbers that their formula let them lie about to the court:

<u>For Investors Prime Fund, LLC</u>			
	Year	2010	2011
Boudreau's Falsely Illustrated Distributions from his Declarations		\$1,284,874	\$2,146,299
Actual Distributions from Company Financial Statements		<u>\$850,514</u>	<u>\$1,390,853</u>
Boudreau's Fraudulent Percentage Increase to distributions:		51%	54%

SEC's actions. The SEC didn't bother to check this out, either, beforehand. I know a number of senior employees that I worked with closely at the FDIC and the SBA, and I have asked them to forward these matters to their Offices of Inspector General. It may take the involvement of other federal agencies to confront SEC's actions on this, in addition to the courts, to force them to acknowledge that their illustrations, based upon a flawed formula, was deliberate, and with crippling harm fully intended.

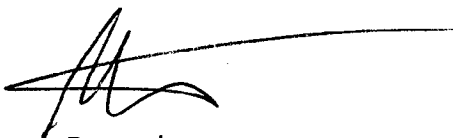
Agency actions take a while to work, however, so I urge you to write the Judge now, before our hearing on the 22nd, before it's too late, and this drags on for years. Keep your letter simple and include references about (1) you understand the SEC used a formula which is wrong, to which they admitted, and (2) how can they be allowed to do this and establish a false pretense? The Judge is a busy man, but if he sees 100 letters that ask him this, he's sure to get the point, don't you agree?

For seven months I have also asked the SEC about its policies on receivers, on their lawful basis of calling people Ponzi's without any proof, and other important matters. **They have been evasive, as you will see on the bottom of this page, and on the back of this page. The whole Agency has an atmosphere of secrecy that it is able to get away with.** Take a look at some samples of their replies to me. Under the Freedom of Information Act, which was passed by Congress a few years ago to let private citizens be their own government watchdogs, a federal agency is supposed to reply to your inquiry within thirty days. Despite the fact that the SEC has thousands of employees, they have stalled me repeatedly in answering my questions. In fact, they have been downright rude to me in their emails.

In my next letter, I'll show you about all of the challenges to the receiver's own "special formulas" and his own false illustrations of the fund's financial information. Not just from me – from other investors, too. He needs to have an ethics charge made against his CPA license, also.

Like a dirty boxer, the SEC used nothing less than an illegal sucker punch with its "special formula". It then used the phony results from this to employ its own weapon of mass destruction – the **PONZI** word. This can't go on. They drew first blood, and they broke the law and lied to the court with phony illustrations. We must take back NOW what is ours', or this will go on for years. Mention: "**SEC v. Small Business Capital Corp.**" and write:

Hon. Judge Edward J. Davila
United States District Court
280 S. 1st. St., 4th Floor
San Jose, CA 95113



Regards
Mark Feathers

*Is the SEC a bad apple right to its core, or is this all just from the actions of a few bad apples? The SEC has known all along that putting one lie (their formula) strategically in the right place, and hiding it from the court, would make this whole thing **just like taking candy from a baby**. You be "the judge" in the **Court of Public Opinion** on these matters:*

SEC Evasive Illustration No. 1. I have waited several months now to find out just how much business the SEC refers to Mr. Seaman. After all, he's not going to bite the hands that feeds him, and gives him millions of dollars in revenues. The SEC has more than 2,000 employees, and only needs a day at most to figure this question how. Here is their reply:

January 14, 2013

Mr. Mark Feathers
1520 Grant Road
Los Altos, CA 94024

Re: Freedom of Information Act (FOIA), 5 U.S.C. § 552
Request No. 13-00434-FOIA

Dear Mr. Feathers:

Reference is made to your request dated October 7, 2012 which sought records pertaining to Thomas Seaman Company.

We are still consulting with another office concerning your request. Although we cannot estimate the completion date at this time, we hope to be able to complete your request shortly.

BM00061
Exhibit 159-3

SEC Evasive Illustration No. 2. Congress, through a request of an audit through the General Accounting Office (the government's own internal auditors), has received several scathing reports about the SEC's receivers over the past two decades. By law, the SEC must reply back to these. Apparently, and even with 2,000 employees, they can't find their "reply" back to the GAO that I asked for. Here's their evasive response to my request, months after I have asked for it.

January 14, 2013

Mr. Mark Feathers
1520 Grant Road
Los Altos, CA 94024

Re: Freedom of Information Act (FOIA), 5 U.S.C. § 552
Request No. 13-00534-FOIA

Dear Mr. Feathers:

Reference is made to your request dated October 10, 2010 which sought records pertaining to the SEC's formal reply to the GAO Report (GAO-02-771) dated July 2002.

We are still consulting with another office concerning your request. Although we cannot estimate the completion date at this time, we hope to be able to complete your request shortly.

SEC Evasive Illustration No. 3. The SEC's employees can say anything they want, such as calling somebody a Ponzi, and get away with it. They don't have to answer to anybody, apparently.

January 14, 2013

Mr. Mark Feathers
1520 Grant Road
Los Altos, CA 94024

Re: Freedom of Information Act (FOIA), 5 U.S.C. § 552
Request No. 13-00940-FOIA

Dear Mr. Feathers:

Reference is made to your request dated October 20, 2012 which sought records pertaining to Ponzi policies.

We are still consulting with another office concerning your request. Although we cannot estimate the completion date at this time, we hope to be able to complete your request shortly.

SEC Evasive Illustration No. 4. The SEC uses their receiver recommendations to aid their cause. They make sure not to have any code of conduct policies in place for them, so they can do the SEC's dirty work and try to keep the fingerprints away from the SEC:

January 14, 2013

Mr. Mark Feathers
1520 Grant Road
Los Altos, CA 94024

Re: Freedom of Information Act (FOIA), 5 U.S.C. § 552
Request No. 13-00922-FOIA

Dear Mr. Feathers:

Reference is made to your request dated October 20, 2012 which sought records pertaining to the Agency's Code of Conduct policies for receivers.

We are still consulting with another office concerning your request. Although we cannot estimate the completion date at this time, we hope to be able to complete your request shortly.