

# **EXHIBIT 1**

**Contingency Fee Agreement  
with Anita Hunter**

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JOHN B. GALVIN  
*Of Counsel*

April 25, 2008

**Via E-Mail and U.S. Mail**

Anita Hunter  
14107 Taos Drive  
Saratoga, CA 95070

**Re: In Re: Okun Litigation**  
**25% Contingency Fee Agreement**

Dear Ms. Hunter:

You, Anita Hunter, (hereafter "Client") have asked Hollister & Brace and Foley, Bezek, Behle & Curtis ("Attorneys") to represent you in connection with damages you suffered as a result of your inability to recover funds that were deposited pursuant to a 1031 exchange with 1031 Advance, Inc. of San Jose, California. 1031 Advance, Inc. was purchased in or about December 2006 by the 1031 Tax Group, LLC ("1031TG"), a Delaware limited liability company which was owned by Edward H. Okun ("Okun").

On March 17, 2008, Okun was indicted for, among other things, mail fraud in connection with his purchase of 6 exchange entities (hereinafter the "Okun Exchange Entities") between August 2005 and December 2006 which are identified below:

- a. Atlantic Exchange Company, Inc. ("ABC") in Boston, Massachusetts in or about August of 2005;
- b. Security 1031 Services, LLC ("SOS") in Trumbull, Connecticut in or about November of 2005;
- c. Real Estate Exchange Services, Inc. ("REES") in Safety Harbor, Florida in or about June of 2006;
- d. National Exchange Services QI, Ltd. ("NES") in San Antonio, Texas in or

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about June of 2006;

- e. Investment Exchange Group, LLC ("IXG") in Denver, Colorado in or about August of 2006;
- f. 1031 Advance, Inc. ("1031 Advance") in San Jose, California in or about December 2006

The indictment alleges that Okun purchased the Exchange Entities, gained access to the money deposited by the clients of each respective Exchange Entity, and then misappropriated the money for his own personal gain.

The Okun Exchange Entities have filed for bankruptcy in the United States Bankruptcy Court for the Southern District of New York, Case No. 07-11448 (MG). You have filed a creditor's claim in the bankruptcy. It does not appear that the bankruptcy of the Okun Exchange Entities will result in any meaningful payment of your claim.

Accordingly, you have asked us to attempt to recover damages against Okun and other parties who assisted Okun in the breach of his fiduciary duty (hereinafter "the Okun Defendants). Litigation against the Okun Defendants may be costly. In lieu of paying Attorneys by the hour, you consent to a contingency fee agreement. Attorneys agree to the representation on the terms set forth herein:

1. **Terms of Representation:** Client agrees to retain Hollister & Brace and Foley, Bezek, Behle and Curtis ("Attorneys") to prosecute a civil action against the Okun Defendants that Attorneys decide may provide financial relief for the losses sustained. If Attorneys determine that in their opinion, legal action is not justified, they have no obligation to proceed with such legal action. Our representation is limited to the above scope of representation.
2. **The Representation is Limited:** Attorneys are not required to represent Client and will not represent Client (without a written amendment to this agreement) in the bankruptcy proceedings related to the Okun Exchange Entities. Attorneys are not giving any tax advice. Client must retain a tax advisor. Attorneys are not representing client in any disputes with the Trustee of the Okun Exchange Entities, in particular, any effort by the Trustee to set aside preferential payments made by the Okun Exchange Entities within 90 days prior to the date the petition for bankruptcy was filed.
3. **Association of Other Counsel:** Client understands and agrees that Attorneys may associate with other counsel, who may also represent Client in the litigation. Association of other counsel will not increase Client's obligations to pay fees or costs beyond the obligations set forth below.

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4. **Contingent Representation:** Compensation for this undertaking by Attorneys is contingent upon the outcome. Client agrees to pay a 25% contingency fee on a net proceeds basis as defined below. All costs advanced or incurred in connection with this matter will be advanced by Attorneys, or counsel associated with Attorneys, and repaid as set forth below. Net proceeds basis means that costs incurred in the prosecution of the action shall be deducted from the amount recovered from the litigation if any, before the calculation of attorney's fees.
5. **Costs, Expenses and Service Charges:** Attorneys, and any counsel that associates with Attorneys, are authorized to incur on behalf of Client, costs and expenses deemed necessary to perform legal services under this Agreement. Examples of costs and expenses include filing and recording fees, charges assessed by courts, process server fees, reporter fees, fees for investigators, experts' fees, postage, telecopying, long distance telephone services, copying charges, delivery charges, video and photograph costs and all travel expenses. Attached as Exhibit "1" is a summary breakdown of the amounts charged by Attorneys for certain costs.
6. **Payment of Costs, Expenses and Service Charges:** All costs of the litigation advanced by Attorneys will be repaid, if at all, from the proceeds recovered from the litigation. Client remains responsible for costs awarded against Client by the court to the prevailing party if the litigation is unsuccessful against any of the Okun Defendants.
7. **Waiver of Conflict:** Client recognizes that Attorneys would not take this case on a contingency fee if Attorneys are precluded from representing other victims who lost their deposits due to the failure of the Okun Exchange Entities or the Bankruptcy Trustee of the Okun Exchange Entities. Therefore, Attorneys retain the right to represent other clients of the Okun Exchange Entities and the Bankruptcy Trustee even though this may cause Client to recover less than Client would recover if the case was prosecuted solely for Client's benefit. Client understands the inherent conflict counsel has in representing multiple plaintiffs against defendants with potentially limited funds to pay all of the money owed and Client knowingly waives the conflict. Client acknowledges that Client has had adequate opportunity to discuss the conflict issue with a legal advisor of Client's choice.
8. **Client Agrees to Act as a Class Representative in a Class Action:** Client is informed that Attorneys will file class action litigation against culpable third parties who contributed to the collapse of the Okun Exchange Entities. Client consents to Attorneys' representation as class counsel and Client consents to acting as a class representative in the litigation which shall proceed as a class action.
9. **Condition Precedent to Representation:** Client agrees that this Contingency Fee

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Representation Agreement is contingent upon the consent of the Parr Law Group which filed a class action complaint on behalf of Client in the Federal District Court in San Jose, California, titled *Hunter v. Okun, et al*, case no. C07-cv-02795-JW.

10. **Fees Paid by Client to Parr Law Group:** Client has paid the Parr Law Group Attorneys' fees for services performed in prosecution of case no. C07-cv-02795-JW. Client intends to convert her representations from an hourly fee arrangement with the Parr Law Group to a contingency fee arrangement with Attorneys. It is Attorneys' intent to prosecute the litigation by associating with the Parr Law Group and filing an amended pleading in case no. C07-cv-02795-JW. Assuming recovery, Attorneys will make their best efforts to repay Client for fees she has already expended to prevent double billing for time paid the Parr Law Group on behalf of the class. Client agrees that if there is no recovery, she will not be reimbursed for the hourly fee she has already paid the Parr Law Group.
11. **Lien on Recovery:** Attorneys shall have a lien on any amount recovered by Client in any action or arbitration filed pursuant to the scope of services described in paragraph 1, whether by settlement or judgment, for services rendered and costs advanced in this or any other case in which Attorneys have acted as counsel for Client, or for the benefit of any persons or entities participating in the amount recovered, or who are obligated directly or indirectly to pay any fees or costs due Attorneys.
12. **Disclaimer of Warranty, Representation or Guarantee:** Nothing in this agreement and nothing in Attorneys' statements to Client in the past or in the future shall be construed as a promise, guarantee, or warranty about the outcome or results of Client's case. Attorneys make no promises, warranties or guarantees about the success of Client's case. Any comments by Attorneys about the result or outcome of a matter are only an expression of opinion by Attorneys. Client is further specifically advised that Client's matter may contain a provision for an award of Attorneys fees to the prevailing party. Client recognizes that if Client is not the prevailing party, Client may be determined to be liable for Attorneys fees and costs of the adverse party. Client is further advised that in the event Client should prevail in the final adjudication of this matter, Client may be entitled to an award of Attorneys fees as additional costs against the adverse party. Client is advised that said Attorneys fees are awarded by the Court based upon standards and rules which are different from the provisions of this retainer agreement. The award, or lack of award, of such Attorneys fees shall not modify Client's obligations under this agreement, except to the extent that such award shall constitute a portion of the gross proceeds subject to any contingency herein. Client shall remain obligated to pay the fees provided for under this contract regardless of whether the Court award Client's Attorneys fees as a matter of costs in a greater or lesser amount than would be called for under this contract or makes no award of Attorneys fees whatsoever.

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13. **Client's Cooperation:** Client understands that this matter is going to take Client's complete cooperation. Client shall provide all available contact information to Attorneys. Client, or the authorized representative of Client, must be available for conferences and other negotiations, including appearances in Court, as Attorneys deem necessary. Client agrees to review all materials sent to Client by Attorneys promptly upon receipt. In the event of any inquiries, concerns, questions, complaints, or misunderstandings which Client has, Client agrees to promptly bring those matters to the attention of Attorneys.
14. **Discharge and Withdrawal:** At any time, upon reasonable notice, either Client or Attorneys may withdraw from this agreement with or without cause. If Attorneys withdraw, they will try to obtain other counsel for Client if Client desires. In the event Client withdraws from or terminates this Agreement for any reason, Client shall be liable for the following Attorneys fees in cases prosecuted under a contingency fee agreement: 1) if the amount recovered has been, is being, or is about to be determined via settlement or judgment, or if the case is within 3 months of the first Master date established, Attorneys shall be entitled to an Attorneys fee calculated in accordance with this agreement; 2) if the amount recovered has not been, is not being, and is not about to be determined via settlement or judgment, Attorneys shall be entitled to a reasonable fee reflecting the value of the work performed up to the time of discharge or withdrawal.
15. **Conclusion of Services:** In the event of discharge or withdrawal of Attorneys, Client agrees that Attorneys shall be compensated in accordance with the terms of this agreement and according to law. When Attorneys' services conclude, all unpaid charges shall become immediately due and payable. After Attorneys' services conclude, Attorneys will, upon Client's request, deliver Client's file to Client, along with any Client funds or property in Attorneys' possession.
16. **Notices:** Any notice given by any party to this agreement shall be given in writing and shall be mailed, U.S. mail, first class, postage prepaid. Such notice shall be deemed given if delivered in person or three business days after deposit in the U.S. mail addressed to the other party's last known address. All notices to Attorneys shall be given to Attorneys at the above address and to Client at the address set forth herein below. These addresses may be changed from time to time by giving written notice thereof to the other party.
17. **Partial Invalidity:** If any word, phrase, clause, sentence, provision, or paragraph of this agreement is or shall be held invalid or unlawful for any reason, the same shall be deemed severed from the remainder hereof, and stricken therefrom, and shall in no way affect or impair the validity of this agreement or any portion thereof, and this agreement shall otherwise remain in full force and effect.

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18. **Binding on Successors:** This agreement shall be binding on and shall inure to the benefit of the parties hereto, their respective heirs, successors and assigns. Neither party shall assign this agreement or any rights hereunder without first obtaining the express written consent of the other party.
19. **No Waiver:** The failure of either party at any time to require performance by the other party of any provision hereof shall not be taken or held to be a waiver of the provision itself.
20. **Construction:** This agreement shall be deemed to be a contract made under the laws of the State of California. The rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of California.
21. **Jurisdiction and Venue:** The parties to this agreement agree that performance of this contract will substantially take place in the State of California, County of Santa Barbara. The parties further agree that this contract was entered into in Santa Barbara. Santa Barbara is the mutually determined and agreed exclusive place of jurisdiction and venue for any claim, proceeding, litigation, or arbitration between the parties hereto which pertains to this agreement or arises out of the subject matter thereof.
22. **Arbitration of Disputes:** If any dispute arises out of, or relates to, this agreement or the professional services rendered by Attorneys to the Client on this or any other matter or to any other dispute or disagreement between Attorneys and the Client of any nature, type or description, regardless of which legal theories may be involved, such dispute shall be resolved by arbitration before the American Arbitration Association by a single arbitrator in accordance with the commercial rules of the American Arbitration Association in effect at the time the proceeding is initiated. The hearing shall be held in Santa Barbara, California, with each side to bear his/her/its own costs and Attorneys fees. Under this provision, Client shall have no right to and is hereby waiving any right to a jury trial in respect to a malpractice claim against the firm. If the Client or firm opposes arbitration based upon California Code of Civil Procedure §1281.2(c) (pertaining to the pendency of a proceeding involving a third party that could result in conflicting rulings) the party opposing arbitration hereunder shall be deemed to have consented to arbitration hereunder of such other dispute.
23. **Merger:** All parties hereto specifically acknowledge that his agreement is the culmination of many conversations, negotiations and communications, both written and oral, between the parties hereto, their employees, agents servants and others. All such prior communications are made hereby null and void and replaced by this agreement. This instrument contains all of the agreements, understanding, representation, condition, warranties and covenants made between the parties hereto. Unless set forth herein, neither party shall be liable for any representations made prior to the execution of this agreement. Any and all modifications or

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amendments hereto must be in writing signed by the other parties hereto.

24. **File Retention:** At the conclusion of Attorneys services in this matter, Attorneys will deliver all source documents received from the Client to Client and will further deliver the entire file for this matter to the Client upon Client's request. If Client does not request the case file for this matter, Attorneys will retain it for a period of one year after this matter is closed. If Client does not request deliverance of the file for this matter before the end of the one year period of time, Attorneys will have no further obligation to retain the file and may, at their discretion, destroy it without further notice to Client.
25. **Insurance Coverage:** This is to advise Client that this firm maintains Errors and Omissions insurance coverage that may be applicable to the services to be rendered in the case.

Very truly yours,

HOLLISTER & BRACE  
A Professional Corporation

By: 

Robert L. Brace  
Michael P. Denver

FOLEY, BEZEK, BEHLE & CURTIS

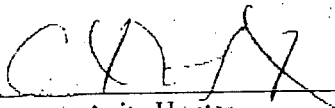
By: \_\_\_\_\_

Thomas Foley

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**NOTICE TO CLIENT: THE TERMS OF ANY FEE AGREEMENT (INCLUDING THIS ONE) ARE FULLY AND COMPLETELY NEGOTIABLE. THERE IS NO STANDARD FEE AGREEMENT.**

I have read and understood the foregoing terms and provisions, the attached rate schedule and the foregoing notice to Client and agree to each and every one of them as of the date Hollister & Brace first provided legal services on this matter.

By:   
Anita Hunter

**CONSENT BY THE PARR LAW GROUP**

The Parr Law Group consents to the terms of the Contingency Fee Agreement which shall supersede the Hourly Fee Agreement entered into with Anita Hunter.

THE PARR LAW GROUP

By: \_\_\_\_\_  
Shawn R. Parr