

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

SECURITIES AND EXCHANGE COMMISSION	§	
	§	
Plaintiff,	§	
	§	
v.	§	Case No. 3:09-CV-0298-N
	§	
STANFORD INTERNATIONAL BANK, LTD.,	§	
STANFORD GROUP COMPANY,	§	
STANFORD CAPITAL MANAGEMENT, LLC,	§	
R. ALLEN STANFORD, JAMES M. DAVIS, and	§	
LAURA PENDERGEST-HOLT,	§	
	§	
Defendants.	§	

**APPENDIX TO RECEIVER'S MOTION TO APPROVE SALE
OF INVESTMENT INTERESTS IN USFR, MCB, DGSE, AND SUPERIOR**

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**ATTORNEYS FOR RECEIVER
RALPH S. JANVEY**

CERTIFICATE OF SERVICE

On April 7, 2010, I electronically submitted the foregoing document with the clerk of the court of the U.S. District Court, Northern District of Texas, using the electronic case filing system of the court. I hereby certify that I have served all counsel and/or pro se parties of record electronically or by another manner authorized by Federal Rule of Civil Procedure 5(b)(2).

/s/ Kevin Sadler

Kevin Sadler

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SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

STANFORD INTERNATIONAL BANK, LTD.,
STANFORD GROUP COMPANY,
STANFORD CAPITAL MANAGEMENT, LLC,
R. ALLEN STANFORD, JAMES M. DAVIS,
and LAURA PENDERGEST-HOLT,

Defendants.

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Case No.: 3-09-CV-0298-N

DECLARATION OF SAMUEL COOPER

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

1. “My name is Samuel Cooper. I am legally competent to make this declaration. I have personal knowledge and am familiar with the matters stated in this declaration, and all of the facts and statements contained herein are true and correct.

2. I am a partner with the law firm of Baker Botts L.L.P. Baker Botts L.L.P. is counsel of record for the Receiver, Ralph S. Janvey, in the above-styled cause of action.

3. Attached as Exhibit A is a true and correct copy of the recommendation made by Park Hill Group (“PHG”) pertaining to USFR Media Group.

4. Attached as Exhibit B is a true and correct copy of the Purchase and Sale Agreement by and among Stanford International Bank, Ltd. (“SIBL”), Stanford Venture Capital

Holdings, Inc. ("SVCH"), Stanford Group Company, and KTBU Acquisition LLC, executed on December 17, 2009.

5. Attached as Exhibit C is a true and correct copy of the recommendation made by PHG pertaining to Merchants Commercial Bank.

6. Attached as Exhibit D is a true and correct copy of the Purchase and Sale Agreement by and between SVCH and Mr. Gene Calhoun, executed on October 1, 2009.

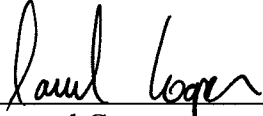
7. Attached as Exhibit E is a true and correct copy of the recommendation made by PHG pertaining to DGSE Companies, Inc. ("DGSE").

8. Attached as Exhibit F is a true and correct copy of the Purchase and Sale Agreement by and between SIBL and DGSE, executed on January 27, 2010.

9. Attached as Exhibit G is a true and correct copy of the Debt Conversion Agreement by and between SIBL and DGSE, executed on January 27, 2010.

10. I declare under penalty of perjury that the foregoing is true and correct."

EXECUTED on April 6, 2010.



Samuel Cooper



USFR Media Group

Company Address: 11150 Equity Drive
Houston, TX 77041

Industry: Media
Contacts: Nolan Lehmann (Managing Director of
Altazano Management, LLC)
Greg Brown (Chairman and CEO of USFR)

Business Summary

US Farm & Ranch Supply Company, Inc., d/b/a USFR Media Group ("USFR" or the "Company"), was established in February 2000 to develop an integrated media company focused on the western lifestyle. The Company currently has three operating divisions: publishing, broadcasting and video production.

- ◆ **Publishing Division** — owns *Cowboys & Indians* magazine and *Western & English Today* magazine, which are headquartered in Dallas
 - *Cowboys & Indians* — an affluent Western lifestyle magazine distributed at 115 major airports, 42 foreign countries, 15,000+ retail stores including Barnes & Noble, Borders and Bookstop and more than 675 leading western stores
 - *Western & English Today* — a leading business publication distributed to virtually every western & equestrian retailer and manufacturer across the country
- ◆ **Broadcasting Division** — acquired Channel 55 (KTBU), a full-power, independent UHF television station in the Houston area, the 10th largest broadcast market in the US, in November 2006
- ◆ **Video Production** — operates from the facility shared with Channel 55 (KTBU), and includes three large studios available for program and commercial video production. This division began operations in 2009, and offers production of ads, infomercials, and promotional videos for third party clients.

Investment History

Since June 2001, Stanford Venture Capital Holdings, Inc. ("SVCH"), Stanford International Bank, Ltd. ("SIBL") and Stanford Group Company ("SGC") (collectively "Stanford") have invested an aggregate amount of \$24,942,239 in USFR. Stanford currently holds 6,387,994 shares of USFR common stock, equivalent to about 12% of the outstanding shares, of which, approximately 1.7 million are owned by SIBL. Stanford also holds a 12% subordinated convertible note receivable in the original principal amount of \$490,234, and a 10% subordinated convertible notes receivable in the aggregate original principal amount of \$20,250,000. Stanford also owns warrants to acquire up to 3,517,968 shares of common stock with exercise prices ranging from \$0.05 to \$0.25 per share. While both notes receivable are secured, they are subordinated to approximately \$7.5 million in bank debt. The \$20.25 million notes are pari passu with \$14.75 million in other subordinated notes, and are also subordinated to a tranche of up to \$5 million (approximately \$3 million currently advanced, which includes the \$490,234 mentioned above) in senior subordinated notes receivable. The following table summarizes Stanford's ownership in USFR:

<u>Entity</u>	<u>Type of Security</u>	<u># of Shares</u>	<u>Strike / Conversion</u>		<u>Amount</u>
			<u>Price</u>	<u>Invested</u>	
SVCH	10% subordinated convertible note receivable	N/A	\$0.70		\$20,250,000
SVCH	12% subordinated convertible note receivable	N/A	\$0.25		\$490,234
SVCH	Common Stock	4,725,500	N/A		\$4,200,343
SIBL	Common Stock	1,662,494	N/A		\$1,662
SVCH	Warrants	1,850,000	\$0.05		N/A
SVCH	Warrants	625,000	\$0.25		N/A
SVCH	Warrants	980,468	\$0.25		N/A
SGC	Warrants	62,500	\$0.25		N/A

Current Status

USFR is experiencing severe cash shortfalls and is in need of an immediate infusion of capital. However, due to the reputational impact of USFR's affiliation with Stanford, the Company has found it difficult to attract new investors or additional funding from current investors. As of December 31, 2009, USFR had approximately \$1.9 million in current accounts payables, of which \$1.1 million are over 90 days past due. Some of the overdue amounts are due to

EXHIBIT

A

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critical vendors, and if the company does not receive an injection of capital soon, it may be forced to restrict or even cease operations. Set forth in Appendix A, in 2008 and through the first nine months of 2009, USFR incurred operating losses totaling over \$14 million.

The estimated liquidation value of USFR is approximately \$10 to \$11 million, comprising of \$6 to \$7 million for Channel 55 (KTBU), \$1 million for the magazines and \$3 million for property and equipment. This value assumes no cash infusion and a rapid sale of the Company's assets. Stanford is entitled to approximately \$490,234 of the first \$10.5 million, which represents the amount the senior debt with priority claim of the value achieved in a liquidation sale.

The estimated fair market value of the assets of USFR is approximately \$14 to \$15 million, comprising \$6 to \$7 million for Channel 55 (KTBU), \$4 million for the magazines and \$4 million for property and equipment. While USFR paid approximately \$31.5 for the television station in November 2006 (which was funded by drawing down on the \$35 million tranche of subordinated convertible notes), its value has declined severely along with other media assets, and it has not yet achieved positive broadcast cash flow. The publishing division revenues, set forth in Appendix B, were approximately \$6.9 million in 2009, down 12% from 2008. Based on 2010 projections, publishing division revenues are expected to decline by 5%.

As noted above, there is approximately \$7.5 million of secured bank debt to deduct from the current value of the assets, which leaves \$6.5 to \$7.5 million in value to allocate to the creditors and to the subordinated debt. USFR believes it needs an immediate infusion of \$1.5 million to catch up on its payables (including critical vendors necessary to continue operating), and then will require additional funding to cover operating losses until the economy turns. Deducting the \$1.5 million catch-up on the payables, there is only \$5 to \$6 million of value left for the subordinated lenders. Approximately \$3 million of that would go to the senior secured holders, of which Stanford has \$490,234. The remaining \$2 to \$3 million would be allocated 57.8% to Stanford and 42.2% to the other holders of the subordinated debt. Accordingly, USFR estimates the value of Stanford's current investments is approximately \$1.6 to \$2.2 million, which is greater than the amount Stanford would receive in a liquidation scenario.

However, this value can only be achieved if the Company receives additional funding to continue operating. As the Company incurs further operating deficits, this ultimately increases the funding requirement for any prospective investor, which will diminish the consideration paid to Stanford as well as limit the prospects of identifying willing parties to finance this deficit balance. Unless a capital infusion is achieved expeditiously, the Company will be at risk of insolvency and Stanford's investment will be worthless.

Marketing Process

By its nature, the private equity asset class is illiquid, intended to be a long-term investment for buy-and-hold accredited investors. For the vast majority of private equity investments, there is no active public market; however, a limited secondary market exists, where holders of these interests may be able to achieve liquidity through a sales process. The interest in the secondary market for a specific asset is determined by a number of factors including the type and quality of the products, the industry and regional focus, the track record of management, the size of the investment, the capital needs of the company, and the availability of financing and exit options available to the company. All of the aforementioned factors significantly limit the universe of potential buyers for the Company.

PHG and USFR Management ("Management") solicited interest from over 20 potential investors, which included three (3) high net worth investors, eight (8) strategic investors, five (5) private equity firms and seven (7) secondary buyers (collectively the "Investors").

- ◆ PHG maintained an electronic data room that provided bidders with the following key due diligence items:
 - December 31, 2007 and December 31, 2008 financial statements for USFR
 - Summary 5-year operating results for Channel 55 (KTBU)
 - Capitalization tables
 - Relevant legal documentation including loan agreements

In addition, USFR retained a boutique investment bank to raise capital for the Company; however, no investor would enter into a transaction given the large amount of short-term debt outstanding to Stanford. Overall, there was not any interest from the marketplace in investing in the Company as long as Stanford was an investor.

Ultimately, the Goodman Group (largest equity shareholder in USFR) proposed to acquire Stanford's stake in USFR through a newly-formed company (KTBU Acquisition LLC) for \$2 million, which would be paid to Stanford in cash to acquire all of its interests. The \$2 million offer is meaningfully higher than the \$490,234 outcome in the liquidation scenario. In addition, KTBU Acquisition LLC would infuse \$2 million into the Company to enable it to pay past-due amounts on its payables and fund continuing operating losses.

Recommendation

Given an extensive marketing process, it is unlikely that the Stanford Estate would be able to secure a higher offer in the foreseeable future. The offer from KTBU Acquisition LLC represents the highest dollar value for the Stanford Estate.

Appendix A

USFR MEDIA GROUP
Preliminary Consolidated Statement of Operations
Nine Months Ended September 30, 2009 and 2008
 Unaudited and Subject to Change
 (in thousands)

	2009	2008	Change	
			\$	%
Publishing	\$ 5,019	\$ 5,694	(675)	-12%
Broadcasting	3,643	4,535	(892)	-20%
Total revenues	8,662	10,229	(1,567)	-15%
Expenses:				
Cost of Sales & other direct expenses	5,096	6,213	(1,117)	-18%
SG&A	4,523	6,090	(1,567)	-26%
	9,620	12,303	(2,683)	-22%
			-	
Earnings before interest, taxes, depreciation and amortization	(958)	(2,074)	1,116	-77%
Depreciation and amortization	2,642	2,071	571	28%
Interest expense, net	3,181	3,633	(452)	-12%
Net loss	\$ (6,781)	\$ (7,778)	\$ 997	-13%

These financial statements are unaudited, thus subject to change, and do not include all disclosures or classifications required by Generally Accepted Accounting Principals.

Annualized EBITDA in thousands \$ (1,277.12)

Appendix B

**USFR Media Group
Publishing Division Revenue Comparisons
2008-2010**

	<u>2008</u>	<u>2009 (Prelim)</u>	<u>Change 2008-2009</u>		<u>2010F</u>	<u>Projected Change 2009- 2010</u>	
			<u>\$</u>	<u>%</u>		<u>Inc(Dec)</u>	<u>%</u>
Advertising	4,813,699	3,780,142	(1,033,557)	-21%	3,353,824	(426,318)	-11%
Newsstand	1,042,684	1,077,842	35,158	3%	1,045,958	(31,884)	-3%
Subscriptions	1,873,850	1,892,473	18,623	1%	2,039,575	147,102	8%
Other	91,351	109,939	18,588	20%	103,500	(6,439)	-6%
TOTAL REVENUE	7,821,584	6,860,396	(961,188)	-12%	6,542,857	(317,539)	-5%

Execution Version

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is made this 17th day of December, 2009 (the "Effective Date"), by and among Stanford International Bank, Ltd., an entity organized under the laws of Antigua ("SIBL"), Stanford Venture Capital Holdings, Inc., a Delaware corporation ("SVCH"), Stanford Group Company, a Texas corporation ("SGC" and, together with SIBL and SVCH, the "Sellers"), and KTBU Acquisition LLC, a Texas limited liability company ("Buyer") (Sellers and Buyer being sometimes hereinafter referred to, collectively, as the "Parties," and each, individually, as a "Party").

WITNESSETH:

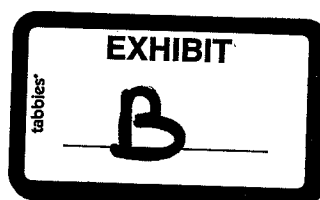
WHEREAS, Sellers own certain equity and debt securities of US Farm & Ranch Supply Company, Inc., a Texas corporation (the "Company"), which are set forth on Schedule 1 hereto (the "Securities");

WHEREAS, the Court (as defined below) entered an order on February 17, 2009, appointing Ralph S. Janvey as Receiver (the "Receiver") for the assets of SIBL, SGC, Stanford Capital Management, LLC, R. Allen Stanford, James M. Davis and Laura Pendergest-Holt and the entities they own or control, including SVCH (the "Receivership Estate"); and

WHEREAS, Sellers desire to sell and convey to Buyer, and Buyer desires to accept and purchase from Sellers, for the Purchase Price (as defined below), each Seller's right, title and interest in the Securities upon the terms and conditions hereinafter set forth in this Agreement;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, Sellers and Buyer hereby agree as follows:

1. **DEFINED TERMS:** Capitalized terms and expressions used in this Agreement shall have the meanings set forth in the Recitals above or as follows:
 - A. **Affiliates:** means with respect to any specified Person, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the Person specified. For purposes of this definition, "control" (including the correlative terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of a voting equity interest, by contract or otherwise.
 - B. **Antiguan Petition:** means the Antiguan receivers-liquidators April 20, 2009 petition for recognition under Chapter 15 of the U.S. Bankruptcy Code with respect to SIBL.
 - C. **Assignment of Ownership Interest:** means an instrument assigning the Securities from Sellers to Buyer in the form attached hereto as Exhibit A.
 - D. **Business Day:** means any day (other than a Saturday or Sunday) on which banks are generally open for normal business in Texas.
 - E. **Closing:** means the closing of the transactions set forth in this Agreement, including the performance by Sellers and Buyer of their respective obligations set forth herein.



- F. Closing Date: means the date that is ten (10) Business Days following the satisfaction of the conditions set forth in Sections 3 and 4.
- G. Court: means the United States District Court for the Northern District of Texas, Dallas Division, which is the court with exclusive jurisdiction in Case No. 3-09CV0298-L (the "Case").
- H. FCC: means the Federal Communications Commission.
- I. Liens: means any mortgages, liens, charges, pledges, security interests, claims, restrictions on alienation or other encumbrances recognized under the laws of the United States.
- J. Person: means any individual, firm, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization, government or agency or subdivision thereof or any other entity.
- K. Purchase Price: means Two Million and 00/100 Dollars (\$2,000,000.00) to be paid in immediately available funds on the Closing Date.

2. SALE AND CONVEYANCE OF SECURITIES:

- A. Subject to the terms and conditions of this Agreement, and for the Purchase Price, Sellers hereby agree to sell and convey the Securities to Buyer, including director appointment rights held by SVCH pursuant to that certain Amendment No. 2 to the Note Purchase Agreement, dated December 28, 2007, and Buyer hereby agrees to purchase and accept the Securities from Sellers.
- B. In addition to the Securities, each Party hereby agrees to deliver at Closing all documents required by this Agreement and perform any other acts as may be reasonably required by the other party to successfully effect the transactions contemplated by this Agreement.

3. BUYER'S CONDITIONS TO CLOSING: In addition to all other conditions set forth herein, the obligation of Buyer to consummate the transactions contemplated hereunder is subject to the following conditions (each, a "Buyer Closing Condition"), all of which may be waived by Buyer in its sole discretion. In the event any Buyer Closing Condition remains unfulfilled at Closing, Buyer may terminate this Agreement or waive such condition and proceed with Closing as provided for in this Agreement:

- A. The representations and warranties of Sellers set forth herein are true and correct as of the date hereof and as of the Closing Date.
- B. On or prior to the Closing Date, the FCC will have granted its written consent to the transfer of the Securities without the imposition of conditions outside the ordinary course ("FCC Consent") and the time for any judicial or administrative challenges to the grant of such FCC Consent has expired.
- C. Sellers shall have delivered to Buyer evidence reasonably satisfactory to Buyer of all consents and authorizations necessary under the laws of the United States to authorize Sellers to consummate the transactions contemplated by this Agreement.

- D. Sellers shall have complied with the covenant in Section 8(A) to the extent that Sellers' actions are required prior to the Closing.
 - E. Sellers shall have complied with the covenants in Section 8(B) to the extent that Sellers' actions are required prior to the Closing. Sellers shall have delivered to Buyer approval by the Court of this Agreement, and authorization of Sellers by the Court to convey the Securities to Buyer in accordance with the terms hereof, which approval and authorization shall (i) provide that the Securities will be transferred free and clear of any mortgages, liens, charges, pledges, security interests, claims, restrictions on alienation or other encumbrances, (ii) be in a form satisfactory to Buyer and (iii) be final and not subject to appeal under the laws of the United States. In connection therewith, Sellers hereby covenant and agree that as soon as reasonably possible after the execution of this Agreement by Buyer, Sellers shall apply to the Court for approval of the transactions contemplated hereby and use all reasonable efforts to obtain such approval as soon as reasonably possible.
 - F. Sellers shall have delivered the Assignment of Ownership Interest, fully executed by each Seller.
 - G. On the Closing Date, the Company and its shareholders shall amend that certain Shareholders Agreement, dated May 1, 2000, to provide that Buyer's director nominees shall replace SVCH's existing director nominees (the "Amendment").
 - H. Sellers shall have delivered evidence reasonably satisfactory to Buyer that the Court has issued an order in respect of the Antiguan Petition and such order (i) (A) does not recognize the Antiguan receivers-liquidators as "foreign representatives" under Chapter 15 of the United States Bankruptcy Code or (B) contains a finding or holding that the proceeding pending in Antigua pursuant to which the Antiguan receivers-liquidators were appointed does not constitute a "foreign main proceeding" within the meaning of Chapter 15 of the United States Bankruptcy Code and (ii) does not prohibit the transfer of SIBL's assets.
4. **SELLERS' CONDITIONS TO CLOSING:** In addition to all other conditions set forth herein, the obligation of Sellers to consummate the transactions contemplated hereunder is subject to the following conditions (each, a "Sellers' Closing Condition"), all of which may be waived by each Seller in its sole discretion. In the event any Sellers' Closing Condition remains unfulfilled at Closing, Sellers may terminate this Agreement or waive such condition and proceed with Closing as provided for in this Agreement:
- A. The representations and warranties of Buyer set forth herein are true and correct as of the date hereof and as of the Closing Date.
 - B. Buyer shall have delivered to Sellers evidence reasonably satisfactory to each Seller of all consents and authorizations necessary to authorize Buyer to consummate the transactions contemplated by this Agreement.
 - C. Sellers shall have received approval by the Court of this Agreement and authorization of Sellers by the Court to convey the Securities to Buyer in accordance with the terms hereof.

- D. Buyer shall have delivered the Assignment of Ownership Interest, fully executed by Buyer.

5. **CLOSING:**

- A. The Closing shall be held at the offices of Baker Botts L.L.P., 910 Louisiana St., Houston, Texas 77002, on or before the Closing Date, unless otherwise agreed to by the Parties.

- B. At Closing, Buyer and Sellers shall perform the obligations set forth in, respectively, subparagraphs (i) and (ii) below, the performance of which obligations shall be concurrent conditions:

- (i) Buyer shall deliver, or cause to be delivered, to Sellers:

- (a) the Assignment of Ownership Interest, fully executed by Buyer;
- (b) the Purchase Price in the form of immediately available funds by wire transfer to an account or accounts specified by the Receiver; and
- (c) any other documents reasonably requested by Sellers to evidence Buyer's authority to enter into and comply with all of the terms and conditions contained in this Agreement.

- (ii) Sellers shall deliver, or cause to be delivered, to Buyer:

- (a) the Assignment of Ownership Interest, fully executed by each Seller;
- (b) certificates issued to Buyer evidencing the Securities purchased from Sellers;
- (c) an allonge executed by SVCH endorsing each of the convertible notes (as described on Schedule 1 hereto) to Buyer;
- (d) an order by the Court approving this Agreement as described in Section 3(E); and
- (e) any other documents reasonably requested by Buyer to evidence each Seller's authority under the laws of the United States to enter into and comply with all of the terms and conditions contained in this Agreement.

- C. Each Party shall bear its own expenses with respect to the performance of its obligations under this Agreement and providing all of the documents required under this Agreement in connection with Closing.

6. **SELLERS' REPRESENTATIONS:** Sellers make the following representations and warranties, severally, which shall be true as of the Effective Date and at Closing and which shall survive Closing:

- A. **Organization; Authority:** Each Seller is duly formed and validly existing under the laws of the jurisdiction set forth in the introductory paragraph of this Agreement and has all

requisite power and authority to own and transfer the Securities. Each Seller has the right, power, capacity and legal authority under the laws of the United States (including without limitation, the Communications Act of 1934 (as amended) and the rules of the FCC) to enter into and to consummate the transactions contemplated by this Agreement.

- B. Authorization of Agreement and Enforceability: Subject to Court approval, this Agreement is a valid and legally binding obligation of each Seller under the laws of the United States and enforceable against it in accordance with its terms and, subject to Court approval, each document and instrument of transfer contemplated by this Agreement, when executed and delivered by each Seller in accordance with the provisions hereof, shall be valid and legally binding upon that Seller in accordance with its terms.
- C. Ownership of Securities: Each Seller is the sole and exclusive registered and beneficial owner of the Securities set forth opposite its name on Schedule 1 and, subject to Section 6(E), each Seller has good, valid and marketable title thereto, free and clear of any Liens. Upon delivery of the Purchase Price, as provided for in this Agreement, Buyer will receive, subject to Section 6(E), good, valid and marketable title to the Securities, free and clear of any Liens. The Securities constitute all of each Seller's and each of their Affiliates' interests in the Company or any of the Company's Affiliates and, at Closing, Sellers shall cease to have any interest in the Company and any of the Company's Affiliates, whether direct or indirect, actual or contingent.
- D. No Conflicts; Consents and Approvals: No Seller has granted to any Person any rights in the Securities set forth opposite its name on Schedule 1 that will survive the Closing or any rights to acquire all or any part of the Securities that will remain in effect after the Closing, and there is no outstanding agreement by either Seller to sell all or any part of the Securities set forth opposite its name on Schedule 1 to any other Person. No consent, approval, waiver, authorization or other order of or filing with any person is required under the laws of the United States on the part of any Seller in connection with that Seller's execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for consent from the Court and the FCC Consent, which will be delivered to Buyer prior to Closing.
- E. Litigation: Sellers have not received any written notice of any pending or threatened litigation, proceeding or investigation by any Person against it with respect to or against the Securities, except for those matters within the jurisdiction of the Court and consolidated under the Case.
- F. Receiver Authority: The Receiver was appointed as receiver for the assets of Sellers and the Receivership Estate and, subject to court approval, has the right to sell the assets of Sellers.
- G. Knowledge of Receiver: To the extent that the Receiver or the Receivership Estate is deemed to have made any of the representations of the Seller in this Agreement, any such representation shall be made subject to the Receiver's knowledge. All such representations shall be binding on the Receiver and the Receivership Estate, and the Receiver and the Receivership Estate are prevented and estopped from taking a position contrary to any such representations in the Case or any other legal or administrative proceeding.

- H. **FCC Compliance:** To the Sellers' knowledge, all representations, certifications, disclosures and filings required to be made to the FCC in connection with Sellers' interest in the Company and in any of the Company's Affiliates holding a broadcast license have been duly made.
7. **BUYER'S REPRESENTATIONS:** Buyer makes the following representations and warranties, which shall be true as of the Effective Date and at Closing and which shall survive Closing:
- A. **Organization; Authority:** Buyer has the legal authority to enter into and to consummate the transactions contemplated by this Agreement.
- B. **Authorization of Agreement:** The execution, delivery and performance of this Agreement have been duly and validly authorized within Buyer's organization. This Agreement is a valid and legally binding obligation of Buyer enforceable against it in accordance with its terms and each document and instrument of transfer contemplated by this Agreement, when executed and delivered by Buyer in accordance with the provisions hereof, shall be valid and legally binding upon Buyer in accordance with its terms.
- C. **Consents and Approvals:** No consent, approval, waiver, authorization or other order of or filing with any person is required on the part of Buyer in connection with Buyer's execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for consent from the Court and from the FCC.
- D. **Purchase for Investment:** Buyer is acquiring the Securities for its own account, for investment purposes and not with a view to any distribution or resale thereof, except in compliance with the Securities Act of 1933, as amended, and applicable state securities laws.
8. **SELLERS' COVENANTS:**
- A. Sellers shall cooperate in the preparation of any filing or application seeking the consent, approval or authorization of the FCC that may be required to consummate the transactions contemplated by this Agreement.
- B. Sellers shall deliver, or cause the Receiver to timely deliver, all appropriate or required pleadings and notices necessary to approve this transaction to all parties in interest and parties to the Case.
- C. Upon Closing, SVCH hereby authorizes Buyer to file one or more UCC-3 financing statement amendments to assign the powers of SVCH as secured party of record under the applicable initial financing statements (as may be amended) to Buyer and to delete SVCH as secured party of record.
9. **REMEDIES:** In the event of a default by Buyer hereunder, which default remains uncured for a period of ten (10) Business Days after written notice thereof is received by Buyer, each Seller shall be entitled to all remedies available to such Seller at law or in equity, including without limitation, the right to maintain an action for monetary damages or for specific performance of the terms of this Agreement. In the event of a default by any Seller hereunder, which default remains uncured for a period of ten (10) Business Days after written notice thereof is received by such Seller, Buyer shall be entitled to all remedies available to Buyer at law or in equity,

including without limitation, the right to maintain an action for monetary damages or for specific performance of the terms of this Agreement.

10. TERMINATION:

A. Termination: This Agreement may be terminated:

- (i) in writing by mutual consent of the Parties;
- (ii) by written notice from Buyer to Sellers, in the event that any Seller fails to timely perform in any material respect under this Agreement or materially breaches any of its representations and warranties contained herein;
- (iii) by written notice from Sellers to Buyer, in the event that Buyer fails to timely perform in any material respect under this Agreement or materially breaches any of its representations and warranties contained herein; or
- (iv) by written notice by Buyer to Sellers if the conditions set forth in Section 3 have not occurred on or prior to March 31, 2010.

B. Effect of Termination: In the event of termination of this Agreement pursuant to Section 10(A), this Agreement shall forthwith become void and there shall be no liability on the part of any Party or its Affiliates, officers, employees, agents, representatives, directors, trustees, heirs, executors, successors or assigns, except for the obligations under Sections 15.

11. ASSIGNMENT: Buyer shall have the right to assign its rights and obligations under this Agreement to an entity in which Buyer or its Affiliates have an ongoing controlling interest. Sellers shall not assign any interest in this Agreement to any other party without the prior written consent of Buyer, and any such assignment shall be null and void.

12. BROKERS: Except as set forth on Schedule 2, each Party represents to the other Party that (i) there are no finders' fees or brokers' fees that have been or will be incurred in connection with this Agreement or the transfer of the Securities, and (ii) such Party has not authorized any broker or finder to act on such Party's behalf in connection with the sale and purchase hereunder. Sellers covenant that they shall cause to be paid all fees that have been or will be incurred by its broker set forth on Schedule 2 in connection with this Agreement or the transfer of the Securities.

13. FURTHER ASSURANCES: Each Party shall from time to time, before and after Closing, at the other Party's request, execute and deliver such further instruments of conveyance, assignment and transfer. The Parties shall also take such further action as required to consummate the transactions contemplated by this Agreement, including, without limitation, actions to prepare, or reasonable efforts to cause to be prepared, the filing of (i) an application for FCC Consent prior to Closing (on FCC Form 315 or Form 316, as the case may be); (ii) the notice of consummation of the transactions contemplated hereby that is to be delivered to the FCC within ninety (90) days of receipt of the FCC Consent, (iii) the ownership report (on Form 323) that is to be delivered to the FCC within thirty (30) days following consummation of these transactions, and (iv) any other public notice or filing related hereto or thereto as either Party or the FCC may reasonably require for the conveyance and transfer of the Securities under the laws of the United States.

14. **NOTICES:** All notices and other communications from one Party to the other pertaining to this Agreement shall be given in written form and shall be served either (i) by personal delivery, or (ii) by depositing the same with the United States Postal Service addressed to the Party to be notified, postage prepaid and in registered or certified form, with return receipt requested, or (iii) by deposit with FedEx or another recognized courier for overnight delivery, or (iv) by email or facsimile, and in any event addressed as set forth below. Notice given as aforesaid shall be deemed delivered on the date actually received at the address to which such notice was sent, or if delivery is refused or not accepted, such notice shall be deemed delivered on the date of such refusal or failure to accept delivery. For purposes of notice, the addresses of the Parties shall be as follows:

If to Sellers or the Receiver:

Ralph S. Janvey
Receiver for the Stanford Financial Group
2100 Ross Avenue, Suite 2600
Dallas, TX 75201
Email: info@stanfordfinancialreceivership.com
Phone: 214-397-1912
Fax: 214-220-0230

With copy to:

Baker Botts L.L.P.
2001 Ross Avenue
Dallas, TX 75201
Attn: Craig N. Adams
Email: Craig.Adams@BakerBotts.com
Phone: 214-953-6819
Fax: 214-661-4819

If to Buyer:

KTBU Acquisition LLC
11150 Equity Drive
Houston, TX 77041
Attn: Mr. Nolan Lehmann
Email: nlehmann@good-group.com
Phone: 713-263-2558
Fax: 713-572-7676

With copy to:

King & Spalding LLP
1100 Louisiana St., Suite 4000
Houston, TX 77002
Attn: John Keffer
Email: jkeffer@kslaw.com
Phone: 713-751-3255
Fax: 713-751-3290

Either Party may change its address to another location in the continental United States upon five (5) days' prior written notice thereof to the other party; provided, however, a notice of change of address shall not become effective unless actual receipt thereof by the Party to be notified.

15. MISCELLANEOUS:

- A. This Agreement shall be construed in accordance with the laws of the State of Texas notwithstanding any contrary "choice of laws" provisions of that or any other State. Each Party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this Agreement, whether in tort or contract or at law or in equity, exclusively in the Court.
- B. This Agreement may be executed in multiple counterparts, including emailed or faxed counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.
- C. If the final day of any period of time set out in any provision of this Agreement falls upon a Saturday or Sunday or a legal holiday under the laws of the State of Texas, then, and in such event, the time of such period shall be extended to the next Business Day.
- D. Time is of the essence in the performance of this Agreement.
- E. Subject to any limitations on an assignment by Buyer or Sellers set forth in this Agreement, this Agreement shall bind and benefit the Parties and their respective representatives, successors and assigns.
- F. This Agreement may not be amended except in writing, executed by the Party against whom enforcement of any waiver, change, or discharge is sought.
- G. This Agreement and its Schedules and Exhibits contain all of the representations by each Party to the other and expresses the entire understanding between the Parties with respect to the transactions contemplated in this Agreement. All prior communications concerning the sale of the Securities are replaced by this Agreement.

[End of text.]

IN WITNESS WHEREOF, the signatories hereto have executed this Agreement as of the Effective Date.

BUYER:

KTBU ACQUISITION LLC

By: Nolan Lehmann
Name: NOLAN LEHMANN
Title: Managing Director

SELLERS:

STANFORD INTERNATIONAL BANK, LTD., an entity organized under the laws of Antigua

By: _____
Name: Ralph S. Janvey
Title: Receiver

STANFORD VENTURE CAPITAL HOLDINGS, INC., a Delaware corporation

By: _____
Name: Ralph S. Janvey
Title: Receiver

STANFORD GROUP COMPANY, a Texas corporation

By: _____
Name: Ralph S. Janvey
Title: Receiver

Acknowledged and agreed to by:

THE COMPANY

US FARM & RANCH SUPPLY COMPANY, a Texas corporation

By: _____
Name:
Title:

IN WITNESS WHEREOF, the signatories hereto have executed this Agreement as of the Effective Date.

BUYER:

KTBU ACQUISITION LLC

By: _____
Name:
Title:

SELLERS:

STANFORD INTERNATIONAL BANK, LTD., an entity organized under the laws of Antigua

By: Ralph S. Janvey
Name: Ralph S. Janvey
Title: Receiver

STANFORD VENTURE CAPITAL HOLDINGS, INC., a Delaware corporation

By: Ralph S. Janvey
Name: Ralph S. Janvey
Title: Receiver

STANFORD GROUP COMPANY, a Texas corporation

By: Ralph S. Janvey
Name: Ralph S. Janvey
Title: Receiver

Acknowledged and agreed to by:

THE COMPANY

US FARM & RANCH SUPPLY COMPANY, a Texas corporation

By: _____
Name:
Title:

IN WITNESS WHEREOF, the signatories hereto have executed this Agreement as of the Effective Date.

BUYER:

KTBU ACQUISITION LLC

By: _____

Name:

Title:

SELLERS:

STANFORD INTERNATIONAL BANK, LTD., an entity organized under the laws of Antigua

By: _____

Name: Ralph S. Janvey

Title: Receiver

STANFORD VENTURE CAPITAL HOLDINGS, INC., a Delaware corporation

By: _____

Name: Ralph S. Janvey

Title: Receiver

STANFORD GROUP COMPANY, a Texas corporation

By: _____


Name: Ralph S. Janvey

Title: Receiver

Acknowledged and agreed to by:

THE COMPANY

US FARM & RANCH SUPPLY COMPANY, a Texas corporation

By: 
Name: Eregon C. Blount
Title: Chairman

Schedule 1

SECURITIES

<u>Entity</u>	<u>Security</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>No. of Shares</u>	<u>Strike Price</u>
SVCH	10% convertible, subordinated notes	Nov. 10, 2006	Dec. 31, 2011	\$16,750,000	23,928,571	\$0.70
SVCH	10% convertible, subordinated notes	Dec. 28, 2007	Dec. 31, 2011	\$3,500,000	5,000,000	\$0.70
SVCH	12% convertible, subordinated notes	Nov. 13, 2008	Sept. 30, 2011	\$490,234.24	1,960,936	\$0.25
SVCH	Common Stock				4,725,500	
SIBL	Common Stock				1,662,494	
SVCH	Warrants W-79	Nov. 10, 2006	Void after Nov. 15, 2013		1,850,000	\$0.05
SVCH	Warrants W-113	Dec. 28, 2007	Void after Dec. 28, 2014		625,000	\$0.25
SVCH	Warrants W-131	Dec. 31, 2008	Void after Dec. 31, 2015		980,468	\$0.25
SGC	Warrants W-120	Dec. 28, 2007	Void after Dec. 28, 2014		62,500	\$0.25

Schedule 2

Brokers

1. Sellers - Park Hill Group LLC
2. Buyer - None

Merchants Commercial Bank



Company Address:	4608 Tutu Park Mall St Thomas, VI 00802	Industry:	Region Banks
		Contacts:	James E. Crites (CEO and President) Jimmy L. Bethea (Chief Lending Officer)

Business Summary

Merchants Commercial Bank ("MCB"), founded in 2006, and based in St. Thomas, was created to provide focused, dedicated financial resources and solutions to the Virgin Islands business and professional community. MCB is a Virgin Islands chartered, FDIC insured, single branch boutique bank whose services include traditional banking and internet services serving St. Thomas, St. John and St. Croix.

Investment History

Stanford Venture Capital Holdings ("SVCH" or "Stanford") purchased 39 shares of MCB for \$27,500 per share or \$1,072,500 in late 2006 for an 8.1% ownership stake. Since the purchase, MCB has completed a 5 to 1 stock split, which increased Stanford's holdings from 39 shares to 195 shares. Stanford continues to maintain an 8.1% ownership stake in MCB.

Current Status

The global economic downturn has had a significant effect on the local banking and financial sector in the U.S. Virgin Islands territory. The loans issued by MCB are entirely Virgin Islands real estate related; therefore, the Virgin Islands real estate market is a substantial element in determining the collateral value of MCB's loans and in part, the stability of the loans. Given that the local Virgin Islands economy typically lags the U.S. economy, it is only recently that the numbers of foreclosures and defaulted loans have increased in the region. These trends are reflected by the number of non-performing loans held by MCB. Prior records indicate that MCB did not hold non-performing loans in the beginning of 2009; however, non-performing loans increased significantly during the year. From 6/30/2009 through 12/31/2009, MCB's non-performing loan balance increased over 700% from \$573,654 to \$4,691,284. The 12/31/09 non-performing loan balance represents 6.6% of the total MCB loans as of 12/31/09. The ratio of MCB's non performing loans to total loans is materially higher than the comparable ratio at large and regional U.S. banks, which typically range from 1% to 3%.

Moreover, there has been a major reduction in the value of real property in the Virgin Islands. For all active, closed and pending properties in the region, the number of sold listings has fallen 33.3% from 2008 through 2009, representing an \$83.3 million reduction in dollar value. Meanwhile, the number of new listings in 2009 was 1,560, which is a 75% increase from the 2008 levels, with the median list price falling by 8.7%. As supply of property in the region continues to outpace demand, pricing and valuations will continue to drop. MCB has felt the effects of the economic downturn as it is seeing an increasing number of loans becoming past due and moving towards default. As the non-performing loan balance continues to accumulate, MCB will face challenges as delinquent interest payments will put pressure on revenues and potential capital adequacy provision for future defaults will limit liquidity. Given the worsening situation at MCB and the local banking sector in the Virgin Islands, Stanford's investment in MCB is at considerable risk of becoming worthless.

Marketing Process

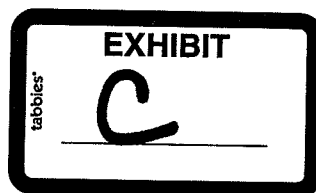
By its nature, the private equity asset class is illiquid, intended to be a long-term investment for buy-and-hold accredited investors. For the vast majority of private equity investments, there is no active public market; however, a limited secondary market exists, where holders of these interests may be able to achieve liquidity through a sales process. The interest in the secondary market for a specific asset is determined by a number of factors including the type and quality of the products, the industry and regional focus, the track record of management, the size of the investment, the capital needs of the company, and the availability of financing and exit options available to the company. All of the aforementioned factors significantly limit the universe of potential buyers for MCB.

PHG discussed MCB with over 60 potential buyers and narrowed the list down to four (4) secondary buyers and one (1) strategic investor, all of whom declined to bid given its size, location, small investor base and Stanford affiliation. Moreover, MCB Management ("Management") solicited its existing 60 shareholders to gauge interest in acquiring Stanford's shares in the bank and none showed interest. The most recent transaction was the sale of 1 share (5 shares split adjusted) to another shareholder, which is evidence of the thinly-traded nature of the bank shares.

During the process, an existing investor ("Investor") has offered to purchase the 195 shares held by Stanford for \$536,250. Outside of the current offer, no other existing investors or outside investors have expressed interest in purchasing the stake.

Conclusion

Given an extensive marketing process, it is unlikely that the Stanford Estate would be able to secure a higher offer in the foreseeable future. The Investor's offer represents the highest dollar value for the Stanford Estate.



PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is made this 1st day of October, 2009 (the "Effective Date"), by and between Stanford Venture Capital Holdings, Inc., a Delaware corporation ("Seller"), and Mr. Gene Calhoun, an individual resident of the State of Alabama ("Buyer") (Seller and Buyer being sometimes hereinafter referred to, collectively, as the "Parties," and each, individually, as a "Party").

WITNESSETH:

WHEREAS, Seller owns 39 shares of common stock ("Securities") of Merchants Commercial Bank, a Virgin Islands chartered commercial bank (the "Company");

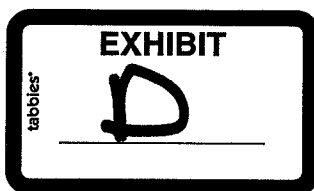
WHEREAS, the Court (as defined below) entered an order on February 17, 2009, appointing Ralph S. Janvey as Receiver (the "Receiver") for the assets of Stanford International Bank, Ltd., Stanford Group Company, Stanford Capital Management, LLC, R. Allen Stanford, James M. Davis and Laura Pendergest-Holt and the entities they own or control, including Seller; and

WHEREAS, Seller desires to sell and convey to Buyer, and Buyer desires to accept and purchase from Seller, for the Purchase Price (as defined below), all of Seller's right, title and interest in the Securities upon the terms and conditions hereinafter set forth in this Agreement;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, Seller and Buyer hereby agree as follows:

1. **DEFINED TERMS:** Capitalized terms and expressions used in this Agreement shall have the meanings set forth in the Recitals above or as follows:

- A. **Affiliates:** means with respect to any specified Person, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the Person specified. For purposes of this definition, "control" (including the correlative terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of a voting equity interest, by contract or otherwise.
- B. **Bill of Sale:** means an instrument conveying the Securities from Seller to Buyer in the form attached hereto as Exhibit A.
- C. **Certification as to Lost Shares:** means an Affidavit, in the form attached hereto as Exhibit B, from the Receiver to the Company certifying that the Securities have been lost, misplaced, inadvertently destroyed or otherwise and that the Company shall reissue the Securities in the name of Buyer.
- D. **Closing:** means the closing of the transactions set forth in this Agreement, including the performance by Seller and Buyer of their respective obligations set forth herein.
- E. **Closing Date:** means the date five (5) business days following approval of this Agreement by the Court as herein provided.



- F. Court: means the United States District Court for the Northern District of Texas, Dallas Division, which is the court with exclusive jurisdiction in Case No. 3-09CV0298-L (the "Case Number").
- G. Person: means any individual, firm, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization, government or agency or subdivision thereof or any other entity.
- H. Purchase Price: means Five Hundred Thirty Six Thousand, Two Hundred Fifty and 00/100 Dollars (\$536,250.00) in immediately available funds.

2. SALE AND CONVEYANCE OF SECURITIES:

- A. Subject to the terms and conditions of this Agreement, and for the Purchase Price contemplated herein, Seller hereby agrees to sell and convey the Securities to Buyer, and Buyer hereby agrees to purchase and accept the Securities from Seller.
- B. In addition to the Securities, each Party hereby agrees to deliver at Closing all documents required by this Agreement and perform any other acts as may be reasonably required by the other party to successfully effect the transactions contemplated in this Agreement.

3. BUYER'S CONDITIONS TO CLOSING: In addition to all other conditions set forth herein, the obligation of Buyer to consummate the transactions contemplated hereunder is subject to the following conditions (each, a "Buyer Closing Condition"), all of which may be waived by Buyer in his sole discretion. In the event any Buyer Closing Condition remains unfulfilled at Closing, Buyer may terminate this Agreement or waive such condition and proceed with Closing as provided for in this Agreement:

- A. The representations and warranties of Seller set forth herein are true and correct as of the date hereof and as of the Closing Date.
- B. Seller shall have delivered to Buyer evidence of approval by the Court of this Agreement, and authorization of Seller by the Court to convey the Securities to Buyer in accordance with the terms hereof. In connection therewith, Seller hereby covenants and agrees that as soon as reasonably possible after the execution of this Agreement by Buyer (and in no event more than five (5) business days thereafter), Seller shall apply to the Court for approval of the transactions contemplated hereby and use all reasonable efforts to obtain such approval as soon as reasonably possible.
- C. Seller shall have delivered the original Bill of Sale, fully executed by Seller.
- D. Seller shall have delivered the original Certification as to Lost Shares.

4. SELLER'S CONDITIONS TO CLOSING: In addition to all other conditions set forth herein, the obligation of Seller to consummate the transactions contemplated hereunder is subject to the following conditions (each, a "Seller Closing Condition"), all of which may be waived by Seller in its sole discretion. In the event any Seller Closing Condition remains unfulfilled at Closing, Seller may terminate this Agreement or waive such condition and proceed with Closing as provided for in this Agreement:

- A. The representations and warranties of Buyer set forth herein are true and correct as of the date hereof and as of the Closing Date.
- B. Seller shall have received approval by the Court of this Agreement and authorization of Seller by the Court to convey the Securities to Buyer in accordance with the terms hereof.

5. **CLOSING:**

- A. The Closing shall be on or before the Closing Date, and shall occur in the offices of Baker Botts L.L.P., 910 Louisiana St., Houston, Texas 77002, unless otherwise agreed to by the Parties.
- B. At Closing, Buyer and Seller shall perform the obligations set forth in, respectively, subparagraphs (i) and (ii) below, the performance of which obligations shall be concurrent conditions:
 - (i) Buyer shall deliver, or cause to be delivered, to Seller:
 - (a) the Purchase Price in the form of immediately available funds by wire transfer to an account or accounts specified by Receiver; and
 - (b) any other documents reasonably requested by Seller to evidence Buyer's authority to enter into and comply with all of the terms and conditions contained in this Agreement.
 - (ii) Seller shall deliver, or cause to be delivered, to Buyer:
 - (a) the original Bill of Sale and Certification as to Lost Shares, each fully executed by Seller; and
 - (b) any other documents reasonably requested by Buyer to evidence Seller's authority to enter into and comply with all of the terms and conditions contained in this Agreement.
- C. Each Party shall bear its own expenses with respect to the performance of its obligations under this Agreement and providing all of the documents required under this Agreement in connection with Closing.

6. **SELLER'S REPRESENTATIONS:** Seller makes the following representations and warranties, which shall be true as of the Effective Date and at Closing and which shall survive Closing:

- A. **Authorization of Agreement and Enforceability:** Subject to Court approval, this Agreement is a valid and legally binding obligation of Seller enforceable against it in accordance with its terms and, subject to Court approval, each document and instrument of transfer contemplated by this Agreement, when executed and delivered by Seller in accordance with the provisions hereof, shall be valid and legally binding upon Seller in accordance with its terms.
- B. **Ownership of the Securities:** Seller is the sole and exclusive registered and beneficial owner of the Securities and, to the Receiver's knowledge, Seller has good, valid and marketable title thereto, free and clear of any liens, charges, pledges or other

encumbrances. Upon delivery of the Purchase Price, as provided for in this Agreement, Buyer will, subject to Section 6(d), receive good, valid and marketable title to the Securities, free and clear of any liens, charges, pledges or other encumbrances. The Securities constitute all of Seller's interests in the Company and, on the Closing Date, Seller shall cease to have any interest in the Company, whether direct or indirect, actual or contingent.

- C. No Conflicts; Consents and Approvals: Seller, to the Receiver's knowledge, has not granted to any Person any current rights in the Securities that will survive the Closing or any rights to acquire all or any part of the Securities that remain in effect, and, to the Receiver's knowledge, there is no outstanding agreement by Seller to sell all or any part of the Securities to any other Person. To the Receiver's knowledge, no consent, approval, waiver, authorization or other order of or filing with any person is required on the part of Seller in connection with Seller's execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for consent from the Court, which will be delivered to Buyer prior to Closing.
- D. Litigation: Seller has not received any written notice of any pending or threatened litigation, proceeding or investigation by any Person against it with respect to or against the Securities, except for those matters within the jurisdiction of the Court and consolidated under the Case Number.

7. **BUYER'S REPRESENTATIONS**: Buyer makes the following representations and warranties, which shall be true as of the Effective Date and at Closing and which shall survive Closing:

- A. Authority: Buyer has the legal authority to enter into and to consummate the transactions contemplated by this Agreement.
- B. Authorization of Agreement: This Agreement is a valid and legally binding obligation of Buyer enforceable against him in accordance with its terms, and each document and instrument of transfer contemplated by this Agreement, when executed and delivered by Buyer in accordance with the provisions hereof, shall be valid and legally binding upon Buyer in accordance with its terms.
- C. Consents and Approvals: No consent, approval, waiver, authorization or other order of or filing with any person is required on the part of Buyer in connection with Buyer's execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for consent from the Court, which will be delivered prior to Closing.
- D. Purchase for Investment: Buyer is acquiring the Securities for his own account, for investment purposes and not with a view to any distribution or resale thereof, except in compliance with the Securities Act of 1933, as amended, and applicable state securities laws.

8. **REMEDIES**: In the event of a default by Buyer hereunder, which default remains uncured for a period of ten (10) business days after written notice thereof is received by Buyer, Seller shall be entitled to all remedies available to Seller at law or in equity, including without limitation, the right to maintain an action for monetary damages or for specific performance of the terms of this Agreement. In the event of a default by Seller hereunder, which default remains uncured for a period of ten (10) business days after written notice thereof is received by Seller, Buyer shall be

entitled to all remedies available to Buyer at law or in equity, including without limitation, the right to maintain an action for monetary damages or for specific performance of the terms of this Agreement.

9. **ASSIGNMENT:** Buyer shall have the right to assign his rights and obligations under this Agreement to an entity in which Buyer has an ongoing controlling interest. Seller shall not assign any interest in this Agreement to any other party without the prior written consent of Buyer.
10. **BROKERS:** Except as set forth on Schedule 1, each Party represents to the other Party that (i) there are no finders' fees or brokers' fees that have been or will be incurred in connection with this Agreement or the transfer of the Securities, and (ii) such Party has not authorized any broker or finder to act on such Party's behalf in connection with the sale and purchase hereunder. Each Party hereto agrees to indemnify, defend, and hold harmless the other Party from and against any and all claims, losses, damages, costs or expenses of any kind or character arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by such Party with any broker or finder in connection with this Agreement or the transactions contemplated hereby. This obligation shall survive the Closing or earlier termination of this Agreement.
11. **FURTHER ASSURANCES:** Each Party shall from time to time, before and after Closing, at the other Party's request, execute and deliver such further instruments of conveyance, assignment and transfer and shall take such further action as either Party may reasonably require for the conveyance and transfer of the Securities and to consummate the transactions contemplated by this Agreement.
12. **NOTICES:** All notices and other communications from one Party to the other pertaining to this Agreement shall be given in written form and shall be served either (i) by personal delivery, or (ii) by depositing the same with the United States Postal Service addressed to the Party to be notified, postage prepaid and in registered or certified form, with return receipt requested, or (iii) by deposit with FedEx or other recognized courier for overnight delivery, or (iv) by email or facsimile, and in any event addressed as set forth below. Notice given as aforesaid shall be deemed delivered on the date actually received at the address to which such notice was sent, or if delivery is refused or not accepted, such notice shall be deemed delivered on the date of such refusal or failure to accept delivery. For purposes of notice, the addresses of the Parties shall be as follows:

If to Seller or the Receiver:

Ralph S. Janvey
Receiver for the Stanford Financial Group
2100 Ross Avenue, Suite 2600
Dallas, TX 75201
Email: info@stanfordfinancialreceivership.com
Phone: 214-397-1912
Fax: 214-220-0230

With copy to:

Baker Botts L.L.P.
2001 Ross Avenue
Dallas, TX 75201
Attn: Craig N. Adams
Email: Craig.Adams@BakerBotts.com
Phone: 214-953-6819
Fax: 214-661-4819

If to Buyer:

Mr. Gene Calhoun
c/o Western Steel, Inc.
3360 Davey Allison Blvd
Heuytown, AL 35023
Email: gene@wessternsteelinc.com and Karen@westernsteelinc.com
Phone: (205) 744-2230 ext 229
Fax: (205) 744-0445

With copy to:

Marcia B. Resnick, Esq.
3652 Honduras, Suite 9
P.O. Box 1623
St. Thomas, Virgin Islands 00804
Email: marcia@surfvi.com
Phone: (340) 715-2165
Fax: (340) 715-2167

Either Party may change its address to another location in the continental United States upon five (5) days' prior written notice thereof to the other party; provided, however, a notice of change of address shall not become effective unless actual receipt thereof by the Party to be notified.

13. MISCELLANEOUS:

- A. This Agreement shall be construed in accordance with the laws of the State of Texas notwithstanding any contrary "choice of laws" provisions of that or any other State. Each Party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this Agreement, whether in tort or contract or at law or in equity, exclusively in the Court.
- B. This Agreement may be executed in multiple counterparts, including emailed or faxed counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.
- C. If the final day of any period of time set out in any provision of this Agreement falls upon a Saturday or Sunday or a legal holiday under the laws of the State of Texas, then, and in such event, the time of such period shall be extended to the next business day that is not a Saturday, Sunday or legal holiday. The term "business day" shall mean a day that is not a Saturday, Sunday or national bank holiday in Houston, Texas.

- D. Time is of the essence in the performance of this Agreement.
- E. Subject to any limitations on an assignment by Buyer or Seller set forth in this Agreement, this Agreement shall bind and benefit the Parties and their respective representatives, successors and assigns.
- F. This Agreement may not be amended except in writing, executed by the Party against whom enforcement of any waiver, change, or discharge is sought.
- G. This Agreement and its Schedules and Exhibits contain all of the representations by each Party to the other and expresses the entire understanding between the Parties with respect to the transactions contemplated in this Agreement. All prior communications concerning the sale of the Securities are replaced by this Agreement.

[End of text.]

IN WITNESS WHEREOF, the signatories hereto have executed this Agreement as of the Effective Date.

BUYER:


Gene Calhoun

SELLER:

STANFORD VENTURE CAPITAL HOLDINGS,
INC., a Delaware corporation

By: _____
Name: Ralph S. Janvey
Title: Receiver

IN WITNESS WHEREOF, the signatories hereto have executed this Agreement as of the Effective Date.

BUYER:

Gene Calhoun

SELLER:

STANFORD VENTURE CAPITAL HOLDINGS,
INC., a Delaware corporation

By: Ralph S. Janvey
Name: Ralph S. Janvey
Title: Receiver

Schedule 1

Brokers

1. Seller - Park Hill Group LLC
2. Buyer - None

Exhibit A

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS that Stanford Venture Capital Holdings, Inc., a Delaware corporation (hereinafter referred to as "Seller"), for and in consideration of the sum of Ten Dollars (\$10.00), and other good and valuable consideration paid by Gene Calhoun (hereinafter referred to as "Buyer") pursuant to the terms of that certain Purchase and Sale Agreement dated as of October 1, 2009 between Seller and Buyer, the receipt of which is hereby acknowledged, has bargained and sold, and by these presents does grant and convey, unto Buyer, his successors and assigns, 39 shares of common stock of Merchants Commercial Bank, a Virgin Islands chartered commercial bank.

TO HAVE AND TO HOLD the same unto the Buyer, his successors and assigns, forever. And Seller, for itself, its successors and assigns, does covenant and agree to and with Buyer, his successors and assigns, to warrant title and defend the sale hereby made of such 39 shares of common stock of Merchants Commercial Bank unto said Buyer, his successors and assigns, against all and every person, persons or third parties whomsoever.

IN WITNESS WHEREOF, Seller has set Seller's hand and seal this _____ day of October, 2009.

WITNESSES

STANFORD VENTURE CAPITAL
HOLDINGS, INC., a Delaware Corporation

Ralph S. Janvey, Receiver

STATE/TERRITORY OF _____)
COUNTY/DISTRICT OF _____) ss:

The foregoing instrument was acknowledged before me this ___ day of October, 2009, Ralph S. Janvey, as Receiver for Stanford Venture Capital Holdings, Inc.

Notary Public
My Commission Expires: _____

Exhibit B

CERTIFICATION AS TO LOST SHARES

COMES NOW, Stanford Venture Capital Holdings, Inc., a Delaware corporation (hereinafter referred to as "Seller"), by and through Ralph S. Janvey, Receiver for the assets thereof in accordance with the Order dated February 17, 2009 in that matter pending in the United States District Court for the Northern District of Texas, Dallas Division, entitled Securities and Exchange Commission v. Stanford International Bank, Ltd., Stanford Group Company, Stanford Capital Management, LLC, R. Allen Stanford, James M. Davis and Laura Pendergest-Holt, Case No. 3-09CV0298-L, and hereby gives notice to Merchants Commercial Bank, a Virgin Islands chartered commercial bank ("Merchants") as follows.

1. Seller is the owner of 39 shares of common stock of Merchants (the "Shares").
2. Seller cannot locate said Shares, the same having been lost, misplaced, inadvertently destroyed or otherwise.
3. Seller hereby directs Merchants to cancel said Shares, and reissue them in the name of GENE CALHOUN, as the purchaser of said Shares from Seller pursuant to the terms of that certain Purchase and Sale Agreement between Seller and said purchaser dated as of October 1, 2009.

IN WITNESS WHEREOF, Seller has set Seller's hand and seal this _____ day of October, 2009.

WITNESSES

STANFORD VENTURE CAPITAL HOLDINGS, INC., a Delaware corporation

Ralph S. Janvey, Receiver

STATE/TERRITORY OF _____)
COUNTY/DISTRICT OF _____) ss:

The foregoing instrument was acknowledged before me this ___ day of October, 2009, Ralph S. Janvey, as Receiver for Stanford Venture Capital Holdings, Inc.

Notary Public
My Commission Expires: _____

DGSE Companies, Inc.

DALLAS
Gold & Silver
Exchange

Company Address: 13111 Reeder Road
Dallas, TX 75229

Industry: Apparel, Accessories and Luxury Goods

Contacts: Dr. L.S. Smith (Chairman and CEO)

Business Summary

DGSE Companies, Inc. (AMEX: DGSE) ("DGSE" or the "Company") is a precious metals, rare coin and jewelry company headquartered in Dallas, Texas. In May 2007, DGSE acquired Superior Galleries, Inc. ("Superior"), which operates as a rare coin enterprise and is based in California. Superior is a wholly-owned subsidiary of DGSE.

Investment History

On October 13, 2003, Superior executed a Commercial Loan and Security Agreement with Stanford Financial Group to provide an initial \$7,500,000 line of credit. A portion of this indebtedness was assigned to Stanford International Bank, Ltd. ("SIBL"). On March 31, 2005, SIBL purchased \$2,500,000 Series E preferred Stock through the assumption, conversion and cancellation of \$2,500,000 of the indebtedness reflected in the line of credit. The line of credit was increased at the same time to \$10,000,000 and assigned in its entirety to SIBL. The line of credit was further amended on July 21, 2005 and increased to \$10,850,000.

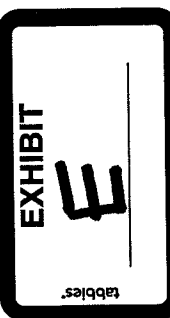
At the time of DGSE's acquisition of Superior, SIBL was Superior's primary lender (records of SIBL reflect a current balance outstanding of \$10,550,000) and its controlling stockholder. Superior had a retained earnings deficit of (\$17,942,000) at the time of the acquisition and shareholders' equity of (\$1,705,000). At the time of the acquisition, Superior owed SIBL \$8,393,340. As a condition of the acquisition, SIBL was obligated to provide two credit facilities totaling \$11.5 million, comprising of loans secured by the assets of Superior. One facility was a revolving credit line in the amount of \$5.5 million due in June 2011, and the second was an unrestricted term facility in the amount of \$6.0 million due in June of 2011. At all times, the second credit line was to be available without regard to collateral coverage. Superior made draw requests on the credit line in January 2009 and February 2009 with at least \$1,000,000 available; however, SIBL failed to fund its commitment and is currently in default. DGSE is not a guarantor of any of the outstanding balances on the credit facilities. DGSE is a secured creditor of Superior representing advances made to Superior from June of 2007 to the present. DGSE management ("Management") has confirmed that the parent is unwilling to provide any additional credit facilities to Superior.

SIBL holds secured and unsecured loans outstanding to Superior in the amount of \$10,550,000 plus accrued interest. In connection with DGSE's acquisition of Superior, SIBL also holds certificates representing ownership of 422,817 warrants in DGSE with an exercise price of \$1.89 and 3,376,361 shares of DGSE common stock, representing approximately 30% of the issued and outstanding shares of DGSE.

Current Status

During the 5-year period prior to the acquisition by DGSE, Superior reported operating losses of at least (\$13,949,000). Additionally, for the first 6-months of 2007, Superior reported operating losses of an additional (\$1,597,000). Since the acquisition, Superior lost an additional (\$4,478,985). Revenues for Superior have declined from \$46,317,000 in 2006 to \$15,788,773 in 2008. For the fiscal year ended 2008, DGSE discontinued the primary auction segment of Superior's business and incurred a write-off of (\$8,185,444). It is likely that for fiscal year 2009, total revenues for Superior will be less than \$8,000,000 and will decline further in 2010. The balance sheet of Superior at September 30, 2009 reflects tangible assets of less than \$500,000 and total liabilities of, at least, \$14,000,000 including secured claims of at least \$4,087,014 by DGSE. Shareholders' equity of Superior at September 30, 2009 was (10,869,208.49). If a transaction with the Receiver is not completed, DGSE will likely discontinue the balance of Superior Galleries' business.

DGSE's common stock is traded on the American Stock Exchange. The 52-weeks range is \$0.76 and \$2.58 per share and trades at \$2.55 as of April 5, 2010. The shares are highly illiquid, with the average trading volume for the last 3-months being around 17,000 shares per day. Management has confirmed that DGSE will not advance further funds to Superior absent the completion of the contemplated transaction. In the event that the transaction with the Receiver is not completed, it is highly likely that DGSE will seek to liquidate its interest in Superior or rescind the original transaction under the claim of fraud and willful misrepresentation by SIBL, Superior's primary lender. If



DGSE pursues litigation to rescind the original transaction, DGSE would seek to reclaim all of the equity in DGSE held by SIBL, and in exchange, SIBL would be left with its original investment in Superior prior to the acquisition by DGSE, which would effectively be an interest in a defunct enterprise. Under the liquidation scenario, DGSE would place Superior into bankruptcy, an event that would likely render SIBL's investment worthless given the collateral value is immaterial relative to the outstanding liabilities at Superior and because a large component of SIBL's investment is in the form of unsecured loans. The sale of all or any portion of the holdings in DGSE to a third party other than DGSE will trigger "change of control" covenants in a wide variety of DGSE agreements and will result in material dilution to any outside holder as well as impose restrictive corporate governance provisions.

Since the position of SIBL represents approximately 30% of the issued and outstanding shares of DGSE, any attempt to transfer such shares will trigger various covenants regarding change of control with DGSE's financial institutions and could potentially result in a substantial dilution of DGSE shareholder interests. Additionally, the equity positions owned by SIBL are insufficient to unilaterally affect the operations of DGSE and are subject to various contractual conditions with DGSE's current Chairman and largest affiliated stockholder. Management has represented that it will take steps to restrict any transfer and initiate litigation seeking rescission of the original acquisition of Superior if a transfer of SIBL's interest to a third party occurs.

Marketing Process

Park Hill Group ("PHG") initiated conversations with three (3) private equity firms and nine (9) secondary firms. In addition to its marketing efforts, PHG worked with an industry consultant to determine whether any strategic investors would be interested in pursuing the investment. Despite these efforts, no interest was generated. DGSE has retained a domestic US-based investment banker to explore its options for, among other things, the purchase of all of the equity interests and the acquisition of all of Superior debt. They have discussed this possible component of the transaction with at least 15 financial institutions. No interest has been generated since the debt is largely unsecured and the assets of Superior have deteriorated substantially.

DGSE proposed to acquire SIBL's stake in the Company for \$3,600,000. DGSE is the only potential acquirer of SIBL interests without potential adverse consequences to both the equity value and debt component.

Recommendation

Given DGSE's restrictive transfer stance and litigious threats, it is unlikely that the Stanford Estate would be able to secure a higher offer in the foreseeable future. The offer from DGSE represents the highest dollar value for the Stanford Estate.

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is made this 27th day of January, 2010 (the "Effective Date"), by and between (i) Stanford International Bank, Ltd., an entity organized under the laws of Antigua ("Seller"), and (ii) DGSE Companies, Inc., a Nevada corporation (the "Company"), and/or any Company assignees pursuant to Section 9 of this Agreement, (collectively, "Buyers" and each, individually, a "Buyer") (Seller and Buyers being sometimes hereinafter referred to, collectively, as the "Parties," and each, individually, as a "Party").

WITNESSETH:

WHEREAS, Seller owns certain of the Company's equity securities (the "Securities"), which are set forth on Schedule 1 hereto, inclusive of the shares of Company common stock, \$0.01 par value per share ("Common Stock"), to be obtained pursuant to the Conversion Agreement (as defined below);

WHEREAS, according to the books and records of Seller, as of the date hereof, Superior Galleries, Inc. ("Superior"), a subsidiary of the Company, has drawn down \$10,550,000 (the "Outstanding Debt") under that certain Amended and Restated Commercial Loan and Security Agreement, by and between Superior and Seller, dated as of May 30, 2007 (the "Credit Agreement");

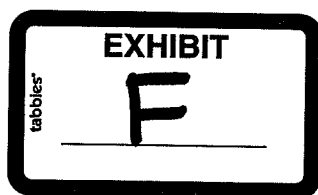
WHEREAS, the Company and Seller desire to convert the Outstanding Debt into 1,000 shares of Common Stock pursuant to the terms of the Conversion Agreement;

WHEREAS, the Court (as defined below) entered an order on February 17, 2009, appointing Ralph S. Janvey as Receiver (the "Receiver") for the assets of Seller, Stanford Group Company, Stanford Capital Management, LLC, R. Allen Stanford, James M. Davis and Laura Pendergest-Holt and the entities they own or control (the "Receivership Estate"); and

WHEREAS, Seller desires to sell and convey to Buyers, and Buyers desire to accept and purchase from Seller, for the Purchase Price (as defined below), all of Seller's right, title and interest in the Securities, including the Common Stock converted pursuant to the terms of the Conversion Agreement, upon the terms and conditions hereinafter set forth in this Agreement;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, Seller and Buyers hereby agree as follows:

1. **DEFINED TERMS:** Capitalized terms and expressions used in this Agreement shall have the meanings set forth in the Recitals above or as follows:
 - A. **Affiliates:** means with respect to any specified Person, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the Person specified. For purposes of this definition, "control" (including the correlative terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of a voting equity interest, by contract or otherwise.
 - B. **Antiguan Petition:** means the Antiguan receivers-liquidators April 20, 2009 petition for recognition under Chapter 15 of the U.S. Bankruptcy Code with respect to the Seller.



- C. Bill of Sale: means an instrument transferring the Securities from Seller to Buyers in the form attached hereto as Exhibit A.
- D. Buyers' Release: means an agreement wherein each Buyer and the Company, and each of their respective affiliates, releases Seller and the Receiver from any and all claims, actions, causes of action, suits, debts, liens, demands, contracts, liabilities, agreements, costs, expenses, or losses of any type known to Buyer, fixed or contingent, whether based on contract, tort, statute, local ordinance, regulation or any comparable law in any jurisdiction.
- E. Closing: means the closing of the transactions set forth in this Agreement, including the performance by Seller and Buyers of their respective obligations set forth herein.
- F. Closing Date: means the date five (5) business days following entry of the Sale Order.
- G. Conversion Agreement: means an agreement between the Company and Seller, dated the date hereof, that converts the Outstanding Debt to 1,000 shares of the Company's Common Stock.
- H. Court: means the United States District Court for the Northern District of Texas, Dallas Division, which is the court with exclusive jurisdiction in Case No. 3-09CV0298-L (the "Litigation").
- I. Liens: means any ownership claims, liens, charges, pledges or other encumbrances whatsoever, known or unknown, recognized under the laws of the United States.
- J. Person: means any individual, firm, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization, government or agency or subdivision thereof or any other entity.
- K. Purchase Price: means Three Million, Six Hundred Thousand and No/100 Dollars (\$3,600,000.00).
- L. Sale Order: means an order in form and substance acceptable to Buyers that, among other things, confirms (i) the sale of the Securities by Seller to Buyers for the Purchase Price and upon the terms and conditions set forth in this Agreement (the "Sale"), (ii) that all creditors, parties who have appeared in the Litigation, and parties in interest received adequate notice and an opportunity to be heard regarding the terms of the Sale, and (iii) that the Securities are conveyed to Buyers free and clear of any Liens.

2. SALE AND CONVEYANCE OF SECURITIES:

- A. Subject to the terms and conditions of this Agreement, and for the Purchase Price contemplated herein, Seller hereby agrees to sell and convey the Securities to Buyers, and Buyers, jointly and severally, hereby agree to purchase and accept the Securities from Seller.
- B. In addition to the Securities, each Party hereby agrees to deliver at Closing all documents required by this Agreement and perform any other acts as may be reasonably required by the other Party to successfully effect the transactions contemplated in this Agreement.

3. **BUYERS' CONDITIONS TO CLOSING:** In addition to all other conditions set forth herein, the obligation of Buyers to consummate the transactions contemplated hereunder is subject to the following conditions (each, a "Buyers' Closing Condition"), all of which may be waived by each Buyer in its sole discretion. In the event any Buyers' Closing Condition remains unfulfilled at Closing, Buyers may terminate this Agreement or waive such condition and proceed with Closing as provided for in this Agreement:
- A. The representations and warranties of Seller set forth herein are true and correct as of the date hereof and as of the Closing Date.
 - B. The Court shall have entered the Sale Order, and no stay of such order shall be in effect. In connection therewith, Seller hereby covenants and agrees that as soon as reasonably possible after the execution of this Agreement by each Buyer, Seller shall file and serve a motion and supporting papers to seek approval of the Court of this Agreement and for entry of the Sale Order. Buyers will have the opportunity to review and approve the motion for approval of the Sale Order before it is filed and served. Seller shall use all reasonable efforts to obtain such entry as soon as reasonably possible.
 - C. Seller shall have delivered to Buyers evidence of (i) all governmental, court, regulatory and third party approvals, consents and/or waivers as may be required under the laws of the United States to consummate the transactions contemplated hereby and (ii) compliance with all regulatory, court and governmental requirements, including proof acceptable to the Buyers that, upon transfer to the Buyers, the Buyers will receive, subject to Section 6(d) valid title to the Securities, free and clear of all Liens. In connection therewith, Seller hereby covenants and agrees that as soon as reasonably possible after the execution of this Agreement by each Buyer, Seller shall seek such approvals, consents and/or waivers, and use all reasonable efforts to obtain such approvals, consents and/or waivers as soon as reasonably possible.
 - D. Seller shall have delivered the Bill of Sale, fully executed by Seller.
 - E. The Company and Seller shall have entered into the Conversion Agreement.
 - F. Seller shall have cancelled all agreements entered into between Seller and Superior, including, but not limited to, the Credit Agreement.
 - G. Seller shall have delivered all third party approvals, consents and/or waivers as may be required under the contracts of Seller.
 - H. Seller shall have delivered to Buyer the original stock certificates and original warrants representing all the Securities set forth in Schedule 1 hereto.
 - I. Seller shall have delivered evidence reasonably satisfactory to Buyers that either the Antiguan Petition has been dismissed or the Court has issued an order in respect of the Antiguan Petition and such order (i) (A) does not recognize the Antiguan receivers-liquidators as "foreign representatives" under Chapter 15 of the United States Bankruptcy Code or (B) contains a finding or holding that the proceeding pending in Antigua pursuant to which the Antiguan receivers-liquidators were appointed does not constitute a "foreign main proceeding" within the meaning of Chapter 15 of the United States Bankruptcy Code or (ii) does not prohibit the transfer of Seller's assets.

4. **SELLER'S CONDITIONS TO CLOSING:** In addition to all other conditions set forth herein, the obligation of Seller to consummate the transactions contemplated hereunder is subject to the following conditions (each, a "Seller Closing Condition"), all of which may be waived by Seller in its sole discretion. In the event any Seller Closing Condition remains unfulfilled at Closing, Seller may terminate this Agreement or waive such condition and proceed with Closing as provided for in this Agreement:

- A. The representations and warranties of each Buyer set forth herein are true and correct as of the date hereof and as of the Closing Date.
- B. Each Buyer shall have delivered to Seller evidence reasonably satisfactory to Seller of all consents and authorizations necessary to authorize such Buyer to consummate the transactions contemplated by this Agreement.
- C. The Court shall have entered the Sale Order, and no stay of such order shall be in effect.
- D. The Company and Seller shall have entered into the Conversion Agreement.
- E. Buyers shall have delivered the Bill of Sale, fully executed by each Buyer.

5. **CLOSING:**

- A. The Closing shall be held at the offices of Baker Botts L.L.P., 910 Louisiana St., Houston, Texas 77002, on or before the Closing Date.
- B. At Closing, Buyers and Seller shall perform the obligations set forth in, respectively, subparagraphs (i) and (ii) below, the performance of which obligations shall be concurrent conditions:
 - (i) Buyers shall deliver, or cause to be delivered, to Seller:
 - (a) the Bill of Sale, fully executed by each Buyer;
 - (b) the Conversion Agreement, fully executed by the Company;
 - (c) the Purchase Price in the form of immediately available funds by wire transfer to an account or accounts specified by the Receiver;
 - (d) the Buyers' Release, fully executed by each Buyer; and
 - (e) any other documents reasonably requested by Seller to evidence each Buyer's authority to enter into and comply with all of the terms and conditions contained in this Agreement.
 - (ii) Seller shall deliver, or cause to be delivered, to Buyers:
 - (a) the Bill of Sale, fully executed by Seller;
 - (b) the Conversion Agreement, fully executed by Seller;
 - (c) a copy of the entered Sale Order, and any other documents reasonably requested by Buyers to evidence Seller's authority under the laws of the

United States to enter into and comply with all of the terms and conditions contained in this Agreement; and

- (d) the original stock certificates and the original warrants representing all the Securities set forth in Schedule 1 hereto.
 - C. Each Party shall bear its own expenses with respect to the performance of its obligations under this Agreement and providing all of the documents required under this Agreement in connection with Closing.
 - D. In the event the Parties hereto are unable to obtain the approval of the Court or are otherwise unable to legally consummate the transactions contemplated under this Agreement by March 29, 2010 (the "Termination Date"), then the obligations of the Parties to each other pursuant to this Agreement shall terminate, unless such time period is extended by mutual agreement of the parties. Furthermore, the Termination Date may be extended at any time by written agreement of the parties.
6. **SELLER'S REPRESENTATIONS:** Seller makes the following representations and warranties, which shall be true as of the Effective Date and at Closing and which shall survive Closing:
- A. **Authorization of Agreement and Enforceability:** Subject to Court approval, this Agreement is a valid and legally binding obligation of Seller under the laws of the United States and enforceable against it in accordance with its terms and, subject to entry of the Sale Order, each document and instrument of transfer contemplated by this Agreement, when executed and delivered by Seller in accordance with the provisions hereof, shall be valid and legally binding upon Seller under the laws of the United States and enforceable against Seller in accordance with its terms.
 - B. **Ownership of Securities:** Seller is the sole and exclusive registered and beneficial owner of the Securities and, subject to Section 6(d), Seller has good, valid and marketable title thereto, free and clear of any Liens. Upon delivery of the Purchase Price, as provided for in this Agreement, Buyers will receive, subject to Section 6(d), good, valid and marketable title to the Securities, free and clear of any Liens. The Securities constitute all of Seller's interests in the Company and, on the Closing Date, Seller shall cease to have any interest in the Company, whether direct or indirect, actual or contingent.
 - C. **No Conflicts, Consents and Approvals:** Seller has not granted to any Person any rights in the Securities that will survive the Closing or any rights to acquire all or any part of the Securities that remain in effect, and there is no outstanding agreement by Seller to sell all or any part of the Securities to any other Person. No consent, approval, waiver, authorization or other order of or filing with any person is required under the laws of the United States on the part of Seller in connection with Seller's execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for approval of the Court, which will be delivered to Buyers in the form of a copy of the entered Sale Order prior to Closing.
 - D. **Litigation:** Seller has not received any written notice of any pending or threatened litigation, proceeding or investigation by any Person against it with respect to or against the Securities, except for those matters within the jurisdiction of the Court and consolidated under the Litigation.

- E. Knowledge of Receiver: To the extent that the Receiver or the Receivership Estate is deemed to have made any of the representations of the Seller in this Agreement, any such representations shall be made subject to the Receiver's knowledge. All such representations shall be binding on the Receiver and the Receivership Estate, and the Receiver and the Receivership Estate are prevented and estopped from taking a position contrary to any such representations in the Litigation or any other legal or administrative proceeding.
 - F. Access to Information: Seller has had access to all reports required to be filed by the Company (the "SEC Reports") under the 1934 Act as well as other material information concerning the Company which is known to the Buyers. The Seller represents that it has had the opportunity to ask questions of, and receive answers from, the Company and the Buyers regarding the foregoing documents and information, and otherwise as to the business of the Company. Seller has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its sale of the Securities.
7. **BUYERS' REPRESENTATIONS**: Each Buyer makes the following representations and warranties, severally, which shall be true as of the Effective Date and at Closing and which shall survive Closing:
- A. Authority: Buyer has the legal authority to enter into and to consummate the transactions contemplated by this Agreement.
 - B. Authorization of Agreement: The execution, delivery and performance of this Agreement have been duly and validly authorized within each Buyer's organization. This Agreement is a valid and legally binding obligation of Buyer enforceable against it in accordance with its terms and each document and instrument of transfer contemplated by this Agreement, when executed and delivered by Buyer in accordance with the provisions hereof, shall be valid and legally binding upon Buyer in accordance with its terms.
 - C. Consents and Approvals: No consent, approval, waiver, authorization or other order of or filing with any person is required on the part of Buyer in connection with Buyer's execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for approval of the Court.
 - D. Purchase for Investment: Buyer is acquiring the Securities for its own account, for investment purposes and not with a view to any distribution or resale thereof, except in compliance with the Securities Act of 1933, as amended, and applicable state securities laws.
8. **REMEDIES**: In the event of a default by any Buyer hereunder, which default remains uncured for a period of ten (10) business days after written notice thereof is received by such Buyer, Seller shall be entitled to all remedies available to Seller at law or in equity, including without limitation, the right to maintain an action for monetary damages or for specific performance of the terms of this Agreement; *provided, however*, that Seller may not seek monetary damages in excess of the aggregate Purchase Price. In the event of a default by Seller hereunder, which default remains uncured for a period of ten (10) business days after written notice thereof is received by Seller, Buyers shall be entitled to all remedies available to Buyers at law or in equity, including without limitation, the right to maintain an action for equitable relief, monetary

damages or for specific performance of the terms of this Agreement; *provided, however*, that Buyers may not seek monetary damages in excess of the aggregate Purchase Price.

9. **ASSIGNMENT:** The Company shall have the right to assign its rights and obligations, in whole or in part, under this Agreement. Any such assignment shall be performed, and Seller shall be notified in writing, no later than three business days before the Closing Date. To the extent the Company assigns all or a portion of its rights under this Agreement, the Company shall be jointly and severally liable for the Company's and any assignees' obligations hereunder, and any assignee shall be liable only for the obligations corresponding to the portion of the rights assigned by the Company to that assignee. The Seller shall not assign any interest in this Agreement to any other party without the prior written consent of the Company.
10. **BROKERS:** Except as set forth on Schedule 2, each Party represents to the other Party that (i) there are no finders' fees or brokers' fees that have been or will be incurred in connection with this Agreement or the transfer of the Securities, and (ii) such Party has not authorized any broker or finder to act on such Party's behalf in connection with the sale and purchase hereunder.
11. **FURTHER ASSURANCES:** Each Party shall from time to time, before and after Closing, at the other Party's request, execute and deliver such further instruments of conveyance, assignment and transfer and shall take such further action as either Party may reasonably require for the conveyance and transfer of the Securities and to consummate the transactions contemplated by this Agreement.
12. **PUBLICITY:** Neither Party shall make any public statement, press release or other announcement concerning the matters covered by this Agreement without the approval of the other Party hereto and the Court, as deemed necessary by Seller; *provided that* Buyers may make such press releases or other public statements it believes are required under applicable securities laws and regulations and the rules of any stock exchange or market on which its securities are traded provided that Buyers provide Seller with an opportunity to review and comment on such press releases or other public statements in advance.
13. **NOTICES:** All notices and other communications from one Party to the other pertaining to this Agreement shall be given in written form and shall be served either (i) by personal delivery, or (ii) by depositing the same with the United States Postal Service addressed to the Party to be notified, postage prepaid and in registered or certified form, with return receipt requested, or (iii) by deposit with FedEx or other recognized courier for overnight delivery, or (iv) by email or facsimile, and in any event addressed as set forth below. Notice given as aforesaid shall be deemed delivered on the date actually received at the address to which such notice was sent, or if delivery is refused or not accepted, such notice shall be deemed delivered on the date of such refusal or failure to accept delivery. For purposes of notice, the addresses of the Parties shall be as follows:

If to Seller or the Receiver:

Ralph S. Janvey
Receiver for the Stanford Financial Group
2100 Ross Avenue, Suite 2600
Dallas, TX 75201
Email: info@stanfordfinancialreceivership.com
Phone: 214-397-1912
Fax: 214-220-0230

With copy to:

Baker Botts L.L.P.
2001 Ross Avenue
Dallas, TX 75201
Attn: Craig N. Adams
Email: Craig.Adams@BakerBotts.com
Phone: 214-953-6819
Fax: 214-661-4819

If to Buyers:

DGSE Companies, Inc.
519 Interstate 30, PMB 243
Rockwall, TX 75087
Attn: Dr. L.S. Smith
Email: lssmith1@airmail.net
Phone: 972-772-3091
Fax: 972-772-3093

With copy to:

Sheppard Mullin Richter & Hampton LLP
333 South Hope Street, 48th Floor
Los Angeles, CA 90071
Attn: Gregory P. Barbee
Email: GBarbee@sheppardmullin.com
Phone: 213-620-1780
Fax: 213-620-1398

Either Party may change its address to another location in the continental United States upon five (5) days' prior written notice thereof to the other party; provided, however, a notice of change of address shall not become effective unless actual receipt thereof by the Party to be notified.

14. **EXCLUSIVE DEALING:**

- A. For a period commencing on the date hereof and ending upon the sooner of either (i) the completion of all the transactions contemplated by this Agreement or (ii) the Termination Date, Seller agrees that it will not, and it will cause it and its affiliates and their respective directors, officers, affiliates, employees and other agents and representatives (including, without limitation, any investment banking, legal or accounting firm retained by it or any of them and any individual member or employee of the foregoing) (each, a "Representative") not to, unless otherwise ordered by the Court, (i) initiate, solicit or seek, directly or indirectly, any inquiries or the making or implementation of any proposal or offer with respect to a liquidation, or similar transaction involving, or any purchase of all or any substantial portion of, the Securities (any such proposal or offer being hereinafter referred to as a "Proposal"), (ii) engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any person relating to a Proposal, (iii) otherwise cooperate in any effort or attempt to make, implement or accept a

Proposal, or (iv) enter into or consummate any agreement or understanding with any person relating to a Proposal.

- B. Seller has terminated, and its affiliates and its and their respective Representatives have also ceased and terminated, any existing activities, including discussions or negotiations with any parties conducted heretofore with respect to any Proposal.
- C. Seller shall notify Buyers immediately if any inquiries, proposals or offers related to a Proposal are received by, any confidential information or data is requested from, or any negotiations or discussions related to a Proposal are sought to be initiated or continued with, Seller, its affiliates or any of their respective Representatives.
- D. Seller represents and warrants that Buyers will not incur any liability by virtue of the execution of this Agreement or the completion of the transactions contemplated by this Agreement to any third party with whom Seller or its affiliates have had discussions concerning a sale of the Securities.

15. **MISCELLANEOUS:**

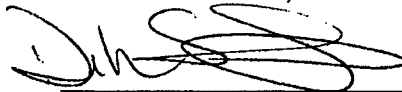
- A. This Agreement shall be construed in accordance with the laws of the State of Texas notwithstanding any contrary "choice of laws" provisions of that or any other State. Each Party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this Agreement, whether in tort or contract or at law or in equity, exclusively in the Court.
- B. This Agreement may be executed in multiple counterparts, including emailed or faxed counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.
- C. If the final day of any period of time set out in any provision of this Agreement falls upon a Saturday or Sunday or a legal holiday under the laws of the State of Texas, then, and in such event, the time of such period shall be extended to the next business day that is not a Saturday, Sunday or legal holiday. The term "business day" shall mean a day that is not a Saturday, Sunday or national bank holiday in Houston, Texas.
- D. Time is of the essence in the performance of this Agreement.
- E. Subject to any limitations on an assignment by Buyers or Seller set forth in this Agreement, this Agreement shall bind and benefit the Parties and their respective representatives, successors and assigns.
- F. This Agreement may not be amended except in writing, executed by the Party against whom enforcement of any waiver, change, or discharge is sought.
- G. This Agreement and its Schedules and Exhibits contain all of the representations by each Party to the other and expresses the entire understanding between the Parties with respect to the transactions contemplated in this Agreement. All prior communications concerning the sale of the Securities are replaced by this Agreement.

[End of text.]

IN WITNESS WHEREOF, the signatories hereto have executed this Agreement as of the Effective Date.

BUYERS:

DGSE COMPANIES, INC.



By: _____
By: Dr. L.S. Smith
Title: Chief Executive Officer

SELLER:

STANFORD INTERNATIONAL BANK, LTD., an
entity organized under the laws of Antigua

By: _____
Name: Ralph S. Janvey
Title: Receiver

IN WITNESS WHEREOF, the signatories hereto have executed this Agreement as of the Effective Date.

BUYERS:

DGSE COMPANIES, INC.

By: Dr. L.S. Smith
Title: Chief Executive Officer

SELLER:

STANFORD INTERNATIONAL BANK, LTD., an
entity organized under the laws of Antigua

By: Ralph S. Janvey
Name: Ralph S. Janvey
Title: Receiver

Schedule 1

SECURITIES

Common Stock:

1. 3,376,361 shares of common stock; \$0.01 par value ("Common Stock")
2. 1,000 shares of Common Stock (to be converted from the \$10,550,000 of debt outstanding under that certain Amended and Restated Commercial Loan and Security Agreement, by and between Superior Galleries, Inc. and Stanford International Bank, Ltd., dated as of May 30, 2007).

Warrants:

1. Warrants to purchase 422,814 shares of Common Stock at an exercise price of \$1.89 per share

Schedule 2

Brokers

1. Seller - Park Hill Group LLC
2. Buyers - None

AMENDMENT PURCHASE AND SALE AGREEMENT

This Amendment to Purchase and Sale Agreement ("Amendment") is made this 24th day of March, 2010 (the "Effective Date"), by and between (i) Stanford International Bank, Ltd., an entity organized under the laws of Antigua ("Seller"), and (ii) DGSE Companies, Inc., a Nevada corporation (the "Company"), and/or any Company assignees pursuant to Section 9 of the January 27, 2010 Purchase and Sale Agreement between Seller and Company ("Agreement"). This Amendment amends the Agreement with respect to the matters set forth herein. All other terms and conditions of the Agreement and the related January 27, 2010 Debt Conversion Agreement between Seller, the Company, and Superior Galleries, Inc., a subsidiary of the Company ("Superior") remain unchanged.

The "Termination Date" set forth in Agreement Paragraph 5.D. shall be extended to May 14, 2010.

IN WITNESS WHEREOF, the signatories hereto have executed this Amendment as of the Effective Date.

BUYERS:

DGSE COMPANIES, INC.

3/29/2010



By: Dr. L.S. Smith

Title: Chief Executive Officer

SELLER:

STANFORD INTERNATIONAL BANK, LTD., an entity organized under the laws of Antigua



By: Name: Ralph S. Janvey

Title: Receiver

DEBT CONVERSION AGREEMENT

This Debt Conversion Agreement ("Agreement") is made this 27th day of January, 2010 (the "Effective Date"), by and between Stanford International Bank, Ltd., an entity organized under the laws of Antigua ("Stanford"), and DGSE Companies, Inc., a Nevada corporation (the "Company") and is acknowledged and agreed to by Superior Galleries, Inc., a subsidiary of the Company ("Superior").

WITNESSETH:

WHEREAS, Superior and Stanford are parties to that certain Amended and Restated Commercial Loan and Security Agreement dated as of May 30, 2007 (the "Credit Agreement") and as of the date hereof, the books and records of Stanford reflect total outstanding principal in the amount of \$10,550,000 (such amount, together with all accrued but unpaid interest with respect thereto, the "Outstanding Debt") under the Credit Agreement.

WHEREAS, the Company desires to issue 1,000 shares (the "Shares") of its common stock, \$0.01 par value per share ("Common Stock"), in full satisfaction of the Outstanding Debt, and in consideration for receiving the Shares, Stanford agrees to cancel the Outstanding Debt and terminate the Credit Agreement and all other agreements between the Company and Stanford.

WHEREAS, the United States District Court for the Northern District of Texas, Dallas Division (the "Court") entered an order on February 17, 2009 appointing Ralph S. Janvey as receiver (the "Receiver") for the assets of Stanford, Stanford Group Company, Stanford Capital Management, LLC, R. Allen Stanford, James M. Davis and Laura Pendergest-Holt, and the entities they own or control (the "Receivership Estate").

WHEREAS, in connection with this Agreement, the Company, Stanford and certain other parties named therein, have entered into that certain Purchase and Sale Agreement of even date herewith (the "Purchase Agreement"), pursuant to which Stanford will issue and sell the Shares and all other equity securities it owns in the Company to the Buyers (as defined therein).

WHEREAS, the Company, Stanford and Dr. L.S. Smith are also parties to that certain Corporate Governance Agreement dated May 30, 2007 (the "Corporate Governance Agreement") pursuant to which Stanford has the right to nominate up to two independent directors so long as Stanford Beneficially Owns (as defined therein) at least 15% of the outstanding shares of Common Stock.

WHEREAS, upon approval of the Purchase Agreement by the Court and after Closing, Stanford shall no longer have any rights under the Corporate Governance Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, Stanford and the Company hereby agree as follows:

1. **DEFINED TERMS:** Any capitalized terms used in this Agreement and not otherwise defined herein shall have the meaning given to them in the Purchase Agreement.
2. **ISSUANCE AND SALE OF SHARES:** Subject to approval of this Agreement by the Court (as evidenced by entry of a Sale Order), the Company shall issue the Shares to Stanford, at the Closing, and deliver to Stanford one or more certificates representing the Shares, registered in the name of Stanford or its nominees.

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WEST:1GPB1V402325511.1

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3. **CANCELLATION OF THE OUTSTANDING DEBT; TERMINATION OF SECURITY INTEREST:** In consideration for receiving the Shares, Stanford hereby agrees that, as of the Closing, the Outstanding Debt shall be canceled and the Credit Agreement and all other agreements between the Company and Stanford shall be terminated. Stanford acknowledges and agrees that upon the termination of the Credit Agreement, the security interest it holds in Superior pursuant to the Credit Agreement shall be terminated and released. Stanford hereby authorizes the Company to file any termination statements or other filings pursuant to the provisions of the Uniform Commercial Code with respect to the termination of such security interest and agrees to execute any and all further documents as the Company may deem necessary to cause the termination and release of such security interest.
4. **REPRESENTATIONS AND WARRANTIES OF THE COMPANY:** The Company hereby represents and warrants to Stanford as follows:
- A. **Power and Authority.** The Company has the full corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby, including the issuance of the Shares.
 - B. **Valid Issuance of Shares.** The Shares, when issued and delivered in accordance with the terms and for the consideration set forth in this Agreement, will be validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under applicable state and federal securities laws and liens or encumbrances created by or imposed by Stanford. Based in part upon the representations of Stanford in Section 5 of this Agreement, the Shares will be issued in compliance with or exempt from the registration or qualification requirements of all applicable federal and state securities laws.
5. **REPRESENTATIONS AND WARRANTIES OF STANFORD:** Stanford hereby represents and warrants to the Company as follows:
- A. **Power and Authority.** Subject to Court approval (as evidenced by entry of a Sale Order), Stanford has the full corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby.
 - B. **Accredited Investor.** Stanford is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "**Securities Act**"). Stanford has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Shares.
 - C. **Disclosure of Information.** Stanford has had an opportunity to discuss the Company's business, management and financial affairs with the Company's management. Stanford (i) has made its own independent investigation of the Company and has been furnished with such information relating to the Company and the Shares as Stanford has requested and (ii) has relied solely upon the information made available by the Company, the Company's representations and warranties contained in Section 4 hereof and its own analysis and due diligence, in making the decision to acquire the Shares pursuant to this Agreement. Stanford understands that its acceptance of the Shares in exchange for the satisfaction of the Outstanding Debt involves a high degree of risk. Stanford has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of the Shares.

D. Investment Representation. Stanford is acquiring the Shares for its own account and not with a view to distribution in violation of any securities laws. Stanford has been advised and understands that the Shares have not been registered under the Securities Act or under the "blue sky" laws of any jurisdiction and the Shares may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available. Stanford has been advised and understands that the Company, in issuing the Shares, is relying upon, among other things, the representations and warranties of Stanford contained in this Section 5 in concluding that such issuance is a "private offering" and is exempt from the registration provisions of the Securities Act.

E. Legends. Stanford understands that the Shares may bear the following legend:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER MAY BE AFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933."

F. Knowledge of the Receiver: To the extent that the Receiver or the Receivership Estate is deemed to have made any of the representations of Stanford in this Agreement, any such representation shall be made subject to the Receiver's knowledge. All such representations shall be binding on the Receiver and the Receivership Estate.

G. Access to Information: Without limitation to Section 5(C), Stanford has had access to all reports required to be filed by the Company (the "SEC Reports") under the 1934 Act as well as other material information concerning the Company which is known to the Buyers. Stanford represents that it has had the opportunity to ask questions of, and receive answers from, the Company and the Buyers regarding the foregoing documents and information.

6. MUTUAL RELEASE:

A. Stanford, on its own behalf and on behalf of its past, present and future successors, assigns, agents, representatives, and attorneys, hereby completely releases, waives and forever discharges Superior, the Company and Dr. L.S. Smith (only with respect to the Corporate Governance Agreement), their past, present and future affiliates, and each of their past, present and future successors, assigns, shareholders, lenders, officers, directors, employees, agents, representatives and attorneys from any and all claims, rights, demands, actions, obligations, liabilities and causes of action of any and every kind, nature, and character whatsoever, known and unknown, which Stanford may now have or may in the future have, arising from or relating to the Outstanding Debt, the Credit Agreement and the Corporate Governance Agreement (the "Stanford Released Claims"), whether based on tort, contract (express or implied) or any federal, state or local law, statute or regulation; provided, however, that this Agreement does not release or discharge the Company from its obligations under this Agreement or the Purchase

Agreement; provided, further, that this release shall not extend to any claims related to fraudulent inducement, conspiracy, theft or similar misconduct.

- B. The Company, on its own behalf and on behalf of Superior and Dr. L.S. Smith (only with respect to the Corporate Governance Agreement), hereby completely releases, waives and forever discharges Stanford and the Receiver from any and all claims, rights, demands, actions, obligations, liabilities and causes of action of any and every kind, nature, and character whatsoever, known and unknown, which Stanford may now have or may in the future have, arising from or relating to the Outstanding Debt, the Credit Agreement and the Corporate Governance Agreement (the "Company Released Claims"), whether based on tort, contract (express or implied) or any federal, state or local law, statute or regulation; provided, however, that this Agreement does not release or discharge Stanford from its obligations under this Agreement or the Purchase Agreement; provided, further, that this release shall not extend to any claims related to fraudulent inducement, conspiracy, theft or similar misconduct.
 - C. The Parties hereto understand and agree that the release contained in this Section 6 is a full and final release covering all Stanford Released Claims and Company Released Claims, except as set forth in the provisos of Sections 6(A) and 6(B) above.
 - D. Stanford, the Company and Superior hereby acknowledge that it or its attorneys or agents may hereafter discover claims or facts in addition to or different from those which they now know or believe to exist with respect to the Stanford Released Claims or the Company Released Claims, but that it is Stanford's, the Company's and Superior's intention hereby fully, finally and forever to settle and release all of the Stanford Released Claims and the Company Released Claims, except as set forth in the provisos of Sections 6(A) and 6(B). In furtherance of each Party's intention, the release herein given shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different claim or fact.
 - E. Each of Stanford, the Company and Superior hereby represents and warrants that it has not heretofore assigned, transferred, granted, or purported to assign, transfer or grant, any of the claims, demands and cause of actions disposed of by this Section 6. Each of Stanford, the Company and Superior agrees that it shall not (i) institute a lawsuit, arbitration or other legal proceeding based upon, arising out of, or relating to any of the claims, demands and causes of action disposed of by this Section 6, except as set forth in the provisos of Sections 6(A) or 6(B), (ii) participate, assist or cooperate in any such proceedings, unless and to the extent required or compelled by law, or (iii) encourage, assist and/or solicit any third party to institute any such proceeding.
7. **EFFECTIVENESS:** The effectiveness of this Agreement and the consummation of the transactions contemplated hereby are conditioned upon the Court's approval (as evidenced by entry of a Sale Order) and the occurrence of the Closing pursuant to the terms of the Purchase Agreement. In the event that the Court does not approve this Agreement or the Purchase Agreement or the Closing does not occur, this Agreement shall be of no force or effect.
8. **ENTIRE AGREEMENT:** This Agreement contains the entire agreement of the parties with respect to the subject matter hereof, and supersedes all prior agreements, representation and warranties, written or oral, with respect to the subject matter hereto.

9. **WAIVERS AND AMENDMENTS:** Any term or provision of this Agreement may be amended or waived, or the time for its performance may be extended, only in writing by the party or parties entitled to the benefit thereof.
10. **SUCCESSORS AND ASSIGNS:** Stanford shall have the right to assign its rights and obligations under this Agreement. The Company shall not assign any interest in this Agreement to any other party without the prior consent of Stanford. Subject to any limitations on assignment, this Agreement shall bind and benefit the parties and their respective representatives, successors and assigns.
11. **FURTHER ASSURANCES:** Each party shall from time to time, before and after Closing, at the other party's request, execute and deliver such further documents and instruments and take such further action as either party may reasonably require to consummate the transactions contemplated by this Agreement.
12. **GOVERNING LAW:** This Agreement shall be construed in accordance with the laws of the State of Texas notwithstanding any contrary "choice of laws" provision of that or any other State. Each party hereto agrees that it shall bring any action or proceedings with respect of any claim arising out of or related to this Agreement, whether in tort or contract (express or implied) or at law or in equity, exclusively in the Court.
13. **NOTICES:** Any notice, consent or other communication required or permitted hereunder shall be given to the parties at their respective addresses and in the manner provided for in the Purchase Agreement.
14. **COUNTERPARTS/FACSIMILE SIGNATURES:** This Agreement may be executed in multiple counterparts, including emailed or faxed counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.
15. **HEADINGS:** The headings herein are for reference only and shall not affect the interpretation of this Agreement.
16. **SEVERABILITY:** Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity in such jurisdiction without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(Signature Page Follows)

IN WITNESS WHEREOF, the signatories hereto have executed this Agreement as of the Effective Date.

DGSE COMPANIES, INC.,
a Nevada corporation

By: 

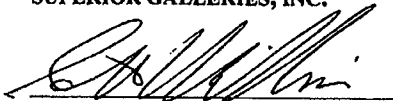
Dr. L.S. Smith
Chief Executive Officer

STANFORD INTERNATIONAL BANK, LTD.,
an entity organized under the laws of Antigua

By: _____

Name: Ralph S. Janvey
Title: Receiver

ACKNOWLEDGED AND AGREED TO:
SUPERIOR GALLERIES, INC.



By: Scott Williamson
Chief Operating Officer

IN WITNESS WHEREOF, the signatories hereto have executed this Agreement as of the Effective Date.

DGSE COMPANIES, INC.,
a Nevada corporation

By: _____
Dr. L.S. Smith
Chief Executive Officer

STANFORD INTERNATIONAL BANK, LTD.,
an entity organized under the laws of Antigua

By: Ralph S. Janvey
Name: Ralph S. Janvey
Title: Receiver

ACKNOWLEDGED AND AGREED TO:
SUPERIOR GALLERIES, INC.

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