



MIDDLETON
REUTLINGER

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December 1, 2017

By email: David.Osborne@lrc.ky.gov

David Osborne
Speaker Pro Tem
Kentucky Legislature
702 Capitol Avenue
Annex Room 332C
Frankfort, Kentucky 40601

RE: Investigation for Office of the Speaker of the House

Dear Mr. Osborne:

Enclosed is our Investigation Report for your review.

Very truly yours,

Dennis D. Murrell

DDM/vh

enc.

Cc: Augustus S. Herbert
Dana L. Collins

INVESTIGATION REPORT

INTRODUCTION

The Leadership Team of the Office of the Speaker of the House (the “Office”) on behalf of the House Republican Caucus asked Middleton Reutlinger to investigate matters relating to the working environment in the Office as well as a recently reported settlement relating to allegations of inappropriate conduct of certain Members of the Republican Caucus and the Chief of Staff. This report sets forth our findings and recommendations with regard to these issues.¹

SCOPE AND COVERAGE

Our objective was to investigate the working environment within the Office to identify any possible misconduct or inappropriate behavior related to sex or gender. We were also tasked with reviewing the events underlying the demand made on four individual Members as well as the Chief of Staff to determine what occurred and investigate how a purported resolution of such claims (the “Settlement”) was funded. Finally, we were asked to review the policies and procedures of the Office to address means to avoid such occurrences in the future.

The investigation included interviews with almost forty individuals including all current staff employees of the Office. With the exception of one staff member who refused to speak to us², the staff members were very cooperative and came across as dedicated public servants. These staff members met with us at the direction of the Leadership Team which has been professional and cooperative in permitting a neutral and extensive investigation of these very serious matters.

The forty interviewees also included (a) the Members involved in the Settlement, (b) several former staff employees and (c) several Republican House Caucus Members who believed they had information to provide on these issues. The investigation also included a review of the pertinent policies and procedures of the Office as well as electronically-stored information related to identified topics.³ The Legislative Research Commission (“LRC”) provided valuable assistance in getting the requested electronic information to us. Where available, notes of meetings contemporaneously taken and certain text exchanges were also reviewed. Finally, an audio recording related to the allegations was also provided and reviewed.

ISSUES TO BE ADDRESSED

1. Is sexual harassment or other inappropriate conduct based on sex present and/or pervasive in the Office?
2. What was the conduct and/or allegations that resulted in the Settlement?
3. Were public funds or other inappropriate means used to fund the Settlement?

¹ We were also asked to advise the Office as to personnel matters. Those issues will be addressed separately with the Leadership Team.

² We made multiple requests that this staff person speak with us and spoke with her counsel on several occasions. Despite her refusal, we were able to obtain from another source a lengthy audiotape of her discussion with someone else regarding these matters.

³ With the assistance of the LRC and its general counsel, we were able to conduct multiple searches of potentially relevant emails and documents, which resulted in over 3,000 emails reviewed for this report.

4. What are recommendations to avoid or remedy inappropriate conduct in the future?

BACKGROUND

While the majority of LRC employees are non-partisan, the investigation involved the “partisan” staff of the Office. The “partisan” staff consists of 24 employees who work for the Leadership Team of the Office on behalf of all Members of the Republican Caucus. Prior to 2017, the House Republican partisan staff consisted of around seven employees because it was the “minority” party. As a result of becoming the “majority” party, the number of partisan staff in the Office increased to 24.

The staff includes the Chief of Staff, General Counsel, Policy Staff, Budget Director, Communications Department, Clerk and Deputy Clerk, and administrative staff for each Leadership Member. Our investigation disclosed that while the work of the Commonwealth is being accomplished, there are significant divisions within the partisan staff which are causing tension for several of the staff. None of these divisions involve any legally prohibited classification. Rather, the reported divisions relate to any number of several factors including political factions, personality issues and other causes having nothing to do with sex, gender or any other protected classification. The fact that there are at least three former chiefs of staff on the staff contributes to this divide. Additionally, our investigation revealed that the partisan staff has experienced “growing pains” in tripling in size. Whether it be from growing pains or the aforementioned political and personality divisions, the staff has not run as effectively as it could.

Our investigation further revealed that there are no written policies applicable to “partisan” staff and the prohibition and/or reporting of sexual (or other) harassment. For “non-partisan” employees, the LRC has a Personnel Policy Manual that contains detailed explanations defining “harassment”; how it is to be reported; and the investigation of any such reports. There are currently no written policies or reporting mechanisms for “partisan” staff.

With regard to training for sexual harassment, the partisan staff have been verbally instructed to go to annual harassment training provided by the LRC and to go to the LRC Human Resources Director if they have any complaints. However, again, there is no written procedure detailing or requiring these requirements. Thus, some staff were uncertain as to the reporting mechanism if they observed or experienced inappropriate conduct; although most stated they would report it to the Human Resources department of the LRC or to the Office’s Chief of Staff. There is no rationale for non-partisan and partisan staff being treated differently with regard to anti-harassment policies and procedures.

DISCUSSION

A. No Sexually Charged Atmosphere or Other Present Inappropriate Conduct

Putting aside the specific allegations made leading to the Settlement, see *infra*. Section B, our investigation revealed no evidence from the documents or witness interviews to suggest that there has been any sexual harassment or other inappropriate conduct based on sex in the Office. All staff members, former staff members and the others interviewed agreed that they had not observed or experienced any harassment or inappropriate conduct relating to sex or gender in the workplace. The staff members and former staff members interviewed reported that working conditions were free from the taint of any sexual material or other inappropriate content. Our conclusion is that there is no present problem with respect to sexual harassment or a gender-based hostile work environment in

the Office. Based upon our interviews with the former employees, there is no indication that any other former employee received any settlement or left the Office due to concerns over the work environment or any sexually inappropriate conduct.

We also did not see any evidence of public corruption or other unlawful conduct within the Office. Although perhaps not unlawful, it must be noted that at least one employee while working was forced to talk with a private party concerning the matters leading to the Settlement. This is undesirable.

B. Conduct and Settlement Involving Members, Chief of Staff and Former Employee

According to news reports, the allegations leading to the Settlement involved inappropriate texts and other communications between certain Members of the Caucus and a former staff member in the Communications Department. Because the former staff member and a co-worker who expressed knowledge of the allegations did not agree to be interviewed, despite several requests, and because the involved Members and Chief of Staff felt constrained by a “confidentiality” clause in the Settlement, we were restricted in our ability to obtain details of the allegations or the events leading to the Settlement. However, we were able to confirm the authenticity of the text messages between Representative Hoover and the claimant as reported in the newspaper articles. We were also able to confirm that there was a demand letter sent by the claimant, that there was a mediation, and that there was a recent settlement involving four Members of the Republican Caucus as well as the Chief of Staff of the Office entered into with a former staff employee.

We have been provided some descriptions of the claims contained in the demand letter from those who saw the letter. We have also heard some of those claims in a taped conversation from a staff member who claimed to have seen the demand letter. Based upon what we have learned, we are unaware of any allegation of an inappropriate physical, sexual relationship involving any of these persons. Furthermore, we were not able to corroborate that any complaint concerning sexual harassment or similar misconduct was reported to the Leadership Team, the LRC, the General Counsel or the Chief of Staff prior to the sending of a demand letter to Speaker Hoover in October, 2017.

Despite repeated requests to everyone involved, we were not provided a copy of the demand letter sent by counsel for the former employee or the Settlement Agreement and cannot be certain as to the specifics of the allegations. Instead, all parties to the Settlement refused to discuss the demand, the allegations, or the terms of the Settlement citing the confidentiality clause of the Settlement even though the Settlement and certain allegations related thereto had already been disclosed to third parties.⁴ In addition, we requested copies of the emails of the four Members involved in the settlement with the Claimant. The LRC stated that it could not produce those emails to us because they were protected by the legislative privilege which is personal to each individual member of the General Assembly. The LRC informed us that it had requested a waiver of that privilege in order to turn over the emails but had not received a response from the Members. Therefore, as set forth below, we recommend that the issue as to the allegations and the Settlement be investigated by the Legislative Ethics Commission or other authority having subpoena power to obtain this information.

⁴ Indeed, after she had disclosed information related thereto, the Claimant was purportedly told by her lawyer to tell her “friends to shut the &*ck up” or she would threaten the whole settlement, apparently confirming that she had in fact disclosed the details to her friends.

Our investigation did not uncover any violations of any Kentucky ethics rules or Kentucky statutes. Having said that, we find it untenable that legislators elected by the people of the Commonwealth of Kentucky can settle claims involving alleged workplace activity and/or activity with Office staff without disclosing it to the Ethics Commission and/or the LRC. As set forth below, we recommend that this loophole be closed and such secretive resolutions be prohibited in the future.

C. No Public Or Unlawful Funding of Settlement

Based on our investigation, it is our conclusion that no public funds or other inappropriate monies were used to effectuate the Settlement. The LRC reported that no public funds were used in connection with the Settlement. Based on our interviews, we have no reason to conclude otherwise.

We discovered that there have been allegations that the Settlement was funded through improper political contributions. However, based on interviews and the attached documents, we are confident that this did not occur. The persons involved in the Settlement, without revealing the amount of the Settlement, represented to us that the source of all funds used in the Settlement was through (a) the private funds of the Members; or (b) borrowing evidenced by either arms-length loan transactions for appropriate consideration with a financial institution in the business of providing such loans or loans from family members or close family friends not involved in lobbying, government contract work or any other impermissible endeavour.

The documents collectively attached as Tab 1 were provided to us by counsel for the settling Members. These documents have been redacted to avoid disclosing the amounts of the loans/withdrawals from personal accounts or their personal account numbers. The identity of these lenders and the absence of any improper source should be confirmed by the Legislative Ethics Commission or other authority with subpoena power.

D. Recommendations

While our investigation did not disclose any unlawful hostile work environment or the violation of any Kentucky laws, there appear to have been allegations of inappropriate conduct relating to sex or gender sufficient that four Members of the Caucus and the Office Chief of Staff entered into a settlement with a former staff member in return for the payment of some amount of money which now all parties are refusing to disclose citing "confidentiality". To avoid future occurrences of this nature; both any underlying misconduct as well a secretive settlement of claims relating to alleged workplace malfeasance, we recommend the following:

1. The Office should promulgate and disseminate a clear anti-harassment policy similar to that currently in place for the non-partisan LRC staff. This would include delineation of prohibited conduct; a reporting mechanism requiring that any staff member experiencing or observing any prohibited harassment report it to a neutral authority (suggest that it be multiple sources within the LRC and/or perhaps the Speaker if not involved); and provide assurances of a prompt investigation and non-retaliation;
2. That all staff members receive extensive training on the reporting mechanism and that they be encouraged to report not only conduct occurring to them but also any prohibited conduct they observe occurring to other staff members;
3. That the General Assembly enact legislation and/or other binding rules providing that a Member must disclose to the General Counsel of the LRC any claim or complaint of

discrimination, harassment or hostile work environment based on any protected legal classification made against the Member by any staff employee;

4. Similarly, that the General Assembly enact legislation and/or other binding rules providing that a Member must disclose to the General Counsel of the LRC any resolution of any kind of any claim or complaint of discrimination, harassment or hostile work environment based on any protected legal classification made against the Member by any staff employee.⁵
5. The Office should consider the addition of a Human Resources professional and/or a Deputy Chief of Staff to better manage the human resource issues in the Office created by having twenty-four employees.
6. There should be a Complaint filed with the Legislative Ethics Commission as to the four settling Members concerning the allegations leading to the Settlement so that subpoenas can be served to require the disclosure of the underlying allegations, activity and resolution.

Although not related to the allegations of misconduct, we further recommend the following to address the communications issues and divisions within the Office:

7. That the Office consider conducting regular periodic "all staff" meetings. This may enhance communication and camaraderie within the office and curtail some of the divisions.
8. Because there were issues raised with regard to information to the communications department, we recommend that there be periodic meetings between Committee Chairpersons, the policy staff person assigned to that Committee and the communications staff person assigned to that Committee.

If we receive any additional information relating to the scope of this investigation, we will supplement this Report accordingly. We will also continue to advise the Leadership Team with respect to Human Resource issues.

Please feel free to contact us if you have any questions or want to discuss further.

Respectfully submitted,



Dennis D. Murrell

DDM

⁵ We also considered the wisdom of imposing a non-fraternization policy implemented by many private employers that would prohibit sexual or romantic relationships between Members and staff members or between staff members. However, because a Member cannot be terminated, this policy would potentially have the unintended consequences of discouraging reporting by a staffer and (more than likely) the termination of staffers. We believe that these burdens upon the staff and not upon the elected Members outweigh the benefit of any such policy.

Tab 1

file

LOAN NUMBER [REDACTED] 8813	LOAN NAME Jeffrey H Hoover INDEX (w/Margin) Not Applicable	AGGT. NUMBER [REDACTED] 0224	NOTE DATE 11/08/17	INITIALS 005 [Signature]
NOTE AMOUNT [REDACTED]	RATE 6.000%		MATURITY DATE 11/08/18	LOAN PURPOSE Consumer
	Creditor Use Only			

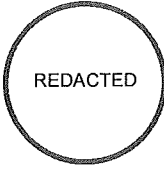
PROMISSORY NOTE AND TRUTH-IN-LENDING DISCLOSURES
(Consumer - Closed End)

DATE AND PARTIES. The date of this Promissory Note and Truth-in-Lending Disclosures (Note) is November 8, 2017. The parties and their addresses are:

LENDER:
FIRST NATIONAL BANK
P O Box 220
36 W Biava Weirner Drive
Russell Springs, KY 42642
Telephone: (270) 806-4343

BORROWER:
JEFFREY H HOOVER
[REDACTED]
Jamestown, KY 42020

KARLYN HOOVER
[REDACTED]
Jamestown, KY 42020



1. DEFINITIONS. As used in this Note, the terms have the following meanings:

- A. Pronouns. The pronouns "I," "me," and "my" refer to each Borrower signing this Note, individually and together with their heirs, successors and assigns, and each other person or legal entity (including guarantors, endorsers, and sureties) who agrees to pay this Note. "You" and "Your" refer to the Lender, any participants or syndicators, successors and assigns, or any person or company that acquires an interest in the Loan.
- B. Note. Note refers to this document, and any extensions, renewals, modifications and substitutions of this Note.
- C. Loan. Loan refers to this transaction generally, including obligations and duties arising from the terms of all documents prepared or submitted for this transaction such as applications, security agreements, disclosures or notes, and this Note.
- D. Loan Documents. Loan Documents refer to all the documents executed as a part of or in connection with the Loan.
- E. Property. Property is any property, real, personal or intangible, that secures my performance of the obligations of this Loan.
- F. Percent. Rates and rate change limitations are expressed as annualized percentages.
- G. Dollar Amounts. All dollar amounts will be payable in lawful money of the United States of America.

2. FEDERAL TRUTH-IN-LENDING DISCLOSURES.

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost me.	AMOUNT FINANCED The amount of credit provided to me or on my behalf.	TOTAL OF PAYMENTS The amount I will have paid when I have made all scheduled payments.
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Payment Schedule. My payment schedule will be:			
Number of Payments	Amount of Payments	When Payments Are Due	
[REDACTED]	[REDACTED]	[REDACTED]	
Late Charge. If a payment is more than 10 days late, I will be charged 5.000 percent of the Amount of Payment or \$5.00, whichever is greater. However, this charge will not be greater than \$50.00. Prepayment. If I pay off early, I will not have to pay a penalty. Contract Documents. I will see my contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.			

3. PROMISE TO PAY. For value received, I promise to pay you or your order, at your address, or at such other location as you may designate, the principal sum of \$80,040.00 (Principal plus interest from November 8, 2017 on the unpaid Principal balance until this Note matures or this obligation is accelerated.

4. INTEREST. Interest will accrue on the unpaid Principal balance of this Note at the rate of 6.000 percent (Interest Rate).

- A. Post-Maturity Interest. After maturity or acceleration, interest will accrue on the unpaid Principal balance of this Note at the Interest Rate in effect from time to time, until paid in full.
- B. Maximum Interest Amount. Any amount assessed or collected as interest under the terms of this Note will be limited to the maximum lawful amount of interest allowed by applicable law. Amounts collected in excess of the maximum lawful amount will be applied first to the unpaid Principal balance. Any remainder will be refunded to me.
- C. Statutory Authority. The amount assessed or collected on this Note is authorized by the Kentucky usury laws under Ky. Rev. Stat. Ann. Ch. 286, Subtitle 6.
- D. Accrual. Interest accrues using an Actual/365 days counting method.

5. ADDITIONAL CHARGES. As additional consideration, I agree to pay, or have paid, these additional fees and charges.

- A. Nonrefundable Fees and Charges. The following fees are earned when collected and will not be refunded if I prepay this Note before the scheduled maturity date.
Loan. A(n) Loan fee of \$40.00 payable from the loan proceeds.

6. REMEDIAL CHARGES. In addition to interest or other finance charges, I agree that I will pay these additional fees based on my method and pattern of payment. Additional remedial charges may be described elsewhere in this Note.

- A. Late Charge. If a payment is more than 10 days late, I will be charged 5.000 percent of the Amount of Payment or \$5.00, whichever is greater. However, this charge will not be greater than \$50.00. I will pay this late charge promptly but only once for each late payment.

7. PAYMENT. I agree to pay this Note in installments of accrued interest beginning May 8, 2018, and then on the same day in each 6th month thereafter. I agree to pay the entire unpaid Principal and any accrued but unpaid interest on November 8, 2018.

Payments will be rounded to the nearest \$0.01. With the final payment I also agree to pay any additional fees or charges owing and the amount of any advances you have made to others on my behalf. Payments scheduled to be paid on the 28th, 30th or 31st day of a month that contains no such day will, instead, be made on the last day of such month.

Jeffrey H Hoover
Kentucky Promissory Note and Truth-in-Lending Disclosures
KY4XX6CLARK000000001413013N

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Initials
[Signature]
Page 1

Each payment I make on this Note will be applied first to interest that is due, then to principal that is due, and finally to any charges that I owe other than principal and interest. No late charge will be assessed on any payment when the only delinquency is due to late fees assessed on earlier payments and the payment is otherwise a full payment. You may change how payments are applied in your sole discretion without notice to me. The actual amount of my final payment will depend on my payment record.

9. RIGHT TO REFINANCE. If any scheduled payment is more than twice as large as the average of earlier scheduled payments, I have the right to refinance the amount of such payment at the time it is due without penalty, as provided for by state law. The terms of the refinancing shall be no less favorable than the terms of the original transaction. This section does not apply if the payment schedule is adjusted because of my seasonal or irregular income.

9. PREPAYMENT. I may prepay this Note in full or in part at any time. Any partial prepayment will not excuse any later scheduled payments until I pay in full.

10. LOAN PURPOSE. The purpose of this Loan is Legal Expense.

11. LIMITATIONS ON CROSS-COLLATERALIZATION. The cross-collateralization clause on any existing or future loan, but not including this Loan, is void and ineffective as to this Loan, including any extension or refinancing. The Loan is not secured by a previously executed security instrument if a non-possessory, non-purchase money security interest is created in "household goods" in connection with a "consumer loan," as those terms are defined by federal law governing unfair and deceptive credit practices. The Loan is not secured by a previously executed security instrument if you fail to fulfill any necessary requirements or fail to conform to any limitations of the Real Estate Settlement Procedures Act, (Regulation X), that are required for loans secured by the Property or if, as a result, the other debt would become subject to Section 870 of the John Warner National Defense Authorization Act for Fiscal Year 2007.

The Loan is not secured by a previously executed security instrument if you fail to fulfill any necessary requirements or fail to conform to any limitations of the Truth in Lending Act, (Regulation Z), that are required for loans secured by the Property.

12. DEFAULT. I will be in default if any of the following events (known separately and collectively as an Event of Default) occur:

- A. **Payments.** I fail to make a payment in full when due.
- B. **Insolvency or Bankruptcy.** The death, dissolution or insolvency of, appointment of a receiver by or on behalf of, application of any debtor relief law, the assignment for the benefit of creditors by or on behalf of, the voluntary or involuntary termination of existence by, or the commencement of any proceeding under any present or future federal or state insolvency, bankruptcy, reorganization, composition or debtor relief law by or against me or any co-signer, endorser, surety or guarantor of this Note or any other obligations I have with you.
- C. **Death or Incompetency.** I die or am declared legally incompetent.
- D. **Failure to Perform.** I fail to perform any condition or to keep any promise or covenant of this Note.
- E. **Other Documents.** A default occurs under the terms of any other Loan Document.
- F. **Other Agreements.** I am in default on any other debt or agreement I have with you.
- G. **Misrepresentation.** I make any verbal or written statement or provide any financial information that is untrue, inaccurate, or conceals a material fact at the time it is made or provided.
- H. **Judgment.** I fail to satisfy or appeal any judgment against me.
- I. **Forfeiture.** The Property is used in a manner or for a purpose that threatens confiscation by a legal authority.
- J. **Name Change.** I change my name or assume an additional name without notifying you before making such a change.
- K. **Property Transfer.** I transfer all or a substantial part of my money or property.
- L. **Property Value.** You determine in good faith that the value of the Property has declined or is impaired.
- M. **Insolvency.** You determine in good faith that a material adverse change has occurred in my financial condition from the conditions set forth in my most recent financial statement before the date of this Note or that the prospect for payment or performance of the Loan is impaired for any reason.

13. WAIVERS AND CONSENT. To the extent not prohibited by law, I waive protest, presentment for payment, demand, notice of acceleration, notice of intent to accelerate and notice of dishonor.

- A. **Additional Waiver By Borrower.** In addition, I, and any party to this Note and Loan, to the extent permitted by law, consent to certain actions you may take, and generally waive defenses that may be available based on these actions or based on the status of a party to this Note.
 - (1) You may renew or extend payments on this Note, regardless of the number of such renewals or extensions.
 - (2) You may release any Borrower, endorser, guarantor, surety, accommodation maker or any other co-signer.
 - (3) You may release, substitute or impair any Property securing this Note.
 - (4) You, or any institution participating in this Note, may invoke your right of set-off.
- B. You may enter into any sales, repurchases or participations of this Note to any person in any amounts and I waive notice of such sales, repurchases or participations.
- (B) I agree that any of us signing this Note as a Borrower is authorized to modify the terms of this Note or any instrument securing, guaranteeing or relating to this Note.

13. No Waiver By Lender. Your course of dealing, or your forbearance from, or delay in, the exercise of any of your rights, remedies, privileges or right to insist upon my strict performance of any provisions contained in this Note, or any other Loan Document, shall not be construed as a waiver by you, unless any such waiver is in writing and is signed by you.

14. REMEDIES. After I default, and after you give any legally required notice and opportunity to cure the default, you may at your option do any one or more of the following:

- A. **Acceleration.** You may make all or any part of the amount owing by the terms of this Note immediately due.
- B. **Set-off.** You may use any and all remedies you have under state or federal law or in any Loan Document.
- C. **Insurance Benefits.** You may make a claim for any and all insurance benefits or refunds that may be available on my default.
- D. **Payments Made On My Behalf.** Amounts advanced on my behalf will be immediately due and may be added to the balance owing under the terms of this Note, and accrue interest at the highest post-maturity interest rate.
- E. **Attachment.** You may attach or garnish my wages or earnings.
- F. **Set-Off.** You may use the right of set-off. This means you may set-off any amount due and payable under the terms of this Note against any right I have to receive money from you. My right to receive money from you includes any deposit or share account balance I have with you; any money owed to me on an item presented to you or in your possession for collection or exchange; and any repurchase agreement or other non-deposit obligation. "Any amount due and payable under the terms of this Note" means the total amount to which you are entitled to demand payment under the terms of this Note at the time you set-off. Subject to any other written contract, if my right to receive money from you is also owned by someone who has not agreed to pay this Note, your right of set-off will apply to my interest in the obligation and to any other amounts I could withdraw on my sole request or endorsement. Your right of set-off does not apply to an account or other obligation where my rights arise only in a representative capacity. It also does not apply to any Individual Retirement Account or other tax-deferred retirement account. You will not be liable for the dishonor of any check when the dishonor occurs because you set-off against any of my accounts. I agree to hold you harmless from any such claims arising as a result of your exercise of your right of set-off.
- G. **Waiver.** Except as otherwise required by law, by choosing any one or more of these remedies you do not give up your right to use any other remedy. You do not waive a default if you choose not to use a remedy. By electing not to use any remedy, you do not waive your right to later consider the event a default and to use any remedies if the default continues or occurs again.

15. COLLECTION EXPENSES AND ATTORNEYS' FEES. On or after the occurrence of an Event of Default, to the extent permitted by law, I agree to pay all expenses of collection, enforcement or protection of your rights and remedies under this Note or any other Loan Document. Expenses include, but are not limited to, reasonable attorneys' fees as provided by law, and court costs. This amount does not include attorney's fees for your salaried employees. These expenses are due and payable immediately, if not paid immediately, these expenses will bear interest from the date of payment until paid in full at the highest interest rate in effect as provided for in the terms of this Note. All fees and expenses will be secured by the Property I have granted to you, if any. In addition, to the extent permitted by the United States Bankruptcy Code, I agree to pay the reasonable attorneys' fees incurred by you to protect your rights and interests in connection with any bankruptcy proceedings initiated by or against me.

16. COMMISSIONS. I understand and agree that you (or your affiliate) will earn commissions or fees on any insurance products, and may earn such fees on other services that I buy through you or your affiliate.

17. **WARRANTIES AND REPRESENTATIONS.** I have the right and authority to enter into this Note. The execution and delivery of this Note will not violate any agreement governing me or to which I am a party.

18. **APPLICABLE LAW.** This Note is governed by the laws of Kentucky, the United States of America, and to the extent required, by the laws of the jurisdiction where the Property is located, except to the extent such state laws are preempted by federal law.

19. **JOINT AND INDIVIDUAL LIABILITY AND SUCCESSIONS.** My obligation to pay the Loan is independent of the obligation of any other person who has also agreed to pay it. You may sue me alone, or anyone else who is obligated on the Loan, or any number of us together, to collect the Loan. Extending the Loan or new obligations under the Loan, will not affect my duty under the Loan and I will still be obligated to pay the Loan. This Note shall inure to the benefit of and be enforceable by you and your successors and assigns and shall be binding upon and enforceable against me and my personal representatives, successors, heirs and assigns.

20. **AMENDMENT, INTEGRATION AND SEVERABILITY.** This Note may not be amended or modified by oral agreement. No amendment or modification of this Note is effective unless made in writing. This Note and the other Loan Documents are the complete and final expression of the agreement. If any provision of this Note is unenforceable, then the unenforceable provision will be severed and the remaining provisions will still be enforceable. No present or future agreement securing any other debt I owe you will secure the payment of this Loan if, with respect to this loan, you fail to fulfill any necessary requirements or fail to conform to any limitations of the Truth in Lending Act (Regulation Z) or the Real Estate Settlement Procedures Act (Regulation X) that are required for loans secured by the Property or if, as a result, this Loan would become subject to Section 870 of the John Warner National Defense Authorization Act for Fiscal Year 2007.

21. **INTERPRETATION.** Whenever used, the singular includes the plural and the plural includes the singular. The section headings are for convenience only and are not to be used to interpret or define the terms of this Note.

22. **NOTICE, FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS.** Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the appropriate party's address listed in the DATE AND PARTIES section, or to any other address designated in writing. Notice to one Borrower will be deemed to be notice to all Borrowers. I will inform you in writing of any change in my name, address or other application information. I will provide you any correct and complete financial statements or other information you request. I agree to sign, deliver, and file any additional documents or certifications that you may consider necessary to perfect, continue, and preserve my obligations under this Loan and to confirm your lien status on any Property. Time is of the essence.

23. **CREDIT INFORMATION.** I agree to supply you with whatever information you reasonably request. You will make requests for this information without undue frequency, and will give me reasonable time in which to supply the information.

24. **ERRORS AND OMISSIONS.** I agree, if requested by you, to fully cooperate in the correction, if necessary, in the reasonable discretion of you or any end all loan closing documents so that all documents accurately describe the loan between you and me. I agree to assume all costs including by way of illustration and not limitation, actual expenses, legal fees and marketing losses for failing to reasonably comply with your requests within thirty (30) days.

ITEMIZATION OF AMOUNT FINANCED

NOTE AMOUNT

Amount given to me directly:

CHK - Draft/Check

Total amount given to me directly

Amount paid on my account

\$0.00

Amount paid to Lender for:

Prepaid finance charge paid to Lender
Loan

Total prepaid finance charge amount paid to Lender

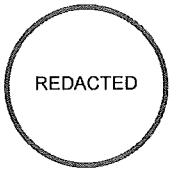
Amount paid to others on my behalf*

\$0.00

LESS: PREPAID FINANCE CHARGE

AMOUNT FINANCED

*Lender may retain or receive portions of these amounts.



25. **SIGNATURES.** By signing, I agree to the terms contained in this Note. I also acknowledge receipt of a copy of this Note.

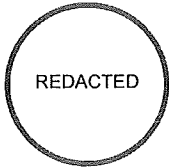
BORROWER:

[Signature] Date 11-6-17
Jeffrey H Hoover
[Signature] Date 11-6-17
Keryn Hoover

LENDER:

First National Bank

By *[Signature]* Date 11-6-17
Steve Fletcher, EVP & Senior Lender



PROMISSORY NOTE

[REDACTED]

Jamestown, Kentucky
October 27, 2017

FOR VALUE RECEIVED, the undersigned, promises to pay to [REDACTED]
the principal sum of [REDACTED]
payable on DEMAND.


The aforementioned [REDACTED] shall bear interest at the rate of FOUR (4%)
PERCENT, per annum, on said unpaid balance, payable on DEMAND.

The above principal and interest shall be payable to [REDACTED]
[REDACTED]

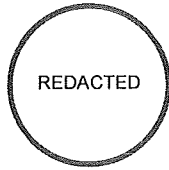
If the above principal and interest is not paid when due on demand and suit is
brought to collect this Note, the note holder shall be entitled to collect all reasonable
costs and expenses of suit, including, but not limited to, reasonable attorney fees.

Presentment, notice of dishonor and protest are hereby waived by all makers,
sureties, guarantors, and endorsers hereof.

Any notice to borrower provided for in this note may be given by mailing such
notice by certified mail addressed to borrower at the borrowers' address stated below or
at such other address borrower may designate by written notice to the note holder.



JEFFREY H. HOOVER
P.O. Box 984
Jamestown, Kentucky 42629



BD43
DEPOSIT TICKET
FOR CLEAR COPY, PRESS FIRMLY WITH BALL POINT PEN.
PRODUCT 100018



DATE 11-6-17

	DOLLARS	CENTS
CURRENCY		
COIN		
LIST FACE CHECK		
1 JHH		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
		\$

LAW OFFICE OF JEFFREY H. HOOVER

ESCROW
40 S. MAIN STREET P.O. BOX 985
JAMESTOWN, KY 42629-0985



73-521-839

TOTAL ITEMS

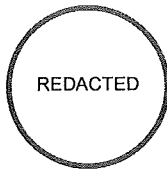
PLEASE BE SURE ALL ITEMS
ARE PROPERLY ENDORSED.
DEPOSITS MAY NOT BE AVAILABLE
FOR IMMEDIATE WITHDRAWAL.



⑈014 411 811

42

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT.



Pay to the Order of Jeffrey Hoover and Karyn Hoover

No. 2385

Date: November 06, 2017

Amount \$ [REDACTED] DOLLARS

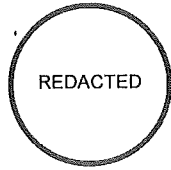
OFFICIAL CHECK

Loan Proceeds Memo

Authorized Signature [Handwritten Signature]

⑈002385⑈ [REDACTED] 0066⑈

Check form with fields for PAY TO THE ORDER OF (Jeff Hoover), DATE (10-27-17), AMOUNT (\$ [REDACTED]), and FOR [REDACTED]. Includes bank name: FIRST NATIONAL BANK OF RUSSELL SPRINGS, KY.



Bank of Jamestown Hoover (Escrow) Mobile Banking
bankofjamestown.com



FDIC

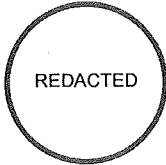
#102 11/07/17 08:14:27 AM CR11/07/17
5 BANK OF JAMESTOWN 1
DDA ACCOUNT NUMBER: ***-411-8
DEPOSIT AMT: [REDACTED]
Thanks for banking with us!

WE ARE HERE FOR ALL YOUR BANKING NEEDS.
270-343-3188

THANK YOU FOR YOUR PATRONAGE.

< Bank of Edmonson County

Savings, #5820



DESCRIPTION

Withdrawal - Subtracts from Balance

DATE

October 27, 2017

ENDING BALANCE



CATEGORY



NOTE



0 / 150

IMAGES

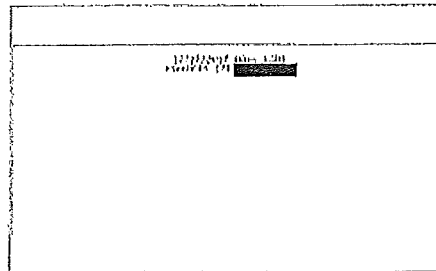
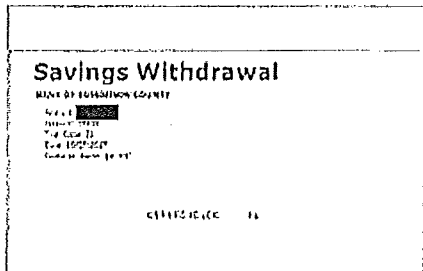


IMAGE VIEWER



MICHAEL LEE MEREDITH
BROWNSVILLE, KY 42210-0202

1328

10/27/17



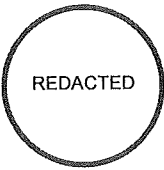
Landmark Shouse Escrow | \$



Bank of Edmonson County

[Handwritten signature]

1328



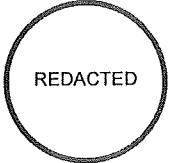
REDACTED



< Bank of Edmonson County

Checking 12345
[REDACTED]

DESCRIPTION
Deposit



DATE
October 27, 2017

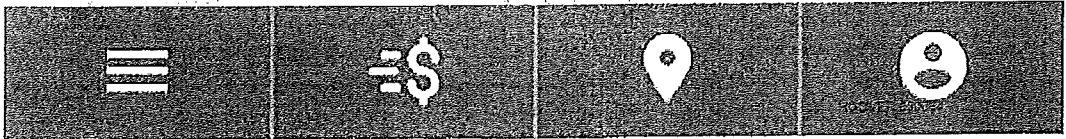
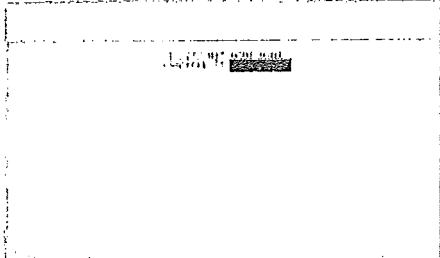
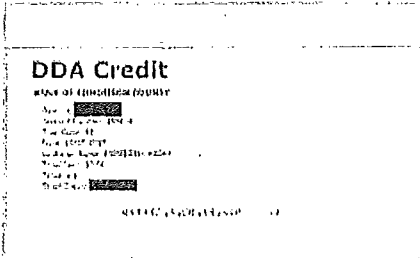
ENDING BALANCE
[REDACTED]





CATEGORY

NOTE

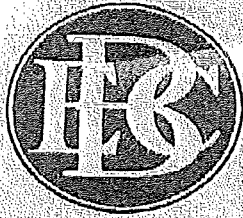
0 / 150

IMAGES




NAME *Jerry L Meredith* 10-10000
ACCOUNT NO _____ DATE *10/27/17*
PAY TO THE ORDER OF *Michael L Meredith* \$ _____
DOLLARS 
 BANK OF Edmonson County
MEMO *loan* 
 ⑈006 973 6⑈

REDACTED



Bank of Edmonson County (1)
109 North Main St
Brownsville, KY 42210-0099

10/27/17 08:48:20 AM Credited: 10/27/17
Teller: MLC

DDA Deposit (50)
DDA ACCOUNT NUMBER: ***9646
DEPOSIT AMT: 

New Christmas Clubs - Oct 27 th

Betty T. Gribbins

From: Lee K. Garlove
Sent: Friday, December 01, 2017 3:44 PM
To: Betty T. Gribbins
Subject: FW: Water and Roof

Here is the address for the Oldham Acres letter. Please address to Jack Guelda. Thanks,

From: A Guelda [mailto:aguelda@yahoo.com]
Sent: Thursday, November 30, 2017 12:32 PM
To: Lee K. Garlove <LGarlove@MiddletonLaw.com>
Subject: Re: Water and Roof

Ok Thank you, I will need to get it to Jack. Would you mail to him at 1810 Herr Ln 40222 or I can have him come downtown and sign , Andy



On Nov 30, 2017, at 12:25 PM, Lee K. Garlove <LGarlove@MiddletonLaw.com> wrote:

Got it today. Literally, just opened it. I will need to get your signature page.

From: A Guelda [mailto:aguelda@yahoo.com]
Sent: Thursday, November 30, 2017 12:24 PM
To: Lee K. Garlove <LGarlove@MiddletonLaw.com>
Subject: Fwd: Water and Roof

Lee, have you received this ? Thanks Andy



Begin forwarded message:

From: Mike Mason <mike@thelawnpro.com>
Date: November 30, 2017 at 12:17:39 PM EST
To: A Guelda <aguelda@yahoo.com>
Subject: Re: Water and Roof

Yes it was mailed to Lee Garlove on 11/17/17. Let me know if he has not received it. His letter said to sign and mail to his office for final execution.

Sent from my iPhone

On Nov 30, 2017, at 11:07, A Guelda <aguelda@yahoo.com> wrote:

Hello Mike,

Have you been able to get with Mr. Vest to sign the lease ?

Thanks Andy



On Nov 15, 2017, at 8:10 PM, Mike Mason
<mike@thelawnpro.com> wrote:

No problem. By the way I will be getting the lease back to you. It's tough for Larry and I to be available at the same time to go get the notaries taken care of. Should have it done this week.

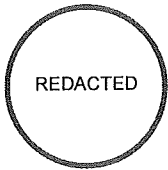
Sent from my iPhone

On Nov 15, 2017, at 10:15, A Guelda
<aguelda@yahoo.com> wrote:

Hello Mike,

Do you think I should have the water service turned off until the line is buried ? I got a small bill for service with no usage. Also Highland Roofing said they were there and repaired the 2 leaks on October 18 - please let me know if this is not the case. Thanks Andy





Account	ChkRef	Date	Description
████ 2901	6235	11/2/2017	CHECK
████ 2901		11/1/2017	████ 656 INTERNET TRANSFER FROM REGULAR SAVINGS ████ 7058 ON 11/01/17 7:59

- Nov 02, 2017 CHECK 6235
- Nov 02, 2017 CHECK 6241
- Nov 02, 2017 Pinned POS Debit 1102 KY BOWLING GREEN KROGER NASHVILL US SEQ# 121971
- Nov 02, 2017 Pinned POS Debit 1101 KY BOWLING GREEN RITE AID STORE 56 SEQ# 960403
- Nov 01, 2017 Signature POS Debit 1101 OH 513-469-1112 TWC*TIMEWARNERC SEQ# 067211
- Nov 01, 2017 Pinned POS Debit 1101 KY HORSE CAVE USPS PO 2038600 SEQ# 203626
- Nov 01, 2017 Signature POS Debit 1031 KY BOWLING GREEN LOOK SHARP DRY NE SEQ# 028251
- Nov 01, 2017 Signature POS Debit 1031 KY BOWLING GREEN JIM JOHNSON NIS SEQ# 090009
- Nov 01, 2017 Signature POS Debit 1030 KY BOWLING GREEN MCDONALD'S F281 SEQ# 096442
- Nov 01, 2017 475356 INTERNET TRANSFER FROM REGULAR SAVINGS 4500057058 ON 11/01/17 7:59

REDACTED

JIM OR AMY DECESARE 3-00
BOWLING GREEN, KY 42101

6235

73-501-839
48

10.30.17

Date

FRALDAR-004

Pay to the Order of LANDRUM + SHOUSE

\$ [REDACTED]

[REDACTED]

Dollars



Photo Safe Deposit 12.15 on top

SOUTH CENTRAL BANK

Jim Or Amy Decesare

For

[REDACTED] 6235 [REDACTED] 290110

[REDACTED]

6235

[REDACTED] PRO

JIM OR AMY DECESARE

Seq: 2

Dep: 000111

Date: 11/01/17

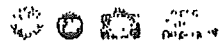
Location Code: 1

Security Features exceed industry standards and include:

- Matching account and check number on back (Patent No. 6,240,060)
- The Security Weave® pattern on back designed to deter fraud
- Microprint (MP) lines printed on front and back
- The words "ORIGINAL DOCUMENT" across the back
- Photo Safe Deposit™ icon visible on front and back

Do not cash if:

- Any of the features listed above are missing or appear altered
- Fugitive ink on back looks pink or has disappeared
- Brown stains and colored spots appear on both front and back



FOR DEPOSIT ONLY TO
Account [REDACTED] 5158
Cust.: LANDRUM + SHOUSE LLP
Loc: Headquarters
Deposited by: 7WS10137admin2
 CHECK HERE IF MOBILE DEPOSIT
DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
FOR FINANCIAL INSTITUTION USE

Account	Date	Description
██████████7058	11/1/2017	██████████656 INTERNET TRANSFER TO NOW CHECKING ██████████2901 ON 11/01/17 7:59

